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Shanghai Composite Index -0.14% 4040.10 billion yuan 3228.9887

| Shenzhen Composite Index 0.26% 5966.08 billion

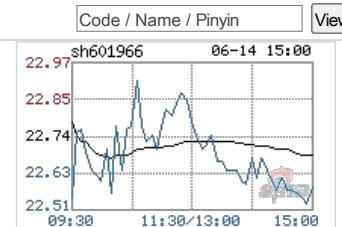
More

Linglong

2023-06-14 15:00:01

Tyre
22.580
-0.16 (-0.70%)

sh601966	Yesterday's close:22.740	Today's opening	Highest	Lowest price:22.510
	Turnover:236943114.000	Turnover:104484	Bid price:22.570	Asking price:22.580
	Buy one quantity:22	Buy one	Sell a quantity:15	Selling price:22.580



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Linglong Tyre: Shandong Linglong Tyre Company Limited Annual Report 2021 ([Download Announcement](#))

Announcement date:2022-04-29

Company Code: 601966 Company

Abbreviation: Linglong Tyre Shandong

Linglong Tyre Company Limited Annual

Report 2021

Important note for 28

April 2002

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 accounts, misleading statements or material omissions, and that they assume individual and joint legal responsibility.

II. All directors of the Company attended the Board meeting.

3. PricewaterhouseCoopers Zhongtian Certified Public Accountants (Special General Partnership) has issued a standard unqualified audit report on the Company.

4. Wang Feng, the person in charge of the company, Li Wei, the person in charge of accounting work and Sun Zaibin, the person in charge of the accounting organization (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 increase in capital from provident funds for the current reporting period as resolved by the Board of Directors

As audited by PricewaterhouseCoopers Zhongtian CPA (Special General Partnership), the Company achieved operating revenue of RMB18,579,219,822, total profit of RMB713,870,110 and net profit attributable to shareholders of the listed company of RMB788,711,788 for the year 2021. Of which, the parent company achieved a net profit of RMB114,945,161. In accordance with the relevant provisions of the Articles of Association, a legal reserve of RMB11,494,516 was set aside at 10% of the net profit achieved by the parent company, and the profit available for distribution by the parent company for the year 2021 was RMB103,450,645, and the accumulated undistributed profit of the parent company as at 31 December 2021 was

2,102,112,643 Yuan. In accordance with the Guidelines on Cash Dividends for Listed Companies of the Shanghai Stock Exchange and the relevant provisions on profit distribution in the Articles of Association of the Company, and in consideration of the interests of the

shareholders of the Company and the long-term development of the Company, the profit distribution proposal is as follows:

The Company will distribute a cash dividend of RMB1.6 (including tax) per 10 shares to all shareholders on the basis of the total share capital as at the date of registration of shares for the annual profit distribution for 2021. Based on the total share capital of the Company of 1,484,246,913 shares as at 28 April 2022, the total cash dividend to be distributed would amount to RMB237,479,506, representing 30.11% of the net profit attributable to shareholders of the listed company in the consolidated statements of income for the year 2021. The remaining undistributed profits were carried forward to the next year, other than that, the Company did not make any other form of distribution.

The profit distribution proposal has yet to
be submitted to the shareholders' meeting
for consideration. VI. Risk statement for
forward-looking statements

☒ Applicable ☐ Not applicable

The forward-looking descriptions of future plans and development strategies contained in this report do not
constitute material commitments by the Company to investors and investors are advised to be aware of the
investment risks. VII. Existence of non-operational appropriation of funds by the controlling shareholder and its
related parties

No

VIII. Whether there is any violation of the prescribed decision-making procedures for the provision of external guarantees

No

ix. whether more than half of the directors are unable to guarantee the truthfulness,
accuracy and completeness of the annual report disclosed by the company no x.
material risk warning

During the reporting period, the Company did not identify any significant risks that would adversely affect its future development strategy and ongoing business activities. For details, please refer to the section headed "VI. Discussion and analysis of the Company's future development (IV) Possible risks" in "Section III.

XI. Other

☐ applicable

√not

applicable

Catalogue

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Catalogue of documents available for inspection	Financial statements signed and sealed by the person in charge of the company, the person in charge of accounting and the person in charge of the accounting organization (the person in charge of accounting)	
	Original copies of all company documents and original announcements disclosed in China Securities Journal, Shanghai Securities Journal, Securities Times and Securities Daily during the reporting period.	

Section I.

Interpretatio

n I.

Interpretati

on

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

Commonly used word definitions		
Securities and Futures Commission	means	China Securities Regulatory Commission
SSE	means	Shanghai Stock Exchange
The Company, Company, Linglong Tyres	means	Shandong Linglong Tire Co.
Actual controller	means	The Wang family, the members of which include Wang Xicheng, Zhang Guangying, Wang Feng and Wang Lin, of whom Zhang Guangying is the wife of Wang Xicheng, Wang Feng and Wang Lin are the sons of Wang Xicheng and Zhang Guangying, and Wang Feng is the brother of Wang Lin.
Linglong Group	means	Linglong Group Limited, the controlling shareholder of the Company.
Reporting period, current reporting period	means	1 January 2021 to 31 December 2021
End of reporting period, end of current reporting period	means	31 December 2021

RMB, RMB, RMB billion	Linglong Tyre: Shandong Linglong Tyre Co., Ltd. Annual Report 2021 (Download Announcement)	Shandong Linglong Tyre Co., Ltd.
Articles of Association	means	Articles of Association of Shandong Linglong Tyre Co.
Sponsor, CITIC Securities	means	CITIC Securities Co.
PricewaterhouseCoopers	means	PricewaterhouseCoopers Zhongtian Certified Public Accountants (Special General Partnership)

Section II Company Profile and

Key Financial Indicators I.

Company Information

Chinese name of the company	Shandong Linglong Tire Co.
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Linglong Tyre: Shandong Linglong Tyre Company Limited Annual Report 2021 ([Download Announcement](#))

Chinese abbreviation for the company	Linglong Tyre
The company's foreign name is	Shandong Linglong Tyre Co.
Abbreviation of the company's foreign name	Linglong Tyre
The company's legal representative,	Wang Feng

II. Contact person and contact details

	Board Secretary	Securities Representative
Name	Sun Songtao	Zhao Wenlei
Contact address	No.777 Jinlong Road, Zhaoyuan City, Shandong Province	No.777 Jinlong Road, Zhaoyuan City, Shandong Province
Telephone	0535-8242369	0535-8242726
Fax	0535-3600085	0535-3600085
Email	songtao_sun@linglong.cn	wenlei_zhao@linglong.cn

III. Basic Factsheet

Registered Company Address	No.777 Jinlong Road, Zhaoyuan City, Shandong Province
Historical changes to the company's registered address	265406
Corporate Office Address	No.777 Jinlong Road, Zhaoyuan City, Shandong Province
Postal code of the company's office address	265406
Company website	www.linglong.cn
Email	linglongdsb@linglong.cn

IV. Disclosure of information and place of availability

Name and website of the media in which the company discloses its annual report	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Website of the stock exchange where the company discloses its annual report	www.sse.com.cn
Where the company's annual report is filed	Corporate Board Office

V. Brief description of the company's shares

Company stock profile				
Types of Shares	Stock exchange listing	Stock Short Name	Stock Code	Pre-change of stock short name
A shares	Shanghai Stock Exchange	Linglong Tyres	601966	-

VI. Other relevant information

Accounting firm engaged by the company (in-country)	Name	PricewaterhouseCoopers Zhongtian Certified Public Accountants (Special General Partnership)
	Office address	11/F, PwC Centre, Tower 2, Link Corporate Plaza, 202 Lakeside Road, Huangpu District, Shanghai, China
	Name of Signatory Accountant	Lan Shihong, Qiao Zhouwei
Sponsors who performed ongoing supervision duties during the reporting period	Name	CITIC Securities Co.
	Office address	CITIC Securities Building, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
	Name of sponsor representative who signed	Niu Zensong, Zhang Gang
	Period of Continuous Supervision	29 October 2021 to 31 December 2023

VII. MAJOR ACCOUNTING DATA

AND FINANCIAL INDICATORS

FOR THE LAST THREE YEARS (i)

Linglong Tyre: Shandong Linglong Tyre Company Limited Annual
Report 2021 ([Download Announcement](#))

Major accounting data				
Unit: Yuan Currency: RMB				
Key	2021	2020	Increase or decrease in the	2019
accounting data			current period over the same period of the previous year (%)	

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Linglong Tyre: Shandong Linglong Tyre Company Limited Annual
Report 2021 [\(Download Announcement\)](#)

Operating income	18,579,219,822	18,382,721,153	1.07	17,164,162,965
Net profit attributable to shareholders of listed companies	788,711,788	2,220,426,409	-64.48	1,667,925,823
Attributable to shareholders of the listed company, net of non-recurring profit or loss	642,460,740	2,085,757,213	-69.20	1,556,416,837
Net profit				
Net cash flows from operating activities	489,984,059	4,291,621,031	-88.58	2,799,896,129
	End of 2021	End of 2020	Increase or decrease at the end of the current period	End of 2019
			over the end of the corresponding period of the previous year (%)	
Net assets attributable to shareholders of listed companies	16,382,533,512	16,506,340,505	-0.75	11,025,546,823
Total assets	34,138,869,267	29,298,771,912	16.52	26,580,638,028

(ii) Key financial indicators

Key Financial Indicators	2021	2020	Increase or decrease in the current period over the same period of the previous year (%)	2019
Basic earnings per share (RMB/share)	0.58	1.82	-68.13	1.41
Diluted earnings per share (RMB/share)	0.58	1.77	-67.23	1.37
Basic earnings per share after non-recurring gains and losses (RMB/share)	0.47	1.71	-72.51	1.31
Weighted average return on net assets (%)	4.79	17.69	Decrease of 12.90 percentage points	15.96
Weighted average return on net assets after non-recurring gains and losses (%)	3.90	16.61	Decrease of 12.71 percentage points	14.89

Description of the Company's key accounting data and financial indicators 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 financial reports disclosed simultaneously under IAS and under PRC GAAP

☐ applicable ☒ not applicable

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

☐ applicable ☒ not applicable

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

☐ applicable ☒ not applicable

IX. Quarterly Key Financial Data

for 2021 Unit: RMB Currency:

RMB

	First quarter (January-March)	Second quarter (April - June)	Third quarter (July-September)	Fourth quarter (October-December)
Operating income	4,986,736,424	5,051,713,613	4,276,641,100	4,264,128,685
Net profit attributable to shareholders of listed companies	494,685,801	279,240,128	154,766,362	-139,980,503

Linglong Tyre: Shandong Linglong Tyre Company Limited Annual

Net profit after non-recurring gains and losses attributable to shareholders of the listed company	Report 2021 (Download Announcement)			
	457,829,821	223,169,058	139,113,593	-177,651,732
Net cash flows from operating activities	-88,450,743	12,866,871	-202,819,038	768,386,969

Explanation of differences between quarterly data and disclosed periodic reports

☐ applicable ☒ not applicable

X. Non-recurring profit or loss items and amounts

☒ Applicable ☐ Not applicable

Unit:Yuan Currency:RMB

Non-recurring items of profit or loss	2021 Amount	Notes (if applicable)	Amount in 2020	Amount for 2019
Gain or loss on disposal of non-current assets	33,927,907		-10,100,067	-3,982,476

Linglong Tyre: Shandong Linglong Tyre Company Limited Annual

Report 2021 ([Download Announcement](#))

Approval beyond authority, or without official approval documents, or occasional tax rebates or exemptions				
Government grants included in current profit or loss, except for those closely r e l a t e d to the Company's normal business operations, which are in accordance with national policies and are provided on an ongoing basis at a fixed or quantitative rate	142,548,511		107,269,516	70,209,806
Fees charged to non-financial enterprises for capital employed in the period charged to current profit or loss				
The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than the gain arising from the fair value of the identifiable net assets of the investee to which the enterprise is entitled at the time the investment is acquired				
Gain or loss on exchange of non-monetary assets				
Gains or losses on entrusting others with the investment or management of assets				
Provision for impairment of various assets due to force majeure factors, such as natural disasters				
Gains and losses on debt restructuring			-2,053,146	5,342,305
Business restructuring costs, such as expenses to relocate employees, integration costs, etc.				
Gains or losses in excess of fair value arising from transactions where the transaction price is not clearly fair				
Net profit or loss for the period from the beginning of the period to the date of consolidation of a subsidiary arising from a business combination under common control				
Gains or losses arising from contingencies unrelated to the Company's normal operating business				
Gains or losses on changes in fair value arising from the holding of financial assets for trading, derivative financial assets, financial liabilities for trading, derivative financial liabilities and investment gains on disposal of financial assets for trading, derivative financial assets, financial liabilities for trading, derivative financial liabilities and other debt investments, other than those effectively hedged in connection with the Company's normal business operations	23,092,757		60,749,629	51,148,260
Reversal of provision for impairment of receivables, contract assets tested separately for impairment	1,504,267		3,513,951	1,342,266
Gains and losses on external entrusted loans				
Gains and losses arising from changes in fair value of investment properties subsequently measured using the fair value model				
Effect on current profit or loss of one-off adjustments to current profit or loss in accordance with tax, accounting and other laws and regulations				
Custodian fee income earned from trustee operations				
Litigation/arbitration compensation expenses	-12,690,830		-63,063	-308,536
Proceeds from litigation compensation	2,821,660		4,981,701	8,189,252
Non-operating income and expenses other than those mentioned above	-6,512,141		-4,001,558	3,934,082
Other items of profit or loss that meet the definition of non-recurring profit or loss				
Less: Income tax effect	38,441,083		25,627,767	24,365,973

Amount of minority interests affected (after tax)				
Total	146,251,048		134,669,196	111,508,986

Information note on the definition of non-recurring items of profit or loss as recurring items of profit or loss as set out in the "Explanatory Bulletin No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Profit or Loss

☒ Applicable ☐ Not applicable

In June 2020, the Group invested in Butterfly (Changchun) Technology Company Limited ("Changchun Butterfly") with a capital contribution of RMB30,000,000, of which RMB15,000,000 was added to the registered capital of Changchun Butterfly and the remaining RMB15,000,000 was credited to the capital reserve of Changchun Butterfly. The remaining RMB15,000,000 was credited to the capital reserve of Changchun Butterfly. As at 31 December 2021, the Group's shareholding in Changchun Butterfly was 27.27% and the amount adjusted to recurring profit or loss under the equity method was RMB630,268.

xi. items measured using fair value

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Linglong Tyre: Shandong Linglong Tyre Company Limited Annual

Report 2021 ([Download Announcement](#))

Project name	Opening balance	Closing balance	Current period movements	Amount of impact on profit for the period
Financial assets held for trading	28,873,251	20,810,538	-8,062,713	-6,112,911
Investments in other equity instruments	308,244,494	400,606,242	92,361,748	12,732,113
Other non-current financial assets	87,171,738	217,840,679	130,668,941	24,357,533
Receivables financing	912,445,780	232,175,310	-680,270,470	-26,373,371
Total	1,336,735,263	871,432,769	-465,302,494	4,603,364

XII. Others

□ applicable ✓not applicable

Section III Management

Discussion and Analysis

I. Operating Discussion

and Analysis

The year 2021 was the opening year of the 14th Five-Year Plan. In the face of the complex international environment, the epidemic and other multiple challenges, China coordinated the prevention and control of the epidemic and economic and social development, increased the cross-cycle adjustment of macro policies, and the national economy continued to recover, with gross domestic product (GDP) growing by 8.1% for the year 2021. However, it is also seen that China's economic development is facing triple pressure from contracting demand, supply shocks and weakening expectations. For the tyre industry, 2021 has faced unprecedented difficulties and challenges, with soaring upstream raw material prices, continued high sea freight exports being hampered, intensified domestic competition, lack of cores for passenger cars, significant decline in commercial vehicles due to the switch from National 5 to National 6 and constant trade frictions. Under the strong leadership of the Board of Directors and with the joint efforts of all cadres and staff, Linglong Tyre has concentrated its efforts and risen to the challenge, and steadily promoted its work around key tasks.

1. Accelerate the construction of world class technology enterprises

The Company continued to implement the innovation-driven development strategy, continuously improving the innovation system, enhancing innovation capability, stimulating innovation vitality and driving the deep integration of the innovation chain of the industrial chain. 2021 R&D investment increased by 22% year-on-year, with a total of 1,153 new products designed and developed, and more than 1,000 new products designed and developed each year for five consecutive years. The proportion of mid- to high-end products in R&D passenger cars continued to rise, and the development of 17-inch (and above) accounted for

The ratio is over 70%, and the ratio of 18 inches (inclusive) and above is over 50%. The company relies on R&D innovation to promote the transformation of scientific and technological achievements and cultivate new momentum for development, making innovation a powerful support for coordinating the company's development and green transformation. In new energy passenger car tyres: Linglong has established the BPT steady-state pressure balanced low rolling resistance design system, which reduces the rolling resistance coefficient by 15% and can effectively reduce carbon dioxide by about 900,000 tons/million vehicles. In truck tyres: Linglong has developed super low rolling resistance tyres, with rolling resistance reaching the A grade of EU labeling law, and the use of A grade products for the whole vehicle can reduce fuel consumption by more than 2L per 100 km, and based on the annual mileage of a single vehicle of 100,000 km, each vehicle can save 15,000 RMB/year.

The company also makes efforts to deepen innovation synergy, promote the transformation of achievements and optimize the innovation ecology. In FY2021, it has signed and completed more than 130 cooperation agreements with universities or enterprises such as Beijing University of Chemical Technology, South China University of Technology, Qingdao University of Science and Technology, Qingdao Wheel Learning Union Science and Technology Service Platform Co. Advanced tyres, rubber damage and other mechanism research, intrinsic structure model and finite element simulation, tyre environmental protection technology research and development and index control, etc., forming a useful supplement and support for the construction of our material innovation system. By the end of 2021, the company had more than 1,100 validly granted patents, ranking among the top tyre companies in China in terms of patent holdings.

2. New retailing promotion of a new chapter

Through the joint development of intelligent marketing cloud platform with Tencent and China System Intelligence, Linglong Tire launched the development of New Retail System 3.0 on January 6, 2022, to create Linglong New Retail which combines online and offline, storage and logistics, tyre and non-tyre categories, sales and services, and precise marketing and brand attraction. The plan of **“Ten Thousand Stores and Hundred Businesses”** was proposed to build **“300 strategic partners + 1000 front warehouses + 2000 flagship shops + 5000 core brand shops + 5000 elite shops + 60,000 stable partner shops”** by the end of 2024. **“** channel system. By the end of 2021, the number of registered shops in the new retail system had increased from less than 5,000 to about 30,000, with both the number and quality of shops having been improved. Since August 2021, the opening of **“Linglong Car Care Station”** shops in Yantai, Hefei, Zhengzhou, Jinan, Qingdao, Xi'an and other places was launched, creating a sensation in the industry. On 29 August 2021, the company launched **“New Retail 2.0”**, which is based on the marketing theme of **“product + service + value”**, **relying on the “Linglong Car Care Station”** mini-program, focusing on the company's mid-to-high-end products and continuously introducing more abundant after-market products. On November 25, 2021, the company signed a strategic partnership with Bailiff Fine Care, and on January 4, 2022, it started a comprehensive strategic cooperation with Shell. The company will meet the diversified product and service needs of customers and help dealers and shops improve their core competitiveness. For commercial vehicles, the company set up the truck driver service brand **“Linglong Trucker House”**, which is dedicated to providing more than 40 million truckers with unified six products, unified wholesale price, unified retail price, unified after-sales service policy, unified nationwide joint warranty service and road rescue, unified brand publicity and marketing planning value services. Form a value service model with three links of supporting, group customers and shops. Through Linglong's new retail system,

physical shops of Linglong Car Maintenance Station for passenger cars and Linglong Truckers' Home for commercial vehicles, the company will realize close integration between online and offline to create a full ecological product and service chain that provides users with "product + service + value" and "save money, save heart and save effort". "It is a product+service platform for the auto aftermarket.

3、Internationalization support to the next level, new energy ushered in the development of the climax

2021, the entire automotive industry is also a heavy burden, passenger cars due to chip shortages and the impact of rising raw material prices, commercial vehicles due to the national five, six switch in advance of overdraft market led to a huge decline in sales in the second half of the year, the car factory in 2021 is facing greater cost pressure, the vehicle supporting the development of tyre companies is the road to go through, is to play the brand **"The first shot"**. Linglong tyre and domestic

The company has concluded strategic cooperation with top-tier OEMs outside of China to overcome the difficulties together and build a more long-term and solid cooperation system, laying a solid foundation for the company's "7+5" strategic layout. At the same time, the company is also improving the profitability of the supporting field around three structural adjustments: the proportion of mid- to high-end products, the proportion of mid- to high-end models and the proportion of mid- to high-end brands, which will form a brand breakthrough and a replacement pull. In terms of passenger cars, the company will be the first tyre company in mainland China to develop tyres for eight of the world's top ten car manufacturers, such as Audi, BMW and Volkswagen, etc. In October 2021, the Honda Lingpai will be officially mass-produced, and Linglong will become the only tyre supporting company for Honda in China. The FAW Hongqi EQM5 and LS7 were officially supplied to the Chinese market.

Goods. Especially in the field of new energy supporting, Linglong tyre 21 years overall market share of nearly 20%, sales growth rate of 182%, ranked first in China tyre! For commercial vehicles, the company has become the supplier of MAN and Scania under Germany's Volkswagen, and is also the first domestic brand that is the only one supporting the high-end model of FAW Jiefang J7.

4、Comprehensive implementation of the new development concept and further expansion of the industrial landscape

In June 2021, the company adjusted its strategy to a "7+5" strategy (7 production bases in China and 5 overseas production bases). At present, the company has five production bases in China, namely Zhaoyuan, Dezhou, Liuzhou, Jingmen and Changchun, and two overseas production bases in Thailand and Serbia. In 2021, the expansion of the Liuzhou and Jingmen bases and the construction of four new plants in Serbia and Changchun will put pressure on the company's costs and expenses, but will guarantee the company's future growth in production and sales revenue. The company seized the first opportunity, seek new situation, in recent years, the global production base for the construction and upgrade of digital intelligence factory, and continue to enhance the core competitiveness of the industry. The company's Jilin factory and Serbia factory are positioned as "world-class intelligent factories", introducing international advanced manufacturing equipment, combining industrial cloud, big data, artificial intelligence, blockchain, 5G and other advanced technologies, fully penetrating the tyre design, production, management, logistics, marketing and other aspects of information collection, sharing, analysis, decision-making, to enhance the factory. The company will promote the overall development of technology, industrial optimization and upgrading, and the overall improvement of productivity with the intelligence of the whole process, the digitalization of the whole system and the greening of the whole area, which will promote the manufacturing industry to move towards the middle and high end of the global industrial chain. The Jilin plant was put into operation at the end of 2021, and the production capacity will be gradually released in 2022.

5、Practice the four-step brand strategy and accelerate the creation of world-class brand influence

In 2021, the company will continue to focus on the four-step brand strategy of "awareness, reputation, loyalty and competitiveness", and achieve its brand marketing objectives through TV communication, famous media coverage, sports marketing, participation in the World Expo, public welfare practices and self-media channels in response to the new brand positioning.

TV communication: We continued to focus on CCTV-13 "East Time", CCTV-7 "Defence New Observation" and other CCTV programmes, and were selected as a special brand of CCTV "National Brand - Aloha Shine". Throughout the year, the company received several provincial TV reports from Shandong TV and Jilin TV.

Famous media coverage: through the People's Daily, Global Network, Xinhua News Agency, Phoenix, China Securities Journal and other mainstream media, as well as Tyre Press, ERG and other domestic and international tyre industry media coverage, the cumulative news dissemination more than 10,000 times in 2021.

Sports marketing: Linglong Tyre Drift Team won 2 championships, 3 runner-ups and 1 season in the 2021 Japanese D1GP, ranking in the top 3 in total team points for three consecutive years and occupying a place in the Japanese drift circle; in terms of popular sports, through sponsorship of Shandong

Linglong Tyre chess team, Serbian youth football training, Tsinghua Friends Tennis League and Middle East Squash are some of the projects to activate the company's sports resources and give back to the society. Public Welfare Practice: The company established the "Yuanmeng Public Welfare Fund - Linglong Tyre Public Welfare Fund" and launched the first public welfare project "Truckers Care Project" under the fund to provide care and relief for truck drivers in difficulty. The project has received continuous attention and tracking reports from Phoenix Public Welfare Channel. Meanwhile, through the public welfare initiatives such as Henan disaster relief, Thailand epidemic donation and Serbia environmental protection activities, the company has been widely recognized by the industry and won many public welfare honors such as "Top Ten Public Welfare Enterprises of the Year" and "Model of Social Responsibility", and the company's brand reputation has been continuously enhanced. The company's brand reputation has been continuously enhanced. Self-media channels: Through content innovation, Linglong Tyre's WeChat public website has been widely disseminated, and its new list index is better than many international first-tier tyre brands. With the change of media environment, the company has made full use of video platforms such as ShakeYin, Racer and video number to innovate a variety of video contents such as car maintenance scenarios, consumer education and user experience to enhance brand communication, strengthen user stickiness and build brand loyalty. In June 2021, Linglong Tyre was ranked 113th in China's 500 Most Valuable Brands with a brand value of RMB59.672 billion, maintaining a growth of over RMB5 billion in brand value for eight consecutive years.

6、Focus on double carbon targets and promote green development

In conjunction with China's major strategic decision to achieve carbon peak by 2030 and carbon neutral by 2060, Linglong Tyre has steadfastly taken a new path of high-quality development oriented to ecological priority and green development, insisted on making progress steadily and gradually, and insisted on the synergistic promotion of carbon reduction, pollution reduction, green expansion and growth. 2021 saw the establishment of a leading group for the promotion of carbon peak and carbon neutral work and the formulation of the company's carbon peak and carbon neutral target plan and action plan, In 2021, we set up a leading group for the promotion of carbon peaking and carbon neutrality and formulated a plan and action plan to achieve carbon neutrality as soon as possible through the expansion of the five new sectors (new materials, new equipment, new energy, new technology and new process). As global waste tyres are not degradable, Linglong Tyre is committed to become a leading global tyre retreading + solid waste tyre recycling enterprise, adopting advanced materials, technologies and

techniques to develop and produce tyres that can be retreaded more than twice, realising 1+2=1 recycling. It has also signed a strategic cooperation agreement with Clintel Environmental Technology (Cement), which has mastered the international first-class waste tyre treatment technology, to promote the establishment of a resource recycling tyre industry system and achieve green and sustainable development. The company developed a long-distance trunk line voyage series of products new tire wear life can reach more than 500,000 km, at the same time can be retreaded more than 2 times, single tire mileage over to 1 million km, the whole vehicle 22 tyres used, can reduce the use of tyres cost 26,400 yuan. The company will continue to carry out the work of recyclable waste tyres and the whole green rubber industry chain planning to reduce the consumption of energy and resources and reduce carbon emissions.

7. Implement regular prevention and control initiatives to effectively safeguard normal production order

Firm confidence and sharing the same boat is the only correct path to overcome the epidemic. Linglong Tyre adheres to the people first and life first, continues to implement the initiatives of regular epidemic prevention and control, constantly improves the mechanism of regular prevention and control and emergency disposal of unexpected epidemic, and promotes the speed of vaccination for all employees. 2021, in response to the epidemic prevention and control policy requirements of the National Health Commission, the company actively organises study and research within the enterprise, strictly implements the initiatives, and establishes a sound management system for the management of people and vehicles, and for The company has formulated a number of systems, including the "Management Measures for Epidemic Prevention and Control of Drivers and Foreign Vehicles", "Measures for Epidemic Prevention and Control of Non-Cold Chain Imported Goods", "Work Plan for Epidemic Prevention and Control of New Coronary Pneumonia for Business Travellers", "Management Regulations for Epidemic Prevention and Control of Foreigners Returning to the Company" and "Work Plan for Epidemic Prevention and Control of People Together". The company's epidemic prevention and control management team and the staff in charge of each department and docking staff share the latest policies, control experience and changes in the epidemic situation 24 hours a day on a rotating basis, so as to do a good job

Precise prevention and control, scientific prevention and control.

2. Industry in which the Company

operates during the reporting

period 1. High prices of upstream

raw materials and rising costs

2021 by crude oil, steel, coal and other upstream prices continue to rise, the main raw materials for tyres natural rubber, synthetic rubber, carbon black, cord fabric and other prices in a long-term high fluctuations, natural rubber 2021 average price growth of 25.32% year-on-year, carbon black 2021 average price growth of 52.30% year-on-year. Tyre enterprises cost pressure, gross margin are showing different degrees of decline.

2. Downstream automotive market phase demand is hampered

According to Auto Forecast Solutions (AFS), the global automotive market will see a cumulative production cut of approximately 11.31 million units in 2021 due to chip shortages. For commercial vehicles, the switch to the National 5-6 standard, which overdrew the market in advance, led to a significant decline of 52.52% for medium and heavy trucks starting in the second half of 2021. Automotive market demand is hampered, which in turn affects the high growth of tyre companies' supporting sales.

3. Explosive growth of new energy vehicles

According to the China Association of Automobile Manufacturers, China's new energy vehicle sales will reach 3.521 million units in 2021, up 1.6 times year-on-year, ranking first in the world for seven consecutive years, with a market penetration rate of 13.4%, 8 percentage points higher than the previous year. The rise of new energy vehicles to Chinese tyre companies to bring the "wrong way to overtake" the opportunity, due to new energy vehicles and traditional cars in range, vehicle weight, power output and noise performance have a large difference, making new energy vehicle tyres on safety, grip, low noise, wear resistance, energy saving, green and other aspects of the Performance requirements are higher, new energy vehicles supporting tyres become a new growth point.

4. Sea freight rates have soared and a case is hard to find

2021 due to the impact of the epidemic led to a reduction in foreign port workers, receiving and unloading capacity is insufficient, the port processing capacity decreased resulting in port congestion, ship transport time increased, the container can not be shipped back in a timely manner, in addition, the trend of oil prices rose sharply from the cost side of the shipping price increase pressure, tyre business orders are strong but exports are hampered.

5. Southeast Asia double reverse final ruling landed, tax rate lower than expected

On 24 May 2021, the US Department of Commerce made final anti-dumping and countervailing duty rulings on passenger car and light truck tyres from South Korea, Thailand, Vietnam and Taiwan, China. The final anti-dumping and countervailing duty rulings were that the anti-dumping duty rates for Korea

14.72%-27.05%, Taiwan, China 20.04%-101.84%, Thailand 14.62%-21.09%, Vietnam 0-22.27%, the final ruling of the United States on the double anti-tariff rate in Southeast Asia is expected to affect the profitability of these regions related tyre enterprises, but the tyres produced in Southeast Asia still have a cost advantage as well as higher gross margins, and Chinese tyre companies with a global footprint can still respond flexibly by shifting production capacity.

III. Businesses engaged in by the Company during the reporting period

Ltd. is a technical tyre manufacturer integrating tyre design, development, manufacturing and sales, which is committed to building a world-class technology level, world-class management level and world-class brand influence. The company's main products are passenger and light truck radial tyres, truck and bus radial tyres and off-highway tyres, which are widely used in passenger cars, commercial vehicles and construction machinery vehicles. By the end of 2021, the company will have a production capacity of 82.06 million tyres, of which 68 million will be for passenger cars and light trucks, ranking first in China.

- Since its establishment, the company has adopted a diversified branding strategy to differentiate itself in the global market. Since its establishment, the company has implemented a diversified branding strategy to differentiate its marketing to the global market, "EVOLUXX", the products are sold to 173 countries worldwide. We provide supporting services for more than 100 production bases of more than 60 automobile factories around the world, such as Hongqi, Audi, Volkswagen, General Motors, Ford, Honda, Renault Nissan, Guangqi Mitsubishi, SAIC-GM-Wuling, BYD, Geely, Chery, Great Wall, FAW Jiefang, China National Heavy Duty Truck, Shaanxi Heavy Duty Truck, Foton, Dongfeng Liuzhou, CIMC vehicles, etc. We have entered the supporting system of 7 of the 10 largest automobile enterprises in the world, and achieved the support of German, European, American and Japanese series, The total number of tyres supporting car companies exceeds 200 million. Especially in the new energy supporting field, the overall market share is close to 20%, and the sales growth rate in 2021 exceeds 180%, ranking first in China's tyres! Linglong Tire has outstanding technical and capability advantages in the tyre industry, which has laid a solid foundation for the company to continue to achieve the absolute industry leading market share of its products.

IV. Analysis of core competencies during the reporting period

☒ Applicable ☐ Not applicable

The company's core competitiveness has been significantly enhanced after years of development, which

has laid the first-mover advantage for the company to participate in the subsequent market competition

and enter the top five in the world. 1. Forward-looking strategic layout

In 2021, according to the national strategy of "the domestic cycle as the main body and the domestic and international cycles promoting each other", and in response to the macro risks of geopolitics and trade protectionism, Linglong Tyre has adjusted its strategy to "7+5 The company has a strategic layout of "7+5" (7 production bases in China and 5 overseas production bases). At present, the company has five production bases in China, namely Zhaoyuan, Dezhou, Liuzhou, Jingmen and Changchun, and two overseas

production bases in Thailand and Serbia (under construction), and will continue to investigate and build plants around the world, aiming to fully complete the global layout by 2030, forming the best service radius with OEMs. This will significantly improve delivery efficiency, ensure the security and stability of the supply chain, increase the company's market share, reduce logistics costs, effectively shorten the inventory cycle, and create globalisation, regionalisation and localisation of R&D, management, manufacturing, marketing, operations and services.

2. Leading R&D strength

Based on the national technology centre and national industrial design centre, **the** company has set up research institutes in Beijing, the United States, Yantai, Shanghai, Germany and Jinan, forming a global open R&D innovation system in "three countries and seven places". Up to now, there are more than 2,000 engineers and technicians in the Research Institute, forming a synergistic operation of basic research, product development, scenario application and system development management to drive Linglong's technological innovation.

In terms of material research, in the past ten years, Linglong has been at the forefront of the tyre industry in the world in the field of dandelion, graphene and bio-based materials research. We have launched the first dandelion tyre, the first graphene tyre, the first 3D printing tyre and the first bio-based itaconic acid ester tyre, etc. We have also formed the China Dandelion Rubber Industry Technology Innovation Strategic Alliance, and **the** world's first 100-ton water-based comprehensive rubber extraction pilot line will be completed in Harbin in 2021. Participated in the "new bio-based rubber material preparation technology and application demonstration", "microstructure involvement and performance research of graphene/rubber nanocomposites for high-performance tyres", "new functional resurrection elastomer preparation 技术"等多项国家重点研发计划项目。

Performance research, to create a virtual tyre technology established to study tyre performance research, combined with big data-based AI design prediction technology, and with domestic Tsinghua University, Beijing University of Chemical Technology, Jilin University, Shandong University, Jiangsu University, Taiyuan University of Science and Technology

The cooperation in the direction of vehicles, materials, mechanics and mechanics from universities such as the University of Science and Technology, in the basic research of physics, materials science, mechanics, data application, computer simulation and so on. Linglong Tyre has also invested more than 700 million to establish a world-class laboratory for physics, chemistry and tyre performance research, covering more than 200 sets of scientific research equipment for tyre NVH (vibration noise), tyre dynamics and tyre structure analysis. Linglong Group, the controlling shareholder of the company, has invested and cooperated with Spanish company IDIADA to build China's first and world-class comprehensive large-scale tyre testing ground - Central Asia Tyre Testing Ground, equipped with advanced dynamics facilities and NVH testing equipment, and put into operation the world leading driving simulator in cooperation with global famous enterprises to promote the The application of virtual reality tyre design research to improve product performance and R&D efficiency. The perfect construction of R&D system and human resources guarantee make the gap between Linglong's products and performance and those of the world's first-class tyre enterprises narrower and narrower, and some performance indicators even exceed those of the world's first-class tyre enterprises.

3、Excellent product quality

The company adheres to the quality policy of "excellent quality, excellent service, credibility-based, customer satisfaction", from the raw materials into the factory to the terminal sales through unified standards, quality management, technology, the formation of strict self-inspection, mutual inspection, special inspection system, and constantly promote the quality control of intelligent, automated products to ensure product quality. The company's products have passed a series of international certifications such as CCC, DOT, ECE, GCC, NMETRO, LATU, Smartway, etc. The number of tyres certified by SmartWay in the United States is nearly 80, ranking first in the global tyre industry. In the EU label law response, some of the company's products have reached AA level, and the overall reached the international advanced level.

By improving manufacturing standards, increasing research and development capabilities, enhancing product performance, strictly controlling quality, tightly grasping detail management and vigorously promoting lean production and fine management projects, the company has continuously consolidated product quality and ensured a highly stable and leading level of product quality, winning a number of honorary titles such as the Shandong Provincial Governor's Quality Award and the AAA (Customer Satisfaction Benchmark Enterprise) level of China's market quality.

The company achieved the development of three new products per day as early as 2017, and has differentiated and personalised around product segmentation, combining the needs of different users, different countries, different standards, different application scenarios and different automotive plants. We now have a series of high-performance tyres such as low-noise, anti-wet-slip, ultra-low rolling resistance, air-deficiency warranty, self-healing and super wear-resistant. On the basis of satisfying customers' individual needs, we continue to improve the life cycle of our products, reduce fuel consumption and emissions, further saving customers money and further improving our position in the retail market.

4、A globalized supporting system

The company continues to improve the technical content of its products and has become the largest original tyre production base in China by virtue of its excellent product quality and service, ranking first in China for many years. We have provided supporting services for more than 100 production bases of more than 60 global automobile factories, such as Red Flag, Audi, Volkswagen, General Motors, Ford, Honda, Renault Nissan, Guangqi Mitsubishi, SAIC-GM-Wuling, BYD, Geely, Chery, Great Wall, FAW Jiefang, China Heavy Duty, Shaanxi Heavy Duty, Foton, Dongfeng Liuzhou, CIMC, etc. We have entered the supporting system of 7 of the top 10 global automobile enterprises, and achieved the support of German, European, American, Japanese and other global key car series, The company has achieved the support of German, European, American, Japanese and other global key car series, and the total number of supporting tyres for car enterprises exceeds 200 million. At the same time, thanks to the company's continuous investment in research and development and technological innovation in the field of new energy vehicle tyres, the company has successfully supported Wuling Hongguang MINI EV, E200, E300, BYD Qin EV, Qin Plus, Song PRO, Yuan Plus, Renault Nissan EV, FAW Hongqi high-end EV EQM5, E-HS3, E-HS9, etc. Linglong Tire has concluded strategic cooperation with many OEMs such as FAW, CIMC, Shanghai GM Wuling, Shandong Lingong, etc., continuously expanding the support in the field of medium and high-grade vehicles and boosting the development of new products and technologies of the company

and promotion to increase the company's market share. Awarded the "Quality Contribution Award" by FAW-Volkswagen JETTA brand, "Collaborative Innovation. Qizhi Award", "Excellent Supplier" of FAW R&D General Institute, "R&D Collaboration Award" of FAW Pentium, "2021 TCO Contribution Award" of FAW Jiefang, "Collaborative Development Award" of FAW Jiefang, and "TCO Contribution Award" of Shaanxi Province. ", FAW Jiefang "Synergy Development Award", Shaanxi Heavy Duty Truck "Best Assurance Award", Beiqi Foton "Value Contribution Award" and "Quality Excellence Award" for excellent suppliers in 2021-2022 "and "Quality Excellence Award", and won the annual contribution award of China Auto Parts - Suzuki Award for two consecutive years. In addition, Linglong Tyre's Thailand plant also successfully passed Ford's Q1 certification, which is the highest comprehensive evaluation given by Ford to its global suppliers.

5、An innovative new retail model

The company's products are sold in 173 countries around the world, with market operations in Europe, the Middle East, the Americas, Asia Pacific, Africa and other major regions around the world, and a balanced distribution of sales networks on all continents to achieve full coverage of the sales network system. 2020 the company put forward the "new retail year" strategy, proposed 65323 channel

planning. The company has jointly developed a smart marketing cloud platform with Tencent and Huazi Intelligence to realize the information and service flow of Report 2021 (Online document) and smart marketing to fully empower terminal shops and help offline consumption. Through the high degree of integration between online and offline, the company will build a virtuous cycle ecological chain for Linglong's partners by creating a multi-state product and service ecology of tyres + non-tire products + services + life and travel. Service + Value marketing theme, and dealers and shops to build user thinking, value thinking and brand thinking. Relying on the "Linglong Car Care Station" mini-program for passenger cars and "Linglong Truckers' Home" for commercial vehicles, the company will meet users' needs for diversified products and services, roadside assistance and nationwide warranty services, and help dealers and shops improve their core competitiveness.

6、Digital and intelligent factory construction

The company's intelligence is comprehensively promoted from four aspects: comprehensive perception, collaboration and sharing, analysis and optimization, and prediction and early warning. With the company's business strategy as the guide and the construction of a global operation command and dispatch centre as the starting point, focus and anchor point, the company increases business collaboration and continuously promotes process penetration, data sharing and basic governance. The full construction and commissioning of Changchun factory brought Linglong's intelligent factory to a new height. The infrastructure construction of the new factory was carried out simultaneously with informationization, digitization and intelligence, and the hardware facilities and software equipment reached the leading level in the industry. Through the construction of an industrial internet platform for tyre whole business monitoring and analysis and dispatching based on big data, the processing and application of all kinds of data generated from all aspects of the whole product life cycle, the innovative realisation of intelligent sales prediction model, intelligent production process control model and intelligent product design simulation system, which continuously promotes product innovation, operation level and production operation efficiency improvement. Using industrial internet and big data, it realizes the digitization, networking and intelligence of various business systems from R&D and design, production and manufacturing, operation and management, operation and maintenance services, etc., and realizes information interconnection, thus realizing the closed loop of information integration of intelligent factory and creating Linglong's unique lean management and intelligent manufacturing factory.

7、The creation of world-class brand influence

In the outline of the 14th Five-Year Plan, the State clearly proposes to "carry out the action of creating Chinese brands" and calls for "building high-end brands", so as to shape Chinese brands into a strong global In the 14th Five-Year Plan, it is clearly proposed to "carry out the action of creating Chinese brands" and call for "building high-end brands", so as to build a strong global influence and radiation of Chinese brands and increase the proportion of Chinese brands in the world's top brands. Linglong Tire has followed the pulse of the development of the times, and launched the high-end positioning of "seven of the world's top ten car companies choose Linglong Tire", with a diversified brand strategy and scenario-based brand marketing ideas, laying out the brand to the first-class direction, and is the only Chinese tyre industry for three consecutive years to be ranked in the "World's Most Valuable Tire" by the British authority Brand Finance. It is the only company in China's tire industry that has been ranked on the "World's Most Valuable Tire Brands" list by British authority Brand Finance for three consecutive years.

Industry recognition, high-end supporting: Up to now, the company has provided supporting services for more than 100 production bases of more than 60 automobile factories worldwide. With the continuous accumulation of the number of supporting, supporting brands continue to develop in the direction of high-end, Linglong tyre brand recognition, trust and influence gradually increased. In particular, the company is forward-looking in laying out new energy, and has strong alliance with Chinese mainstream new energy vehicle enterprises. 2021

In 2012, Linglong Tyre once again ranked first among Chinese tyre brands in the ranking of original fitment tyres for new energy vehicles in China. With its strong initiatives in the new energy field, the company's brand exposure and influence were once again enhanced.

Smart marketing, building new retail: Since the company put forward the strategy of "the first year of new retail" in 2020, it has rapidly completed a multi-dimensional and multi-disciplinary channel system, built a smart marketing platform, established a virtuous cycle of ecological chain for Linglong's partners, spread across more than 2,800 counties and urban areas nationwide, and deeply built a retail network, which has largely improved the brand influence and awareness. The influence and popularity of the brand has been greatly enhanced.

Multi-dimensional reach, marketing globalization: Through globalized sports marketing, integrated marketing, self-media marketing, as well as big data precision placement and traffic new media operation, we are constantly promoting our brand. We have participated in the sponsorship of more than 100 global sports events, including the five major European leagues, the NBA in the United States, the D1 Drift Race in Japan and global regional events, etc., activating the brand with sports marketing; advertising in different channels such as CCTV, high-speed railway, airport, highway, lift, WeChat circle of friends and ShakeYin, etc., reaching more than 2 billion people every year; every year, more than 200 authoritative media at home and abroad, the Industry vertical media, etc., continue to pay attention to and report the development of the company. The Baidu search index of Linglong tyres was once comparable to that of international first-tier brands, marking the increase in awareness of Linglong brand and the continuous innovative climb of the brand towards high-end.

V. Major operations during the reporting period

During the reporting period, the Company achieved operating revenue of RMB18.579 billion, an increase of 1.07% year-on-year;

net profit attributable to shareholders of the listed company was RMB789 million, a decrease of 64.48% compared with last year. (i)

Analysis of main business

1. Analysis of movements in relevant

accounts in the income statement and cash

flow statement Unit: RMB Currency: RMB

Subjects	Number of current period	Year-on-year figures	Percentage of change (%)
Operating income	18,579,219,822	18,382,721,153	1.07
Operating costs	15,372,263,715	13,672,486,173	12.43
Selling expenses	528,500,635	543,332,966	-2.73
Overheads	642,216,907	508,804,698	26.22
Finance costs	134,262,526	391,933,903	-65.74
R&D costs	934,094,671	763,398,433	22.36
Net cash flows from operating activities	489,984,059	4,291,621,031	-88.58
Net cash flows from investing activities	-4,997,804,031	-2,407,556,977	-107.59
Net cash flows from financing activities	2,774,834,643	-1,280,435,281	316.71

Explanation of the change in operating revenue: mainly due to the increase in operating revenue as a result of the increase in sales volume of the Company. The change in operating costs was mainly due to the increase in operating costs as a result of the increase in sales volume and the increase in raw material prices. Explanation of the change in administrative expenses: Mainly due to the increase in labour costs. The change in finance costs was mainly due to the decrease in interest expenses and the increase in foreign exchange gain due to exchange rate changes. Explanation of the change in research and development expenses: mainly due to the increase in investment in research and development. Explanation of the change in net cash flow from operating activities: mainly due to the increase in cash outflow as a result of the increase in raw material prices. The change in net cash flow from investing activities is mainly due to the increase in cash outflow as a result of the increase in raw material prices.

The increase in cash outflow was due to the increase in construction of fixed assets. Explanation of the reasons for the changes in net cash flows from financing activities: mainly due to the decrease in cash outflow as the amount of new borrowings exceeded the amount of repayments. Detailed description of significant changes in the type of business, composition of profit or sources of profit of the Company during the period

☐ applicable ☒ not applicable

2. Revenue and cost analysis

☒ Applicable ☐ Not applicable

During the reporting period, the Company achieved operating revenue of RMB 18.579 billion, an increase of RMB 196 million or 1.07%

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of the previous year

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

by sales mode Unit:RMB 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 (%)
Tyre products	18,276,202,954	15,185,464,997	16.91	0.89	12.68	Decrease of 8.70 percentage points

Main business by product						
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Sub-products	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 (%)
Tyre products	18,264,015,947	15,173,645,100	16.92	0.93	12.75	Decrease of 8.71 percentage points
Tyre trade	12,187,007	11,819,897	3.01	-38.94	-38.95	0.01 percentage point increase
Main business by region						
Sub-region	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 (%)
Domestic Sales	9,825,132,655	8,567,309,099	12.80	-0.19	5.41	Decrease of 4.64 percentage points
Export and overseas sales	8,451,070,299	6,618,155,898	21.69	2.17	23.72	Reduction of 13.64 percentage points Point

Description of main business by industry, by product, by region and by sales model As a result of the retrospective adjustment of freight costs of RMB419,590,903 from the 2020 cost of sales into the cost of main business in the current year, the above year-on-year changes in the cost of main business and gross profit margin by industry, by product and by region were adjusted accordingly.

(2). Production and sales analysis table

☒ Applicable ☐ Not applicable

Main products	Unit	Production volume	Sales volume	Inventory levels	Increase or decrease in production over the previous year (%)	Increase or decrease in sales volume over the previous year (%)	Increase or decrease in stock levels over the previous year (%)
Tyre products	Article	70,266,929	64,707,133	9,286,870	6.51	2.18	38.08

Description of production and sales

The above figures do not include tyre products manufactured by other companies outside the scope of consolidation of the listed company which are distributed by subsidiaries. Description of production volume: The overall increase in production volume in 2021 compared to 2020 is 6.51%. This includes a 9.40% increase in semi-steel, a 6.13% decrease in all-steel and an 8.26% increase in bias tyres.

(3). Performance of major purchase contracts, major sales contracts

☐ applicable ☒ not applicable

(4). Cost

Analysis Table

Unit: \$

Breakdown by sector							
By Industry	Cost component items	Amount for the period	Percentage of total costs for the period (%)	Amount for the same period of the previous year	Same period of the previous year as a percentage of total costs (%)	Percentage change in the amount for the period over the same period of the previous year (%)	Situation Description
Tyres	Raw materials	11,568,716,671	76.18	10,058,535,658	74.64	15.01	

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	Artificial	1,026,406,461	6.76	977,939,441	7.26	4.96	
	Depreciation	968,027,443	6.37	967,417,490	7.18	0.06	
	Energy	931,361,655	6.13	909,568,158	6.75	2.40	
	Freight charges	573,896,574	3.78	458,082,084	3.40	25.28	
	Other	117,056,193	0.77	105,340,982	0.78	11.12	
Breakdown by product							
Sub-products	Cost component items	Amount for the period	Percentage of total costs for the period (%)	Amount for the same period of the previous year	Same period of the previous year as a percentage of total costs (%)	Percentage change in the amount for the period over the same period of the previous year (%)	Situation Description
Tyres	Raw materials	11,568,716,671	76.18	10,058,535,658	74.64	15.01	
	Artificial	1,026,406,461	6.76	977,939,441	7.26	4.96	
	Depreciation	968,027,443	6.37	967,417,490	7.18	0.06	
	Energy	931,361,655	6.13	909,568,158	6.75	2.40	
	Freight charges	573,896,574	3.78	458,082,084	3.40	25.28	

	Other	117,056,193	0.77	105,340,982	0.78	11.12	
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(5). Change in scope of consolidation due to change in shareholding of major subsidiaries during the reporting period

☐ applicable ☒ not applicable

(6). Information about significant changes or adjustments to the Company's business, products or services during the reporting period

☐ applicable ☒ not applicable

(7). Major Sales Customers and Major Suppliers

A. The Company's major sales customers were the top five customers with sales of RMB3,971,926,600, accounting for 21.38% of the total annual sales; among the sales of the top five customers, sales to related parties amounted to RMB0.0 million, accounting for 0% of the total annual sales. Sales to a single customer during the reporting period exceeded 50% of the total, or there were new customers among the top five customers or there was heavy reliance on a few customers

☐ applicable ☒ not applicable

B. The Company's major suppliers were the top five suppliers with purchases amounting to RMB3,523,370,900, accounting for 26.41% of the total annual purchases; among the top five suppliers, purchases from related parties amounted to RMB0.0 million, accounting for 0% of the total annual purchases. The proportion of purchases from a single supplier exceeded 50% of the total amount during the reporting period, and there were new suppliers among the top 5 suppliers or there were cases of heavy reliance on a few suppliers

☐ applicable ☒ not applicable

3. Fees

☒ Applicable ☐ Not applicable

For details, please refer to "1. Analysis of changes in the income statement and relevant accounts in the cash flow statement" under "(i) Analysis of principal activities" in Section III. "Major operations during the reporting period".

4. R&D Inputs (1).

R&D investment

table

☒ Applicable

☐ Not

applicable Unit:

RMB

Expensed R&D investment for the period	934,094,671
Capitalised R&D investment for the period	
Total R&D investment	934,094,671
Total R&D investment as a percentage of operating revenue (%)	5.03
Share of R&D investment capitalised (%)	

(2). Research and development staff profile table

☒ Applicable ☐ Not applicable

Number of company R&D staff	2,157
Number of R&D staff as a percentage of total company headcount (%)	11.66
Educational structure of R&D staff	
Academic structure categories	Number of people with academic structure
PhD students	3
Master's degree students	126
Undergraduate	733
Specialties	651

High School and below	Linglong Tyre: Shandong Linglong Tyre Company Limited Annual Report 2021 (Download Announcement)	644
Age structure of R&D staff		
Age structure categories	Number of people in the age structure	
Up to and including 30 years old	927	
30-40 years old (including 30 years old, excluding 40 years old)	947	

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40-50 years old (including 40 years old, excluding 50 years old)	242
50-60 years old (including 50 years old, excluding 60 years old)	36
60 years and above	5

(3). Fact Sheet

☐ Applicable ☒ Not applicable (4). Reasons for the significant change 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

For details, please refer to "1. Analysis of changes in the income statement and relevant accounts in the cash flow statement" under "(i) Analysis of principal activities" in section III. "Major operations during the reporting period".

(ii) Description of significant changes in profit due to non-major activities

☐ applicable ☒ not applicable

(iii) Analysis of assets and liabilities

☒ Applicable ☐ Not applicable

1. Asset and

liability position in \$

Project name	Closing balance for the period	End of period as a percentage of total assets (%)	Prior period end	Prior period end as a percentage of total assets (%)	Percentage change in the amount at the end of the current period over the end of the previous period (%)	Fact Sheet
Monetary funds	2,317,339,039	6.79	4,287,095,860	14.63	-45.95	This was mainly due to investment in a subsidiary to build a factory, repayment of loans due and purchase of materials.
Notes receivable	206,947,101	0.61			100.00	This was mainly due to the increase in commercial acceptances receivable.
Receivables financing	232,175,310	0.68	912,445,780	3.11	-74.55	This was mainly due to an increase in bill discounting.
Prepayments	326,030,267	0.96	548,704,806	1.87	-40.58	This is mainly due to a decrease in prepayments for raw materials.
Inventory	4,534,456,129	13.28	2,874,553,194	9.81	57.74	This is mainly due to the increase in finished goods and raw materials in stock.
Non-current assets due within one year	11,002,297	0.03			100.00	This is mainly due to the reclassification of long-term receivables that will mature within one year.
Other current assets	804,660,439	2.36	458,218,373	1.56	75.61	This is mainly due to an increase in the VAT retention credit.
Long-term receivables	76,275,491	0.22			100.00	This is mainly due to the increase in advances receivable from employees.

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Other non-current funds	217,840,67	0.64	87,171.7	0.30	149.90	Mainly attributable to the Company's debt investments
Financing assets	9		38			The increase in funding is attributable to the
Investment properties	144,087,091	0.42	71,464,870	0.24	101.62	This is mainly due to the increase in investment properties of subsidiaries.
Construction in progress	5,140,016,319	15.06	1,615,839,031	5.52	218.10	This is mainly due to the increase in equipment payments for the investment and expansion projects of our subsidiaries.
Right to use assets	37,992,802	0.11			100.00	This is mainly due to the increase in right-of-use assets as a result of the implementation of the new leasing guidelines.
Deferred income tax assets	449,343,017	1.32	306,133,337	1.04	46.78	This is mainly due to an increase in deductible losses.
Short-term borrowings	5,831,214,408	17.08	1,564,566,522	5.34	272.70	This is mainly due to an increase in short-term borrowings.

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Prepayments received	191,897				100.00	Mainly as a result of pre-receipt of housing lease payments from new subsidiaries The result;
Contractual liabilities	344,898,878	1.01	662,775,010	2.26	-47.96	This is mainly due to the decrease in advance payments received.
Other payables	2,246,672,034	6.58	1,526,049,113	5.21	47.22	This is mainly due to the construction of a subsidiary project. The increase in the provision is due to an increase in
Non-current negative due within one year Debt	634,209,583	1.86	1,361,791,128	4.65	-53.43	This is mainly due to the return of borrowings due.
Other current liabilities	49,655,702	0.15	87,203,855	0.30	-43.06	Mainly due to the decrease in receipts in advance and VAT received in advance This is due to a decrease in the amount of money.
Long-term borrowings	718,664,450	2.11	1,077,585,481	3.68	-33.31	Mainly due to long-term borrowings due to be repaid within one year The classification is due to.
Lease liabilities	32,239,924	0.09			100.00	The increase in lease liabilities is mainly due to the implementation of the new lease guidelines Adding the cause.
Long-term payables	205,306,685	0.60			100.00	Mainly attributable to installment purchase of land by subsidiaries This is due to an increase in the number of items.
Deferred income tax liabilities	11,043,680	0.03			100.00	Deferred mainly due to tax incentives This is due to an increase in the balance of income tax liabilities.
Other comprehensive income	-404,608,151	-1.19	-45,505,188	-0.16	-789.15	This is mainly due to changes in the US dollar exchange rate.

Other notes n/a

2. Offshore assets

☒ Applicable ☐ Not applicable

(1) Asset size

☒ f which: foreign assets of 1,167,920.23 (in RMB), representing 34.21% of total assets.

(2) Notes relating to the high proportion of offshore assets

☒ Applicable ☐ Not applicable

Unit:RMB million Currency:RMB

Name of offshore assets	Causes of formation	Operating Model	Current reporting period Operating income	Current reporting period Net profit
LLIT(THAILAND)CO.,LTD.	Establishment	Tyre production and operation	470,417.68	110,389.98

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

☒ Applicable ☐ Not applicable

See "Chapter 10, VII-81 Assets subject to restrictions on ownership or use" for further details.

4. Other notes

☐ applicable ☒ not applicable

(iv) Analysis of industry operating information

☒ Applicable ☐ Not applicable

See Section III "Management's Discussion

industry and an analysis of the operating

information of the chemical industry¹

Basic information on the industry

(1). Industry policies and their changes

☒ Applicable ☐ Not applicable

1、On April 12, 2021, Shandong Province issued a notice on "the implementation of the province's "three resolute" action plan (2021-2022)", by 2022 the annual output of less than 1.2 million all-steel radial tires, the annual output of less than 5 million semi-steel radial tire enterprises all integration Withdrawal. According to the document, this round of retired production capacity accounted for 3.96% of the existing semi-steel tyre capacity and 3.03% of the all-steel tyre capacity in the country respectively. As the all-steel and semi-steel production capacity in Shandong Province accounted for 52.11% and 50.80% of the country respectively, and the current round of retirement will be completed in 2022, the new round of capacity retirement in Shandong Province has a greater impact and fast exit time.

2. In July 2021, the national carbon emission trading system will be officially launched. The national carbon emission trading market is a system innovation that uses market mechanisms to control and reduce greenhouse gas emissions and promote green and low-carbon development, and is also an important core policy tool to implement China's national independent contribution target of striving to peak carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060. The launch of the environmental protection policy has accelerated the elimination of backward tyre enterprises, and the market share of leading industry players is expected to continue to increase.

(2). Basic information on the main industry segments and the company's industry position

☒ Applicable ☐ Not applicable

Basic information on the major industry segments is set out in the

Company's annual report under "Section III Management Discussion and

Analysis". The Company's position in the industry:

In recent years, Linglong Tyre's global ranking and share of global sales have also been steadily increasing, and it is an industry leader in terms of global manufacturing layout, R&D strength, new energy vehicle support, new Chinese retail, marketing globalization and brand value.

Globalization layout: "7+5" strategic layout for Chinese tyre enterprises NO.1;

Research and development: the first among domestic listed companies in tyre research and development, and the proportion of investment in research and development is ahead of the world's top brands, and the holding company of East Linglong Group invested and cooperated with Spain's IDIADA to operate China's first, world-class comprehensive large-scale tyre testing ground - Central Asia Tyre Testing Ground;

Supporting: the world's top 10 automobile factories into 7, the total number of supporting more than 200 million, for many years in China supporting NO.1; new energy supporting: in 2020 and 2021, China's new energy vehicles listed, the number of supporting models ranked in China's tyre NO.1; production: 2021 semi-steel tire production, overseas factory production are China's tyre enterprises NO.1;

Brand: In June 2021, Linglong Tyre was ranked 113th in China's 500 Most Valuable Brands with a brand value of RMB59.672 billion, maintaining a growth of over RMB5 billion in brand value for eight consecutive years and being listed in the "Top 10 Most Valuable Global Tyre Brands" list released by Brand Finance, a UK-based brand value consultancy, for two consecutive years in 2020 and 2021. In 2020 and 2021, it will be listed on the list of "Top 10 Most Valuable Tyre Brands in the World" issued by Brand Finance, a British brand value consulting company.

2 Products and production

(1). Main business model

☒ Applicable ☐

Not Applicable

1.

The company adheres to a centralised, unified and standardised global autonomous procurement model, selecting the top 10 in the industry or the top 10 globally as its procurement partners and establishing long-term strategic partnerships with competitive suppliers. At the beginning of each year, the company compiles the annual production target according to

We will develop a yearly purchasing plan, sign an annual purchasing framework agreement with suppliers, and at the end of each month, we will then develop a purchasing plan for suppliers for the following month based on the inventory situation and next month's production plan. The Purchasing Department is responsible for purchasing raw materials for tyres (including natural rubber, synthetic rubber, steel cord, carbon black and other raw and auxiliary materials), the Quality Control Department carries out quality inspection and the Supplier Management Section carries out supplier evaluation and management.

With the advancement of the company's globalization strategy and the enrichment of product series, the company's production mode has gradually changed from the traditional "sales-based production" to a "flexible and customised production model with value stream as the core", which is implemented through the EPF control system and supported by the trinity of factor confirmation, scheduling priority and flexible manufacturing. The five major areas of planning management, order optimisation, logistics operation, warehouse management and lean production are organised to realise the interoperability of the marketing chain, supply chain and manufacturing chain, integrating key elements such as human, logistics, information and capital flow, with the objective of obtaining healthy, stable and long-term development and optimal profit for the enterprise, and bringing into play the ultimate value of global planning management and forward-looking planning management.

3. Sales model

The company adopts two sales models, namely direct sales to OEMs and indirect sales through agency service contracts with distributors. In the ancillary market, the company is divided into domestic ancillary and overseas ancillary, custom production according to annual and monthly orders, after the company receives the customer's order, according to the product specifications specified in the order, the company organizes the production planning management department to evaluate and organize production arrangements, and completes the sales process of goods delivery and payment recovery. In terms of replacement markets, the Company signs annual sales contracts with distributors and adopts a "regional agency sales model", whereby each region sets up primary distributors according to brands and product lines, and then sells through primary distributors by way of downward distribution. Through years of active exploration, the company launched a new retail model in March 2020, i.e. jointly developing a smart marketing cloud platform with Tencent and Huazhi Intelligence to create a new Linglong retail that combines online and offline, storage and logistics, tyre and non-tyre categories, sales and services, precise marketing and brand attraction, which fully empowers terminal shops and helps offline consumption.

Major adjustments to the business model during the reporting period

☐ applicable ☒ not applicable

(2). Main product information

☒ Applicable ☐ Not applicable

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Product Segments		Main upstream raw materials	Main downstream applications	Main price influencing factors
Tyre plastic products	rubber and	Natural rubber, synthetic rubber, carbon black, steel cord, etc.	Automotive industry	Changes in raw material prices and market conditions

(3). R&D Innovation

☒ Applicable ☐ Not applicable

See Section III, Management Discussion and Analysis, of the Company's Annual Report for further details.

(4). Production processes and procedures

☒ Applicable ☐ Not applicable 1.

Process flow diagram of all-steel

radial tyres

2. Semi-steel radial tyre process flow diagram

(5). Production capacity and starts

☒ Applicable ☐ Not applicable

Unit: RMB million Currency: RMB

Main plants or projects	Design capacity	Capacity attained	Capacity utilisation (%)	Capacity under construction Invested	Capacity under construction Estimated completion date
Zhaoyuan passenger and light trucks	3,000	3,000	92		
Zhaoyuan Truck and Bus	585	585	86		
Zhaoyuan Off-Highway	25	25	54		
Texas Passenger & Light Trucks	1,000	700	93		
Texas Trucks	200	220	104		
Thailand Passenger and Light Trucks	1,500	1,500	77		
Thailand Cardbus	180	220	92		
Guangxi Off-Highway	6	6	97		
Guangxi passenger and light trucks	1,000	1,000	88		
Guangxi Trucks	200	200	50		
Hubei Passenger & Light Trucks	1,200	600	64		Phase II project to commence progressive production in Q4 2021
Hubei Trucks	240	150	76		Phase II project to commence progressive production in Q4 2021
Jilin passenger and light trucks	1,200	/			Under construction
Jilin Trucks	200	/			Gradual commissioning of the project starts in December 2021
Serbian passenger and light trucks	1,200	/			Under construction
Serbian trucks and buses	160	/			Equipment commissioning in progress
Total	11,896	8,206	86		

Note: The unit of design capacity and production capacity attained is 10,000 sets. Increase or decrease in production capacity

☐ applicable ☒ not applicable

Adjustments to optimize product lines and capacity structure

☐Applicable

Linglong Tyre: Shandong Linglong Tyre Company Limited Annual
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√Not

applicable

Unusual

stoppage of

production

☐ applicable √not applicable

3 Raw material procurement

(1). Basic information on the main raw materials

☒ Applicable ☐ Not applicable

Main raw materials	Procurement model	Settlement method	Ratio of year-on-year price change (%)	Purchase volume	Consumption
Natural rubber	Long term contracts, spot purchases	Payment by acceptance or bank transfer	16.29	380,910.02	376,207.69
Synthetic rubber	Long term contracts, spot purchases	Payment by acceptance or bank transfer	29.66	167,358.47	163,211.77
Carbon black	Long term contracts, spot purchases	Payment by acceptance or bank transfer	49.04	281,213.08	274,465.54
Wire cord	Long term contracts, spot purchases	Payment by acceptance or bank transfer	15.75	150,883.81	151,098.39
Curtain fabric	Long term contracts, spot purchases	Payment by acceptance or bank transfer	53.92	32,618.98	31,317.39

Note: Purchases and consumption are in tonnes

The impact of changes in the prices of key raw materials on the company's operating costs Operating costs increase in line with price increases.

(2). Basic information on the main energy sources

☒ Applicable ☐ Not applicable

Main energy sources	Procurement model	Settlement method	Ratio of year-on-year price change (%)	Purchase volume	Consumption
Electricity (kWh)	External purchase, in-house production	Wire transfers, acceptances	-2.82	1,035,139,821	1,037,285,194
Steam (tonnes)	External purchase, in-house production	Wire transfers, acceptances	3.24	1,191,802	1,800,310

The impact of changes in major energy prices on the company's operating costs Operating costs increase in line with the overall price of energy.

(3). Responses to raw material

price volatility risk Key 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 on the company's main business by industry segment

☒ Applicable ☐ Not applicable

See Section III of the Company's Annual Report, Summary of the Company's Operations.

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

☒ Applicable ☐ Not applicable

Unit: RMB million Currency: RMB

Sales channels	Operating income	Increase or decrease in operating income over the previous year (%)
Retail sales channels	1,277,618.90	3.96
Matching channels	550,001.40	-5.60

☐ applicable ☒ not applicable
Linglong Tyre: Shandong Linglong Tyre Company Limited Annual
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5 Environmental and safety situation

(1). Basic information on major production safety incidents in the reporting period of the Company

☐ applicable ☒ not applicable

(2). Major Environmental Violations

☐ applicable ☒ not applicable

(v) Analysis of the investment situation

Overall analysis of foreign equity investments

√Applicable ☐ Not applicable

Name of investee company	Main business activities	Shareholding at the end of the reporting period (%)	Remarks
CIMC Vehicle (Group) Co.	Manufacture and sale of semi-trailers and special vehicle topsides	2.11	Hong Kong Tiansheng Company invests in CIMC Vehicle (Group) Company Limited (H) for strategic partnership development
			shares); as at the end of the reporting period, the Company contributed HK\$274,246,481, representing a 2.11% shareholding.
Butterfly Motion (Changchun) Technology Co.	Internet information technology development and services; storage and transportation services	27.27	Ltd. invested in Butterfly Motion (Changchun) Technology Co.
Jiangsu Xingda Steel Cord Co.	Manufacture and sale of alloy steel cord, radial tyre steel cord, etc.	0.73	Ltd., invested in Jiangsu Xingda Steel Cord Co., Ltd. for the purpose of strategic cooperative development; as at the end of the reporting period, the Company had contributed RMB50 million, representing a 0.73% shareholding.
Haiyang Technology Co.	Research, development, manufacture and sale of organic chemicals, raw and auxiliary materials for chemical fibres, etc.	10.30	Ltd. and invested in Haiyang Technology Co., Ltd. for the purpose of strategic cooperation and development; as at the end of the reporting period, the Company had contributed RMB84 million, representing a 10.30% shareholding.
Taiyuan Clintell Environmental Technology Co.	Processing of non-metallic waste and scrap, sale of rubber products, sale of plastic products, etc.	6.00	Ltd., for strategic cooperation and development, invested in Taiyuan Clintell Environmental Protection Technology Co., Ltd; as at the end of the reporting period, the Company contributed RMB30 million, holding 6.00% of the shares.

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

Projects	Closing balance	Opening balance
Financial assets held for trading	20,810,538	28,873,251
Investments in other equity instruments	400,606,242	308,244,494
Other non-current financial assets	217,840,679	87,171,738
Receivables financing	232,175,310	912,445,780
Total	871,432,769	1,336,735,263

4. Specific progress on the integration of major asset reorganisation during the reporting period

☐ applicable √not applicable

(vi) Major asset and equity disposals

☐ applicable √not applicable

(vii) Analysis of major holding and equity participation companies

√Applicable

☐ Not

applicable Unit:

RMB million

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Name of principal subsidiary	Relationship with the Company	Nature of business	Registered Capital	Total assets	Net assets	Net profit
Dezhou Linglong Tyre has	Wholly owned subsidiary	Tyres, rubber products	65,000	267,968	93,586	-1,948
Limited company		Production and sales of				

Linglong Tyre: Shandong Linglong Tyre Company Limited Annual

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Guangxi Linglong Tire Co.	Wholly owned subsidiary	Manufacture and sale of tyres and rubber products	72,800	400,443	197,232	-2,076
LLIT(THAILAND)CO.,LTD.	Wholly owned subsidiary	Manufacture and sale of tyres and rubber products	121,039	837,737	697,371	110,390
Shandong Linglong Electromechanical Co.	Wholly owned subsidiary	Production and sales of rubber machinery and transformers	10,700	168,659	59,417	3,492
Shaanxi Linglong Tire Co.	Wholly owned subsidiary	Manufacture and sale of tyres and rubber products	20,000	125	120	0
Yantai Linglong Tyre Co.	Wholly owned subsidiary	Manufacture and sale of tyres and rubber products	20,000			
Anhui Linglong Tyre Co.	Wholly owned subsidiary	Manufacture and sale of tyres and rubber products	20,000	80	-3	-3

Note 1: Investment in the establishment of Yantai Linglong Tire Co., Ltd., Shaanxi Linglong Tire Co., Ltd. and Anhui Linglong Tire Co., Ltd. during the reporting period Note 2: LLIT (THAILAND) CO.,LTD. had revenue from main business of RMB4,688,180,000 and net profit of RMB110,390,000 during the reporting period.

(viii) Information on structured subjects controlled by the Company

☐ applicable ☒ not applicable

VI. Discussion and analysis by the

Company on the future development of

the Company (i) Industry pattern and

trends

☒ Applicable ☐ Not applicable

1. "Double carbon policy" leads to accelerated consolidation in the tyre industry

China aims to achieve peak carbon by 2030 and carbon neutrality by 2060. The introduction of the "carbon peak" and "carbon neutral" policies has accelerated the elimination of backward tyre enterprises. According to the China Rubber Tire Association: China's tyre factories included in the statistics department monitoring, from the past more than 500 has dropped to about 230; through the CCC safety product certification of automotive tyre factories, from more than 300 to 225. 2021 April 12, Shandong Province issued "the implementation of the province's" three resolute "Action Program (2021-2022)" notice, by 2022 the annual output of less than 1.2 million all-steel radial tires, annual output of less than 5 million semi-steel radial tire enterprises are all integrated and withdrawn. According to the document, this round of retired production capacity accounted for 3.96% of the existing semi-steel tyre capacity and 3.03% of the all-steel tyre capacity in the country respectively. As the all-steel and semi-steel production capacity in Shandong Province accounted for 52.11% and 50.80% of the country respectively, and the current round of retirement will be completed in 2022, the new round of capacity retirement in Shandong Province has a greater impact and fast exit time. The clearance of backward production capacity will further release market space and regulate market operation, which is more conducive to the establishment of international market position and brand image of national brands, forming a long-term benefit to head enterprises such as Linglong.

2. Domestic substitution accelerated, the global influence of Chinese tyres gradually increased

In recent years Chinese tyre companies rely on excellent cost control capabilities, excellent R & D capabilities, lean manufacturing and intelligent manufacturing can, the brand image in the international market has gradually reversed, the majority of car companies, the end consumer recognition. Chinese tyre companies in the global market share is gradually increasing, the past 20 years, the first echelon of the tyre market market share continues to decline, 1998-2020 the world's top three tyre manufacturers market share from 54.9% to 36.4%, the second echelon (ranked 4 to 10 in the top 75) market share of about 25% stagnant, while the third echelon represented by Linglong is gradually capturing the share of the tyre market, the global tyre market share

From 5.4% to 21.1%, the global market share is shifting to Chinese tyre companies. The remaining share is no more than 20%. At the same time, Chinese tyre companies have accelerated their progress in globalisation and are expected to further seize opportunities in the market environment to achieve increased brand power and share.

3. Accelerated recovery of the automotive industry and growing demand for new energy vehicle tyres

For the whole year of 2021, the production and sales of automobiles will be 26.082 million and 26.275 million respectively, an increase of 3.4% and 3.8% year-on-year. In terms of sales, from negative 2.8% in 2018, negative 8.2% in 2019 and negative 1.9% in 2020, the decline for three consecutive years since 2018 will end in 2021 and positive growth will be achieved, with the annual sales of new energy vehicles reached 3.521 million units, an increase of 157% year-on-year. China has a strong commitment to

The planning in terms of new energy vehicles is exhaustive, with the introduction of programmatic documents all referring to the future planning objectives of new energy vehicles: one is the New

The Energy Vehicle Industry Development Plan (2021-2035) mentions a 20% penetration rate by 2025 and a 50% penetration rate by 2035. The second is the new energy penetration rate of 40% by 2030 as mentioned in the Action Plan to Reach the Carbon Peak by 2030. Driven by the policy, China's new energy vehicles have a better development prospect and the demand for new energy vehicle tyres will maintain a significant growth.

4. Tyre consumer products are becoming more and more prominent, and the replacement market has a wide space

Tyres, as the only branded automotive component in the vehicle, have strong brand attributes and user stickiness. The replacement market requires an average of four to five years for each domestic passenger car, with a higher replacement factor for commercial vehicles and off-highway vehicles. Although China's car ownership per 1,000 people has increased to 213 vehicles in 2021, with a year-on-year growth of 7.3%, it is still lower than the level of 600-800 vehicles in developed countries such as Europe, the United States and Japan, while according to the data released by tyre associations in major regions around the world compiled by Michelin, the ratio of global

matching to replacement market in 2021 is 1:3-4, and Linglong's current ratio is 1:1. Linglong's current ratio is 1:1, and there is still more room for growth in the replacement market through the pulling effect of the package and the cost-effective advantages of high performance, high quality and excellent service.

(ii) Corporate Development Strategy

√Applicable ☐
Not applicable

Under the new situation, the core of Linglong Tyre's development strategy is to find a new positioning, cultivate new advantages and take new initiatives, with internationalization as the positioning and innovative marketing model. We will strive to build a technical tyre manufacturing enterprise with world-class technology, world-class management and world-class brand influence, and strive to achieve a tyre production and sales volume of 160 million pieces, sales revenue of over RMB 80 billion and production capacity of top five in the world by 2030.

(iii) Business Plan

√Applicable ☐ Not applicable

The year 2022 is a year for the company to further consolidate its core competitiveness and build up strength for the medium and long-term development plan of 2030. Under the national unified market, the company will focus on building world-class technology, world-class management and world-class brand influence, continue to improve its innovation capability and product technology content, focus on the supporting market and new energy supporting, deepen its new retail strategy, and base on the company's "nine unified", continue to regulate the company's operation and ensure The company will continue to regulate its operations and ensure compliance and high-quality, sustainable development. We will focus on the following areas of work:

1, based on double carbon deep ploughing five new, focus on global high-end supporting.

In 2022, the company will steadily promote the “double carbon” strategy, practice the concept of green development, improve the cutting-edge technology of the company through research on new materials, new technologies, new processes, new equipment and new energy, and further strengthen the new double carbon materials, recycling technology for waste tyres, and biological

Base and straw filler research applications, while strengthening cooperation with universities and suppliers, and actively carry out the development of low-carbon, environmentally friendly, recyclable and renewable use of the apex materials. We will also rely on our comprehensive testing and development facilities and systems to enhance the image of our international technical capabilities. Focus on enhancing the brand power of supporting products and increasing the proportion of supporting mid-to-high-end products, mid-to-high-end models and mid-to-high-end brands. New energy vehicles made a breakthrough and a bumper crop of mid- and high-end models, forming our unique new energy products and technology system.

2, Comprehensive consolidation of the construction of 10,000 shops and 100 merchants, the new retail digitalization 3.0 upgraded again.

In 2022, we will continue to promote channel construction around the “Ten Thousand Shops and Hundred Businesses” plan, focusing on user, channel and product restructuring at the prefecture level, clarifying the target customer groups, improving the operation level of the shops we have partnered with, developing quality shops and channels in each prefecture, upgrading the product structure, and increasing the proportion of mid- to high-end, L6 five new and one high products.

In 2022, the third phase of the new retail project will be developed to achieve a comprehensive upgrade of the system's refined operation and management, and to realize the empowerment of dealers and shops. We will also continue to build a one-stop user service platform with "car service + travel service + life service" as the core. Through professional products + training + operation + marketing + development + service + attraction to empower dealers and shops, and combined with various professional industry experts, to create a professional, integrated, standardized and chain service system, with lubricants, standardized wearing parts as the main products, to four wheel alignment, maintenance services and other automotive services as the entry point, using the company's product advantages, channel advantages, brand advantages, service advantages In 2022, the company will also cooperate with many global first and domestic first-class auto after-sales product manufacturers to form a tyre + non-tire product and service system of global famous brands, domestic famous brands and Linglong's own brands.

3. Achieve accurate reach with digital marketing and build ESG system with public welfare practices.

The cloud marketing changes brought about by the post-epidemic era have established the key position of digital marketing in brand marketing. 2022, Linglong Tyre will continue to use the unique data analysis, communication and statistics functions of digital marketing to paint a figurative user portrait, gain precise insight into user needs, establish target customer segmentation and combination strategies, focus on core consumer positioning, gain precise insight into user needs, and achieve precise dissemination of information The combination of user-centric and product-centric features and the ability to deliver the most accurate information on the market. Combined with the user-centric and product-oriented marketing concept, the company will continue to promote product power with brand power and meet user needs with product power in 2022. At the same time, the company will clarify its brand positioning, establish each product brand-segmentation mix, enhance the perceived value of the brand, enrich brand associations and drive brand premiumisation; re-refine and scenarioise the brand value and differentiation to enhance consumers' value experience of the brand.

In addition, within the framework of the ESG system, the company has been practicing the brand's public welfare concept through various fields such as social assistance, youth care, caring for cardholders and environmental protection, and actively exerting the company's influence in the industry to encourage employees, dealers, shops, suppliers and other channels of the entire value chain to participate in public welfare and promote public welfare on a daily basis and for all, so as to bring into play the greater value of sustainable corporate development.

4. Building a global first-class intelligent factory, digital empowerment of the four new four core competitiveness.

Linglong Heavy Machinery Co., Ltd. 2021 Annual Report 2021 ([Download Announcement](#))

Applicable company will focus on the construction of "Four New Factories and Four Chemical Factories"

Not applicable

to build Linglong's international brand image and enhance its overall competitiveness. With the transformation and promotion of the "7+5" strategic layout of the company's globalization, the company will also focus on "high quality and fast delivery, low cost and safe manufacturing" and carry out the work of "mentioning, one reduction, two guarantees and three creations". The company will also focus on "high quality and fast delivery, low cost and safe manufacturing" and carry out "mentioning, one reduction, two protection and three creation". In terms of intelligent production, along with the market demand for small batches and multiple varieties, the company will promote APS automatic scheduling management, combining CRM and MES system, combining sales demand with factory production flexibility, realising overall automatic scheduling, optimising scheduling efficiency and improving capacity profitability.

The company will also continue to promote its new retail platform by making full use of cloud computing, block chain and other technologies. In terms of marketing, the company will continue to join hands with Tencent, fully utilize cloud computing, blockchain and other technologies, and continue to promote the new retail platform, fully integrating the trinity of "factory, merchant and shop" to jointly serve end-users and create Linglong's unique Internet industrial platform. Meanwhile, in conjunction with the construction of the "four new factories", the company will introduce new materials, new technologies and new equipment in the design of new factories, make full use of advanced equipment and means such as automatic logistics and three-dimensional warehouses, and gradually realize the construction of "four factories".

5. Gather talents from all over the world and create a world-class talent pool.

In 2022, the company combined with the 7+5 strategic layout to continue to optimize the talent development environment, plan the talent training mode, scientifically determine the scale of talent training, carry out systematic and chain design in selection, training, evaluation, use and guarantee, and vigorously build a Linglong team with learning power, innovation power, cohesion, upward mobility and execution power. Through quality and ability development training, we continue to carry out eagle training to help employees grow. It also comprehensively deepens the cooperation between schools and enterprises, and promotes the cooperation of higher education institutions in the field of scientific research talents and vocational institutions in the field of intelligent manufacturing talents training. We grasp the requirements of the development characteristics of various types of talents, innovate management concepts and methods, strengthen professional, refined and scientific management, clarify the requirements of talent reserve planning, and establish a strong reserve echelon. Create a strong atmosphere of trust, respect, support and care for talents throughout the company, and stimulate the enthusiasm, initiative and creativity of the majority of talents.

(iv) Possible risks faced

√Applicable ☐

Not applicable

1. Macroeconomic fluctuation risk

Tyre market by the global macroeconomic fluctuations, upstream and downstream industry cyclical changes, national macro-control policies and other factors will be followed by fluctuations, and the domestic economic cycle and even the global economic cycle is closely related. At present, there is a certain degree of uncertainty in the macro economy at home and abroad, affected by China-US trade friction, trade protectionism and other macro factors, China's macroeconomic growth rate is facing greater downward pressure. If the macroeconomic growth rate decreases significantly, or if the prosperity of the customer's industry or its downstream industry decreases, it may affect the market demand for the Company's products, which in turn may affect the Company's operating results.

2. Risk of supply and price fluctuations of major raw materials

The Company's main raw materials such as natural rubber, synthetic rubber and carbon black are subject to price fluctuations due to multiple factors such as trade policies, exchange rates, national monetary policies and market liquidity. As natural rubber, synthetic rubber, carbon black and other raw materials account for a large proportion of the cost of the Company's products, their supply and price changes will have an impact on the Company's profitability. Therefore, the Company is exposed to the risk of fluctuations in the supply and prices of major raw materials.

3. Risk of raising international trade barriers

In recent years, countries or regions such as the United States, Brazil, India and the European Union have launched anti-dumping investigations against Chinese tyre exports or restricted Chinese tyre exports by raising access thresholds. Since April 2018, trade friction between China and the United States has been escalating, and Chinese tyre companies' exports to the United States are facing higher tariffs, which to a certain extent restricts Chinese tyre companies' export business to the United States.

The anti-dumping and countervailing policies of Europe and the United States and other countries have affected the exports of Chinese companies. since 2012, the company has effectively and efficiently circumvented the impact of world trade barriers on the company's exports through forward-looking decisions to build a production base in Thailand. However, with the anti-dumping and countervailing investigations launched by the United States against South Korea, Thailand and Vietnam in 2020, it also posed certain risks to the sales business of the Company's Thailand plant. in May 2021, the United States Department of Commerce announced the final results of the double anti-dumping tariff rate against the products involved in the relevant countries and regions in Southeast Asia. Although

The company has planned to build five overseas bases and will continue to accelerate the construction of overseas production bases to cope with possible unexpected overseas trade friction, but there are still many uncertainties in international trade in the future, which may bring certain risks to the company's overseas sales business.

4. RMB exchange rate fluctuation risk

The company's tyre products are mainly exported in US dollars for trade settlement, and more than 50% of the raw materials are purchased from overseas. The impact of RMB exchange rate fluctuations on the company is mainly manifested as follows: firstly, the exchange gain or loss arising from export sales; secondly, it affects the price competitiveness of export products. If RMB appreciates, it will narrow the profit margin of foreign customers and weaken the price competitiveness of the company's export products compared with similar products from other exporting countries; thirdly, the exchange gain arising from the import of natural rubber and other raw materials.

The Company's export sales are generally received by telegraphic transfer and payment is generally received after the bill of lading is sent to the counterparty. For major overseas customers with long-term cooperation, a credit period of about 30-90 days is granted. The purchase of raw materials such as natural rubber from overseas is generally on a cash on delivery basis, and fluctuations in the exchange rate of RMB against the US dollar during this period pose a certain degree of uncertainty risk to the Company's operations.

The Company increased its foreign currency borrowings moderately in fiscal 2021, thereby offsetting the exchange losses arising from foreign currency asset items such as accounts receivable formed from overseas sales, which had a positive impact on the Company's results. Although the importation of raw materials and the adjustment of the scale of foreign currency borrowings can partially offset the adverse impact of RMB exchange rate fluctuations, they may still pose a certain degree of risk to the Company's operations in the future.

5. Risk of operating abroad

In order to effectively expand overseas markets, improve the company's efficiency and further promote the implementation of the "Belt and Road" strategy, the company has implemented the "7+5" strategy and set up overseas factories one after another for research and development, manufacturing and sales. The construction process of overseas plants and the safety of production and operation, the stability of the purchase and sales market and the sustainability of profitability after completion will be affected to a certain extent by local political, economic, legal and human resources factors, so changes in local laws and regulations, industrial policies and market environment may pose risks to the normal development and sustainable growth of the Company's overseas business.

Applicable
Not applicable

Since January 2020, the Newcastle Pneumonia outbreak has spread globally and normal economic activities have been affected to some extent everywhere. Under the impact of the epidemic, overseas port operations have become less efficient, congestion is severe, container turnover rates have fallen and ocean freight rates continue to be high. If the global Newcastle pneumonia epidemic is not effectively controlled in a timely manner, it will have a material impact on the global real economy, potentially resulting in the risk of production lines being shut down or their start-up rates being reduced due to the epidemic, the risk of a decline in demand from downstream customers, and the risk of supply chains and product logistics being delayed or even interrupted by the epidemic.

(v) Others

☐ applicable ☒ not applicable

VII. Information on cases where the company has not disclosed in accordance with the Code for special reasons such as non-application of the provisions of the Code or state secrets or trade secrets and the reasons for such non-disclosure

☐ applicable

☒ not

applicable

Section IV

Corporate

Governance

I. Information note on corporate governance

☒ Applicable ☐ Not applicable

During the reporting period, the Company strictly complied with the Company Law, the Securities Law, the Code on Governance of Listed Companies and other laws and regulations, as well as the relevant requirements of the CSRC and the Shanghai Stock Exchange on corporate governance, continuously improved the Company's internal control system as well as its governance structure, strengthened investor relations management, strictly performed information disclosure business, and effectively improved the standardized operation of the Company, with an information disclosure work evaluation of A for the year 2020-2021. The company was the only Shanghai tyre company to receive the highest rating of A in the annual information disclosure evaluation of the Shanghai Stock Exchange for two consecutive years.

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

2. the specific measures taken by the controlling shareholder and the actual controller of the

Company to ensure the independence of the Company's assets, personnel, finance, institutions

and business, as well as the solutions, work progress and follow-up work plan taken to affect the

independence of the Company

☒ Applicable ☐ Not applicable

The Company has established and improved its corporate governance structure, set up an independent organisational system, business system, accounting system and personnel and labour management system, etc. It has also formulated the Company's internal control management system, such as the "Management System for Preventing Controlling Shareholders and Related Parties from Occupying Company Funds" and the "Management System for Related Transactions", and established a long-term mechanism to prevent controlling shareholders and their related enterprises from occupying funds of listed companies and infringing on the interests of listed companies. A long-term mechanism has been established to prevent the controlling shareholder and its affiliated enterprises from appropriating the funds of the listed company and infringing on the interests of the listed company, and to maintain the independence of assets, personnel, finance, institutions and business between the company and the controlling shareholder at all times.

the situation where the controlling shareholder, the de facto controller and other entities under their control are engaged in the same or similar business as the Company, as well as the impact on the Company of competition in the same business or significant changes in the situation of competition in the same business, the measures taken to resolve the situation, the progress of the resolution and the plan for subsequent resolution

☐ applicable ☒ not applicable

iii. summary of the general meeting of shareholders

Sessions	Date	Search index of the designated website where the resolution was published	Date of disclosure of the publication of the resolution	Meeting Resolutions
2021 First Extraordinary General Meeting	5 January 2021	www.sse.com.cn	6 January 2021	The following proposals were considered and passed: 1. Proposal on the Company's Restricted Share Incentive Plan 2020 (Draft) and its summary 2. Proposal on the Company's Restricted Share Incentive Plan 2020 Implementation Assessment and Management Measures 3. Proposal to request the shareholders' meeting to authorize the Board of Directors to handle matters related to the Restricted Share Incentive Plan 2020
Second Extraordinary General Meeting 2021	19 March 2021	www.sse.com.cn	20 March 2021	The following proposals were considered and passed: 1. Proposal on the Company's expected external guarantees for 2021
2020 Annual General Meeting	6 May 2021	www.sse.com.cn	7 May 2021	The following proposals were considered and approved: 1. Proposal on the report on the work of the Board of Directors for the year 2020 of the Company 2. Proposal on the report on the work of the Supervisory Committee for the year 2020 of the Company 3. Proposal on the annual report for 2020 of the Company and its summary 4.
				Proposal on the annual operating plan and financial budget report7. Proposal on the implementation of the Company's daily connected transactions for 2020 and the daily connected transactions plan for 20218. Proposal on the renewal of the appointment of the accounting firm for 20219. Proposal on the special report on the deposit and actual use of the Company's funds raised for 202010. Proposal on the Purchase of Liability Insurance for Directors, Supervisors and Senior Management 11. Proposal on the Report of the Independent Directors of the Company for the

		Linglong Tyre: Shandong Linglong Tyre Company Limited Annual Report 2021 (Download Announcement)		Year 2021
Third Extraordinary General Meeting 2021	25 June 2021	www.sse.com.cn	26 June 2021	The following proposals were considered and passed: 1. Proposal to amend the Outline of the Medium and Long-term Development Strategic Plan (2020-2030) of Shandong Linglong Tire Co. 2. Proposal to invest in the construction of a factory and establish a subsidiary in Tongchuan City, Shaanxi Province
Fourth Extraordinary General Meeting 2021	13 September 2021	www.sse.com.cn	14 September 2021	The following proposals were considered and passed: 1. Proposal to repurchase and cancel some restricted shares granted to incentive recipients but not yet released from restriction of sale 2. Proposal to adjust the use of repurchased shares and cancel them 3. Proposal to change the registered capital of the company and amend the Articles of Association 4. Proposal to invest in a factory and establish a subsidiary in Hefei, Anhui Province
Fifth Extraordinary General Meeting 2021	29 September 2021	www.sse.com.cn	30 September 2021	The following proposals were considered and passed: 1. Proposal on the Company's compliance with the conditions for the non-public issue of A shares 2. Proposal on the Company's proposal for the non-public issue of A shares 3. Proposal on the Company's proposal for the non-public issue of A shares 4. Proposal on the analysis report on the feasibility of using the proceeds from the non-public issue of A shares 5. Proposal on the report on the use of the Company's previous proceeds 6. Proposal on the risk of dilution of immediate return from the non-public issue of A shares, measures to fill the gap and commitment of relevant entities 7. Proposal on the dividend return plan for shareholders in the next three years (2021-2023) 8. Proposal to request the shareholders' meeting to authorize the board of directors to fully handle matters relating to the non-public issue of A shares

Preference shareholders whose voting rights have been restored request an extraordinary general meeting

☐ Applicable

☒ Not applicable

Description of the
General Meeting
of Shareholders

☐ 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	Date of commencement of term of office	Term of office expiry date	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/de crease in shares during the year	Reasons for change	Total pre- tax compensation received from the Company during the reporting period (\$ million)	Whether remuneration is received at a related party of the company
Wang Feng	Chairman and President	Male	50	2016-06-20	2022-07-07	0	0	0	/	103.43	No
Wang Lin	Director	Male	47	2018-04-20	2022-07-07	0	0	0	/	0	Yes
Sun Jianqiang	Independent Directors	Male	58	2016-06-20	2022-07-07	0	0	0	/	10	No
Liu Huirong	Independent Directors	Female	59	2019-07-08	2022-07-07	0	0	0	/	10	No
Wendell Cheng	Independent Directors	Male	56	2019-11-27	2022-07-07	0	0	0	/	10	No
Liu Zhancun	Director	Male	71	2016-06-20	2022-07-07	0	0	0	/	63.43	No
Wang Xianqing	Director	Male	65	2016-06-20	2022-07-07	0	0	0	/	0	Yes
Zhang Qi	Director	Male	49	2016-06-20	2022-07-07	0	0	0	/	0	Yes
Yang Kefeng	Director	Male	53	2016-06-20	2022-07-07	250,000	172,500	-77,500	Secondary market sales; written off by repurchase	54.54	No
Wenbo	Chairman of the Supervisory Board	Male	69	2016-06-20	2022-07-07	0	0	0	/	0	Yes
Cao Zhiwei	Supervisors	Male	43	2018-11-28	2022-07-07	0	0	0	/	0	Yes
Zhao Huarun	Supervisors	Male	34	2019-07-08	2022-07-07	0	0	0	/	15.34	No
Li Wei	Vice President, Chief Financial Officer	Male	50	2018-12-11	2022-07-07	250,000	229,500	-20,500	Secondary Market Selling	47.47	No
Lv Xiaoyan	Vice President	Female	55	2019-01-17	2022-07-07	255,441	192,441	-63,000	Secondary Market Selling	170.19	No
Feng Baochun	Vice President	Male	53	2019-07-08	2022-07-07	250,000	187,500	-62,500	Secondary Market Selling	76.91	No
Sun Songtao	Vice President, Board Secretary	Male	43	2019-07-08	2022-07-07	250,000	188,500	-61,500	Secondary Market Selling	70.03	No

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Liu Zhancun	He was the secretary of the league branch of Zhaoyuan Chemical Fertilizer Factory, deputy director of the workshop, deputy head of the equipment section, member of the section of Zhaoyuan Chemical Company, deputy director of Zhaoyuan County Tire Repair Factory, deputy director of Zhaoyuan County Tire Factory, deputy director of Yantai Tire Factory, deputy director of Zhaoyuan Rubber Industry Group Company, deputy general manager and member of the party committee of Zhaoyuan Rubber Industry Group Company, deputy general manager and member of the party committee of Shandong Linglong Rubber Group Company, deputy general manager and member of the party committee of Shandong Linglong Rubber Co. Ltd. and Vice General Manager, member of the Party Committee and Director, Vice President of Shandong Linglong Tire Co. Currently, he is a member of the Party Committee and a director of Linglong Group and a director of Shandong Linglong Tyre Co.
Wang Xianqing	He was the deputy director of the workshop of Zhaoyuan County Tyre Repair Factory, the accountant in charge, the deputy head of the finance section, the head of the finance section of Zhaoyuan County Tyre Factory, the head of the finance department of Yantai Tyre Factory, the chief accountant (deputy factory level) and a member of the party committee of Zhaoyuan Rubber Industry Group Company, the chief accountant (deputy factory level), a member of the party committee and deputy general manager of Shandong Linglong Rubber Group Company, the deputy general manager, a member of the party committee and a director of Shandong Linglong Rubber Co. Financial Controller and Deputy General Manager of Shandong Linglong Tire Co. Ltd. He is currently Vice President of Linglong Group Co.
Zhang Qi	He was a section member of the Zhaoyuan Municipal Party Committee Office, a unit head of the branch of the State Taxation Bureau of Zhaoyuan City and a section head of the Municipal Bureau, the head of the Political Department, deputy secretary of the Party Committee and secretary of the Discipline Inspection Committee of Shandong Linglong Rubber Co. Now he is a supervisor, deputy secretary of the Party Committee and vice president of Linglong Group Co., Ltd. and a director of Shandong Linglong Tire Co.
Yang Kefeng	He was a worker in Zhaoyuan County Tyre Factory, a section member and deputy director of the dispatching office of Yantai Tyre Factory, deputy director of the dispatching office of Zhaoyuan Rubber Industry Group Company, deputy director of the dispatching office, deputy director, workshop director, director, deputy factory director and deputy general manager of Zhaoyuan Leo Rubber Products Company Limited, director of the enterprise management department and deputy general manager of Shandong Linglong Tyre Company Limited, and deputy general manager of Shandong Linglong Tyre Company Limited. Ltd. and executive vice general manager of Guangxi Linglong Tire Co.
Wenbo	He was the workshop director, equipment section chief and dispatching room director of Zhaoyuan Chemical Factory, deputy director of Zhaoyuan County Tire Factory, deputy director of Yantai Tire Factory, deputy director of Zhaoyuan Rubber Industry Group Company, deputy director of Zhaoyuan
	Vice General Manager and member of the Party Committee of the Municipal Rubber Industry Group Corporation, Vice General Manager and member of the Party Committee of Shandong Linglong Rubber Group Corporation, Vice General Manager, member of the Party Committee and Director of Shandong Linglong Rubber Co. Ltd. and Chairman of the Supervisory Board of Shandong Linglong Tire Co.
Cao Zhiwei	Ltd., cost accountant of Zhaoyuan Linglong Mechanical and Electrical Equipment Co., Ltd., head accountant of Zhaoyuan Shanling Lock Industry Co., section chief of finance department of enterprise management office of Linglong Group, deputy director of finance department of Zhaoyuan Linglong Thermal Power, deputy director of finance department of enterprise management office of Linglong Group and deputy director of finance management office of Linglong Group. Now he is the assistant president and supervisor of Linglong Group, and supervisor of Shandong Linglong Tire Co.
Zhao Huarun	He was the general administrator of the Board of Directors' Office, the head of the Administrative Division of the Human Resources and System Department and the head of the Administrative Division of the President's Office of Shandong Linglong Tire Co. Now he is a supervisor of Shandong Linglong Tire Co., Ltd. and the head of the bidding section in the President's Office.
Li Wei	He was the deputy section chief of the planning and credit section of Zhaoyuan Branch of Construction Bank, the director of the office and the project office of Shandong Linglong Rubber Co. Now he is the vice president and chief financial officer of Shandong Linglong Tire Co.
Lv Xiaoyan	He was the Finance and Administration Manager of Goodyear Dalian, Project Manager of Goodyear Singapore, Financial Analyst of Goodyear Asia Pacific, Finance Director of Goodyear Dalian, Vice Chairman of the Board of Directors, Global Finance Director of the Electronic Components and EMS Division of CTS Corporation in the US, Finance Director of Thermo Fisher LPG Division in Asia Pacific, Assistant General Manager and Finance Director of Shandong Linglong Tire Co. Ltd. and Vice President. Ltd. He is currently the Vice President of Shandong Linglong Tire Co.
Feng Baochun	He was a member of the infrastructure section of Zhaoyuan County Tyre Factory, deputy head of the general affairs section and deputy head of the equipment section of Yantai Tyre Factory, deputy director of the technical reform department and director of the development department of Zhaoyuan Rubber Group Company, deputy manager and manager of the sales company of Shandong Linglong Rubber Group Company Limited, assistant to the general manager and head of the domestic supporting department of Shandong Linglong Tyre Co. Now he is the vice president of Shandong Linglong Tire Co.
Sun Songtao	He was the secretary to the general manager of Shandong Linglong Rubber Company Limited, deputy director of the office of Linglong Group Company Limited, deputy director of the office, director of the brand department, director of the human resources department and vice president of Shandong Linglong Tire Co. Now he is the vice president and secretary of the board of directors of Shandong Linglong Tyre Co., Ltd, executive vice president of Shandong Atlas Intelligent Technology Co. Appointed as a supervisor of Yantai Public Company.

Other information notes

☐ applicable ☒ not applicable

(ii) The current and outgoing Directors, Supervisors and senior management during the reporting period

1. Employment with shareholder entities

☒ Applicable ☐ Not applicable

Name of incumbent	Name of shareholder unit	Positions held in shareholder entities	Date of commencement of term of office	Term of office expiry date
Wang Feng	Linglong Group Limited	Vice Chairman	October 2009	
Wang Feng	Ying Cheng Trading Co.	Director	June 2010	
Wang Lin	Linglong Group Limited	President, Director	January 2011	
Wang Lin	Ying Cheng Trading Co.	Director	June 2010	
Liu Zhancun	Linglong Group Limited	Director	October 2016	
Zhang Qi	Linglong Group Limited	Deputy Secretary of the Party Committee, Supervisor	November 2005	
Zhang Qi	Linglong Group Limited	Vice President	December 2019	
Cao Zhiwei	Linglong Group Limited	Assistant to the President	December 2019	
Cao Zhiwei	Linglong Group Limited	Supervisors	November 2018	

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Wenbo	Linglong Group Limited	Director	December 2009	
Wang Xianqing	Linglong Group Limited	Vice President	December 2016	
Feng Baochun	Linglong Group Limited	Supervisors	January 2013	

Description of employment with shareholder entities

2. Employment in other units

☒ Applicable ☐ Not applicable

Name of incumbent	Name of other units	Positions held in other units	Date of commencement of term of office	Term of office expiry date
Wang Feng	Butterfly Motion (Changchun) Technology Co.	Director	June 2020	
Wang Feng	Dongying Linglong Jinshan Investment Management Co.	Director	January 2018	
Wang Lin	China Hong Kong Oil (Zhaoyuan) Gas Co.	Director	September 2015	
Wang Lin	Dongying Linglong Jinshan Investment Management Co.	Director	January 2018	
Wendell Cheng	Shandong University	Professor, Department of Management Science and Engineering, Director of Quality Management Research Centre, Director of Institute of Management Science	September 2005	
Wendell Cheng	Shandong Fu Brand Colla Corii Asini Co.	Director	January 2018	
Wendell Cheng	Yangzhou Yaxing Bus Co.	Independent Directors	July 2021	July 2024
Sun Jianqiang	Ocean University of China	Professor and Deputy Director of the Master of Accounting Education Centre and Deputy Director of the Institute of Mixed Ownership and Capital Management	July 2007	
Sun Jianqiang	Qingdao Zhongzhi Zhongcheng Group Co.	Independent Directors of Listed Companies	September 2016	
Sun Jianqiang	Heliol Pharmaceutical Group Co.	Independent Directors of Listed Companies	August 2020	August 2023
Sun Jianqiang	Liqun Commercial Group Co.	Independent Directors of Listed Companies	May 2019	May 2022
	Company			
Sun Jianqiang	Qingdao Cooltech Intelligence Co.	Independent Directors	June 2020	
Sun Jianqiang	Qingdao Qinghe Artificial Turf Co.	Director	July 2017	
Sun Jianqiang	Qingdao Zhengwang New Material Co.	Director	October 2019	
Liu Huirong	Yantai Zhangyu Grape Winery Co.	Independent Directors	May 2019	May 2022
Liu Huirong	Ocean University of China	Teachers	February 1996	
Liu Huirong	Qingdao Compton Technology Co.	Independent Directors	May 2020	May 2023
Cao Zhiwei	Dongying Linglong Jinshan Investment Management Co.	Supervisors	January 2018	
Cao Zhiwei	Zhaoyuan Xin'ao Linglong Gas Co.	Supervisors	July 2018	
Feng Baochun	CIMC Vehicle (Group) Co.	Supervisors	November 2021	September 2024
Li Wei	China Hong Kong Oil (Zhaoyuan) Gas Co.	Supervisors	September 2015	

Description of employment with other units	Linglong Tyre: Shandong Linglong Tyre Company Limited Annual Report 2021 (Download Announcement)
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(iii) Remuneration of directors, supervisors and senior management

√Applicable ☐ Not applicable

Decision-making procedures for the remuneration of directors, supervisors and senior management	The remuneration of the directors and senior management of the Company shall be formulated by the Remuneration and Evaluation Committee of the Board of Directors of the Company and the remuneration of senior management shall be considered and determined by the Board of Directors. The remuneration of directors and supervisors shall be submitted to the general meeting for approval after consideration by the board of directors.
Basis for determining the remuneration of directors, supervisors and senior management	The remuneration of directors, supervisors and senior management is determined with reference to industry and regional levels, taking into account the actual situation of the Company.
Actual payment of remuneration to directors, supervisors and senior management	Supported by the decision-making process and the basis for determining the remuneration of directors, supervisors and senior management.
Total actual remuneration received by all directors, supervisors and senior management at the end of the reporting period	6,313,400

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

☐ applicable ☒ not applicable

(v) A description of the penalties imposed by securities regulators in the last three years

☐ Applicable

☒ Not

applicable (vi)

Others

☐ applicable ☒ not applicable

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

Sessions	Date	Meeting Resolutions
Nineteenth Meeting of the Fourth Session of the Board of Directors	5 January 2021	The following proposals were considered and passed: 1. Proposal on the achievement of the conditions for the release of the first phase of the Restricted Share Incentive Scheme of the Company in 2019 2. Proposal on the use of part of the idle proceeds to temporarily replenish the working capital
Twentieth Meeting of the Fourth Session of the Board of Directors	19 January 2021	The following proposals were considered and passed: 1. the proposal to adjust the list of incentive targets and the number of grants under the Restricted Share Incentive Plan 2020 2. the proposal to grant restricted shares to the incentive targets under the Restricted Share Incentive Plan 2020 3. the proposal to use part of the proceeds to increase the capital of a wholly-owned subsidiary to implement the construction of the investment project 4. the proposal to use part of the idle proceeds to temporarily supplement the working capital Proposal
Twenty-first Meeting of the Fourth Session of the Board of Directors	3 March 2021	The following proposals were considered and passed: 1. Proposal on the Company's expected external guarantees for 2021 2. Proposal on the write-off of bad debts for certain other accounts receivable 3. Proposal on the convening of the second extraordinary general meeting of 2021
Twenty-second Meeting of the Fourth Session of the Board of Directors	12 April 2021	The following proposals were considered and approved: 1. Proposal on the report on the work of the Board of Directors of the Company for the year 2020 2. Proposal on the report on the work of the President of the Company for the year 2020 3. Proposal on the annual report of the Company for the year 2020 and its abstract 4. Proposal on the report on the Company's annual operation plan and financial budget for 2021 5. Proposal on the implementation of the Company's daily connected transactions for 2020 and the daily connected transactions plan for 2021 6. Proposal 11, Proposal on the Company's 2020 Annual Social Responsibility Report 12, Proposal on the 2020 Annual Performance Report of the Audit Committee of the Board of Directors of the Company 13, Proposal on the Company's Purchase of Liability Insurance for Directors, Supervisors and Senior Management 14, Proposal on the Adjustment of the Organizational Structure of the Company 15, Proposal on the Convening of the 2020 Annual General Meeting of the Company 16, Hearing of the "Shandong Linglong Ltd. 2020 Annual Report of Independent Directors
Twenty-third Meeting of the Fourth Session of the Board of Directors	27 April 2021	The following proposals were considered and approved: 1. Proposal on the Company's first quarterly report for 2021 2. Proposal on the change of the Company's accounting policy
Twenty-fourth Meeting of the Fourth Session of the Board of Directors	9 June 2021	The following proposals were considered and passed: 1. Proposal to close the project and permanently replenish the working capital with the surplus funds from the fund raising project 2. Proposal to amend the "Outline of the Company's Medium and Long-term Development Strategic Plan (2020-2030)" 3. Proposal to invest in the construction of a factory and establish a subsidiary in Tongchuan City, Shaanxi Province 4. Proposal to convene the third Extraordinary General Meeting of Shareholders in 2021
Twenty-fifth Meeting of the Fourth Session of the Board of Directors	9 August 2021	The following proposals were considered and passed: 1. A proposal for the company to apply for a comprehensive bank credit line and authorize the chairman of the company to sign the credit financing documents
Twenty-sixth Meeting of the Fourth Session of the Board of Directors	26 August 2021	The following proposals were considered and passed: 1. proposal on the Company's Half-yearly Report for 2021 and its summary 2. proposal on the extension of part of the fund-raising projects 3. proposal on the deposit and actual use of the Company's fund-raising funds for the half-yearly period of 2021 4. proposal on the adjustment of the organizational structure of the Company 5. proposal on the use of part of the fund-raising funds to increase the capital of a wholly-owned subsidiary to implement the fund-raising projects 6. proposal on the use of Proposal to use part of the idle proceeds to temporarily replenish the working capital 7. Proposal to adjust the repurchase price of restricted shares in 2019 and 2020 8. Proposal to cancel the qualification of some incentive objects

	Linglong Tyre: Shandong Linglong Tyre Company Limited Annual Report 2021 (Download as pdf)	in the 2019 Restricted Share Incentive Plan9. Proposal to repurchase and cancel the restricted shares granted to some incentive objects but not yet released from sale restriction10、 Proposal to adjust the use of repurchased shares and cancel Proposal 11. Proposal to change the registered capital of the Company and amend the Articles of Association 12. Proposal to invest in a factory and establish a subsidiary in Hefei City, Anhui Province 13. Proposal to convene the fourth extraordinary general meeting of the Company in 2021
Twenty-seventh Meeting of the Fourth Session of the Board of Directors	13 September 2021	The following proposals were considered and passed: 1. Proposal on the Company's compliance with the conditions for the non-public issue of A shares 2. Proposal on the Company's proposal for the non-public issue of A shares 3,
		Proposal on the proposal of the non-public issue of A shares of the Company4、 Proposal on the analysis report on the feasibility of using the funds raised from the non-public issue of A shares of the Company5、 Proposal on the report on the use of the previous funds raised by the Company6、 Proposal on the risk of diluting the immediate return from the non-public issue of A shares of the Company, the filling measures and the commitment of the relevant subject7、 Proposal on the plan for the return to shareholders for the next three years (2021-2023) of the Company 8. Proposal to request the shareholders' meeting to authorize the board of directors to handle matters relating to the non-public offering of A shares with full powers 9. Proposal to convene the fifth extraordinary general meeting of the Company in 2021
Twenty-eighth Meeting of the Fourth Session of the Board of Directors	29 October 2021	The following motions were considered and passed: 1. Motion on the Company's third quarterly report for 2021
Twenty-ninth Meeting of the Fourth Session of the Board of Directors	28 December 2021	The following proposals were considered and approved: 1. Proposal to adjust the proposal for the non-public issue of A shares of the Company 2. Proposal on the proposal for the non-public issue of A shares of the Company (revised draft) 3. Proposal on the risk of dilution of the immediate return of the non-public issue of A shares of the Company, filling measures and commitment of relevant subjects (revised draft) 4. Proposal on the use of funds raised from the non-public issue of A shares of the Company in 2021 Feasibility analysis report (Revised)

VI. Discharge of duties by directors

(i) Participation of Directors in the Board and general meetings

Name of Director	Independent Director or not	Participation in the Board of Directors						Participation in General Meetings
		Number of board meetings to be attended during the year	Number of personal appearances	Number of participants by correspondence	Number of times attendance was delegated	Number of absences	Has failed to attend two consecutive meetings in person	Number of general meetings attended
Wang Feng	No	11	11	0	0	0	No	6
Wang Lin	No	11	11	0	0	0	No	6
Sun Jianqiang	Yes	11	11	11	0	0	No	6
Liu Huirong	Yes	11	11	11	0	0	No	6
Wendell Cheng	Yes	11	11	11	0	0	No	6
Liu Zhancun	No	11	11	1	0	0	No	6
Wang Xianqing	No	11	11	0	0	0	No	6
Zhang Qi	No	11	11	0	0	0	No	6
Yang Kefeng	No	11	11	11	0	0	No	6

Explanation of failure to attend two consecutive Board meetings in person

☐ applicable ☒ not applicable

Number of board meetings held during the year	11
Of which: number of on-site meetings	0
Number of meetings held by correspondence	0
Number of meetings held on-site in conjunction with communications	11

(ii) Directors' dissenting views 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

Specialised Committee Categories	Name of member
Audit Committee	Sun Jianqiang, Liu Huirong, Wang Xianqing
Nomination Committee	Liu Huirong, Wen Decheng, Zhang Qi
Remuneration and Appraisal Committee	Wen Decheng, Sun Jianqiang, Yang Kefeng
Strategic Committee	Wang Feng, Wang Lin, Sun Jianqiang, Liu Huirong, Wang Xianqing

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

Date	Conference content	Important comments and suggestions	Other performance of duties
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3 March 2021	<p>The following proposals were considered and passed: 1. Proposal on the write-off of certain non-performing debt receivable</p> <p>Linglong Tyre Shandong Linglong Tyre Company Limited Annual Report 2021 (Download Announcement)</p>	Annual	
12 April 2021	<p>The following proposals were considered and passed: 1. Proposal on the Company's 2020 annual report and its summary 2. Proposal on the Company's 2020 annual financial accounts report 3. Proposal on the implementation of the Company's daily connected transactions for 2020 and the daily connected transactions plan for 2021 4. Proposal on the renewal of the appointment of the accounting firm for 2021</p> <p>5. Proposal on the Company's internal control evaluation report for 2020 6. Proposal on the Company's special report on the deposit and actual use of funds raised for 2020 7. Proposal on the report on the performance of the Audit Committee of the Board of Directors of the Company for 2020</p>	discussed all motions and agreed to submit to the Board for consideration	<p>The various committees of the Audit Committee gave full play to their professional expertise and discussed the motions and offered their professional opinions to assist the Board in making scientific and efficient decisions.</p>

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27 April 2021	The following proposals were considered and approved: 1. Proposal to consider the Company's first quarterly report for 2021 2. Proposal to change the Company's accounting policy		
26 August 2021	The following proposals were considered and passed: 1. Proposal to consider the Company's half-yearly report for 2021		
29 October 2021	The following motions were considered and passed: 1. A motion to consider the Company's third quarterly report for 2021		

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

(4). The Strategic Decision Committee met 3 times during the reporting period

(5). Specifics of the existence of objectionable matters

☐ applicable ☒ not applicable

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

☐ applicable ☒ not applicable

IX. Employees of the parent company and

principal subsidiaries at the end of the

reporting period (i) Employees

Number of active employees of the parent company	7,807
Number of active employees in principal subsidiaries	10,700
Total number of employees in service	18,507
Number of retired employees of the parent company and its principal subsidiaries who are required to bear the costs	0
Professional composition	
Professional composition categories	Number of professional composition
Production staff	13,379
Sales staff	589
Technical staff	2,157
Finance staff	240
Administrative staff	2,142
Total	18,507
Education level	
Educational attainment category	Number (persons)
PhD students	3

Master's degree students	223
Undergraduate	2,088
Specialties	3,597

Date	Conference content	Important comments and suggestions	Other performance of duties
26 August 2021	1、Proposal to cancel the qualification of some incentive objects in the 2019 Restricted Share Incentive Plan 2、Proposal to repurchase and cancel some restricted shares granted to incentive objects but not yet released from restriction of sale	Hear and discuss all motions	The committees of the Remuneration and Evaluation Committee gave full play to their professional expertise and conducted a review of the motions
		The case was agreed to be submitted to the Board for consideration	having fully discussed and provided professional advice.
31 December 2021	1、Proposal on the achievement of the conditions for the release of the second phase of the restricted stock incentive plan of the company in 2019 2、Proposal on the achievement of the conditions for the release of the first phase of the restricted stock incentive plan of the company in 2020	Important comments and suggestions	Other performance of duties
12 April 2021	1. Proposal to amend the Charter of the Medium and Long-term Development Strategic Plan (2020-2030) of Shandong Linglong Tire Co. 2. Proposal to invest in a factory and establish a subsidiary in Tongchuan City, Shaanxi Province	Consideration	To assist the Board in making scientific and efficient decisions
9 June 2021	1. Proposal to amend the Charter of the Medium and Long-term Development Strategic Plan (2020-2030) of Shandong Linglong Tire Co. 2. Proposal to invest in a factory and establish a subsidiary in Tongchuan City, Shaanxi Province	Heard and discussed all motions and agreed to submit to the Board for consideration	Decision-making Committee gave full play to their professional expertise, discussed the motions thoroughly and offered professional opinions to assist the Board in making scientific and efficient decisions.
26 August 2021	1. Proposal to adjust the organizational structure of the Company 2. Proposal to invest in a factory and establish a subsidiary in Hefei, Anhui Province		

Secondary school and below	12,596
Total	18,507

(ii) Remuneration Policy

√Applicable ☐ Not applicable

Combined with the company's business strategy, the target responsibility system is implemented, and salary adjustments and bonuses are determined according to the achievement of target indicators, ultimately realising that salaries are set for positions, for ability and for performance.

(iii) Training programmes

√Applicable ☐ Not applicable

The company insists on team building as the first priority to create a world-class professional team. Stimulate the team to learn, understand and innovate the core source of power, and gather a high level of high level of execution. Focus on the introduction and training of talents, especially the core skills of R & D, management, marketing and other talents, and constantly increase the investment in talent training, and strive to build three teams: a team of cadres who can lead the team, will lead the team, have responsibility, have responsibility; a division-level backbone team that can overcome difficulties and lead the continuous innovation of quality, equipment and technology; a strong implementation, standards first, clear goals, quality consciousness A team of staff with strong implementation, standards first, clear objectives and outstanding quality awareness. Through school-enterprise cooperation, cooperation with professional institutions, internal lecturer team building and other measures to improve the quality of the staff's ability and excellent backup, and then enhance the company's competitive advantage and overall soft power.

(iv) Outsourcing of labour services

☐ applicable √not applicable

X. Proposals for profit distribution or capitalisation of capital reserves

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

√Applicable ☐ Not applicable

In accordance with the Guidelines on Cash Dividends for Listed Companies of the Shanghai Stock Exchange and the Articles of Association of the Company, the Company shall implement a continuous and stable profit distribution policy, and the Company's profit distribution shall pay attention to reasonable investment returns to investors and take into account the actual operating conditions and sustainable development of the Company in the year. The Company has made it clear in its dividend return plan for the next three years (2021-2023) that in the next three years, if no major investment plans or significant cash outlays occur, the annual profit to be distributed in cash to shareholders shall not be less than 20% of the profit available for distribution in that year.

The Company will distribute a cash dividend of RMB1.6 (including tax) per 10 shares to all shareholders based on the total share capital as at the date of registration of shareholdings at the time of the annual profit distribution for 2021. If the total share capital of the Company as at 28 April 2022 is 1,484,246,913 shares, the total amount of cash dividend to be distributed will be RMB237,479,506.08, which represents the net profit attributable to shareholders of the listed company in the consolidated statement of profit for the year 2021.

30.11%. Other than the remaining undistributed profits carried forward to the next

year, the Company does not make any other form of distribution. (ii) Special Note

on Cash Dividend Policy

√Applicable ☐ Not applicable

whether it complies with the provisions of the Articles of Association or the resolution of the general meeting of shareholders	√Yes <input type="checkbox"/> No
Whether the criteria and percentage of dividends are clear and unambiguous	√Yes <input type="checkbox"/> No
The adequacy of relevant decision-making procedures and mechanisms	√Yes <input type="checkbox"/> No
Whether the independent directors are performing their duties and responsibilities and playing their proper role	√Yes <input type="checkbox"/> No
Whether small and medium shareholders have adequate opportunities to express their views and demands, and whether their legitimate rights and interests are adequately protected	√Yes <input type="checkbox"/> No

(c) If the reporting period is profitable and the parent company has positive profit available for

distribution to shareholders, but no cash profit distribution plan has been proposed, the

company should disclose in detail the reasons and the use and plan for the use of the

undistributed profit

☐ applicable ☒ not applicable

XI. Situation of the Company's Share Incentive Scheme, Employee Share

Ownership Scheme or other employee incentives and their impact (i) 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

Overview of the matter	Query Index
<p>On 5 January 2021, the Company held the nineteenth meeting of the fourth session of the Board of Directors to consider and approve the "Restricted Shares of the Company for 2019 Proposal on the Achievement of the Conditions for the Release of the First Phase of the Incentive Scheme. The Sixteenth Meeting of the Fourth Session of the Supervisory Committee of the Company considered and passed the Resolution on</p> <p>Proposal on the Achievement of the Conditions for the Release of the First Phase of the Company's 2019 Restricted Share Incentive Scheme (1), the Proposal on the Achievement of the Conditions for the Release of the Company's 2019 Restricted</p> <p>Proposal on the fulfillment of the conditions for the release of the first phase of the Restricted Share Incentive Scheme (2)". The Company considers that the 2019 Restricted Share Incentive Scheme The conditions for the release of the first phase of the incentive scheme have been met, except for five incentive objects who do not have the incentive due to serious violations of the company's regulations.</p>	<p>For details, please refer to the Company's website on the Shanghai Stock Exchange on 6 January 2021 (www.sse.com.cn) as disclosed by Shandong Linglong Tyre Co.</p> <p>Announcement of the Achievement of the Conditions for the Release of the First Phase of the Restricted Share Incentive Scheme 2019 (Notice No. 2021-003).</p>

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The remaining 255 incentive recipients were all assessed as excellent or good and met the conditions for full release of the first phase of the 2019 Restricted Share Incentive Plan. The remaining 255 incentive objects had excellent or good personal assessment results and met the conditions for full release of the first phase of the 2019 Restricted Share Incentive Scheme. 282 incentive objects met the conditions for release of the first phase of the 2019 Restricted Share Incentive Scheme, and the number of restricted shares that could be released was 3,703,200 shares, accounting for the total number of restricted shares of the Company. The number of restricted shares available for release was 3,703,200 shares, representing 0.27% of the total share capital of the Company.

The listing and circulation of the shares released from restriction of sale under the first phase of the Company's 2019 Restricted Share Incentive Scheme will be on 18 January 2021

For details, please refer to the "Announcement of Release of Restricted Shares of Shandong Linglong Tire Company Limited 2019 Phase I of Restricted Share Incentive Scheme and Listing Announcement" (Announcement No. 2021-006) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on 6 January 2021.

On 19 January 2021, the Company held the Twentieth Meeting of the Fourth Session of the Board of Directors and the Seventeenth Meeting of the Fourth Session of the Supervisory Committee and considered and approved the "Proposal on Adjusting the List of Incentive Subjects and the Number of Grants under the Restricted Share Incentive Scheme 2020" respectively. According to the authorization of the First Extraordinary General Meeting of the Company in 2021, the Board of Directors approved the adjustment of the list of incentive recipients and the number of grants under the Restricted Share Incentive Plan 2020 (hereinafter referred to as "the Incentive Plan").

The list of incentive recipients and the number of grants under the "Scheme") were adjusted.

For details, please refer to the "Announcement of Shandong Linglong Tire Company Limited on the Adjustment of the List of Incentive Subjects and the Number of Grants under the Restricted Share Incentive Scheme 2020" disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on 20 January 2021 (Notice No. 2021-010).

On 19 January 2021, the Company held the Twentieth Meeting of the Fourth Session of the Board of Directors and the Seventeenth Meeting of the Fourth Session of the Supervisory Committee, and considered and approved the "Proposal on the Grant of Restricted Shares to the Incentive Targets of the 2020 Restricted Share Incentive Plan" respectively. The Board of Directors, pursuant to the authorization of the First Extraordinary General Meeting of the Company in 2021, determined that the grant date of the Company's 2020 Restricted Share Incentive Plan (hereinafter referred to as "the Incentive Plan") was 19 January 2021, and 8,172,000 restricted shares were granted to 554 eligible incentive recipients.

Tickets.

For details, please refer to the "Announcement on the Granting of Interests under the 2020 Restricted Share Incentive Scheme of Shandong Linglong Tire Company Limited" (Announcement No. 2021-011) disclosed by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on 20 January 2021.

The grant of 8,172,000 restricted shares to incentive recipients under the 2020 Restricted Share Incentive Plan will be changed from unlimited to limited shares, with the source of shares being the Company's A ordinary shares repurchased from the secondary market.

For details, please refer to the "Shandong Linglong Tire Company Limited on the Completion of Change of Share Nature and Restricted Share Incentive Scheme for 2020" disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn) on 22 February 2021.

Announcement on the Progress of the Grant of Interests in the Scheme (Announcement No. 2021-017)

The grant of 8,172,000 restricted shares to incentive recipients under the 2020 Restricted Share Incentive Plan was completed on 23 February 2021 with the registration of the change in nature of shares with CDF and the transfer was completed on 25 February 2021.

For details, please refer to the "Announcement of Grant Results of Shandong Linglong Tire Company Limited 2020 Restricted Share Incentive Scheme" (Announcement No. 2021-018) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on 27 February 2021.

On 26 August 2021, the Company held the Twenty-sixth Meeting of the Fourth Session of the Board of Directors and the Twenty-third Meeting of the Fourth Session of the Supervisory Committee, and considered and passed the Proposal on Adjusting the Repurchase Price of Restricted Shares in 2019 and 2020, the Proposal on Disqualifying Some of the Incentive Subjects in the 2019 Restricted Share Incentive Plan, the Proposal on Repurchasing and Cancelling Some of the Incentive Subjects that Have Been Awarded but Not Yet Released from Restriction of Sale", agreeing to adjust the repurchase price of restricted shares in 2019 to RMB9.46 per share and the repurchase price of restricted shares in 2020 to RMB16.1 per share, and to repurchase and cancel a total of 365,760 restricted shares awarded to some incentive recipients but not yet released from restriction of sale.

For details, please refer to the Announcement of Shandong Linglong Tire Company Limited on the Adjustment of the Repurchase Price of Restricted Shares in 2019 and 2020 and the Repurchase and Cancellation of Restricted Shares Granted to Some Incentives but Not Yet Released (Announcement No. 2021-071) disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn) on 26 August 2021.).

The Company applied to the China Registrars for the transfer of the repurchase of 365,760 restricted shares granted to 122 incentive recipients but not yet released from restriction of sale.

For details, please refer to the "Announcement on the Implementation of the Repurchase and Cancellation of Restricted Shares of Shandong Linglong Tire Company Limited

The cancellation of the restricted shares is expected to be completed on 23 November 2021.

by Share Incentive" (Announcement No. 2021-098) disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn) on 18 November 2021 by the Company.

(ii) Incentives not disclosed in the interim

announcement or with subsequent progress

Equity incentives

☐ Applicable

☒ Not

applicable

Other notes

☐ Applicable

☒ Not applicable

Employee Share

Ownership Plan

Status

☐ Applicable ☒ Not

Not applicable

Other incentives

☐ applicable ☒ not applicable

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

☐ applicable ☒ not applicable

☒ Applicable

☐ Not

applicable

Unit:Unit

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Name	Position	Number of restricted shares held at the beginning of the year	Number of new restricted shares granted during the reporting period	Grant price of restricted shares (\$)	Unlocked shares	Unlocked shares	Number of restricted shares held at the end of the period	Market value at the end of the reporting period (\$)
Yang Kefeng	Director	250,000	0	10.38	75,000	175,000	160,000	36.55
Li Wei	Vice President and Chief Financial Officer	250,000	0	10.38	75,000	175,000	175,000	36.55
Lv Xiaoyan	Vice President	250,000	0	10.38	75,000	175,000	175,000	36.55
Feng Baochun	Vice President	250,000	0	10.38	75,000	175,000	175,000	36.55
Sun Songtao	Vice President and Secretary of the Board	250,000	0	10.38	75,000	175,000	175,000	36.55
Total	/	1,250,000	0	/	375,000	875,000	860,000	/

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

✓Applicable ☐ Not applicable

The Company has formulated the "Implementation Assessment Management Measures of Restricted Share Incentive Plan of Shandong Linglong Tyre Company Limited for 2019" and "Implementation Assessment Management Measures of Restricted Share Incentive Plan of Shandong Linglong Tyre Company Limited for 2020", whether the interests granted to the incentive recipients can be released from the restriction will be determined jointly based on the assessment results of both the performance at the company level and the performance at the individual level. The Company will score the comprehensive performance of the senior management in each assessment year and combine with the achievement of the Company's performance to incentivize the senior management.

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

✓Applicable ☐ Not applicable

Details are set out in the Internal Control Self-

Assessment Report disclosed on the same date.

Explanation of material weaknesses in internal control during the reporting period

☐ applicable ✓not applicable

XIII. Management control over subsidiaries during the reporting period

✓Applicable ☐ Not applicable

The Company has formulated the Management System for Holding Subsidiaries in accordance with the Company Law, the Securities Law, the Guidelines for Self-regulation of Listed Companies on the Shanghai Stock Exchange No. 1 - Regulated Operations and other laws and regulations. The subsidiaries are required to comply with all national laws, regulations, rules and policies in all their business activities, and to establish corresponding business plans and risk management procedures in accordance with the Company's overall development plan, business plans and risk management policies, and to formulate and continuously revise their own business management objectives. To ensure that the subsidiaries operate in a standardised, efficient and orderly manner, improve the quality of the Company's overall asset operations and safeguard the Company's overall image and the interests of investors.

XIV. Information note relating to the internal control audit report

✓Applicable ☐ Not applicable

The Company's internal control auditor has issued a standard unqualified internal control audit report for the Company. For details, please refer to the Internal Control Audit Report for the year 2021 disclosed on the same date. Whether to disclose the internal control audit report: Yes
Type of opinion on the internal control audit report: Standard unqualified opinion

XV. Self-checking and rectification of listed

companies' governance issues None

XVI. Others

☐ applicable ✓not applicable

Section V.

Environment and social

responsibility I.

Environmental

information

(i) A description of the environmental protection of the Company and its major subsidiaries that are key emission units as announced by the environmental protection authorities

✓Applicable ☐ Not applicable

1. Discharge information

✓Applicable ☐ Not applicable

Ltd., a subsidiary of the Company, is a key emission unit of Shandong Province for air environment, and the main

pollutants are exhaust gas and sewage and waste. The details of exhaust gas and sewage are as follows:

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Type of company	Main pollutants	Discharge method	Number of outfalls	Outfall location	Implementation standards	Actual emission concentration	Excess emissions	Construction and operation of anti-pollution facilities
Dezhou Linglong Tyre Co., Ltd.	Stationary source	Particulate	Exhaust gas treatment via 15m, 20m, 24 metres, 32 metres or 35 metres	50	Treatment facility outfall	10mg/m3	1 - 1.6 mg/ m3 None	A bag filter has been installed in the refining plant;
	exhaust	ate	Exhaust emissions			0.61 -6.73mg/ m3 None		
			VOCS					

Installation of vocs treatment equipment for rubber making and vulcanisation processes, treatment process: pre-treatment + activated carbon adsorption and desorption catalytic combustion; cyclone washing + UV photo-oxygenation + biodegradation

Sewage	Chemical oxygen demand (COD)	After treatment by the company's sewage pre-treatment equipment, it is discharged into the municipal network and enters the sewage treatment plant	1	Plant main outfall	300mg/L	37-38mg/L	None	After treatment by the company's sewage pre-treatment equipment, it is discharged into the municipal pipe network and then into the sewage treatment plant
	Ammonia nitrogen				30mg/L	9.9-10.8mg/L	None	
	Suspension				150mg/L	38-44mg/L	None	
Stationary source exhaust (Boiler)	Particulate matter	Discharged via 100m chimney after treatment	1	Boiler house treatment facility outfall	5mg/ m3	0.913-4.04mg/ m3	None	After treatment by bag filter, deep dust removal, limestone desulphurisation, low nitrogen combustion + snr denitration and discharge through 100m chimney
	Sulphur dioxide				35mg/ m3	0.332-10.7mg/ m3	None	
	Nitrogen oxides				50mg/ m3	22-40.7g/ m3	None	

The waste generated by the company in the production process is divided into general waste and hazardous waste. Through the establishment of a landfill, the company classifies and disposes of general waste according to recyclable and non-recyclable categories. Recyclable general waste such as waste cord, waste steel cord fabric, waste self-sulphur rubber, waste capsules and waste semi-steel tyres are sold out for disposal on a regular basis, while non-recyclable domestic waste is contacted for unified treatment by local sanitation. The company's hazardous waste mainly includes waste oil and waste packaging, all of which are collected and stored in the hazardous waste store. The company signs disposal contracts with third-party qualified institutions and transfers hazardous waste for treatment on a regular basis.

2. Construction and operation of anti-pollution facilities

☒ Applicable ☐ Not applicable

During the reporting cycle of Dezhou Linglong Tire Co., the VOCS treatment facilities, bag filter, desulphurisation and denitrification facilities were all operating normally.

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

☒ Applicable ☐ Not applicable

The project of Dezhou Linglong Tyre Co., Ltd. has completed the environmental impact assessment and environmental protection completion inspection and acceptance. Ltd. has applied for and obtained an emission permit as required, permit no. 913714285739316626001R, valid from 05 November 2021 to 04 November 2026.

4. Contingency plans for environmental emergencies

☒ Applicable ☐ Not applicable

Dezhou Linglong Tire Co., Ltd. has established the Emergency Response Plan for Environmental Emergencies and filed it with the local Environmental Protection Bureau, filing number: 371428-2020-037.

5. Environmental self-monitoring report: Shandong Linglong Tyre Company Limited Annual Report 2021 ([Download Announcement](#))

☒ Applicable ☐ Not applicable

Dezhou Linglong Tyre Co., Ltd. strictly abides by and implements the relevant management regulations of national and local government environmental protection laws, regulations and other requirements. The construction of the project strictly implements the environmental impact assessment system of the construction project, and the production operation strictly complies with national and local laws and regulations on the prevention and control of various pollutants to ensure the effective operation of pollution prevention and control facilities and to achieve the standard discharge and reasonable disposal of various pollutants.

The company signs a commissioning contract with a qualified third-party testing unit to conduct daily testing of pollutants discharged in accordance with the requirements of laws and regulations, and issue testing reports, and all pollutants are discharged in compliance with the standards.

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

☐ applicable ☒ not applicable

7. Other environmental information that should be made public

☐ applicable ☒ not applicable

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

☒ Applicable ☐ Not applicable

1. Administrative penalties for environmental issues

☐ applicable ☒ not applicable

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

√Applicable □ Not applicable

Company	Category	Main pollutants	Discharge method	Number of outfalls	Outfall location	Implementation standards	Actual emission concentration	Excess emissions	Construction and operation of anti-pollution facilities
Shandong Linglong Tyre Co.	Stationary source exhaust	Particulate matter	Exhaust gas is treated and discharged through 15m and 40m exhausts	224	Treatment facility outfall	10mg/m3	4.7-8.0 mg/m3	None	A bag filter has been installed in the refining plant;
		VOCs				10mg/m3	0.085 - 1.391 mg/m3	None	Installation of vocs treatment equipment in the rubber-making, semi-component processing area and vulcanisation process, treatment process: oxidation spraying, biological spraying; pre-treatment + plasma + UV photolysis
	Sewage	Chemical oxygen demand (COD)	After treatment by the company's sewage pre-treatment equipment, it is discharged into the municipal network and enters the sewage treatment plant	1	Plant main outfall	100mg/L	8.4-46mg/L	None	After treatment by the company's sewage pre-treatment equipment, it is discharged into the municipal pipe network and then into the sewage treatment plant
		Ammonia nitrogen				15mg/L	1.28-1.96mg/L	None	
		Suspension				70mg/L	7-36mg/L	None	
		Total Nitrogen				40mg/L	4.76-36mg/L	None	
		Total phosphorus				1mg/L	0.1-0.3mg/L	None	
Company	Category	Main pollutants	Discharge method	Number of outfalls	Outfall location	Implementation standards	Actual emission concentration	Excess emissions	Construction and operation of anti-pollution facilities
Guangxi Linglong Tyre Co.	Stationary source exhaust	Particulate matter	Exhaust gas treatment via 15m, 16m and 26m exhausts	55	Treatment facility outfall	12mg/m3	1.8 - 6.2 mg/m3	None	Bag filter, secondary cartridge dust collector installed in the refinery
		VOCs				10mg/m3	0.53 - 9.19 mg/m3	None	Installation of vocs treatment equipment for rubber making, calendaring and vulcanisation processes, treatment process: pre-treatment + plasma + UV photolysis; UV photolysis; biological scrubbing; scrubber tower + UV light; All-in-one machine, water washing tower + medium efficiency filtration + activated carbon adsorption and desorption; chemical combustion; spray oxidation
Sewage		Chemical oxygen demand (COD)	After treatment by the company's	1	Plant main outfall	300mg/L	8mg/L	None	After treatment by the company's sewage pre-treatment equipment, it is

	Ammonia nitrogen	sewage pre-treatment equipment, it is discharged into the municipal network and enters the sewage treatment plant	Linglong Tyre: Shandong Linglong Tyre Company Limited Annual Report 2021 (Download Announcement)				None		discharged into the municipal pipe network and then into the sewage treatment plant
	Suspension								
Stationary source exhaust (Boiler)	Particulate matter	Discharged via 16m chimney after treatment	3	Boiler house treatment facility outfall	30mg/m3	2.1 - 8.2 mg/m3	None	Natural gas boiler with direct boiler exhaust	
	Sulphur dioxide				100mg/m3	ND	None		
	Nitrogen oxides				400mg/m3	59-175 mg/m3	None		
Company	Category	Main pollutants	Discharge method	Number of outfalls	Outfall location	Implementation standards	Actual emission concentration	Excess emissions	Construction and operation of anti-pollution facilities
Hubei Linglong Tyre Co.	Stationary source exhaust	Particulate matter	The exhaust gas is treated by 15m, 27m and 35m exhaust	48	Treatment facility outfall	12mg/m3	5.2 - 9.4 mg/m3	None	Bag filter installed in the refinery + oil removal filtration + zeolite rotor adsorption;
		VOCS				10mg/m3	0.095-0.74 mg/m3	None	Installation of vocs treatment equipment for the rubber making and vulcanisation process, treatment process: primary filtration + plasma + photochemical or bag filtering + oil removal filtration + zeolite rotor adsorption + thermal storage combustion
	Sewage	Chemical oxygen demand (COD)	After treatment by the company's sewage pre-treatment equipment, it is discharged into the municipal network and enters the sewage treatment plant	1	Plant main outfall	300mg/L	6 - 64 mg/L	None	After treatment by the company's sewage pre-treatment equipment, it is discharged into the municipal pipe network and then into the sewage treatment plant
		Ammonia nitrogen				30mg/L	0.271-12.6 mg/L	None	
		Suspension				150mg/L	10-24 mg/L	None	

Thailand Linglong discharges sewage in accordance with the Industrial Authority of Thailand Statement "Thailand Industrial Sewage Discharge Standards Act", boiler exhaust emissions in accordance with the Industrial Authority of Thailand Management Statement "Boiler Exhaust Emission Standards", and tyre production workshop exhaust emissions in accordance with the exhaust emission standards in the Industrial Authority of Thailand Management Act. During the reporting period, the environmental protection facilities of Thailand Linglong Tire Company Limited were operating normally and all pollutants were discharged in compliance with the standards.

The waste generated by the company and its subsidiaries Guangxi Linglong Tyre Co., Ltd. and Hubei Linglong Tyre Co., Ltd. in the production process is divided into general waste and hazardous waste. Through the establishment of temporary storage places, general wastes are stored and treated separately according to recyclable and non-recyclable, and recyclable general wastes such as waste cord, waste steel cord fabric, waste self-sulfur rubber, waste capsules, waste semi-steel tyres, etc. are sold out regularly for treatment, while non-recyclable domestic wastes are treated by local sanitation. The company's hazardous waste mainly includes equipment lubricating oil, chemical raw material waste packaging, etc., all of which are collected and stored in the hazardous waste storage. The company signs disposal contracts with third-party qualified institutions to transfer and treat the hazardous waste on a regular basis.

Shandong Linglong Tyre Co., Ltd. has established the Emergency Response Plan for Environmental Emergencies and filed with the local environmental protection bureau, filing number: 370685-2019-054-L. Guangxi Linglong Tyre Co.

Ltd. has established the Emergency Response Plan for Environmental Emergencies and filed it with the local environmental protection bureau, filing number: 420802-2020-006-M. Shandong Linglong Tyre Co. The permit is valid from 8 July 2020 to 7 July 2023.

Guangxi Linglong Tyre Company Limited, a subsidiary of the Company, has applied for and obtained a discharge permit as required, with the permit number: 91450200557222487K001U, which is valid from 17 July 2020 to 16 July 2023.

The subsidiary Hubei Linglong Tyre Co., Ltd. has applied for and obtained a discharge permit as required, permit no:

91420800MA49392Q9B001V, which is valid from 20 August 2020 to 19 August 2023. During the reporting period, the Changchun project of Jilin Linglong Tyre Company Limited, a subsidiary, with an annual production capacity of 14 million sets of high performance radial tyres and 200,000 retreaded tyres, has obtained the environmental impact assessment approval document (Ji'an Environmental Audit [2021] No. 22); the emission permit has been processed in accordance with the relevant requirements and is being publicized. At present, the work of the Changchun project is being carried out in an orderly manner, and the project will strictly comply with the "three simultaneous" environmental protection of the construction project and other requirements of environmental protection laws and regulations in the course of its advancement.

3. Reasons for non-disclosure of other environmental information

☐ applicable ☒ not applicable

(iii) Information relevant to the protection of the ecology, prevention of pollution and fulfilment of environmental responsibility

☒ Applicable ☐ Not applicable

During the reporting period, the Company continued to promote and improve the operation of its environmental system. Currently, the Company and its completed subsidiaries have all passed the GB/T24001-2016: ISO14001-2015 environmental management system certification. During the operation of the system, the Company regularly carries out identification of laws and regulations, compliance evaluation, promotes environmental compliance management and realizes the rule of law; carries out daily environmental hidden danger investigation and treatment to ensure the effectiveness of the operation of environmental protection facilities; and continues to invest in environmental protection to improve the level of pollutant management.

During the reporting period, the Company and its subsidiaries strictly implemented the various environmental protection requirements, the environmental protection facilities operated stably, and the concentration and total amount of pollutant emissions were in compliance with the emission permit requirements. (iv) Measures taken to reduce its carbon emissions during the reporting period and their effectiveness

☒ Applicable ☐ Not applicable

During the reporting period, the Company actively responded to the call of the national policy, implemented the responsibility of social subjects, set up a leading group for the promotion of carbon peaking and carbon neutral work, formulated a double carbon target plan and action plan, clarified the responsibilities of each responsible department, ensured the low carbon sustainable development of the Company, built a green economic development system, and helped achieve double carbon. The specific measures and effects during the reporting period are as follows:

1. Management standardisation:

The company strictly follows the tyre industry energy consumption limit implementation standard "GB 29449-2012 tyre unit product energy consumption limit" in the production and manufacturing process. Continuously reduce the total amount of carbon emissions and control the

cost of energy consumption, thus controlling the intensity of carbon consumption. In accordance with ISO 50001-2018 Energy Management System Requirements and Guidelines for 2021, (Revised/Announcement) Linglong Tyre Shandong Linglong Tyre Company Limited Announced, we have built an energy management system that is applicable to the current situation of the company's management, and in accordance with the requirements of the company's sustainable development, we have continued to promote it in a number of manufacturing bases, including the Texas base, Thailand base, Jingmen base and Liuzhou base, in order to control the use of energy consumption in the process by standardizing the system, reduce carbon with energy, control the direct and indirect emissions in the production process. Establishing a carbon emission management system in accordance with the international standard ISO 14064, which is currently under construction at the Liuzhou site and will be promoted and implemented at the company-wide level in accordance with the IPCC Guidelines for National Greenhouse Gas Inventories and other systems and standards. In accordance with the IPCC National Greenhouse Gas Inventory Guidelines and other institutional standards, the key data supporting carbon verification work has been clarified, and company-level carbon emission data verification standards have been established, and the total carbon emission and carbon emission intensity of the five manufacturing bases from 2018 to 2021 have been completed, and the corresponding Linglong Carbon Emission Report has been issued.

2. New technologies:

For the tyre production and manufacturing process, the secondary steam (steam-water mixing) generated after curing flow less, resulting in low-pressure refrigerators, box-type air conditioners can not be used, low utilization rate, a large number of spent steam exhaust exists energy waste, the use of secondary steam recovery and reuse technology to improve energy utilization, reduce the use of primary energy, reduce indirect emissions; for the workshop power system, the main energy-consuming equipment to establish

The Annual Energy Saving Renovation Plan, set up a company-level energy saving project topic study, and promoted several renovation projects such as power pump renovation, pump internal spraying renovation, old lithium bromide chillers replacing centrifugal chillers, permanent magnet motor renovation, etc., achieving energy savings of about 3,600 tonnes of standard coal/year at this stage; actively studied carbon sink technology and provided a modest contribution to carbon dioxide degradation through annual tree planting activities. By 2021, a total of 20,000 finished trees will be planted throughout the company. The company has included annual reforestation activities in its corporate sustainability plan to implement the business philosophy of "green water, green mountain, green development". Super low rolling resistance technology research application, reduce tyre rolling resistance is the most direct and effective way to reduce tyre carbon emissions, according to the United States Department of Transportation energy consumption monitoring statistics show that tyres cause 20%-30% of vehicle fuel consumption and about 24% of carbon dioxide emissions, reduce tyre rolling resistance of 4%-6% can reduce the whole 1% of fuel consumption; Linglong independently developed a new generation of super low rolling resistance tyres. Rolling resistance is below 4.0, which is 38% lower than conventional products, and can reduce fuel consumption by 2.2L per 100km of the whole vehicle.

With the concept of green and low-carbon development, Linglong Tyre has launched several series of high performance and lightweight products through technological innovation, and lightened the design of tyres to reduce tyre manufacturing materials and energy consumption and further reduce carbon emissions. Long-distance products "SOCT" technology upgrade and transformation, through the development of new high wear-resistant formula, the use of high-strength skeleton materials to optimize the contour design, reduce tyre fatigue damage, wear mileage and international first-class G brands on par, 100 vehicles all use ATLASAT26 tyres can achieve tyre cost savings of 680,000 / year. All 100 vehicles using ATLASAT26 tyres will save 680,000/year.

3. New Energy:

Actively promote the introduction and application of new energy projects, the establishment of Linglong photovoltaic project, and clear photovoltaic project as a necessary part of the company's construction planning, the initial completion of photovoltaic power generation to replace part of the primary energy consumption, photovoltaic power generation project in 2021 annual power generation of about 17.15 million kwh, reducing carbon dioxide emissions of about 14,800 tons. The continuous development of new energy will greatly alleviate the total primary energy consumption of the Company and reduce carbon emissions. Committed to the development of new energy auto tyres, Linglong Tyre's new energy products continue to increase in proportion. It has been supporting many domestic mainstream auto plants for new energy models, including Red Flag, Geely, FAW, BYD, SAIC-GM-Wuling, BAIC New Energy and Renault-Nissan Alliance, Nissan Qichen, etc., as well as emerging new energy auto plants such as Weimar and Kaiwoo, etc. In 2021, it successfully supported BYD Qin Plus, Song PRO, Yuan Plus, Red Flag E-HS9, Red Flag EQM5, Qichen D60EV, etc. A number of mainstream new energy models.

4. New processes:

Establish university-enterprise cooperation with Shanda University, and jointly conduct research on electromagnetic vulcanization project with Shandong University in 2021 to replace steam with electricity and promote the overall energy structure adjustment, through this research, it will match the policy demand of national/local government for energy structure adjustment and have far-reaching impact on Linglong to achieve the double carbon planning path; Actively research on waste tyre recycling and reuse, and have conducted technical exchange with 7 institutions at home and abroad, and with Ding Wenjiang academician of Fudan University to establish a research project on waste tyres, striving to make the technology reach the world advanced level, reduce the waste of raw materials, reduce environmental pollution and lower carbon emission. At the same time, the company has planned tyre retreading projects in both Changchun and Tongchuan base in Shaanxi Province, combining production and retreading, so that customers can enjoy two low-cost tyre retreading when they buy a new truck and bus tyre, ensuring that each tyre can travel 1 million kilometres, which is 4-5 times longer than the current tyre life, effectively reducing carbon emissions.

5. New materials

In May 2021, the "functionalized bio-based itaconate-butadiene rubber" technology, in which the Company participated, passed the scientific and technological achievement appraisal and completed the first batch of trial production of functionalized itaconate rubber tyres in the world. In December 2021, the 13th Five-Year National Key Research and Development Programme project - "New Bio-based Rubber Material Preparation Technology and Application Demonstration" successfully passed the project performance evaluation and acceptance; in this project, the company, as the host unit of the sub-topic "Key Technology Research on Bio-based Rubber Application", completed the development of a variety of bio-based rubber in tyres. In this project, the company, as the host of the sub-topic "Key Technology Research on Application of Bio-based Rubber", has completed the development of various bio-based rubber applications in tyres. In addition, a variety of bio-based matrix rubber, bio-based reinforcing materials, bio-based additives, recycled rubber and recycled carbon black are also being actively promoted, with the aim of launching a complete set of new green and low-carbon material solutions as soon as possible.

II. Status of social responsibility work

☒ Applicable ☐ Not applicable

See the Annual Social Responsibility Report 2021 disclosed on the same date.

III. Consolidation and expansion of poverty alleviation and rural revitalization and other specific work

☐ Applicable

☒ Not

applicable

Section 6

Material Matters

I. Implementation of commitments

(i) Commitments of the Company's actual controller, shareholders, related parties, acquirers and parties related to the Company's commitments during the reporting period or continuing into the reporting period

Commitment Background	Type of commitment	Committed Parties	Commitment Content	Time and duration of commitment	Whether there is a deadline for performance	Is it performed in a timely and rigorous manner	If performance is not completed in time, the specific reasons for not completing performance should be stated	If not fulfilled in time, next steps should be stated
Commitments in relation to the IPO	Addressing competition in the same industry	Controlling Shareholders	Neither the Company nor other enterprises controlled by the Company are currently engaged in the same or similar business as Linglong Tire, and are not directly or indirectly engaged in, involved in or carrying out any business activities that compete with the production or operation of Linglong Tire; neither the Company nor other enterprises controlled by the Company will engage in the same or similar business as Linglong Tire in their future production and operation to avoid possible competition in the same business; the Company and other enterprises controlled by the Company The Company and other enterprises controlled by the Company will not establish or acquire new subsidiary enterprises or holding companies with the same or similar business scope as Linglong Tire in the future; if the Company and other enterprises controlled by the Company have the same, or similar, or competing business with Linglong Tire, the Company undertakes to eliminate the inter-competition with Linglong Tire by means including but not limited to the following: (1) acquisition by Linglong Tire of the same, or similar, or competing business owned by the Company (1) acquisition by Linglong Tire of the same, or similar, or competing business owned by the Company or the relevant enterprise; (2) transfer of such part of the same, or similar, or competing business owned by the Company or the relevant enterprise to an unrelated third party. At the same time, the Company undertakes that the profits generated by the Company or the relevant enterprise before the elimination of the competition shall be owned by Linglong Tyre.	Long-term	No	Yes		
Commitments in relation to the IPO	Addressing competition in the same industry	The actual controllers, Wang Xicheng and Wang	Neither I nor any other enterprise under my control is currently engaged in the same or similar business as Linglong Tire, and I am not directly or indirectly engaged in, involved in or carrying out any business activities that compete with the production or operation of Linglong Tire; the future production and operation of me and other enterprises under my control	Long-term	No	Yes		

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		Feng, Wang Lin and Zhang Guangying	I will not engage in the same or similar business as Linglong Tire in the future to avoid possible competition in the same industry; I and other enterprises under my control will not establish or acquire new subsidiaries or holding companies with the same or similar business scope as Linglong Tire in the future; if I and other enterprises under my control					
			If other enterprises have the same, or similar, or competing business with Linglong Tyre, I undertake to eliminate the competition with Linglong Tyre by means including but not limited to the following: (1) Linglong Tyre will acquire the same, or similar, or competing business owned by me or the relevant enterprise; (2) I or the relevant enterprise will transfer such part of the same, or similar, or competing business owned by me to an unrelated third party. (2) I or the relevant enterprise will transfer such part of the same, similar or competing business to an unrelated third party. At the same time, I undertake that the profits generated before the elimination of the competition will be owned by Linglong Tyre.					
Commitments in relation to the IPO	Settlement of connected transactions	Wang Xicheng, Zhang Guangying, Wang Feng and Wang Lin, the actual controllers	I and the enterprises controlled by me will avoid and minimize connected transactions with Linglong Tire and its holding subsidiaries as far as possible, and for unavoidable connected transactions will strictly comply with the relevant provisions of the Company Law, the CSRC and the relevant provisions of the Articles of Association of the company and the Management System of Connected Transactions of the company, and follow the general market transaction rules in accordance with the law, and will not harm the interests of Linglong Tire and its holding subsidiaries. interests of Linglong Tire and its holding subsidiaries.	Long-term	No	Yes		
Commitments in relation to the IPO	Settlement of connected transactions	Controlling Shareholders and Affiliated Shareholders	The Company and the enterprises controlled by the Company will avoid and minimize connected transactions with Linglong Tire and its holding subsidiaries as far as possible, and will strictly comply with the following for unavoidable connected transactions The Company Law, the relevant provisions of the CSRC and the Articles of Association of the company and The relevant provisions of the Management System of Connected Transactions shall be carried out in accordance with the general market transaction rules in accordance with the law and shall not harm the interests of Linglong Tyre and its holding subsidiaries. If the breach of the undertaking leads to losses suffered by the company and its subsidiaries, the Company will bear the responsibility of compensation.	Long-term	No	Yes		
Commitments in relation to the IPO	Other	Wang Xicheng, Zhang Guangying, Wang Feng and Wang Lin, the actual controllers	I (i) shall not use profit distribution, asset restructuring, foreign investment, capital appropriation, loan guarantee, etc. to harm the legitimate rights and interests of Linglong Tire and its shareholders of public shares, and shall not use my controlling position to harm the interests of Linglong Tire and its shareholders of public shares; (ii) shall strictly restrict me and other related parties under my control from appropriating funds of Linglong Tire in the course of operating capital transactions with Linglong Tire, and shall not (2) strictly restrict Linglong Tire and other related parties under my control from appropriating funds of Linglong Tire in the course of operating capital transactions with Linglong Tire, and not require Linglong Tire to advance any expenses for me and bear any costs and other expenses on my behalf; (3) not require Linglong Tire to provide funds to me and other related parties under my control directly or indirectly in the following ways: 1. 2. providing entrusted loans to me and other related parties under my control through banks or non-banking financial institutions; 3.	Long-term	No	Yes		

			entrusting me and other related parties under my control to carry out investment activities; 4. issuing loans to me and other related parties under my control without genuine					
			Commercial acceptances in the context of transactions; 5. Repayment of debts or provision of guarantees for such debts on behalf of me and other related parties controlled by me.					
Commitments in relation to the IPO	Other	Controlling Shareholders and Affiliated Shareholders	The Company (i) will strictly exercise its rights as a capital contributor of Linglong Tire in accordance with the law, and will not use profit distribution, asset restructuring, foreign investment, capital appropriation, loan guarantee, etc. to harm the legitimate rights and interests of Linglong Tire and its shareholders of public shares, and will not use its control position to harm the interests of Linglong Tire and its shareholders of public shares; (ii) strictly restrict the Company and other related parties controlled by the Company from (2) strictly restrict the Company and other related parties controlled by the Company from appropriating Linglong Tire's funds in the course of operating capital transactions with Linglong Tire, and not require Linglong Tire to advance any expenses for the Company and bear any costs and other expenses on behalf of the Company; (3) not require Linglong Tire to provide funds to the Company and other related parties controlled by the Company for use in the following ways, directly or indirectly: 1. to lend Linglong Tire's funds to the Company and other related parties controlled by the Company for use with or without compensation; 2. to lend Linglong Tire's funds to the Company and other related parties controlled by the Company for use through 2. providing entrusted loans to the Company and other related parties controlled by the Company through banks or non-bank financial institutions; 3. entrusting the Company and other related parties controlled by the Company to carry out investment activities; 4. issuing commercial acceptances without genuine transaction background for the Company and other related parties controlled by the Company; 5. repaying debts on behalf of the Company and other related parties controlled by the Company or providing guarantee for such debts. 5. repaying debts or providing guarantees for such debts on behalf of the Company and other related parties controlled by the Company.	Long-term	No	Yes		
Commitments in relation to the IPO	Other	Controlling Shareholders	Linglong Group will reduce the number of shares of the Company within two years after the expiry of the lock-up period to no more than 10% of the number of shares held by it before the initial public offering of shares of the Company; if it intends to reduce the shares of the Company beyond the above period, it will do so in accordance with the Company Law, the Securities Law, the CSRC and the relevant regulations of the Shanghai Stock Exchange. If Linglong Group breaches the above undertaking, Linglong Group will publicly apologize to the shareholders of the Company and public investors for breaching the above undertaking at the general meeting of the Company and in the designated newspapers of CSRC, and will repurchase the shares sold in violation within 10 trading days in compliance with the laws, regulations and regulatory documents, and will automatically extend the lock-up period of all shares held for 3 months from the date of completion of the repurchase. If Linglong Group obtains income as a result of the non-fulfillment of the above commitment, the income obtained	Within two years of the expiry of the lock-up period	Yes	Yes		

				shall belong to the Company, and Linglong Group will pay the aforesaid income to the designated account of the Company within five days of obtaining the income; if						
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			If the Company or other investors suffer losses due to the failure of Linglong Group to fulfill the above undertakings, Linglong Group will be liable for compensation to the Company or other investors in accordance with law.					
	Other	Affiliated shareholders of the controlling shareholder	Yingcheng Trade undertakes to reduce the number of shares of the company within two years after the expiry of the lock-up period by not more than 10% of the number of shares held by it before the initial public offering of shares of the company; if it intends to reduce the number of shares of the company beyond the above period, it will do so in accordance with the Company Law, the Securities Law, the China Securities Regulatory	Lock-up period expires	Yes	Yes		
			The Company will handle the matter in accordance with the relevant regulations of the CSRC and the Shanghai Stock Exchange. If Yingcheng Trade breaches the above undertaking, Yingcheng Trade will publicly apologize to the shareholders of the Company and public investors for the breach of the above undertaking in the general meeting of the Company and in the designated newspapers of the CSRC. If Yingcheng Trade obtains income as a result of the non-fulfillment of the above undertaking, the income obtained shall belong to the Company and Yingcheng Trade shall pay the aforesaid income to the Company's designated account within five days of obtaining the income; if Yingcheng Trade causes losses to the Company or other investors as a result of the non-fulfillment of the above undertaking, Yingcheng Trade shall be liable for compensation to the Company or other investors in accordance with the law.	Within the next two years				
Commitments relating to refinancing	Other	Directors and senior management of the Company	1. Undertake not to transfer benefits to other units or individuals without compensation or on unfair terms, or use other means to harm the interests of the company. 2. Undertake to restrain the directors' and senior management's official consumption behaviour. 3. Undertake not to use the company's assets to engage in investment or consumption activities unrelated to the performance of their duties. 4. Undertake that the remuneration system formulated by the board of directors or the remuneration committee will be linked to the implementation of the company's measures to fill the return. 5. If the company implements the equity incentive scheme in the future, it promises that the exercise conditions of the future equity incentive scheme will be linked to the implementation of the measures to fill the return of the company. As one of the subjects responsible for the measures to fill the return, if I violate the above undertaking or refuse to fulfill the above undertaking, I agree to be punished or to take relevant management measures in accordance with the relevant regulations and rules formulated or issued by the CSRC and the Shanghai Stock Exchange and other securities regulatory authorities, and I am willing to bear the corresponding legal responsibilities.	Long-term	No	Yes		
Commitments relating to refinancing	Other	Controlling shareholders and de facto controllers of the Company	Undertaking to take measures to fill the diluted immediate return from the public issue of convertible bonds: not to interfere with the operation and management activities of the Company beyond its authority and not to encroach on the interests of the Company. As one of the subjects responsible for the measures to fill the return, if the Company/I violate the above undertaking or refuse to fulfill the above undertaking, the Company/I agree to impose relevant penalties or take relevant management measures against the Company/I in accordance with the relevant regulations and rules formulated or issued by the CSRC and the Shanghai Stock Exchange and other securities regulatory authorities, and I am willing to bear the corresponding legal responsibilities.	Long-term	No	Yes		

Commitments relating to refinancing	Other	Linglong Group, the controlling shareholder, and the de facto controller	Undertaking to take measures to fill the diluted immediate return of the Public Issue: "The Company/I will not exceed my authority to interfere with the management activities of the Company and will not encroach on the interests of the Company. From the date of this undertaking to the completion of the implementation of this public offering, if the CSRC makes other new regulatory requirements on the measures to fill the return and its undertakings, and the above undertaking cannot satisfy such requirements of the CSRC, the Company/I undertake to issue additional undertakings in accordance with the latest requirements of the CSRC at that time. In the event of any breach of the above undertaking or any refusal to fulfill the above undertaking, the Company/I agree that the CSRC and the Shanghai Stock Exchange and other securities regulatory authorities may issue additional undertakings in accordance with the latest regulations of the CSRC.	Long-term	No	Yes		
		relevant regulations or rules made or issued by it, impose relevant penalties or take relevant regulatory measures against the Company/me, and is willing to bear the corresponding legal liabilities."						
Other	All directors and senior management of the Company	"1. perform their duties faithfully and diligently to safeguard the legitimate rights and interests of the company and all shareholders. 2. undertake not to transfer benefits to other entities or individuals without compensation or on unfair terms, or to use other means to harm the interests of the company. 3. undertake to restrain directors and senior management from spending on their duties. 4. Undertake not to use the assets of the Company to engage in investment or consumption activities unrelated to the performance of their duties. 5. Undertake that the remuneration system formulated by the Board of Directors or the Remuneration Committee will be linked to the implementation of the Company's measures to fill the return. 6. If the Company implements a new equity incentive scheme in the future, undertake that the exercise conditions of the future equity incentive scheme will be linked to the implementation of the Company's measures to fill the return. 7. From the issuance of this undertaking From the issuance of this undertaking to the completion of the implementation of the Company's public offering, if the CSRC makes other new regulatory provisions on the measures to fill the return and its undertakings, and if the above undertakings cannot meet such provisions of the CSRC, I undertake to issue additional undertakings in accordance with the latest provisions of the CSRC at that time. If I breach the above undertakings or refuse to fulfill the above undertakings, I agree that the CSRC and the Shanghai Stock Exchange and other securities regulatory authorities shall impose relevant penalties or take relevant regulatory measures against me in accordance with the relevant regulations and rules formulated or issued by them, and I am willing to bear the corresponding legal liabilities."		Long-term	No	Yes		
Other	Directors and senior management of the Company	(1) To perform his duties faithfully and diligently and to safeguard the legitimate rights and interests of the Company and all shareholders; (2) Undertake not to transfer benefits to other units or individuals without compensation or on unfair terms, and not to use other means to harm the interests of the Company; (3) Undertake to restrain directors and senior management from spending on their duties; (4) Undertake not to use the Company's assets to engage in investment or consumption activities unrelated to the performance of their duties; (5) Undertake that the remuneration system formulated by the Board of Directors or the Remuneration Committee is linked to the implementation of the Company's measures to fill (5) Undertake to link the remuneration system formulated by the Board of Directors or the Remuneration Committee to the implementation of the Company's measures to fill the return; (6) Undertake to implement a new share incentive scheme in the future if the Company		Long-term	No	Yes		

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			(7) from the issuance of this undertaking to the completion of the implementation of the Company's non-public offering, if the CSRC makes other new regulatory requirements regarding the measures to fill the return and its commitments, and					
			In the event that the above undertakings do not satisfy such requirements of the CSRC, I undertake to issue additional undertakings in accordance with the latest requirements of the CSRC at that time. If I breach the above undertaking or refuse to fulfill the above undertaking, I agree that the CSRC and the Shanghai Stock Exchange and other securities regulatory authorities may impose relevant penalties or take relevant regulatory measures against me in accordance with the relevant regulations and rules formulated or issued by them, and I am willing to bear the corresponding legal liabilities.					
	Other	Controlling shareholders and de facto controllers of the Company	The Company/I shall not interfere with the operation and management activities of the Company beyond its authority and shall not encroach on the interests of the Company. From the date of this undertaking to the completion of the implementation of the Company's Non-Public Offering, if the CSRC makes other new regulatory requirements regarding the measures to cover returns and its undertakings, and if the above undertakings cannot satisfy such requirements of the CSRC, the Company/I undertake to issue additional undertakings in accordance with the latest requirements of the CSRC at that time. In the event of any breach of the above undertaking or any refusal to fulfill the above undertaking, the Company/I agree that the CSRC and the Shanghai Stock Exchange and other securities regulatory authorities may impose relevant penalties or take relevant regulatory measures against the Company/I in accordance with the relevant regulations and rules formulated or issued by them, and I am willing to bear the corresponding legal liabilities.	Long-term	No	Yes		
Commitments relating to equity incentives	Other	Listed Companies	The Company undertakes in the 2019 Restricted Share Incentive Plan and 2020 Restricted Share Incentive Plan that "1. The Company will not provide loans and any other forms of financial assistance for the incentive recipients of this Restricted Share Incentive Plan to obtain restricted shares through this Plan, including providing guarantees for their loans. 2. The information disclosure documents relating to this Incentive Plan do not contain false records, misleading statements or material omissions."	Long-term	No	Yes		
Other commitments	Restrictions on the sale of shares	Controlling Shareholder Linglong Group	The Company shall not reduce its shareholding in Linglong Tyre for a period of 6 months from the date of listing of the newly issued shares of Linglong Tyre in this issue, and the proceeds arising therefrom shall accrue to Linglong Tyre in the event of such reduction.	to 2021 June 10, 2012	Yes	Yes		

(ii) Where a profit forecast exists for the company's assets or projects and the reporting period is still in the profit forecast period, the company provides an explanation as to whether the assets or projects have met the original profit forecast and the reasons for this

☐ 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 with

guarantees

☐ applicable ☒ not applicable

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

☐ applicable ☒ not applicable

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

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

☒ Applicable ☐ Not applicable

See "Section 10 Financial Reporting" under "V. Significant Accounting Policies and Accounting Estimates" - "44 Changes in Significant Accounting Policies and Accounting Estimates" for details.

(ii) Explanation of the Company's analysis of the causes and effects of the correction of significant accounting errors

☐ applicable ☒ not applicable

(iii) Communication with the previous accounting firm

☐ applicable ☒ not applicable

(iv) Other notes

☐ applicable ☒ not applicable

VI. Appointment and dismissal of

accounting firm Unit: RMB million

Currency: RMB

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		Currently employed
Name of Domestic Accounting Firm	PricewaterhouseCoopers Zhongtian Certified Public Accountants (Special General Partnership)	
Remuneration of domestic accounting firms	249	
Number of years of audit experience with a domestic accounting firm	12	
	Name	Compensation
Internal control audit accounting firm	PricewaterhouseCoopers Zhongtian Certified Public Accountants (Special General Partnership)	60
Sponsors	CITIC Securities Co.	-

Information note on the appointment and dismissal of accounting firms

☒ Applicable ☐ Not applicable

Upon the approval of the Company's 2021 annual general meeting, PricewaterhouseCoopers Zhongtian CPA (Special General Partnership) will be re-appointed as the Company's auditor for the year 2022 for a period of one year. Description of the reappointment of the accounting firm during the audit period

☐ applicable ☒ not applicable

VII. Exposure to delisting risk

(i) Causes of delisting risk

warning

☐ Applicable ☒ Not

applicable (ii) Measures to

be taken by the Company

in response

☐ Applicable ☒ Not applicable

(III) Circumstances and reasons

for termination of listing

☐ applicable ☒ not applicable

VIII. Matters relating to reorganisation in bankruptcy

☐ applicable ☒ not applicable

ix. significant litigation and arbitration matters

☐ The Company has significant litigation or arbitration matters during the

year ☒ The Company has no significant litigation or arbitration matters

during the year (i) Litigation or arbitration matters have been disclosed in

the interim announcement and there is no subsequent progress

☐ applicable ☒ not applicable

(ii) Litigation and arbitration not disclosed in the interim announcement or with subsequent developments

☐ Applicable

☒ Not

applicable (iii)

Other notes

☐ applicable ☒ not applicable

X. Suspected violations of law, penalties and rectification by listed companies, their directors,

supervisors, senior management, controlling shareholders and actual controllers

☐ applicable ☒ not applicable

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 where there is no progress or change in subsequent implementation

☐ applicable ☒ not applicable

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

√Applicable □Not applicable The

daily connected transactions for the

year 2021 are as follows:

(1) Purchase of

goods/acceptance of services

Unit: RMB million Currency:

RMB

Related parties	Content of connected transactions	Projected occurrence in 2021	Actual incurred in 2021
Zhaoyuan Linglong Thermal Power Co.	Purchasing power, materials	47,500	44,364
Shandong Xinglongsheng Logistics Co.	Acceptance of transport services	19,000	17,437
Linglong Group Limited	Acceptance of hospitality and training services, procurement of materials	5,300	5,110
Shandong Iditarod Automotive & Tyre Proving Ground Co.	Acceptance of premises, workshop services	2,000	1,689
Zhaoyuan Linglong Automobile Sales Co.	Accepts vehicle repairs, tyre removal and car hire	350	377
Jinan Yida Pharmaceutical Co.	Receiving medical services	30	43
Zhaoyuan Shanling Automobile Sales Co.	Acceptance of vehicle maintenance services, procurement of supplies	800	820
Zhaoyuan Linglong Auto Mall Co.	Acceptance of vehicle maintenance services	60	1
Shandong Linglong Automobile Trade Co.	Accepting vehicle repairs and tyre removal services	220	115
Linglong Hotel, Linglong Group Texas Science and Technology Co.	Acceptance of hospitality and property services	18	21
Shandong Linglong Yingcheng Hospital Co.	Receiving medical services	240	232
Shandong Shanling New Energy Development Co.	Purchasing power	130	99
Dezhou Oudian Environmental Technology Co.	Purchasing power	460	317
Yingcheng (Yantai) Catering Services Co.	Purchasing materials	4	3
Yingcheng (Yantai) Business Information Co.	Purchasing materials		91
Shandong Sanying Equipment & Instruments Co.	Purchasing materials		152
Zhaoyuan Linglong Auto Repair Service Co.	Accepts vehicle repairs, tyre removal and car hire		15
Zhaoyuan Xinglongsheng Automobile Sales Co.	Purchasing materials		8
Total		76,112	70,894

(2) Associated leases

Unit: RMB million Currency: RMB

Name of lessor	Types of leased assets	Projected occurrence in 2021	Actual incurred in 2021
Linglong Group Limited	House	404.08	335.81
Shandong Xinglongsheng Logistics Co.	Location	395.45	572.90
Linglong Group Beijing Zhongcheng Yingtai Science and Technology Co.	House	1.6	
Linglong Group Texas Science & Technology Co.	House	123	103.44
Total		924.13	1,012.15
Name of the lessee	Types of leased assets	Projected occurrence in 2021	Actual incurred in 2021
Shandong Xinglongsheng Logistics Co.	Location	183.49	184.04

Shandong Linglong Real Estate Co.	Linglong Tyre: Shandong Linglong Tyre Company Limited Annual Report 2021 (Download Announcement)			568
Wucheng County Yingtai Real Estate Co.	Sales of materials and spare parts	100		
Shandong Linglong Yingcheng Hospital Co.	Sales of materials and spare parts	410	202	
Zhaoyuan Shanling Automobile Sales Co.	Sales of tyres	500	207	
Zhaoyuan Linglong Thermal Power Co.	Sales of materials and spare parts	410	496	
Linglong Group Limited	Sales of materials and spare parts	20	17	
Zhaoyuan Linglong Cement Co.	Sales of materials and spare parts	50	0	
Shandong One Way Traffic Technology Co.	Sales of materials and spare parts	135	39	
Shandong Central Asia Tyre Test Track Co.	Sales of materials and spare parts	134	42	
Shandong Shanling New Energy Development Co.	Sales of materials and spare parts	64		
Dezhou Oudian Environmental Technology Co.	Sales of materials and spare parts	110	105	
Zhaoyuan Linglong Cultural, Sports and Recreational Activity Centre (Limited Partnership)	Sales of materials and spare parts	7		
Linglong Group Texas Science & Technology Co.	Sales Dynamics		15	
Wucheng County Oudian Property Management Co.	Sales Dynamics		2	
Shandong Sanying Equipment & Instruments Co.	Sale of scrap		210	
Dezhou Shanling New Energy Development Co.	Sales of materials and spare parts		131	
Zhaoyuan Linglong Automobile Sales Co.	Sales rims		5	
Total	2,079		2,059	

3. Matters not disclosed in the provisional announcement

☐ Applicable ☒ Not applicable (ii)

Connected transactions arising from the acquisition or disposal of assets or equity interests

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

☐ applicable ☒ not applicable

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

☐ applicable ☒ not applicable

3. Matters not disclosed in the provisional announcement

☐ applicable ☒ not applicable

4. Where a 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 where there is no progress or change in subsequent implementation

☐ applicable ☒ not applicable

2. Matters that have been disclosed in the provisional announcement but with subsequent progress or changes in 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 where there is no progress or change in subsequent implementation

☐ applicable ✓/not applicable

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

☐ applicable ✓/not applicable

3. Matters not disclosed in the provisional announcement

(e) Financial business between the Company and the finance companies with which it has a connected relationship, the Company's holding finance companies and related parties

☐ applicable ☒ not applicable

1. Deposit Operations

☐ applicable ☒ not applicable

2. Loan Operations

☐ applicable ☒ not applicable

3. Credit business or other financial business

☐ applicable ☒ not applicable

4. Other notes

☐ Applicable

☒ Not

applicable (vi)

Others

☐ applicable ☒ not applicable

Significant contracts and their

performance (i) Trusteeship,

contracting and leasing

matters 1.

☐ applicable

☒ not

applicable 2.

Contracting

3. Leases

(ii)

Guarantees

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Company's external guarantees (excluding guarantees to subsidiaries)

Guarantor	Relationship between the guarantor and the listed	Secured party	Amount of guarantee	Date the guarantee was given (date of agreement)	Guarantee start date	Guarantee Expiry date	Type of guarantee	Collateral (if any)	Whether the guarantee has been fulfilled	Whether the guarantee is overdue	Amount overdue	Counter-guarantees	Whether the guarantee is for related parties	Affiliations
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Amount of guarantees provided to shareholders, beneficial owners and their related parties (C)		
Amount of debt guarantee provided directly or indirectly to a guaranteed person whose gearing ratio exceeds 70% (D)		
Amount by which total guarantees exceed 50% of net assets (E)		
Total amount of the above three guarantees (C+D+E)		
Statement of possible joint and several liability for unexpired guarantees		
Description of the guarantee		

(iii) Delegation of cash asset management

1. Entrusted financial management

(1) Overall entrusted wealth management

☐Applicable

√Not

applicable

Other

circumstances

☐ applicable √not applicable

(2) Individual entrustment status

☐Applicable

√Not

applicable

Other

circumstances

☐ applicable √not applicable

(3) Provision for impairment of entrusted properties

☐ applicable √not applicable

2. Commissioning of loans

(1) Commissioned loans overall

☐Applicable

√Not

applicable

Other

circumstances

☐ applicable √not applicable

(2) Single entrusted loan situation

☐Applicable

√Not

applicable

Other

circumstances

☐ 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 vii. changes in

shares and shareholders i.

changes in share capital

(i) Statement of

Movements in

Shares 1.

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Unit: Unit

	Before this change		Increase or decrease in this movement (+, -)					After this change	
	Number	Proportion (%)	Issue of new shares	Share delivery	Transfer from provident fund	Other	Subtotal	Number	Proportion (%)
I. Shares subject to limited sale	12,553,600	0.91				+4,103,040	+4,103,040	16,656,640	1.21
1. State shareholding									
2. State-owned legal person shareholding									
3. Other domestic shareholdings									
Of which: shares held by domestic non-state legal persons									
Domestic natural person shareholding	12,553,600	0.91				+4,103,040	+4,103,040	16,656,640	1.21
4. Foreign shareholding									
Of which: shares held by foreign legal persons									
Foreign natural person shareholding									
II. Shares outstanding with unlimited conditions of sale	1,360,958,812	99.09				-5,489,751	-5,489,751	1,355,469,061	98.79
1. RMB ordinary shares	1,360,958,812	99.09				-5,489,751	-5,489,751	1,355,469,061	98.79
2. Domestically listed foreign shares									
3. Overseas-listed foreign shares									
4. Other									
III. Total number of shares	1,373,512,412	100.00				-1,386,711	-1,386,711	1,372,125,701	100.00

2. Description of changes in shares

☒Applicable ☐Not applicable 1. Equity

incentive release, grant registration and

buyback cancellation.

(1) On 5 January 2021, the nineteenth meeting of the fourth session of the Board of Directors of the Company was held to consider and adopt the "Proposal on the Achievement of the Conditions for the Release of the First Phase of the Company's 2019 Restricted Share Incentive Scheme". 282 incentive objects met the conditions for the release of the first phase of the 2019 Restricted Share Incentive Scheme and the number of restricted shares that could be released from restriction on sale was 3,703,200 shares.

(2) On 19 January 2021, the Twentieth Meeting of the Fourth Session of the Board of Directors of the Company considered and approved the "Proposal on the Grant of Restricted Shares to the Incentive Recipients of the 2020 Restricted Share Incentive Plan", and 8,172,000 restricted shares granted under the 2020 Restricted Share Incentive Plan of the Company completed the registration of the change in nature of shares with China Registration Corporation on 23 February 2021. The registration of the transfer was completed on 25 February 2021.

(3) On 26 August 2021, the Company held the Twenty-sixth Meeting of the Fourth Session of the Board of Directors to consider and approve the Proposal on Cancellation of the Qualification of Some Incentive Subjects in the 2019 Restricted Share Incentive Scheme and the Proposal on Repurchase and Cancellation of Restricted Shares Granted to Some Incentive Subjects but Not Yet Released from Restriction of Sale, and the Company proposed to repurchase and cancel a total of 365,760 restricted shares. The repurchase and cancellation of such shares was completed on 23 November 2021.

2. Share cancellation for repurchase dedicated securities account.

On 26 August 2021, the Company held the Twenty-sixth Meeting of the Fourth Session of the Board of Directors to consider and approve the "Proposal on Adjusting the Use of Repurchased Shares and Cancellation". The Company intends to adjust the use of the repurchased shares from "for employee share incentive" to "for cancellation to reduce registered capital" and to cancel 1,020,951 shares in the special securities account for the repurchase. The cancellation of these shares was completed on 19 November 2021.

In summary, the total number of ordinary shares of the Company changed from 1,373,512,412 shares at the beginning of the reporting period to 1,372,125,701 shares.

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

☒ Applicable ☐ Not applicable

During the reporting period, the total number of ordinary shares of the Company changed from 1,373,512,412 shares at the beginning of the reporting period to 1,372,125,701 shares as a result of the implementation of share cancellation. The Company achieved basic earnings per share of RMB0.58 per share in 2021, -68.13% compared with the previous year, and net assets per share of RMB11.94 per share at the end of 2021, -0.67% compared with the beginning of the period.

4. Any other disclosure deemed necessary by the Company or required by the securities regulator

☐ applicable ☒ not applicable

(ii) Movements in restricted shares

☒Applicable

☐Not

applicable Unit:

Share

Name of shareholder	Number of shares restricted at the beginning of the year	Number of shares released from restricted sale during the year	Increase in the number of restricted shares during the year	Number of restricted shares at the end of the year	Reason for restriction of sale	Date of release from restriction
2019 Restricted Share Incentive Scheme Incentive Recipients	12,553,600	3,703,200	-275,220	8,575,180	2019 Equity Incentive Plan grants not yet released from restricted sale	18 January 2021
					Restricted Shares	
2020 Restricted Share Incentive Scheme Incentive Recipients	0	0	8,081,460	8,081,460	Restricted shares granted under the 2020 Equity Incentive Plan that have not been released from restriction of sale	
Total	12,553,600	3,703,200	7,806,240	16,656,640	/	/

II. Issuance and Listing of Securities

(i) Issue of securities up to the reporting period

☐ applicable ☒not applicable

Description of securities issued up to the reporting period (for bonds with different interest rates during the life of the bond, please specify 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 staff shares

☐ applicable ☒not applicable

III. SHAREHOLDERS AND

ACTUAL CONTROLLERS

(i) Total number of

shareholders

Total number of ordinary shareholders as at the end of the reporting period (households)	44,559
Total number of ordinary shareholders (households) as at the end of the previous month prior to the date of disclosure of the annual report	54,646
Total number of preference shareholders with voting rights restored as at the end of the reporting period (households)	0
Total number of preference 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

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

shareholders (or shareholders with unlimited selling rights) as at the end of the

reporting period Unit: Shares

Shareholdings of top ten shareholders					
				Number	Pledged, marked or frozen

Name of shareholder (full name)	Linglong Tyre: Shandong Linglong Tyre Company Limited Annual Report 2021					Number	Nature of shareholder
	Increase or decrease during the reporting period	Number of shares held at the end of the period	Proportion (%)	of shares held with limited selling conditions	Share status		
Linglong Group Limited	-27,449,800	583,144,891	42.50	0	None	0	Domestic non-state legal persons
Ying Cheng Trading Co.	0	201,400,000	14.68	0	None	0	Offshore legal entities
Hong Kong Securities Clearing Company Limited	18,785,803	60,819,318	4.43	0	None	0	Offshore legal entities
MORGAN STANLEY & CO. INTERNATIONAL PLC.	13,994,841	13,994,841	1.02	0	None	0	Offshore legal entities
China Merchants Bank Corporation Limited - Xingquan He-Run Hybrid Securities Investment Fund	10,000,000	10,000,000	0.73	0	None	0	Other
MERRILL LYNCH INTERNATIONAL	9,733,137	9,733,137	0.71	0	None	0	Offshore legal entities
China Construction Bank Corporation Limited - Dongfang Hong Qidong Three-Year Holding Term Hybrid Securities Investment Fund	9,719,831	9,719,831	0.71	0	None	0	Other

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

☒Applicable

☐Not

applicable

Unit: Unit

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

☐ applicable ☒not applicable

IV. Controlling shareholders and

actual controllers (i) Controlling

shareholders

1 Legal persons

☒Applicable ☐ Not applicable

Name

Linglong Group Limited

Serial number	Name of shareholders with limited selling rights	Number of shares held with limited selling conditions	Availability of Restricted Shares for Listing and Trading		Conditions of Sale Restrictions
			Time available for trading	Number of new shares available for listing and trading	
1	2019 Restricted Share Incentive Scheme Incentive Recipients	8,575,180	18 January 2021	3,703,200	Please refer to the Company's interim announcement (Announcement No. 2019-085) for details
2	2020 Restricted Share Incentive Scheme Incentive Recipients	8,081,460			Please refer to the Company's interim announcement (Announcement No. 2020-095) for details
Description of the above shareholders' connectedness or acting in concert		None			

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	Wang Xicheng, Head of Unit or Legal Representative
Date of Establishment	17/03/1993
Main Businesses	Manufacturing of rims, pumps for agricultural industry, transformers and motors; cultivation and planting of forest trees; processing and sales of gold and silver products; import and export of goods and technology, automobile maintenance, power generation and heating; accommodation; catering; information and consultation on second-hand house transactions; wholesale and retail of automobile parts, coal (excluding civil bulk coal), steel, daily-use department stores, hardware and electricity, engineering building materials, heating supporting materials; locks, pressure vessels Manufacturing; customs clearance and inspection; medical services; comprehensive sports and entertainment. (Projects subject to approval in accordance with the law may be carried out only after approval by the relevant authorities)

Shareholdings in other domestic and overseas listed companies held and participated in during the reporting period

Not applicable

Other information notes

None

2 Natural persons

☐ applicable ☒ not applicable

3 Special Note on the Absence of a Controlling Shareholder in the Company

☐ applicable ☒ not applicable

4 Explanation of 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

Note: Based on its confidence in the future development and recognition of the value of the Company, as well as to maintain the stability of the share price and the interests of shareholders, Linglong Group, the controlling shareholder, will increase its shareholding in the Company through the trading system of Shanghai Stock Exchange with its own funds or self-financing within 6 months from and including 18 March 2022, for an aggregate amount of not less than RMB150 million and not more than RMB200 million. As of now

Prior to the date of this announcement, Linglong Group had increased its shareholding in the Company by 3,739,900 shares through the centralized bidding trading system of Shanghai Stock Exchange, accounting for 0.25% of the current total share capital of the Company, and the cumulative amount of the increase had exceeded 50% of the lower limit of the planned increase.

The Company has successfully issued 112,121,212 shares of RMB ordinary shares (A shares) in a non-public offering, as approved by the China Securities Regulatory Commission's Approval of the Non-public Offering of Shares of Shandong Linglong Tire Co. Shanghai Branch. Upon completion of the registration of the additional shares in the Issue, the total share capital of the Company became 1,484,246,913 shares. In summary, the controlling shareholder, Linglong Group, currently holds 586,884,791 shares of the Company, representing a 39.54% shareholding ratio; Yingcheng Trading Company Limited holds 201,400,000 shares of the Company, representing a 13.57% shareholding ratio.

(ii) Information on the beneficial owner

1 Legal persons

☐ applicable ☒ not applicable

2 Natural persons

☒ Applicable ☐ Not applicable

Name	Wang Xicheng
Nationality	China
Whether you have acquired the right of abode in another country or territory	No
Main occupation and position	Chairman of Linglong Group
Domestic and foreign listed companies in which it had a controlling interest in the past 10 years	None
Name	Zhang Guangying
Nationality	China

Whether you have acquired the right of abode in another country or territory	No
Main occupation and position	President of Linglong Group Trade Union
Domestic and foreign listed companies in which it had a controlling interest in the past 10 years	None
Name	Wang Feng
Nationality	China

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Whether you have acquired the right of abode in another country or territory	No
Main occupation and position	Vice Chairman of Linglong Group
Domestic and foreign listed companies in which it had a controlling interest in the past 10 years	None
Name	Wang Lin
Nationality	China
Whether you have acquired the right of abode in another country or territory	No
Main occupation and position	President of Linglong Group
Domestic and foreign listed companies in which it had a controlling interest in the past 10 years	None

3 Special note on the absence of a beneficial owner of the company

☐ applicable ☒ not applicable

4 Description of the change of 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 beneficial owner

☒ 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 de facto controllers

☒ Applicable ☐ Not

applicable 1.

Increase in

shareholding by

controlling

shareholders

On 17 March 2022, the Company received a notice from Linglong Group, the controlling shareholder, that Linglong Group plans to increase its shareholding in the Company through the system of Shanghai Stock Exchange with its own funds or self-financing within 6 months from 18 March 2022, with an accumulative amount of not less than RMB150 million and not more than RMB200 million. For details, please refer to the Company's website on the Shanghai Stock Exchange on 18 March 2022

(www.sse.com.cn) disclosed by Shandong Linglong Tire Co., Ltd. regarding the controlling shareholder's plan to increase its shareholding in the company (Announcement No. 2022-012).

From March 18, 2022 to March 23, 2022, Linglong Group held an aggregate of 3,431,300 additional shares of the Company through the centralized bidding trading system of the Shanghai Stock Exchange, accounting for the total share capital of the Company 0.25%, the cumulative amount of the increase has exceeded 50% of the lower limit of the planned increase amount range. For details, please refer to the "Progress Announcement of Shandong Linglong Tire Company Limited on the Controlling Shareholder's Increase in Shareholding in the Company" disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on 18 March 2022 (Announcement No:

(2022-013).

The plan to increase the shareholding has not yet been implemented.

5. The controlling shareholder or the largest shareholder of the Company and its concert

parties have pledged a total of 80% or more of the shares held by them in the Company

☐ applicable ☒ not applicable

VI. Other corporate shareholders holding at least ten per cent of the shares

☐ applicable ☒ not applicable

VII. Description of restrictions on shareholding reduction

☐ applicable ☒ not applicable

VIII. Specific implementation of share buybacks in the reporting period

☐ applicable ☒ not applicable

Section 8 Preference shares related information

☐ applicable ☒ not applicable

Section 9: Bond-related information

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

☐ applicable ☒ not applicable

II. Status of convertible corporate bonds

Section X

Financial

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☒ Applicable ☐ Not applicable

All shareholders of Shandong Linglong

Tyre Company Limited: I. Audit opinion

(i) The content of our audit

We have audited the financial statements of Shandong Linglong Tire Company Limited (hereinafter referred to as "Linglong Tire Company"), which comprise the consolidated and company balance sheets as at 31 December 2021, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders' equity for the year 2021, and Notes to the Financial Statements.

(ii) Our views

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and corporate financial position of Linglong Tire Company as at December 31, 2021 and the consolidated and corporate results of operations and cash flows for the year 2021, prepared in accordance with the provisions of the ASBE.

ii. basis for forming an audit opinion

We conducted our audit in accordance with PRC generally accepted auditing standards. Our responsibilities under these standards are further described in the section of our audit report entitled "The CPA's Responsibility for the Audit of the Financial Statements". We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We are independent of Linglong Tire Company and have fulfilled our other responsibilities in respect

of professional ethics in accordance with the Code of Professional Ethics for Certified Public

Accountants in the PRC. iii. key audit matters

Key audit matters are those matters that, in our professional judgement, we consider to be most significant to the audit of the financial statements for the period. These matters are addressed in the context of the audit of the financial statements as a whole and the formation of an audit opinion, and we do not express an opinion on these matters individually.

The key audit matters identified in our audit are

summarised as follows: (i) Estimation of

provision for bad debts on accounts receivable

(ii) Estimation of provision for decline in value of inventories

Key audit matters	How we address key audit matters in our audits
(i) Estimation of bad debt provision for accounts receivable Refer to Note II(28)(a) to the financial statements for significant accounting estimates and judgments and Note IV(4) to the financial statements for accounts receivable. At December 31, 2021, the original value of accounts receivable in Linglong Tire's consolidated financial statements was \$3,225,407,215 and a provision for bad debts of \$164,106,452 had been made. Management has made a provision of \$164,106,452 through default risk exposure and expected credit throughout the life of the	The audit procedures we performed included: ? obtaining an understanding of and testing management's internal controls over the review, assessment and determination of the allowance for bad debts in respect of accounts receivable; ? obtaining management's expected credit loss model, validating the underlying data used by management and checking the accuracy of its historical credit loss ratio calculations;

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<p>Loss ratios are used to calculate expected credit losses on standardized basis and to determine expected credit loss rates based on probability of default and loss given default rates. In determining expected credit loss rates, management uses data such as historical credit loss experience and adjusts historical data for current conditions and forward-looking information. In considering historical credit loss experience, management takes into account information such as the debtor's credit history, operating conditions, repayment ability and the age of accounts receivable. In considering forward-looking information, management uses indicators such as gross domestic product and the consumer price index. A separate provision for bad debts is made when objective evidence exists that amounts will not be collected in accordance with the original terms of the receivables. When information on expected credit losses cannot be assessed at a reasonable cost for individual receivables, management divides the receivables into portfolios based on credit risk characteristics and calculates expected credit losses on a portfolio basis. We identified the estimate of the allowance for bad debts for accounts receivable as a key audit matter due to the materiality of the amount of accounts receivable and the significant estimates made by management in determining the allowance for bad debts for accounts receivable.</p>	<p>examined macroeconomic and industry analysis information and assessed the reasonableness of indicators such as GDP and CPI used by management in considering forward-looking information; ? For accounts receivable for which bad debt provision is made individually, we asked management and examined relevant supporting evidence, including the customer's historical repayment history, operating conditions, post-period repayments and forecasts of future economic conditions, to assess the reasonableness of management's bad debt provision; ? For accounts receivable for which provision for bad debts is made based on a combination of credit risk characteristics, we assessed the reasonableness of management's classification of credit risk combinations and the expected credit loss rate for each credit risk combination based on the nature of the business and the historical transactions of the counterparties, and conducted a side-by-side comparison with listed companies in the same industry to assess the reasonableness of management's provisioning ratio for bad debts and to measure the accuracy of the bad debt provision calculation. Based on the audit procedures performed, the evidence we obtained was able to support management's estimate of the provision for bad debts for accounts receivable.</p>
<p>Key audit matters</p>	<p>How we address key audit matters in our audits</p>
<p>(ii) Estimation of provision for decline in value of inventories Refer to Note II(28)(b) to the financial statements for significant accounting estimates and judgments and Note IV(8) to the financial statements for inventories. At December 31, 2021, the carrying amount of inventories in the consolidated financial statements of Linglong Tire Company was \$4,697,974,358 and the provision for decline in value of inventories was \$163,518,229. Inventories are measured at the lower of cost or net realizable value. Provision for decline in value of inventories is made for the difference between the cost of inventories and their net realisable value. Management's estimates of the net realizable value of inventories are based on a combination of the ageing of inventories, the existence of doubtful or damaged inventories, the</p>	<p>The audit procedures we performed included: ? obtaining an understanding of and testing management's internal control over the assessment and determination of the provision for inventory declines; ? selecting a sample to test the accuracy of the inventory ageing schedule prepared by management; ? Obtained a list of inventory identified by management as doubtful or damaged and checked whether doubtful or damaged inventory was properly identified in conjunction with inventory monitoring procedures and by taking samples to check the date of manufacture of products; ? Obtain a schedule of inventory impairment calculations, check the accuracy of the calculations and evaluate the significant estimates involved in management's calculation of the net realisable value of inventories, including:</p>
<p>The estimated selling price of inventories and the estimated costs to be incurred to completion, selling expenses and related taxes. Due to the materiality of the inventory amounts and the significant estimates made by management in determining the provision for inventory declines, we classify inventory</p>	<p>- a sample of post-period selling prices of inventories and recent selling prices close to the balance sheet date are examined and compared with management's estimated selling prices</p>

The estimate of the provision for decline in value was determined to be a key audit matter.

analyse historical data on the cost of expenses for similar inventories; - analyse management's estimate of estimated selling expenses and related taxes as a percentage of sales revenue against the Company's historical data on the percentage of similar inventories. Based on the audit procedures performed, we obtained evidence to support management's estimate of the provision for inventory markdowns.

IV. Additional Information

The management of Linglong Tyre Company is responsible for other information. Other information includes information covered in Linglong Tyre Company's 2021 Annual Report but excludes the financial statements and our auditor's report. Our audit opinion on the financial statements does not cover the other information and we do not express any form of assurance on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with, or appears to be materially misstated in, the financial statements or the circumstances of which we become aware during the course of our audit. Based on the work we have performed, if we determine that the other information is materially misstated, we should report that fact. We have no matters to report in this regard.

V. Management's and the Audit Committee's responsibilities for the financial statements

The management of Linglong Tyre 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 the going concern of Linglong Tyre Company, disclosing matters related to going concern, if applicable, and applying the going concern assumptions, unless management plans to liquidate Linglong Tyre Company, discontinue operations or has no other realistic alternative.

The Audit Committee is responsible for overseeing

the financial reporting process of Linglong Tyre

Company. VI. Responsibilities of the Certified Public

Accountant for the audit of the financial statements

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

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

(i) Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error; designing and performing audit procedures to address those risks, and obtaining sufficient appropriate audit evidence as a basis for an audit opinion. The risk of failure to detect a material misstatement due to fraud is higher than the risk of failure to detect a material misstatement due to error because fraud may involve collusion, forgery, intentional omissions, misrepresentation or override of internal control.

(ii) understanding of internal controls relevant to the audit in order to design appropriate audit procedures.

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

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

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

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

We communicate with the Audit Committee on matters such as the scope, timing and significant audit findings of the planned audit, including communication of internal control weaknesses of concern identified in our audit.

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

From the matters communicated to the Audit Committee, we determined which matters were most significant to the audit of the financial statements for the period and therefore constitute key audit matters. We describe these matters in the audit report, except where laws and regulations prohibit their public disclosure, or in the rare circumstances where we determine that a matter should not be communicated in the audit report if there is a reasonable expectation that the negative consequences of communicating the matter in the audit report outweigh the benefits in the public interest.

PricewaterhouseCoopers Zhongtian Certified Public Accountants (Special General Partner) China? Shanghai 28 April 2022	Certified Public Accountant Certified Public Accountant	Lan Shihong (Project Partner) Qiao Zhouwei
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II. Financial Statements

Consolidated balance sheet as at 31 December 2021 Prepared by:

Shandong Linglong Tyre Company Limited Unit: Yuan Currency: RMB

Linglong Tyre: Shandong Linglong Tyre Company Limited Annual

Report 2021 ([Download Announcement](#))

Projects	Note	31 December 2021	31 December 2020
Current assets:			
Monetary funds	VII.1	2,317,339,039	4,287,095,860
Settlement provisions			
Unwinding of funds			
Financial assets held for trading	VII.2	20,810,538	28,873,251
Derivative financial assets			
Notes receivable	VII.4	206,947,101	
Accounts receivable	VII.5	3,061,300,763	2,750,756,921
Receivables financing	VII.6	232,175,310	912,445,780
Prepayments	VII.7	326,030,267	548,704,806
Premiums receivable			
Sub-insurance receivables			
Provision for reinsurance contracts receivable			
Other receivables	VII.8	28,654,757	40,107,822
Of which: interest receivable	VII.8		7,304,915
Dividend receivable			
Buy-back financial assets			
Inventory	VII.9	4,534,456,129	2,874,553,194
Contract assets			
Assets held for sale			
Non-current assets due within one year	VII.12	11,002,297	
Other current assets	VII.13	804,660,439	458,218,373
Total current assets		11,543,376,640	11,900,756,007
Non-current assets:			
Loan disbursement and advances			
Debt investments			
Other debt investments			
Long-term receivables	VII.16	76,275,491	
Long-term equity investments	VII.17	29,441,228	30,071,496
Investments in other equity instruments	VII.18	400,606,242	308,244,494
Other non-current financial assets	VII.19	217,840,679	87,171,738
Investment properties	VII.20	144,087,091	71,464,870
Fixed assets	VII.21	12,419,500,883	11,813,236,885
Construction in progress	VII.22	5,140,016,319	1,615,839,031
Productive biological assets			
Oil and gas assets			
Right to use assets	VII.25	37,992,802	
Intangible assets	VII.26	900,249,352	768,667,071
Development expenditure			
Goodwill			

Linglong Tyres Shandong Linglong Tire Co., Ltd. Annual Report 2021 (Download PDF)			
Long-term amortised costs	VII.29	2,039,468	1,803,355
Deferred income tax assets	VII.30	449,343,017	306,133,337
Other non-current assets	VII.31	2,778,100,055	2,395,383,628
Total non-current assets		22,595,492,627	17,398,015,905
Total assets		34,138,869,267	29,298,771,912
Current liabilities:			
Short-term borrowings	VII.32	5,831,214,408	1,564,566,522
Borrowing from the Central Bank			
Unwinding of funds			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	VII.35	4,173,179,308	3,307,766,543
Accounts payable	VII.36	2,678,983,867	2,471,280,727
Receipts in advance	VII.37	191,897	
Contractual liabilities	VII.38	344,898,878	662,775,010
Sale of repurchased financial assets			
Deposit-taking and interbank deposits			
Proceeds from agency purchases and sales of securities			
Underwriting of securities			
Payable to employees	VII.39	156,573,882	158,238,452
Taxes payable	VII.40	26,529,989	26,490,212
Other payables	VII.41	2,246,672,034	1,526,049,113
Of which: interest payable			
Dividends payable			
Fees and commissions payable			
Sub-insurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	VII.43	634,209,583	1,361,791,128
Other current liabilities	VII.44	49,655,702	87,203,855
Total current liabilities		16,142,109,548	11,166,161,562
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings	VII.45	718,664,450	1,077,585,481
Bonds payable			
Of which: Preference shares			
Perpetual Debt			
Lease liabilities	VII.47	32,239,924	
Long-term payables	VII.48	205,306,685	
Long-term employee compensation payable			
Projected liabilities			
Deferred income	VII.51	641,267,908	542,825,320

Linglong Tyre: Shandong Linglong Tyre Company Limited Annual

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Deferred income tax liabilities	VII.30	11,043,680	
Other non-current liabilities			
Total non-current liabilities		1,608,522,647	1,620,410,801
Total liabilities		17,750,632,195	12,786,572,363
Owner's equity (or shareholders' equity):			
Paid-in capital (or share capital)	VII.53	1,372,125,701	1,373,512,412
Other equity instruments			
Of which: Preference shares			
Perpetual Debt			
Capital surplus	VII.55	6,836,026,780	6,806,063,606
Less: Treasury shares	VII.56	262,328,854	352,559,822
Other comprehensive income	VII. 57	-404,608,151	-45,505,188
Dedicated reserves			
Surplus reserves	VII.59	516,887,059	505,392,543
General risk allowance			
Unallocated profit	VII.60	8,324,430,977	8,219,436,954
Total owners' equity (or shareholders' equity) attributable to the parent company		16,382,533,512	16,506,340,505
Minority interests		5,703,560	5,859,044
Total owner's equity (or shareholders' equity)		16,388,237,072	16,512,199,549
Total liabilities and owners' equity (or shareholders' equity)		34,138,869,267	29,298,771,912

Head of the Company: Wang Feng Head of Accounting: Li Wei Head of

Accounting Institution: Sun Zaibin Parent Company Balance Sheet 31

December 2021 Prepared by:Shandong Linglong Tyre Co.

Projects	Note	31 December 2021	31 December 2020
Current assets:			
Monetary funds		1,299,475,320	1,495,724,055
Financial assets held for trading			
Derivative financial assets			
Notes receivable		199,698,837	
Accounts receivable	XVII.1	2,928,858,260	2,487,279,121
Receivables financing		315,614,324	1,043,290,705
Prepayments		198,513,825	320,767,433
Other receivables	XVII, 2	4,957,011,173	2,989,249,356
Of which: interest receivable	XVII.2		7,304,915
Dividend receivable	XVII.2	300,000,000	
Inventory		1,624,752,003	1,073,180,543
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		164,579,268	68,442,048

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Total current assets		11,688,503,010	9,477,933,261
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	XVII.3	7,228,103,421	5,609,459,043
Investments in other equity instruments			
Other non-current financial assets		91,164,863	25,606,593
Investment properties		1,758,467	1,932,381
Fixed assets		2,953,043,738	3,251,260,755
Construction in progress		333,820,393	159,943,614
Productive biological assets			
Oil and gas assets			
Right to use assets		10,246,020	
Intangible assets		159,087,158	158,262,544
Development expenditure			
Goodwill			
Long-term amortised costs			
Deferred income tax assets		178,382,301	69,611,242
Other non-current assets		141,383,887	271,195,796
Total non-current assets		11,096,990,248	9,547,271,968
Total assets		22,785,493,258	19,025,205,229
Current liabilities:			
Short-term borrowings		4,643,230,137	1,314,509,439
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		3,801,279,774	2,956,202,033
Accounts payable		1,357,672,515	1,164,100,406
Receipts in advance			
Contractual liabilities		272,219,546	571,731,829
Payable to employees		81,718,536	83,999,587
Taxes payable		6,290,451	10,588,499
Other payables		650,794,727	687,801,864
Of which: interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year		487,605,017	3,024,040
Other current liabilities		33,241,189	76,790,888
Total current liabilities		11,334,051,892	6,868,748,585
Non-current liabilities:			
Long-term borrowings		115,000,000	570,000,000

	Linglong Tyres	Shandong Linglong Tire Co.	2020 Annual Report 2021 (Download (ten))	
Bonds payable				
Of which: Preference shares				
Perpetual Debt				
Lease liabilities		6,480,112		
Long-term payables		573,813,000		391,494,000
Long-term employee compensation payable				
Projected liabilities				
Deferred income		49,599,822		52,261,497
Deferred income tax liabilities				
Other non-current liabilities				
Total non-current liabilities		744,892,934		1,013,755,497
Total liabilities		12,078,944,826		7,882,504,082
Owner's equity (or shareholders' equity):				
Paid-in capital (or share capital)		1,372,125,701		1,373,512,412
Other equity instruments				
Of which: Preference shares				
Perpetual Debt				
Capital surplus		6,977,751,883		6,945,470,767
Less: Treasury shares		262,328,854		352,559,822
Other comprehensive income				
Dedicated reserves				
Surplus reserves		516,887,059		505,392,543
Unallocated profit		2,102,112,643		2,670,885,247
Total owner's equity (or shareholders' equity)		10,706,548,432		11,142,701,147
Total liabilities and owners' equity (or shareholders' equity)		22,785,493,258		19,025,205,229

Head of the Company: Wang Feng Head of Accounting: Li Wei Head of

Accounting Institution: Sun Zaibin Consolidated Income Statement

January to December 2021

Unit:Yuan Currency:RMB

Projects	Note	Year 2021	Year 2020
I. Total operating income	VII.61	18,579,219,822	18,382,721,153
Of which: operating income	VII.61	18,579,219,822	18,382,721,153
Interest income			
Premiums Earned			
Handling fee and commission income			
II. Total operating costs		17,711,057,413	15,984,663,566
Of which: operating costs	VII.61	15,372,263,715	13,672,486,173
Interest expense			
Handling fee and commission expenses			
Surrenders			
Net benefit expenses			

Net withdrawal of insurance liability reserves			
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Linglong Tyre: Shandong Linglong Tyre Company Limited Annual
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Policy Dividend Payments			
Sub-insurance costs			
Taxes and surcharges	VII.62	99,718,959	104,707,393
Selling expenses	VII.63	528,500,635	543,332,966
Overheads	VII.64	642,216,907	508,804,698
R&D costs	VII.65	934,094,671	763,398,433
Finance costs	VII. 66	134,262,526	391,933,903
Of which: interest expense	VII. 66	176,334,587	267,780,087
Interest income	VII. 66	40,202,057	44,598,805
Add: Other gains	VII.67	142,548,511	107,269,516
Investment income (loss is shown as "-")	VII.68	-29,155,218	8,876,631
Of which: gains on investments in associates and joint ventures	VII.68	-630,268	71,496
Gain on derecognition of financial assets measured at amortised cost			
Exchange gains (losses are shown with a "-" sign)			
Gain on net exposure hedge (loss is shown with a "-" sign)			
Gain on changes in fair value (loss is shown by a "-" sign)	VII.70	25,244,336	4,682,636
Credit impairment losses (losses are shown with a "-" sign)	VII.71	-20,545,507	-28,260,453
Impairment losses on assets (losses are shown with a "-" sign)	VII.72	-289,931,017	-168,580,038
Gain on disposal of assets (loss shown as "-")	VII.73	33,927,907	-3,198,205
III. Operating profit (loss is shown by a "-" sign)		730,251,421	2,318,847,674
Add: Non-operating income	VII.74	10,743,890	16,082,964
Less: Non-operating expenses	VII.75	27,125,201	24,120,892
IV. Total profit (total loss is shown with a "-" sign)		713,870,110	2,310,809,746
Less: Income tax expense	VII.76	-74,686,194	90,538,776
V. Net profit (net loss is shown with a "-" sign)		788,556,304	2,220,270,970
(i) Classification by continuity of operations			
1. Net profit from continuing operations (net loss is shown with a "-" sign)		788,556,304	2,220,270,970
2. Net profit from discontinued operations (net loss is shown with a "-" sign)			
(ii) Classification by ownership attribution			
1. Net profit attributable to shareholders of the parent company (net loss is shown with a "-" sign)		788,711,788	2,220,426,409
2. Minority interests in profit or loss (net loss is shown with a "-" sign)		-155,484	-155,439
VI. Other comprehensive income, net of tax	VII.77	-359,102,963	-280,588,349
(i) Other comprehensive income attributable to owners of the parent, net of tax		-359,102,963	-280,588,349
1. Other comprehensive income that cannot be reclassified to profit or loss		-16,398,347	44,214,259
(1) Remeasurement of movements in defined benefit plans			
(2) Other comprehensive income not available for transfer to profit or loss under the equity method			
(3) Changes in fair value of investments in other equity instruments		-16,398,347	44,214,259
(4) Changes in fair value of an enterprise's own credit risk			

2. Other comprehensive income to be reclassified to profit or loss		-342,704,616	-324,802,608
(1) Other comprehensive income available for transfer to profit or loss under the equity method			
(2) Changes in fair value of other debt investments			

Linglong Tyre: Shandong Linglong Tyre Company Limited Annual Report for the year (download announcement)			
(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		-342,704,616	-324,802,608
(7) Others			
(ii) Other comprehensive income attributable to minority shareholders, net of tax			
vii. total comprehensive income		429,453,341	1,939,682,621
(i) Total comprehensive income attributable to owners of the parent		429,608,825	1,939,838,060
(ii) Total comprehensive income attributable to minority shareholders		-155,484	-155,439
VIII. Earnings per share:			
(i) Basic earnings per share (RMB per share)		0.58	1.82
(ii) Diluted earnings per share (RMB/share)		0.58	1.77

Head of Company: Wang Feng Head of Accounting: Li Wei Head of

Accounting Institution: Sun Zaibin Parent Company Income Statement

January to December 2021

Unit:Yuan Currency:RMB

Projects	Note	Year 2021	Year 2020
I. Operating income	XVII.4	14,665,095,924	14,105,036,997
Less: Operating costs	XVII.4	13,290,377,106	12,169,510,903
Taxes and surcharges		44,886,302	61,849,443
Selling expenses		473,747,307	469,113,231
Overheads		281,312,943	233,304,908
R&D costs		523,601,226	476,576,687
Finance costs		135,529,153	224,187,056
Of which: interest expense		147,152,554	202,587,831
Interest income		19,787,701	26,241,477
Add: Other gains		13,684,302	29,427,845
Investment income (loss is shown as "-")	XVII.5	268,952,730	217,514,191
Of which: gains on investments in associates and joint ventures			
Gain on derecognition of financial assets measured at amortised cost			
Gain on net exposure hedge (loss is shown with a "-" sign)			
Gain on changes in fair value (loss is shown by a "-" sign)		-1,441,730	606,593
Credit impairment losses (losses are shown with a "-" sign)		-17,748,311	-26,485,917
Impairment losses on assets (losses are shown with a "-" sign)		-138,810,708	-73,101,849
Gain on disposal of assets (loss shown as "-")		874,803	-1,866,373
II. Operating profit (loss is shown with a "-" sign)		41,152,973	616,589,259
Add: Non-operating income		4,539,355	10,230,245
Less: Non-operating expenses		12,918,595	17,629,972
III. Total profit (total loss is shown with a "-" sign)		32,773,733	609,189,532
Less: Income tax expense		-82,171,428	49,033,414
IV. Net profit (net loss is shown with a "-" sign)		114,945,161	560,156,118

(i) Net profit from continuing operations (net loss is shown with a "-" sign)		114,945,161	560,156,118
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(ii) Net profit from discontinued operations (net loss is shown with a "-" sign)			
v. Other comprehensive income, net of tax			
(i) Other comprehensive income that cannot be reclassified to profit or loss			
1. Remeasurement of movements in defined benefit plans			
2. Other comprehensive income not available for transfer to profit or loss under the equity method			
3. Changes in fair value of investments in other equity instruments			
4. Changes in fair value of the enterprise's own credit risk			
(ii) Other comprehensive income to be reclassified to profit or loss			
1. Other comprehensive income available for transfer to profit or loss under the equity method			
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		114,945,161	560,156,118
VII. Earnings per share:			
(i) Basic earnings per share (RMB per share)			
(ii) Diluted earnings per share (RMB/share)			

Head of the Company: Wang Feng Head of Accounting: Li Wei Head of

Accounting Institution: Sun Zaibin Consolidated Cash Flow Statement

January to December 2021

Unit: Yuan Currency: RMB

Projects	Note	Year 2021	Year 2020
i. Cash flows from operating activities:			
Cash received from sale of goods and provision of services		14,027,822,334	15,328,521,319
Net increase in customer deposits and interbank deposits			
Net increase in borrowings from the Central Bank			
Net increase in funds borrowed from other financial institutions			
Cash received from premiums on original insurance contracts			
Net cash received from reinsurance operations			
Net increase in policyholders' savings and investment funds			
Cash received for interest, fees and commissions			
Net increase in funds on hand			
Net increase in funding for repo operations			
Net cash received from agency purchases and sales of securities			
Tax refunds received		326,881,359	269,117,043
Other cash received in connection with operating activities	VII.78	385,493,969	251,886,757
Subtotal cash inflow from operating activities		14,740,197,662	15,849,525,119
Cash paid for goods purchased, services received		11,635,301,652	9,169,688,914
Net increase in loans and advances to customers			

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Net increase in funds on deposit with central banks and interbank			
Cash payment of original insurance contract benefits			
Net increase in funds taken out			
Cash paid for interest, fees and commissions			
Cash paid as policy dividends			
Cash paid to and for employees		1,734,954,853	1,484,587,510
Various taxes and fees paid		375,631,064	396,943,014
Other cash paid in connection with operating activities	VII.78	504,326,034	506,684,650
Subtotal cash outflow from operating activities		14,250,213,603	11,557,904,088
Net cash flows from operating activities		489,984,059	4,291,621,031
ii. Cash flows from investing activities:			
Cash received from recovery of investments		21,792,517	100,766,596
Cash received from acquisition of investment income		1,805,554	
Net cash recovered from disposal of fixed assets, intangible assets and other long-lived assets		105,263,381	23,116,897
Net cash received on disposal of subsidiaries and other operating units			
Other cash received in connection with investing activities	VII.78	37,050,350	66,391,257
Subtotal cash inflow from investing activities		165,911,802	190,274,750
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets		4,888,915,833	2,449,260,189
Cash paid for investments		221,000,000	88,543,935
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other operating units			
Other cash paid in relation to investing activities	VII.78	53,800,000	60,027,603
Subtotal cash outflow from investing activities		5,163,715,833	2,597,831,727
Net cash flows from investing activities		-4,997,804,031	-2,407,556,977
III. Cash flows from financing activities:			
Cash received from absorption of investments			1,978,617,490
Of which: Cash received from absorption of investment from minority shareholders in subsidiaries			
Cash received for obtaining loans		8,415,603,532	5,199,610,003
Other cash received in connection with financing activities	VII.78	384,358,977	162,282,151
Subtotal cash inflow from financing activities		8,799,962,509	7,340,509,644
Cash paid for debt repayment		5,212,990,454	7,895,563,490
Cash paid for distribution of dividends, profits or repayment of interest		802,844,038	715,411,143
Of which: dividends and profits paid by subsidiaries to minority shareholders			
Other cash paid in relation to financing activities	VII.78	9,293,374	9,970,292
Subtotal cash outflow from financing activities		6,025,127,866	8,620,944,925
Net cash flows from financing activities		2,774,834,643	-1,280,435,281
iv. impact of changes in exchange rates on cash and cash equivalents		-277,420,456	-66,552,114
v. Net increase in cash and cash equivalents		-2,010,405,785	537,076,659
Add: Opening balance of cash and cash equivalents		3,799,214,557	3,262,137,898

VI. Cash and cash equivalents balances at the end of the period		1,788,808,772	3,799,214,557
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Head of the Company: Wang Feng Head of Accounting: Li Wei Head of

Accounting Institution: Sun Zaibin Parent Company Cash Flow

Statement January to December 2021

Unit:Yuan Currency:RMB

Projects	Note	Year 2021	Year 2020
i. Cash flows from operating activities:			
Cash received from sale of goods and provision of services		11,695,071,008	11,704,168,775
Tax refunds received		196,810,875	93,548,889
Other cash received in connection with operating activities		99,557,736	118,420,239
Subtotal cash inflow from operating activities		11,991,439,619	11,916,137,903
Cash paid for goods purchased, services received		10,779,868,128	8,086,034,690
Cash paid to and for employees		910,998,706	808,775,819
Various taxes and fees paid		250,479,498	218,266,179
Other cash paid in connection with operating activities		441,615,732	487,213,226
Subtotal cash outflow from operating activities		12,382,962,064	9,600,289,914
Net cash flows from operating activities		-391,522,445	2,315,847,989
ii. Cash flows from investing activities:			
Cash received from recovery of investments			
Cash received from acquisition of investment income			440,000,000
Net cash recovered from disposal of fixed assets, intangible assets and other long-lived assets		22,383,078	25,076,646
Net cash received on disposal of subsidiaries and other operating units			
Other cash received in connection with investing activities		2,033,863,835	145,324,108
Subtotal cash inflow from investing activities		2,056,246,913	610,400,754
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets		248,283,548	294,571,330
Cash paid for investments		1,661,845,751	1,408,896,000
Net cash paid for acquisition of subsidiaries and other operating units			
Other cash paid in relation to investing activities		1,621,881,447	943,819,884
Subtotal cash outflow from investing activities		3,532,010,746	2,647,287,214
Net cash flows from investing activities		-1,475,763,833	-2,036,886,460
III. Cash flows from financing activities:			
Cash received from absorption of investments			1,978,617,490
Cash received for obtaining loans		5,796,394,680	4,712,908,594
Other cash received in connection with financing activities		251,075,800	154,497,700
Subtotal cash inflow from financing activities		6,047,470,480	6,846,023,784
Cash paid for debt repayment		3,537,027,298	6,571,185,637
Cash paid for distribution of dividends, profits or repayment of interest		792,129,669	648,025,687
Other cash paid in relation to financing activities		5,476,615	9,970,292
Subtotal cash outflow from financing activities		4,334,633,582	7,229,181,616
Net cash flows from financing activities		1,712,836,898	-383,157,832
iv. impact of changes in exchange rates on cash and cash equivalents		-19,906,088	-29,705,323

v. Net increase in cash and cash equivalents	Linglong Tyre: Shandong Linglong Tyre Company Limited Annual Report 2021 (Download Announcement)	-133,901,626
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Add: Opening balance of cash and cash equivalents		973,081,134	1,106,982,760
VI. Cash and cash equivalents balances at the end of the period		798,725,666	973,081,134

Head of the Company: Wang Feng Head of Accounting: Li Wei Head of

Accounting Institution: Sun Zaibin Consolidated Statement of Changes

in Owners' Equity

January - December 2021

Unit:Yuan Currency:RMB

Projects	Year 2021													
	Equity attributable to owners of the parent												Minority interests	
	Paid-in capital (or share capital)	Other equity instruments			Capital surplus	Less: Treasury shares	Other comprehensive income	Dedicated reserves	Surplus reserves	- General risk allowance	Unallocated profit	Other		Subtotal
		Preferred shares	Perpetual Debentures	Other										
I. Balance at the end of the previous year	1,373,512,412				6,806,063,606	352,559,822	-45,505,188		505,392,543		8,219,436,954		16,506,340,505	5,859,044
Add: Change in accounting policy														
Correction of prior period errors														
Business combinations under common control														
Other														
II. Opening balance for the year	1,373,512,412				6,806,063,606	352,559,822	-45,505,188		505,392,543		8,219,436,954		16,506,340,505	5,859,044
III. Amount of increase or decrease during the period (Reduction (Listed with a "-" sign)	-1,386,711				29,963,174	-90,230,968	-359,102,963		11,494,516		104,994,023		-123,806,993	-155,484
(i) Total comprehensive							-359,102,963				788,711,788		429,608,825	-155,484

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sive income														
(ii) Owner input and reduction of capital	-1,386,711				29,963,174	-81,889,992							110,466,455	
1. Ordinary shares invested by owners	-1,020,951				-15,783,902	-16,804,853								
<div> <div></div> <div></div> </div>														
2. Capital contributions from holders of other equity instruments														
3. Amounts charged to owners' equity for share-based payments					51,401,726	-59,362,296						110,764,022		110,764,022
4. Other	-365,760				-5,654,650	-5,722,843						-297,567		-297,567
(iii) Distribution of profits						-8,340,976		11,494,516	-683,717,765		-663,882,273			-663,882,273

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Report 2021 ([Download Announcement](#))

(vi)

Others

IV. The present

End of period 1,372,125,701 6,836,026,780 262,328,854 -404,608,151 516,887,059 8,324,430,977 16,382,533,512 5,703,560 16,388,237,072

Balance

Year 2020

Equity attributable to owners of the parent

Other equity instruments

Projects

Paid-in capital (or
Surplus reserves
reserves

First Continued Other
Shares Debt

Capital surplus

Less: Treasury shares
Undistributed profit
insurance

Special
item
Other comprehensive income
Subtotal equity)
other

Preparation

I

General
wind

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Preparation

its

I. Prior year

1,200,014,046

270,495,883 2 ,665,733,964 362,128,834 235,083,161

449,376,931

6,566,971,672

11,025,546,823

Ending balance

Add:

Change in

accounting

policy

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Correction of prior period errors												
Business combinations under common control												
Other												
II. Opening balance for the year	1,200,014,046		270,495,883	2,665,733,964	362,128,834	235,083,161	449,376,931	6,566,971,672	11,025,546,823			
III. Amount of increase or decrease during the period (Reduction (Listed with a "-" sign))	173,498,366		-270,495,883	4,140,329,642	-9,569,012	-280,588,349	56,015,612	1,652,465,282	5,480,793,682			
(i) Total comprehensive income						-280,588,349		2,220,426,409	1,939,838,060			
(ii) Owner input and reduction of capital	173,498,366		-270,495,883	4,140,329,642	-4,062,002				4,047,394,127			
1. Ordinary shares invested by owners	63,798,000			1,914,819,490					1,978,617,490			

2. Capital contributions from holders of other equity instruments	109,953,766		-270,495,883	2,115,650,007						1,955,107,890		1,955,107,890
3. Amounts charged to owners' equity for share-based payments				113,777,709						113,777,709		113,777,709
4. Other	-253,400			-3,917,564	-4,062,002					-108,962		-108,962
(iii) Distribution of profits					-5,507,010		56,015,612	-567,961,127	-506,438,505			-506,438,505
1. Withdrawal of surplus reserves							56,015,612	-56,015,612				
2. Provision for general risks												
3. Distribution to					-5,507,010			-511,945,515	-506,438,505			-506,438,505

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Capital (or share capital)															
3. Surplus reserves to cover deficits															
4. Transfer of retained earnings from changes in defined benefit plans															
5. Transfer from other compreh ensive income to retained earnings															
6. Other															
(v) Specia l reserve s															
1. Withdr awals during the period															
2. Used in the current period															
(vi) Others															
IV. Closin g balanc e for the period	1,373,512,412		6,806,063,606	352,559,822	-45,505,188	505,392,543	8,219,436,954	16,506,340,505	5,859,044	16,512,199,549					

Head of the Company: Wang Feng Head of Accounting: Li Wei Head of

Accounting Institution: Sun Zaibin Statement of Changes in Owners'

Equity of the Parent Company

January - December 2021

Unit:Yuan Currency:RMB

Projects	Year 2021										
	Paid-in capital (or share capital)	Other equity instruments			Capital surplus	Less: Treasury shares	Other comprehensive income	Dedicated reserves	Surplus reserves	Unallocated profit	Total Owner's Equity
		Preference shares	Perpetual Debt	Other							
I. Balance at the end of the previous year	1,373,512,412				6,945,470,767	352,559,822			505,392,543	2,670,885,247	11,142,701,147
Add: Change in accounting policy											
Correction of prior period errors											
Other											
II. Opening balance for the year	1,373,512,412				6,945,470,767	352,559,822			505,392,543	2,670,885,247	11,142,701,147
III. Amount of increase or decrease during the period (Decrease is	-1,386,711				32,281,116	-90,230,968			11,494,516	-568,772,604	-436,152,715

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1. Ordinary shares invested by owners	-1,020,951				-15,783,902	-16,804,853					
2. Capital contributions from holders of other equity instruments											
3. Amounts charged to owners' equity for share-based payments					53,719,668	-59,362,296					113,081,964
4. Other	-365,760				-5,654,650	-5,722,843					-297,567
(iii) Distribution of profits						-8,340,976			11,494,516	-683,717,765	-663,882,273
1. Withdrawal of surplus reserves									11,494,516	-11,494,516	
2. Distribution to owners (or shareholders)						-8,340,976				-672,223,249	-663,882,273
3. Other											
(iv) Internal carryforward of owners' equity											
1. Capitalisation of capital surplus (or share capital)											
2. Transfer of surplus to capital (or share capital)											
3. Surplus reserves to cover deficits											
4. Transfer of retained earnings from changes in defined benefit plans											
5. Transfer from other comprehensive income to retained earnings											
6. Other											
(v) Special reserves											
1. Withdrawals during the period											
2. Used in the current period											
(vi) Others											
IV. Closing balance for the period	1,372,125,701				6,977,751,883	262,328,854			516,887,059	2,102,112,643	10,706,548,432

Projects	Year 2020										
	Paid-in capital (or share capital)	Other equity instruments			Capital surplus	Less: Treasury shares	Other comprehensive income	Deferred income	Surplus reserves	Unallocated profit	Total Owner's Equity
		Preference shares	Perpetual Debt	Other							

							income	reserves			
I. Balance at the end of the previous year	1,200,014,046			270,495,883	2,809,537,505	362,128,834			449,376,931	2,678,690,256	7,045,985,787
Add: Change in accounting policy											
Correction of prior period errors											
Other											
II. Opening balance for the year	1,200,014,046			270,495,883	2,809,537,505	362,128,834			449,376,931	2,678,690,256	7,045,985,787
III. Amounts of increase or decrease during the period (decrease is shown by "-")	173,498,366			-270,495,883	4,135,933,262	-9,569,012			56,015,612	-7,805,009	4,096,715,360
(i) Total comprehensive income										560,156,118	560,156,118
(ii) Owner input and reduction of capital	173,498,366			-270,495,883	4,135,933,262	-4,062,002					4,042,997,747

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1. Ordinary shares invested by owners	63,798,000				1,914,819,490						1,978,617,490
2. Capital contributions from holders of other equity instruments	109,953,766			-270,495,883	2,115,650,007						1,955,107,890
3. Amounts charged to owners' equity for share-based payments					109,381,329						109,381,329
4. Other	-253,400				-3,917,564	-4,062,002					-108,962
(iii) Distribution of profits						-5,507,010			56,015,612	-567,961,127	-506,438,505
1. Withdrawal of surplus reserves									56,015,612	-56,015,612	
2. Distribution to owners (or shareholders)						-5,507,010				-511,945,515	-506,438,505
3. Other											
(iv) Internal carryforward of owners' equity											
1. Capitalisation of capital surplus (or share capital)											
2. Transfer of surplus to capital (or share capital)											
3. Surplus reserves to cover deficits											
4. Transfer of retained earnings from changes in defined benefit plans											
5. Transfer from other comprehensive income to retained earnings											
6. Other											
(v) Special reserves											
1. Withdrawals during the period											
2. Used in the current period											
(vi) Others											
IV. Closing balance for the period	1,373,512,412				6,945,470,767	352,559,822			505,392,543	2,670,885,247	11,142,701,147

Head of the Company: Wang Feng Head of Accounting: Li Wei Head of

Accounting Institution: Sun Zaibin III.

1. Company profile

☒ Applicable ☐ Not applicable

(hereinafter referred to as **"the Company"**) **was** formerly known as Zhaoyuan Leo Rubber Products Company Limited, a Sino-foreign joint venture established by Yantai Tire Factory and Leo Hong Kong Limited (hereinafter referred to as **"Leo Hong Kong"**) on 6 June 1994 in Zhaoyuan City, Shandong Province, People's Republic of China. In January 1995, Hong Kong Leo transferred its 40% equity interest in the Company to Hong Kong New Energy Chemical Group Ltd. (hereinafter referred to as **"New Energy Chemical"**); in August 1995, Yantai Tire Factory and New Energy Chemical increased their capital in kind to the Company respectively, and the registered capital of the Company was US\$10,920,000 after the capital increase; In June 2001, the equity interests in the Company held by Yantai Tire Factory were inherited by the restructured Shandong Linglong Rubber Company Limited (renamed as Linglong Group Company Limited in 2009, hereinafter referred to as **"Linglong Group Company"**); in January 2007, with the approval of Yantai Foreign Trade and Economic Cooperation Bureau, New Energy Chemical transferred its 25% equity interests in the Company to Hong Kong (hereinafter referred to as **"Huacheng Trading"**); in December 2007, Huacheng Trading transferred its 25% equity interest in the Company to Hong Kong Yingcheng Trading Company Limited (hereinafter referred to as **"Yingcheng Trading"**); in August 2008, Huacheng Trading transferred its 25% equity interest in the Company to Hong Kong Yingcheng Trading Company Limited (hereinafter referred to as "Yingcheng Trading"). "In August 2008, the Company increased its paid-in capital by transferring part of its undistributed profit of RMB351,405,000 (equivalent to US\$51,300,000), after which the registered capital of the Company was changed to US\$62,220,000, with Linglong Group Company and Yingcheng Trading holding 75% and 25% equity interests respectively. In March 2009, the Company changed its name to Shandong Linglong Tyre Co.

According to the capital increase agreement dated 31 December 2009, the Company increased its registered capital by US\$15,014,359 (equivalent to RMB102,504,966), with the new registered capital being contributed by Kijimao Limited, Ying Ming Limited, Fenglong Group Limited, Hong Shi Investment Limited, Wenzhou Zhicheng Dongyuan Investment Center, Suzhou Yuanfeng Venture Capital Limited, Zhejiang Kunyuan Investment Consulting Co. After the completion of the subscription in February 2010, the registered capital of the Company became

It was changed to US\$77,234,359, of which: Linglong Group Company holds 60.42% of the Company's equity, Yingcheng Trading holds 20.14% of the Company's equity and Kijimao Limited and 10 other shareholders hold 19.44% of the Company's equity.

According to the promoters' agreement signed in May 2010 and the overall change plan approved by the Board of Directors and the shareholders' meeting, a total of 12 shareholders, including Linglong Group Company, Yingcheng Trading and Kijimao Company Limited, the promoters of the Company, adopted the method of initiation and establishment to change the original company as a whole into a joint stock limited company with a total share capital of RMB1,000,000,000 in accordance with the law, and on 28 June 2010, received the On 28 June 2010, the Company received the Business Licence for Enterprise Legal Person No. 370600400002377 issued by Shandong Administration for Industry and Commerce, with its registered office and headquarter in Zhaoyuan City, Shandong Province, the People's Republic of China. The parent company of the Company is Linglong Group Company and the de facto controller is the Wang Xicheng family.

Pursuant to the approval of the approval of the initial public offering of shares of Shandong Linglong Tire Company Limited issued by the China Securities Regulatory Commission on 30 May 2016, the Company was permitted to issue 200,000,000 ordinary shares of RMB to the public. The Company was listed and traded on the Shanghai Stock Exchange on 6 July 2016 and the total share capital was changed to RMB1,200,000,000.

Pursuant to the approval of the "Approval of the public issue of convertible bonds by Shandong Linglong Tire Company Limited" issued by the China Securities Regulatory Commission on 30 November 2017, the Company issued 20,000,000 ordinary convertible bonds with a face value of RMB100 per bond in March 2018. The total amount of the bonds issued was RMB2,000,000,000. As at 31 December 2020, the Company's convertible bonds had been fully converted or redeemed, with a total of 109,967,812 shares converted.

Pursuant to the "Proposal on the repurchase of shares by the Company by way of centralised competitive bidding transactions", which was considered and approved by the Board of Directors at its meeting on 17 January 2019, the Group repurchased part of its A shares of the public for the purpose of share incentive. As at 31 December 2019, the Group had repurchased a total of 21,999,951 shares for an amount of RMB362,128,834. Pursuant to the "Proposal on the Grant of Restricted Shares to Incentive Recipients under the 2019 Restricted Share Incentive Scheme", which was considered and approved by the Board of Directors of the Company at its meeting on 2 January 2020, the Company granted 12,807,000 restricted shares to eligible employees. According to the "Proposal on the Repurchase and Cancellation of Restricted Shares Granted to Some of the Incentive Subjects but Not Yet Released from Restriction of Sale" adopted by the Board of Directors of the Company at its meeting held on 11 August 2020, the Company repurchased and cancelled a total of 253,400 restricted shares granted to 35 employees who did not meet 100% of the conditions for the release of restricted shares for the current period but not yet released from restriction of sale, reducing the share capital by RMB253,400.

Pursuant to the approval of the approval of the issuance of additional shares by Shandong Linglong Tire Co., Ltd. issued by the China Securities Regulatory Commission on 16 October 2020, the Company was permitted to issue up to 100,000,000 RMB ordinary shares to domestic investors in the PRC. The Company actually issued 63,798,000 shares at an issue price of RMB31.21 per share.

On 26 August 2021 and 13 September 2021, the Company held the Twenty-sixth Meeting of the Fourth Session of the Board of Directors and the Fourth Extraordinary General Meeting of Shareholders in 2021 respectively, and considered and passed the "Proposal on Adjusting the Use of Repurchased Shares and Cancellation". Based on the Company's future development strategy and taking into account the Company's financial and operational conditions, the Company adjusted the use of the repurchased shares from "for the purpose of employee share incentive" to "for cancellation to reduce the registered capital" and cancelled 1,020,951 shares in the special securities account for the repurchase, reducing the share capital by RMB1,020,951.

On 26 August 2021, the Company held the Twenty-sixth Meeting of the Fourth Session of the Board of Directors and the Twenty-third Meeting of the Fourth Session of the Supervisory Committee to consider and approve the Proposal on the Repurchase and Cancellation of Restricted Shares Awarded but Not Yet Released by Some Incentives, to repurchase and cancel the awarded but not yet released restricted shares held by 56 employees who did not meet 100% of the conditions for the release of the current period of restricted shares under the 2019 Restricted Share Incentive Plan, and to reduce the share capital by RMB275,220. The total number of 275,220 restricted shares held by 56 employees under the Restricted Share Incentive Scheme in 2019 who did not meet 100% of the conditions for the release of the current period of restricted shares was repurchased and cancelled, reducing the share capital by RMB275,220; the total number of 90,540 restricted shares held by 66 employees under the Restricted Share Incentive Scheme in 2020 who did not meet 100% of the conditions for the release of the current period of restricted shares was repurchased and cancelled, reducing the share capital by RMB90,540. As at 31 December 2021, the total share capital of the Company was 1,372,125,701 shares with a par value of RMB1 each.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the manufacture and sale of tyres, rubber products, rubber machinery and other equipment. These financial statements were approved by the Board of Directors of the Company on 28 April 2022.

2. Scope of the Consolidated Financial Statements

√Applicable □ Not applicable

The new subsidiaries included in the scope of consolidation during the year were Shaanxi Linglong Tire Co., Ltd, Yantai Linglong Tire Co., Ltd and Anhui Linglong Tire Co. The subsidiaries within the scope of the consolidated financial statements of the Company are as follows:

Serial number	Company name	Type of subsidiary	Shareholding (%)
1	Guangxi Linglong Tire Co.	Wholly owned subsidiary	100
2	hong kong tian shing investment & trading limited	Wholly owned subsidiary	100
3	Beijing Linglong Tyre Co.	Wholly owned subsidiary	100
4	Dezhou Linglong Tyre Co.	Wholly owned subsidiary	100
5	LLIT(THAILAND)CO.,LTD.	Wholly owned subsidiary	100
6	Linglong Americas Inc.	Wholly owned subsidiary	100
7	Shandong Linglong Electromechanical Co.	Wholly owned subsidiary	100
8	Hong Kong Kelly Limited	Wholly owned subsidiary	100
9	Qingdao Yakai Logistics Co.	Holding Subsidiaries	90
10	Shandong Atlas Rubber Technology Co.	Wholly owned subsidiary	100
11	Linglong Tire (Shanghai) Co.	Wholly owned subsidiary	100

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12	Shandong Linglong Rubber Technology Co.	Wholly owned subsidiary	100
13	LING LONG MEXICO, S A. DE C.V.	Wholly owned subsidiary	100
14	Linglong Netherlands B.V.	Wholly owned subsidiary	100
15	Beijing Tianchengdi Kun Culture and Sports Development Co.	Wholly owned subsidiary	100
16	KELLY (SINGAPORE) NVESTMENT & TRADING PTE. LTD.	Wholly owned subsidiary	100
17	Beijing Linglong Dandelion Technology Development Co.	Wholly owned subsidiary	100
18	Hubei Linglong Tyre Co.	Wholly owned subsidiary	100
19	Shandong Atlas Intelligent Technology Co.	Wholly owned subsidiary	100
20	Linglong Germany GmbH, Hannover	Wholly owned subsidiary	100
21	Linglong International Europe d.o.o. Zrenjanin	Wholly owned subsidiary	100
22	Shanghai Grumax New Materials Partnership (Limited Partnership)	Holding Subsidiaries	67
23	Shandong Dewei New Material Technology Co.	Holding Subsidiaries	51
24	Shandong Atlas International Trade Co.	Wholly owned subsidiary	100
25	Jilin Linglong Tyre Co.	Wholly owned subsidiary	100
26	Linglong Tyre Company Limited	Wholly owned subsidiary	100
27	Shaanxi Linglong Tire Co.	Wholly owned subsidiary	100
28	Yantai Linglong Tyre Co.	Wholly owned subsidiary	100
29	Anhui Linglong Tyre Co.	Wholly owned subsidiary	100

IV. Basis of preparation of the financial statements

1. Basis of preparation

The financial statements have been prepared in accordance with the "Accounting Standards for Business Enterprises - Basic Standards", various specific accounting standards and related regulations (hereinafter collectively referred to as "ASBEs") issued by the Ministry of Finance on and after 15 February 2006, and the disclosure requirements of the China Securities Regulatory Commission's "Rules Governing the Preparation of Information Disclosures by Companies Issuing Public Securities". (hereinafter collectively referred to as "ASBEs") and the disclosure requirements of the China Securities Regulatory Commission's "Rules Governing the Preparation of Information Disclosures by Companies Issuing Public Securities".

2. Going concern

☒ Applicable ☐ Not applicable

As at 31 December 2021, the Group's current liabilities exceeded its current assets by approximately \$4,599 million and the directors of the Company consider that this position will not affect the Group's continuing operations for the reasons set out below. As at 31 December 2021, the Group has obtained bank credit facilities

The Group has utilised approximately \$5,778 million of its credit facilities of approximately \$11,554 million and has unutilised banking facilities of approximately \$5,776 million. As the Group has been profitable in previous years and has maintained good relationship and credit history with the banks, the directors of the Company are confident that the above credit facilities can continue to be utilised and can be extended upon maturity. Based on the aforesaid facilities, the directors of the Company are satisfied that the Group is able to repay its debts as and when they fall due and therefore these financial statements have been prepared on a going concern basis.

V. SIGNIFICANT

ACCOUNTING POLICIES

AND ACCOUNTING

ESTIMATES Specific

Accounting Policies and

Accounting Estimates

Reminders:

√Applicable ☐ Not applicable

The Group's accounting policies and accounting estimates have been implemented in accordance with the requirements of accounting standards. The following disclosures have covered the specific accounting policies and accounting estimates formulated by the Group in accordance with the actual production and operating characteristics.

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, results of operations, changes in shareholders' equity and cash flows and other relevant information.

2. Accounting period

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

3. Business cycle

√Applicable ☐ Not applicable

The Group operates on a 12-month cycle.

4. Local currency of account

The Company's local currency of account is RMB. The Company's subsidiaries determine their local currency of accounts based on the primary economic environment in which they operate, with the Company's subsidiaries, Hong Kong Tiancheng Investment & Trading Company Limited, LLIT (THAILAND) CO. LINGLONG), KELLY (SINGAPORE) INVESTMENT & TRADING PTE. LTD. (SINGAPORE) and Hong Kong Kelly Limited (CAPITOL) are denominated in US dollars; Linglong International Europe d.o.o. Zrenjanin (Linglong Serbia), Linglong Netherlands B.V. (Linglong Netherlands) and Linglong Germany GmbH, Hannover (Linglong, Germany) is denominated in Euro. The local currency of account of the Company's other domestic subsidiaries is RMB. The financial statements are presented in RMB.

5. Accounting for business combinations under common control and those not under common control

√Applicable ☐ Not applicable

(1) Business combinations under common control

The merger consideration paid by the Group and the net assets acquired are measured at book value. The difference between the carrying amount of the net assets acquired by the Group and the carrying amount of the consideration paid for the combination is adjusted against capital surplus (equity premium); if capital surplus (equity premium) is insufficient to cover the reduction, it is adjusted against retained earnings. Directly related costs incurred in connection with a business combination are charged to current profit or loss as incurred. Transaction costs for the issuance of equity securities or debt securities for the purpose of a business combination are included in the initial recognition amount of the equity securities or debt securities.

(2) Business combinations not under common control

The cost of the combination incurred by the Group and the identifiable net assets acquired in the combination are measured at fair value at the date of purchase. The difference between the cost of the combination and the share of the fair value of the acquiree's identifiable net assets acquired in the combination at the date of purchase is recognized as goodwill; the difference between the cost of the combination and the share of the acquiree's identifiable net assets acquired in the combination at the date of purchase is recognized in profit or loss for the current period. Directly attributable costs incurred in connection with a business combination are charged to current profit or loss as incurred. Transaction costs for the issuance of equity securities or debt securities for the purpose of a business combination are included in the initial recognition amount of the equity securities or debt securities.

6. Presentation of consolidated financial statements

√Applicable ☐ Not applicable

The scope of consolidation for the purpose of preparing the consolidated financial statements includes the Company and all its subsidiaries.

The Group begins to include subsidiaries in the scope of consolidation from the date it obtains effective control over them; it ceases to include them in the scope of consolidation from the date it loses effective control over them. For subsidiaries acquired through business combinations under common control, they are included in the scope of consolidation of the Company from the date they are under the control of the same ultimate controlling party as the Company, and their net profit achieved prior to the date of consolidation is reflected in a separate line item in the consolidated income statement.

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 on the basis of the fair value of the identifiable net assets at the date of purchase.

All significant intra-group balances, transactions and unrealised profits are eliminated in the preparation of the consolidated financial statements. The portion of a subsidiary's shareholders' equity, net profit or loss for the period and comprehensive income that is not attributable to the Company is presented separately in the consolidated financial statements under shareholders' equity, net profit and total comprehensive income as minority interests, minority gains and losses and total comprehensive income attributable to minority shareholders, respectively. If the minority shareholder's share of a subsidiary's loss for the period exceeds the minority's share of the subsidiary's ownership interest at the beginning of the period, the balance is eliminated to the extent of the minority's equity. Unrealised gains or losses on internal transactions arising from the sale of assets by the Company to a subsidiary are fully offset against the net profit attributable to shareholders of the parent; unrealised gains or losses on internal transactions arising from the sale of assets by a subsidiary to the Company are allocated between the net profit attributable to shareholders of the parent and minority interests in proportion to the Company's allocation to that subsidiary. Unrealized gains or losses on internal transactions arising from the sale of assets between subsidiaries are allocated between net profit attributable to shareholders of the parent and minority interests in proportion to the parent's allocation to the subsidiary of the seller.

If the same transaction is recognized differently when the Group is the accounting entity than when the Company or a subsidiary is the accounting entity, the transaction is adjusted from the Group's perspective.

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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 an enterprise for a short period of time (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 an insignificant risk of change in value.

9. Foreign currency operations and translation of foreign currency statements

☒ Applicable ☐ Not applicable

(1) Foreign currency transactions

Foreign currency transactions are recorded in the accounts in the local currency using the spot exchange rate at the date of the transaction. At the balance sheet date, monetary items denominated in foreign currencies are translated into the local currency of account using the spot exchange rate at the balance sheet date. Exchange differences arising on special borrowings in foreign currencies for the purpose of acquiring assets eligible for capitalisation of borrowing costs are capitalised in the period in which they are incurred; other exchange differences are taken directly to current profit or loss. Non-monetary items measured in terms of historical cost in foreign currencies are translated at the balance sheet date using the spot exchange rate at the date of the transaction. The amount of the effect of changes in exchange rates on cash is shown separately in the statement of cash flows.

(2) Translation of foreign currency financial statements

Assets and liabilities in the balance sheet of a foreign operation are translated using the spot exchange rate at the balance sheet date, and items in shareholders' equity, other than undistributed earnings, are translated using the spot exchange rate at the time of occurrence. Income and expense items in the income statement of foreign operations are translated using the spot exchange rates at the date of the transaction. Translation differences arising from the above translation of foreign currency statements are included in other comprehensive income. Cash flow items from foreign operations are translated using the spot exchange rates at the dates when the cash flows occur. The amount of the effect of changes in exchange rates on cash is shown separately in the statement of cash flows.

10. Financial instruments

☒ Applicable ☐ Not applicable

A financial instrument is a contract that creates a financial asset of one party and a financial liability or an equity instrument of another party. When the Group becomes a party to a financial instrument contract, the related financial asset or financial liability is recognised.

(1) Financial

assets A

Classification

and

measurement

The Group classifies financial assets based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets:

(1) financial assets measured at amortised cost; and (2) financial assets measured at fair value through other comprehensive income;

(3) Financial assets at fair value through profit or loss.

Financial assets are measured at fair value on 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. For receivables or notes receivable arising from the sale of products or rendering of services that do not include or take into account significant financing components, the Group uses the amount of the consideration to which it expects to be entitled as the initial recognition amount.

Debt instruments

Debt instruments held by the Group are instruments that meet the definition of a financial liability when

analysed from the perspective of the issuer and are measured using three separate approaches: at

amortised cost:

The Group's business model for managing such financial assets is to target the collection of contractual cash flows and the contractual cash flow characteristics of such financial assets are consistent with the underlying lending arrangements, i.e. cash flows arising on a specific date are solely payments of principal and interest based on the principal amount outstanding. The Group recognises interest income for such financial assets based on the effective interest rate method. Such financial assets mainly comprise monetary funds, accounts receivable, other receivables and long-term receivables.

Measured at fair value through other comprehensive income:

The Group'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. Such financial assets are measured at fair value through other comprehensive income, except for impairment losses or gains, exchange gains or losses and interest income calculated using the effective interest method, which are included in profit or loss for the current period. Such financial assets mainly comprise receivables financing. The Group classifies other debt investments with maturity of one year or less from the balance sheet date as non-current assets with maturity of one year or less; other debt investments with maturity of one year or less when acquired are classified as other current assets.

At fair value through profit or loss:

The Group measures debt instruments not classified as held at amortised cost and at fair value through other comprehensive income at fair value through profit or loss. On initial recognition, the Group designates some of its financial assets as financial assets at fair value through profit or loss in order to eliminate or significantly reduce accounting mismatches. Those with a maturity of more than one year from the balance sheet date and expected to be held for more than one year are presented as other non-current financial assets, while the rest are presented as financial assets held for trading.

Equity tools

Investments in equity instruments over which the Group has no control, joint control and significant influence are carried at fair value through profit or loss and are presented as Report 2024 (S held for trading, those) expected to be held for more than one year from the balance sheet date are presented as other non-current financial assets.

In addition, the Group designates some of its investments in non-trading equity instruments as financial assets at fair value through other comprehensive income on initial recognition, which are presented as investments in other equity instruments. Dividend income relating to such financial assets is included in profit or loss for the current period.

B Impairment

The Group recognises loss provisions on the basis of expected credit losses for financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, contract assets and lease receivables. For lease receivables, the Group also chooses to measure the provision for losses on the basis of expected credit losses over the entire life of the receivables.

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

At each balance sheet date, the Group measures expected credit losses separately for financial instruments that are in different stages of development. If the credit risk of a financial instrument has not increased significantly since initial recognition, the Group measures the allowance for losses at the first stage based on the expected credit losses over the next 12 months; if the credit risk of a financial instrument has increased significantly since initial recognition but no credit impairment has occurred, the Group measures the allowance for losses at the second stage based on the expected credit losses over the entire life of the instrument; if the credit impairment of a financial instrument has occurred since initial recognition, the Group measures the allowance for losses at the third stage based on the expected credit losses over the entire life of the instrument. If credit impairment has occurred since initial recognition, the Group measures the provision for losses at the third stage, based on the expected credit losses over the life of the instrument.

For financial instruments with low credit risk at the balance sheet date, the Group assumes that their credit risk has not increased significantly since initial recognition and considers them to be in the first stage of financial instruments and measures the allowance for losses based on expected credit losses over the next 12 months.

The Group calculates interest income for financial instruments in stages 1 and 2 on the basis of their carrying amounts before impairment allowances and effective interest rates. For financial instruments in stage 3, interest income is calculated on the basis of their carrying amount less provision for impairment, amortised cost and effective interest rate.

For bills receivable, accounts receivable, receivables financing and contract assets arising from ordinary operating activities such as sales of goods and services, the Group measures the provision for losses on expected credit losses over their entire lives, regardless of whether there is a significant financing component. For lease receivables, the Group has also elected to measure the provision for losses on the basis of expected credit losses over the entire life of the receivables.

When information on expected credit losses cannot be assessed at a reasonable cost for individual financial assets, the Group divides receivables into portfolios based on credit risk characteristics and calculates expected credit losses on a portfolio basis, the basis for determining the portfolios and the accrual method are as follows:

Banker's acceptances portfolio Banker's

receivables portfolio with lower credit

risk Domestic customers

Accounts receivable portfolio Overseas customers

Accounts receivable portfolio

Amounts due from

subsidiaries Other receivable

portfolio Employee reserve

Other receivable portfolio

Interest receivable

Other receivables Portfolio of other

receivables such as deposits and security

deposits Other receivables Portfolio of

receivables Due from subsidiaries

For accounts receivable classified as a portfolio and bills receivable and receivables financing resulting from daily operating activities such as sales of goods and services, the Group calculates expected credit losses by reference to historical credit loss experience, taking into account current conditions and forecasts of future economic conditions, through exposure to default risk and expected credit loss rates over the entire duration. For other receivables classified as a portfolio, the Group calculates expected credit losses by reference to historical credit loss experience, taking into account current conditions and forecasts of future economic conditions, through exposure to default and expected credit loss rates over the next 12 months or the entire duration.

The Group recognises provisions for losses made or reversed in profit or loss for the period. For debt instruments held at fair value through other comprehensive income, the Group adjusts other comprehensive income at the same time as it recognises impairment losses or gains in current profit or loss.

C Derecognition

A financial asset is derecognised 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 the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferor; (3) the financial asset is transferred and, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset (3) the financial asset is transferred, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but relinquishes control of the financial asset.

On derecognition of an investment in other equity instruments, the difference between its carrying amount and the sum of the consideration received and the cumulative amount of changes in fair value that had been recognized directly in other comprehensive income is included in retained earnings; on derecognition of the remaining financial assets, the difference between its carrying amount and the sum of the consideration received and the cumulative amount of changes in fair value that had been recognized directly in other comprehensive income is included in profit or loss for the current period.

(2) Financial liabilities

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Financial liabilities are classified at initial recognition as financial liabilities at amortised cost and financial liabilities at fair value through profit or loss. The Group's financial liabilities are mainly financial liabilities measured at amortised cost, including notes payable, accounts payable, other payables, borrowings and bonds payable. Such financial liabilities are measured initially at their fair value less transaction costs and subsequently measured using the effective interest rate method. Those with a maturity of less than one year (including one year) are presented as current liabilities; those with a maturity of more than one year but due within one year (including one year) from the balance sheet date are presented as non-current liabilities due within one year; the rest are presented as non-current liabilities.

The Group derecognises a financial liability or the part of the liability that is discharged when all or part of the present obligation has been discharged. The difference between the carrying amount of the derecognized portion and the consideration paid is recognized in profit or loss for the current period.

(3) Equity instruments

An equity instrument, a contract that evidences ownership of a party's residual interest in assets after deducting all liabilities.

(4) Fair value determination of financial instruments

The fair value of financial instruments for which there is an active market is determined using quoted prices in an active market. For financial instruments for which no active market exists, fair value is determined using valuation techniques. In the valuation, the Group uses valuation techniques that are appropriate in the circumstances and supported by sufficient available data and other information, selects inputs that are consistent with the characteristics of the asset or liability considered by market participants in transactions for the relevant asset or liability, and gives preference to relevant observable inputs wherever possible. Where relevant observable inputs are not available or not practicable to obtain, unobservable inputs are used.

11. Notes receivable

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

☒ Applicable ☐ Not applicable

See V.10 Financial instruments

12. Accounts receivable

Methodology for determining expected credit losses on receivables and accounting for them

√Applicable ☐ Not applicable

See V.10 Financial instruments

13. Receivables financing

√Applicable ☐ Not applicable

See V.10 Financial instruments

14. Other receivables

Methodology for determining expected credit losses on other receivables and accounting treatment

√Applicable ☐ Not applicable

See V.10 Financial instruments

15. Inventory

√Applicable ☐ Not applicable

(1) Classification

Inventories include raw materials, work in progress and finished goods, etc. and are measured at the lower of cost or net realisable value.

(2) Method of valuation of inventories issued

The cost of inventories when issued is accounted for on a weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and manufacturing overheads allocated on a systematic basis under normal production capacity.

(3) Basis for determining the net realisable value of inventories and the method of providing for a decrease in value of inventories

Provision for decline in value of inventories is made for the difference between the cost of inventories and their net realisable value. Net realisable value is determined as the estimated selling price of inventories in the ordinary course of activities less the estimated costs to be incurred to completion, estimated selling expenses and related taxes.

(4) The Group's inventory system is based on a perpetual inventory system.

(5) Amortisation method for low value consumables and packaging

Working capital materials include, among others, low value consumables and packaging, which are amortised using the one-time reversal method.

16. Contract assets

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

√Applicable

☐Not

applicable See

"38. Revenue"

for details

(2). Methodology for determining expected credit losses on contract assets and accounting treatment

√Applicable

☐Not

applicable See

"38. Revenue"

for details

17. Assets held for sale

☐ applicable √not applicable

18. Debt investments Linglong Tyre: Shandong Linglong Tyre Company Limited Annual
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(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

See V.10 Financial instruments

21. Long-term equity investments

√Applicable ☐ Not applicable

Long-term equity investments represent the Company's long-term equity investments in subsidiaries; the Group's long-term equity investments in associates.

A subsidiary is an investee over which the Company is able to exercise control. An associate is an investee over which the Group is able to exercise significant influence in making financial and operating decisions.

Investments in subsidiaries are stated in the company's financial statements at amounts determined under the cost method and are consolidated under the equity method of accounting when preparing the consolidated financial statements; investments in associates are accounted for under the equity method.

(1) Investment cost determination

Long-term equity investments resulting from business combinations under common control are carried at the cost of investment at the date of consolidation at the share of the ownership interest of the party being consolidated in the consolidated financial statements of the ultimate controlling party; long-term equity investments resulting from business combinations not under common control are carried at the cost of consolidation as the cost of investment in long-term equity investments.

For long-term equity investments acquired by means other than business combinations, long-term equity investments acquired by paying cash are recognized as the initial investment cost based on the actual purchase price paid; long-term equity investments acquired by issuing equity securities are recognized as the initial investment cost based on the fair value of the equity securities issued.

(2) Subsequent measurement and profit or loss recognition methods

Long-term equity investments accounted for using the cost method are measured at initial investment cost. Cash dividends or profits declared by the investee are recognized as investment income and charged to current profit or loss.

For long-term equity investments accounted for using the equity method, if the initial investment cost 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 is used as the cost of the long-term equity investment; 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 accordingly.

For long-term equity investments accounted for using the equity method, the Group recognises investment gains or losses for the period based on the Group's share of the net profit or loss of the investee. Net losses incurred by the investee are recognized to the extent that the carrying amount of the long-term equity investment and other long-term interests that substantially constitute the net investment in the investee are written down to zero, except that the Group continues to recognize the amount of losses expected to be incurred if it has an obligation to incur additional losses and the conditions for recognition of an expected liability are met. Changes in the owner's equity of the investee other than net profit or loss, other comprehensive income and profit distribution are adjusted to the carrying amount of the long-term equity investment and credited to capital surplus. The carrying value of long-term equity investments is reduced by the Group's share of the profits or cash dividends distributed by the investee when the distribution is declared. Unrealised gains or losses on internal transactions between the Group and the investee are offset against the portion attributable to the Group in proportion to the Group's shareholding, on the basis of which investment gains or losses are recognised. For losses on internal transactions between the Group and the investee, the portion of which is attributable to impairment losses on assets, the corresponding unrealised losses are not offset.

(3) Basis for determining control, joint control and significant influence over an investee

Control is the possession of power over an investee, the enjoyment of variable returns through participation in the relevant activities of the investee, and the ability to use power over the investee to influence the amount of its returns.

Joint control is control over an arrangement that is shared in accordance with the relevant agreement and where the relevant activities of the arrangement require the unanimous consent of the Group and the other participants who share control before decisions can be made.

Significant influence means having the power to participate in decision-making over the financial and operating policies of the investee, but not controlling, or jointly controlling with others, the formulation of those policies.

(4) Impairment of long-term equity investments

Long-term equity investments in subsidiaries and associates are written down to their recoverable amounts when their recoverable amounts are lower

than their carrying amounts. Linglong Tyre: Shandong Linglong Tyre Company Limited Annual Report 2021 ([Download Announcement](#))

22. Investment properties

(1). If the cost measurement

model is used: depreciation or

amortisation method

Investment properties are buildings held for rental purposes and are initially measured at cost. Subsequent expenditure relating to investment properties is charged to the cost of investment properties when it is probable that the related economic benefits will flow to the Group and the cost can be measured reliably; otherwise, it is charged to current profit or loss as incurred.

The Group uses the cost model for the subsequent measurement of all investment properties and depreciates buildings over their estimated useful lives and net salvage rates. The estimated useful lives, net salvage rates and annual depreciation rates of investment properties are shown below:

	Expected service life	Estimated net residual value rate	Annual depreciation rate
Houses, buildings	25 years	10%	3.6%
Land use rights	50 years	0%	2%

When the use of an investment property is changed to self-use, the investment property is converted to a fixed asset or an intangible asset from the date of the change. When the use of a self-use property is changed to earn rent or capital appreciation, the fixed asset is converted to an investment property from the date of the change. When conversion occurs, the book value before conversion is used as the recorded value after conversion.

The estimated useful life, estimated net residual value and depreciation method of investment properties are reviewed and adjusted as appropriate at the end of each year.

Investment properties are derecognised when they are disposed of, or permanently withdrawn from use, and no economic benefits are expected from their disposal. Proceeds from the sale, transfer, retirement or destruction of investment properties, net of their carrying amounts and related taxes, are credited or charged to current profit or loss.

When the recoverable amount of an investment property is less than its carrying amount, the carrying amount is written down to its recoverable amount.

23. Fixed assets

(1). Confirmation of conditions

☒ Applicable ☐ Not applicable

Fixed assets include land, buildings and structures, machinery and equipment, moulds and dies, means of transport, electronic equipment and office equipment.

Fixed assets are recognised when it is probable that the economic benefits associated with them will flow to the Group and their cost can be measured reliably. Fixed assets acquired or newly constructed are initially measured at cost at the time of acquisition.

Subsequent expenditure relating to fixed assets is charged to the cost of fixed assets when it is probable that the economic benefits associated with them will flow to the Group and their cost can be measured reliably; the carrying amount is derecognised for those parts that are replaced; all other subsequent expenditure is charged to current profit or loss as incurred.

(2). Depreciation methods

☒ Applicable ☐ Not applicable

Category	Depreciation methods	Depreciable life (in years)	Residual Value Rate	Annual depreciation rate
Land				
Houses and buildings	Annual depreciation method	25	0-10%	3.6% - 4%
Machinery and equipment	Annual depreciation method	10-15	0-10%	6% - 10%
Moulds	Annual depreciation method	3-5	0%	20% - 33 3%
Transport	Annual depreciation method	5-10	0-10%	9% - 20%
Electronic equipment and office equipment	Annual depreciation method	5-10	0-10%	9% - 20%

The Group's offshore land is not subject to amortisation over the period in which it is held and is tested for impairment in each accounting period. Depreciation of the Group's fixed assets, other than offshore land, is provided over their estimated useful lives using the average annual method and is based on their recorded value less estimated net residual value. For fixed assets for which provision for impairment has been made, depreciation is determined in future periods on the basis of their carrying amount net of provision for impairment and based on their remaining useful lives.

The estimated useful lives, estimated net residual values and depreciation methods of fixed

assets are reviewed and adjusted as appropriate at the end of each year. When the

recoverable amount of a fixed asset is less than its carrying amount, the carrying amount is

written down to its recoverable amount.

Disposal of fixed assets

Fixed assets are derecognised when they are disposed of, or when no economic benefits are expected to arise from their use or disposal. Proceeds from the disposal of fixed assets on sale, transfer, retirement or destruction, net of their carrying amount and related taxes, are credited or charged to current profit or loss.

(3). Basis of recognition, valuation and depreciation of finance leasehold fixed assets

☐ applicable ☒ not applicable

24. Construction in progress Linglong Tyre: Shandong Linglong Tyre Company Limited Annual
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√Applicable ☐ Not applicable

Construction in progress is measured at the actual cost incurred. Actual costs include construction costs, installation costs, borrowing costs eligible for capitalisation and other expenditure necessary to bring the construction in progress to its intended useable condition. When construction in progress reaches its intended useable state, it is transferred to fixed assets and depreciation commences from the following month. When the recoverable amount of construction in progress is less than its carrying amount, the carrying amount is written down to its recoverable amount.

25. Borrowing costs

√Applicable ☐ Not applicable

Borrowing costs incurred by the Group that are directly attributable to the acquisition of assets that will take a substantial period of time to reach their intended useable condition are capitalised and charged to the cost of the assets when the expenditure and borrowing costs have been incurred and the acquisition activities necessary to bring the assets to their intended useable condition have commenced. When the acquired asset reaches its intended useable condition

Capitalisation is discontinued and subsequent borrowing costs incurred are charged to current profit or loss. If there is an unusual interruption in the acquisition of an asset and the interruption lasts for more than three consecutive months, capitalisation of borrowing costs is suspended until the acquisition of the asset recommences.

For special borrowings borrowed for the purpose of acquiring assets eligible for capitalisation, the amount of capitalisation of borrowing costs for special borrowings is determined by deducting the interest expenses actually incurred in the period of the special borrowings from the interest income earned on the unused borrowed funds deposited in banks or the investment income earned on the temporary investments made.

For general borrowings taken up for the purpose of acquiring assets eligible for capitalisation, the amount of borrowing costs for general borrowings is determined by multiplying the weighted average of capital expenditure on the excess of accumulated asset expenditure over specialised borrowings by the weighted average effective interest rate of the general borrowings taken up. The effective interest rate is the rate used to discount the future cash flows over the expected life of the borrowing or, where applicable, a shorter period to the amount initially recognised for that borrowing.

26. Biological assets

☐ applicable ☒ not applicable

27. Oil and gas assets

☐ applicable ☒ not applicable

28. Right to use assets

☐ applicable ☒ not applicable

29. Intangible assets

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

☒ Applicable ☐ Not applicable

Intangible assets include land use rights and software and are measured at cost.

(1) Land use rights

Land use rights are amortised evenly over their useful lives of 50 years. Where it is difficult to allocate the price of externally acquired land and buildings between the land use rights and buildings in a reasonable manner, all of them are treated as fixed assets.

(2) Software

The software is amortised equally over its estimated useful life of three years.

(3) Periodic review of useful lives and amortisation methods

The estimated useful life and amortisation method for intangible assets with finite useful lives are reviewed and adjusted as appropriate at the end of each year.

(4) Impairment of intangible assets

When the recoverable amount of an intangible asset is less than its carrying amount, the carrying amount is written down to its recoverable amount.

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

☒ Applicable ☐ Not applicable

Expenditure on internal research and development projects is classified as research stage expenditure and development stage expenditure based on their nature and whether there is a high degree of uncertainty that the research and development activities will ultimately result in intangible assets.

Expenditure on the planned investigation, evaluation and selection phase of research into the production processes of tyres and rubber machinery is charged to research and is charged to current profit or loss as incurred; expenditure on the design and testing phase related to the final application of tyre production and rubber machinery processes prior to mass production is charged to the development phase and is capitalised if it also satisfies the following conditions:

The development of the production process for tyres and rubber machinery has been fully validated by the technical team; the budget for the development of the production process for tyres and rubber machinery has been approved by management;

Research and analysis of previous market research demonstrating the marketability of the products produced by the tyre and rubber machinery production processes; Linglong Tyre Shandong Linglong Tyre Company Limited Annual Report 2021 ([Download Announcement](#))

there is sufficient technical and financial support for the development activities and subsequent mass production of tyre and rubber machinery production processes; and expenditure on the development of tyre and rubber machinery production processes can be reliably attributed.

Expenditure in the development phase that does not meet the above criteria is charged to profit or loss as incurred. Development expenditure charged to profit or loss in previous periods is not re-recognised as an asset in subsequent periods. Expenditures in the development phase that have been capitalised are shown as development expenditure on the balance sheet and are transferred to intangible assets from the date the project reaches its intended use.

30. Impairment of long-lived assets

√Applicable ☐ Not applicable

Fixed assets, construction in progress, investment properties, intangible assets with finite useful lives and long-term equity investments in subsidiaries and associates are tested for impairment if there is an indication of impairment at the balance sheet date; intangible assets that have not yet reached a serviceable condition are tested for impairment at least 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 charged to the asset. The recoverable amount is the difference between the fair value of the asset, less costs of disposal, and the estimated future cash flows of the asset

The recoverable amount of an asset is determined as the higher of the present value of the asset and the recoverable amount of the asset.

Provision for asset impairment is calculated and recognised on an individual asset basis or, if it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined using the asset group to which the asset belongs. An asset group is the smallest combination of assets that can generate cash inflows independently.

The Group's offshore land is tested for impairment at least annually, regardless of whether there is an indication of impairment. Once an impairment loss is recognized, the portion of the asset whose value has been restored is not reversed in subsequent periods.

31. Long-term amortised costs

☒Applicable ☐ Not applicable

Long-term amortization includes improvements to fixed assets leased from operations and other costs incurred but to be borne in the current and future periods and apportioned over a period of more than one year, amortized in equal installments over the period of expected benefit and shown net of actual expenses less accumulated amortization.

32. Contractual liabilities

(1). Method of recognition of contractual liabilities

☒Applicable

☐Not

applicable See

"38. Revenue"

for details

33. Staff remuneration

(1). Accounting for short-term remuneration

☒Applicable ☐ Not applicable

Employee remuneration is all forms of remuneration or compensation given by the Group for services rendered by employees or for the termination of employment relationships, including short-term remuneration, post-employment benefits, termination benefits and other long-term employee benefits. Short-term remuneration includes salaries, bonuses, allowances and subsidies, employee benefit payments, medical insurance premiums, employment injury insurance premiums, maternity insurance premiums, housing fund, trade union and education expenses and short-term paid absences. The Group recognises the actual short-term remuneration incurred as a liability in the accounting period in which the employees render services and recognises it in the profit or loss for the period or in the cost of the related assets. Of this amount, non-monetary benefits are measured at fair value.

(2). Accounting for post-employment benefits

☒Applicable ☐ Not applicable

The Group classifies its post-employment benefit plans as defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group has no further obligation to pay after making a fixed contribution to a separate fund; defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits were mainly basic pension and unemployment insurance contributions for employees, both of which are defined contribution plans.

Basic pension insurance

The Group's employees participate in the basic social pension insurance organised and implemented by the local labour and social security authorities. The Group pays monthly pension insurance premiums to the local basic social pension insurance agency at the base and ratio of the local basic social pension insurance contributions. Upon the retirement of employees, the local labour and social security authorities are responsible for the payment of basic social pensions to retired employees. The Group recognises the amount of contributions payable, calculated in accordance with the above social security regulations, as a liability in the accounting period in which the employees render services, and includes it in the current profit or loss or the cost of the related assets.

(3). Accounting for Termination Benefits

☒Applicable ☐ Not applicable

The Group recognises a liability for compensation for the termination of employment relationships with employees before the expiry of their employment contracts, or for compensation for redundancy, at the earlier of when the Group is unable to unilaterally withdraw the termination plan or proposal for redundancy and when it recognises the costs associated with a restructuring involving the payment of termination benefits, and also recognises a liability for compensation for the termination of employment relationships with employees in the current period. The liability is recognized in profit or loss.

Termination benefits expected to be payable within one year of the balance sheet date are shown as employee compensation payable.

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

☐ applicable ☒ not applicable

34. Lease liabilities

☒ Applicable

☐ Not

applicable See

V. 42 Leasing

35. Projected liabilities

☒ Applicable ☐ Not applicable

A present obligation arising from product quality assurance and other matters is recognised as a projected liability when it is probable that an outflow of economic benefits will result from the performance of the obligation and the amount can be measured reliably.

A projected liability is initially measured at the best estimate of the expenditure required to settle the related present obligation, taking into account the risks associated with the contingency, uncertainty and the time value of money. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows; the amount of the increase in the carrying amount of the projected liability attributable to reductions in discount over time is recognised as interest expense.

At the balance sheet date, the carrying amount of the projected liability is reviewed and adjusted as appropriate to reflect the current best estimate. Projected liabilities that are expected to be payable within one year of the balance sheet date are reported as current liabilities.

36. Share-based payments

☒ Applicable ☐ Not applicable

Share-based payments are classified as equity-settled share-based payments and cash-settled share-based payments. The restricted share plans implemented by the Group are accounted for as equity-settled share-based payments.

Share-based payments settled in equity in exchange for services rendered by employees are measured at the fair value of the equity instruments granted to employees. If the right is exercisable immediately after the grant, the fair value is charged to current profit or loss at the grant date, with a corresponding increase in capital surplus; if the right is not exercisable until the completion of the services within the waiting period or when the prescribed performance conditions are met, at each balance sheet date during the waiting period, the Group makes its best estimate of the number of exercisable equity instruments based on subsequent information such as the latest available changes in the number of exercisable employees and whether the prescribed performance conditions are met, and on this basis. On this basis, services acquired during the period are recognized in profit or loss based on the fair value at the date of grant.

The Group does not recognise cost or expense for share-based payments that do not ultimately meet the conditions for viability, unless the conditions for viability are market or non-viability conditions, at which point they are deemed to be viable regardless of whether the market or non-viability conditions are met, provided that the non-market conditions of all the conditions for viability are met.

When the Group modifies the terms of a share-based payment plan, if the modification increases the fair value of the equity instruments granted, the Group recognises a corresponding increase in the acquisition of services based on the difference between the fair value of the equity instruments before and after the modification at the date of modification. If the Group modifies the terms of the exercisable rights in favour of the employees, the Group accounts for the modified terms of the exercisable rights; if the Group modifies the terms of the exercisable rights in a manner unfavourable to the employees, the accounting is disregarded unless the Group cancels some or all of the equity instruments granted. If the Group cancels the equity instruments granted, it is treated as an accelerated exercise on the date of cancellation and the amount that would otherwise be recognised over the remaining waiting period is immediately recognised in profit or loss, together with capital surplus.

If the Group is required to repurchase restricted shares that have lapsed or become void without being unlocked at a pre-agreed repurchase price, the Group recognises a liability and treasury shares based on the number of restricted shares and the corresponding repurchase price.

37. Other financial instruments such as preference shares and perpetual debt

☐ applicable ☒ not applicable

38. Income

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

☒ Applicable ☐ Not applicable

The Group recognises revenue at the amount of consideration to which it expects to be entitled when the customer obtains control of the relevant goods or services.

(1) Sale of goods

The Group manufactures and sells tyre products to the purchasers. The Group recognises revenue at the amount of consideration it expects to be entitled to receive when the purchaser obtains control of the tyre products. Domestic sales: The Group's sales contracts with its domestic distribution customers and some of its ancillary customers usually stipulate that the point of transfer of control of the products is when the goods are delivered and signed for, and the Group recognises sales revenue at the point when the products are delivered to and signed for by the domestic customers. Sales contracts with certain domestic ancillary customers usually stipulate that the point of transfer of control of the products is when the products are put on line and installed, and therefore the Group recognises sales revenue at the point when the products are received by the customers. The credit period granted by the Group to its customers normally does not exceed 180 days, which is consistent with industry practice and does not have a significant financing component.

Foreign sales: The Group's sales contracts with its foreign sales customers usually stipulate that the point of transfer of the principal risks

and rewards of the products is delivery on board at the port of shipment and therefore the Group recognises revenue from foreign sales at the point of shipment of the products. Report 2021 ([Download Announcement](#))

The Group provides sales discounts to purchasers based on sales volume. The Group determines the amount of discounts based on the expected value method based on historical experience and recognizes revenue based on the net amount of the contract consideration less the expected discount amount.

The Group has implemented a reward points programme since 2020, whereby reward points earned by customers for the purchase of tyre products can be redeemed for relevant products in the future at the Rewards Mall. The Group allocates the sales proceeds between product sales and reward points based on the relative proportion of the respective selling prices of the products sold and the reward points, with the portion relating to the reward points first recognized as a contractual liability and then carried forward to revenue when the reward points are redeemed by customers or when the reward points lapse.

(2) Provision of labour services

The Group provides technology transfer and technology commission development services to external parties and recognises revenue over a period of time based on the progress of completed labour, where the progress of completed labour is determined by the proportion of costs incurred to the estimated total costs. At the balance sheet date, the Group re-estimates the progress of completed labour to enable it to reflect changes in performance.

When the Group recognises revenue in accordance with the progress of completed labour, the Group recognises the portion for which the Group has obtained an unconditional right to receive payment as an account receivable and the remainder as a contract asset, and recognises a loss allowance for both the account receivable and the contract asset on the basis of expected credit losses; if the contract price received or receivable by the Group exceeds the completed labour, the excess is recognised as a contract liability. The Group presents contract assets and contract liabilities on a net basis for contracts under the same contract.

Contract costs comprise contract performance costs and contract acquisition costs. Costs incurred by the Group for the provision of labour are recognised as contract performance costs and are carried forward to cost of main operations in accordance with the progress of completed labour when revenue is recognised. If the carrying amount of the contract cost is higher than the remaining consideration expected to be obtained for the provision of the service less the estimated costs to be incurred, the Group recognises the excess of

A provision for impairment is made for the portion of the asset that is recognised as an impairment loss.

(2). Differences in accounting policies for revenue recognition due to different operating models for the same type of business

☐ applicable ☒ not applicable

39. Contract costs

☒ Applicable

☐ Not

applicable See

"38. Revenue"

for details

40. Government grants

☒ Applicable ☐ Not applicable

Government grants are monetary or non-monetary assets obtained by the Group from the government without consideration, including tax rebates and financial subsidies. Government grants are recognised when the Group is able to meet the conditions attached to them and when they are capable of being received. Where government grants are monetary assets, they are measured at the amount 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 government grants obtained by the Group for the acquisition or other formation of long-term assets. Government grants related to revenue are government grants other than those related to assets. The Group recognises government grants related to assets as deferred income and apportions them to profit or loss over the useful life of the related assets in a reasonable and systematic manner. For revenue-related government grants, if they are used to compensate for related costs or losses in subsequent periods, they are recognised as deferred income and charged to profit or loss in the period in which the related costs or losses are recognised; if they are used to compensate for related costs or losses already incurred, they are charged directly to profit or loss in the current period. The Group adopts the same presentation for similar government grants. Government grants related to ordinary activities are included in operating profit and loss, while government grants not related to ordinary activities are included in non-operating income and expenses. Loans received by the Group at preferential interest rates under the policy are recorded at the actual amount of borrowings received and the related borrowing costs are calculated on the basis of the principal amount borrowed and the preferential interest rate under the policy. Financial subsidies received directly by the Group are reduced by the related borrowing costs.

41. Deferred income tax assets/deferred income tax liabilities

☒ Applicable ☐ Not applicable

Deferred income tax assets and deferred income tax liabilities are recognized based on the difference between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred income tax assets are recognised for deductible losses that are deductible against taxable income in subsequent years in accordance with the provisions of the Tax Act. At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is recovered or the liability is settled.

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences, deductible losses and tax credits can be utilized.

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

Deferred income tax assets and deferred income tax liabilities that also meet the following conditions are shown net of offsetting:

Deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the

same taxation authority on the same taxable entity within the Group; that taxable entity within the

Group has a legal right to settle current income tax assets and current income tax liabilities on a net basis.

42. Leasing

(1). Accounting for operating leases

√Applicable ☐ Not applicable

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For details, see (3) Methodology for determining leases and accounting treatment under the new lease standard

(2). Accounting for finance leases

√Applicable ☐ Not applicable

For details, see (3) Methodology for determining leases and accounting treatment under the new lease standard

(3). Method of determining leases and accounting treatment under the new leasing standard

√Applicable ☐ Not applicable

A lease is a contract whereby the lessor cedes the right to use an asset to the

lessee for a certain period of time for consideration. The Group as lessee

The Group recognises right-of-use assets at the commencement date of the lease and recognises lease liabilities at the present value of the lease payments outstanding. Lease payments include fixed payments, and amounts to be paid if it is reasonably certain that the option to purchase or the option to terminate the lease will be exercised, etc. Variable rentals, which are determined as a percentage of sales, are not included in lease payments and are charged to current profit or loss as they are actually incurred. The Group presents lease liabilities payable within one year from the balance sheet date (inclusive) as non-current liabilities due within one year.

The Group's right-of-use assets comprise leased-in buildings and premises, etc. Right-of-use assets are initially measured at cost, which comprises the initial measurement amount of the lease liability, lease payments made on or before the commencement date of the lease term, initial direct costs, etc., net of lease incentives received. Where the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, depreciation is provided over the remaining useful life of the leased asset; if it is not reasonably certain that it will obtain ownership of the leased asset 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. When the recoverable amount is less than the carrying amount of the right-of-use asset, the Group writes down its carrying amount to its recoverable amount.

For short-term leases with a lease term of less than 12 months and leases of low-value assets with a low brand-new value for a single asset, the Group chooses not to recognise a right-of-use asset and a lease liability and to recognise the related rental expense in profit or loss or the cost of the related asset on a straight-line basis over the respective periods of the lease term.

The Group accounts for a lease as a separate lease when a change in the lease occurs and both of the following conditions are met: (1) the lease change expands the lease by adding the right to use one or more leased assets; and (2) the increased consideration is equivalent to the separate price of the expanded portion of the lease adjusted for that contractual situation.

When a lease modification is not accounted for as a separate lease, the Group re-establishes the lease term at the effective date of the lease modification and remeasures the lease liability by discounting the modified lease payments using a revised discount rate, except for contractual modifications directly arising from the new coronary pneumonia epidemic where the simplified method is applied. Where a lease modification results in a reduction in the scope of the lease or a shortening of the lease term, the Group accordingly

The carrying value of right-of-use assets is reduced and gains or losses relating to partial or complete termination of leases are recognized in profit or loss for the current period. Where other lease modifications result in a remeasurement of the lease liability, the Group adjusts the carrying amount of the right-of-use asset accordingly. Leases in which the Group, as lessor, transfers substantially all the risks and rewards associated with ownership of the leased asset are finance leases. Other leases are operating leases.

When the Group operates leases of owned buildings, machinery and equipment and transportation, rental income from operating leases is recognized on a straight-line basis over the lease term.

43. Other significant accounting policies and accounting estimates

√Applicable □ Not applicable

The Group evaluates the critical accounting estimates and key judgements used on an ongoing basis, based on historical experience and other factors, including reasonable expectations of future events. There is a significant risk that a material adjustment to the carrying amounts of assets and liabilities in the next financial year will result from the following critical accounting estimates:

(1) Measurement of expected credit losses

The Group calculates expected credit losses by using default exposures and expected credit loss rates and determines expected credit loss rates based on probability of default and default loss rates. In determining the expected credit loss ratio, the Group uses data such as internal historical credit loss experience and adjusts historical data to take into account current conditions and forward-looking information.

In considering forward-looking information, the Group has taken into account different macroeconomic scenarios. In FY 2021, the weightings for the "base", "unfavourable" and "favourable" economic scenarios are 60%, 30% and 10% respectively (FY 2020: 60%, 20% and 20%). The Group regularly monitors and reviews key macroeconomic assumptions and parameters relevant to the calculation of expected credit losses, including the risk of economic downturn, external market conditions, changes in customer conditions, GDP and CPI, etc. For FY2021, the Group has taken into account the uncertainties arising from the Newcastle pneumonia outbreak and updated the relevant assumptions and parameters accordingly. The key macroeconomic parameters used in each scenario are listed below:

Projects	Economic scenarios		
	Baseline	Unfavourable	Favorable
Gross Domestic Product	5.2%	4.9%	5.6%
Consumer Price Index	2.1%	1.8%	2.4%

The key macroeconomic parameters used by the Group in each scenario for FY2020 are set out below:

Projects	Economic scenarios		
	Baseline	Unfavourable	Favorable
Gross Domestic Product	5.5%	4.5%	6.0%

Consumer Price Index	Linglong Tyre: Shandong Linglong Tyre Company Limited Annual Report 2021 (Download Announcement)	1.9%
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(2) Estimation of net realisable value of inventories

Provision for diminution in value of inventories is made for the excess of the cost of inventories over their net realisable value. The Group makes estimates of the net realisable value of inventories, taking into account the ageing of inventories, the existence of doubtful or damaged inventories, the estimated selling price of inventories and the estimated costs to be incurred to completion, selling expenses and related taxes. When the actual selling price or costs and expenses of inventories differ from previous estimates, management will adjust the net realisable value accordingly. Estimates based on current experience may therefore differ from subsequent actual results and may result in a material adjustment to the carrying value of inventories in the balance sheet.

(3) Income tax and deferred income tax

The Group is subject to corporate income tax in a number of jurisdictions. In the normal course of business, there is uncertainty as to the ultimate tax treatment of certain transactions and events. Significant judgement is required on the part of the Group in providing for income tax expense in each jurisdiction. If the final determination of these tax matters differs from the amounts initially recorded, the difference will have an impact on the amount of income tax expense and deferred income tax in the period in which such final determination is made.

The Company and some subsidiaries of the Group are high-tech enterprises. The qualification of high and new technology enterprise is valid for three years and upon expiry, a new application for recognition as a high and new technology enterprise has to be submitted to the relevant government authorities. Based on the historical experience of the revalidation of high-tech enterprises in previous years and the actual situation of the Company and these subsidiaries, the Group believes that the Company and these subsidiaries will be able to continue to obtain the high-tech enterprise recognition in future years and thus calculate their corresponding deferred income tax at a preferential tax rate of 15%. In the event that the Company and these subsidiaries are not able to obtain re-recognition as high-tech enterprises upon the expiry of their qualification in the future, they will be subject to the statutory tax rate of 25%, which will in turn affect the deferred income tax assets, deferred income tax liabilities and income tax expenses already recognized.

The Group recognises deferred income tax assets to the extent that it is probable that taxable income will be available in future periods against which the deductible losses can be carried forward. Taxable income earned in future periods comprises taxable income that the Group will be able to realise through normal production and operating activities, and taxable income that will increase when taxable temporary differences arising in prior periods reverse in future periods. The Group is required to apply estimates and judgement in determining the timing and amount of taxable income to be earned in future periods. If actuals differ from estimates, this may result in an adjustment to the carrying amount of deferred tax assets.

(4) Estimation of the individual selling price of the reward points scheme

The Group operates a rewards points program under which the sales proceeds from sales of products and rewards points are allocated between product sales revenue and rewards points based on the relative proportion of the respective selling prices of the products sold and the rewards points. The Group determines the individual selling price of the reward points based on the published method of using the reward points and the expected redemption rate of the points, where the expected redemption rate of the reward points is estimated based on the Group's historical experience, taking into account, among other factors, mathematical statistics of the redemption of the reward points. At the balance sheet date, the Group adjusts the balance of the contractual liabilities based on the actual redemption of reward points and the expected redemption rate.

44. Changes in significant accounting policies and accounting estimates

(1). Changes in significant accounting policies

☒ Applicable ☐ Not applicable

The content and reasons for changes in accounting policies	Approval process	Remarks (names and amounts of statement items materially affected)
The Ministry of Finance issued a Circular on Revision and Issuance of ASBE No. 21 - Leases on 7 December 2018 (Caihui [2018] No. 35) (hereinafter referred to as the "New Leasing Standard"), and requires enterprises listed both domestically and overseas and enterprises listed outside China that adopt IFRS or ASBE for preparing financial statements to be effective from 1 January 2019; other enterprises that implement ASBE will be effective from 2021. The standard is effective from 1 January 2019 for enterprises listed both domestically and internationally, as well as for enterprises listed outside of China that adopt IFRS or ASBEs for the preparation of financial statements, and from 1 January 2021 for other enterprises implementing ASBEs.	Approved at the Twenty-third Meeting of the Fourth Session of the Board of Directors and the Twentieth Meeting of the Fourth Session of the Supervisory Committee.	See other notes (1) for details
In 2017, the Ministry of Finance amended and issued ASBE No. 14 - Revenue (Caihui [2017] No. 22, or the new revenue standard), which is required to be effective from 1 January 2018 for enterprises listed both domestically and internationally and for enterprises listed outside China that adopt IFRS or ASBE for preparing financial statements; and for other domestically listed For other domestic listed enterprises, it is effective from 1 January 2020. For transportation costs incurred prior to the transfer of control of the goods to the customer and for the performance of the sales contract, in 2021, the Ministry of Finance issued the "Questions and Answers on the Implementation of Enterprise Accounting Standards", which requires reclassification to operating costs.	Eleventh Meeting of the Fourth Session of the Board of Directors	See other notes (2) for details

Other notes

(1) Leasing

The Group and the Company implemented the new lease standard for the first time on 1 January 2021 and in accordance with the relevant provisions, the Group and the Company will not reassess contractual options that existed prior to the date of first implementation. The Group and the Company adjusted the amount of retained earnings and related items in the financial statements at the beginning of 2021 for the cumulative effect of this standard and the comparative financial statements for 2020 have not been restated.

Impact statement accounts	Consolidated Balance Sheet		Parent company balance sheet	
	2020.12.31	2021.1.1	2020.12.31	2021.1.1
Right to use assets		33,786,538		3,830,053
Lease liabilities		30,955,572		3,559,048
Non-current liabilities due within one year	1,361,791,128	1,364,622,094	3,024,040	3,295,045

(2) Presentation of transportation costs

In 2017, the Ministry of Finance ("MOF") revised and issued ASBE No. 14 - Revenue (Caihui [2017] No. 22, or the new revenue standard), which is required to be effective from 1 January 2018 for enterprises listed both domestically and internationally and for enterprises listed outside China that adopt IFRSs or ASBEs in preparing their financial statements; for other domestically listed enterprises, effective from 1 January 2020.

For transportation costs incurred prior to the transfer of control of the goods to the customer and for the performance of the sales contract, in 2021, the Ministry of Finance issued the "Questions and Answers on the Implementation of Enterprise Accounting Standards", which are required to be reclassified to operating costs.

Consolidated income statement and parent company income statement affected at 31 December 2020:

Subjects	Consolidated Income Statement (\$)	Parent Company Income Statement (\$)
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Selling expenses	-419,590,903	-337,412,077
Operating costs	419,590,903	337,412,077

(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 from 2021 onwards

☒ Applicable

☐ Not

applicable

Consolidated

Balance Sheet

Unit:Yuan Currency:RMB

Projects	31 December 2020	1 January 2021	Adjustments
Current assets:			
Monetary funds	4,287,095,860	4,287,095,860	
Settlement provisions			
Unwinding of funds			
Financial assets held for trading	28,873,251	28,873,251	
Derivative financial assets			
Notes receivable			
Accounts receivable	2,750,756,921	2,750,756,921	
Receivables financing	912,445,780	912,445,780	
Prepayments	548,704,806	548,704,806	
Premiums receivable			
Sub-insurance receivables			
Provision for reinsurance contracts receivable			
Other receivables	40,107,822	40,107,822	
Of which: interest receivable	7,304,915	7,304,915	
Dividend receivable			
Buy-back financial assets			
Inventory	2,874,553,194	2,874,553,194	
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	458,218,373	458,218,373	
Total current assets	11,900,756,007	11,900,756,007	
Non-current assets:			
Loan disbursement and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	30,071,496	30,071,496	

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Investments in other equity instruments	Report 2021 (Download Announcement)	308,244,494	
Other non-current financial assets		87,171,738	

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Investment properties	71,464,870	71,464,870	
Fixed assets	11,813,236,885	11,813,236,885	
Construction in progress	1,615,839,031	1,615,839,031	
Productive biological assets			
Oil and gas assets			
Right to use assets		33,786,538	33,786,538
Intangible assets	768,667,071	768,667,071	
Development expenditure			
Goodwill			
Long-term amortised costs	1,803,355	1,803,355	
Deferred income tax assets	306,133,337	306,133,337	
Other non-current assets	2,395,383,628	2,395,383,628	
Total non-current assets	17,398,015,905	17,431,802,443	33,786,538
Total assets	29,298,771,912	29,332,558,450	33,786,538
Current liabilities:			
Short-term borrowings	1,564,566,522	1,564,566,522	
Borrowing from the Central Bank			
Unwinding of funds			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	3,307,766,543	3,307,766,543	
Accounts payable	2,471,280,727	2,471,280,727	
Receipts in advance			
Contractual liabilities	662,775,010	662,775,010	
Sale of repurchased financial assets			
Deposit-taking and interbank deposits			
Proceeds from agency purchases and sales of securities			
Underwriting of securities			
Payable to employees	158,238,452	158,238,452	
Taxes payable	26,490,212	26,490,212	
Other payables	1,526,049,113	1,526,049,113	
Of which: interest payable			
Dividends payable			
Fees and commissions payable			
Sub-insurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	1,361,791,128	1,364,622,094	2,830,966
Other current liabilities	87,203,855	87,203,855	
Total current liabilities	11,166,161,562	11,168,992,528	2,830,966
Non-current liabilities:			
Reserves for insurance contracts			

	Linglong Tyre Mountain	East Linglong Tire Co. 2021	Annual Report for the year (download announcement)	
Long-term borrowings		1,077,585,481	1,077,585,481	
Bonds payable				
Of which: Preference shares				
Perpetual Debt				
Lease liabilities			30,955,572	30,955,572
Long-term payables				
Long-term employee compensation payable				
Projected liabilities				
Deferred income		542,825,320	542,825,320	
Deferred income tax liabilities				
Other non-current liabilities				
Total non-current liabilities		1,620,410,801	1,651,366,373	30,955,572
Total liabilities		12,786,572,363	12,820,358,901	33,786,538
Owner's equity (or shareholders' equity):				
Paid-in capital (or share capital)		1,373,512,412	1,373,512,412	
Other equity instruments				
Of which: Preference shares				
Perpetual Debt				
Capital surplus		6,806,063,606	6,806,063,606	
Less: Treasury shares		352,559,822	352,559,822	
Other comprehensive income		-45,505,188	-45,505,188	
Dedicated reserves				
Surplus reserves		505,392,543	505,392,543	
General risk allowance				
Unallocated profit		8,219,436,954	8,219,436,954	
Total owners' equity (or shareholders' equity) attributable to the parent company		16,506,340,505	16,506,340,505	
Minority interests		5,859,044	5,859,044	
Total owner's equity (or shareholders' equity)		16,512,199,549	16,512,199,549	
Total liabilities and owners' equity (or shareholders' equity)		29,298,771,912	29,332,558,450	33,786,538

Explanation of adjustments to individual items:

☒ Applicable ☐ Not applicable

The Company will implement the new leasing standard from 1 January 2021. In accordance with the requirements of the Ministry of Finance, this implementation of the new leasing standard will not adjust the information of the comparable periods and will only adjust the opening amount of 2021 (the amount of right-of-use assets, lease liabilities and non-current liabilities due within one year).

Parent company balance sheet

Unit:Yuan Currency:RMB

Projects	31 December 2020	1 January 2021	Adjustments
Current assets:			
Monetary funds	1,495,724,055	1,495,724,055	
Financial assets held for trading			
Derivative financial assets			

Notes receivable			
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Linglong Tyre: Shandong Linglong Tyre Company Limited Annual
Report 2021 ([Download Announcement](#))

Accounts receivable	2,487,279,121	2,487,279,121	
Receivables financing	1,043,290,705	1,043,290,705	
Prepayments	320,767,433	320,767,433	
Other receivables	2,989,249,356	2,989,249,356	
Of which: interest receivable	7,304,915	7,304,915	
Dividend receivable			
Inventory	1,073,180,543	1,073,180,543	
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	68,442,048	68,442,048	
Total current assets	9,477,933,261	9,477,933,261	
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	5,609,459,043	5,609,459,043	
Investments in other equity instruments			
Other non-current financial assets	25,606,593	25,606,593	
Investment properties	1,932,381	1,932,381	
Fixed assets	3,251,260,755	3,251,260,755	
Construction in progress	159,943,614	159,943,614	
Productive biological assets			
Oil and gas assets			
Right to use assets		3,830,053	3,830,053
Intangible assets	158,262,544	158,262,544	
Development expenditure			
Goodwill			
Long-term amortised costs			
Deferred income tax assets	69,611,242	69,611,242	
Other non-current assets	271,195,796	271,195,796	
Total non-current assets	9,547,271,968	9,551,102,021	3,830,053
Total assets	19,025,205,229	19,029,035,282	3,830,053
Current liabilities:			
Short-term borrowings	1,314,509,439	1,314,509,439	
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	2,956,202,033	2,956,202,033	
Accounts payable	1,164,100,406	1,164,100,406	
Receipts in advance			
Contractual liabilities	571,731,829	571,731,829	

	Linglong Tyres: Shandong Linglong Tire Company Limited 2021	Annual Report (Download Announcement)	
Payable to employees	83,999,587	83,999,587	
Taxes payable	10,588,499	10,588,499	
Other payables	687,801,864	687,801,864	
Of which: interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year	3,024,040	3,295,045	271,005
Other current liabilities	76,790,888	76,790,888	
Total current liabilities	6,868,748,585	6,869,019,590	271,005
Non-current liabilities:			
Long-term borrowings	570,000,000	570,000,000	
Bonds payable			
Of which: Preference shares			
Perpetual Debt			
Lease liabilities		3,559,048	3,559,048
Long-term payables	391,494,000	391,494,000	
Long-term employee compensation payable			
Projected liabilities			
Deferred income	52,261,497	52,261,497	
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	1,013,755,497	1,017,314,545	3,559,048
Total liabilities	7,882,504,082	7,886,334,135	3,830,053
Owner's equity (or shareholders' equity):			
Paid-in capital (or share capital)	1,373,512,412	1,373,512,412	
Other equity instruments			
Of which: Preference shares			
Perpetual Debt			
Capital surplus	6,945,470,767	6,945,470,767	
Less: Treasury shares	352,559,822	352,559,822	
Other comprehensive income			
Dedicated reserves			
Surplus reserves	505,392,543	505,392,543	
Unallocated profit	2,670,885,247	2,670,885,247	
Total owner's equity (or shareholders' equity)	11,142,701,147	11,142,701,147	
Total liabilities and owners' equity (or shareholders' equity)	19,025,205,229	19,029,035,282	3,830,053

Explanation of adjustments to individual items:

√Applicable □ Not applicable

The Company will implement the new leasing standard from 1 January 2021. In accordance with the requirements of the Ministry of Finance, this implementation of the new leasing standard will not adjust the information of the comparable periods and will only adjust the opening amount of 2021 (the amount of right-of-use assets, lease liabilities and non-current liabilities due within one year).

(4). Note on retrospective adjustment of prior period comparatives for the first implementation of the new lease standard from 2021

☐ applicable ☒ not applicable

45. Other

☐ Applicable

☒ Not

applicable VI.

1. Major Taxes and

Tax Rates Major

Taxes and Tax

Rates

☒ Applicable ☐ Not applicable

Type of tax	Taxation basis	Tax rate
Corporate income tax	Taxable income	15% - 25%
VAT	Taxable value added (taxable value is calculated by multiplying taxable sales by the applicable tax rate less input tax allowed for the period)	6%, 9% and 13%
Urban Maintenance and Construction Tax	Amount of VAT paid	5% - 7%
Education surcharge	Amount of VAT paid	3%
Local education surcharge	Amount of VAT paid	2%
Land use tax	Actual area of land used	1-14 RMB/m ² /year

In accordance with the relevant provisions of the Notice on Enterprise Income Tax Policies Relating to Equipment and Apparatus Deduction (Cai Shui [2018] No. 54) and the Announcement on the Extension of the Implementation Period of Certain Tax Preferential Policies (Cai Shui [2021] No. 6) issued by the State Administration of Taxation, the

New equipment purchased by the Group during the period from 1 January 2018 to 31 December 2023 that is less than RMB5 million may be charged to current costs and expenses in a lump sum in the month following the month in which the asset is put into use and deducted from the calculation of taxable income, without further annualisation of depreciation.

In FY2021 and FY2020, the Company's sales tax rate is 6% for the provision of technology transfer and technology commissioned development services, 9% for the Company's provision of leasing services and 13% for domestic sales of products.

The tax rebate rate for the Group's exports of tyres, gaskets, capsules, rubber machinery, transformers and bridges is 13%; with effect from 1 May 2021, the tax rebate rate for the Company's exports of tyre beads and steel wires will be adjusted from 13% to 0%. Disclosure of the existence of taxable entities with different corporate income tax rates

☒ Applicable ☐ Not applicable

Name of taxable entity	Income tax rate (%)
Shandong Linglong Tire Co.	15
Dezhou Linglong Tyre Co.	15
Guangxi Linglong Tire Co.	15
Shandong Linglong Electromechanical Co.	15
Hubei Linglong Tyre Co.	15
hong kong tian shing investment & trading limited	8.25/16.5
Hong Kong Capitol Science and Technology Limited	8.25/16.5
LLIT(THAILAND)CO.,LTD.	20
LingLong Americas Inc.	21
Linglong Netherlands B.V.	15/25
Linglong International Europe d.o.o. Zrenjanin	15

KELLY (SINGAPORE) INVESTMENT & TRADING LTD.	Linglong Tyre: Shandong Linglong Tyre Company Limited Annual Report 2021 (Download Announcement)	
Linglong Germany GmbH, Hannover		15.825

The income tax rate applicable to the Company and its subsidiaries, namely Dezhou Linglong Tire Co. ("Guangxi Linglong"), Hubei Linglong Tire Company Limited ("Hubei Linglong") **are subject to an income tax** rate of 15% and other subsidiaries established and operating in the PRC are subject to an income tax rate of 25%. The income tax rates of the Company's major foreign subsidiaries are as follows:

Hong Kong profits tax: Hong Kong Tiansheng, a subsidiary of the Company, and CapitalLand, a subsidiary of Linglong Electrical and Mechanical Services, are companies registered in Hong Kong and are subject to Hong Kong profits tax at the applicable rate based on their taxable income. For the year 2021, the applicable income tax rate is 8.25% if the annual taxable income is below HK\$2 million and 16.5% if the annual taxable income is above HK\$2 million.

Thailand income tax: Thailand Linglong, a subsidiary of the Company, is a company incorporated in Thailand and is subject to Thailand income tax at the applicable rate based on the taxable income of Thailand Linglong. The applicable income tax rate for the year 2021 is 20%. According to the letter of encouragement from the Board of Investment of Thailand to Thai Linglong, Thai Linglong will be exempted from Thai income tax for eight years and reduced by half for five years from the date of generating business income. 2021, Thai Linglong is exempted from income tax.

US income tax: US Linglong, a subsidiary of HKTDC, is a company incorporated in the United States of America for the year 2014 and is subject to US income tax at the applicable federal and state tax rates based on the taxable income of US Linglong. The applicable federal tax rate for the year 2021 is 21% and the state tax rate is 1% to 10%.

Dutch income tax: Dutch Linglong, a subsidiary of HKTDC, is a company registered in the Netherlands in the year 2017 and is subject to Dutch income tax at the applicable rate based on the taxable income of Dutch Linglong. In the year 2021, if the annual taxable income is below EUR245,000, the applicable income tax rate is 15% and the portion above EUR245,000 is subject to income tax rate of 25%.

Serbian income tax: Serbian Linglong, a subsidiary of Dutch Linglong, is a company registered in Serbia in the year 2018 and is subject to Serbian income tax at the applicable rate based on the taxable income of Serbian Linglong. In the year 2021, the applicable income tax rate of Serbian Linglong is 15%.

Singapore income tax: Singapore Linglong, a subsidiary of the Company, is a company incorporated in Singapore and is subject to Singapore income tax at the applicable rate based on the taxable income of Singapore Linglong. The applicable income tax rate for the year 2021 is 17%.

German income tax: German Linglong, a subsidiary of Dutch Linglong, is a company registered in Germany and is subject to German income tax at the applicable rate based on the taxable income of German Linglong. The applicable income tax rate for the year 2021 is 15.825%.

The other subsidiaries of the Group established outside Hong Kong are not yet in full operation for the year and therefore have not generated taxable income and are not subject to income tax.

2. Tax benefits

☒ Applicable ☐ Not applicable

The Company obtained the "High and New Technology Enterprise Certificate" (Certificate No. GR200837000272) in December 2008, and the Company passed the re-examination of High and New Technology Enterprise in October 2011, October 2014, October 2017 and August 2020 respectively and obtained the renewed "High and New Technology Enterprise Certificate" (Certificate No. GR201137000472, GR201437000395, GR201737000176 and GR202037000178), all of which are valid for 3 years. In accordance with the relevant provisions of Article 28 of the PRC Enterprise Income Tax, the tax rate applicable to the Company for the year 2021 is 15%.

Texas Linglong, a subsidiary of the Company, obtained the "High and New Technology Enterprise Certificate" (Certificate No. GR201337000105 and GR201637000487) in December 2013 and December 2016 respectively, and passed the re-examination of High and New Technology Enterprise in November 2019 and obtained the updated "High and New Technology Enterprise Certificate" (Certificate No. GR201937000761), which is valid for 3 years. According to the relevant provisions of Article 28 of the Enterprise Income Tax of the People's Republic of China, the income tax rate applicable to Texas Linglong for the year 2021 is 15%.

Linglong Electromechanical, a subsidiary of the Company, obtained the "High and New Technology Enterprise Certificate" (Certificate No. GR200837000237) in December 2008. In October 2011, October 2014, October 2017 and August 2020, Linglong Electromechanical passed the re-examination of High and New Technology Enterprise and obtained the renewed High and New Technology Enterprise Certificate (Certificate No. GF201137000381, GR201437000646 and GR201737000272, GR202037000918) respectively, GR202037000918), the certificates are all valid for 3 years. According to the relevant provisions of Article 28 of the Enterprise Income Tax of the People's Republic of China, the income tax rate applicable to Linglong E&M for the year 2021 is 15%.

Guangxi Linglong, a subsidiary of the Company, obtained the Certificate of High and New Technology Enterprise (Certificate No. GR201645000022) in November 2016. Guangxi Linglong passed the re-examination of High and New Technology Enterprise in November 2020 and obtained the renewed High and New Technology Enterprise Certificate (Certificate No. GR202045000261), both of which are valid for 3 years. According to the relevant provisions of Article 28 of the Enterprise Income Tax of the People's Republic of China, the income tax rate applicable to Guangxi Linglong for the year 2021 is 15%.

Hubei Linglong, a subsidiary of the Company, obtained the "High and New Technology Enterprise Certificate" (Certificate No. GR202142003949) in December 2021. According to the relevant provisions of Article 28 of the Enterprise Income Tax of the People's Republic of China, the applicable enterprise income tax rate of Hubei Linglong for the year 2021 is 15%. According to the encouragement letter from the

Investment Promotion Commission of Thailand issued to Thai Linglong. Thai Linglong will enjoy the preferential policy of exemption from Thai corporate income tax for eight years and 80% reduction for five years from the date of generating business income. 2014, Thai Linglong has generated business income, which is the first tax year of Thai Linglong, and 2021 is still the tax exemption period of Thai Linglong.

3. Other

☐ applicable ☒ not applicable

VII. Notes to the

Consolidated Financial

Statements 1.

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Cash on hand	842,934	457,746
Bank deposits	1,781,793,117	3,757,245,428
Other monetary funds	531,186,906	529,392,686

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Interest receivable	3,516,082	
Total	2,317,339,039	4,287,095,860
Of which: total funds held offshore	804,356,078	2,002,282,363

Other notes

Other monetary funds are analysed as follows: Unit: \$

	31 December 2021	31 December 2020
Banker's Acceptance Deposit (1)	420,178,301	315,878,030
Note pool margin (2)	46,116,904	60,803,227
Borrowing margin (3)	30,000,000	146,000,000
Tariff deposits	29,380,828	2,986,432
Other	5,510,873	3,724,997
Total	531,186,906	529,392,686

(1) Banker's Acceptance Deposit:

As at 31 December 2021, \$420,178,301 (31 December 2020: \$315,878,030) of other monetary funds represents the Group's pledge of margin deposits to banks as \$3,397,822,425 (31 December 2020:

2,371,123,746) part of the pledge of banker's acceptances payable.

(2) Note pool margin:

As at 31 December 2021, \$46,116,904 (31 December 2020: \$60,803,227) of other monetary funds and \$44,944,814 (31 December 2020: receivables financing of \$344,083,507) were pledged to banks by the Group as \$136,976,723 (31 December 2020: \$320,104,864) margin deposit in respect of bank acceptance bills payable.

(3) Borrowing margin:

At 31 December 2021, \$30,000,000 (31 December 2020: \$146,000,000) of other monetary funds was pledged by the Group to banks as security for short-term borrowings of \$300,000,000 (31 December 2020: \$200,000,000).

2. Financial assets held for trading

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Financial assets at fair value through profit or loss	20,810,538	28,873,251
Of which:		
Investments in equity instruments	20,810,538	28,873,251
Financial assets designated at fair value through profit or loss		
Total	20,810,538	28,873,251

Other notes:

☒ Applicable ☐ Not applicable

Investments in trading equity instruments are shares in Hong Kong listed companies acquired by the Group. As the Group holds the above shares for the sole purpose of selling them in the near future, they are accounted for as investments in trading equity instruments, the fair value of which is determined based on the closing price of the relevant listed companies on the last trading day of the year 2021.

3. Derivative financial assets

☐ Applicable

☒ Not

applicable 4.

Notes

(1). Presentation of notes receivable by category

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Banker's Acceptances		
Commercial Promissory Notes	206,947,101	
Total	206,947,101	

(2). Notes receivable pledged by the Company at the end of the period

☐ applicable ☒ not applicable

(3). Notes receivable endorsed or discounted by the company at the end of the period and not yet due at the balance sheet date

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Amount derecognised at the end of the period	Amount not derecognised at the end of the period
Banker's Acceptances		
Commercial Promissory Notes		2,150,000
Total		2,150,000

(4). Notes transferred by the Company to accounts receivable at the end of the period due to non-performance by 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 other receivables disclosures as follows:

☐ applicable ☒ not applicable

Combined provision item: Bad debt

provision by risk combination Unit: RMB

Currency: RMB

Name	Closing balance		
	Notes receivable	Provision for bad debts	Percentage of accrual (%)
Bad debt accrual on notes receivable	208,995,255	2,048,154	0.98
Total	208,995,255	2,048,154	0.98

Recognition criteria and explanations for bad debt by portfolio

☐ applicable ☒ not applicable

(6). Provision for bad debts

☐ applicable ☒ not applicable

(7). Actual write-off of bills receivable during the period

☐ Applicable

☒ Not

applicable

Other notes

5. Accounts
receivable

Ling ong Tyre: Shandong Linglong Tyre Company Limited Annual
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(1). Disclosure by age

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Ageing of accounts	Closing balance
Within 1 year	
of which: sub-items up to 1 year	
Subtotal within 1 year	3,056,779,866
1 to 2 years	38,658,810
2 to 3 years	41,092,686
More than 3 years	88,875,853
Total	3,225,407,215

(2). Disclosure by bad debt accrual method

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Accounts	Book balance		Provision for bad debts		Accounts
	Amount	Proportion (%)	Amount	Provisioning ratio (%)	Value	Amount	Proportion (%)	Amount	Provisioning ratio (%)	Value
Provision for bad debts is made on an individual basis	23,887,895	0.74	23,887,895	100	0	25,682,884	0.89	25,682,884	100	0
Provision for bad debts by portfolio	3,201,519,320	99.26	140,218,557	4.38	3,061,300,763	2,871,468,534	99.11	120,711,613	4.20	2,750,756,921
Of which:										
Provision for bad debts is made on a risk-based portfolio basis	3,201,519,320	99.26	140,218,557	4.38	3,061,300,763	2,871,468,534	99.11	120,711,613	4.20	2,750,756,921
Total	3,225,407,215	/	164,106,452	/	3,061,300,763	2,897,151,418	/	146,394,497	/	2,750,756,921

Provision for bad debts is made on an individual basis:

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Name	Closing balance			
	Book balance	Provision for bad debts	Percentage of accrual (%)	Reasons for accrual
Domestic Clients	11,464,532	11,464,532	100	
Overseas Clients	12,423,363	12,423,363	100	
Total	23,887,895	23,887,895	100	

Notes to the provision for bad debts by individual items:

☐ applicable ☒ not applicable
Linglong Tyre: Shandong Linglong Tyre Company Limited Annual
Report 2021 ([Download Announcement](#))
Provision for bad debts is made on a portfolio basis:

☒ Applicable ☐ Not applicable

Combined provision item: Bad debt

provision by risk combination Unit: RMB

Currency: RMB

Linglong Tyre: Shandong Linglong Tyre Company Limited Annual
Report 2021 ([Download Announcement](#))

Name	Closing balance		
	Accounts receivable	Provision for bad debts	Percentage of accrual (%)
Domestic Client Portfolio	2,088,685,998	121,772,105	5.83
Overseas Client Portfolio	1,112,833,322	18,446,452	1.66
Total	3,201,519,320	140,218,557	/

Recognition criteria and description of bad debts by portfolio:

☒ Applicable ☐ Not applicable

For receivables classified as a portfolio, the Group calculates expected credit losses by reference to historical credit loss experience, taking into account current conditions and forecasts of future economic conditions, through default risk exposures and expected credit loss rates throughout the life of the receivables. If the provision for bad debts is based on the general model of expected credit losses, please refer to the disclosure of other receivables as follows:

☐ applicable ☒ not applicable

(3). Provision for bad debts

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Amount of change during the period				Closing balance
		Accrual	Recovered or transferred back	Transfers or write-offs	Other changes	
Provision for bad debts on accounts receivable	146,394,497	19,570,757	1,568,080	/	290,722	164,106,452
Total	146,394,497	19,570,757	1,568,080	/	290,722	164,106,452

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 owing

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Name of unit	Closing balance	As a percentage of the total closing balance of accounts receivable (%)	Closing balance of provision for bad debts
Client 1	321,405,516	9.97	1,607,027
Client 2	159,483,376	4.94	2,711,702
Client 3	145,418,153	4.51	2,221,983
Client 4	133,910,969	4.15	1,339,110
Client 5	103,851,356	3.22	1,038,514
Total	864,069,370	26.79	8,918,336

(6). Derecognition of receivables due to transfer of financial assets

☐ applicable ☒ not applicable

(7). Transfer of receivables and continued involvement in the amount of assets and liabilities formed

☐ Applicable

☒ Not

applicable

Other

Description:

6. Receivables

financing

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Receivables financing	232,175,310	912,445,780
Total	232,175,310	912,445,780

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

☐ applicable ☒ not applicable

If the provision for bad debts is based on the general model of expected credit losses, please refer to other receivables disclosures as follows:

☐ Applicable

☒ Not

applicable

Other

Description:

☒ Applicable ☐ Not applicable

The Company and its subsidiaries discount and endorse a portion of the banker's acceptances as required for their daily fund management and the conditions for derecognition are met, therefore, the banker's acceptances are classified as financial assets measured at fair value through other comprehensive income.

As at 31 December 2021, the Group measured the bad debt provision on the basis of expected credit losses throughout the life of the Group's banker's acceptances held, which the Group considers to have similar credit risk characteristics, and there is no individual banker's acceptances for which provision for impairment has been made. In addition, there are no significant credit risks associated with banker's acceptances and no significant losses will arise from bank defaults, therefore no provision for bad debts on receivables financing has been made (31 December 2020: no provision).

As at 31 December 2021, the Group has pledged banker's acceptances receivable amounting to \$44,944,814 (31 December 2020: \$344,083,507) shown in the receivables financing. As part of the pledge of banker's acceptances payable of \$136,976,723 (December 31, 2020: \$320,104,864).

As at 31 December 2021, the Group's endorsed or discounted bills receivable presented in receivables financing that are not yet due are as follows: in

Projects	Terminated confirmed	No confirmation of suspension
Bankers' acceptances	4,126,170,225	
Total	4,126,170,225	

7. Prepayments

(1). Prepayments are shown by ageing

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Ageing of accounts	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	312,701,054	95.91	538,749,855	98.19
1 to 2 years	5,543,728	1.70	6,334,425	1.15
2 to 3 years	4,918,883	1.51	600,640	0.11
More than 3 years	2,866,602	0.88	3,019,886	0.55
Total	326,030,267	100.00	548,704,806	100.00

Explanation of the reasons why prepayments aged over 1 year and of material amounts have not been settled in a timely manner:

At December 31, 2021, prepayments aged over one year amounted to \$13,329,213 (December

31, 2020: \$9,954,951), mainly for prepayments for materials and labour which have not yet
Long type is standing long type. Company Limited Annual
Report 2021 ([Download Announcement](#))
been settled as the materials and labour have not yet been received or completed.

(2). Top five prepayments with closing balances grouped by prepaid objects

☒Applicable ☐ Not applicable

Name of unit	Closing balance	Percentage of total closing balance of prepayments (%)
Supplier 1	57,826,233	17.74

Linglong Tyre: Shandong Linglong Tyre Company Limited Annual
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Supplier 2	43,167,923	13.24
Supplier 3	30,927,310	9.49
Supplier 4	15,727,732	4.82
Supplier 5	15,553,281	4.77
Total	163,202,479	50.06

Other notes

8. Presentation

of other

receivable

items

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Interest receivable		7,304,915
Dividend receivable		
Other receivables	28,654,757	32,802,907
Total	28,654,757	40,107,822

Other notes:

☐ Applicable

☒ Not

applicable

Interest

receivable

(1). Classification of interest receivable

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Promissory note deposit		2,942,330
Interest on borrowing deposits		3,852,690
Other interest		509,895
Total		7,304,915

(2). Significant overdue interest

☐ applicable ☒ not applicable

(3). Provision for bad debts

☐ Applicable

☒ Not

applicable

Other

Description:

☐ applicable

√not

applicable

Dividend

receivable

(1). Dividend receivable

☐ applicable √not applicable

(2). Significant dividends receivable aged over 1 year

☐ applicable √not applicable

(3). Provision for bad debts

☐ Applicable

√Not

applicable

Other

Description:

☐ Applicable

√Not

applicable

Other

receivables

(1). Disclosure by age

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Ageing of accounts	Closing balance
Less than 1 year	
Subtotal within 1 year	22,706,068
1 to 2 years	3,671,074
2 to 3 years	332,189
More than 3 years	44,158,331
Total	70,867,662

(2). Breakdown by nature of payments

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Nature of payment	Closing balance	Opening balance of the period
Compensation receivables	37,557,756	38,436,658
Staff imprest receivables	12,190,235	12,202,313
Deposits and security deposits receivable	5,751,819	8,700,445
Receivables for equipment and materials	3,038,448	9,502,866
Export tax refunds receivable	2,153,434	2,101,368
Other	10,175,970	11,257,606
Total	70,867,662	82,201,256

(3). Provision for bad debts

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses for the next 12 months	Expected credit losses (no credit impairment) for the entire life of the property	Expected credit losses (credit impairment has occurred) throughout the life of the	
Balance at 1 January 2021	1,458,825		47,939,524	49,398,349
Balance at 1 January 2021 in the current period				

--Transfer to Stage 2	Ling ong Tyre: Shandong Linglong Tyre Company Limited Annual Report 2021 (Download Announcement)			
--Transfer to Stage 3				
--Turn back to Phase 2				
--Turn back to Phase 1				
Provision for the period	157,876		336,800	494,676
Transfer back during the period				
Transferred during the period				

Ling ong Tyre: Shandong Linglong Tyre Company Limited Annual
Report 2021 ([Download Announcement](#))

Current write-offs			6,801,218	6,801,218
Other changes			878,902	878,902
Balance at 31 December 2021	1,616,701		40,596,204	42,212,905

Explanation of significant changes in the carrying amount of other receivables for which changes in the provision for losses occurred during the period:

☐ applicable ☒ not applicable

The amount of the provision for bad debts for the period and the basis used to assess whether there has been 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	Recovered or transferred back	Transfers or write-offs	Other changes	
Other receivables that are individually significant and for which a separate provision for bad debts has been made	38,436,658				878,902	37,557,756
Other receivables with bad debt provision based on a combination of credit risk characteristics (internal staff loans and imprest)	1,458,825	157,876				1,616,701
Other receivables that are individually insignificant but for which a separate provision for bad debts has been made	9,502,866	336,800		6,801,218		3,038,448
Total	49,398,349	494,676		6,801,218	878,902	42,212,905

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

☐ applicable ☒ not applicable

(5). Actual write-off of other receivables during the period

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Amount written off
Actual write-off of other receivables	6,801,218

Of which significant other receivables are written off:

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Name of unit	Nature of other receivables	Amount written off	Reason for write-off	Write-off procedures performed	Whether the amount arises from a connected transaction
Shanghai Mingsmith Intelligent Systems Co.	Return of payment for goods	6,801,218	Confirmed uncollectable	Shandong Linglong Tyre Company Limited-about some of its	No
				Announcement of bad debt write-off of other receivables	
Total	/	6,801,218	/	/	/

☐ applicable ☒ not applicable

(4). Top five other receivables with closing balances, grouped by party in arrears

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Ling ong Tyre: Shandong Linglong Tyre Company Limited Annual
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Name of unit	Nature of payment	Closing balance	Ageing of accounts	As a percentage of the total closing balance of other receivables (%)	Provision for bad debts Closing balance
Supplier 1	Insurance Payments	37,557,756	More than three years	53.00	37,557,756
Supplier 2	Tax refunds	3,244,017	Within one year	4.58	
Supplier 3	Material receivables	3,038,448	More than three years	4.29	3,038,448
Supplier 4	Tax refunds receivable	2,153,434	Within one year	3.04	
Supplier 5	Tax refunds	1,605,752	Within one year	2.27	
Total	/	47,599,407	/	67.18	40,596,204

(5). Receivables involving government grants

☐ applicable ☒ not applicable

(6). Other receivables derecognised due to transfer of financial assets

☐ applicable ☒ not applicable

(7). Transfer of other receivables and continued involvement in the amount of assets and liabilities formed

☐ Applicable

☒ Not

applicable

Other

Description:

Applicable

☒ Not

applicable 9.

Inventories

(1). Inventory classification

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance			Opening balance		
	Book balance	Provision for decline in value of inventories / provision for impairment of contract performance costs	Carrying value	Book balance	Provision for decline in value of inventories/impairment of contract performance costs	Carrying value
Raw materials	1,713,397,917	2,243,714	1,711,154,203	1,166,608,840	2,243,714	1,164,365,126
In Products	467,548,271		467,548,271	375,612,728		375,612,728
Goods in stock	2,517,028,170	161,274,515	2,355,753,655	1,482,837,981	148,262,641	1,334,575,340
Total	4,697,974,358	163,518,229	4,534,456,129	3,025,059,549	150,506,355	2,874,553,194

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

☒ Applicable ☐ Not applicable

Projects	Opening balance	Increase during the period		Decrease during the period			Closing balance
		Accrual	Other	Transfer back	Resale	Other	
Raw materials	2,243,714						2,243,714
In Products							
Goods in stock	148,262,641	291,226,293		1,295,276	276,919,143		161,274,515
Total	150,506,355	291,226,293		1,295,276	276,919,143		163,518,229

(3). Notes to the closing balance of inventories containing amounts capitalised for borrowing costs

☐ applicable ☒ not applicable

(4). Explanation of the amount of current amortisation 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 and reasons for significant changes in the carrying value during the reporting period

☐ applicable √/not applicable

(3). Provision for impairment of contract assets during the period

☐ applicable √/not applicable

If the provision for bad debts is based on the general model of expected credit losses, please refer to other receivables disclosures as follows:

☐ Applicable

√/Not

applicable

Other

Description:

☐ Applicable

√/Not applicable

11. Assets held for

sale

☐ applicable √/not applicable

12. Non-current assets due within one year

√/Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Debt investments maturing within one year		
Other debt investments maturing within one year		
Long-term receivables due within one year	11,002,297	
Total	11,002,297	

Significant debt investments and other debt investments at the end of the period:

Other current

assets

√/Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
----------	-----------------	-----------------

Input tax to be deducted	Ling ong Tyre: Shareholding Report 2021 (Download Announcement)	Ling ong Tyre Company Limited Annual Report 2021	26,519,206
Input tax to be certified		169,171,908	14,663,551
Prepaid income tax		26,544,656	33,196,848
Futures Margin		5,782,809	5,865,848
Prepayment of VAT		2,861,560	1,902,958
Stock account funds (1)		389,912	35,645,535
Prepaid consumption tax			424,427
Total		804,660,439	458,218,373

Other notes

(1) At December 31, 2021, \$389,912 (December 31, 2020: \$35,645,535) of other current assets are funds held by the Group

in a share account. 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 the provision for impairment for the period and the basis used to assess whether there has been 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 the provision for impairment for the period and the basis used to assess whether there has been a significant increase in the credit risk of the financial instrument

☐ Applicable

☒ Not

applicable

Other

Description:

Applicable

☒ Not

applicable 16.

Long-term

receivables

(1). Status of long-term receivables

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance	Discount rate interval
----------	-----------------	-----------------	------------------------

	Shandong Report 2021	Shandong Report 2021	Shandong Report 2021	Shandong Report 2021	Shandong Report 2021	Shandong Report 2021	Shandong Report 2021
	Balance	Balance	Balance	Balance	Balance	Balance	Balance
	76,275,491		76,275,491				
	76,275,491		76,275,491				/

In fiscal 2021, the Group assisted employees in the transfer of title of the properties purchased by the Group in previous years (the title was transferred directly from the property developer to the employees).

(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 there has been a significant increase in the credit risk of the financial instruments

☐ applicable ☒ not applicable

(3). Long-term receivables derecognised 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

Long-term equity

investments

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Beginning of the period		Increase/decrease during the period								End of term	
Investees	Balance	Additional investments	Reduce investment	Gains and losses on investments recognised under the equity method	Adjustments to other comprehensive income	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	Other	Balance	Closing balance of provision for impairment
I. Joint ventures											
Subtotal											
II. Associated enterprises											
Butterfly Motion (Changchun) Technology Equity Co.	30,071,496			-630,268						29,441,228	
Subtotal	30,071,496			-630,268						29,441,228	
Total	30,071,496			-630,268						29,441,228	

Other notes

In June 2020, the Group invested in Butterfly (Changchun) Technology Company Limited (**Changchun Butterfly**) with a capital contribution of RMB30,000,000, of which RMB15,000,000 was added to the registered capital of Changchun Butterfly and the remaining RMB15,000,000 was credited to the capital reserve of Changchun Butterfly. The remaining RMB15,000,000 was credited to the capital reserve of Changchun DieDong. As at 31 December 2021, the Group's shareholding in Changchun DieDong was 27.27%.

18. Investments in other equity instruments

(1). Investments in other equity instruments

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
CIMC Vehicle (Group) Co.	236,606,242	258,244,494
Jiangsu Xingda Steel Cord Co.	50,000,000	50,000,000
Haiyang Technology Co.	84,000,000	
Taiyuan Clintell Environmental Technology Co.	30,000,000	
Total	400,606,242	308,244,494

(a) In FY9, the Group acquired shares in CIMC Vehicles, a company listed in Hong Kong, with a shareholding of 2.11% as at 31 December 2021. The Group is unable to exercise significant influence over the financial and operating decisions of CIMC Vehicles and the

Group accounts for this investment as an investment in other equity instruments for strategic investment purposes as the Group considers this investment as a strategic investment of the Group. [Report 2021 \(Download Announcement\)](#)

(b) In FY0, the Group agreed to make a contribution of RMB50 million to invest in Jiangsu Xingda Steel Cord Company Limited, with a shareholding of 0.73% as at 31 December 2021. The Group is unable to exercise significant influence over the financial and operating decisions of Jiangsu Xingda and the Group accounts for this investment as a strategic investment of the Group and therefore accounts for it as an investment in other equity instruments.

(c) In FY1, the Group agreed to contribute a capital contribution of RMB84 million to invest in Haiyang Technology Company Limited, with a shareholding ratio of 10.30% as at 31 December 2021. The Group is unable to exercise significant influence over the financial and operating decisions of Haiyang Technology and the Group accounts for this investment as an investment in other equity instruments as it is a strategic investment of the Group. (d) In FY2021, the Group agreed to contribute RMB30.0 million to invest in Taiyuan Clintel Environmental Protection Technology Company Limited, with a shareholding of 6.00% as at 31 December 2021. The Group is unable to exercise significant influence over the financial and operating decisions of Clintel and the Group accounts for this investment as a strategic investment of the Group and therefore accounts for it as an investment in other equity instruments.

(2). Investments in non-trading equity instruments

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

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Projects	Dividend income recognised during the period	Accumulated gains	Accumulated losses	Transfer from other comprehensive income to retained earnings	Reasons for designation as at fair value through other comprehensive income	Reasons for transfer of other comprehensive income to retained earnings
CIMC Vehicle (Group) Co.	11,377,947	30,534,775			See (1) for details	
Jiangsu Xingda Steel Cord Co.	1,805,555	1,805,555			See (1) for details	
Haiyang Technology Co.					See (1) for details	
Taiyuan Clintell Environmental Technology Co.					See (1) for details	

Other notes:

☐ applicable ☒ not applicable

19. other non-current financial assets

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Other notes:

☒ Applicable ☐ Not applicable

The above partnerships in which the Group invested have a set operating term and the Group has no significant influence over any of these partnerships, therefore the Group judged that these investments are non-trading investments in debt instruments and classified them as financial assets at fair value through profit or loss and presented as other non-current financial assets.

20. Investment property Investment property measurement model

(1). Investment properties using cost

measurement model Unit: Yuan

Currency: RMB

Projects	Houses, buildings	Land use rights	Total
I. Original book value			
1. Opening balance	78,451,106		78,451,106
2. Increase in the current period	26,524,010	51,529,240	78,053,250
(1) Outsourcing			
(2) Transfer from inventories/ fixed assets/ construction in progress	26,524,010	51,529,240	78,053,250
(3) Increase in business combinations			
3. Decrease in the current period			
(1) Disposal			

(2) Other transfers out			
4. Closing balance	104,975,116	51,529,240	156,504,356
II. Accumulated depreciation and accumulated amortisation			
1. Opening balance	6,986,236		6,986,236

Projects	Closing balance	Opening balance
Nanjing Jucheng Qiushi Equity Investment Partnership (Limited Partnership)	86,675,816	61,565,145
Xianning Xingtuo Weisheng Equity Investment Management Partnership (Limited Partnership)	49,800,215	25,606,593
Zhuhai Hengqin New Area Tian Ying He Zhi Investment Management Partnership (Limited Partnership)	41,364,648	
Guangdong Dezaihou Jiayan Equity Investment Partnership (Limited Partnership)	10,000,000	
Guangdong Dezaihou Qixiu Equity Investment Partnership (Limited Partnership)	30,000,000	
Total	217,840,679	87,171,738

2. Increase in the current period	4,232,675	1,198,354	5,431,029
(1) Accrual or amortisation	4,232,675	1,198,354	5,431,029
3. Decrease in the current period			
(1) Disposal			
(2) Other transfers out			
4. Closing balance	11,218,911	1,198,354	12,417,265
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. Carrying value			
1. Closing book value	93,756,205	50,330,886	144,087,091
2. Opening book value	71,464,870		71,464,870

(2). Status of investment properties without proper title deeds

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Carrying value	Reasons for not completing the title deeds
House buildings	11,111,100	The process

Other notes

21. Fixed

assets

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Fixed assets	12,419,500,883	11,813,236,885
Fixed asset liquidation		
Total	12,419,500,883	11,813,236,885

Other notes:

☐ Applicable

√Not

applicable

Fixed assets

(1). Fixed assets

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Land	Houses and buildings	Machinery and equipment	Moulds	Transport	Electronic equipment and	Total
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i. Original book value:

1. Opening balance	303,472,457	4,570,295,949	12,875,378,446	1,856,260,889	76,254,371	214,656,339	19,896,318,451
2. Increase in the current period		676,709,968	1,020,525,257	207,136,423	12,126,201	26,980,867	1,943,478,716
(1) Acquisition		2,250,241	29,893,604	207,136,423	11,232,396	26,700,662	277,213,326
(2) Transfer from construction in progress		674,459,727	990,631,653		893,805	280,205	1,666,265,390
3. Decrease in the current period	15,766,849	215,874,034	567,963,785	17,324,077	2,587,645	2,801,915	822,318,305
(1) Disposal or scrapping		163,876,981	494,157,362	3,023,567	2,359,601	2,044,365	665,461,876
(2) Transfer to investment properties		29,456,699					29,456,699
(3) Others	15,766,849	22,540,354	73,806,423	14,300,510	228,044	757,550	127,399,730
4. Closing balance	287,705,608	5,031,131,883	13,327,939,918	2,046,073,235	85,792,927	238,835,291	21,017,478,862

II. Accumulated depreciation

1. Opening balance		1,063,852,841	5,421,295,695	1,325,586,946	42,628,510	149,638,025	8,003,002,017
2. Increase in the current period		178,209,522	719,607,541	224,620,395	8,431,791	20,097,855	1,150,967,104
(1) Accrual		178,209,522	719,607,541	224,620,395	8,431,791	20,097,855	1,150,967,104
3. Decrease in the current period		105,762,892	443,841,618	10,974,958	1,791,761	2,371,985	564,743,214
(1) Disposal or scrapping		89,793,593	422,727,454	1,561,023	1,672,812	1,872,924	517,627,806
(2) Transfer to investment properties		2,932,689					2,932,689
(3) Others		13,036,610	21,114,164	9,413,935	118,949	499,061	44,182,719
4. Closing balance		1,136,299,471	5,697,061,618	1,539,232,383	49,268,540	167,363,895	8,589,225,907

iii. provision for impairment

1. Opening balance		46,357,651	33,721,898				80,079,549
2. Increase in the							

current period							
(1) Accrual							
3. Decrease in the current period		39,046,565	32,280,912				71,327,477
(1) Disposal or scrapping		39,046,565	32,280,912				71,327,477
4. Closing balance		7,311,086	1,440,986				8,752,072
IV. Carrying value							
1. Closing book value	287,705,608	3,887,521,326	7,629,437,314	506,840,852	36,524,387	71,471,396	12,419,500,883
2. Opening book value	303,472,457	3,460,085,457	7,420,360,853	530,673,943	33,625,861	65,018,314	11,813,236,885

(2). Status of fixed assets temporarily idle

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Original book value	Accumulated depreciation	Provision for impairment	Carrying value	Remarks
Machinery and equipment	63,035,399	-54,512,700	-1,440,986	7,081,713	
House buildings	26,308,787	-18,997,701	-7,311,086		
Total	89,344,186	-73,510,401	-8,752,072	7,081,713	

(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 deeds

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Carrying value	Reasons for not completing the title deeds
House buildings	1,739,648,201	The process

Other notes:

☐ Applicable

☒ Not

applicable

Fixed assets

liquidation

22.

Construction in

progress Items

shown

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Construction in progress	5,140,016,319	1,615,839,031
Engineering materials		
Total	5,140,016,319	1,615,839,031

Other notes:

☐ Applicable

☒ Not

applicable

Construction in

progress

(1). Construction in progress

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing Balance: Shandong Linglong Tyre Company Limited Annual Report 2021 (Download Announcement)			Opening Balance		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Serbian Linglong Project	2,341,047,006		2,341,047,006	10,380,007		10,380,007
Jilin Linglong Engineering Project	860,541,449		860,541,449	54,593,273		54,593,273
Hubei Linglong Phase I Project	838,729,306		838,729,306	465,762,573		465,762,573
Guangxi Linglong Phase I Project	423,293,244		423,293,244	261,457,642		261,457,642
Machine and equipment installation works	375,121,889		375,121,889	220,795,437		220,795,437

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Linglong Project in Thailand	82,897,329		82,897,329	404,776,855		404,776,855
Rubber Technology Engineering Project	76,241,599		76,241,599	85,150,101		85,150,101
Dezhou Linglong Engineering Project	29,518,293		29,518,293	22,731,029		22,731,029
Other piecemeal works	112,626,204		112,626,204	90,192,114		90,192,114
Total	5,140,016,319		5,140,016,319	1,615,839,031		1,615,839,031

(2). Changes in significant construction-in-progress projects during the period

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Project name	Budget	Opening balance	Increase during the period	Amount transferred to fixed assets during the period	Other decreases during the period	End of period Balance	Cumulative investment in works as a percentage of budget (%)	Project progress	Accumulated amount of interest capitalized	Of which: amount capitalized as interest for the period	Capitalization rate of interest for the period (%)	Sources of funding
Serbian Linglong Project	6,624,820,000	10,380,007	2,463,691,451	-133,024,452		2,341,047,006	39.34	39.34%				Self-financing
Jilin Linglong Engineering Project	4,894,000,000	54,593,273	1,131,107,575		325,159,399	860,541,449	24.42	24.42%	7,754,289	7,603,417	2.91	Borrowings / own funds
Hubei Linglong Phase I Project	5,409,000,000	465,762,573	751,873,529		378,906,796	838,729,306	54.25	54.25%	1,237,007			Raised funds / own funds
Guangxi Linglong Engineering Project	4,083,000,000	261,457,642	468,172,159		306,336,557	423,293,244	92.51	92.51%	11,658,542	1,312,330	2.91	Funds raised / borrowed / own funds

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Machine and equipment installation works	Not applicable	220,795,437	243,422,515		89,096,063	375,121,889	Not applicable	Not applicable			Borrowings / own funds
Linglong Project in Thailand	6,407,629,503	404,776,855	100,790,028	-8,573,384	414,096,170	82,897,329	91.55	91.55%			Borrowings / own funds

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Rubber Technology	85,150,101	13,308,277		22,216,779	76,241,599	12.24	12.24%	59,429	59,429		2.91	Borrowing / Self
Engineering Projects												Yes Funding
Dezhou Linglong Engineering Projects	2,778,000,000	22,731,029	121,096,201		114,308,937	29,518,293	91.71	91.71%			2.91	Borrowing / Self
												Yes Funding

Other Piecemeal Not Applicable Works	90,192,114	38,578,779		16,144,689	112,626,204			not suitable Use	Not applicable			Borrowing / from Yes Funding
Total	31,072,449,503	1,615,839,031	5,332,040,514	-141,597,836	1,666,265,390	5,140,016,319 /				20,709,267	8,975,176	/

Note: The project budget for the Linglong Project in Serbia is US\$994,419,100, equivalent to RMB6,624,820,000. The project budget for the Linglong Project in Thailand is US\$924,206,000, equivalent to RMB6,407,629,503.

(3). Provision for impairment of construction in progress during the period

☐ Applicable

√Not

applicable

Other notes

☐ Applicable

√Not

applicable

Engineering

materials

(4). Engineering materials

Applicable √Not

applicable 23.

Productive biological

assets

(1). Productive biological assets using the cost measurement model
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☐ applicable ☒ not applicable

(2). Productive biological assets using the fair value measurement model

☐ Applicable

☒ Not

applicable

Other notes

Applicable

☒ Not

applicable 24.

Oil and gas

assets

Applicable

☒ Not

applicable 25.

Right-of-use

assets

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	House and grounds	Total
I. Original book value		
1. Opening balance		
2. Change in accounting policy	33,786,538	33,786,538
(1) 1 January 2021	33,786,538	33,786,538

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3. Increase in the current period	8,446,606	8,446,606
4. Decrease in the current period		
5. Closing balance	42,233,144	42,233,144
II. Accumulated depreciation		
1. Opening balance		
2. Increase in the current period	4,240,342	4,240,342
(1) Accrual	4,240,342	4,240,342
3. Decrease in the current period		
(1) Disposal		
4. Closing balance	4,240,342	4,240,342
iii. provision for impairment		
1. Opening balance		
2. Increase in the current period		
(1) Accrual		
3. Decrease in the current period		
(1) Disposal		
4. Closing balance		
IV. Carrying value		
1. Closing book value	37,992,802	37,992,802
2. Opening book value		

26. Intangible assets

(1). Status of intangible assets

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Land use rights	Software	Total
I. Original book value			
1. Opening balance	887,486,013	94,293,575	981,779,588
2. Increase in the current period	198,899,646	15,751,947	214,651,593
(1) Acquisition	198,899,646	15,751,947	214,651,593
3. Decrease in the current period	58,664,370	153,102	58,817,472
(1) Disposal			
(2) Others		153,102	153,102
(3) Transfer to investment properties	58,664,370		58,664,370
4. Closing balance	1,027,721,289	109,892,420	1,137,613,709
ii. accumulated amortisation			
1. Opening balance	135,025,996	78,086,521	213,112,517
2. Increase in the current period	20,681,990	10,841,493	31,523,483
(1) Accrual	20,681,990	10,841,493	31,523,483
3. Decrease in the current period	7,135,130	136,513	7,271,643
(1) Disposal			

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(2) Others		136,513	136,513
(3) Transfer to investment properties	7,135,130		7,135,130
4. Closing balance	148,572,856	88,791,501	237,364,357
iii. provision for impairment			
1. Opening balance			
2. Increase in the current period			
(1) Accrual			
3. Decrease in the current period			
(1) Disposal			
4. Closing balance			
IV. Carrying value			
1. Closing book value	879,148,433	21,100,919	900,249,352
2. Opening book value	752,460,017	16,207,054	768,667,071

Intangible assets formed through in-house research and development as a percentage of intangible asset balance at the end of the period 0 Decrease for the year – Other Resulting from exchange rate differences in the translation of intangible assets of the Company's overseas subsidiaries from foreign currency to RMB.

For the year 2021, the Group's research and development expenses totalled \$934,094,671 (2020: \$763,398,433), all of which were research expenses charged to profit or loss in the current period.

(2). Status of land use rights without proper title deeds

☐ Applicable

☒ Not

applicable

Other

Description:

Development

expenditure

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, stable period growth rate, profit margin, discount rate, projection period, etc., if applicable) and the method of recognising goodwill impairment losses

☐ applicable ☒ not applicable

(5). Impact of goodwill impairment testing

☐ Applicable

☒ Not

applicable

Other notes

Long-term

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amortised

expenses

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Opening balance	Increase during the period	Amortisation amount for the period	Other reductions	Closing balance
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Long-term amortised costs	1,803,355	1,272,781	1,036,668	2,039,468
Total	1,803,355	1,272,781	1,036,668	2,039,468

30. Deferred income tax assets/deferred income tax liabilities

(1). Deferred income tax assets not offset

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for asset impairment	333,521,790	50,309,685	328,586,977	49,811,799
Government grants	427,281,047	64,092,157	373,220,798	75,079,958
Depreciation of fixed assets and amortisation of intangible assets	38,877,956	5,831,693	53,189,725	7,898,807
Withholding for other expenses	79,678,058	11,989,591	47,367,188	7,200,242
Prepaid shipping	65,498,170	9,972,852	102,654,082	15,398,112
Projected liabilities	31,532,990	4,926,892	25,798,400	3,869,760
Unpaid 3-Pack Benefits and Rebates	55,206,182	9,981,647	39,265,192	6,881,982
Changes in fair value of other non-current financial assets	835,137	125,271		
Offsetting internal unrealised profits	860,197,712	140,629,028	859,074,774	151,425,268
Deductible losses	1,407,635,341	220,780,310	235,882,126	43,866,500
Contractual liabilities	67,866,785	10,180,018	68,087,651	10,213,147
Equity incentive fees	125,792,767	18,868,915	216,044,787	33,104,388
Other	2,067,152	310,073		
Total	3,495,991,087	547,998,132	2,349,171,700	404,749,963

(2). Deferred income tax liabilities not offset

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax Liabilities	Taxable temporary differences	Deferred income tax Liabilities
Depreciation of fixed assets	650,467,394	97,570,109	623,739,638	93,560,946
Changes in fair value of investments in trading equity instruments	4,301,408	709,732	12,566,090	2,073,405
Changes in fair value of other non-current financial assets	45,675,816	11,418,954	12,171,738	2,982,275
Total	700,444,618	109,698,795	648,477,466	98,616,626

(3). Deferred income tax assets or liabilities presented as net of offsetting

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Amounts of deferred tax assets and liabilities offset at the end of the period	Closing balance of deferred income tax assets or liabilities after offsetting	Opening offsetting amount of deferred income tax assets and liabilities	Opening balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets	-98,655,115	449,343,017	-98,616,626	306,133,337

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Deferred income tax liabilities	98,655,115	11,043,680	-98,616,626	
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(4). Details of unrecognised deferred income tax assets

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Deductible temporary differences		
Deductible losses	153,419,145	181,116,040
Total	153,419,145	181,116,040

(5). Deductible losses on unrecognised 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
2021		5,111,697	
2022	7,610,344	13,665,452	
2023	20,694,633	38,607,051	
2024	36,601,437	65,150,481	
2025	44,862,509	52,551,936	
2026 and beyond	43,650,222	6,029,423	
Total	153,419,145	181,116,040	/

Other notes:

√Applicable ☐ Not applicable

The taxable temporary differences for which no deferred tax liabilities have been recognized have no tax effect on the potential tax effect of the accumulated undistributed profits of the Company's foreign subsidiaries, as the Group is able to determine its own dividend distribution policy and has no plans to distribute dividends in the foreseeable future and has no intention to dispose of these subsidiaries, the Group has not recognized a deferred tax liability of RMB6,032,211,825 (31 December 2020: RMB4,928,311,977) in respect of such taxable temporary differences. As at 31 December 2020: \$4,928,311,977), the Group has not recognised a deferred income tax liability in respect of this taxable temporary difference of \$6,032,211,825 (31 December 2020: \$4,928,311,977).

31. Other non-current assets

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Prepayment for land, property and construction equipment	2,778,100,055	2,262,100,451
Long-term borrowing margin		133,283,177
Total	2,778,100,055	2,395,383,628

32. Short-term borrowings

(1). Classification of short-term borrowings

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Pledged loans	300,000,000	200,000,000
Secured Borrowing	251,618,595	
Guaranteed Borrowing	936,365,676	250,057,083
Credit Borrowing	4,343,230,137	1,114,509,439

Total	Linglong Tyre Shandong Linglong Tyre Company Limited Annual Report 2021 (Download Announcement)	136,522
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Notes to the classification of short-term borrowings:

(1) As at 31 December 2021, the Group's short-term pledged borrowings of \$300,000,000 (31 December 2020: \$200,000,000) were obtained by pledging the Group's \$30,000,000 (31 December 2020: \$146,000,000) margin deposit.

(2) Short-term secured borrowings of \$251,618,595 are secured by land with a carrying value of \$143,025,956 and buildings with a carrying value of \$760,441,998 (original cost of \$874,071,262).

(3) The bank guarantee borrowings are as follows:

31 December 2021 31 December 2020 The Company's guarantees for subsidiaries: 936,365,676 250,057,083 The interest rate bands for short-term borrowings are shown below:

31 December 2021 31 December 2020 Interest rate range 0.38% to 3.50% 0.65% to 4.05%

(2). Status of short-term borrowings overdue

☐ applicable ☒ not applicable

Of these, significant overdue short-term borrowings are as follows:

☐ Applicable

☒ Not

applicable

Other notes

☐ Applicable ☒ Not

applicable 33.

Financial liabilities

held for trading

Derivative financial

liabilities

☐ Applicable

☒ Not

applicable 35.

Notes Payable

(1). Presentation of notes payable

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Category	Closing balance	Opening balance
Commercial acceptances	638,380,160	616,537,933
Bankers' acceptances	3,534,799,148	2,691,228,610
Total	4,173,179,308	3,307,766,543

The total amount of notes payable due and unpaid at the end of the period was \$3,418,916.

At 31 December 2021, the Group's banker's acceptances of \$3,534,799,148 (31 December 2020: \$2,691,228,610) are pledged against the Group's margin deposits and banker's acceptances.

36. Accounts payable

(1). Accounts payable are shown

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Linglong Tyre Shandong Linglong Tyre Company Limited Annual Report 2021 (Download Announcement)	Top Annual
Payable for materials	2,327,885,894	2,197,813,789
Freight payable	193,021,757	225,737,073
Other	158,076,216	47,729,865
Total	2,678,983,867	2,471,280,727

(2). Significant accounts payable aged over 1 year

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Reasons for non-reimbursement or carry forward
Payable for materials	75,924,288	Final settlement of this amount has not yet taken place
Total	75,924,288	/

Other notes

37. Receipts in

advance

(1). Presentation of pre-receivables items

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Pre-paid housing rent	191,897	
Total	191,897	

(2). Significant receipts in advance aged over 1 year

☐ Applicable

☒Not

applicable

Other notes

Applicable

☒Not

applicable 38.

Contractual

liabilities

(1). Contractual liabilities

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Sales of products received in advance	277,032,093	594,687,359
Unused reward points	67,866,785	68,087,651
Total	344,898,878	662,775,010

(2). Amount and reasons for significant changes in the carrying value during the reporting period

☐ Applicable

☒Not

applicable

Other

Description:

39. Employee

remuneration

payable

(1). Presentation of employee remuneration payable

☒ Applicable ☐ Not applicable
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 Unit: Yuan Currency: RMB

Projects	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Short-term remuneration	158,238,452	1,625,526,051	1,627,190,621	156,573,882
II. Post-employment benefits - defined contribution plans		165,594,443	165,594,443	
III. Severance benefits				
IV. Other benefits due within one year				
Total	158,238,452	1,791,120,494	1,792,785,064	156,573,882

(2). Presentation of short-term remuneration

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Salaries, bonuses, allowances and subsidies	158,238,452	1,454,266,757	1,455,931,327	156,573,882
ii. employee benefit costs		39,593,791	39,593,791	
iii. social security contributions		94,077,970	94,077,970	
Of which: medical insurance premiums		84,344,484	84,344,484	
Worker's compensation insurance premiums		9,439,876	9,439,876	
Maternity insurance premiums		293,610	293,610	
IV. Housing Provident Fund		37,587,533	37,587,533	
V. Trade union funding and staff education funding				
VI. Short-term paid absences				
vii. short-term profit sharing schemes				
Total	158,238,452	1,625,526,051	1,627,190,621	156,573,882

(3). Defined contribution plan presentation

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Opening balance	Increase during the period	Decrease during the period	Closing balance
1. Basic pension insurance		158,830,658	158,830,658	
2. Unemployment insurance premiums		6,763,785	6,763,785	
3. Corporate Pension Contributions				
Total		165,594,443	165,594,443	

40. Taxes and fees payable

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Property tax payable	6,750,812	6,888,797
VAT not paid	5,652,959	308,209
Land use tax payable	3,472,886	4,749,949
Stamp duty payable	2,342,547	2,280,282
Corporate income tax payable	1,439,995	2,680,439
City tax and education surcharge payable	694,014	2,794,401
Other	6,176,776	6,788,135
Total	26,529,989	26,490,212

41. Presentation

of other

accounts

payable items

✓Applicable ☐ Not applicable
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Unit: Yuan Currency: RMB

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Projects	Closing balance	Opening balance
Interest payable		
Dividends payable		
Other payables	2,246,672,034	1,526,049,113
Total	2,246,672,034	1,526,049,113

Other notes:

☐ Applicable

☒ Not

applicable

Interest payable

(1). Listed by category

Applicable

☒ Not

applicable

Dividend

payable

(1). Listed by category

☐ Applicable

☒ Not

applicable

Other payables

(1). Presentation of other payables by nature of payment

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Payable for construction equipment and land	1,624,630,740	1,096,071,314
Restricted share buyback obligations payable	211,232,729	125,406,020
Deposits and security deposits payable	145,925,475	80,126,707
Payable for moulds	61,779,799	42,944,868
Payable for three packages	28,435,308	24,025,457
Advertising fees payable	4,908,037	5,849,201
Fees payable to intermediaries for services rendered	4,053,468	4,326,191
Other	165,706,478	147,299,355
Total	2,246,672,034	1,526,049,113

(2). Significant other payables aged over 1 year

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Reasons for non-reimbursement or carry forward
Payable for construction equipment, land and security deposits	501,259,452	The amount is outstanding because the work has not yet been completed or received by the other party at the reporting date.

Total	Report 2021 (Download Announcement) 501,259,452	/
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Other notes:

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	627,341,619	1,361,791,128
Bonds payable due within 1 year		
Long-term payables due within 1 year		
Lease liabilities due within 1 year	6,867,964	2,830,966
Total	634,209,583	1,364,622,094

44. other current

liabilities other

current liabilities

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Estimated cost of three packs	18,842,160	27,352,833
Tax to be transferred	18,122,712	59,851,022
Projected arbitration expenses	12,690,830	
Total	49,655,702	87,203,855

In February 2019, the Group engaged Bilfinger Tebodin DOO ("BT") to provide design, planning, environmental assessment and ground investigation related services. BT filed an arbitration case with the court in June 2020, demanding the Group to pay for the services under the contract. As at the date of approval of these financial statements, the case is still under trial. Based on the progress of the case and after consultation with the lawyers, the Group estimated the potential loss to be incurred by the Group and accrued a projected liability of \$12,690,830. Changes in short-term bonds payable:

☐ Applicable

☒ Not

applicable

Other

Description:

☐ Applicable

☒ Not

applicable 45.

Long-term

loans

(1). Classification of long-term borrowings

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Pledged loans		
Secured Borrowing	303,664,450	507,585,481
Guaranteed Borrowing	300,000,000	
Credit Borrowing	115,000,000	570,000,000
Total	718,664,450	1,077,585,481

(1) Long-term secured borrowings:

At 31 December 2021, long-term secured borrowings of \$457,299,986 (31 December 2020: \$678,356,938) were pledged by the Group's \$0 margin deposit (31 December 2020: \$133,283,177) and also by land with a carrying value of \$143,025,956 (31 December 2020: \$146,372,957) 31 December 2020: \$146,372,957)), book value of \$760,441,998 (original 874,071,262) (31 December 2020: buildings with a carrying value of \$778,237,369 (original cost of \$894,525,711)) and buildings with a carrying value of \$1,026,623,525 (original cost of 1,577,657,567) (December 31, 2020: book value of \$1,279,362,120 (original cost of \$1,797,968,535)) of machinery and equipment is pledged.

At 31 December 2021, long-term borrowings of \$457,299,986 (original currency: €63,340,580) (31 December 2020: \$678,356,938 (original currency: €84,530,460)) from Thai Kai Thai Bank, Bangkok Branch, are repayable by monthly interest payments and principal instalments, with the final principal instalment due on December 31, 2024.

(2) Long-term guaranteed

borrowings: 31 December 2021

31 December 2020

Guarantees provided by the Company for subsidiaries: 300,243,333 1,189,172,136

As at 31 December 2021, the long-term borrowings and non-current liabilities of Bank of China Limited Jingmen Hi-tech Zone Sub-branch due within one year amounting to RMB300,243,333 were subject to monthly interest payments and the principal amount will be repaid in December 2024.

As at 31 December 2020, long-term borrowings and non-current liabilities of \$934,932,719 (original currency: \$143,286,904) due within one year to Australia and New Zealand Banking Group Limited ("ANZ") and Standard Chartered Bank (Hong Kong) Limited as principal lenders; and long-term borrowings of \$254,239,417 (original currency: \$254,239,417) to ANZ and Standard Chartered Bank (Hong Kong) Limited as principal lenders, the principal of which was repaid in May 2021.) interest is payable monthly and the principal amount was repaid in May 2021; and long-term borrowings of \$254,239,417 (original currency: €31,680,924) with ANZ Bank and Standard Chartered Bank (Hong Kong) Limited as principal lenders are payable quarterly and the principal amount was repaid in May 2021.

(3) Long-term credit borrowings:

At 31 December 2021, long-term borrowings of RMB102,888,222 from China Construction Bank, Zhaoyuan Branch, with interest payable annually and the principal to be repaid on 9 March 2022; long-term borrowings of RMB160,317,778 from HSBC Qingdao Branch, with interest payable quarterly and the principal to be repaid on 9 March 2022; long-term borrowings of RMB120,162,500 from HSBC Qingdao Branch, with interest payable quarterly and the principal to be repaid on 9 March 2022; and long-term borrowings of RMB90,016,250 from HSBC Qingdao Branch, with interest payable quarterly and the principal to be repaid on 17 March 2022. Long-term borrowings of RMB120,162,500 with interest payable quarterly and the principal amount will be repaid on 17 March 2022; long-term borrowings of RMB90,016,250 with interest payable quarterly and the principal amount will be repaid on 31 March 2022; long-term borrowings of RMB45,046,063 with interest payable monthly from HSBC Qingdao Branch. The principal will be repaid on June 6, 2023; long-term borrowings of \$30,003,493 from HSBC Qingdao Branch, with interest payable monthly, the principal will be repaid on November 18, 2023; long-term borrowings of \$40,028,444 from HSBC Qingdao Branch, with interest payable monthly, the principal will be repaid on December 22, 2023.

As at 31 December 2020, long-term borrowings of China Construction Bank Zhaoyuan Branch amounted to RMB101,261,313 with interest payable annually and the principal amount will be repaid on 9 March 2022; long-term borrowings of HSBC Qingdao Branch amounted to RMB200,430,222 with interest payable quarterly and the principal amount will be repaid on 9 March 2022; and long-term borrowings of HSBC Qingdao Branch amounted to Long-term borrowings of RMB120,156,000 with interest

The principal will be repaid on 17 March 2022 in quarterly instalments and the long-term loan from HSBC Qingdao Branch of RMB150,000,000 with interest payable quarterly in instalments and the principal will be repaid on 31 March 2022.

Other notes, including interest rate bands:

☒ Applicable ☐ Not applicable

The interest rate band for long-term borrowings is

31 December 2021 31 December 2020 Interest rate range 1.25% to 3.80% 1.18% to 4.30%

46. Bonds payable

(1). Bonds payable

☐ applicable ☒ not applicable

(2). Changes in bonds payable: (excluding other financial instruments such as preference shares and perpetual debt classified as financial liabilities)

☐ applicable ☒ not applicable

(3). Description of the conversion conditions and timing of conversion of convertible corporate bonds

☐ applicable ☒ not applicable

(4). Description of other financial instruments classified as financial liabilities

Basic information on other financial instruments such as preference shares and perpetual debentures issued and outstanding at the end of the period

☐ applicable ☒ not applicable

Statement of movements in financial instruments such as preference shares and perpetual debentures issued and outstanding at the end of the period
Shandong Lingong Type Company Limited Annual Report 2021 ([Download Announcement](#))

☐ applicable ☒not applicable

Description of the basis for classifying other financial instruments as financial liabilities:

☐ Applicable

☒Not

applicable

Other

Description:

47. Lease

liabilities

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
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Lease payments	40,956,357	40,878,401
Unrecognised financing costs	-8,716,433	-9,922,829
Total	32,239,924	30,955,572

48. Presentation

of long-term

payable items

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Long-term payables	205,306,685	
Specific payables		
Total	205,306,685	

Other notes:

☐ Applicable

☒Not

applicable

Long-term

payables

(1). Presentation of long-term payables by nature of payment

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Opening balance	Closing balance
Payable for land purchases, etc.	205,306,685	
Total	205,306,685	

Specific payables

(1). Presentation of specific payables by nature of payment

☐ applicable ☒not applicable

49. Long-term employee compensation payable

Applicable

☒Not

applicable 50.

Projected

liabilities

Deferred

income

Deferred

income

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Linglong Tyre: Shandong Linglong Tyre Company Limited Annual

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Projects	Opening balance	Increase during the period	Decrease during the period	Closing balance	Causes of formation
Government grants	542,825,320	153,674,962	55,232,374	641,267,908	Tyre project grants
Total	542,825,320	153,674,962	55,232,374	641,267,908	/

Items involving government grants:

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Liability items	Opening balance	Amount of new grants for the period	Amount charged to other gains during the period	Other changes	Closing balance	Asset-related/relative to revenue
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Linglong Tyre: Shandong Linglong Tyre Company Limited Annual

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Hubei High Performance Tyre Project	190,968,374		4,006,328		186,962,046	Asset-related
Guangxi Linglong High Performance Radial Tyre Project	113,061,917		6,078,756		106,983,161	Asset-related
Incentive funding for Serbian preferential policies	26,406,868	81,403,266		-7,030,355	100,779,779	Asset-related
Linglong Radial Tyre Investment Project in Dezhou	67,464,889		4,586,677		62,878,212	Asset-related
Construction of a tyre facility by Linglong in Serbia	62,661,775			-6,288,041	56,373,734	Asset-related
Lakeland Fixed Assets Discount Subsidy		56,838,296	1,529,524		55,308,772	Asset-related
Low rolling resistance semi-steel radial tyre project	14,780,874		1,042,333		13,738,541	Asset-related
Green high performance car radial tyre key technology research and development and industrialization project	13,366,589		942,140		12,424,449	Asset-related
Hubei High Quality Development Special Fund		9,700,000	41,400		9,658,600	Asset-related
Special funds for R&D equipment for high-tech enterprises in Yantai Economic Development Zone	30,000,000		21,848,419		8,151,581	Asset-related
Dedicated equipment grants	7,694,960		983,109		6,711,851	Asset-related
Special funds for innovation construction of technology centres	6,000,000				6,000,000	Asset-related
Special funding for rubber flue gas treatment and renovation projects	4,642,857		357,143		4,285,714	Asset-related
Shandong Atlas Yantai Capital Construction Funds Management Centre Retaining Wall Subsidy		3,000,000	90,000		2,910,000	Asset-related
Grants for Major Science and Technology Innovation Projects	3,041,667		140,000		2,901,667	Asset-related
Special funding for fetal embryo delivery modification	2,734,550		210,350		2,524,200	Asset-related
Hubei Fixed Asset Investment Plan		1,720,000	57,799		1,662,201	Asset-related
Smart Manufacturing Innovation Application Demonstration Project		1,013,400			1,013,400	Asset-related
Total	542,825,320	153,674,962	41,913,978	-13,318,396	641,267,908	

Other changes were mainly due to exchange rate differences arising from the translation of the deferred income of the Company's foreign subsidiaries from foreign currency to RMB. Other notes:

52. Other non-current

liabilities

Applicable

√Not

applicable 53.

Share capital

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Other notes:

(1) In fiscal 2021, the Company repurchased and cancelled 365,760 restricted shares of equity incentive recipients who left the Company and whose individual performance did not meet the criteria, reducing the share capital by \$365,760.

(2) In fiscal 2021, as approved by the Board of Directors, the Company cancelled the outstanding 1,020,951 shares in the special securities repurchase account originally planned for employee equity incentives, reducing the share capital by \$1,020,951.

54. Other equity instruments

(1). Basic information on other financial instruments such as preference shares and perpetual debentures issued and outstanding at the end of the period

☐ applicable √not applicable

(2). Statement of movements in financial instruments such as preference shares and perpetual debentures issued and outstanding at the end of the period

	Opening balance	Increase or decrease in this movement (+, -)					Closing balance
		Issue New Shares	Share delivery	Provident Fund Transfer of shares	Other	Subtotal	
Total number of shares	1,373,512,412				-1,386,711	-1,386,711	1,372,125,701

☐ applicable ☒ not applicable

Explanation of the 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 .

55. Capital

surplus

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Opening balance	Increase during the period	Decrease during the period	Closing balance
Capital premium (equity premium)	6,688,952,447	47,998,638	43,954,008	6,692,997,077
Other capital surplus	117,111,159	92,168,269	66,249,725	143,029,703
Total	6,806,063,606	140,166,907	110,203,733	6,836,026,780

Other notes, including a description of the changes in the current period and the reasons for the changes:

(1) In fiscal 2021, the Group's restricted shares were unlocked, increasing capital surplus (equity premium) by \$47,998,638 and correspondingly decreasing capital surplus (other capital surplus) by \$47,998,638.

(2) In January 2021, the first tranche of the 2019 Restricted Share Incentive Scheme was released from restriction of sale and the equity premium adjustment was reduced by \$22,515,456 due to the elimination of treasury shares.

(3) In fiscal 2021, the Company repurchased and cancelled restricted shares of equity incentive recipients who left the Company and whose individual performance did not meet the criteria, reducing capital surplus (equity premium) by \$5,654,650.

(4) In fiscal 2021, the Company repurchased and cancelled 1,020,951 shares in the special securities repurchase account that were originally planned to be used for the Company's employee share incentive but had not yet been granted, reducing the capital surplus (equity premium) by RMB15,783,902.

(5) In fiscal 2021, the Group implemented an equity incentive plan and recognized capital surplus of \$83,132,251 in the current year for the provision of related equity incentive expenses.

(6) In fiscal 2021, the Group recognized deferred income tax assets and capital surplus for the change in the fair value of restricted shares covered by the equity incentive plan between the grant date and the fair value at the balance sheet date. In fiscal 2021, the Group eliminated deferred income tax assets and capital surplus by \$9,215,069 due to the change in share price.

56. Inventory Unit

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Opening balance	Increase during the period	Decrease during the period	Closing balance
Inventory Unit	352,559,822		90,230,968	262,328,854
Total	352,559,822		90,230,968	262,328,854

Other notes, including a description of the changes in the current period and the reasons for the changes:

(1) In fiscal 2021, the first tranche of the Group's 2019 Restricted Share Incentive Scheme was partially qualified for unlocking and a total of 3,703,200 shares were released from restriction and the restricted share buyback obligation was released accordingly, reducing treasury shares by RMB59,362,296.

(2) For the year 2021, according to the Announcement on the Implementation of the 2020 Annual Equity Distribution of Shandong Linglong Tire Company Limited, which was considered and approved at the 2020 annual general meeting of the Company, the Company distributed cash dividends of RMB4.9 (including tax) per 10 shares, which was allocated to holders of restricted shares for a total amount of RMB8,340,976, with

a corresponding reduction of treasury shares of RMB8,340,976.

(3) In fiscal 2021, the Company repurchased and cancelled restricted shares of equity incentive recipients who left the Company and whose individual performance did not meet the criteria, reducing treasury shares by \$5,722,843.

(4) In fiscal 2021, the Company resolved at the Twenty-sixth Meeting of the Fourth Session of the Board of Directors to adjust the use of the repurchased shares from "for employee share incentive" to "for cancellation to reduce registered capital" and to cancel 1,020,951 shares in the special securities account for the repurchase, reducing the treasury shares by RMB16,804,853. 1,020,951 shares in the special securities account for the repurchase were cancelled, reducing the number of treasury shares by RMB16,804,853.

57. Other comprehensive income

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Opening balance	Amount incurred during the period						End of period Balance
		Incurred before income tax for the period	Less: Previously charged to other comprehensive income	Less: Previously charged to other comprehensive income	Less: Income tax expense	Attributable to the parent company after tax	Attributable to minority shareholders after tax	

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		forehead	Transfer to profit or loss in the period	Revenue transferred to current period				
				Retained earnings				
I. Other comprehensive income that cannot be reclassified to profit or loss	29,089,977					-16,398,347		12,691,630
Of which: remeasurement of changes in defined benefit plans								
Other comprehensive income not available for transfer to profit or loss under the equity method								
Changes in fair value of investments in other equity instruments	29,089,977					-16,398,347		12,691,630
Changes in fair value of an enterprise's own credit risk								
ii. other comprehensive income to be reclassified to profit or loss	-74,595,165					-342,704,616		-417,299,781
Of which: other comprehensive income available for transfer to profit or loss under the equity method								
Changes in fair value of other debt investments								
Reclassification of financial assets to other comprehensive income								
Provision for credit impairment of other debt investments								
Cash flow hedge reserve								
Translation differences on foreign currency financial statements	-74,595,165					-342,704,616		-417,299,781
Total other comprehensive income	-45,505,188					-359,102,963		-404,608,151

58. Specialized reserves

☐ Applicable

☒ Not

applicable 59.

Surplus

reserves

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Description of surplus reserves, including changes during the period and reasons for changes:

In accordance with the Company Law of the People's Republic of China and the Company's Articles of Association, the Company shall set aside 10% of its annual net profit as statutory surplus reserve, and may not set aside any further statutory surplus reserve when the accumulated amount reaches more than 50% of the registered capital. The statutory surplus reserve may be used to make up losses or to increase share capital upon approval. As resolved by the Board of Directors, the Company has set aside a statutory surplus reserve of RMB11,494,516 at 10% of net profit in 2021.60. Undistributed profits

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Opening balance	Increase during the period	Decrease during the period	Closing balance
Statutory surplus	505,392,543	11,494,516		516,887,059
Arbitrary surplus				
Reserve Fund				
Enterprise Development Fund				
Other				
Total	505,392,543	11,494,516		516,887,059

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Projects	This issue	Previous period
Unallocated profit at the end of the previous period before adjustment	8,219,436,954	6,566,971,672
Adjustments to total unappropriated profit at the beginning of the period (increase +, decrease -)		
Adjustment to unallocated profit at the beginning of the period	8,219,436,954	6,566,971,672
Add: Net profit for the period attributable to owners of the parent	788,711,788	2,220,426,409
Less: Withdrawal of statutory surplus	11,494,516	56,015,612
Withdrawal of arbitrary surplus		
Drawdown of general risk allowance		
Dividends payable on ordinary shares	672,223,249	511,945,515
Dividends on ordinary shares transferred to share capital		
Unallocated profit at the end of the period	8,324,430,977	8,219,436,954

61. Operating income and operating costs

(1). Operating income and operating costs

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period		Prior Period Incurred	
	Income	Costs	Income	Costs
Main business	18,276,202,954	15,185,464,997	18,115,639,380	13,476,883,813
Other operations	303,016,868	186,798,718	267,081,773	195,602,360
Total	18,579,219,822	15,372,263,715	18,382,721,153	13,672,486,173

(2). of revenue generated by the contract

☐ applicable ☒ not applicable

Description of income generated by the contract:

☐ applicable ☒ not applicable

(3). Description of performance obligations

☒ Applicable ☐ Not applicable

As at 31 December 2021, the Group had contracted but outstanding performance obligations corresponding to revenue amounting to \$344,898,878, all of which the Group expects to recognise as revenue in the year 2022.

(4). Note on apportionment to remaining performance obligations

☐ Applicable

☒ Not

applicable

Other

Description:

None

62. Taxes and surcharges

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period	Prior Period Incurred
Property tax	35,738,991	30,156,481

Urban Maintenance and Construction Tax	Linglong Tyre Co., Shandong Linglong Tyre Company Limited Annual Report 2021 (Download Announcement)	2021	278
Education surcharge		13,639,936	17,280,329

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Land use tax	12,913,196	19,817,206
Other	19,366,461	14,479,099
Total	99,718,959	104,707,393

63. Cost of sales

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period	Prior Period Incurred
Advertising costs	194,320,510	173,723,977
Sales and service fees	69,666,265	83,074,675
Labour costs	63,066,856	61,641,500
Storage service charges	62,208,302	60,608,686
Three-pack payout	53,888,508	72,987,670
Insurance premiums	23,144,909	20,929,200
Office, travel and hospitality expenses	22,363,373	31,435,560
Depreciation	13,242,735	13,207,643
Share-based payment fees	11,708,132	13,177,142
Depreciation expense on right-of-use assets	614,923	
Other	14,276,122	12,546,913
Total	528,500,635	543,332,966

64. Overheads

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period	Prior Period Incurred
Labour costs	386,454,114	268,548,378
Depreciation	64,869,275	61,497,832
Office, travel and hospitality expenses	37,400,497	32,508,598
Amortisation of intangible assets	29,305,384	27,632,097
Consultancy Service Fee	22,789,121	21,096,540
Share-based payment fees	21,473,032	36,057,283
Insurance premiums	12,006,477	10,169,439
Repair costs	10,135,568	4,275,303
Employee benefit costs	6,275,710	
Security expenditure	5,384,286	6,373,879
Power costs	5,348,432	5,012,744
postal and telecommunication costs	3,413,414	3,821,424
Depreciation expense on right-of-use assets	1,424,464	
Other	35,937,133	31,811,181
Total	642,216,907	508,804,698

65. R&D costs

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period	Prior Period Incurred
Materials, workmanship costs	513,073,988	392,488,457
Labour costs	187,313,097	163,796,605
Depreciation expense	76,645,812	68,762,396
Inspection and testing fees	52,133,163	40,879,988
Technology development fees	29,317,753	21,536,364
Share-based payment fees	22,750,213	14,813,883
R&D tooling costs	11,613,799	12,960,136
Power costs	9,992,675	8,355,487
Office, travel and hospitality expenses	5,137,439	2,785,657
Other	26,116,732	37,019,460
Total	934,094,671	763,398,433

66. Finance costs

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period	Prior Period Incurred
Interest costs	176,334,587	267,780,087
Interest income	-40,202,057	-44,598,805
Foreign exchange gains and losses	-14,957,514	155,693,125
Handling fees and others	13,087,510	13,059,496
Total	134,262,526	391,933,903

67. Other gains

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period	Prior Period Incurred
Government-supported development funds	95,931,621	76,067,078
Amortisation of deferred income	41,913,978	15,432,451
Incentive funds for foreign trade development	2,235,617	13,719,478
Technology funding and technology development incentives	2,166,250	2,048,900
Refund of withholding and payment of personal income tax fees	301,045	1,609
Total	142,548,511	107,269,516

68. Investment income

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period	Prior Period Incurred
Income from long-term equity investments accounted for under the equity method	-630,268	71,496
Investment income arising on disposal of long-term equity investments		

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Investment income on financial assets held for trading		
Dividend income earned on investments in other equity instruments during the holding period	1,805,554	
Interest income earned on debt investments during the holding period		
Interest income earned on other debt investments during the holding period		
Investment gains on disposal of financial assets held for trading		
Investment income from disposal of investments in other equity instruments		
Investment income from disposal of debt investments		
Investment income from disposal of other debt investments		
Gain on debt restructuring		
Investment income from equity trading operations	12,792,517	49,703,339
Investment income from financial products		7,206,652
Investment loss on rubber futures business	-16,749,650	-842,998
Discount losses on receivables financing that meet the derecognition criteria	-26,373,371	-47,261,858
Total	-29,155,218	8,876,631

69. Net exposure to hedging gains

☐ applicable ☒ not applicable

70. Gain on changes in fair value

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Sources of gains arising from changes in fair value	Incurred during the period	Prior Period Incurred
Financial assets held for trading	-7,424,605	-7,489,102
Of which: gains on fair value changes arising on derivative financial instruments		
Financial liabilities held for trading		
Investment properties measured at fair value		
Financial assets at fair value through profit or loss - other debt investments	32,668,941	12,171,738
Total	25,244,336	4,682,636

71. Credit impairment losses

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period	Prior Period Incurred
Bad debt losses on notes receivable	-2,048,154	
Bad debt losses on accounts receivable	-18,002,677	-27,799,819
Bad debt losses on other receivables	-494,676	-460,634
Impairment losses on debt investments		
Impairment losses on other debt investments		
Bad debt losses on long-term receivables		
Impairment losses on contract assets		
Total	-20,545,507	-28,260,453

72. Impairment losses on assets

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period	Prior Period Incurred
I. Bad debt losses		
ii. loss on decline in value of inventories and impairment loss on contract performance costs	-289,931,017	-168,580,038
III. Impairment loss on long-term equity investments		
IV. Impairment losses on investment properties		
v. Impairment losses on fixed assets		
VI. Impairment losses on construction materials		
VII. Impairment loss on construction in progress		
VIII. Impairment losses on productive biological assets		
ix. Impairment losses on oil and gas assets		
x. Impairment losses on intangible assets		
xi. impairment loss on goodwill		
XII. Other		
Total	-289,931,017	-168,580,038

73. Gain on disposal of assets

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period	Prior Period Incurred
Loss on disposal of fixed assets	-600,664	-3,198,205
Gain on disposal of other non-current assets	34,528,571	
Total	33,927,907	-3,198,205

74. Non-

operating

income Non-

operating

income

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period	Prior Period Incurred	Amount included in non-recurring profit or loss for the period
Total gain on disposal of non-current assets			
Of which: Gain on disposal of fixed assets			
Gain on disposal of intangible assets			
Gain on exchange of non-monetary assets			
Donations accepted			
Government grants			
Proceeds from litigation compensation	2,821,660	4,981,701	2,821,660
Sponsorship income	110,000	130,000	110,000
Proceeds from insurance premiums		2,178,877	

Other	Linglong Tyre Shandong Linglong Tyre Company Limited Annual Report 2021 (Download Announcement)		
Total	10,743,890	16,082,964	10,743,890

Government grants included in current profit or loss

☐ Applicable

☒ Not

applicable

Other

Description:

☐ Applicable

☒ Not

applicable 75.

Non-operating

expenses

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period	Prior Period Incurred	Amount included in non-recurring profit or loss for the period
Total loss on disposal of non-current assets	6,790,149	6,901,862	6,790,149
Of which: loss on disposal of fixed assets	6,790,149	6,481,862	6,790,149
Loss on disposal of intangible assets		420,000	
Loss on exchange of non-monetary assets			
External Donations	6,302,243	13,023,181	6,302,243
Loss on debt restructuring		2,053,146	
Litigation expenses	12,690,830	63,063	12,690,830
Other	1,341,979	2,079,640	1,341,979
Total	27,125,201	24,120,892	27,125,201

76. Income tax expense

(1). Income tax expense table

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period	Prior Period Incurred
Current income tax expense	66,694,875	46,082,045
Deferred income tax expense	-141,381,069	44,456,731
Total	-74,686,194	90,538,776

(2). The process of adjusting accounting profit to income tax expense

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period
Total profit	713,870,110
Income tax expense at statutory/applicable tax rates	-2,610,090
Non-deductible costs, expenses and losses	12,154,921
Recognition of temporary differences on unrecognised deferred income tax assets from prior periods	

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Deductible losses on deferred income tax assets	-45,000,000
Non-taxable income	-33,023,702
Impact of tax incentives	-14,252,917
Deductible losses on the use of previously unrecognised deferred income tax assets	-74,686,194
Income tax expense	

77. Other comprehensive income

√Applicable

□Not

applicable See

notes for details

78. Cash flow statement items

(1). Other cash received in connection with operating activities

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period	Prior Period Incurred
Project subsidy payments received	254,309,495	120,879,775
Deposits and security deposits	66,047,280	55,175,458
Interest income	43,990,890	45,993,604
Fines and liquidated damages, etc.	4,225,711	7,046,558
Proceeds from litigation compensation and insurance payments	2,821,660	7,160,578
Other	14,098,933	15,630,784
Total	385,493,969	251,886,757

(2). Other cash paid in connection with operating activities

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period	Prior Period Incurred
Advertising costs	195,593,291	183,465,899
R&D expenditure	117,560,323	110,576,956
Office, travel and hospitality expenses	64,901,309	66,729,815
Insurance premiums	35,151,386	31,816,235
Repair costs	27,821,123	35,780,008
Consultancy Service Fee	22,789,121	21,096,540
Commercial Inspection and Bank Charges	13,116,947	15,148,753
Deposits and security deposits	3,129,932	9,287,772
Litigation expenses		2,102,231
Other	24,262,602	30,680,441
Total	504,326,034	506,684,650

(3). Other cash received in connection with investing activities

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period	Prior Period Incurred
Recovery of Futures Margin	37,050,350	59,184,605
Interest income from external financial management		7,206,652
Total	37,050,350	66,391,257

(4). Other cash paid in relation to investing activities

√Applicable □ Not applicable

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Item	Current	Period Incurred	Previous Period Incurred
Payment of futures margin	53,800,000	60,027,603	
Total	53,800,000	60,027,603	

(5). Other cash received in connection with financing activities

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period	Prior Period Incurred
Recovery of borrowing deposits	249,283,177	161,784,451
Share incentive subscription fees	135,075,800	497,700
Total	384,358,977	162,282,151

(6). Other cash paid in relation to financing activities

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period	Prior Period Incurred
Cash paid for repayment of lease liabilities	4,934,512	
Share repurchase expenses	4,358,862	2,630,292
Expenses relating to funds raised		7,340,000
Total	9,293,374	9,970,292

79. Supplementary Information to the Cash Flow Statement

(1). Supplementary information to the cash flow statement

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Additional information	Amount for the period	Prior period amount
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	788,556,304	2,220,270,970
Add: Provision for impairment of assets	289,931,017	168,580,038
Credit impairment losses	20,545,507	28,260,453
Depreciation of fixed assets, depreciation of investment properties	1,156,398,133	1,127,472,004
Amortisation of right-to-use assets	4,240,342	
Amortisation of intangible assets	31,523,483	30,723,470
Amortisation of deferred income	-41,913,978	-15,432,451
Amortisation of long-term amortised costs	1,036,668	4,131,215
Increase in projected liabilities	4,180,157	1,321,886
Loss on disposal of fixed assets, intangible assets and other long-lived assets (gain is shown by a "-" sign)	-27,137,758	10,100,067
Loss on scrapping of fixed assets (gain is shown with a "-" sign)		
Loss on changes in fair value (gain is shown by a "-" sign)	-25,244,336	-4,682,636
Finance costs (income is shown with a "-" sign)	170,728,193	262,172,798
Losses on investments (gains are shown with a "-" sign)	2,781,847	-56,138,489
Decrease in deferred income tax assets (increase is shown with a "-" sign)	-152,424,749	44,456,731

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Increase in deferred income tax liabilities (decrease is shown by a "-" sign)	11,043,680	
Decrease in inventories (increase is shown with a "-" sign)	-1,949,833,952	-284,418,895
Equity incentive fees	83,132,251	93,330,685
Decrease in operating receivables (increase is shown with a "-" sign)	-1,476,646,229	-1,385,798,768
Increase (decrease is shown by "-") in operating payables	1,599,087,479	2,047,271,953
Net cash flows from operating activities	489,984,059	4,291,621,031
2. Significant investing and financing activities that do not involve cash receipts or disbursements:		
Conversion of debt to capital		
Convertible bonds due within one year		
Finance leasehold fixed assets		
Payments for inventory purchases by banker's acceptances	4,506,952,495	3,577,628,181
Purchase of long-lived assets paid by banker's acceptances	965,511,465	644,390,812
3. Net change in cash and cash equivalents:		
Closing balance of cash	1,782,636,051	3,757,703,174
Less: Opening balance of cash	3,757,703,174	3,153,595,749
Add: Closing balance of cash equivalents	6,172,721	41,511,383
Less: Opening balance of cash equivalents	41,511,383	108,542,149
Net increase in cash and cash equivalents	-2,010,405,785	537,076,659

(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

Other notes:

☐ applicable ☒ not applicable

80. The notes to the statement of changes in owners' equity indicate the name of the "other" item and the amount of the adjustment, etc., to

which the prior year closing balance has been adjusted:

Projects	Closing balance	Opening balance
I. Cash	1,782,636,051	3,757,703,174
Of which: cash on hand	842,934	457,746
Bank deposits readily available for disbursement	1,781,793,117	3,757,245,428
Other monetary funds readily available for disbursement		
Deposited central bank funds available for payment		
Interbank deposits		
Interbank lending		
ii. cash equivalents	6,172,721	41,511,383
Of which: investments in bonds maturing within three months		
III. Cash and cash equivalents balances at the end of the period	1,788,808,772	3,799,214,557
Of which: restricted cash and cash equivalents used by the parent company or subsidiaries within the Group		

☐ 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	Reason for restriction
Monetary funds	531,186,906	Bills pool margin, banker's acceptances margin, letter of guarantee, letter of credit margin, etc.
Notes receivable	44,944,814	Promissory note deposit
Inventory		
Fixed assets	1,930,091,479	Fixed assets as security for bank borrowings
Intangible assets		
Total	2,506,223,199	/

82. Foreign currency monetary items

(1). Foreign currency monetary items

☒ Applicable

☐ Not

applicable Unit:

RMB

Projects	Foreign currency balance at end of period	Converted exchange rates	Balance translated into RMB at the end of the period
Monetary funds			
Of which: USD	165,343,783	6.3757	1,054,182,357
Euro	10,845,136	7.2197	78,298,628
Hong Kong Dollars	403,598	0.8176	329,982
Thai Baht	260,525,699	0.1912	49,812,514
Mexican peso	68,255	0.3116	21,268
Singapore Dollar	40,070	4.7179	189,046
Serbian dinar	90,172,178	0.0614	5,536,572
Accounts receivable			
Of which: USD	172,777,709	6.3757	1,101,578,839
Euro	1,869,841	7.2197	13,499,691
Thai Baht	53,233,011	0.1912	10,178,152
Other receivables			
Of which: USD	2,665,525	6.3757	16,994,588
Euro	920,221	7.2197	6,643,720
Thai Baht	17,972,037	0.1912	3,436,253
Other payables			
Of which: USD	19,166,004	6.3757	122,196,692
Euro	19,433,245	7.2197	140,302,199
Thai Baht	467,296,464	0.1912	89,347,084
Short-term borrowings			
Of which: USD	368,710,322	6.3757	2,350,786,397

Long-term borrowings	Linglong Tyre: Shandong Linglong Tyre Company Limited Annual Report 2021 (Download Announcement)		
Of which: Euro	63,340,580	7 2197	457,299,986

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Accounts payable			
Of which: USD	50,499,882	6.3757	321,972,098
Euro	1,159,949	7.2197	8,374,484
Thai Baht	569,701,188	0.1912	108,926,867

(2). A description of the foreign operating entity, including, for significant foreign operating entities, the principal place of business outside the country, the currency of account and the basis for its selection and, if there is a change in the currency of account, the reasons therefor

☐ applicable

☒ not

applicable 83.

Hedging

Applicable

☒ Not

applicable 84.

Government

grants

(1). Basic information on government grants

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Category	Amount	Presented items	Amount charged to current profit or loss
Asset-related	153,674,962	Deferred income	41,913,978
Related to revenue	100,634,533	Other gains	100,634,533

(2). Return of government grants

☐ applicable

☒ not

applicable 85.

☐ applicable ☒ not applicable

viii. change in scope of consolidation

1. Business combinations not under common control

☐ applicable ☒ not applicable

2. Business combinations under common control

☐ applicable

☒ not

applicable 3.

Reverse

purchase

4. Disposal of

subsidiaries

Whether there is a single disposal of an investment in a subsidiary that results in a loss of control

☐ Applicable

☒ Not

applicable

Other

Description:

☐ applicable ☒ not applicable

5. Changes in 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 circumstances surrounding them:

☒ Applicable ☐ Not applicable

As at 31 December 2021, the new subsidiaries included in the scope of consolidation during the year were Yantai Linglong Tire Co., Ltd, Shaanxi Linglong Tire Co., Ltd and Anhui Linglong Tire Co.

6. Other

☐ applicable ☒ not applicable

IX. Interests in other subjects

1. Interests in subsidiaries

(1). Components of an enterprise group

√Applicable □ Not applicable

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio (%)		Acquisition method
				Direct	Indirectly	
Guangxi Linglong Tire Co.	Guangxi	Liuzhou, Guangxi	Manufacture and sale of tyres and rubber products	100		Direct investment
Beijing Linglong Tyre Co.	Beijing	Tongzhou District, Beijing	Technology development, import and export trade	100		Direct investment
Dezhou Linglong Tyre Co.	Texas	Dezhou, Shandong	Manufacture and sale of tyres and rubber products	100		Direct investment
LLIT(THAILAND)CO.	Thailand	Thailand	Manufacture and sale of tyres and rubber products	99.98	0.02	Acquisitions
Linglong Americas Inc.	United States	United States	R&D, tyre sales, raw material sales		100	Direct investment
hong kong tian shing investment & trading limited	Mainland China / Hong Kong	Hong Kong	Sale of tyres and rubber products, import and export trade	100		Business combinations under common control
Shandong Linglong Electromechanical Co.	Shandong	Zhaoyuan City, Shandong Province	Production and sales of rubber machinery and transformers	100		Business combinations under common control
Hong Kong Kelly Limited	Mainland China / Hong Kong	Hong Kong	Import/export trade, real estate, internet information and logistics information		100	Business combinations under common control
Qingdao Yakai Logistics Co.	Shandong	Qingdao, Shandong Province	Warehousing and logistics services, cargo transportation		90	Business combinations under common control
Shandong Atlas Rubber Technology Co.	Shandong	Yantai City, Shandong Province	Investment, development of tyre mould production projects		100	Business combinations under common control
Linglong Tyre (Shanghai) Co.	Shanghai	Changning District, Shanghai	Sales of tyres and rubber products, import and export trade, technology development	100		Direct investment
Shandong Linglong Rubber Technology Co.	Shandong	Yantai City, Shandong Province	Rubber machinery and equipment, rubber technology, tyre production technology	100		Direct investment
LING LONG MEXICO, S A.DE C.V.	Mexico	Mexico	Import, export, purchase and sale of tyres and tyre raw materials		100	Direct investment
Linglong Netherlands B.V.	Netherlands	Netherlands	Tyre sales and investment financing		100	Direct investment

Beijing Tianchengdi Kun Culture and Sports Development Co.	Linglong Tyre: Shandong Report 2021 (Download Announcement)	Linglong Tyre Co., Ltd. Tongzhou District, Beijing	Company Limited Annual artistic exchange activities; technical consultation, technological development	100		Direct investment
KELLY(SINGAPORE) INVESTMENT & TRADING PTE. LTD.	Singapore	Singapore	Tyres, raw material sales and investment financing	100		Direct investment
Beijing Linglong Dandelion Technology Development Co.	Beijing	Beijing	Technology consulting, technology development, technology transfer	100		Direct investment
Hubei Linglong Tyre Co.	Hubei	Jingmen City, Hubei Province	Research, production and sales of car and aircraft tyres	100		Direct investment
Shandong Atlas Intelligent Technology Co.	Shandong	Yantai City, Shandong Province	Industrial software development; industrial intelligent robot development; design and development of intelligent production lines	100		Direct investment
Linglong Germany GmbH, Hannover	Germany	Germany	Import/export, tyre trade		100	Direct investment
Linglong International Europe d.o.o. Zrenjanin	Serbia	Serbia	Car tyre manufacturing, car tyre retreading		100	Direct investment
Shanghai Grumax New Materials Partnership (Limited Partnership)	Shanghai	Shanghai	Technology development, technology transfer, technology consulting, technology services; rubber and its products		67	Direct investment

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			of sales			
Shandong Dewei New Material Technology Co.	Shandong	Yantai City, Shandong Province	New materials technology promotion services; R&D, manufacturing and sales of nanomaterials; import and export of goods and technology	51		Direct investment
Shandong Atlas International Trade Co.	Shandong	Yantai City, Shandong Province	Software development and sales of tyres, electromechanical equipment	100		Direct investment
Jilin Linglong Tyre Co.	Jilin	Changchun, Jilin Province	Manufacture and sale of tyres and rubber products	100		Direct investment
Linglong Tyre Company Limited	Jinan	Jinan, Shandong Province	Tyre sales, technical service	100		Direct investment
Shaanxi Linglong Tire Co.	Shaanxi	Tongchuan, Shaanxi Province	Manufacture and sale of tyres and rubber products	100		Direct investment
Yantai Linglong Tyre Co.	Shandong	Zhaoyuan City, Shandong Province	Manufacture and sale of tyres and rubber products	100		Direct investment
Anhui Linglong Tyre Co.	Anhui	Hefei, Anhui Province	Manufacture and sale of tyres and rubber products	100		Direct investment

In August 2021, the Company established Shaanxi Linglong Tyre Company Limited in Shaanxi, in September 2021, the Company established Yantai Linglong Tyre Company Limited in Zhaoyuan and in October 2021, the Company established Anhui Linglong Tyre Company Limited in Anhui. Description of the shareholding ratio in subsidiaries different from the voting rights ratio:

None

Basis for holding half or less of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee: None

For significant structured entities included in the scope of consolidation, the basis of control: none

Basis for determining whether the company is an agent or a principal:

None

Other

notes: none

(2). Significant non-wholly owned subsidiaries

☐ applicable ☒ not applicable

(3). Key financial information of significant non-wholly owned subsidiaries

☐ applicable ☒ not applicable

(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

Description:

☐ 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. Interests in joint ventures or associates

☒ Applicable ☐ Not applicable

(1). Significant joint ventures or associates

☐ applicable ☒ not applicable

(2). Key financial information on significant joint ventures

☐ applicable ☒ not applicable

(3). Key financial information on significant associates

☐ applicable ☒ not applicable

(4). Aggregate financial information on immaterial joint ventures and associates

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

	Closing balance/ Current period incurred	Opening balance/ Prior period's amount
Joint ventures:		
Total carrying value of investments		
Total of the following in proportion to shareholdings		
-Net profit		
--Other comprehensive income		
--Total comprehensive income		
Associates:		
Total carrying value of investments	29,441,228	30,071,496
Aggregate of the following in proportion to shareholdings		
-Net profit	-630,268	71,496
--Other comprehensive income		
--Total comprehensive income	-630,268	71,496

Other notes n/a

(5). A statement of material restrictions on the ability of a joint venture or associate to transfer funds to the Company

☐ applicable ☒ not applicable

(6). Excess losses incurred by joint ventures or associates

☐ applicable ☒ not applicable

(7). Unrecognised commitments relating to investments in joint ventures

☐ applicable ☒ not applicable

(8). Contingent liabilities relating to investments in joint ventures or associates

☐ Applicable ☒ Not

applicable 4.

Significant joint

operations

☐ 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.

Other

☐ applicable ☒ not applicable

X. Risks associated with financial instruments

✓Applicable ☐ Not applicable
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The Group's operations expose it to a variety of financial risks, primarily market risk (primarily foreign exchange risk, interest rate risk and other price risks), credit risk and liquidity risk. The Group's overall risk management programme addresses the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(1) Market risk

(a) Foreign exchange risk

The Group's customers include domestic customers in the PRC as well as a large number of overseas customers and its business is mainly settled in Renminbi, United States dollars, Euros and Thai Baht. Accordingly, the Group is exposed to foreign exchange risk in respect of recognised foreign currency assets and liabilities and future foreign currency transactions. The Group's head office treasury

The Group is responsible for monitoring the size of the Group's foreign currency transactions and foreign currency assets and liabilities in order to minimise its exposure to foreign exchange risk; for this purpose, the Group may enter into forward foreign exchange contracts or currency swaps for the purpose of hedging its foreign exchange risk.

As at 31 December 2021 and 2020, the amounts of foreign currency financial assets and foreign currency financial liabilities held by companies within the Group whose carrying currency is Renminbi that have been translated into Renminbi are set out below:

31 December 2021

Subjects	USD Projects	Euro projects	Thai Baht Project	Total
Foreign currency financial assets				
Monetary funds	327,833,148	56,534,395		384,367,543
Accounts receivable	317,219,550	3,301,744		320,521,294
Total	645,052,698	59,836,139		704,888,837
Foreign currency financial liabilities				
Short-term borrowings	1,363,036,848			1,363,036,848
Accounts payable	106,385,314	42,692		106,428,006
Other payables	20,608,412	7,594,525		28,202,937
Total	1,490,030,574	7,637,217		1,497,667,791

31 December 2020

Subjects	USD Projects	Euro projects	Thai Baht Project	Total
Foreign currency financial assets				
Monetary funds	402,366,666	40,357,810		442,724,476
Accounts receivable	185,648,892	3,071,792		188,720,684
Total	588,015,558	43,429,602		631,445,160
Foreign currency financial liabilities				
Short-term borrowings	451,909,837			451,909,837
Accounts payable	81,375,395	1,012,209		82,387,604
Other payables	27,169,403	-2,468,033		24,701,370
Total	560,454,635	-1,455,824		558,998,811

As at 31 December 2021, for each class of the Company's financial assets and financial liabilities in United States dollars whose principal currency of account is Renminbi, if the Renminbi had strengthened or weakened by 4% against the United States dollar, other factors remaining unchanged, the Group would have increased or decreased its net profit by approximately RMB28,725,000 (31 December 2020: approximately RMB916,000); for each class of financial assets and financial liabilities in Euros financial liabilities, if the RMB had appreciated or depreciated by 4% against the Euro, all other factors remaining constant, the Group would have decreased or increased its net profit by approximately RMB 1,792,000 (31 December 2020: approximately RMB1,517,000).

As at 31 December 2021 and 2020, the amounts of foreign currency financial assets and foreign currency financial liabilities held by companies in the Group with a base currency of account in United States dollars that have been translated into RMB are set out below:

31 December 2021

	Renminbi Projects	Euro projects	Thai Baht Project	Total
Foreign currency financial assets				
Monetary funds	353,130	7,559,791	49,812,514	57,725,435
Accounts receivable			10,178,152	10,178,152

Other receivables	Linglong Tyre: Shandong Linglong Tyre Company Limited Annual Report 2021 (Download Announcement)			3,436,254
Total	353,130	7,559,791	63,426,920	71,339,841
Foreign currency financial liabilities				

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Accounts payable	4,380,061	1,816,462	108,926,867	115,123,390
Other payables	52,657,975	3,792,819	89,347,084	145,797,878
Long-term borrowings		457,299,986		457,299,986
Total	57,038,036	462,909,267	198,273,951	718,221,254

31 December 2020

	Renminbi Projects	Euro projects	Thai Baht Project	Total
Foreign currency financial assets				
Monetary funds	352,207	16,223,095	53,315,890	69,891,192
Accounts receivable			15,726,038	15,726,038
Other receivables			8,382,971	8,382,971
Total	352,207	16,223,095	77,424,899	94,000,201
Foreign currency financial liabilities				
Accounts payable	5,755,897		114,403,270	120,159,167
Other payables	56,908,065	50,982,424	116,983,200	224,873,689
Long-term borrowings		932,596,355		932,596,355
Total	62,663,962	983,578,779	231,386,470	1,277,629,211

As at 31 December 2021, for each class of the Company's RMB financial assets and RMB financial liabilities with a base currency of account in US dollars, if the US dollar had strengthened or weakened by 4% against the RMB, all other factors remaining constant, the Group would have increased or decreased its net profit by approximately RMB2,268,000 (31 December 2020: approximately RMB2,493,000); for each class of Euro financial assets and Euro financial liabilities, if the US dollar had strengthened or weakened by 4% against the Euro, all other factors remaining constant, the Group would have increased or decreased its net profit by approximately \$18,214,000 (31 December 2020: approximately \$37,068,000); for each class of Thai Baht financial assets and Thai Baht financial liabilities, if the US dollar had strengthened or weakened by 4% against the Thai Baht, all other factors remaining constant, the Group would have increase or decrease net profit by approximately \$5,394,000 (31 December 2020: increase or decrease net profit by approximately \$6,158,000);

(b) Interest rate risk

The Group's interest rate risk arises primarily from long-term interest-bearing debt such as long-term bank borrowings. Financial liabilities with floating interest rates expose the Group to cash flow interest rate risk and financial liabilities with fixed interest rates expose the Group to fair value interest rate risk. The Group determines the relative proportion of fixed rate and floating rate contracts based on prevailing market conditions. As at 31 December 2021, the Group's long-term interest-bearing debt includes RMB-denominated floating rate contracts linked to LIBOR amounting to RMB485,574,528 and USD-denominated floating rate contracts linked to 3-month LIBOR amounting to RMB457,299,986 (31 December 2020: RMB2,112,948,254) as at 31 December 2021 the replacement of the reference base rate has not been completed.

The Group's head office finance department monitors the level of interest rates in the Group on an ongoing basis. An increase in interest rates would increase the cost of new interest bearing debt and interest expense on the Group's outstanding interest bearing debt at floating rates and adversely affect the Group's financial results. Management will make timely adjustments based on the latest market conditions, which may be in the form of interest rate swap arrangements to reduce interest rate risk. In FY2021, the Group entered into an interest rate swap contract with Mitsubishi Bank for a total of RMB31,000,000, using floating interest rates for fixed rates and US dollar borrowings for RMB borrowings.

At December 31, 2021, if borrowing rates based on floating rate LIBOR had increased or decreased by 50 basis points, with all other factors held constant, the Group's net profit would have decreased or increased by approximately \$4,348,000 (December 31, 2020: approximately \$9,412,000); (C) Other price risk The Group's other price risk arises primarily from various types of equity instruments and investments in debt instruments. (C) Other price risk The Group's other price risk arises mainly from investments in various types of equity instruments and investments in debt instruments, which are subject to the risk of changes in the prices of investments in equity instruments and debt instruments. At 31 December 2021, if the expected prices of the Group's investments in various types of equity instruments and investments in debt instruments had increased or decreased by 4%, all other factors remaining constant, the Group would have increased or decreased its net profit by approximately \$7,600,000 (31 December 2020: 催

4,300,000) and increase or decrease other comprehensive income by approximately \$12,800,000 (December 31, 2020: \$10,125,000).

(2) Credit risk

The Group manages credit risk on a portfolio basis. Credit risk arises primarily from monetary funds, notes receivable, accounts receivable,

receivables financing, other receivables and long-term receivables. At the balance sheet date, the carrying amounts of the Group's financial assets represent its maximum exposure to credit risk.

The Group's monetary funds are mainly bank deposits placed with reputable state-owned banks and other large and medium-sized listed banks with high credit ratings, which the Group believes are not subject to significant credit risk and will hardly incur significant losses due to bank defaults.

In addition, for notes receivable, accounts receivable, receivables financing, other receivables and long-term receivables, the Group has policies in place to control credit risk exposures. The Group assesses the creditworthiness of customers and sets credit periods accordingly based on the financial position of the customers, the possibility of obtaining guarantees from third parties, credit history and other factors such as current market conditions. The Group monitors the credit history of its customers on a regular basis. For customers with poor credit history, the Group will make written payments, shorten the credit period or cancel the credit period to ensure that the Group's overall credit risk is within manageable limits.

At 31 December 2021, the Group had no significant collateral or other credit enhancements held as a result of collateral by debtors (31 December 2020: Nil).

(3) Liquidity risk

Each subsidiary within the Group is responsible for its own cash flow forecasts. Based on the aggregated cash flow forecasts of each subsidiary, the finance department at head office continuously monitors both short and long-term funding requirements at the Group level to ensure that adequate cash reserves are maintained; and also continuously monitors compliance with borrowing agreements to obtain commitments from major financial institutions to provide sufficient standby funding to meet short and long-term funding requirements.

As at the balance sheet date, the Group's financial liabilities are presented in

undiscounted contractual cash flows by maturity as follows: 31 December 2021

Subjects	Within one year	One to two years	Two to five years	More than five years	Total
Short-term borrowings	5,895,515,938				5,895,515,938
Notes payable	4,173,179,308				4,173,179,308
Accounts payable	2,678,983,867				2,678,983,867
Other payables	2,246,672,034				2,246,672,034
Lease liabilities	8,638,595	8,162,876	13,807,551	17,031,945	47,640,967
Long-term borrowings	651,263,993	17,812,546	733,460,266		1,402,536,805
Total	15,654,253,735	25,975,422	747,267,817	17,031,945	16,444,528,919

31 December 2020

Subjects	Within one year	One to two years	Two to five years	More than five years	Total
Short-term borrowings	1,576,472,556				1,576,472,556
Notes payable	3,307,766,543				3,307,766,543
Accounts payable	2,471,280,727				2,471,280,727
Other payables	1,526,049,113				1,526,049,113
Long-term borrowings	1,403,177,902	576,432,941	520,468,987		2,500,079,830
Total	10,284,746,841	576,432,941	520,468,987		11,381,648,769

xi. fair value disclosures

1. Closing fair value of assets and liabilities measured at fair value

√Applicable □ Not applicable

Unit:Yuan Currency:RMB

Projects	Fair value at end of period			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurements	Total
i. ongoing fair value measurement				
(i) Financial assets held for trading	20,810,538			20,810,538
1. Financial assets at fair value through profit or loss	20,810,538			20,810,538
(1) Investments in debt instruments				
(2) Investments in equity instruments	20,810,538			20,810,538
(3) Derivative financial assets				
2. financial assets designated at fair value through profit or loss				
(1) Investments in debt instruments				
(2) Investments in equity instruments				
(ii) Other debt investments				
(iii) Investments in other equity instruments	236,606,242		164,000,000	400,606,242

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(iv) Investment properties				
1. Land use rights for lease				
2. Buildings for rent				
3. Land use rights held and ready to be transferred upon appreciation				
(v) Biological assets				
1. Expendable biological assets				
2. Productive biological assets				
(vi) Receivables financing			232,175,310	232,175,310
(vii) Other non-current financial assets - debt instruments			217,840,679	217,840,679
Total assets measured at fair value on an ongoing basis	257,416,780		614,015,989	871,432,769

The Group uses the date of occurrence of the event giving rise to the transition between levels as the point at which the transition between levels is recognised. There were no transitions between Level 1 and Level 2 during the year. 2.

Basis for determining the market value of continuing and discontinuing level 1 fair value measurement items

☒ Applicable ☐ Not applicable

Unadjusted quoted prices in active markets for identical assets or liabilities.

3. ongoing and discontinued Level 2 fair value measurement items, qualitative and quantitative information on the valuation techniques used and significant parameters

☐ applicable ☒ not applicable

4. ongoing and discontinued Level 3 fair value measurement items, qualitative and quantitative information on the valuation techniques used and significant parameters

☒ Applicable ☐ Not applicable

An unobservable input for the relevant asset or liability.

5. ongoing level 3 fair value measurement items, reconciliation information between opening and closing carrying values and sensitivity analysis of unobservable parameters

☒ Applicable ☐ Not applicable

For financial instruments traded in active markets, the Group determines their fair value using quoted prices in active markets; for financial instruments that are not traded in active markets, the Group uses valuation techniques to determine their fair value.

The movement in level 3 assets above is as follows:

	Investments in other equity instruments	Receivables financing	Other non-current financial assets	Total
31 December 2020	50,000,000	912,445,780	87,171,738	1,049,617,518
Purchase	114,000,000	11,536,127,381	107,000,000	11,757,127,381
For Sale		11,763,378,500	9,000,000	11,772,378,500
Settlement		426,645,980		426,645,980
Gain or loss recognized in profit or loss		-26,373,371	32,668,941	6,295,570
31 December 2021	164,000,000	232,175,310	217,840,679	614,015,989

As at 31 December 2021, the Group's level 3 financial assets are mainly bankers' acceptances, investments in debt instruments and investments in equity instruments (31 December 2020: bankers' acceptances, investments in debt instruments and investments in equity instruments), whose fair value is valued using valuation techniques such as the expected return method and comparable companies' law, and whose unobservable inputs are their expected return, comparable companies' P/E ratios, the The unobservable inputs are their expected rates of return, comparable companies' price-to-earnings ratios, price-to-sales ratios, etc. Management assesses their fair value based on these inputs. For investments in fund companies, the Group engages an independent third party valuer to assess the net asset value of the investee fund companies and accordingly determines the fair value of the corresponding fund company investments as at the balance sheet date.

Report 2021 (Reasons for conversion)

6. ongoing fair value measurement levels, the reasons for conversion and the policy for

determining the point of conversion if conversion between levels occurred during the period

☐ 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 not measured at fair value

☒ Applicable ☐ Not applicable

The Group's financial assets and financial liabilities measured at amortised cost mainly comprise: receivables, short-term borrowings, payables, lease liabilities, long-term borrowings and bonds payable. The differences between the carrying amounts and fair values of financial assets and financial liabilities that are not measured at fair value are insignificant, except for the financial liabilities listed below.

	31 December 2021		31 December 2020	
	Carrying value	Fair value	Carrying value	Fair value
Long-term borrowings	403,131,555	406,350,122	326,428,355	328,232,910
Total	403,131,555	406,350,122	326,428,355	328,232,910

The fair value of term loans is determined by taking the present value of contractual future cash flows discounted at rates in the market with comparable credit ratings and providing virtually identical cash flows under identical conditions, which is level 3.

9. Other

☐ applicable ☒ not applicable

XII. RELATED PARTIES

AND RELATED

TRANSACTIONS 1.

Information on the parent

company of the Company

☒ Applicable ☐ Not applicable

Unit: RMB million Currency: RMB

Name of parent company	Place of registration	Nature of business	Registered Capital	Parent company's shareholding in the business (%)	Proportion of the parent company's voting rights in the enterprise (%)
Linglong Group Limited	Zhaoyuan, Shandong	Manufacture of rims, pumps for the agricultural industry, transformers, motors; management of raw and auxiliary materials required for the production and research of the Company	12,000	42.50	42.50

Description of the parent company of the Company None The ultimate controlling party of the Company is the

Wang Xicheng family (including Wang Xicheng, Wang Feng, Wang Lin and Zhang Guangying) Other

description: None

2. Information on the Company's subsidiaries

See notes for details of the Company's subsidiaries

☒ Applicable ☐ Not applicable

For details of the Enterprise's subsidiaries, please refer to

Note 9 "1. 3. Joint ventures and associates of the

Company

See notes for details of significant joint ventures or associates of the Company

☐ 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 prior periods that resulted in balances, are as follows

☐ Applicable

√Not

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applicable

Other notes

4. Other related

parties

√Applicable ☐ Not applicable

Name of other related parties	Other related party relationship with the Company
Zhaoyuan Linglong Thermal Power Co.	A wholly-owned subsidiary of the parent company
Zhaoyuan Shanling Automobile Sales Co.	A wholly-owned subsidiary of the parent company
Shandong Linglong Yingcheng Hospital Co.	A wholly-owned subsidiary of the parent company
Zhaoyuan Linglong Cement Co.	A wholly-owned subsidiary of the parent company

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Shandong Xinglongsheng Logistics Co.	A wholly-owned subsidiary of the parent company
Zhaoyuan Linglong Customs Brokerage Co.	A wholly-owned subsidiary of the parent company
Shandong Linglong Real Estate Co.	A wholly-owned subsidiary of the parent company
Shandong Linglong Automobile Trade Co.	A wholly-owned subsidiary of the parent company
Zhaoyuan Linglong Auto Mall Co.	A wholly-owned subsidiary of the parent company
Shandong Central Asia Tyre Test Track Co.	A wholly-owned subsidiary of the parent company
Zhaoyuan Linglong Automobile Sales Co.	A wholly-owned subsidiary of the parent company
Linglong Group Beijing Zhongcheng Yingtai Science and Technology Co.	A wholly-owned subsidiary of the parent company
Jinan Yida Pharmaceutical Co.	A wholly-owned subsidiary of the parent company
Linglong Group Texas Science & Technology Co.	A wholly-owned subsidiary of the parent company
Shandong One Way Traffic Technology Co.	A wholly-owned subsidiary of the parent company
Shandong Shanling New Energy Development Co.	A wholly-owned subsidiary of the parent company
Zhaoyuan Yipin Property Co.	A wholly-owned subsidiary of the parent company
Yingcheng (Yantai) Education Development Co.	A wholly-owned subsidiary of the parent company
Shandong Sanying Equipment & Instruments Co.	A wholly-owned subsidiary of the parent company
Zhaoyuan City Xinglongsheng Automobile Sales Co.	A wholly-owned subsidiary of the parent company
Yingcheng (Yantai) Business Information Co.	A wholly-owned subsidiary of the parent company
Yingcheng (Yantai) Catering Services Co.	A wholly-owned subsidiary of the parent company
Zhaoyuan Linglong Auto Repair Service Co.	A wholly-owned subsidiary of the parent company
Dezhou Shanling New Energy Development Co.	A wholly-owned subsidiary of the parent company
Dezhou Oudian Environmental Technology Co.	A wholly-owned subsidiary of the parent company
Linglong Group Texas Science & Technology Co.	A wholly-owned subsidiary of the parent company
Wucheng County Oudian Property Co.	A wholly-owned subsidiary of the parent company
Yantai Dahua Environmental Construction Co.	Other
Zhaoyuan Hongwei Construction Engineering Co.	Other
Shandong Idea Auto & Tyre Testing Ground Co.	Other

Other notes 1. Yantai Dahua Environmental Construction Company Limited, whose

controller is a close family member of the de facto controller of the Company;

2. Zhaoyuan Hongwei Construction Engineering Company Limited, whose key management personnel are close family members of the directors of the Company;

3. Shandong Editta Automotive and Tyre Testing Facility Co., Ltd, whose key management personnel may be appointed by the Company's parent company.

5. Connected transactions

(1). Related transactions of purchase and

sale of goods, supply and receipt of

Related parties	Content of connected transactions	Incurred during the period	Prior Period Incurred
services Schedule of purchase of goods/acceptance of services			
Zhaoyuan Linglong Thermal Power Co.	Purchasing power and materials	443,641,837	469,458,328
Shandong Linglong Xinglongsheng Logistics Co.	Acceptance of transport services and customs clearance services	174,371,007	162,593,396
Unit: Yuan Currency: RMB			
Linglong Group Limited	Acceptance of hospitality services and training services	51,099,620	47,762,637
Shandong Iditarod Automotive & Tyre Proving Ground Co.	Acceptance of premises, workshop services	16,894,751	15,495,198

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Zhaoyuan Shanling Automobile Sales Co.	Acceptance of vehicle maintenance services, procurement of supplies	8,198,110	6,270,120
Zhaoyuan Linglong Automobile Sales Co.	Accepts vehicle repairs, tyre removal and car hire	3,773,551	4,381,643
Dezhou Oudian Environmental Technology Co.	Purchasing power	3,169,291	
Shandong Linglong Yingcheng Hospital Co.	Receiving medical services	2,320,083	424,755
Shandong Sanying Equipment & Instruments Co.	Purchasing castings	1,516,613	
Shandong Linglong Automobile Trade Co.	Accepting vehicle repairs and tyre removal services	1,149,612	413,478
Shandong Shanling New Energy Development Co.	Purchasing power	993,586	1,072,184
Yingcheng (Yantai) Business Information Co.	Purchasing materials	906,230	
Jinan Yida Pharmaceutical Co.	Purchasing medicine	426,182	297,218
Linglong Group Texas Science & Technology Co.	Acceptance of hospitality services	207,474	164,129
Zhaoyuan Linglong Auto Repair Service Co.	Acceptance of vehicle maintenance, car rental services	145,252	
Zhaoyuan Xinglongsheng Automobile Sales Co.	Purchasing materials	82,566	
Yingcheng (Yantai) Catering Services Co.	Receive catering services	29,953	
Zhaoyuan Linglong Auto Mall Co.	Receive car repair services	13,805	478,966
Zhaoyuan Linglong Customs Brokerage Co.	Customs clearance service accepted		359,823

Sale of Goods / Supply of Services Table

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Related parties	Content of connected transactions	Incurred during the period	Prior Period Incurred
Shandong Linglong Real Estate Co.	Sales of materials and spare parts	5,875,569	5,744,341
Zhaoyuan Linglong Thermal Power Co.	Sales of materials and spare parts	4,961,100	5,700,303
Shandong Sanying Equipment & Instruments Co.	Sale of scrap	2,101,255	
Zhaoyuan Shanling Automobile Sales Co.	Sales of tyres	2,069,888	1,516,842
Shandong Linglong Yingcheng Hospital Co.	Sales of materials and spare parts	2,021,619	13,461
Dezhou Shanling New Energy Development Co.	Sales of materials and spare parts	1,308,027	
Dezhou Oudian Environmental Technology Co.	Sales of materials and spare parts	1,045,340	
Shandong Central Asia Tyre Test Track Co.	Sales of materials and spare parts	424,866	254,606
Shandong One Way Traffic Technology Co.	Sales of materials and spare parts	394,212	3,459,083
Linglong Group Limited	Sale of fixed assets	165,470	52,567
Linglong Group Texas Science & Technology Co.	Sales Dynamics	150,072	
Zhaoyuan Linglong Automobile Sales Co.	Sales rims	48,980	
Wucheng County Oudian Property Co.	Sales Dynamics	16,445	
Zhaoyuan Linglong Cement Co.	Sales of materials and spare parts		109,212
Shandong Xinglongsheng Logistics Co.	Sales of materials and spare parts		7,876
Zhaoyuan Yipin Property Co.	Sales of materials and spare parts		7,675
Shandong Shanling New Energy Development Co.	Sales of materials and spare parts		1,263,718

Description of connected transactions for the purchase and sale of goods, provision and receipt of services

□ applicable √not applicable

(2). Associated Entrusted/Contracted and

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entrusted/contracted with the following table:

☐ applicable
☒ not applicable
Applicable of affiliated trusteeship/contracting

☐ applicable ☒ not applicable

Table of our commissioning/contracting status

☐ applicable ☒ not applicable

Affiliate management/contracting description

☐ applicable ☒ not applicable

(3). Associated

Leases The

Company as lessor:

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Name of the lessee	Types of leased assets	Lease income recognised during the period	Lease income recognised in the prior period
Shandong Xinglongsheng Logistics Co.	Location	1,840,367	1,834,862
Yingcheng (Yantai) Education Development Co.	House	45,872	45,872

The Company as lessee:

☒ Applicable ☐ Not applicable

New right-to-use assets added by the

Company as lessee during the year: Unit:

RMB Currency: RMB

Name of lessor	Types of leased assets	Year 2021	Year 2020
Shandong Xinglongsheng Logistics Co.	Location	7,379,077	

Interest expenses on lease liabilities borne by the

Company as lessee during the year: Unit: RMB

Currency: RMB

Name of lessor	Types of leased assets	Lease payments recognised during the period	Lease payments recognised in the prior period
Linglong Group Limited	House	1,419,830	
Linglong Group Texas Science & Technology Co.	House	298,501	
Shandong Xinglongsheng Logistics Co.	Location	81,369	
Total		1,799,700	

Description of affiliated leases

☐ applicable ☒ not applicable

(4). Related party

guarantees The

Company as

guarantor

☐ applicable ☒ not applicable

The Company as the guaranteed party

Applicable ☒ Not

applicable

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Description of

✓not

related guarantees

☐ applicable ✓not applicable

(5). Related party funds borrowing and lending

☐ applicable ✓not applicable

(6). Transfer of assets and restructuring of debts by related parties

☐ applicable
☒ not applicable
 6. Key management compensation
☒ Applicable ☐ Not applicable
 Unit: RMB million Currency: RMB

Projects	Incurred during the period	Prior Period Incurred
Key management compensation	631.34	819.22

(8). Other connected transactions

☐ applicable ☒ not applicable

6. Amounts due from and to related parties

(1). Items receivable

☒ Applicable ☐ Not applicable

Unit:Yuan Currency:RMB

Project name	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Shandong Linglong Real Estate Co.	3,707,233		6,491,106	
Accounts receivable	Shandong Linglong Yingcheng Hospital Co.	1,828,930			
Accounts receivable	Shandong Central Asia Tyre Test Track Co.	480,098			
Accounts receivable	Shandong One Way Traffic Technology Co.	262,459			
Accounts receivable	Zhaoyuan Shanling Automobile Sales Co.	181,700		125,292	
Accounts receivable	Sanying Equipment & Apparatus Co.	62,756			
Notes receivable	Shandong Linglong Real Estate Co.	7,320,000	71,736		
Other receivables	Linglong Group Limited	186,981			

(2). Payable items

☒ Applicable ☐ Not applicable

Unit:Yuan Currency:RMB

Project name	Related parties	Closing balance	Opening balance of the period
Accounts payable	Zhaoyuan Linglong Thermal Power Co.	49,030,279	52,626,248
Accounts payable	Shandong Xinglongsheng Logistics Co.	22,272,761	25,655,334
Accounts payable	Linglong Group Limited	63,397	181,382
Accounts payable	Sanying Equipment & Apparatus Co.	108,928	
Accounts payable	Zhaoyuan Linglong Auto Repair Service Co.	41,900	
Accounts payable	Zhaoyuan Linglong Automobile Sales Co.		394,326
Other payables	Yantai Dahua Environmental Construction Co.	1,068,149	1,068,149
Other payables	Shandong Xinglongsheng Logistics Co.	862,477	1,654,121
Other payables	Zhaoyuan Shanling Automobile Sales Co.	451,780	86,874
Other payables	Linglong Group Limited	323,252	65,391
Other payables	Zhaoyuan Hongwei Construction Engineering Co.	195,043	595,043

7. Related party commitments

☒ Applicable ☐ Not applicable

The following are commitments relating to related parties contracted by the Group as at the balance sheet date that are not yet required to be shown on the balance sheet:

Leasing	31 December 2021	31 December 2020
Linglong Group Limited		22,766,831
Shandong Xinglongsheng Logistics Co.	364,800	3,591,960
Linglong Group Beijing Zhongcheng Yingtai Science and Technology Co.		6,023
Total	364,800	26,364,814

8. Other

☐ Applicable

☒ Not

applicable XIII.

Share-based

payments

1. General information on share-based payments

☒ Applicable ☐ Not applicable

Unit: Share Currency: RMB

Total amount of each equity instrument granted by the Company during the period	8,172,000
Total amount of each equity instrument exercised by the Company during the period	3,703,200
Total amount of equity instruments lapsed by the Company during the period	365,760
Range of exercise prices of stock options issued and outstanding by the Company at the end of the period and the remaining term of the contract	
Range of exercise prices and remaining contractual maturity of other equity instruments issued and outstanding at the end of the period	<p>The grant price of the 2019 Equity Incentive Plan is RMB10.38 per share; the Incentive Plan is valid for a maximum of 48 months from the date of completion of the registration of the grant of restricted shares to the date of release of all restricted shares granted to the incentive recipients or the date of buyback and cancellation. The grant price of the equity incentive for 2020 is RMB16.59 per share.</p> <p>The incentive plan is valid for a maximum of 48 months from the date of completion of the registration of the grant of restricted shares to the date of release of all restricted shares granted to the incentive recipients or the date of buyback and cancellation.</p>

Other notes

(1) On 19 January 2021, the Group held the twentieth meeting of the fourth session of the Board of Directors and considered and approved the "Proposal on the Grant of Restricted Shares to Incentive Recipients under the 2020 Restricted Share Incentive Plan" (the "2020 Restricted Share Incentive Plan"), agreeing to determine 19 January 2021 as the grant date and grant 8,172,000 restricted shares to 554 incentive recipients eligible for the grant at a price of RMB16.59 per share. The 2020 Restricted Share Incentive Plan will be released in three phases, 12 months, 24 months and 36 months from the date of completion of registration of the grant, with the release ratio of 30%, 30% and 40% respectively. On 25 February 2021, all the restricted shares have been registered.

(2) On 5 January 2021, the Group held the nineteenth meeting of the fourth session of the Board of Directors and considered and passed the "Proposal on the Achievement of the Conditions for the Release of the First Phase of the Company's 2019 Restricted Share Incentive Plan from Restriction on Sale", the Company considered that all the conditions for the release of the first phase of the 2019 Restricted Share Incentive Plan had been satisfied, the incentive shares eligible for the release of the first phase of the 2019 Restricted Share Incentive Plan from restriction on sale. The number of restricted shares that can be released is 3,703,200 shares, accounting for 0.27% of the total share capital of the Company, and the total reduction of treasury shares is RMB59,362,296 and restricted shares buyback obligation is RMB36,846,840.

(3) On 26 August 2021, the Group held the Twenty-sixth Meeting of the Fourth Session of the Board of Directors and the Twenty-third Meeting of the Fourth Session of the Supervisory Committee to consider and approve the "Proposal on the repurchase and cancellation of restricted shares granted to some incentive recipients but not yet released from restriction of sale". 2021, the Company repurchased and

cancelled restricted shares of equity incentive recipients who left the Company and whose personal performance did not meet the standards, reducing the share capital by \$365,700 and a reduction of treasury shares of \$5,722,843.

2. Equity-settled share-based payments

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Methodology for determining the fair value of equity instruments at the date of grant	In accordance with AS 11 - Share-based Payment, the grant date for the 2019 Equity Incentive Plan is 02 January 2020 and the grant date for the 2020 Equity Incentive Plan is 19 January 2021, with the closing price on the grant date - the grant price as the fair value of the restricted shares granted.
Basis for determining the number of exercisable equity instruments	The Company determines the incentive based on the equity instruments corresponding to the incumbent, the forecast of the company's performance in future years and the assessment of individual performance.
Reasons for significant differences between the current and prior period estimates	
Accumulated amount charged to capital surplus for equity-settled share-based payments	176,462,936
Total expense recognised for equity-settled share-based payments during the period	83,132,251

Other notes n/a

3. Cash-settled share-based payments

☐ applicable ☒ not applicable

4. Modification and termination of share-based payments

☐ applicable

☒ not

applicable 5.

Other

☐ applicable ☒ not applicable

XIV. COMMITMENTS

AND

CONTINGENCIES 1.

Material Commitments

☒ Applicable ☐ Not applicable

Significant external commitments in existence at the balance sheet date, nature, amount

(1) Capital expenditure commitments

The Group has commitments for capital expenditure contracted for at the balance sheet date that are not yet required to be shown on the balance sheet: land, buildings and machinery and equipment of \$5,827,922,056.

(2) Operating lease commitments

Under the non-cancellable operating leases entered into, the Group has a minimum

future rental payment of \$364,800 due. 2. Contingencies

(1). Significant contingencies existing at the balance sheet date

☐ applicable ☒ not applicable

(2). There are no material contingencies that the company is required to disclose, which should also be stated:

☐ applicable

☒ not

applicable 3.

Other

☐ applicable ☒ not applicable

XV. Events after the

balance sheet date 1.

Significant non-adjusting

events

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Contents	Number of effects on financial position and results of operations	Reasons for not being able to estimate the number of impacts
Issue of shares and bonds	Private placement of additional shares		
Significant foreign investments			
Significant debt restructuring			
Natural disasters			

Important movements in foreign exchange rates	Linglong Tyre: Shandong Linglong Tyre Company Limited Annual Report 2021 (Download Announcement)	
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The non-public offering of RMB ordinary shares (A shares) of the Company and its listing for trading on the Shanghai Stock Exchange has been considered and approved by the Group at the Twenty-seventh Meeting of the Fourth Session of the Board of Directors held on 13 September 2021, the Fifth Extraordinary General Meeting of 2021 held on 29 September 2021 and the Twenty-ninth Meeting of the Fourth Session of the Board of Directors held on 28 December 2021. On 2 March 2022, the Company received from the China Securities Regulatory Commission the "Approval of the Approval of Non-public Offering of Shares by Shandong Linglong Tire Company Limited" (Securities Regulatory License [2022] No. 395), which permitted the non-public offering of not more than 137,212,570 RMB ordinary shares (A shares) to investors. The Group completed a private offering of 112,121,212 RMB ordinary shares (A shares) to investors at a total issue amount of RMB2,404,999,997 at an issue price of RMB21.45 per share for the period ended 29 March 2022. The total net proceeds raised by the Group through the private offering of RMB ordinary shares (A shares), after deducting the sponsorship and underwriting fees and other issue expenses (excluding the corresponding value-added tax), amounted to RMB2,384,806,219, comprising equity capital of RMB112,121,212 and capital surplus of RMB2,272,685,007.

2. Distribution of profits

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Profit or dividends to be distributed	237,479,506
Profits or dividends declared after consideration and approval	237,479,506

3. Sales returns

☐ applicable ☒ not applicable

4. Notes on other post balance sheet events

☒ Applicable ☐ Not applicable

The impact of the Russian-Ukrainian military conflict on companies

Since the end of February 2022, the global political situation has undergone significant changes due to the impact of the Russian-Ukrainian military conflict ("Russia-Ukraine conflict"). The Group's second overseas plant was laid out in Serbia, which, as a non-Nordic, EU member, is in a natural

Dependence on Russian supplies for energy needs such as gas. As at the date of approval of these financial statements, Serbian Linglong is still in the construction stage and the direct impact of the Russian-Ukrainian conflict on the construction of Serbian Linglong is limited. However, as the situation in Russia and Ukraine continues to evolve, there are uncertainties regarding the supply of energy, manufacturing, marketing of products and logistics and transportation of Serbian Linglong, which may have an adverse impact on the Group's financial position and results of operations in 2022 and subsequent years. As of the date of approval of these financial statements, the extent of such adverse effects cannot be accurately estimated.

16. OTHER

MATERIALS 1.

Correction of Prior

Period Accounting

Errors

(1). Retrospective Restatement Method

☐ applicable ☒ not applicable

(2). Future application law

☐ Applicable

☒ Not

applicable 2.

Debt

restructuring

3. Asset swap

(1). Exchange of non-monetary assets

☐ applicable ☒ not applicable

(2). Other asset swaps

Applicable

☒ Not

applicable 4.

Annuity

Scheme

Applicable

☒ Not

applicable 5.

Discontinued

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operations

☐ applicable

✓not

applicable 6.

Segment

information

(1). Basis of determination of reportable segments and accounting policies

✓Applicable ☐ Not applicable

The Group's reportable segments are business units that provide different products or services, or operate in different geographical areas. As each business or region requires different technological and market strategies, the Group manages the production and operating activities of each reportable segment separately and evaluates its operating results separately to determine the allocation of resources to it and to evaluate its performance. The Group has three reportable segments, namely:

Mainland China and Hong Kong, which manufactures and sells tyre products

in Mainland China and Hong Kong; and Overseas, which manufactures and

sells tyre products in overseas territories;

Machinery Division, responsible for the production and sale of machinery-related products;

The inter-segment transfer price is determined by reference to the price used for sales to third parties.

Assets are allocated based on the operations of the segment and the location of the assets, and liabilities are allocated based on the operations of the segment.

(2). Financial information for reportable segments

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Tyre Business - Mainland and Hong Kong Tiansheng	Tyre Business - Overseas Region	Machinery business	Inter-segment offsets	Total
Revenue from external transactions	13,113,178,562	5,389,584,672	76,456,588		18,579,219,822
Inter-segment trading income	1,223,938,024		648,462,536	1,872,400,560	
Operating costs	-12,452,664,815	-4,185,717,070	-608,428,676	-1,874,546,846	-15,372,263,715
Interest income	46,221,941	15,223,245	811,479	22,054,608.00	40,202,057
Interest costs	-179,566,470	-17,595,751	-1,226,974	-22,054,608.00	-176,334,587
Credit impairment losses	-17,927,950	-1,948,647	-668,910		-20,545,507
Impairment losses on assets	-261,601,800	-26,614,754	-1,714,463		-289,931,017
Depreciation of right-to-use assets	-1,920,773	-118,614	-2,200,955		-4,240,342
Depreciation and amortisation charges	-922,157,530	-342,187,628	-30,219,277	-105,606,152	-1,188,958,283
Total profit	-407,864,411	1,076,449,787	43,152,249	-2,132,485	713,870,110
Income tax expense	93,074,940	-1,608,022	-8,387,788	8,392,936	74,686,194
Net profit	-314,789,471	1,074,841,765	34,764,461	6,260,451	788,556,304
Total assets	26,368,938,940	11,679,202,291	1,686,593,536	5,595,865,500	34,138,869,267
Total liabilities	17,682,928,142	3,632,408,632	1,092,428,471	4,657,133,050	17,750,632,195
Non-cash charges other than depreciation and amortisation	71,694,514	6,369,859	5,067,878		83,132,251
Long-term equity investments in associates	29,441,228				29,441,228
Increase in non-current assets	3,588,578,555	2,810,904,853	29,147,007	87,452,597	6,341,177,818

Note: Non-current assets exclude financial assets, long-term equity investments and deferred income tax assets.

(3). If the company has no reportable segments or is unable to 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 significant transactions and events that have an impact on investors' decisions

☐ applicable

☒ not

applicable 8.

Other

☐ applicable ☒ not applicable

Notes to the principal items in the
parent company's financial

(1). Disclosure by age

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Ageing of accounts	Closing balance
Less than 1 year	
of which: sub-items up to 1 year	

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Subtotal within 1 year	2,921,252,639
1 to 2 years	37,503,935
2 to 3 years	39,866,725
More than 3 years	75,586,945
Total	3,074,210,244

(2). Disclosure by bad debt accrual method

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Provisioning ratio (%)		Amount	Proportion (%)	Amount	Provisioning ratio (%)	
Provision for bad debts is made on an individual basis	16,106,735	0.52	16,106,735	100	0	17,719,636	0.68	17,719,636	100	0
Of which:										
Provision for bad debts by portfolio	3,058,103,509	99.48	129,245,249	4.23	2,928,858,260	2,599,366,085	99.32	112,086,964	4.31	2,487,279,121
Of which:										
Provision for bad debts is made on a risk-based portfolio basis	2,325,318,883	75.64	129,245,249	5.56	2,196,073,634	2,164,599,678	82.71	112,086,964	5.18	2,052,512,714
Amounts due from subsidiaries within the scope of consolidation	732,784,626	23.84	0	0	732,784,626	434,766,407	16.61	0	0	434,766,407
Total	3,074,210,244	/	145,351,984	/	2,928,858,260	2,617,085,721	/	129,806,600	/	2,487,279,121

Provision for bad debts is made on an individual basis:

√Applicable □ Not applicable

Denomination: Yuan Currency: RMB

Name	Closing balance			
	Book balance	Provision for bad debts	Percentage of accrual (%)	Reasons for accrual

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Domestic Clients	11,464,532	11,464,532	100	
Overseas Clients	4,642,203	4,642,203	100	
Total	16,106,735	16,106,735	100	

Notes to the provision for bad debts by individual items:

☐ applicable ☒ not applicable

Provision for bad debts is made on a portfolio basis:

☒ Applicable ☐ Not applicable

Combined provision item: Bad debt

provision by risk combination Unit: RMB

Currency: RMB

Name

Closing balance

	Linglong Tyre: Shandong Linglong Tyre Co. Accounts receivable	Limited Annual Report 2021 Download Announcement Provision for bad debts) Percentage of accrual (%)
Domestic Client Portfolio	2,009,439,793	115,086,874	5.73
Overseas Client Portfolio	315,879,090	14,158,375	4.48
Total	2,325,318,883	129,245,249	/

Recognition criteria and description of bad debts by portfolio:

☒ Applicable ☐ Not applicable

For receivables classified as a portfolio, the Group calculates expected credit losses by reference to historical credit loss experience, taking into account current conditions and forecasts of future economic conditions, through default risk exposures and expected credit loss rates throughout the life of the receivables. If the provision for bad debts is based on the general model of expected credit losses, please refer to the disclosure of other receivables as follows:

☐ applicable ☒ not applicable

(3). Provision for bad debts

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Amount of change during the period				Closing balance
		Accrual	Recovered or transferred back	Transfers or write-offs	Other changes	
Provision for bad debts on accounts receivable	129,806,600	17,158,285	1,504,268	/	108,633	145,351,984
Total	129,806,600	17,158,285	1,504,268	/	108,633	145,351,984

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 receivables

☐ applicable ☒ not applicable

(5). Top five accounts receivable with closing balances, grouped by party owing

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Name of unit	Closing balance	As a percentage of the total closing balance of accounts receivable (%)	Closing balance of provision for bad debts
Client 1	234,919,543	7.64	
Client 2	159,483,376	5.19	2,711,702
Client 3	145,418,153	4.73	2,221,983
Client 4	137,802,244	4.48	
Client 5	133,910,969	4.36	1,339,110
Total	811,534,285	26.40	6,272,795

(6). Derecognition of receivables due to transfer of financial assets

☐ applicable ☒ not applicable

(7). Transfer of receivables and continued involvement in the amount of assets and liabilities formed

☐ Applicable

☒ Not

applicable

Other

Description:

2. Presentation

of other

receivable

items

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Interest receivable		7,304,915
Dividend receivable	300,000,000	
Other receivables	4,657,011,173	2,981,944,441
Total	4,957,011,173	2,989,249,356

Other notes:

☐ Applicable

√Not

applicable

Interest

receivable

(1). Classification of interest receivable

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Acceptance margin deposits		2,942,330
Interest on borrowing deposits		3,852,690
Other interest		509,895
Total		7,304,915

(2). Significant overdue interest

☐ applicable √not applicable

(3). Provision for bad debts

☐ Applicable

√Not

applicable

Other

Description:

☐ Applicable √

Not applicable

Dividend

receivable

(4). Dividend receivable

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Project (or investee)	Closing balance	Opening balance
Guangxi Linglong Tire Co.	150,000,000	
Dezhou Linglong Tyre Co.	150,000,000	
Total	300,000,000	

(5). Significant dividends receivable aged over 1 year
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☐ applicable ☒ not applicable

(6). Provision for bad debts

☐ Applicable

☒ Not

applicable

Other

Description:

☐ Applicable

☒ Not

applicable

Other

receivables

(1). Disclosure by age

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Ageing of accounts	Closing balance
Subtotal within 1 year	4,954,879,968
1 to 2 years	1,381,952
2 to 3 years	144,538
More than 3 years	17,915,573
Total	4,974,322,031

(2). Breakdown by nature of payments

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Nature of payment	Closing balance	Opening balance of the period
Amounts due from subsidiaries	4,650,097,972	2,975,290,914
Insurance recoveries receivable	13,666,684	13,986,503
Staff imprest receivables	4,769,369	5,442,735
Receivables for equipment and materials	3,038,448	3,038,448
Other	2,749,558	1,698,642
Total	4,674,322,031	2,999,457,242

Other receivables

(3). Provision for bad debts

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Provision for bad debts	Stage 1	Stage 2	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	
Balance at 1 January 2021	487,850		17,024,951	17,512,801
Balance at 1 January 2021 in the current period				
--Transfer to Stage 2				
--Transfer to Stage 3				
--Turn back to Phase 2				
--Turn back to Phase 1				
Provision for the period	117,876			117,876
Transfer back during the period				
Transferred during the period				
Current write-offs				
Other changes			319,819	319,819
Balance at 31 December 2021	605,726		16,705,132	17,310,858

Explanation of significant changes in the carrying amount of other receivables for which changes in the provision for losses occurred during the period:

☐ applicable ☒ not applicable
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The amount of the provision for bad debts for the period and the basis used to assess whether there has been 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	Recovered or transferred back	Transfers or write-offs	Other changes	
Other receivables that are individually significant and for which a separate provision for bad debts has been made	13,986,503				319,819	13,666,684
Other receivables with bad debt provision based on a combination of credit risk characteristics (internal staff loans and imprest)	487,850	117,876				605,726
Other receivables that are individually insignificant but for which a separate provision for bad debts has been made	3,038,448					3,038,448
Total	17,512,801	117,876			319,819	17,310,858

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

☐ 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

Name of unit	Nature of payment	Closing balance	Ageing of accounts	As a percentage of the total closing balance of other receivables (%)	Provision for bad debts Closing balance
Supplier 1	Sub-company borrowings	1,132,939,250	Within one year	22.78	
Supplier 2	Sub-company borrowings	891,408,511	Within one year	17.92	
Supplier 3	Sub-company borrowings	763,380,107	Within one year	15.35	
Supplier 4	Sub-company borrowings	685,550,826	Within one year	13.78	
Supplier 5	Sub-company borrowings	407,341,676	Within one year	8.19	
Total	/	3,880,620,370	/	78.02	

(7). Receivables involving government grants

☐ applicable ☒ not applicable

(8). Other receivables derecognised 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

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applicable

Other

Description:

3. Long-term

equity

investments

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

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Projects	Closing balance	Provision for impairment	Carrying value	Opening		
	Book balance			Balance	Provision for impairment	Carrying value
				Carrying		
				Balance		
Investments in subsidiaries	7,228,103,421		7,228,103,421	5,609,459,043		5,609,459,043
Investments in associates and joint ventures						
Total	7,228,103,421		7,228,103,421	5,609,459,043		5,609,459,043

(1). Investments in subsidiaries

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Investee Units	Opening balance	Increase during the period	Decrease during the period	Closing balance	Provision for impairment during the period	Closing balance of provision for impairment
Guangxi Linglong	1,599,335,844	206,995,136		1,806,330,980		
Dezhou Linglong	655,427,240	5,993,915		661,421,155		
Hong Kong Tin Shing	229,216,000	620,029,950		849,245,950		
Beijing Linglong	1,243,458	1,846,185		3,089,643		
Thailand Linglong	1,222,861,061	6,369,859		1,229,230,920		
Linglong Electromechanical	228,154,475	5,067,878		233,222,353		
Shanghai Linglong	50,000,000			50,000,000		
Rubber Technology	201,524,088	3,504,512		205,028,600		
Heaven becomes earth	5,000,000			5,000,000		
Singapore Linglong	63,352			63,352		
Hubei Linglong	1,202,667,525	401,936,447		1,604,603,972		
Smart Technology	41,286,000	5,257,092		46,543,092		
Dandelion Technology	30,000,000			30,000,000		
Shandong Atlas International Trade	3,000,000	123,404		3,123,404		
Jinan Linglong	96,700,000	203,300,000		300,000,000		
Jilin Linglong	42,980,000	157,020,000		200,000,000		
Shaanxi Linglong		1,200,000		1,200,000		
Total	5,609,459,043	1,618,644,378		7,228,103,421		

(2). Investments in associates and joint ventures

☐ Applicable

☒ Not

applicable

Other

Description:

None

4. Operating income and operating costs
 Shandong Linglong Tyre: Shandong Linglong Tyre Company Limited Annual Report 2021 ([Download Announcement](#))

(1). Operating income and operating costs

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period		Prior Period Incurred	
	Income	Costs	Income	Costs
Main business	12,667,364,899	11,449,819,166	12,630,636,638	10,840,527,080

Linglong Tyre: Shandong Linglong Tyre Company Limited Annual
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Other operations	1,997,731,025	1,840,557,940	1,474,400,359	1,328,983,823
Total	14,665,095,924	13,290,377,106	14,105,036,997	12,169,510,903

(2). of revenue generated by the contract

☐ applicable ☒ not applicable

(3). Description of performance obligations

☒ Applicable ☐ Not applicable

At December 31, 2021, the Company had revenue of \$272,219,546 corresponding to performance obligations entered into but not yet completed, all of which the Company expects to recognize as revenue in fiscal 2022.

(4). Note on apportionment to remaining performance obligations

5. Investment

income

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Incurred during the period	Prior Period Incurred
Gain on long-term equity investments accounted for under the cost method		
Income from long-term equity investments accounted for under the equity method		
Investment income arising on disposal of long-term equity investments		
Investment income on financial assets held for trading		
Dividend income earned on investments in other equity instruments during the period in which they are held		
Interest income earned on debt investments during the holding period		
Interest income earned on other debt investments during the holding period		
Investment gains on disposal of financial assets held for trading		
Investment income from disposal of investments in other equity instruments		
Investment income from disposal of debt investments		
Investment income from disposal of other debt investments		
Gain on debt restructuring		
Distribution of dividends by subsidiaries	300,000,000	240,000,000
Investment income from financial products		-346,477
Investment losses on futures operations	-16,749,650	-636,894
Loss on discounted receivables financing meeting derecognition conditions	-14,297,620	-21,502,438
Total	268,952,730	217,514,191

6. Other

☐ applicable

☒ not

applicable

XVIII.

1. Breakdown of non-recurring gains and losses for the period

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable		
Unit: Yuan Currency: RMB		

Item Amount Description

Linglong Tyre: Shandong Linglong Tyre Company Limited Annual

Gain or loss on disposal of non-current assets Report 2021 ([Download Announcement](#)) 33,927,907

Tax rebates and exemptions that are approved beyond authority or without official approval documents

Linglong Tyre: Shandong Linglong Tyre Company Limited Annual

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Government grants included in current profit or loss (except those closely related to the business of the enterprise and enjoyed in a fixed or quantitative amount according to the national uniform standards)	142,548,511	
Fees charged to non-financial enterprises for capital employed in the period charged to current profit or loss		
The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than the gain arising from the fair value of the identifiable net assets of the investee to which the enterprise is entitled at the time the investment is acquired		
Gain or loss on exchange of non-monetary assets		
Gains or losses on entrusting others with the investment or management of assets		
Provision for impairment of various assets due to force majeure factors, such as natural disasters		
Gains and losses on debt restructuring		
Business restructuring costs, such as expenses to relocate employees, integration costs, etc.		
Gains or losses in excess of fair value arising from transactions where the transaction price is not clearly fair		
Net profit or loss for the period from the beginning of the period to the date of consolidation of a subsidiary arising from a business combination under common control		
Gains or losses arising from contingencies unrelated to the Company's normal operating business		
Gains or losses on fair value changes arising from the holding of financial assets for trading, derivative financial assets, financial liabilities for trading and derivative financial liabilities, and investment gains on disposal of financial assets for trading, derivative financial assets, financial liabilities for trading, derivative financial liabilities and other debt investments, other than those effectively hedged in connection with the Company's normal operations	23,092,757	
Reversal of provision for impairment of receivables, contract assets tested separately for impairment	1,504,267	
Gains and losses on external entrusted loans		
Gains and losses arising from changes in fair value of investment properties subsequently measured using the fair value model		
Effect on current profit or loss of one-off adjustments to current profit or loss in accordance with tax, accounting and other laws and regulations		
Custodian fee income earned from trustee operations		
Litigation/arbitration compensation expenses	-12,690,830	
Proceeds from litigation compensation	2,821,660	
Non-operating income and expenses other than those mentioned above	-6,512,141	
Other items of profit or loss that meet the definition of non-recurring profit or loss		
Less: Income tax effect	38,441,083	
Amount of minority interests affected		
Total	146,251,048	

For items of non-recurring profit or loss defined by the Company in accordance with the definition of "Explanatory Bulletin No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Profit or Loss" and items listed as non-recurring in "Explanatory Bulletin No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Items of non-recurring profit or loss as defined in the definition of "Non-recurring Profit or Loss" and items that define items of non-recurring profit or loss as listed in "Explanatory Bulletin No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Profit or Loss" shall be stated.

√Applicable ☐ Not applicable

In June 2020, the Group invested in Butterfly (Changchun) Technology Company Limited ("Changchun Butterfly") with a capital contribution of RMB30,000,000, of which RMB15,000,000 was added to the registered capital of Changchun Butterfly and the remaining RMB15,000,000 was credited to the capital reserve of Changchun Butterfly. As at 31 December 2021, the Group's shareholding in Changchun Butterfly was 27.27% and the amount adjusted to recurring profit or loss under the equity method was RMB630,268.

2. Return on net assets and earnings per share

√Applicable ☐ Not applicable

3. differences in accounting data under domestic and foreign accounting standards

☐ applicable

√not

applicable 4.

Other

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	4.79	0.58	0.58
Net profit attributable to ordinary shareholders of the Company after non-recurring gains and losses	3.90	0.47	0.47

☐ applicable ☒ not applicable

Chairman: Wang Feng Board of Directors Approval

Date of Filing: 28 April 2022 Revised Information

☐ applicable ☒ not applicable

Annex: [Original
announcement](#)

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