



2021  
TWENTY TWENTY-ONE

# 三角轮胎股份有限公司 年度报告

COMPANY  
ANNUAL REPORT



公司简称：三角轮胎 公司代码：601163

## Important Tips

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

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

**3. Sino-perfect Accounting Firm (Special General Partnership) has issued a standard unqualified audit report for the Company. 4. Ding Mu, the person in charge of the Company, Zhong Danfang, the person in charge of accounting work, and Zhao Libo, the person in charge of accounting organization (accounting officer in charge), declared that**

**Ming: To ensure the truthfulness, accuracy and completeness of the financial report in the annual report.**

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

The Company intends to distribute a cash dividend of RMB2.3 (including tax) for every 10 shares to all shareholders based on the total share capital of 800 million shares as of December 31, 2021; the remaining undistributed profits will be carried forward to future years, and there will be no dividend and no capitalization of capital reserve. If there is a change in the total number of shares of the company before the registration date for the implementation of the equity distribution, it is proposed to maintain the same distribution ratio per share and adjust the total distribution accordingly. The proposal shall be considered and approved by the shareholders' meeting before implementation.

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

✓Applicable ☐ Not applicable

The forward-looking statements in this report regarding future development strategies, business development, business plans, financial position, etc. **are** estimates or projections of the future

based on currently available information and data and do not constitute material commitments by the Company to investors, who should be aware of the risks involved and understand the differences between plans, projections and commitments. Investors are advised to pay attention to the investment risks.

**VII. Whether there is non-operating appropriation of funds by the controlling shareholder and its related parties**

No

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

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

**X. Significant Risk Alert**

The Company has described the risks in detail in this report, please refer to Section III.VI4

**"Possible Risks". XI. Other**

☐Applicable ☒Not applicable

## Catalog

|            |  |    |
|------------|--|----|
| Section I  | Interpretation .....                               | 4  |
| Section II | Company Profile and Key Financial Indicators ..... | 4  |
| Section 3  | Management Discussion and Analysis.....            | 8  |
| Section IV | Corporate Governance.....                          | 33 |
| Section 5  | Environment and Social Responsibility .....        | 47 |
| Section 6  | Important Matters.....                             | 51 |
| Section 7  | Changes in Shares and Shareholders .....           | 59 |
| Section 8  | Preferred Stock Related Information.....           | 63 |
| Section 9  | Bond-related information .....                     | 63 |
| Section X  | Financial Reporting.....                           | 63 |

|   |  |
|---|--|
| Catalog<br>of<br>available<br>documents | A copy of the 2021 Annual Report containing the signature of the Chairman of the Company   |
|   | Financial statements containing the signatures and seals of the person in charge of the company, the person in charge of accounting work and the person in charge of the accounting organization |
|   | The audit report containing the seal of the accounting firm and the signature and seal of the certified public accountant  |
|   | Original copies of all company documents and announcements publicly disclosed on the website of the Shanghai Stock Exchange during the reporting period  |

## Section I Interpretation

### I. Interpretation

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

| Commonly used word definitions          |           |   |
|---|-----------|---|
| China Securities Regulatory Commission  | Refers to | China Securities Regulatory Commission                                |
| SSE                                     | Refers to | Shanghai Stock Exchange   |
| The Companies Act                       | Refers to | Company Law of the People's Republic of China                         |
| Securities Act                          | Refers to | Securities Law of the People's Republic of China                      |
| Articles of Incorporation               | Refers to | Charter of Triangle Tire Co.  |
| Company, Our Company, Triangle Tire     | Refers to | Triangle Tire Co.   |
| Triangle Group, controlling shareholder | Refers to | Triangle Group Limited  |
| China National Heavy Duty Truck         | Refers to | China Heavy Duty Truck Group Corporation and its subsidiary companies |

## Section II Company Profile and Key Financial Indicators

### I. Company Information

|  |                       |
|--|-----------------------|
| Chinese name of the company                | Triangle Tire Co.     |
| Chinese abbreviation of the company        | Triangle Tire         |
| Foreign language name of the company       | TRIANGLE TYRE CO.,LTD |
| Abbreviation of the company's foreign name | TRIANGLE TYRE         |
| Legal representative of the company        | Butylwood             |

### II. Contact person and contact information

|                 | Board Secretary  | Securities Representative                                  |
|-----------------|--|--|
| Name            | Zhong Danfang  | Yu Yuanzhong   |
| Contact Address | No 56, Qingdao Middle Road, Weihai City, Shandong Province | No.56, Qingdao Middle Road, Weihai City, Shandong Province |
| Phone           | 0631-5305527   | 0631-5305527   |
| Fax             | 0631-5319950   | 0631-5319950   |
| E-mail          | jqgc@triangle.com.cn                                       | jqgc@triangle.com.cn                                       |

### III. Basic Information Introduction

|   |   |
|---|---|
| Company Registered Address                            | No.56, Qingdao Middle Road, Weihai City |
| Historical change of the company's registered address | Not applicable                          |

|   |                      |
|---|----------------------|
| Postal code of the company's office address | 264200               |
| Company Website                             | www.triangle.com.cn  |
| E-mail                                      | jggc@triangle.com.cn |

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

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

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

| Company stock profile |                         |                  |            |                                |
|-----------------------|-------------------------|------------------|------------|--------------------------------|
| Stock Types           | Stock exchange listing  | Stock short name | Stock Code | Stock short name before change |
| A shares              | Shanghai Stock Exchange | Triangle Tire    | 601163     | Not applicable                 |

#### VI. Other relevant information

|                             |                |  |
|-----------------------------|----------------|--|
| Accounting services engaged | Name           | Sino-perfect Accounting Firm (Special General Partnership) |
|                             | Office Address | 9/F, Block A, Fuhua Building, No. 8 Chaoyangmen North      |

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

Unit: Yuan Currency: RMB

| Key Accounting Data                     | 2021             | 2020             | Increase or decrease in the current period compared with the same period of the previous year (%) | 2019             |
|---|------------------|------------------|---|------------------|
| Operating income                        | 8,954,386,534.49 | 8,535,343,968.60 | 4.91  | 7,940,784,666.19 |
| Shares attributable to listed companies | 600,406,918.38   | 1,059,895,107.87 | -43.35  | 847,170,439.79   |
| East's net profit                       |                  |                  |   |                  |
| Net income                              | 388,121,923.94   | 895,719,503.34   | -56.67  | 709,932,360.34   |

**(ii) Key financial indicators**

| Key Financial Indicators  | 2021 | 2020  | Increase or decrease in the current period compared with the same period of the previous year (%) | 2019 |
|---|------|-------|---|------|
| Basic earnings per share (yuan/share)   | 0.75 | 1.32  | -43.18  | 1.06 |
| Diluted earnings per share (yuan/share)   | 0.75 | 1.32  | -43.18  | 1.06 |
| Basic earnings per share after non-recurring gains and losses (Yuan/share)            | 0.49 | 1.12  | -56.25  | 0.89 |
| Weighted average return on net assets (%)   | 5.46 | 10.13 | Decrease of 4.67 percentage points  | 8.71 |
| Weighted average net assets after non-recurring gains and losses<br>Product yield (%) | 3.53 | 8.56  | Decreased by 5.03 percentage points   | 7.30 |

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

√Applicable □ Not applicable

1, the company's profit and earnings per share indicators fell, mainly by the continued rise in raw material prices and product sales prices can not be synchronized with the impact of rising, while international capacity constraints and a sharp rise in shipping costs also affected export sales to a certain extent.

2. The decrease in net cash flow from operating activities was mainly due to the increase in the purchase of raw materials and the increase in purchase prices during the period, as well as the change in the payment method for some raw materials and the effect of the increase in cash remittance payments.

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

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

□Applicable √Not applicable

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

□Applicable √Not applicable

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

□Applicable √Not applicable

#### IX. Quarterly Key Financial Data for 2021

Unit: Yuan Currency: RMB

|                                      | First Quarter<br>(January - March) | Second quarter<br>(April-June) | Third Quarter<br>(July-September) | Fourth Quarter<br>(October-December) |
|--------------------------------------|------------------------------------|--------------------------------|-----------------------------------|--------------------------------------|
| Operating income                     | 2,271,404,742.25                   | 2,267,391,032.58               | 2,112,498,388.90                  | 2,303,092,370.76                     |
| Attributable to listed companies     | 193,341,449.38                     | 153,984,724.12                 | 138,094,256.84                    | 114,986,488.04                       |
| Net profit for shareholders          |                                    |                                |                                   |                                      |
| Net income after non-recurring gains | 137,841,367.17                     | 104,966,655.67                 | 87,455,296.91                     | 57,858,604.19                        |

Explanation of differences between quarterly data and disclosed periodic reports

□Applicable √Not applicable

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

√Applicable □ Not applicable

Unit:

| Non-recurring gain or loss items               | 2021 Amount   | Notes (if applicable)  | Amount in 2020 | 2019 Amount    |
|--|---------------|--|----------------|----------------|
|  |               |  |                | YuanCurrency:R |
| Gain or loss on disposal of non-current assets | 52,135.53     | See Section X.VII.73 "Gain on Disposal of Assets", 74 "Non-operating Income" and 75 "Non-operating Expenses" for details. out" | 80,220.76      | -4,603,902.58  |
| Government grants that are recognized in       | 19,578,599.59 | See Section X.VII.67   | 23,068,446.59  | 48,018,969.32  |



|   |               |  |                |                |
|---|---------------|--|----------------|----------------|
|   |               | Receipts from changes in fair value Benefits"  |                |                |
| Gain or loss on debt restructuring  | 7,925,801.81  | For details, see Section X.VII.68 "Investment Income Benefits"                               | 277,964.50     | 1,895,587.79   |
| In addition to effective hedging operations related to the Company's normal business operations, gains and losses from changes in fair value arising from the holding of trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, as well as investments obtained from the disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments<br>Capital gains | -8,941,951.38 | See Section X.VII.68 "Investment income" and 70 "Gain on changes in fair value" for details. | -23,113,845.81 | -27,376,355.52 |
| Impairment of receivables and contract assets tested separately for impairment<br>Ready to switch back  | 1,897,968.79  |  |                |                |
| Non-operating income and expenses other than those mentioned above  | -2,276,497.24 | See Section X.VII.67 "Other Income", 74 "Non-operating Income" and 75 "Non-operating         | -8,807,318.65  | -2,205,542.27  |

|   |                |                                    |                |                |
|---|----------------|------------------------------------|----------------|----------------|
|   |                | Expenses"<br>for details.<br>out"" |                |                |
| Less: Income tax effect amount                  | 37,198,338.67  |                                    | 29,034,318.49  | 24,226,165.65  |
| Effect of minority interests Amount (after tax) | 4,158.85       |                                    | 89,034.68      | 31,406.38      |
| Total   | 212,284,994.44 |                                    | 164,175,604.53 | 137,238,079.45 |

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

☐Applicable ☒Not applicable

#### XI, Items measured using fair value

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Project Name   | Opening balance  | Closing balance | Current period change | Effect on current period profit Amount of impact |
|--|------------------|-----------------|-----------------------|--|
| Trading financial assets - Structured deposits paragraph | 1,551,615,297.85 |                 | -1,551,615,297.85     | 15,727,356.17                                    |
| Transactional gold financing Product-Stocks              | 78,267.31        | 619,792.32      | 541,525.01            | 18,307.95  |

|   |                  |                |                   |               |
|---|------------------|----------------|-------------------|---------------|
| Other equity instruments Investment                                 | 54,442,486.47    | 50,000,000.00  | -4,442,486.47     |               |
| Derivative financial liabilities - Currency Swap Agreement proposal | -23,415,359.76   |                | 23,415,359.76     | -8,941,951.38 |
| Total   | 2,417,783,517.99 | 866,425,802.99 | -1,551,357,715.00 | 6,803,712.74  |

**XII. Other**

☐Applicable ☒Not applicable

## Section III Management Discussion and Analysis

### I. Discussion and Analysis of Business Conditions

In 2021, the global epidemic is still ongoing, the world economic recovery is not enough momentum, commodity prices are high and volatile, the external environment is more complex and severe; the domestic economy is facing the triple pressure of demand contraction, supply shock and expected weakening, but the fundamentals of stable to good, long-term to good remain unchanged. The company produced 25.04 million tires, up 8.7% year-on-year; sold 24.04 million tires, up 1.7% year-on-year; achieved operating income of 8.954 billion yuan, up 4.91% year-on-year; affected by the continuous increase in raw material prices, tight international capacity and sharp increase in export shipping costs, the company achieved operating profit of 682 million yuan and net profit attributable to the owners of the parent company of 600 million yuan. The Company's operating profit was RMB682 million and net profit attributable to owners of the parent company was RMB600 million, a decrease of 43.35% year-on-year. The main operating conditions are as follows:

(i) Operating performance 1.

In 2021, the company's tire sales overall steady growth, the first quarter by the tire prices of major raw materials continue to rise rapidly, tire products

Strong expectations of price increases, the domestic auto industry production and sales growth and a low base for the same period in 2020 and other factors, tire sales increased by 29% year-on-year; after the second quarter by the decline in auto production and sales, shipping tensions and other factors, sales fell sequentially, and later through the positive market policy and marketing activities, the fourth quarter to resume growth trend.

The details of each market segment are as follows:

Domestic replacement market: In 2021, the impact of domestic epidemic on consumption has weakened, and the consumer market is in the normal growth track, the company through deep market cultivation and continuous channel and brand promotion activities, the domestic passenger car tire replacement market sales in 2021 grew 12% year-on-year; due to the impact of real estate and infrastructure investment downward, the domestic commercial vehicle tire and engineering tire replacement market sales fell 10% and 17% respectively. The domestic commercial vehicle tire and engineering tire replacement market will decrease by 10% and 17% respectively.

Domestic supporting market: In 2021, with the influence of domestic demand contraction and chip shortage, the annual production of domestic commercial vehicles dropped 11% year-on-year, due to which the company's commercial vehicle tire supporting sales fell 6.6% year-on-year; for passenger cars, the production and sales of supporting models fluctuate and market competition

intensifies, due to which the company's domestic passenger car tire supporting sales fell; under the influence of export pull, the domestic loader sales grew 7% year-on-year. The company seized the opportunity of the development of construction machinery industry, and at the same time vigorously explored new customers, the annual construction tire supporting volume increased by 15%.

Overseas market: In 2021, the global economy recovered slowly, stimulated by the epidemic in many countries which affected the start of local factories and the strong economic policies in Europe and America, the overseas tire market demand grew significantly, and under the situation of tight shipping capacity and sharp increase in shipping cost, the company grasped the market opportunity in time and achieved steady growth in foreign trade sales, including 24% growth in engineering tires.

## 2、Production and capacity optimization and enhancement

(1) In 2021, the production of commercial vehicle tires, passenger car tires and engineering tires all increased year-on-year, with 93% capacity utilization. In the first quarter, the output increased significantly, mainly due to the low base of the same period of the previous year; in the second quarter, the output was flat and increased by 12% year-on-year; in the second half of the year, the output decreased by 4.9% year-on-year due to the impact of double control of energy consumption and the decrease of sales volume. The output of Huamao and Huayang in the first half of 2021 increased outstandingly; the output of Huamao commercial vehicle tires increased by 260,000 and that of Huayang passenger vehicle tires increased by 1.4 million; the output of engineering tires also increased greatly.

The number of articles increased by 33,000 year-on-year.

(2) The production line of Huasheng engineering tires has improved production efficiency and automation of production equipment through process consolidation, technology enhancement, equipment addition and renovation, and further improved product quality. Through the optimization and improvement of the performance and efficiency of the equipment related to the molding process and process development, as well as the addition of utility engineering equipment, Huayang has realized the production of multi-size air-deficiency tires, further improving the stability of production capacity and overall performance level. Huamao Branch further improved production efficiency and capacity stability by optimizing equipment performance, automated equipment replacement and information system optimization.

(3) Upgrade environmental protection facilities and practice green manufacturing. We have increased the air cleaning treatment, carried out environmental protection treatment and upgrading, and further improved the emission gas on the basis of meeting the national environmental protection standards.

## 3、Revenue and profit situation

The Company's 2021 operating revenue increased 4.9% year-over-year and operating profit decreased 44.6% year-over-year, primarily due to the following factors:

(1) In 2021, the prices of major raw materials for tires rose across the board, with natural rubber up 24%, ordinary synthetic rubber up 44%, carbon black up 49%, and steel wire and steel cord up 33% year-on-year; the rise in raw material prices affected the company's operating costs.

(2) The lag in tire price conduction put the performance under pressure. As raw material prices continue to rise, tire prices have been raised several times, but still cannot cover the impact of rising raw materials, largely affecting the performance of the year.

(3) Exported by the epidemic and shipping lane blockage, port congestion and capacity constraints, sea freight prices have skyrocketed, and in 2021 sea freight prices were once more than 5 times higher than usual, with sea freight prices on popular routes rising by nearly 10 times.

## (II) R&D

### innovation 1.

#### Product innovation

During the reporting period, more than 160 new products were launched into the market, with outstanding results in product serialization, structure and performance upgrade.

(1) Commercial vehicle tires optimize product development structure and further enrich product types in energy saving, high wear resistance, high temperature resistance and high speed and off-road working conditions.

The new generation of ultra-low rolling resistance product has a rolling resistance coefficient of 4.0 or less, which saves more than 5% fuel compared with traditional products; the mileage of ultra-high mileage product can reach more than 600,000 km, which reduces the replacement cost of the whole vehicle by more than 10%; the new energy bus and snow tires have completed the second generation product upgrade, which significantly improves the wear performance and snow grip performance; the low pressure off-road desert tires for desert and beach are put into production, which fills the gap of the company in this field. In addition, the company has developed off-road all-wire structure products for SUV vehicles with high puncture resistance and impact resistance under severe road conditions. In addition, we have completed the iterative upgrading of products from material environmental protection to fuel saving and high speed performance for supporting manufacturers such as Heavy Duty Truck, FAW, Yutong, Suzhou Golden Dragon, BYD, Sany, Jiangling, etc.

(2) The new passenger car tires have been improved in terms of anti-slip performance, fuel economy, handling safety and driving comfort.

The product series of European summer business light truck tires, European and Chinese high performance winter tires, European and Chinese all-season tires have been fully developed, and the products' wet slippage, rolling resistance, dry and wet braking, handling and comfort have reached the leading level in China; the new generation of high performance car tires, SUV tires and ultra-high performance tires have been developed, and the products have good handling and fuel efficiency; the development of C1 ice standard test tires has been completed. More than 30 projects of Geely, Zhengzhou Nissan, Dayun, Jiangling, Yutong, Beijing Auto, SAIC DATONG, SAIC-GM Wuling, Hebei Zhongxing, Yutong and Zhongtong Bus have been upgraded.

(3) The new products of engineering tires, the service life is further improved, and the carbon emission in the whole life cycle of giant tires is effectively reduced; it meets the differentiated and personalized market demand.

According to the differentiated and personalized demands of the market, we developed new products of wide body dump truck tires, multi-purpose wide base engineering tires, highway high speed engineering tires and L5 series; the high speed and puncture resistance of mining giant tires were significantly improved and the service life was increased by more than 10%; we completed the performance improvement and upgrading of many construction machinery products of

Caterpillar, XCMG, Shandong Lingong and other OEMs, and won the 9th Caterpillar Global Supplier Quality Award - Platinum Award. The company has also completed the performance improvement and upgrading of many construction machinery supporting products of Caterpillar, XCMG, Shandong Lingong and other OEMs, and won the Platinum Award, the highest award of Caterpillar's global supplier quality evaluation, for the 9th time.

- (4) Special tires put a number of new products to fill the gaps of some domestic specifications products.

Series development of multi-specification all-terrain off-road tires to fill the gap of some domestic specifications; development of tunnel beam truck, civilian off-road RV supporting tires and desert off-road tires to meet the needs of customers in the supporting and maintenance market, complete FAW, Dongfeng and other manufacturers of supporting tires to replace and upgrade product development.

#### 2、New technology, new materials, new process innovation

Innovative development of ultra-low rolling resistance formula for commercial vehicle tires, saving fuel consumption by more than 5% on average, which is the leading level in China; development of low rolling resistance and high traction snow tread formula, snow grip index reaches the international leading level; innovative application of thermal cracking carbon black replacement technology, realizing material recycling; optimization of curing process, further reducing steam consumption; innovative use of ST and UT steel wire instead of traditional HT steel wire, product performance is significantly improved. The innovative use of ST and UT steel wires to replace traditional HT steel wires has significantly improved the product performance; the innovative application of new steel cord in giant engineering radial tires has increased the tire operating capacity by more than 5%. Develop non-pneumatic tires, and complete the trial production and experiment, successfully passed the endurance test at 80km/h speed.

#### 3、Progress of aviation tire project

In accordance with the requirements of civil aviation regulations, the company has established the organizational structure of aviation tires, gradually put the production equipment into normal use, and has multi-standard batch production capacity, the quality system of aviation tires has been initially established and conducted two rounds of trial runs in conjunction with the product trial production, the company's aviation tires have basically met the conditions for the application of CTSOA certificate (Certificate of Approval of Technical Standard Regulation Project of Civil Aviation Administration of China).

#### 4、Incentive mechanism oriented science and technology innovation

In 2021, the company was granted 116 patents, including 3 invention patents, 103 utility model patents and 10 design patents; it presided over the formulation of one national standard and participated in the formulation of national standards.

11 items and 2 group standards.

(C) the deep integration of the two

Around the digital transformation and intelligent decision-making of marketing system, technology R&D system, operation management system and supply chain system, the company has carried out a series of information system layout construction. The function development and optimization of Huayang and Huamao production process execution system (MES) were improved, and the interconnection with other information systems and terminals was formed. The perfect integration of automation and informationization was realized through MES system R&D, production and quality management, and the production efficiency, accuracy and stability were strongly guaranteed. The equipment management system (EAM) has entered acceptance; the warehouse logistics system (WMS) is online, and the warehouse management has been refined and intelligent, improving the turnover rate and management efficiency of the warehouse; the company has also deployed and built the ELMA system, PLM system and other information systems for the R&D platform; and strengthened the integration of information systems for production, R&D, marketing, finance and business process management.

In 2021, the company's information technology construction achievements were recognized by the national, Shandong and Weihai city authorities at multiple levels, and won two national The company has been selected as a national "intelligent manufacturing pilot demonstration factory", national "industrial Internet pilot demonstration", "Shandong Province Tire Intelligent Factory", "Shandong Province Chemical Industry Intelligent Transformation Benchmark Enterprise", "Shandong Province Intelligent Manufacturing Benchmark Enterprise", and Weihai City 2021 Intelligent Manufacturing Benchmark Enterprise. "Intelligent transformation benchmark enterprise of chemical industry in Shandong Province", "excellent enterprise of integration of two in Shandong Province", "benchmark enterprise of intelligent manufacturing in Shandong Province", Weihai City 2021 "Industrial Internet Development Special Fund Support Enterprise". **II. Industry in which the company is located during the reporting period**

(A) the overall situation of the tire industry

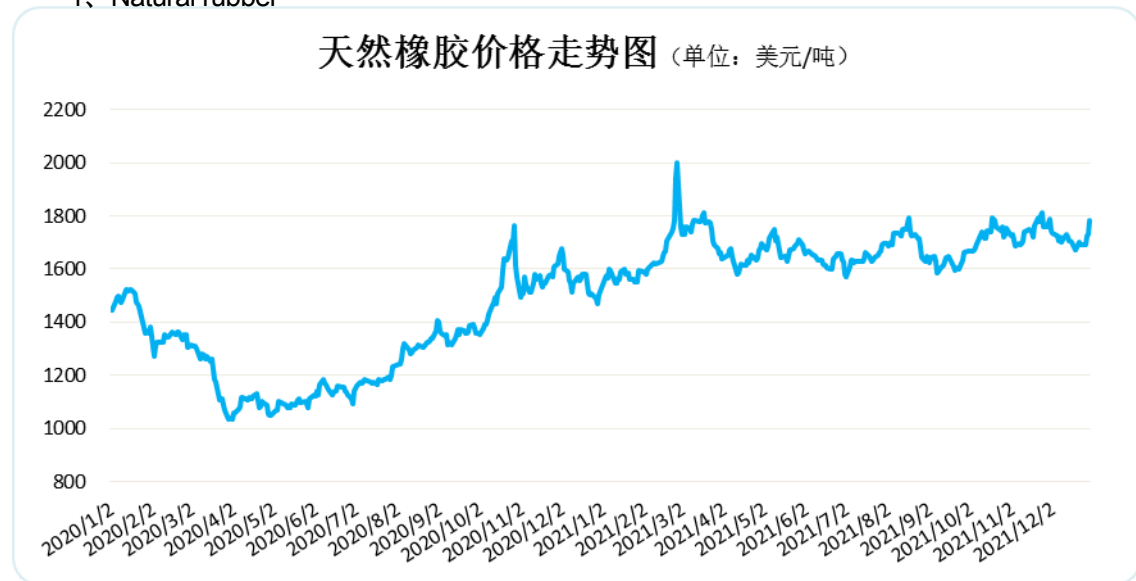
According to the survey statistics of China Rubber Industry Association Tire Branch, national tire production in 2021 was 697 million, up 10% year-on-year; among them, the radial tire production was 657 million, up 10.2% year-on-year. According to the online query platform of customs statistics, from January to December 2021, China exported 23,969,000 new pneumatic rubber tires for motorized minibuses, up 17.5% year-on-year; exported 10,668.3 million new pneumatic rubber tires for buses or freight motor vehicles, up 15.0% year-on-year.

2021 China's tire production, exports have achieved a large increase, but by the international political and economic environment is severe, the epidemic continues to emanate the impact of the supply side of the high price of raw materials, shipping costs soaring, electricity supply tensions, in the demand side of the automotive industry chip shortage, the national five switch to six, the domestic infrastructure investment downward and other factors, tire market demand weakened, tire price hindrance. 2021 Tire industry can be described as suffering from "up and down", the domestic tire business profit space suffered a serious squeeze, the overall decline in performance, increase revenue does not increase profits.

(II) Upstream main raw materials

Since 2021, the prices of almost all raw materials for tire production, such as rubber, carbon black, steel cord and cord fabric, have risen to varying degrees. Price trends in the main raw material markets:

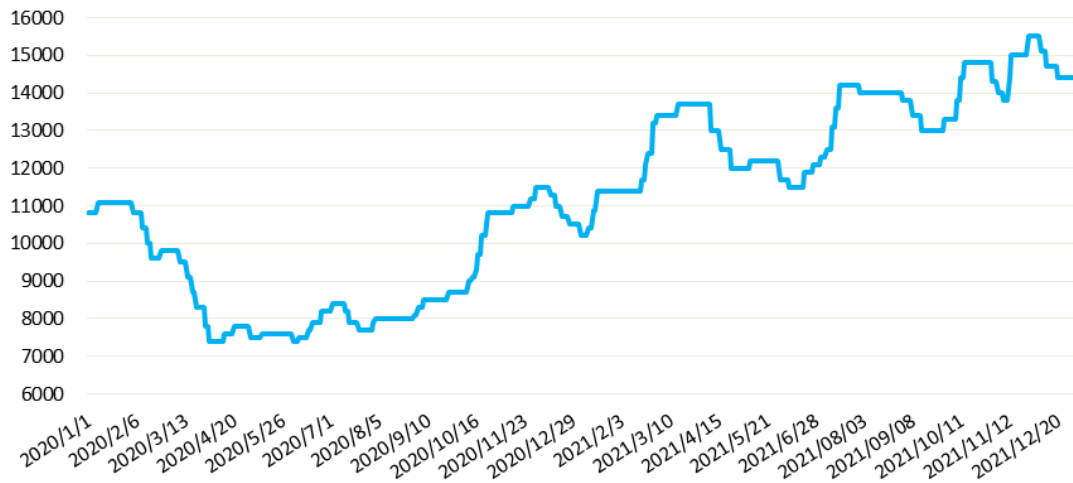
## 1、Natural rubber



Note: Singapore Exchange SICOM TSR20  
contract price 2. synthetic rubber

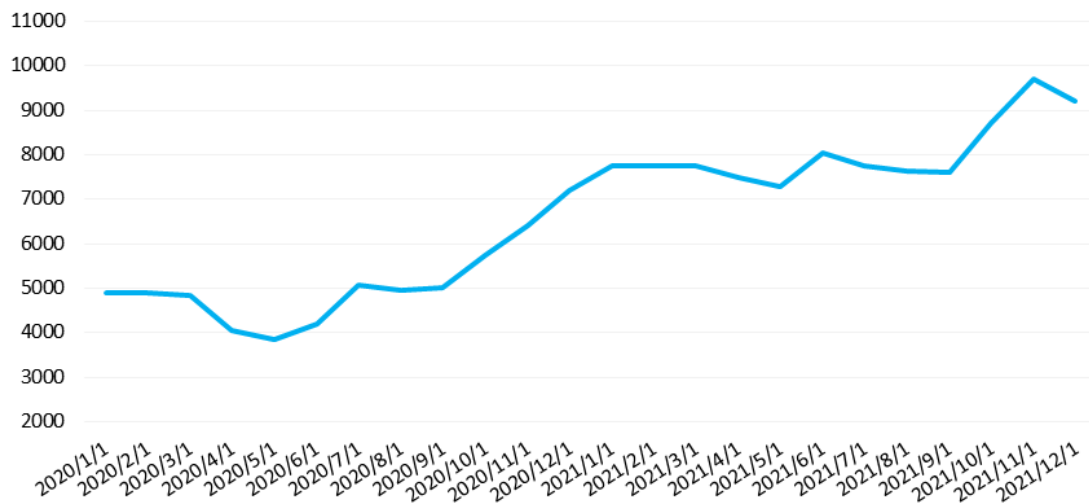


合成胶价格走势图 (单位: 元/吨)



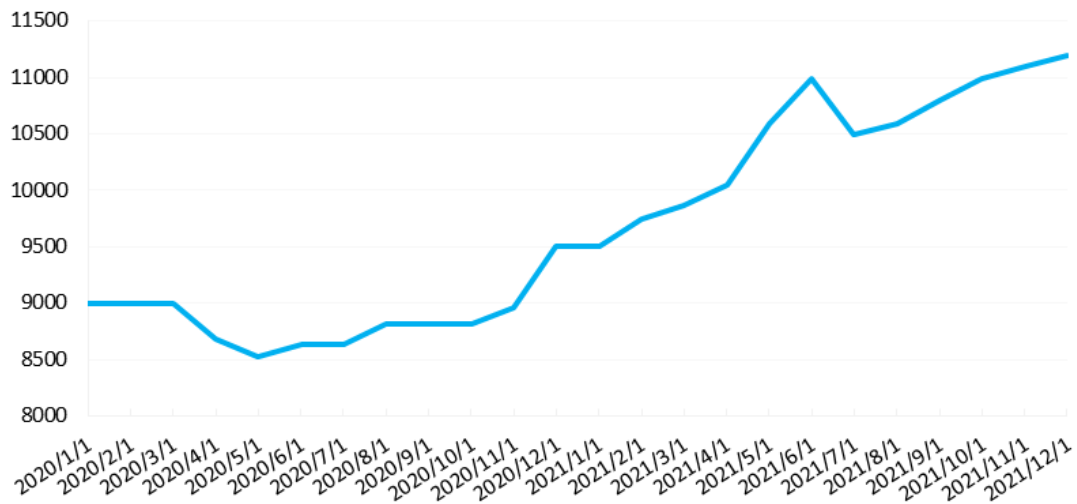
Note: Longzhong.com market  
price of cisplatin rubber 3,

炭黑价格走势图 (单位: 元/吨)



Note: Baichuan.com N330  
carbon black market price 4,  
steel cord

钢帘线价格走势 (单位: 元/吨)



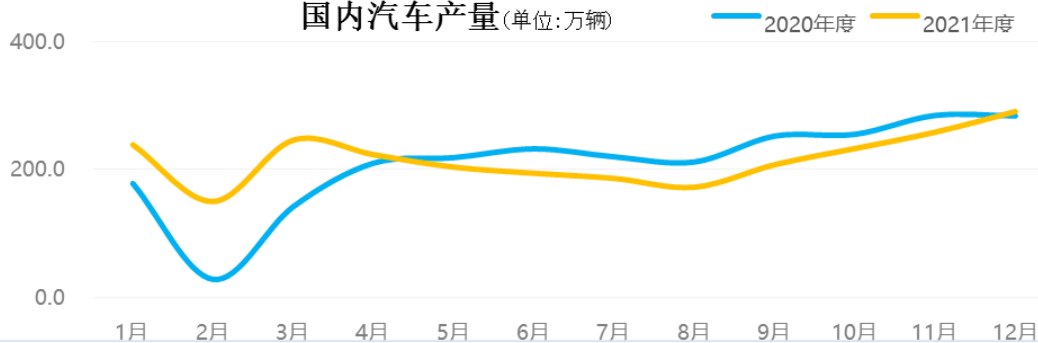
Note: The market price of steel cord in Zhuo Chuang network

(C) downstream automotive and construction machinery industry

The downstream of the tire industry covers passenger cars, commercial vehicles, construction machinery and other fields, the main field is still the automotive industry. The automobile industry supports the huge demand of the tire market, the automobile production and sales volume ensures the stable demand of the domestic tire supporting market, and also supports the rapid growth of domestic car ownership, which provides a huge market potential for tires in the automotive aftermarket.

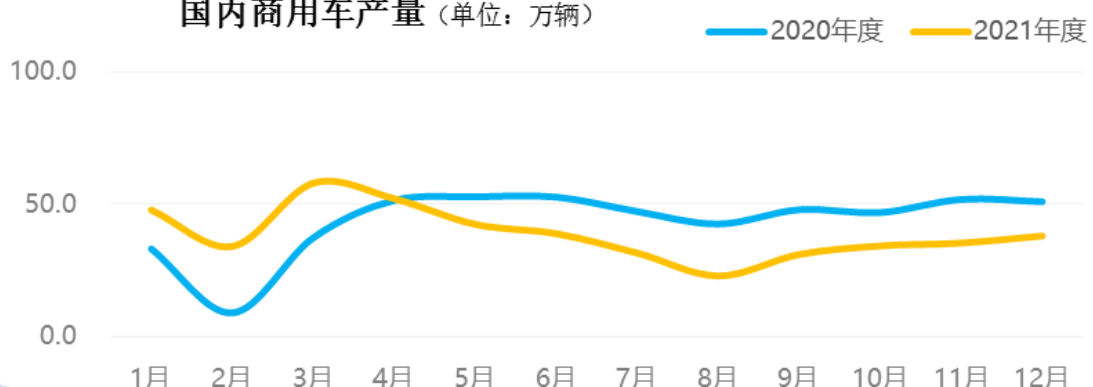
According to the China Association of Automobile Manufacturers (CAAM), China's auto production and sales for 2021 grew after three consecutive years of year-on-year declines, finishing

国内汽车产量 (单位: 万辆)



Due to the impact of the switch of the national six emission regulations for heavy-duty diesel vehicles, the market demand for commercial vehicles fluctuated greatly in 2021, with sales declining year-on-year from the second quarter and the downward trend becoming more pronounced in the

国内商用车产量 (单位: 万辆)



Driven by the export market and the growth of demand for new energy vehicles, domestic passenger car production in 2021 will be 21.408 million units, an increase of 7.1% year-on-year. Among them, 1.614 million units were exported, up 101% year-on-year; the annual sales of new



According to a report released by Canalys, an international research firm, the total global automotive market will grow by 4% in 2021 due to the new crown epidemic and chip shortages; with global sales of electric vehicles (EVs) at 6.5 million units, up 109% from 2020 and accounting for 9% of all passenger car sales.

According to the Ministry of Public Security, by the end of 2021, China's vehicle ownership reached 302 million, up 7.5% from the end of 2020; among them, the national ownership of new energy vehicles reached 7.84 million, accounting for 2.60% of the total number of vehicles, up 59.3% from the end of 2020. 26.22 million new vehicles were registered in 2021, up 8.16% year-on-year; 2.95 million new energy vehicles were registered in 2021, accounting for 11.25% of the total number of new vehicles, up 151.61% year-on-year. In 2021, 2.95 million new energy vehicles were registered nationwide, accounting for 11.25% of the total number of newly registered vehicles, an increase of 151.61% year-on-year.

According to the China Construction Machinery Industry Association, loader sales have steadily increased in the past five years, and the total sales of loader manufacturers in the Association in 2021 is 140,500 units, up 7.1% year-on-year; of which 106,500 units are sold domestically, down 0.1% year-on-year; export sales 3.4 million units, up 38.2% year-on-year.



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















According to the Industry Classification Guidelines for Listed Companies (revised in 2012) of CSRC, the Company belongs to C29 Rubber and Plastic Products Industry. The Company is mainly engaged in the R&D, manufacturing and global marketing of tires, and its main business has not changed significantly compared with that of 2020.













#### (I) The company's main business and products

Triangle Tire is a professional tire manufacturer and supplier integrating tire design, manufacturing and marketing, with tire research and development, manufacturing and global marketing as its core business, and tire business revenue accounts for 99.22% of the company's total operating revenue. The company's products cover commercial vehicle tires, passenger car tires, engineering tires, giant tires and special vehicle tires, etc. The product service targets include various automobile manufacturers and construction machinery plants in the supporting market, as well as the majority of tire dealers and consumers in the replacement market, and about 55% of the company's products are sold to the international market, with a marketing network covering more than 180 countries and regions worldwide.

The main products and applications are listed in the following table:

| Classification by use |                 | Figure legend   | Use  |
|-----------------------|-----------------|---|--|
|                       | Medium and long |  |  |

|                     |                                  |   |   |
|---------------------|----------------------------------|---|---|
|                     | Short and medium distance        |    |     |
| Passenger car tires | Ultra high performance car tires |    |     |
|                     | High Performance SUV HT Tires    |    |     |
|                     | High Performance SUV AT Tires    |   |    |
|                     | High Performance SUV MT Tires    |  |  |
|                     | Commercial Light Truck Tires     |  |   |
|                     | Winter Tires (PCR/SUV)           |  |   |

|                   |                                    |   |  |
|-------------------|------------------------------------|---|--|
|                   | Economy car tires                  |    |    |
| Engineering Tires | Loader tires                       |    |    |
|                   | Tipper truck tires                 |   |   |
|                   | Articulated truck tires            |  |  |
|                   | Mobile crane tires                 |  |  |
| giant fetus       | Giant Construction Machinery Tires |  |  |



|               |                                |   |   |
|---------------|--------------------------------|---|---|
| Special Tires | Industrial Vehicles            |  |   |
|               | Special off-road vehicle tires |  |  |

### (ii) Business model

The company insists on the road of global brand building, adheres to its own brand, specializes in business, focuses on the development of tire technology innovation, through continuous R&D innovation, product renewal, intelligent upgrade of manufacturing system, global marketing and brand building, as well as lean management, continuously improves the brand value and product differentiation advantages, follows the road of high quality and sustainable development, and maintains the leading position in the industry. At the supply chain management end, the company establishes strategic cooperative relationships with high-quality suppliers and adopts a flexible procurement combining forward and spot

In the sales channel, the original distribution market and supporting OEMs from product development to production, supply, after-sales service and other links of in-depth cooperation, the retail market to dealers wholesale and listed stores retail, and through the establishment of branches in various regions of the world and international marketing team to promote the construction of distribution channels and the globalization of brand, marketing, service development; R & D innovation adhere to the In R&D innovation, we insist on the product technology development strategy of "develop one generation, produce one generation, and reserve one generation", and drive various technology research and innovation mainly by original inventions, and continuously optimize the product structure to achieve product differentiation advantages and high adaptability to various regional markets and market segments around the world; in manufacturing, we insist on market orientation, with sales order In the manufacturing end, we insist on market-oriented, mainly sales order production, supplemented by small batch flexible production, while meeting different single volume demand, so that the company has good scale efficiency; the company's manufacturing system insists on the direction of intelligent manufacturing, digital operation, promoting the deep integration of two, tire manufacturing process to achieve automation, intelligent and lean management.

### (iii) Market position

The company is the leader of technological innovation in China's tire industry, the first advocate and pioneer of low-carbon green development in the industry, and a specialized tire enterprise integrating tire design, manufacturing and marketing, with products serving users worldwide. The project of "Development of complete sets of production technology and equipment for giant engineering radial tires" won the first prize of National Science and Technology Progress.

According to the list of "Top 100 Enterprises of China Rubber Industry Association in 2022" published by China Rubber Industry Association, the Company ranked No. 5 in the tire category based on the revenue in the fourth quarter of 2020 and the first three quarters of 2021. According to the August 2021

The company ranked 21st in terms of revenue for 2020 in the Top 75 Global Tire ranking released by Tire Business on 30th. According to

According to the ranking of top 34 global tire companies released by tyrepress magazine, the Company ranked 23rd in terms of revenue in 2020. **IV. Analysis of core competitiveness during the reporting period**

√Applicable ☐ Not applicable

During the reporting period, there were no significant changes in the Company's core competencies.

(a) The brand image has been lastingly new, and the brand value continues to increase.

Triangle Tire was founded in 1976 and is an excellent supplier of original tires for internationally renowned automobile and construction vehicle brands. The company has been ranked as one of the "Top Ten Influential Brands in China's Tire Industry", "China Brand Power Index (C-BPI) Ranking" and "China Top 500 Brand Value" for many years. In March 2013, the company became the first batch of national industrial brand cultivation pilot enterprises; since 2010, the company has won consecutive awards in Caterpillar's supplier quality assessment program, winning the highest award - Platinum Award nine times, and has been awarded "Excellent Supplier" by China National Heavy Duty Truck, China FAW, Shaanxi Automobile and Foton Lever for many times, as well as Shandong Lingong. Since 2010, Caterpillar has won continuous awards in the supplier quality assessment program, and has won the Platinum Award, the highest award, nine times.

In the face of multi-level and multi-regional market demand, on the basis of continuously improving the main brand of "Triangle", the company has increased the promotion of "DIAMONDBACK" and "SAPPHIRE" in the international market and "VELESTONE" and "BALUDA" in the domestic market in recent years. In recent years, the company has increased the promotion of "DIAMONDBACK" and "SAPPHIRE" in the international market and "WILLIAMSTONE" and "BALUDA" in the domestic market. Up to now, TRIANGLE has been registered in 171 countries or regions, and 6 trademarks, such as AdvanteX, have been registered in 19 countries or regions, including China, the United States and India, with a total of 114 trademark applications (83 approved).

In 2021, the company will continue to advertise on the core trunk lines of the national high-speed rail network, and add a new brand train for the Triangle Winter Tire Beijing-Zhang High-speed Railway. In May 2021, the company was awarded the 2021 high-end brand cultivation enterprise in Shandong Province.

(2) Strong R&D strength and strong independent innovation capability.

The company is a national high-tech enterprise, a national intellectual property demonstration enterprise, a national technology innovation demonstration enterprise and an industrial product green design demonstration enterprise, and has built national research platforms including a national enterprise technology center, a national engineering laboratory for tire design and manufacturing process, a national industrial design center, a postdoctoral research station and other national research platforms, and has set up a technology R&D center in Akron, USA. With the strength of science and technology, the company was listed as the "Leading Enterprise of Science and Technology in Shandong Province in 2021".

By the end of 2021, the company had obtained 623 patents, including 79 invention patents and 42 international patents, and obtained national-level patents.

The company has received 1 scientific and technological award, 11 scientific and technological awards at provincial and ministerial level and in the petrochemical industry; it has presided over and participated in the formulation of 110 national or industry standards, and participated in the formulation of 5 international standards, and has represented China in 13 meetings of the United Nations Forum on Vehicle Regulations and Standards, and is one of the main formulators of national and industry standards in the tire industry.

The company's aviation tire business has completed the research and development of materials, formulations, structures, equipment and processes and other key technologies, and has built an aviation radial tire independent research and development, testing and inspection platform and production line, and is now entering the product development and airworthiness certification stage, and the developed civil aviation radial tire 30×8.8R15 specification (the front tire of A320 passenger aircraft) has passed the key dynamic simulation test.

The project "Technology Development and Application of Active and Passive Safety Tire" won the third prize of Science and Technology Progress Award of Petrochemical Federation in 2021.

(C) in-depth promotion of the integration of two and intelligent manufacturing, the realization of enterprise digital operations.

The new intelligent factory built by the company is highly integrated with the new generation of information system (ERP, PLM, MES, CPS, etc.), IOT technology, big data technology, machine vision technology, highly integrated and intelligent production equipment, automatic and efficient operation of the whole production process, greatly improved capacity and production efficiency, and the uniformity and stability of product quality are greatly ensured, with high speed, durability, noise and High speed, durability, noise, fuel saving and other indicators reach the international advanced level.

The new generation of information technology is deeply integrated with marketing system, technology R&D system, operation management system and supply chain system, etc. The overall synergy of enterprise management activities is realized, the efficiency of enterprise operation is improved, the operating cost is effectively reduced, and the decision-making process is efficient and intelligent.

(D) product and quality management to international advanced standards

The company is committed to building a digital, information-based and intelligent management system, using quality innovation thinking, mature quality methodology and other comprehensive improvement of the company's product and management quality. We continue to absorb the advanced management concepts of OEMs, carry out whole value chain quality management, and improve and upgrade our quality management system. The company has



passed ISO9001, QS-9000, ISO/TS16949 and IATF16949 quality management system certifications to provide domestic and foreign consumers with high value-added, high-quality products and services. During the reporting period, the company established a quality system for aviation tires in compliance with the Regulations for Qualified Validation of Civil Aviation Products and Components.

Our products are designed and manufactured to meet the requirements of the three international standards of EU ETRTO, USTRA and Japan JATMA, as well as the advanced market technical standards such as EU Labeling Act and US EPA SMARTWAY; our products have been officially certified by major countries or economies in the world such as China CCC, EU ECE and US DOT; the wet grip, rolling resistance and noise of our passenger car tires and commercial vehicle tires have met the standards of the second phase of EU Labeling Act and the regulatory standards of Japan, Korea, Brazil, GSO and SASO. The wet grip, rolling resistance, noise and other indicators of our passenger car and commercial vehicle tires have met the standards of the second phase of the EU Labeling Act, as well as the regulations of Japan, Korea, Brazil, GSO and SASO of Saudi Arabia.

With excellent product quality and quality management capabilities, Triangle Tire has won the China Famous Brand Product, the first Shandong Provincial Governor Quality Award, China Quality and Integrity Enterprise, the first batch of "three with" recognized tire enterprises, the national market quality credit grade AA certificate, "Taishan Quality The company's Huamao branch and Huayang branch were awarded the certificate of "Shandong Regional A Production Enterprise" issued by China Quality Certification Center in 2018 and 2021, respectively, and Triangle Tire was awarded the "2021 Annual Manufacturing Sustainable Cultivation Enterprise of Shandong Province" in May 2021. In May 2021, Triangle Tire was awarded the honor of "Shandong Manufacturing Industry Sustainable Cultivation Enterprise of 2021" and the title of "Shandong Quality Brand of 2021" issued by Shandong Quality Evaluation Association in December 2021.

#### (E) Marketing layout global 1.

First, the marketing network covers more than 180 countries and regions around the world, with developed economies and emerging markets on six continents developing side by side. The balanced market layout provides the company with a broad strategic depth to cope with the complex international trade situation and capture market opportunities in different regions of the world in a timely manner.

Secondly, the supporting customers and end users in the international market are all over the world, mainly including: Caterpillar, Volvo Construction Machinery, Case New Holland, Hyundai, Doosan, Australia, Maxi Trailer, Liugong India, Terex, Italy, ETOP, Slovakia; CEMEX, Mexico, Dangote, Nigeria, UAE Aluminum Group, UAE Dubai Airports Company, LafargeHolcim, Russia, North Steel Group, Russia Arosa Mining Group and other international famous enterprises.

Thirdly, we have built localized marketing branches and teams in North America, Central and South America, Europe, Russia, Australia, Central and East Africa, Southeast Asia and other regions to rapidly promote the globalization of brand, marketing and service, and support local distributors to establish more than 450 Triangle brand stores.

## 2、Domestic market

First, the supporting business: directly for more than 50 automobile manufacturers such as China National Heavy Duty Truck, China FAW, Sany Group, Dongfeng Motor, Yutong Group, Golden Dragon Group, Jiangling Group, Jianghuai Group, SAIC-GM Wuling, Zhengzhou Nissan, as well as Shandong Lingong, Caterpillar (Qinghai)

(China), XCMG, Shantui, Texas Degong and more than 20 construction machinery manufacturers provide supporting services for commercial vehicle tires, passenger car tires and engineering tires.

Secondly, replacement business: we have established a marketing network model with sub-product lines, set up professional marketing teams for commercial vehicle tire replacement market, passenger car tire replacement market, engineering tire replacement market and giant tire service, and formed a marketing system mainly based on wholesale dealers and retailing at terminal listing stores, supplemented by other sales models such as direct supply from large groups such as PetroChina and distribution at Sinopec gas station outlets, with the marketing network covering The marketing network covers more than 80% of the county and city level areas in China.

## 3、Network sales

The company developed a new sales model to expand new markets. In response to the high degree of informationization in the Japanese market and the large number of consumers using online shopping, we have expanded cooperation with Japanese distributors in the passenger car tire market, adopting online orders, designated delivery locations and instant express delivery to provide timely and efficient services to consumers and increase market share. In China, we have adapted to the new trend of consumption, opened Tmall flagship store and Jingdong franchise store in the mainstream e-commerce platform to market for online users, and actively participated in the sales of large group network procurement platform such as "National Railway Mall", interacted with end consumers through the Internet, understood the needs of users, and continuously improved the network brand awareness.

(F) The product line is complete and leading, fast and forward-looking to adapt to market development.

The company focuses on tire technology research and innovation to promote product upgrades and structural adjustments to meet the needs of users and automakers in different markets around the world for green and low-carbon, safety and comfort, durability, handling, intelligence and many other needs.

1、Commercial vehicle tires are the company's fist products, of which tubeless products account for 69%. The main products include: medium and long distance series with high mileage and low fuel consumption for highway, bus (including new energy vehicles) series with high wear resistance and low fuel consumption for urban or intercity passenger transportation, short and medium distance series with heavy load resistance for national highways, provincial highways and ordinary hard pavement, industrial and mining series with load resistance and puncture resistance for paved/unpaved roads; in addition, there are also special transportation series with safety and all-weather use for multi-environmental adaptability, In addition, there are special transport series products with the characteristics of safety and all-weather use for multi-environmental adaptability.

2, to provide consumers with a safe and comfortable driving experience is the goal of Triangle passenger car tires. Product series: Summer tires, mainly including the ultra-high performance tire series (including the lack of air warranty tire series) with the main characteristics of handling response and sporty, high-performance tire series with a balance of performance, comfort and safety, SUV-HT series mainly for urban paved roads, SUV-AT all-terrain tire series for mixed

urban and unpaved road conditions, SUV-MT series for high mileage and low fuel consumption, **SUV-MT** mud tires for off-road enthusiasts and outdoor driving, commercial light truck tires with high mileage and high load, and high performance summer light truck tires with good wet braking performance, fuel economy and wear balance; winter tires, mainly including ordinary car snow tires, light truck snow tires, as well as car studded snow tires and light truck studded snow tires. The winter tires, mainly including ordinary car snow tires, light truck snow tires, and car studded snow tires and light truck studded snow tires, are widely used in the northeast region of China, as well as in Russia, Europe, North America, Japan and other markets, with safety, energy saving and comfort performance reaching international advanced level. In addition, the company has developed a series of high performance winter tires and all-season tires for the usage environment in Central Europe and other regions; and developed a series of special tires for cabs for the usage characteristics of cabs. In the test of 205/55R16 in Hungary in 2021, the Triangle TW401 and TA01 pattern tires performed well in terms of braking distance, snow and ice grip, noise, etc., and met the needs of consumers in winter driving extremely well.

3、According to various working conditions and usage environments, Triangle has developed eight series of engineering tire products, which can provide reliable products and services for loaders, rigid dump trucks, articulated trucks, scrapers, graders, mobile cranes and special vehicles, underground mining machinery, port machinery and industrial machinery, etc. The company's giant engineering radial tires have broken the international monopoly and are highly recognized by domestic and foreign consumers, and are one of the most important global supporting suppliers of the international construction machinery giant Caterpillar.

4、"Triangle" special off-road radial tires series products serve the infrastructure construction and equipment upgrading project with the quality characteristics of serialized specification, differentiated pattern, high speed and light weight, and diversified protection function. At the same time, the radial tubeless tires for special industrial vehicles developed for the 1000-ton tunnel girder truck of high-speed railway construction have also gone abroad with China's high-speed railway project.

## **V. Major operations during the reporting period**

During the reporting period, the Company achieved operating revenue of RMB895,438.65 million, representing an increase of 4.91% over the same period of the previous year; operating profit of RMB682,259.80 million, representing a decrease of 44.57% over the same period of the previous year; net profit of RMB602,638.89 million, representing a decrease of 43.35% over the same period of the previous year; net profit attributable to shareholders of the parent company of RMB60,406.69 million, representing a decrease of 43.35% over the same period of the previous year. Net profit attributable to shareholders of the parent company was RMB60,046,900, a decrease of 43.35% compared with the same period of last year.

**(i) Analysis of main business****1. Analysis of changes in the income statement and related accounts in the cash flow statement**

Unit: Yuan Currency: RMB

| Subjects                                 | Number of current period | Year-earlier period | Percentage of change (%) |
|--|--------------------------|---------------------|--------------------------|
| Operating income                         | 8,954,386,534.49         | 8,535,343,968.60    | 4.91                     |
| Operating Costs                          | 7,384,582,193.15         | 6,365,502,105.57    | 16.01                    |
| Selling expenses                         | 370,518,746.80           | 366,082,990.52      | 1.21                     |
| Overhead                                 | 241,171,819.56           | 219,812,129.93      | 9.72                     |
| Finance costs                            | 27,640,462.81            | 49,491,334.52       | -44.15                   |
| R&D expenses                             | 426,874,642.71           | 450,305,657.16      | -5.20                    |
| Net cash flows from operating activities | 471,680,988.43           | 1,345,645,000.94    | -64.95                   |
| Net cash flows from investing activities | 46,899,569.63            | -1,268,689,567.59   | Not applicable           |
| Net cash flows from financing activities | -555,189,193.38          | 310,914,261.33      | -278.57                  |
| Investment income                        | 230,422,469.83           | 154,647,264.63      | 49.00                    |
| Gain on changes in fair value            | 1,618,369.86             | 24,310,344.37       | -93.34                   |

The reason for the change in operating income: mainly due to the effect of increased sales volume and higher sales price in the current period.

Explanation of the change in operating costs: mainly due to the increase in sales volume and the increase in raw material prices during the period. Explanation of the change in cost of sales: mainly due to the effect of the increase in advertising expenses in the current period.

Explanation of the reasons for the change in administrative expenses: mainly due to the effect of the increase in employee compensation, testing and appraisal fees and depreciation and amortization in the current period.

Explanation of the reasons for the change in financial expenses: mainly the effect of the change in foreign exchange gain or loss (loss in the previous period and gain in the current period) in the current period. Explanation of the change in research and development expenses: mainly due to the effect of the decrease in test fees in the current period.

Explanation of the reasons for the change in net cash flow from operating activities: It is mainly due to the increase in the purchase volume of raw materials and the increase in the purchase price during the period, as well as the change in the payment method of some raw materials and the effect of the increase in the payment by cash exchange.

Explanation of the reasons for the change in net cash flows from investing activities: Mainly the effect of the timing difference between the purchase and maturity recovery of financial management business.

Explanation of changes in net cash flows from financing activities: mainly due to the year-on-year decrease in cash received for borrowings and the year-on-year increase in cash paid for repayment of borrowings and distribution of dividends, etc.

The reason for the change in investment income: mainly due to the effect of the increase in income from negotiable large certificates of deposit.

Explanation of the change in fair value gain: Mainly due to the effect of the change in valuation loss on financial products written back at maturity, which was transferred to the "investment income" account.

The change in credit impairment loss is mainly due to the decrease in receivables at the end of the period compared with the beginning of the period and the increase in receivables in the same period last year. The change of asset impairment loss is mainly due to the increase of inventory and raw material price increase in the current period.

The reason for the change in non-operating income: mainly due to the decrease in government subsidies received during the period that are not related to daily activities and the decrease in gain from disposal of fixed assets.

Explanation of the reason for the change in non-operating expenses: mainly due to the effect of the donation for the epidemic last year and the absence of such donation in the current period. Explanation of the change in income tax expense: mainly due to the effect of the decrease in total profit for the period.

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

☐Applicable ☒Not applicable

## **2. Revenue and cost analysis**

☒Applicable ☐ Not applicable

During the reporting period, the Company achieved operating revenue of RMB895,438.65 million, representing a year-on-year increase of 4.91%; operating cost of RMB738,458.22 million, representing a year-on-year increase of 16.01%.

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

Unit: Yuan Currency: RMB

| Main business by industry   |                  |                  |                  |   |  |   |
|-----------------------------|------------------|------------------|------------------|---|--|---|
| By Industry                 | Operating income | Operating Costs  | Gross margin (%) | Increase or decrease in operating income over the previous year (%) | Increase or decrease in operating costs over the previous year (%) | Gross profit margin Increase or decrease over the previous year (%) |
| Tire Industry               | 8,916,044,983.05 | 7,382,463,552.96 | 17.20            | 4.73  | 15.98  | Reduction 8.04 pcs Percent  |
| Main business by product    |                  |                  |                  |   |  |   |
| 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 (%) | Gross profit margin Increase or decrease over the previous year (%) |
| Tires                       | 8,884,760,652.35 | 7,378,452,563.04 | 16.95            | 4.48  | 15.99  | Reduction 8.24 pcs Percent  |
| Shipping                    | 4,204,958.09     | 4,010,989.92     | 4.61             | -2.12   | 0.25   | Reduction 2.26 pcs Percent  |
| Factoring Collections Enter | 27,079,372.61    |                  |                  | 351.80  |  |   |
| Main business by region     |                  |                  |                  |   |  |   |
| By Region                   | Operating income | Operating Costs  | Gross margin (%) | Increase or decrease in operating income                            | Increase or decrease in operating costs                            | Gross profit margin Increase or decrease over the previous          |

|                                 |                     |                    |                        | e over<br>the<br>previo<br>us<br>year<br>(%)   | over<br>the<br>previo<br>us<br>year<br>(%)   | year (%)   |
|---------------------------------|---------------------|--------------------|------------------------|--|--|--|
| Domestic                        | 3,952,730,930.19    | 3,337,831,831.66   | 15.56                  | -1.66  | 11.05  | Reduction<br>9.66 units<br>Percent   |
| Foreign                         | 4,963,314,052.86    | 4,044,631,721.30   | 18.51                  | 10.43  | 20.39  | Reduction<br>6.74 pcs<br>Percent   |
| Main business by sales<br>model |                     |                    |                        |  |  |  |
| Sales<br>Mod<br>el              | Operating<br>income | Operating<br>Costs | Gross<br>margin<br>(%) | Increa<br>se or decrea<br>se in operati<br>ng incom<br>e over the<br>previo<br>us<br>year<br>(%) | Increa<br>se or decrea<br>se in operati<br>ng costs<br>over the<br>previo<br>us<br>year<br>(%) | Gross<br>profit<br>margin<br>Increase or<br>decrease<br>over the<br>previous<br>year (%) |
| Direct<br>Sales                 | 2,482,100,324.22    | 2,189,641,734.15   | 11.78                  | -6.19  | 6.61   | Reduction<br>10.59 pcs<br>Percent  |
| Resellers                       | 6,402,660,328.13    | 5,188,810,828.89   | 18.96                  | 9.31   | 20.47  | Reduction<br>7.51 pcs<br>Percent   |
| Other                           | 31,284,330.70       | 4,010,989.92       | 87.18                  | 204.04   | 0.25   | Add<br>26.06<br>units<br>Percent   |

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

During the reporting period, the Company achieved revenue of RMB891,604.50 million from its main business, an increase of RMB402,360.4 million over the same period of the previous year, representing an increase of

The cost of main business was RMB738,246.36 million, an increase of RMB101,746.4 million or 15.98% compared with the same period of the previous year. For more details, please refer to Section III.I. "Discussion and Analysis of Operations" of this report.

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

√Applicable □ Not applicable

| Main Products | Unit | Production volume | Sales volume | Inventory | Increase or decrease in | Increase or decrease in sales | Increase or decrease in |
|---------------|------|-------------------|--------------|-----------|-------------------------|-------------------------------|-------------------------|
|---------------|------|-------------------|--------------|-----------|-------------------------|-------------------------------|-------------------------|

Description of production and sales

The above tire products include commercial vehicle tires, passenger car tires, and engineering tires.

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

□Applicable √Not applicable

**(4). Cost analysis table**

Unit: Yuan

| Sub-industry situation |                      |                       |  |  |   |   |                     |
|------------------------|----------------------|-----------------------|--|--|---|---|---------------------|
| By Industry            | Cost component items | Amount for the period | Percentage of total costs for the period (%) | Amount in the same period of the previous year | Percentage of total costs in the same period of the previous year Example (%) | Change in the amount of the current period compared to the same period of the previous year Example (%) | Situation statement |
| Tires                  | Raw Materials        | 5,854,944,556.77      | 79.31  | 4,889,888,031.03                               | 76.83   | 19.74   |                     |
|                        | Artificial           | 336,880,404.39        | 4.56   | 323,510,218.30                                 | 5.08  | 4.13  |                     |
|                        | Energy               | 499,916,496.72        | 6.77   | 484,467,061.14                                 | 7.61  | 3.19  |                     |
|                        | Depreciation         | 355,579,667.51        | 4.82   | 381,939,431.79                                 | 6.00  | -6.90   |                     |
|                        | Other Fees           | 335,142,427.57        | 4.54   | 285,252,426.13                                 | 4.48  | 17.49   |                     |

Cost Analysis Other Fact Sheets

Other costs of tires mainly include transportation costs, miscellaneous transportation costs directly related to contract performance, repair costs, low-value consumables, consumption of machinery and materials, and labor protection supplies, etc. The amount of other costs in the current period also includes miscellaneous transportation costs directly related to contract performance.

Other costs of transportation are labor, insurance, fuel, tolls, depreciation, etc. incurred in the transportation process.

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

□Applicable √Not applicable

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



---

☐Applicable ☒Not applicable

**(7). Major Sales Customers and**

**Major Suppliers A. Major Sales**

**Customers of the Company**

Sales to the top five customers amounted to NT\$1,870,579,100, accounting for 21.05% of total annual sales; among the sales to the top five customers, sales to related parties amounted to NT\$810,604,200, accounting for 9.19% of total annual sales.

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

☐Applicable ☒Not applicable

### B. Major suppliers of the company

The top five suppliers' purchases amounted to RMB 206,279.91 million, accounting for 30.90% of the total annual purchases; among the top five suppliers' purchases, related party purchases amounted to RMB 0.00 million, accounting for 0.00% of the total annual purchases.

Purchases from a single supplier exceeded 50% of the total amount during the reporting period, or there were new suppliers among the top 5 suppliers, or there was heavy dependence on a few suppliers

☐Applicable

☒Not applicable

Other explanations

Related party sales represent the total sales of tires between the Company and the subsidiaries of China Heavy Duty Automobile Group Co.

### 3. Fees

☒Applicable ☐ Not applicable

Finance costs decreased by 44.15% compared with the same period of the previous year, mainly due to the effect of changes in foreign exchange gains and losses (losses in the previous period and gains in the current period).

### 4. R&D investment

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

☒Applicable ☐Not applicable

|  | Unit: Yuan     |
|--|----------------|
| Expensed R&D investment for the period               | 426,874,642.71 |
| Capitalized R&D investment for the period            |                |
| Total R&D investment                                 | 426,874,642.71 |
| Total R&D investment as a percentage of total assets | 1.77           |

#### (2). Research and development staff fact sheet

☒Applicable ☐ Not applicable

|  |                              |
|--|------------------------------|
| Number of company's R&D staff  | 917                          |
| Number of R&D personnel as a percentage of total company headcount (%) | 17.03                        |
| Educational structure of R&D personnel                                 |                              |
| Academic Structure Category  | Number of academic structure |
| Doctoral students  | 5                            |
| Master's Degree  | 46                           |
| Undergraduate  | 315                          |
| Specialty  | 299                          |
| High School and below  | 252                          |
| Age structure of   |                              |

| R&D staff  |                      |
|--|----------------------|
| Age Structure Category   | Age Structure Number |
| Under 30 years old (excluding 30 years old)                          | 272                  |
| 30-40 years old (including 30 years old, not including 40 years old) | 419                  |
| 40-50 years old (including 40 years old, not including 50 years old) | 155                  |
| 50-60 years old (including 50 years old, not including 60 years old) | 68                   |
| 60 years old and above   | 3                    |

**(3). Fact Sheet**

☐Applicable ☒Not applicable

**(4). Reasons for the significant changes in the composition of R&D personnel and the impact on the future development of the company**

☐Applicable ☒Not applicable

## 5. Cash Flow

☒Applicable ☐ Not applicable

The large change in net cash flow from operating activities compared with the same period of the previous year was mainly due to the increase in the purchase volume of raw materials and the increase in purchase prices during the period, as well as the change in the payment method for some raw materials and the effect of the increase in cash remittance payments.

The large change in net cash flows from investing activities compared with the same period of the previous year was mainly due to the effect of timing differences in the purchase and maturity recovery of financial management business.

The larger change in net cash flow from financing activities compared with the same period of the previous year was mainly due to the year-over-year decrease in cash received from borrowings and the year-over-year increase in cash paid for repayment of borrowings and distribution of dividends, etc. in the current period.

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

☐Applicable ☒Not applicable

### (iii) Analysis of assets and liabilities

☒Applicable ☐Not applicable

#### 1. Assets and liabilities

Unit: Yuan

| Project Name                      | End of the period | End of the period as a percentage of total assets (%) | Prior period end | Ratio of prior period end to total assets (%) | Percentage change in the amount at the end of the current period compared to the end of the previous period (%) | Fact Sheet  |
|-----------------------------------|-------------------|---|------------------|---|---|---|
| Financial assets held for trading | 619,792.32        | 0.00  | 1,551,693,565.16 | 9.32  | -99.96  | This is mainly due to the maturity of all structured deposits during the period and the switch to the purchase of negotiable large amounts Deposit slip impact. |
| Notes receivable                  | 4,841,534.13      | 0.03  | 188,192,764.63   | 1.13  | -97.43  | Mainly in accordance with the Ministry of   |

|   |                  |       |                  |       |                |   |
|---|------------------|-------|------------------|-------|----------------|---|
| Non-current funds maturing within Product |                  |       |                  |       |                | Time deposits maturing were transferred from "Other non-current assets" to this item Impact.                                    |
| Other Mobility Assets                     | 6,207,653,410.00 | 37.09 | 4,605,584,608.11 | 27.66 | 34.79          | Mainly negotiable large deposit certificates for the period Increase the impact.  |
| Use of Rights Product                     | 51,223,546.56    | 0.31  |                  |       | Not applicable | Mainly due to the application of the new leasing standard in the current period Impact.   |
| Long-term stand Fees                      | 1,304,592.21     | 0.01  | 4,277,206.23     | 0.03  | -69.50         | This is mainly the effect of amortization in the current period.  |
| Other non-current funds Product           | 35,829,062.60    | 0.21  | 22,152,005.91    | 0.13  | 61.74          | This is mainly due to the impact of the new 2-3 year time deposits during the period.   |
| Derivative financial liabilities          |                  |       | 23,415,359.76    | 0.14  | -100.00        | This is mainly due to the return of the currency swap agreement due in the current period and the reversal of Valuation impact. |

|   |               |      |                |      |                |  |
|---|---------------|------|----------------|------|----------------|--|
| Contractual liabilities                               | 74,948,967.00 | 0.45 | 113,186,645.92 | 0.68 | -33.78         | Mainly due to the decrease in tire receipts in advance during the period Impact.   |
| Non-current liabilities maturing within one year Debt | 26,854,437.40 | 0.16 |                |      | Not applicable | This is mainly due to the effect of transferring the lease liabilities due within one year to this item in the current period. |
| Lease liabilities                                     | 24,393,552.32 | 0.15 |                |      | Not applicable | Mainly due to the application of the new leasing standard in the current period Impact.  |

## 2. Foreign Assets

☒Applicable ☐ Not applicable

### (1) Asset Size

Of which: foreign assets 286,150,601.64 (Unit: Yuan Currency: RMB), accounting for 1.71% of the total assets.

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

☐Applicable ☒Not applicable

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

☒Applicable ☐Not applicable

For details, see Section X.VII.81 "Assets subject to restrictions on ownership or use" of this report.

## 4. Other notes

☐Applicable ☒Not applicable

### (iv) Analysis of industry operating information

☐Applicable ☒Not applicable

## Analysis of operating information of the chemical industry

### 1 Basic

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

#### Industry policies and their changes

√Applicable ☐ Not applicable

① In September 2021, the Shandong Provincial Government issued the "Shandong Province" 14 Five "manufacturing province construction plan", clear the next five years (2021-2025) the overall goal of the construction of a strong manufacturing province, the main tasks and major initiatives. For the tire industry, the law to eliminate inefficient backward production capacity, vigorously develop aviation tires, engineering machinery tires, ultra-high performance tires, high-end special tires, low-noise tires, air-poor tires and other high-end products, by 2025, the tire scale to maintain the first in the country, the tire industry output value of 200 billion yuan.

In October 2021, the Shandong Provincial Ecological Environment Commission issued a new round of "four reduction and four increase" three-year action plan for Shandong Province (2021-2023)" to continuously improve the quality of the ecological environment. In terms of industrial restructuring, we will resolutely eliminate inefficient and backward production capacity, strictly control new production capacity in key industries, promote green recycling and low-carbon transformation, and accelerate the cultivation and growth of new dynamic energy. By 2022, the annual production capacity of 1.2 million or less all-steel radial tires (engineering tires, aviation tires, except wide section tubeless tires), 5 million or less semi-steel radial tires (lack of air with tires, racing tires, high-end products, except ultra-low profile tires) enterprises are integrated out. The tire industry to implement total capacity control, the strict implementation of capacity replacement requirements to ensure that the total capacity only reduce not increase.

Shandong Province continues to promote intelligent manufacturing, green transformation, the "Thirteenth Five-Year Plan" period has been withdrawn from the tire production capacity of more than 22 million standard tires, the policy environment is conducive to promote the company to consolidate the advantages of scale, improve quality and efficiency, enhance R & D and innovation capabilities, accelerate the development of high-end, intelligent, green direction, build a highly efficient, clean, low-carbon, circular The green manufacturing system of the company.

② State Administration of Market Supervision and Administration (National Standardization Administration) approved the "Motor Vehicle Safety Technical Inspection Items and Methods" mandatory national standards from January 1, 2021, the new rules of the annual inspection of vehicles added "tire tread depth test" content, if the tire wear is serious and the depth does not meet the standard, will Can not pass the annual inspection.

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

√Applicable ☐ Not applicable

For details, please refer to Section III. II. "Industry in which the Company operated during the reporting period" of this report.

### 2 Products

#### and Production

#### (1). Main

#### business model

√Applicable ☐ Not applicable

For details, please refer to Section III of this report III.

"Businesses engaged in by the Company during the reporting period". **Major adjustments to the business model during the reporting period**

☐ Applicable  
☒ Not applicable

## (2). Main products

☒ Applicable ☐ Not applicable

| Products | Industry segments | Main upstream raw materials | Main downstream applications | Main price influencing factors |
|----------|-------------------|-----------------------------|------------------------------|--------------------------------|
| Tires    | Rubber and        | Natural rubber,             | Automobile,                  | Brand value, cost,             |

## (3). R&D Innovation

☒ Applicable ☐ Not applicable

The company **insists on** the product technology development strategy of "developing one generation, producing one generation and reserving **one generation**", attaches importance to the construction of R&D team and training of technical personnel, and has built an international scientific research team, including one Taishan industry leader, three foreign experts, and a senior expert.

We have 54 engineers, 115 engineers, etc. The company attaches great importance to basic theory research, new materials, new technology, new equipment and other new technology research and application and new product development and design, and has established long-term and stable scientific research cooperation with many domestic and foreign institutions of higher learning, research institutes, equipment, molds, raw materials and automobile manufacturers, etc., to drive the research and improvement of various technological innovations mainly by original inventions, to achieve product differentiation and a high degree of adaptation to various regional markets and sub-markets around the world, and to enhance the breadth and depth of the company's services. The company has established long-term and stable scientific research cooperation relationships, mainly with original inventions to drive the research and improvement of various technological innovations, so as to achieve product differentiation and high adaptability to various regional and sub-markets around the world and enhance the breadth and depth of our services. The company is at the forefront of the domestic industry in the research of fuel-saving performance of commercial vehicle tires, winter ice and snow tires, all-season tires, high-performance and ultra-high performance tires, giant construction machinery tires, sidewall protection and special tires with high mileage, etc.

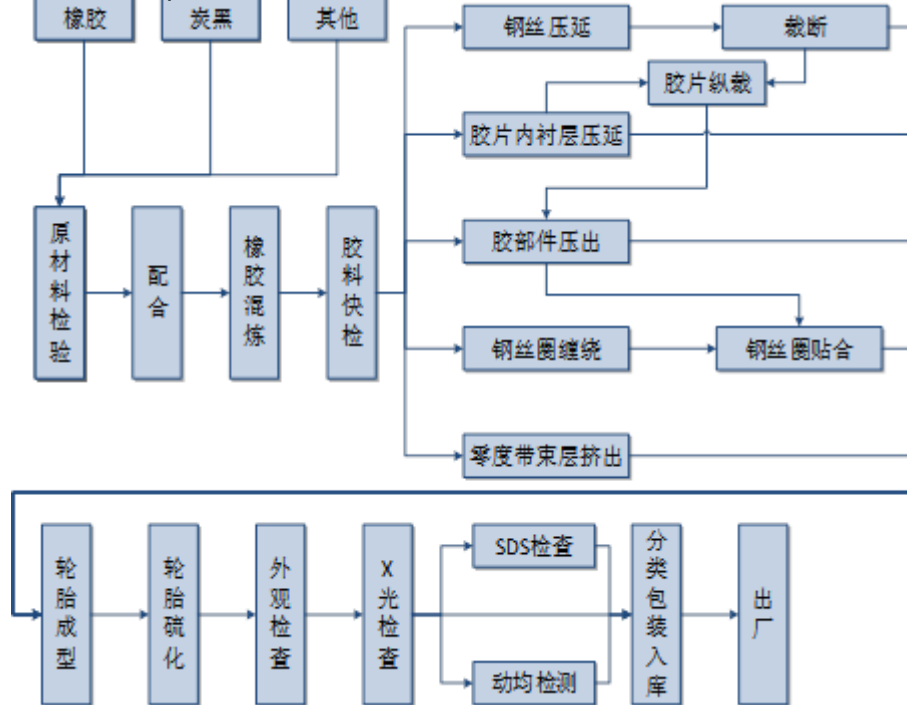
The company established Triangle American Tire Technology Center LLC (A3T LLC) in the United States to gather international scientific and technological research and development talents. Focusing on the global brand strategy, A3T takes advantage of the North American market in terms of materials, products and technologies, makes full use of local scientific, intellectual and testing resources, and cooperates extensively with scientific research institutions, colleges and universities, and cooperative units to enhance the company's independent innovation capability in basic research, product design, testing and inspection, etc. In recent years, more than 10 patents have been applied and approved in different countries and regions. In recent years, we have applied for more than 10 invention patents in different countries and regions.



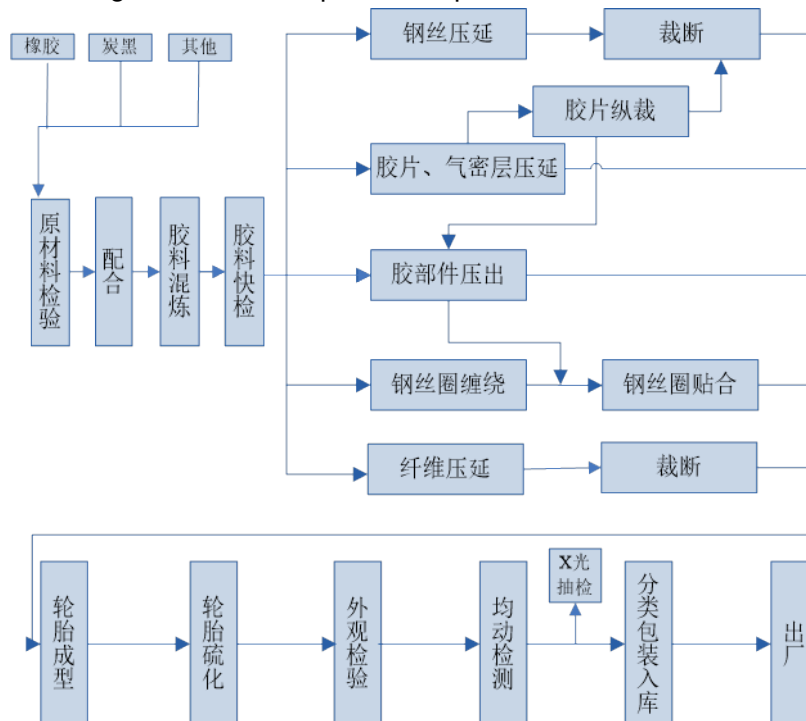
For additional details, see Section III. I. "Discussion and Analysis of Operations" of this report. **(4). Production Processes and Flows**

√Applicable    □Not applicable

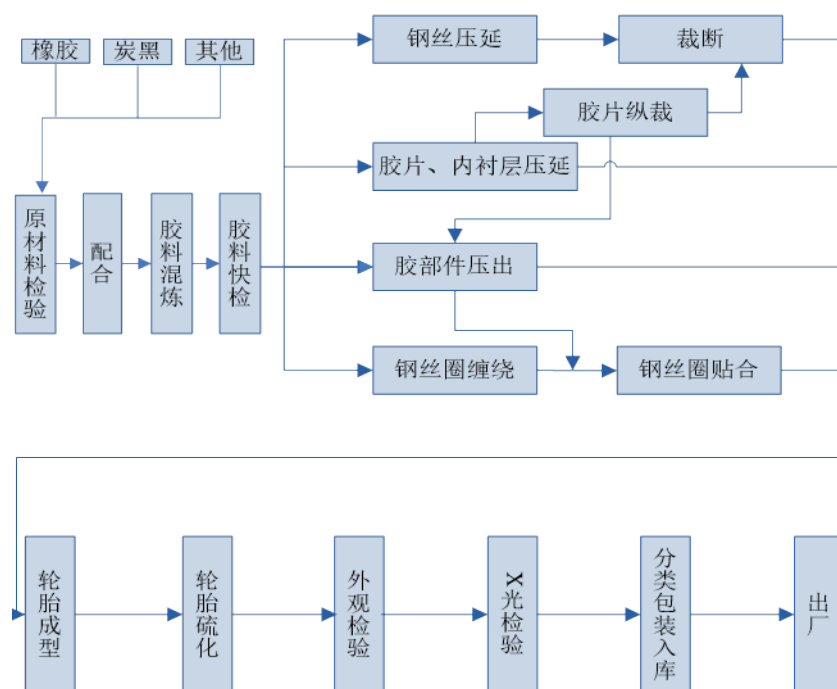
① Production process flow chart of radial tires for commercial vehicles



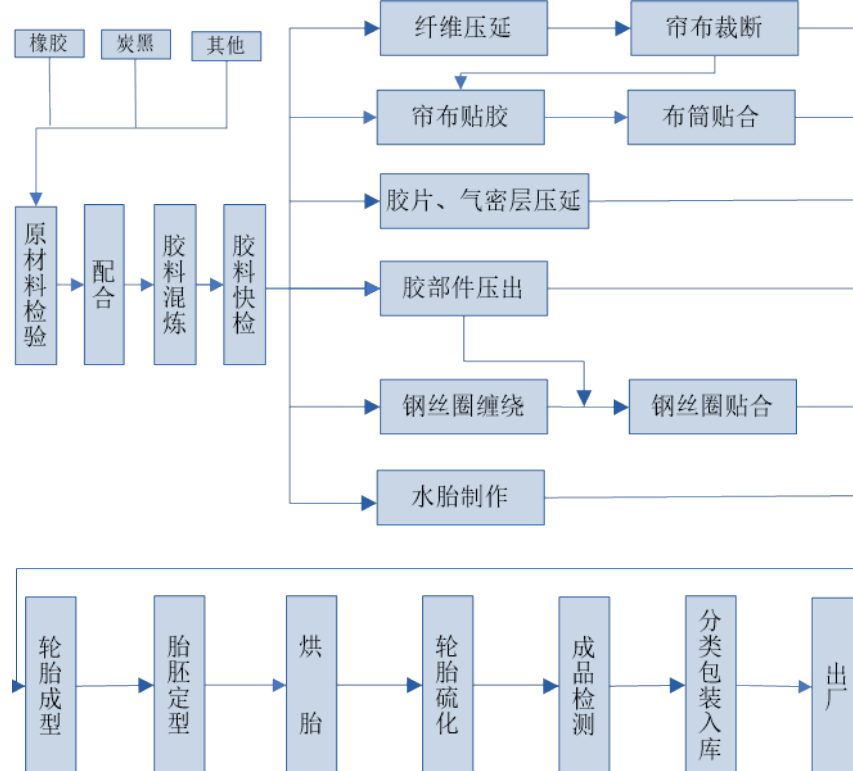
② Passenger car radial tire production process flow chart



③ Process flow diagram of radial engineering tire production



④ Process flow diagram of oblique engineering tire production



## (5). Production capacity and start-ups

√Applicable    □Not applicable

Unit: RMB million    Currency:

| Major plants or projects | Design capacity | Capacity utilization (%) | Under construction | Capacity under construction | Capacity under construction |
|--------------------------|-----------------|--------------------------|--------------------|-----------------------------|-----------------------------|
|--------------------------|-----------------|--------------------------|--------------------|-----------------------------|-----------------------------|

|   |                  |        |  |  |  |
|---|------------------|--------|--|--|--|
| Huasheng plant (engineering tires)      | 280,000 articles | 78.21  |  |  |  |
| Huamao plant (commercial vehicle tires) | 6.5 million bars | 89.72  |  |  |  |
| Huayang plant (passenger car tires)     | 8 million bars   | 108.85 |  |  |  |
| Huaxin Plant (Engineering Tire)         | 100,000 bars     | 78.70  |  |  |  |

**Increase or decrease of production capacity**

☐Applicable    ☒Not applicable

**Adjustment of product line and capacity structure optimization**

☒Applicable    ☐Not applicable

In 2021, the company will optimize the production process and flow and enhance the production capacity of the plant by filling in the equipment, upgrading the technology and upgrading the equipment automation level for the production line of passenger car tires and engineering tires in Huasheng plant and the production line of commercial vehicle tires in Huamao plant.

**Unusual production stoppage**

☐Applicable    ☒Not applicable

**3 Raw Material Procurement****(1). Basic information of main raw materials**

☒Applicable    ☐Not applicable

| Main raw materials | Sourcing Model  | Settlement Method                    | Price change year-on-year Dynamic ratio (%) | Purchase volume    | Consumption        |
|--------------------|---|--------------------------------------|---|--------------------|--------------------|
| Natural Rubber     | Spot, ship and long term contracts<br>Combination of purchase | As agreed in the contract<br>Billing | 15.8  | 18.46 million tons | 18.25 million tons |
| Synthetic          | Combination of spot   | As agreed in                         | 34.9  | 8.74 million       | 8.44 million       |

The impact of changes in the price of major raw materials on the company's operating costs: operating costs rose 16% in 2021, **with the** increase in raw material costs being the main impact factor.

**(2). Basic information of major energy sources**

☒Applicable    ☐Not applicable

| Major energy sources | Sourcing Model                                     | Settlement Method                    | Ratio of year-on-year price change (%) | Purchase volume               | Consumption                   |
|----------------------|--|--------------------------------------|--|-------------------------------|-------------------------------|
| Electricity          | Fixed agreement with power supply company proposal | As agreed in the contract<br>Billing | 4.9                                    | 576.3 million kilowatts Hours | 576.3 million kilowatts Hours |

Impact of changes in major energy prices on the Company's operating costs: Higher energy costs affect higher operating costs in 2021. (3). **Raw material price fluctuation risk response measures**

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

☐Applicable    ☒Not applicable

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

√Applicable ☐ Not applicable

In order to ensure the normal production and operation needs of the company, according to the supply and demand of various raw materials, the company maintains certain inventory of major raw materials such as natural rubber, synthetic rubber, carbon black, steel cord, etc. The inventory of various raw materials remained stable in 2021, and the amount of inventory at the end of the period was RMB 365 million, an increase of RMB 102 million compared with the beginning of the year, which affected the decrease of net cash flow from operations in the current period.

#### **4 Product Sales**

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

☒Applicable    ☐Not applicable

Unit: RMB million    Currency:

| Segmentation | Operating income | Operating Costs | Gross margin (%) | Operating income increased over the previous year Minus (%) | Operating costs increased over the previous year Minus (%) | Increase or decrease in gross margin over the previous year (%) | Gross profit of products in the same industry and in the same field Rate situation |
|--------------|------------------|-----------------|------------------|---|--|---|--|
|              |                  |                 |                  |   |  |   | According to   |

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

☒Applicable    ☐Not applicable

Unit: RMB million

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

### Accounting Policy Statement

☐Applicable    ☒Not applicable

☐Applicable    ☒Not applicable

## 5 Environmental protection and safety situation

### (vi) Significant asset and equity sales

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

☐Applicable    ☒Not applicable

☐Applicable    ☒Not applicable (2).

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

### Significant environmental violations

☐Applicable  
☒Not applicable

☒Applicable    ☐Not applicable

### (V) Analysis of investment status

### Overall Analysis of Foreign Equity Investment

☐Applicable    ☒Not applicable

#### 1. Significant equity investments

☐Applicable    ☒Not applicable

#### 2. Significant non-equity investments

☐Applicable    ☒Not applicable

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

☒Applicable    ☐Not applicable

For details, see Section II. XI. "Items measured at fair value" of this report.

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

Unit: RMB million Currency:

| Principal<br>Subsidiaries | Main<br>business | Registr<br>ation<br>Capital | December 31, 2021 |            | RMB 2021                      |            |
|---------------------------|------------------|-----------------------------|-------------------|------------|-------------------------------|------------|
|                           |                  |                             | Total<br>Assets   | Net Assets | Revenue from<br>main business | Net Profit |

Huasheng's main business income is income from tire processing fees.

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

☐Applicable      ☒Not applicable

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

☒Applicable

☐Not

applicable 1.

Pattern

The global tire industry has a relatively stable competitive pattern and a high degree of industry concentration. Benefiting from the rapid growth of the downstream automotive industry, the tire industry has been developing rapidly. Bridgestone, Michelin, Goodyear long-term occupation of the industry's top three positions; China's outstanding tire companies in recent years in product performance, brand channels and other aspects of sustained efforts, market share has steadily increased, showing upward penetration trend, the global tire industry pattern is stable and changing.

China is a large tire producing country, both a huge tire consumer market. Domestic tire companies continue to improve their competitive strength, in the local competition with foreign capital, joint ventures to coexist, and continue to improve the domestic market share, and a share of the foreign consumer market.

**2、Trends****( 1 ) Tire industry shifts to high quality development**

With the slowdown in the automotive industry, as an investment-intensive, high fixed expenditure, raw material costs account for a large proportion of the tire industry, through structural adjustment, scientific and technological innovation, green development, showing a higher quality, more efficient, more sustainable, safer development trend; domestic tire companies have adjusted their development model from quantity expansion to high-quality development.

**( 2 ) Tire product structure continues to optimize**

Radial tires have become the dominant product in the global tire market, accounting for more than 94%; tire product structure continues to optimize, product specifications continue to increase, passenger car tires large size, high performance and ultra-high performance tires accounted for, commercial vehicle tires tubeless accounted for the gradual increase. With the "driving experience" and "safety performance" has become the focus of consumer attention, in order to improve the mileage and performance of the car, tire products to lightweight, low rolling resistance, durable, safe, environmentally friendly, comfortable direction of development.

The development of the new four in the automotive industry (electrification, networking, intelligence, sharing) is accelerating, especially the rapid development of electric vehicles, throughout commercial vehicles, passenger cars and construction machinery vehicles, which will increase the demand for a new generation of high-performance tires. Electric vehicle-specific tires will provide a new growth point for the tire industry, and in the case of highly booming demand for downstream new energy vehicles, electric vehicle-specific tires have price elasticity and a broad market space. The research and development, manufacturing and sales of electric vehicle tires will become a must for the development of global tire companies.

In addition to the mainstream tires, aviation tires, racing tires, self-repairing tires, ultra-silent tires, lack of air preservation tires, intelligent tires, etc. are becoming popular, in addition, non-pneumatic tire applications are gradually entering the market.

**( 3 ) Rapid increase in industry concentration**

In recent years, with the U.S. and European dual anti-policy and domestic environmental protection pressure, the domestic tire industry continues to consolidate, tire factories from the past more than 500 has dropped to 390; domestic tire companies mainly through investment in plant

expansion capacity, international tire companies mainly through equity investment, direct acquisition and other ways to expand business, the impact of the new crown pneumonia epidemic to the global tire industry since 2020. The survival of the fittest, the industry concentration to further enhance.

( 4 ) Smart manufacturing is becoming a long-term trend in the tire industry

Tire consumption trends are moving toward high-quality, high-performance, environmentally friendly tires, to ensure production efficiency and product quality stability, advanced tire companies are combining information technology with traditional manufacturing areas, manufacturing equipment automation, information technology, intelligent, green manufacturing technology has become the development direction. At present, there are nearly 10 domestic enterprises to obtain the national Ministry of Industry and Information Technology intelligent manufacturing pilot demonstration projects.

( 5 ) Branding and internationalization development trend

In the face of highly competitive, branding, internationalization is the inevitable trend in the development of tire companies, through the provision of quality tire products and services, in the supporting market, the retail market to form a brand conduction role in the channels and brands to seize the high-end market, through the international layout, tire companies in the global multi-point layout and local supply has become the general trend.

( 6 ) Double carbon policy to promote the development of tire raw materials to low carbon, environmental protection, green direction

Affected by the national dual carbon strategy, tire upstream raw materials and energy prices continue to rise, some raw materials production capacity or variety is limited, the product material selection and design costs bring certain constraints, rubber, reinforcing materials, skeleton materials, additives and other new raw materials for tire performance breakthroughs, improve product competitiveness are playing an important role. New green, environmentally friendly, high-performance and bio-based new material development and application of increasingly important.

## **(II) Corporate Development Strategy**

√Applicable      □Not applicable



At present, the global epidemic is still ongoing, the world economy is not enough momentum to recover, commodity prices are high and volatile, geopolitical conflicts are intensifying, and the domestic macro economy is under greater pressure. Facing the changes in the international and domestic environment and the uncertainty of economic operation, the company will firmly develop its main business in 2022, seize the domestic economic policy environment of stable growth and the opportunity of the development of the new energy vehicle industry, take technological innovation as the foundation, adhere to the two-wheel drive of brand building and market expansion, continuously improve the competitiveness of products and the level of integration and innovation of digital technology, and take a steady and solid path of global brand to achieve high-quality development. The company will continue to improve the competitiveness of its products and the level of digital technology integration and innovation, and achieve high-quality development.

1, adhere to the core of the independent brand, continued brand construction and promotion, in-depth promotion of the main and secondary brand strategy, strengthen the brand and channel construction synergistic development.

2. Insist on innovation-driven development. Optimize the reserve of technical personnel, improve the innovation system of synergy between industry, academia, research and application, continue to stimulate and guide innovation vitality; supported by three major innovation platforms, based on the global market and technology development trends, focusing on the research and development of new materials, new structures, new technologies and new processes, further develop low-carbon and energy-saving tire production technology, and continuously improve the development of tire products in lightweight, high-end, green and intelligent Highly.

3、Adhere to the market-oriented. Strengthen the development and maintenance of channels, promote the sinking of channels, increase the construction of brand stores at home and abroad, improve the layout of the “Star” market, and enhance the market service capacity; focus on the update and iteration of the product system, increase the development and marketing of new energy-specific products, continue to improve the product structure, and continuously improve the product differentiation advantage.

4、Continue to promote the in-depth application and integration of digital technology in manufacturing, R&D, management and operation platforms to promote production and operation efficiency with technological development, improve lean management and promote the company's high-quality development.

### (III) Business Plan

√Applicable ☐ Not applicable

According to the development strategy and business objectives, combined with the current economic situation and market environment, in 2022 the company will adhere to the market-oriented, global brand building as the core, scientific and technological innovation as the driving force to strengthen and improve the main tire business; at the same time to further promote the depth of automation, information technology integration, and continue to promote lean management to maintain the company's healthy and sustainable development.

The annual plan is to produce 26 million tires of various types.

Focus on the following aspects of work: 1, marketing and brand promotion

( 1 ) Focus on brand promotion with high-speed railway advertising, support channel partners to promote the Triangle brand in the regional market with their own advantages and expand brand influence; organize large annual meetings, regional conferences, product promotions and road shows and other basic marketing activities for the consumer side of the channel on the basis of continuing to sponsor racing class brand promotion to enhance the brand image; pay attention to the improvement and innovation of new product promotion methods, enrich and update online Promotional materials to enhance the attractiveness of the brand.

(2) Adhere to the status of the main Triangle brand, guide and expand the sales and channel construction of sub-brands, develop independent product patterns of sub-brands, and form a sales pattern of product differentiation, brand synergy development and channel complementarity with the main Triangle brand.

(3) Continuously do a good job in channel development and management, deeply promote the sinking of channels, and continuously optimize and adjust the distribution customer structure. On the basis of good traditional marketing channels, strengthen online platform sales, further develop e-commerce sales, establish Tmall and Jingdong self-owned stores, and try various online sales models; establish direct cooperation mechanisms with brand stores, enhance the sense of brand belonging, carry out store upgrades, improve the number and grade of core flagship stores and image stores built, and lay the foundation for digital marketing.

(4) Enhance strategic cooperation with OEMs, actively carry out technology and product reserve, seize the development opportunity of domestic auto export growth, and strengthen cooperation with OEMs in export market; seize the opportunity period of new energy model development, and promote the market development of new energy special products. Seize the opportunity of growing demand for narrow-based radial engineering tires brought by the upgrading of mining dump trucks of construction machinery to meet market demand and increase the sales proportion of radial engineering tires.

(5) We fully utilize the market frontier advantage of overseas sales team, pay close attention to international market epidemic prevention and control, political and economic developments, raw materials and shipping cost trends, adjust sales strategy at the right time, and maintain stable sales volume.

## 2、Technology development and innovation

(1) Strengthen tire tread, mechanical properties and other basic research and product development to enhance the ability of continuous innovation. Around the national policy and industry trends, we are committed to the pre-research of new materials, new structures and new technologies, and promote the transformation of cutting-edge scientific and technological achievements in combination with market demand, especially the research on the industrial application of self-repair and silent tires. Promote the application research of new steel wire skeleton materials, new fiber skeleton materials, functional additives and functional resins and other new materials, so as to improve the performance of products and environmental protection to do a good job of material support.

(2) Actively respond to the national "double carbon" strategy, focus on reducing carbon emissions in the manufacturing process and improving process quality and stability, strengthen process technology research and process technology improvement, continue to promote the standardization of process parameters; research and development of new energy-saving processes, equipment and non-petroleum-based material technologies that can be applied to the production and manufacturing process of high-performance tires.

(3) According to the market demand and development direction, we will strengthen product design and brand planning, develop new products to meet the market demand on the basis of perfecting the product system, promote the update and iteration of the product system, and improve the competitiveness of products. Details are as follows:

① Commercial vehicle tires: the domestic market to develop products to adapt to heavy-duty and pure mining use, while a new generation of bus products reserve development; focus on the development of high-speed high-load capacity light truck products; foreign markets to develop high wear mileage of medium and long-distance series of products. The supporting market focuses on the development of ultra-low rolling resistance products to adapt to the changing needs of OEM models.

Passenger car tires: develop new products for summer tire iteration; develop new energy vehicle supporting products in series, continuously improve the mileage, fuel economy, braking safety performance and comfort performance of new energy passenger car tires; develop silent tires and self-repairing tires to meet the growing performance needs of new energy vehicles; replace the market mainly through product updates and iterations and enrich product varieties, continuously improve product The replacement market is mainly through the product update iteration and product variety, constantly improve product performance, improve the product system; supporting the market on the basis of the existing support, and actively promote cooperation with SAIC-GM-Wuling, Jiangling New Energy and Geely and other car companies.

Engineering tires and giant tires: focus on developing snow products, loader L-5 series products, rigid dump truck tires high mileage products; develop high speed engineering radial tires, 49" and 57" giant engineering radial products; supporting enterprises to promote low pressure engineering tires, high speed engineering tires and giant engineering tires supporting projects.

④ Special tires: develop flame retardant tires, camouflage tires and other special functional tires; develop sidewall scratch-resistant upgrade tires; develop rail vehicle tires.

(4) With the performance needs of new energy vehicles (pure electric vehicles) in mind, the company has developed innovative design patterns, contours, new material applications and technology to develop passenger radial tires with excellent comfort, long mileage, extremely low rolling resistance and good braking and handling performance.

(5) For aviation tires, we mainly develop the front and main wheels of B737-800, improve the product process, continue to improve the quality system management requirements, and accelerate the CTSOA certification.

### 3、Deep integration of the two

(1) Huayang will increase the molding machine and supporting automation equipment to guarantee more specifications in production as well as the production of special products for lack of gas preservation under working conditions, optimize the production process and enhance Huayang's production capacity.

(2) Combining advanced automation equipment and the assessment of the replacement of existing old equipment in each production base, we will deeply promote the integration of the two, and improve the level of manufacturing automation and manufacturing capacity.

### 4、Green development

(1) With the goal of energy saving and emission reduction, staff reduction and efficiency increase, we will strengthen the technical transformation of each production base in energy saving and consumption reduction, quality improvement, equipment performance improvement and safety and environmental protection.

(2) Air cleaning standard improvement for each production base; on the basis of the existing treatment process, increase the compound process to meet the environmental protection requirements.

The above business plan does not represent the company's profit forecast for 2022 and does not constitute the company's performance commitment to investors. The actual operation of the company is subject to various internal and external factors and uncertainties exist, so investors are advised to pay attention to the investment risks.

## (IV) Possible risks faced

√Applicable      □Not applicable

---

#### 1、International trade risk

In recent years, the United States, Brazil, India, Egypt, the European Union and other countries and regions have launched several anti-dumping and countervailing investigations on Chinese tires, and the scope of the investigations has gradually increased; at the same time, international trade protectionism prevails, and the United States has imposed punitive tariffs on tire goods produced in China since 2018. The deterioration of the local economic environment and geopolitical tensions in some countries may result in local restrictions on supply and sales, which may have an adverse impact on the Company's business. The company's products are sold to more than 180 countries and regions, with overseas sales accounting for more than 50% of the total. International trade risks have a certain impact on the company's export business. The company will continue to improve the competitiveness of its products in the global market by developing emerging markets, vigorously exploring blank markets, and refining the global market.

#### 2、Global market competition risk

China's tire manufacturing enterprises, excess capacity, foreign well-known tire enterprises in the high-end market brand advantage is obvious, tire products international trade and technical barriers continue to upgrade, the tire industry is facing increasingly fierce market competition. Through the advantages of scientific and technological innovation, intelligent manufacturing and globalization layout, the company takes the initiative to grasp the market development trend, refine product quality and performance, and maintain a high level of technical innovation capability.

#### 3、Risk of exchange rate changes

The settlement currency of the company's export business is mainly U.S. dollars, and large fluctuations in the exchange rate of the U.S. dollar against the RMB will affect the company's overseas sales and efficiency. The company uses the methods of importing natural rubber, equipment, and US dollar liabilities to reduce foreign exchange exposure, and also implements exchange rate lock by various means such as immediate and forward settlement in the general environment of two-way fluctuation of RMB exchange rate to reduce the impact of exchange rate fluctuation on the company's operation.

#### 4、Risk of cost fluctuation

Natural rubber and synthetic rubber are the main raw materials for the production of tires, and their prices are affected by many factors such as international and domestic economy, industry supply and demand, and weather conditions, etc. Fluctuations in rubber prices have a significant impact on tire production costs. The company establishes long-term strategic partnership with key suppliers to study and judge the price trend of raw materials market and seize the opportunity to purchase at the right time to ensure the effectiveness of supply channels. Through a comprehensive and systematic analysis of the fundamentals of raw material supply and demand, we grasp the rhythm of procurement and adjust the amount of resource reserves to effectively control raw material procurement costs and reduce business risks.

#### 5. The impact of the new crown pneumonia outbreak

The influence of global new crown epidemic persists, under the epidemic control of governments, there are many procedures for import and export inspection of commodities, the shipping situation is severe, and the market is affected by reduced routes, high freight rates, shortage of space, unstable shipping schedules and extended shipping time. The company will continue to do a good job of regular epidemic prevention and control, strengthen close contact with upstream and downstream customers, work with customers to strengthen liaison with shipping companies and ports, strive for resources, take joint measures to protect the warehouse and logistics efficiency, timely follow up on market changes, grasp opportunities, and promote the sound development of the company's business.

#### (E) Other

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

## Section IV Corporate Governance

### I. Corporate governance-related information note

☒Applicable ☐ Not applicable

The Company has established a more scientific and standardized corporate governance structure, the shareholders' meeting, the Board of Directors, the Supervisory Committee and the management operate in accordance with the law and the internal systems can be effectively implemented. Corporate governance is a long-term task for corporate development. During the reporting period, the Company continuously improved its corporate governance mechanism, sounded its internal control system, and improved and enhanced its corporate governance level. The actual status of corporate governance is in compliance with the laws, administrative regulations and relevant provisions of the CSRC on the governance of listed companies.

1. About shareholders and shareholders' meeting. The Company regulates the convening, holding and voting procedures of shareholders' meetings in strict accordance with the Company Law, the Code of Governance for Listed Companies, the Articles of Association and the Rules of Procedure for General Meetings of Shareholders of the Company, treats all shareholders fairly and protects the legitimate rights of shareholders. During the reporting period, all shareholders' meetings held by the Company were convened by the Board of Directors of the Company, a combination of on-site voting and online voting was adopted to facilitate the exercise of shareholders' rights, and witness lawyers were engaged to issue legal opinions on the legality of the shareholders' meetings.

2. Regarding the directors and the Board of Directors. The selection of directors, the number and composition of the Board of Directors comply with the requirements of laws and regulations and have a reasonable professional structure; the Audit Committee, Strategic Development

Committee, Nomination Committee and Remuneration and Evaluation Committee are set up under the Board of Directors of the Company to provide professional opinions for the decision-making of the Board of Directors. During the reporting period, the Board of Directors and the special committees of the Company operated in a standardized manner, and all directors were able to perform their duties faithfully, diligently and prudently by attending the corresponding meetings in person and actively participating in training for the performance of their duties.

3. Regarding the Supervisors and the Supervisory Board. The selection of the Supervisors, the number and composition of the Supervisory Committee of the Company are in compliance with the requirements of laws and regulations, and the Supervisory Committee is able to perform its duties independently and effectively. During the reporting period, the Supervisory Committee of the Company exercised its supervisory power in accordance with the law and expressed its opinions on relevant material matters; all Supervisory Committee members were diligent in their duties, supervised the performance of duties of directors and senior management, the financial position and the preparation of periodic reports of the Company, and actively participated in the training for the performance of their duties.

4. Regarding senior management personnel. The appointment of senior management personnel of the Company was carried out in strict accordance with the laws and regulations. During the reporting period, the senior management of the Company performed their duties faithfully, diligently and prudently, strictly complied with the laws and regulations and the Articles of Association, managed the daily production and operation activities of the Company and ensured the achievement of the Company's business objectives; attended the meetings of the Board of Directors and the General Meeting of Shareholders of the Company, participated in the preparation and review of the periodic reports of the Company and supported and participated in the management of investor relations of the Company.

5. Regarding the controlling shareholders and their related parties and the listed company. The controlling shareholder, the actual controller and their related parties of the Company exercise their rights and perform their obligations in accordance with the law, and there is no interference with the normal decision-making procedures of the Company and damage to the legitimate rights and interests of the Company and other shareholders. The Company and the controlling shareholder are independent of each other in terms of personnel, assets, finance, institutions and business. Except for Mr. Lin Xiaobin, the general manager, who is a director of the controlling shareholder and its affiliated companies, there are no other senior management personnel holding part-time positions in the controlling shareholder and its affiliated companies. During the reporting period, the connected transactions between the Company and the controlling shareholder and SINOTRUK were in strict compliance with the decision-making procedures and information disclosure obligations in accordance with the regulations, with the connected persons recusing themselves from voting and the independent directors and supervisors expressing their opinions, and the connected transactions were legal and compliant.

6. About stakeholders, environmental protection and social responsibility. The Company respects the legal rights of stakeholders such as suppliers, customers, creditors, employees and communities, and practices social responsibility in pollution prevention and control, resource conservation and ecological protection by strengthening communication and cooperation with all parties to jointly promote the sustainable, stable, green and healthy development of the Company.

7. About information disclosure and transparency. The Company has established and implemented a management system for information disclosure matters and an investor relations management system to ensure that the disclosed information is true, accurate, complete, timely, fair, concise, clear and easy to understand, to ensure that investors can obtain information in a multi-channel, economical, convenient and fast manner, and to maintain smooth communication between the Company and investors. During the reporting period, the Company revised the "Information Disclosure System" and "Management System for Registration of Lovers of Insider Information", disclosed annual/semi-annual/quarterly reports and 31 interim announcements, registered and reported to the lover of insider information in accordance with relevant regulations; and actively received investors' research and responded to their suggestions and opinions through the "SSE e Interactive" platform and telephone. During the reporting period, there were no incidents of leakage of insider information or insider trading.

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

☐Applicable ☒Not applicable

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

☒Applicable ☐ Not applicable

The Company maintains independence from its controlling shareholder in all aspects such as assets, personnel, finance, institutions and business. The Company has independent and complete business and the ability to operate independently. The controlling shareholder of the Company exercises shareholders' rights in accordance with the law through the general meeting of shareholders and has not violated laws, regulations and the Articles of Association of the Company to interfere with the normal decision-making procedures of the Company, interfere with specific operations of the Company and other acts affecting the independence of the Company.

During the reporting period, there were no controlling shareholders or actual controllers affecting the independence of the Company. There are only a small number of connected transactions between the Company and the controlling shareholder in terms of business, the amount of which is relatively low and has been regulated through the connected transaction agreement.

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

☒Applicable ☐Not applicable

In order to improve and strengthen its independent innovation capability in tire R&D and manufacturing, Triangle Group was approved by the National Development and Reform Commission in August 2011 to prepare for the establishment of the "National Engineering Laboratory for Tire Design and Manufacturing Process" (hereinafter referred to as the National Engineering Laboratory Project). In order to avoid the possibility of potential competition, Triangle Group and the Company signed the "Agreement on Avoiding Competition in the National Engineering Laboratory Project": Triangle Tire will be fully responsible for the operation and management of the National Engineering Laboratory Project, Triangle Group guarantees not to interfere or participate in the operation of the National Engineering Laboratory in any form, and Triangle

Group undertakes to transfer the relevant machinery and equipment purchased in its own name to Triangle Tire at an appropriate time and handle the change of the main body. Triangle Group undertakes to transfer the relevant machinery and equipment purchased in its own name to Triangle Tire and handle matters related to the change of subject at an appropriate time. Before the change, the company leases the relevant machinery and equipment. **III. Briefing on the shareholders' meeting**

| Sessions                                    | Date      | inquiry on the designated website here the resolution is published<br>Index | Date of disclosure of the publication of the resolution | Conference Resolutions  |
|---|-----------|---|---|---|
| 2021 First Interim Unit East Conference     | 2021/1/29 | www.sse.com.cn  | 2021/1/30   | Consideration and adoption of the "Proposal on the Election of Non-Independent Directors of the Company", as detailed in the "Announcement of Resolutions of the First Extraordinary General Meeting of Delta Tyre 2021" (Announcement No. 2021-005).   |
| 2020 Annual General Meeting of Shareholders | 2021/5/19 | www.sse.com.cn  | 2021/5/20   | Consideration and adoption of the "Annual Report of the Board of Directors of the Company for 2020" and "Supervision of the Company Annual Report of the Board of Directors for 2020" "Annual Report of the Independent Directors for 2020 Report on the Company's 2020 Annual Financial Statements" "Report on the Company's 2020 Annual Financial Statements" "Report on the Company's 2020 Annual Financial Statements Annual Profit Distribution Plan" "Company's 2020 Annual Report and Summary The "Estimated Amount of Daily Connected Transactions between the Company and Triangle Group in 2021 Proposal on the Estimation of the Daily Sales Amount between the Company and China National Heavy Duty Truck for the Year 2021 Proposal on the Amount of Connected Transactions" "Proposal on the Confirmation of the 2020 Salary of the Company's Directors Proposal on Total Remuneration and Determination of Remuneration Standards for 2021 proposal for the total remuneration of the supervisors of the company for 2020 and determination of the remuneration scale for 2021 The "Proposal on the Appointment of the Company's Financial Auditors and Internal Control Auditors for the |



|  |  |  |  |   |
|--|--|--|--|---|
|  |  |  |  | <p>Year 2021<br/>Proposal on the Company's Comprehensive Credit Line<br/>for 2021 and<br/>Proposal for Daily Loan", as detailed in the "Triangle<br/>Tire Annual Shareholders' Meeting 2020</p> |
|--|--|--|--|---|

|  |  |  |  |   |
|--|--|--|--|---|
|  |  |  |  | Announcement of Resolutions of the General Meeting"<br>(Announcement No. 2021-021). |
|--|--|--|--|---|

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

☐Applicable

☒Not applicable

Information on  
the shareholders'  
meeting

☐Applicable ☒Not applicable

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

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

√Applicable □ Not applicable

| Unit: Unit    |   |        |     |                 |                      |  |  |  |                    |  |  |
|---------------|---|--------|-----|-----------------|----------------------|--|--|--|--------------------|--|--|
| Name          | Position(Note)  | Gender | Age | Term Start Date | Term Expiration Date | Number of shares held at the beginning of the year | Number of shares held at the end of the year | Increase or decrease in shares during the year | Reasons for change | Total pre-tax compensation received from the Company during the reporting period (RMB million) | Whether or not to receive compensation from a related party in the company |
| Butylwood     | President   | Male   | 41  | 2018/6/15       | 2023/6/23            | 13,957,525   | 13,957,525                                   |  |                    | 76.67  | No   |
| Lin Xiaobin   | Director, General Manager                               | Male   | 49  | 2020/6/24       | 2023/6/23            | 100,000  | 100,000                                      |  |                    | 77.14  | No   |
| Shan Guoling  | Directors   | Female | 64  | 2001/2/22       | 2023/6/23            | 15,332,750   | 15,332,750                                   |  |                    |  | Yes  |
| Zhong Danfang | Director, Vice President, Treasurer, Director Secretary | Female | 52  | 2019/6/6        | 2023/6/23            | 150,000  | 150,000                                      |  |                    | 44.21  | No   |
| Xiong Shunmin | Directors   | Male   | 53  | 2019/6/6        | 2023/6/23            |  |  |  |                    | 35.47  | No   |
| Niu Yanli     | Directors   | Female | 38  | 2021/1/29       | 2023/6/23            |  |  |  |                    |  | Yes  |
| Liu Feng      | Independent   | Male   | 69  | 2017/6/26       | 2023/6/23            |  |  |  |                    | 15.00  | No   |

|       |   |   |   |   |   |            |            |  |   |        |   |
|-------|---|---|---|---|---|------------|------------|--|---|--------|---|
| Total | / | / | / | / | / | 29,540,275 | 29,540,275 |  | / | 524.82 | / |
|-------|---|---|---|---|---|------------|------------|--|---|--------|---|

Note: 1. "Total pre-tax remuneration from the Company during the reporting period" refers to the total pre-tax remuneration received by the directors and supervisors from the Company in the year 2021 during their corresponding tenure.

2. The "Term Start Date" of Mr. Lin Xiaobin's positions as director and general manager are June 20, 2011 and June 24, 2020, respectively.

3. The "Starting Date of Appointment" of Ms. Zhong Danfang as Director, Deputy General Manager, Head of Finance and Secretary of the Board of Directors are June 6, 2019, December 29, 2016 and June 2017, respectively.

26, December 3, 2007.

| Name          | Main work experience   |
|---------------|--|
| Butylwood     | Born in September 1981, he is a Chinese national with no permanent residency outside of China and holds a bachelor's degree. He was the director of the third workshop of the second production line of Triangle Tire's car truck manufacturing department, the deputy director of the supply chain management department, the assistant to the executive president and executive vice president of the supply chain construction and logistics service guarantee management center, the executive vice president of the procurement and supply chain management center, the executive vice president of the global trade and market network construction center, and the vice president of the company. He is currently the Chairman of Triangle Tire, Chairman and President of Triangle Group; Vice President of China Rubber Industry Association, Senior Vice President of Tire Branch, China Federation of Industrial Economics<br>He is also a member of the Board of Directors of the United Association, Vice President of the Weihai Federation of Enterprises and Entrepreneurs (Vice Chairman), and Vice President of the Weihai Charity Federation. |
| Lin Xiaobin   | Born in August 1973, he is a Chinese national with no permanent residency outside of China and holds a bachelor's degree. He was the manager of export business department of Weihai Rubber & Chemical Import & Export Co., Ltd, head of export department of Triangle Tire, director of international trade management center, senior assistant to president, senior vice president, executive president of global trade and market network construction center, executive president of global marketing and network construction center, general manager<br>He is also the director of the Triangle Tire Group. Now he is the director and general manager of Triangle Tire and the director of Triangle Group.  |
| Shan Guoling  | Born in December 1958, he is a Chinese national with no permanent residency outside China, a master's degree holder, a researcher in engineering technology application, a May Day Labor Medal winner, a special allowance of the State Council, and a "Taishan Scholar" awarded by Shandong Provincial Government for two consecutive terms. He was the director of radial tire engineering process room, chief engineer and deputy factory manager of Shandong Tire Factory, vice chairman and executive vice president of Triangle Tire.<br>Currently, he is a director of Triangle Tire and vice chairman of Triangle Group.   |
| Zhong Danfang | Born in May 1970, Chinese nationality, no permanent residence abroad, bachelor degree. He was the deputy director, director, deputy director and director of Triangle Tire Securities Department, finance and capital operation service guarantee<br>Executive Vice President of Development Center, etc. Now he is the director, deputy general manager, financial officer and secretary of the board of directors of Triangle Tire.  |
| Xiong Shunmin | Born in July 1969, Chinese nationality, no permanent residence abroad, bachelor degree. He was the deputy director and director of technical reform department, deputy director and director of development planning department of Triangle Group; chairman of Beijing Shenxin Information Technology Co.  |

|                |   |
|----------------|---|
|                | Deputy Director of Finance Division, Senior Project Manager of Shandong Zhengyuan & Xin CPA Firm, Director of Audit Department of Shandong Shishen CPA Firm, Beijing Huatong Jian CPA Firm<br>Deputy General Manager of Shandong Branch of the Company. Currently, he is an independent director of Triangle Tire, a business partner of Rongcheng Accounting Firm (Special General Partnership) and a member of Technical Standards Committee.   |
| Qiaoling Fang  | Born in October 1975, he is a Chinese national with no permanent residency outside of China, holds a doctoral degree, is a certified public accountant and a national accounting leader. Since July 1999, he has been teaching at Department of Accounting, School of Management, Ocean University of China. He has served as assistant professor, lecturer, associate professor and professor, and was a member of the 11th National Youth Federation; from August 2014 to August 2015, he was a visiting scholar at Drexel University in the United States. He is currently an independent director of Triangle Tire, a professor in the Department of Accounting, School of Management, Ocean University of China, and a director of the Audit Education Branch of the Chinese Society of Auditors and a member of the Standing Committee of the Accounting Society of Shandong Province. Ltd. and an independent director of Chengdu Nantong Technology Co. |
| Wang Xiangdong | Born in December 1968, Chinese nationality, no permanent residence abroad, bachelor degree. He has served as the office staff of Weihai Chemical Industry Company, deputy director of President's Office, head of Securities Department, head of Foreign Economic and Technical Cooperation Department, deputy head of Car Tire Division, deputy director of personnel and administration of Huasheng Company, executive vice president of Triangle College of Triangle Tire, manager of Huada Company, manager of Triangle Tire Director of the Middle and Senior Talent Recruitment Office, etc. Now he is the Chairman of the Supervisory Board of Triangle Tire and the Executive Deputy Director of Globalization Human Resource Center.   |
| Zhou Jixing    | Born in February 1970, Chinese nationality, no permanent residency outside China, college degree. He was the deputy director of equipment and spare parts procurement department, deputy director of radial tire workshop three, director of truck tire workshop six, deputy director of talent and human resources department, director of dense refining workshop, deputy manager and assistant to executive president of Huasheng Company, assistant to president of Triangle Tire, China market planning and sales center commercial vehicles Tire Replacement Department South China Region Manager and other positions. Now he is the director of Triangle Tire Warehouse and Logistics Management Center and the manager of Hua'an Company.  |
| Liu Yanping    | Born in March 1975, Chinese nationality, no permanent residency outside China, bachelor degree, senior accountant, certified public accountant. He was the planning statistician of Triangle Tire's strategic planning department, deputy director and director of the budget management division of the finance department, deputy director and director of the cost management department of the finance and capital operation service guarantee development center, deputy director and director of the economic operation approval and management center, deputy director and director of the finance and capital operation Assistant to the Executive President of the Battalion Service Guarantee Development Center, etc. Currently, he is the Deputy Chief Accountant of Triangle Tire Finance and Capital Operation Center.  |

|                |   |
|----------------|---|
| Han Dengguo    | Born in December 1979, Chinese nationality, no permanent residency outside China, bachelor degree. He was the deputy director of the second workshop of Triangle Tire Truck Tire, the deputy director of the equipment management center, the equipment management guarantee department. Deputy Minister, Deputy District Manager of the first production area of Huamao Branch, Deputy Manager of Huada Company, etc. He is currently the Deputy Manager of Triangle Tire Huamao Branch.   |
| Shao Zaidong   | Born in June 1970, Chinese nationality, no permanent residency outside China, bachelor degree, accountant. He used to be the accountant of the finance department of Triangle Group, the deputy director and director of the finance office of Huali Company, the treasurer of Huada Company, the treasurer and director of the sales finance department of Triangle Tire, and the deputy director and manager of domestic trade sales accounting and budget management. Now he is the supervisor of Triangle Tire, the financial operation and management of Triangle Group.<br>Director of the Management Center.   |
| Bi Xiaolan     | Born in April 1968, Chinese nationality, no permanent residency outside China, master degree, senior engineer. He has served as deputy director and director of Triangle Tire radial tire workshop, deputy director of technical quality of truck and engineering tire division, director of quality management department, assistant to executive president of low-carbon commercial tire safety production and quality development department, supervisor of employee representative, deputy director of quality management center, etc.<br>Position. He is currently the Vice President of Triangle Tire and Executive Vice President of Global Quality Brand Building Management Center.  |
| Jian Wang      | Born in December 1981, Chinese nationality, no permanent residence abroad, bachelor degree, engineer. He was a technician in the equipment department of Triangle Tire's bias tire equipment division, a technician in the equipment and automation division of the equipment department, a manager in the dense refining engineering department of the equipment division, and a manager in the dense refining engineering room of the global engineering and information construction module of the global dualization engineering construction center. Now he is the vice general manager of Triangle Tire and the manager of Global Engineering and Information Technology Construction Center.<br>Executive Vice President (presiding over the work) |
| Zhou Pengcheng | Born in April 1981, Chinese nationality, no permanent residence abroad, bachelor degree, senior engineer. He was the deputy director of the technical division of Triangle Tire's truck and bus radial tires, the deputy director of the low-carbon commercial vehicle tire R&D office, and the deputy director and director of the commercial vehicle tire R&D center of the Technology R&D Innovation and Quality Management Center. Now he is the director of Globalization Innovation and Quality Branding Commercial Vehicle Tire of Triangle Tire Company.<br>Technical leader, Executive Vice President of Industrial Design Center, Executive Vice President of Global Quality Brand Building Management Center.                                  |

Other information notes

☐Applicable ☒Not applicable

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

**1. Employment with shareholders**

√Applicable □ Not applicable

| Name of the incumbent | Name of shareholder unit | Positions held in shareholder units | Term Start Date | Term Expiration Date |
|-----------------------|--------------------------|-------------------------------------|-----------------|----------------------|
| Butylwood             | Triangle Group Limited   | Chairman and President              | 2019/4/22       |                      |
| Shan Guoling          | Triangle Group Limited   | Vice Chairman                       | 2003/12/31      |                      |
| Lin Xiaobin           | Triangle Group           | Directors                           | 2019/4/22       |                      |

**2. Employment in other units**

√Applicable □ Not applicable

| Incumbents Name | Name of other units  | In other units Positions held | Term start date Period | End of term End date |
|-----------------|--|-------------------------------|------------------------|----------------------|
| Butylwood       | Weihai Xintai Investment Co.                                     | Executive Director            | 2018/8/28              |                      |
| Butylwood       | Weihai Xinyang Investment Co.                                    | Executive Director            | 2019/2/22              |                      |
| Butylwood       | Weihai Shenglai Investment Co.                                   | Executive Director            | 2018/8/28              |                      |
| Butylwood       | Weihai Jinshi Investment Co.                                     | President                     | 2019/2/22              |                      |
| Butylwood       | 2015 us investment holding corporation                           | Directors                     | 2015/12/16             |                      |
| Butylwood       | USA TRIANGLE TYRE SALES COMPANY                                  | Directors                     | 2015/12/16             |                      |
| Butylwood       | Triangle Huatai (Shanghai) International Trading Co.             | President                     | 2019/4/2               |                      |
| Butylwood       | Triangle (Weihai) Huasheng Tire Co.                              | President                     | 2019/6/18              |                      |
| Butylwood       | Triangle (Weihai) Huada Tire Rejuvenation Co.                    | President                     | 2019/6/18              |                      |
| Butylwood       | Triangle (Weihai) Hua'an Logistics Co.                           | Executive Director            | 2019/6/18              |                      |
| Butylwood       | Triangle (Qingdao) Commercial Factoring Co.                      | President                     | 2020/6/30              |                      |
| Butylwood       | Triangle (Weihai) Huajin Mechanical and Electrical Equipment Co. | Executive Director            | 2019/6/18              |                      |
| Butylwood       | Triangle (Weihai) Huaping Integrated Services Co.                | Executive Director            | 2019/6/18              |                      |
| Butylwood       | Triangle (Weihai) Huabo Real Estate Co.                          | President                     | 2019/6/18              |                      |
| Butylwood       | Triangle (Weihai) Huatong Machinery Technology Co.               | President                     | 2019/6/18              |                      |
| Lin Xiaobin     | USA TRIANGLE TYRE SALES COMPANY                                  | Directors                     | 2015/12/16             |                      |
| Lin Xiaobin     | Triangle Huatai (Shanghai) International Trading Co.             | Director, Manager             | 2013/3/18              |                      |
| Lin Xiaobin     | Triangle Tire (HK) Ltd.  | Executive Director            | 2012/2/15              |                      |
| Lin Xiaobin     | Triangle (Weihai) Huatong Machinery Technology Co.               | Directors                     | 2019/6/18              |                      |
| Shan Guoling    | Weihai Jinshi Investment Co.                                     | Directors                     | 2011/7/22              |                      |
| Shan            | 2015 us investment holding corporation                           | Directors                     | 2015/12/16             |                      |

|  |   |  |               |  |
|--|---|--|---------------|--|
| Niu Yanli  | China National Heavy Duty Truck Finance Co.   | Directors                                | 2021/7/22     |  |
| Niu Yanli  | Heavy Duty Auto Finance Co.   | Directors                                | 2021/6/25     |  |
| Niu Yanli  | China National Heavy Duty Truck (Virgin Islands) Limited                                | Chief Financial Officer, Director matter | 2022/2/21     |  |
| Niu Yanli  | China National Heavy Duty Truck Jinan Power Co.   | General Manager                          | 2022/2/28     |  |
| Niu Yanli  | Zhongtong Bus Co.   | Directors                                | 2022/3/21     |  |
| Liu Feng   | Shanghai Jintancheng Law Firm   | Senior Partner                           | 2001          |  |
| Liu Feng   | Beijing Bepsix Bioscience Co.   | Independent Directors                    | 2020/6/6      |  |
| Liu Feng   | Oriental Fund Management Co.  | Independent Directors                    | December 2015 |  |
| Fan Xuejun   | Rongcheng Accounting Firm (Special General Partnership)                                 | Business Partners                        | 2011/1/1      |  |
| Qiaoling Fang  | Ocean University of China   | Professor                                | December 2013 |  |
| Qiaoling Fang  | Qingdao Bank Co.  | Independent Directors                    | 2018/6/27     |  |
| Qiaoling Fang  | Chengdu Nantong Technology Co.  | Independent Directors                    | 2021/8/27     |  |
| Zhou Jixing  | Triangle (Weihai) Hua'an Logistics Co.  | Manager                                  | 2020/5/26     |  |
| Jian Wang  | Triangle Huatai (Shanghai) International Trading Co.                                    | Directors                                | 2019/4/2      |  |
| Zhou Pengcheng   | Weihai Jinshi Investment Co.  | Directors                                | 2019/2/22     |  |
| Zhou Pengcheng   | Triangle Tire Co., Ltd. Weihai Tire Design and Manufacturing Process Research Institute | Person in charge                         | 2019/6/18     |  |
| Zhou Pengcheng   | Triangle Huatai (Shanghai) International Trading Co.                                    | Directors                                | 2021/1/25     |  |
| Song Qiqiang   | Triangle (Weihai) Huasheng Tire Co.   | Directors                                | 2016/5/11     |  |
| Service in other units<br>Description of the situation |   |  |               |  |

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

☒ Applicable ☐ Not applicable

|   |  |
|---|--|
| Decision-making procedures for compensation of directors, supervisors and senior management | The remuneration of directors and supervisors shall be submitted by the Board of Directors and the Supervisory Committee to the General Meeting of Shareholders for approval and confirmation respectively, and the remuneration standards of senior management shall be reviewed and submitted by the Remuneration and Evaluation Committee of the Board of Directors Board approval. |
| Compensation for Directors, Supervisors and Senior  | Remuneration Management System for Directors and Supervisors of Triangle Tire Co.  |



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

√Applicable □ Not applicable

| Name          | Positions held | Change situation | Reason for change                                     |
|---------------|----------------|------------------|---|
| Niu Yanli     | Directors      | Elections        | By-election of Directors                              |
| Late Thursday | Directors      | Outgoing         | Resignation as a director due to change in employment |

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

□Applicable √Not applicable

**(vi) Other**

□Applicable √Not applicable

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

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

|   |           |   |
|---|-----------|---|
| Fifth Meeting of the Sixth Board of Directors | 2021/1/13 | <p>Consideration and adoption of the "Proposal on the Nomination of Non-Independent Directors of the Company" and "Proposal on the Request for Convening the First Extraordinary General Meeting of the Company in 2021", as detailed in the Company's announcement on 1 January 2021.</p> <p>Announcement of Resolutions of the Fifth Meeting of the Sixth Session of the Board of Directors of Triangle Tire, disclosed on 14 June (Public (Report No. 2021-002)).</p>  |
| Sixth Meeting of the Sixth Board of Directors | 2021/4/21 | <p>Consideration and adoption of the "2020 Annual Report of the General Manager of the Company" and "2020 Annual Report of the Board of Directors of the Company</p> <p>Annual Work Report" "Report of the Independent Directors of the Company for the Year 2020" "Report of the Directors of the Company Report on the Performance of the Audit Committee of the Board of Directors for the Year 2020" "Report on the Company's Financial Results for the Year 2020</p> <p>Report on the Company's Internal Control Evaluation Report for the Year 2020</p> <p>Social Responsibility Report" "Report on the Deposit and Actual Use of the Company's Proceeds for 2020</p> <p>Special Report" "The Company's 2020 Profit Distribution Plan" "The Company's 2020 Annual</p> <p>Report and Summary" on "Estimated Daily Connected Transactions between the Company and Triangle Group in 2021</p> <p>Proposal on the Estimated Daily Connected Transactions between the Company and China National Heavy Duty Truck for the Year 2021</p> <p>Proposal to Confirm the Total Remuneration of the Company's Senior Management in 2020 and to Determine the Amount of Remuneration</p> <p>Proposal to Set the Remuneration Standard for 2021" "Proposal to Confirm the Total Remuneration of the Company's Directors for 2020</p> <p>Proposal on the Amount and Determination of Remuneration Standard for 2021" "Proposal on the Appointment of the Company's Financial Controller for 2021</p> <p>Proposal on the Company's Integrated Audit and Internal Control Auditors for 2021</p> <p>Proposal on the Line of Credit and Daily Loan" "Proposal on the Company's Cash Management Line for the Year 2021" "Proposal on the Amendment to the Management System for Registration of Insider Information of Triangle Tire Co.</p> <p>For details, please refer to the "Sixth Session of the Board of Directors of Triangle Tire" disclosed by the Company on April 22, 2021.</p> <p>Announcement of Resolutions of the Sixth Meeting of the Board of Directors" (Announcement No. 2021-010).</p> |
| Sixth Board of Directors Seventh Meeting      | 2021/4/27 | To consider and adopt the Company's First Quarterly Report for 2021.  |
| Eighth Meeting of the Sixth Board of          | 2021/5/19 | Consideration and adoption of the "Proposal on the Company's application for a comprehensive credit line from financial institutions", as detailed in the "Eighth Meeting of the Sixth  |

|   |            |  |
|---|------------|--|
| Directors                                     |            | Session of the Board of Directors of Triangle Tire" disclosed by the Company on May 20, 2021.<br>Announcement of Resolutions of the Second Meeting (Announcement No. 2021-022).  |
| Ninth Meeting of the Sixth Board of Directors | 2021/8/25  | Consideration and approval of the "Half-yearly Report of the Company for 2021 and its Summary" and the "Amendment to the "Triangular Wheel Ltd. on the Information Disclosure System", as detailed in the Company's announcement on August 2021<br>Announcement of Resolutions of the Ninth Meeting of the Sixth Session of the Board of Directors of Triangle Tire, disclosed on 26th March (Public Report No. 2021-025). |
| Sixth Board of Directors Tenth Meeting        | 2021/10/28 | To consider and adopt the Company's Third Quarterly Report for 2021.   |

## VI. Performance of duties by directors

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

| Name of Director | Whether independent director | Participation in the Board of Directors                               |                               |   |                                |                    |   | Participating Shareholders General Assembly              |
|------------------|------------------------------|---|-------------------------------|---|--------------------------------|--------------------|---|--|
|                  |                              | Attendance at the Board of Directors is due this year Number of times | Number of personal attendance | Participate by correspondence Add times | Number of Delegated Attendance | Number of absences | Is not personally participated in two consecutive Plus meetings | Attendance at the General Meeting of Shareholders Number |
| Butylwood        | No                           | 6   | 6                             | 1                                       | 0                              | 0                  | No  | 2  |
| Lin Xiaobin      | No                           | 6   | 6                             | 0                                       | 0                              | 0                  | No  | 2  |
| Shan Guolin      | No                           | 6   | 6                             | 0                                       | 0                              | 0                  | No  | 2  |
| Zhong Danfang    | No                           | 6   | 6                             | 0                                       | 0                              | 0                  | No  | 2  |
| Xiong Shunmin    | No                           | 6   | 6                             | 0                                       | 0                              | 0                  | No  | 2  |
| Niu Yanli        | No                           | 5   | 5                             | 4                                       | 0                              | 0                  | No  | 2  |
| Liu Feng         | Yes                          | 6   | 6                             | 6                                       | 0                              | 0                  | No  | 2  |
| Fan              | Yes                          | 6   | 6                             | 5                                       | 0                              | 0                  | No  | 2  |

|                   |     |   |   |   |   |   |    |   |
|-------------------|-----|---|---|---|---|---|----|---|
| Xuejun            |     |   |   |   |   |   |    |   |
| Qiaolin<br>g Fang | Yes | 6 | 6 | 4 | 0 | 0 | No | 2 |

Explanation of failure to attend two consecutive board meetings in person

☐Applicable ☒Not applicable

|   |   |
|---|---|
| Number of board meetings held during the year     | 6 |
| Of which: Number of on-site meetings              |   |
| Number of meetings held by means of communication |   |

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

☐Applicable ☒Not applicable

**(iii) Others**

☐Applicable ☒Not applicable

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

☒Applicable ☐ Not applicable

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

| Specialized Committee Categories | Member Name                                   |
|----------------------------------|---|
| Audit Committee                  | Fan Xuejun (Director), Fang Qiaoling, Ding Mu |
| Nominating Committee             | Liu Feng (Director), Fan Xuejun, Ding Mu      |

**(2) The Nomination Committee held 1 meeting during the reporting period**

| Date      | Conference content        | Important comments and suggestions | Other performance of duties |
|-----------|---------------------------|------------------------------------|-----------------------------|
| 2021/1/11 | The second meeting of the | Discussed and                      | Ms. Niu Yanli was           |

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

| Date      | Conference content  | Important comments and suggestions   | Other performance of duties  |
|-----------|---|--|--|
| 2021/2/5  | The fifth meeting of the Audit Committee of the Sixth Session of the Board of Directors, to consider the "Report on the Company's 2020 Annual Audit Communication on Matters Relating to the Accounting Work" "Report on the Company's Internal Audit Work for the Year 2020" "Proposal on the Confirmation of Related Persons of the Company". | The aforementioned proposals were considered and passed, confirming the Company's 2020 annual report audit plan, approving the Company's 2021 internal audit work plan, and adding Ms. Niu Yanli and close family members as members of the Company's Board of Directors. United People. | Supervise and evaluate the work of external auditors and guide the internal audit work of the company. |
| 2021/4/11 | The sixth meeting of the Audit Committee of the Sixth Session of the Board of Directors to consider the "Report on the Performance of the Audit Committee of the Board of   | Considering the adoption of the aforementioned proposal, the company's financial   | Communicate fully with the company's financial officer and external auditors to                        |

|            |  |  |  |
|------------|--|--|--|
|            |  | Reflect the actual situation of the company. Same The Company intends to submit to the Board of Directors for consideration.   |  |
| 2021/5/19  | The eighth meeting of the Audit Committee of the Sixth Session of the Board of Directors to consider the "Proposal on the Confirmation of Related Persons of the Company".   | Consider and adopt the aforementioned proposal to add Beijing BPS Biotechnology Co. Interchange.   |  |
| 2021/8/15  | The ninth meeting of the Audit Committee of the Sixth Session of the Board of Directors to consider the "Half-Yearly Report of the Company for 2021 and its Summary".  | Having considered and approved the aforesaid proposal, the half-yearly report of the Company for 2021 can fairly reflect the actual situation of the Company. Agree Submitted to the Board of Directors for consideration. |  |
| 2021/10/25 | The tenth meeting of the Audit Committee of the sixth session of the Board of Directors to consider the "Third Quarterly Report of the Company for 2021" "Proposal on the Confirmation of Related Persons of the Company". | Ltd. as an affiliated legal person and to change the affiliated legal person situation of China National Heavy Duty Truck Group Jinan Investment Co. SSE.  |  |

**(4). The Remuneration and Evaluation Committee held 1 meeting during the reporting**

| Date period | Conference content  | Important comments and suggestions  | Other performance of duties                       |
|-------------|---|---|---|
| 2021/4/11   | The second meeting of the Remuneration and Evaluation Committee of the Sixth Session of the Board of Directors, to consider the "Report on the Confirmation of the Total Remuneration of Senior | The aforementioned motion was considered and approved to be submitted to the Board of Directors | Study of compensation levels of listed companies. |

**(5). The Strategic Development Committee held 1 meeting during the reporting period**

| Date      | Conference content                                     | Important comments and suggestions | Other performance of duties |
|-----------|--|------------------------------------|-----------------------------|
| 2021/4/11 | The first meeting of the Strategic <sup>70 / 268</sup> | The foregoing                      | Pay attention to            |

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

☐Applicable    ☒Not applicable

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

☐Applicable    ☒Not applicable

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

**IX. Employees of the parent company and major subsidiaries at the end of the reporting period****(i) Employee profile**

|  |       |
|--|-------|
| Number of active employees of the parent company | 3,524 |
| Number of active employees of major subsidiaries | 1,862 |

|  |                                    |
|--|------------------------------------|
| Total number of active employees   | 5,386                              |
| Number of retired employees of the parent company and major subsidiaries required to bear expenses |                                    |
| Professional Composition   |                                    |
| Professional composition categories  | Number of professional composition |
| Production staff   | 3,806                              |
| Sales staff  | 219                                |
| Technical Staff  | 917                                |
| Finance Staff  | 100                                |
| Administrative staff   | 344                                |
| Total  | 5,386                              |
| Education level  |                                    |
| Education level category   | Number (people)                    |
| Graduate student and above   | 78                                 |
| Undergraduate  | 766                                |
| Specialty  | 1,066                              |
| Under Specialized  | 3,476                              |
| Total  | 5,386                              |

### (ii) Remuneration Policy

√Applicable ☐ Not applicable

The company establishes a salary management system in line with the development of the enterprise according to the requirements of the Labor Law and related laws and regulations. With talent strategy as the core, salary is determined by job and performance, and salary mainly includes fixed part and performance part, which is paid monthly according to performance. The company regulates and adjusts the salary incentive policy according to the internal and external operating conditions to ensure the salary is fair inside and competitive outside, and continuously optimizes the salary incentive policy to lead, motivate and build a team of professional and technical talents who can grow and progress together with the company's globalization business.

In 2021, the Company will further deepen the implementation of the “dual-track” management mechanism in management and technical positions, provide two-way career paths for employees' promotion and development, and establish a long-term mechanism for salary increase. The Company and its subsidiaries have paid “five insurance and one fund” for all employees in accordance with the relevant national and local social security regulations and policies.

### (iii) Training Program

√Applicable ☐ Not applicable

The company continuously optimizes the three-level training management model at the company level, department/section level and team level to achieve full coverage of training; focuses on improving employees' competence and professional skills in all aspects and carries out targeted series of training around the company's globalization brand strategy; inherits the



company's culture, knowledge and experience by combining internal knowledge sharing and external knowledge introduction, and absorbs advanced external Through a combination of internal knowledge sharing and external knowledge introduction, the company will inherit the company's culture, knowledge and experience, and absorb advanced external concepts, knowledge and methods, improve the competence of employees, boost business performance and support the company's globalization strategy. In 2021, the company will carry out seven types of training programs, including: cooperation with Zhejiang University School of Management to complete the training of middle and high school students.

All courses of innovation management workshop for middle and senior managers, and organize batches of middle and senior managers to attend special training of entrepreneur base; organize and carry out special training and examination of safety and fire prevention for middle and senior managers and management technical backbone; organize and carry out special training of customs laws and regulations and special training of aviation tire quality system; carry out 6 batches of senior workers and 1 batch of technicians' independent evaluation training and examination and certification of skilled personnel In response to the notice of Weihai Municipal Committee to coordinate epidemic prevention and control and economic operation work leading group office, we organized the training for the upgrading of job skills for employees who stayed in the Spring Festival; we conducted a series of professional theoretical and skill upgrading training for maintenance technicians, key production positions such as hosts and other grassroots backbone personnel; we conducted training for newly recruited middle and senior managers, management and technical personnel, college graduates and frontline employees on company culture, system, safety and fire safety knowledge and job skills, Safety and fire safety knowledge, professional knowledge and job skills training.

**(iv) Outsourcing of labor services**

☐Applicable ☒Not applicable

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

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

☒Applicable ☐ Not applicable

1. The Company has implemented a continuous and stable profit distribution policy. In accordance with the "Guidelines for Supervision of Listed Companies No. 3 - Cash Dividends for Listed Companies" of the CSRC and the relevant requirements of the Shanghai Stock Exchange, the Company has made clear provisions in its Articles of Association on the decision-making procedures and mechanism for profit distribution, as well as the specific conditions, ratio and manner of cash dividends.

2. During the reporting period, the Company's 2020 Annual General Meeting held on May 19, 2021 considered and approved the Company's 2020 Annual Profit Distribution Plan": Based on the total share capital registered on the date of registration of the equity distribution, a profit distribution will be made to all shareholders for every 10 shares. Cash dividends of RMB4 (including tax) were paid out, totaling RMB320 million (including tax). The cash dividends paid accounted for 30.19% of the net profit attributable to shareholders of the listed company for the year. The independent directors expressed their unanimous independent opinion on the proposal and the distribution plan was implemented on June 25, 2021. Since the listing of the Company, the Company has paid cash dividends for five consecutive years, and the cash dividend accounted for an average of 35% over the past five years.

3. The Company's profit distribution plan for the year 2021 is: The Company intends to implement the equity distribution based on the total share capital registered on the date of registration of the equity distribution

The remaining undistributed profits will be carried forward to future years, and there will be no share distribution and no capitalization of capital reserve. If there is a change in the total number of shares of the Company before the registration date of the equity distribution, it is proposed to maintain the same distribution ratio per share and adjust the total distribution accordingly. The proposal is subject to the approval of the shareholders' meeting before implementation. Based on the total share capital of 800 million shares as of December 31, 2021, the total proposed cash dividend is RMB184 million (including tax), accounting for 30.65% of the net profit attributable to shareholders of the listed company in the consolidated statement of income for 2021.

4. The Company implements the Articles of Association, attaches great importance to cash dividends and has established a continuous, stable and scientific dividend return mechanism for investors; during the reporting period, the Company's profit distribution policy has not been adjusted and the profit distribution plan is in compliance with the provisions of the Articles of Association, which can fully protect the legitimate rights and interests of small and medium-sized investors, and the independent directors of the Company express their agreement.

## (II) Special Note on Cash Dividend Policy

☒ Applicable ☐ Not applicable

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

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

☐ Applicable ☒ Not applicable

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

**change in the subsequent implementation**

☐Applicable ☒Not applicable

**(II) Incentive situation not disclosed in**

**the interim announcement or with**

**subsequent progress Equity incentive**

situation

☐Applicable ☒Not applicable

Other notes

☐Applicable

☒Not applicable

to employee stock

ownership plan

☐Applicable

☒Not applicable

Other incentives

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

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

☒Applicable ☐ Not applicable

The Company has established a relatively sound corporate governance structure and system, and has formulated the Articles of Association and the Rules of Procedure of the General Meeting of Shareholders

The Rules of Procedure of the Board of Directors, the Rules of Procedure of the Supervisory Board, the Working Rules of the General Manager, the Management System of External Guarantees, the Investment Management Measures, the Decision-making System of Affiliated Transactions, the Information Disclosure System, the Internal Audit Management System and other systems, the Company's various internal control systems ensure the integrity and effectiveness of the Company's internal control system and promote the coordinated, orderly and efficient operation of the Company's business management activities.

During the reporting period, the Company continuously improved the standardization and implementation effectiveness of the internal control system, and revised the Information Disclosure System and the Management System for Registration of Lovers of Insider Information in accordance with the revision of the Securities Law, the Code of Governance of Listed Companies, the Measures for the Administration of Information Disclosure of Listed Companies and other legal systems; the internal control mechanism of the Company operated effectively and no material deficiencies in the internal control of the Company were found. For details, please refer to "Triangle Tire Co., Ltd." disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on April 27, 2022.

2021 Internal Control Evaluation Report".

Description of significant deficiencies in internal control for the reporting period

☐Applicable ☒Not applicable

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

☒Applicable ☐ Not applicable

The Company implements group management for the subsidiaries within the scope of consolidation, and the subsidiaries operate independently within the framework of the Company's overall policy objectives. The subsidiaries are required to strictly comply with the company's management systems, including those for information disclosure, investment, guarantee, connected transactions, financial management and human resources management. The company controls the risk of production and operation, asset management and capital operation of each subsidiary, which improves the overall collaboration efficiency and risk resistance of the company.

During the reporting period, the Company's subsidiaries included wholly-owned subsidiaries Triangle (Weihai) Huasheng Tire Company Limited, Triangle (Weihai) Hua'an Logistics Company Limited, Triangle Huatai (Shanghai) International Trade Company Limited, Triangle American Tire Technology Company Limited (A3T LLC), Triangle (Qingdao) Commercial Factoring Company Limited, Triangle Tire (Hong Kong) Limited, 2015 US INVESTMENT HOLDING CORPORATION, USA TRIANGLE TYRE SALES COMPANY, TRIANGLE TYRE (USA) TECHNOLOGIES LLC and other overseas sales subsidiaries, and the holding subsidiary Triangle (Weihai) Huada Tire Rejuvenation Co.

During the reporting period, the Company established a new subsidiary in Singapore, Triangle Tyre Asia Pacific Pte. Ltd, and did not add any other subsidiary, and there was no loss of control of the subsidiary.

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

☒Applicable ☐Not applicable

For details, please refer to the "Triangle Tire Co." disclosed by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on April 27, 2022

Internal Control Audit Report as of December 31, 2021. Whether to disclose the internal control audit report: Yes

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

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

In accordance with the work plan of CSRC, the Company conducted a special self-examination of corporate governance of listed companies in 2021, and conducted a comprehensive review of corporate governance against the self-examination matters and the regulatory rules of listed companies in accordance with the principle of seeking truth from facts, to identify problems and shortcomings, and to take this opportunity to improve and enhance corporate governance. The status of this corporate governance self-inspection is as follows:

(i) The Company has established a relatively sound corporate governance system in accordance with the Company Law, the Securities Law and other laws and regulations, as well as the relevant provisions of the CSRC and the Shanghai Stock Exchange, with a relatively sound governance structure and standardized operations.

(2) With the continuous improvement of capital market laws and regulations, rules and business rules, the Company needs to revise and improve the existing system of the Company in accordance with the latest legal system, and make new system in a timely manner. 2021 The Company has already established a new system in accordance with the CSRC

The regulatory system such as "Measures for the Administration of Information Disclosure of Listed Companies" has been updated, revised and issued "Information Disclosure System of Triangle Tire Co., Ltd." "Registration Management System of Insider Information Knowing Lovers of Triangle Tire Co., Ltd." In 2022, the Company will revise and improve the relevant system of the Company in conjunction with the new regulations and business rules issued by CSRC and SSE.

(3) The company focuses on its main tire business and returns to investors with good performance and stable dividends. In terms of communication with investors, the Company will strengthen communication and interaction with investors through annual performance presentation and online collective reception activities for investors. In 2021, the Company held the annual results presentation for 2020 and participated in the online collective reception day for investors in Shandong Province to communicate and exchange with investors on matters such as the Company's operation and business performance for 2020. 2022, the Company will organize a results presentation after the disclosure of regular reports.

The continuous standardization and improvement of the governance of listed companies is the key to improving the quality of the company's operation and guaranteeing its healthy development. The company will continue to improve its governance structure and standardized operation level to reward investors with excellent performance.

**XVI. Other**

□Applicable √Not applicable

**Section V Environmental and Social Responsibility****I. Environmental information situation****(i) Description of the environmental protection of the Company and its major subsidiaries that are key emission units announced by the environmental protection authorities**

√Applicable □ Not applicable

**1. Discharge information**

√Applicable □ Not applicable

The company strictly abides by environmental protection laws and regulations, deepens environmental protection management, and established ISO14001 environmental management system in May 1999, and took the lead in passing the third-party environmental management system certification audit in December of the same year, becoming the first enterprise in the domestic tire industry to pass the environmental management system certification. In the process of promoting the operation of the environmental management system, the company has continued to improve the environment and enhance its environmental performance. The company's new, reform and expansion projects all comply with the "three simultaneous" management of environmental protection of construction projects.

The company's subsidiaries, Huasheng Company, Huamao Branch and Huayang Branch, are among the key emission units announced by Weihai Ecological Environment Bureau in 2021, and the main pollutants are sewage, waste gas and solid waste, all of which met the emission standards during the reporting period. The specific situation is as follows:

**(1) Huasheng Corporation**

| C at e g o r y | Main pollutants    | Emission method              | Num ber of Outl ets | Emi ssio n port locat ion | Impl eme ntati on Stan dard s | Actual emission concentration | Tota l actu al emis sion s /t | Tota l appr ove d emis sion s t/a | Exc ess emis sion s |
|----------------|--------------------|------------------------------|---------------------|---------------------------|-------------------------------|-------------------------------|-------------------------------|-----------------------------------|---------------------|
| St ati o n     | Particulate matter | After treatment, the exhaust | 24                  | Trea tme nt               | 10mg/m <sup>3</sup>           | 1.3-6.6mg/m <sup>3</sup>      | 7.98                          | —                                 | None                |

**(2) Huamao Branch**

| C at e g o r y | Main pollutants    | Emission method            | Num ber of Outl ets | Emi ssio n port locat ion | Impl eme ntati on Stan dard s | Actual emission concentration | Total actual emis sion s/t | Tota l appr ove d emis sion s t/a | Exc ess emis sion s |
|----------------|--------------------|----------------------------|---------------------|---------------------------|-------------------------------|-------------------------------|----------------------------|-----------------------------------|---------------------|
| St ati o n     | Particulate matter | The exhaust gas is treated | 54                  | Trea tme nt facili        | 10mg/m <sup>3</sup><br>78/268 | 1.3-3.6mg/m <sup>3</sup>      | 10.74.                     | —                                 | None                |

## (3) Huayang Branch

| C<br>at<br>e<br>g | Main<br>pollut<br>ants | Emission<br>method | Nu<br>mbe<br>r of<br>Outl<br>ets | Emi<br>ssi<br>on<br>por<br>t | Impl<br>eme<br>ntati<br>on | Actual<br>emission<br>concentration | Total<br>actual<br>emissi<br>ons<br>/t | Total<br>approv<br>ed<br>emissi<br>ons | Exc<br>eedi<br>ng<br>emis<br>sion |
|-------------------|------------------------|--------------------|----------------------------------|------------------------------|----------------------------|-------------------------------------|--|--|-----------------------------------|
|-------------------|------------------------|--------------------|----------------------------------|------------------------------|----------------------------|-------------------------------------|--|--|-----------------------------------|

|  |                                |   |   |                                   |                     |                            |        |       |      |
|--|--------------------------------|---|---|-----------------------------------|---------------------|----------------------------|--------|-------|------|
| Ti<br>n<br>g<br>Y<br>u<br>e<br>n<br>W<br>a<br>s<br>t<br>e<br>G<br>a<br>s | Non-methane total hydrocarbons | After 35 meters and 15m exhaust pipe emissions                              |   | Facility outfall                  | 10mg/m <sup>3</sup> | 1.6-7.69 mg/m <sup>3</sup> | 14.35. | –     | None |
| S<br>e<br>w<br>a<br>g<br>e   | Chemical needs Oxygen level    | After treatment by sewage treatment station into the municipal Pipe Network | 1 | Total discharge port of the plant | 300mg/L             | 132-198mg/L                | 2.1    | 15.68 | None |
|  | Ammonia nitrogen               |   |   |                                   | 30mg/L              | 6.72 mg/L                  | 0.05   | 0.30  | None |

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

√Applicable ☐ Not applicable

During the reporting period, the pollution prevention and control facilities of Huasheng Company, Huamao Branch and Huayang Branch were operating normally. The production wastewater is treated by the sewage treatment station and other facilities in the plant and then enters the municipal pipeline network, which complies with the Emission Standards for Pollutants in Rubber Products Industry. For waste gas, in the transportation link, carbon black is transported by tanker truck and directly transported by pneumatic conveying into carbon black storage silo; in the pollution production link, pulse bag filter and VOCs odor treatment facilities are installed, which are in line with the "Shandong Province Regional Comprehensive Emission Standards for Air Pollutants" and "Emission Standards for Rubber Products Industry Pollutants". Solid wastes are classified and disposed of, and domestic wastes are transported and disposed of by the Environmental Health Management Office; general industrial solid wastes are recycled and comprehensively utilized by qualified dealers; hazardous wastes such as waste lubricating oil and waste machine oil are handed over to qualified units for disposal or utilization.

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

√Applicable ☐ Not applicable

Huasheng Company, Huamao Branch and Huayang Branch strictly follow the laws and regulations to implement the environmental impact assessment of construction projects and the three simultaneous systems of environmental protection of construction projects, and the projects have been approved by the environmental assessment and passed the environmental protection inspection and acceptance.

## 4. Emergency response plan for sudden environmental events

√Applicable ☐ Not applicable

Huasheng Company, Huamao Branch and Huayang Branch have formulated emergency response plans for corporate environmental emergencies and filed them with the local environmental protection department.



**5. Environmental self-monitoring program**√Applicable ☐ Not applicable

Huasheng Company, Huamao Branch and Huayang Branch strictly comply with and implement national and local government environmental protection laws, regulations and other relevant management regulations. The construction of the project strictly implements the environmental impact assessment system of the construction project, and the production operation strictly complies with the 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 the discharge and reasonable disposal of various pollutants in accordance with the standards.

In 2021, Huasheng Company, Huamao Branch and Huayang Branch signed a contract with a qualified third-party testing unit to conduct daily testing of the pollutants discharged in accordance with the requirements of laws and regulations and issue testing reports, and the pollutants were 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 disclosed**☐Applicable √Not applicable**(II) Description of environmental protection of companies other than key emission units**√Applicable ☐ Not applicable**1. Administrative penalties for environmental problems**☐Applicable √Not applicable**2. Disclosure of other environmental information with reference to key emission units**√Applicable ☐ Not applicable

The main pollutants of Huada Company and Huaxin Branch under the company are sewage, waste gas and solid waste. The specific situation is as follows:

(1) Wah Tat Company

| Categ<br>ory | Main<br>polluta<br>nts | Emission<br>method | Nu<br>mbe<br>r of | Emi<br>ssio<br>n | Imple<br>men<br>tatio<br>n | Actual<br>emissi<br>on | Total<br>actual<br>emissi | Total<br>approv<br>ed | Exc<br>eedi<br>ng |
|--------------|------------------------|--------------------|-------------------|------------------|----------------------------|------------------------|---------------------------|-----------------------|-------------------|
|--------------|------------------------|--------------------|-------------------|------------------|----------------------------|------------------------|---------------------------|-----------------------|-------------------|

|  |                                |  |   |                                   |                      |                                      |      |      |      |
|--|--------------------------------|--|---|-----------------------------------|----------------------|--------------------------------------|------|------|------|
| Stationary source exhaust gas                                | Particulate matter             | The exhaust gas is treated by 30 m and 16 m exhaust pipe Discharge   | 6 | Treatment facility discharge port | 10mg/m <sup>3</sup>  | 1-4.8mg/m <sup>3</sup>               | 1.33 | –    | None |
|  | Non-methane total hydrocarbons |  |   |                                   | 10mg/m <sup>3</sup>  | 1.4-9.76mg/m <sup>3</sup>            | 5.81 | –    | None |
| Sewage   | Chemical needs Oxygen level    | Discharged into the city after treatment by the sewage treatment station Administration and Management Network | 1 | Total discharge port of the plant | 300mg/L              | 104-186 mg/L                         | 3.52 | 4.2  | None |
|  | Ammonia nitrogen               |  |   |                                   | 30mg/L               | 4.19-19.7mg/L                        | 0.09 | 0.43 | None |
| Stationary source exhaust gas (Natural Gas Cooker) (furnace) | Particulate matter             | After treatment, it is discharged through a 16-meter discharge pipe.   | 1 | Treatment facility discharge port | 10mg/m <sup>3</sup>  | 2.9mg/m <sup>3</sup>                 | 0.18 | –    | None |
|  | Dioxide Sulfur                 |  |   |                                   | 50mg/m <sup>3</sup>  | Not detected (<3 mg/m <sup>3</sup> ) | 0.06 | 9.51 | None |
|  | Nitrogen oxides                |  |   |                                   | 200mg/m <sup>3</sup> | 55.3mg/m <sup>3</sup>                | 6.78 | 17.6 | None |

## (2) Huaxin Branch

| Category   | Main pollutants    | Emission method      | Number of Outlets | Emission port location | Implementation Standards | Actual emission concentration | Total actual emissions /t | Total approved emissions t/a | Excess emissions |
|------------|--------------------|----------------------|-------------------|------------------------|--------------------------|-------------------------------|---------------------------|------------------------------|------------------|
| Stationary | Particulate matter | After treatment, the | 2                 | Treatment facility     | 10mg/m <sup>3</sup>      | 3.2-6.8mg/m <sup>3</sup>      | 1.23                      | –                            | None             |

The pollution prevention and control facilities of Huada Company and Huaxin Branch are running normally, and qualified third-party testing units are commissioned to conduct daily tests on the pollutants discharged in accordance with the requirements of laws and regulations, and test reports are issued, and the pollutants meet the emission standards.

### **3. Reasons for not disclosing other environmental information**

☐Applicable ☒Not applicable

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

☒Applicable ☐ Not applicable

The company is the first advocate and pioneer of low-carbon green development in the tire industry, insisting on implementing clean production, focusing on green design, and actively creating a new productivity model of "low-carbon economy and green manufacturing", which was recognized as the first batch of industrial product green design demonstration enterprises by the Ministry of Industry and Information Technology in 2019.

The company pays great attention to the impact of tire products on the environment in the process of raw material selection, design, manufacturing, logistics, use and waste disposal, and actively promotes the work related to green products and green manufacturing. In the production process, we attach great importance to the management of various environmental impact factors, standardize noise management and air cleaning treatment, take effective treatment measures for waste water, waste gas, general solid waste and hazardous waste to reduce pollutant emissions; use green and environmentally friendly materials that reach the level of international advanced standards in the production field, and eliminate non-environmentally friendly aromatic oils, antioxidants, vulcanizing agents, etc. Over the years, the Company has continued to invest in the construction and renovation of environmental protection facilities such as wastewater and waste gas to improve the treatment capacity and efficiency and reduce emissions of dust, VOCs, ammonia nitrogen and COD. During the reporting period, the company passed the evaluation of Weihai City Green Manufacturing System Construction - Green Factory in 2021.

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

☒Applicable ☐ Not applicable

In 2021, "carbon peaking" and "carbon neutrality" have been written into the government work report and incorporated into the overall layout of ecological civilization construction, and "carbon reduction" has become the consensus and common responsibility of the whole society. It has become the consensus and common responsibility of the whole society.

Over the years, the company has been steadfastly and pioneeringly implementing the "carbon reduction" action, taking energy-saving and carbon reduction measures in various aspects such as factory construction, equipment operation and maintenance, manufacturing system, process technology and product design, etc., committed to creating a "low-carbon, green, environmentally friendly and efficient" tire industry. We are committed to creating a new productivity standard of "low-carbon, green, environmentally friendly and efficient" **in the tire industry**, developing and promoting environmentally friendly and energy-saving tire technologies and products, and promoting green manufacturing and green travel. The company uses ground-source heat pump to supply heating and cooling for the R&D center and office area all year round, promotes the use of light-guided lighting system in the manufacturing system, and uses rooftop solar photovoltaic power generation.

In 2021, 2.205 million kilowatt hours of solar photovoltaic power will be generated, reducing carbon dioxide emissions by 1,760 tons; in addition, the company uses Silicon carbide ceramic coated pump body renovation technology is used to renovate 21 circulating water pumps and chilled water pumps of Huamao Branch, resulting in an annual saving of 260 The potential for power saving is 2.8 million kilowatt hours per year, reducing carbon dioxide emissions by 1,950 tons per year; a new set of high-efficiency and energy-saving deep-cooling nitrogen plant is added to Huasheng Company to eliminate the original PSA nitrogen plant, resulting in an annual power saving potential of 2.8 million kilowatt hours, reducing carbon dioxide emissions by 2,100 tons per year.

## II. Social Responsibility Work

☒Applicable ☐Not applicable

For details, please refer to the Company's "Triangle Tire Co." disclosed on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on April 27, 2022

Ltd. 2021 Annual Social Responsibility Report.

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

☐Applicable ☒Not applicable

## Section VI Important Matters

### I. Implementation of commitments

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

√Applicable □ Not applicable

| Commitment Background   | Type of commitment | Committed Parties   | Commitment content  | Commitment time and period                  | Whether there is a performance period | Is the timely and strict performance | If the failure to perform in a timely manner should indicate the failure to complete the performance of Specific reasons | Failure to perform in a timely manner should indicate the next Step-by-Step Plan |
|---|--------------------|---------------------|---|---|---------------------------------------|--------------------------------------|--|--|
| Acquisition Report Book or interest Change Report Made in the | Other              | Dingmu, Wang Fufeng | After the death of Mr. Ding Yuhua, the former de facto controller of Triangle Tire Company Limited, I inherited the estate in accordance with the law, and this inheritance constitutes an acquisition of a listed company in accordance with the "Measures for the Administration of Takeovers of Listed Companies" and other provisions. I, as the actual controller and/or person acting in concert with Triangle Tire Company Limited, undertake, in accordance with the "Measures for the Administration of Takeovers of | Consistent with the term of the IPO-related | No                                    | Yes                                  |  |  |

|  |                                 |                |   |                    |    |     |  |  |
|--|---------------------------------|----------------|---|--------------------|----|-----|--|--|
|  |                                 |                | <p>The company/I undertake to transfer the business that generates competition in the same line of business to the company or a subsidiary of the company or other independent third party.</p> <p>5. Before the relationship with the Company is substantially changed, the Company guarantees that it will never compete with the Company and the Company's subsidiaries in the same line of business.</p> <p>The above undertakings are legally binding on the Company/me and if the Company/me breaches any of the above undertakings to the detriment of the Company or other shareholders of the Company, the Company/me</p> <p>We are willing to bear the corresponding legal responsibility.</p>  |                    |    |     |  |  |
| Commitments related to initial public offering | Resolving interbank competition | Triangle Group | <p>The Agreement on the Avoidance of Intercompetition of National Engineering Laboratory Project signed between Triangle Group and Triangle Tire stipulates that after the National Engineering Laboratory Project has been accepted by the National Development and Reform Commission, it will apply for changing the main body of the construction unit of the National Engineering Laboratory Project to the name of Triangle Tire in accordance with the relevant laws and regulations such as the Measures for the Administration of National Engineering Laboratory, and make its best efforts to cooperate with the completion of the work required for the change of the main body of the National Engineering Laboratory Project. We will do our best to complete the work required for the change of the main body of the national engineering laboratory project. After the main body of the national engineering laboratory project is changed to Triangle Tire, Triangle Tire will be fully responsible for the operation and management of the national engineering laboratory project. Triangle Group guarantees not to interfere or participate in any way in the operation of the National Engineering Laboratory. Prior to the change of the construction unit of</p> | Long-term validity | No | Yes |  |  |

|  |   |                                   |   |                           |    |     |  |  |
|--|---|-----------------------------------|---|---------------------------|----|-----|--|--|
|  |   |                                   | the National Engineering Laboratory to the Company, Triangle Group will fully entrust the Company to manage and operate the National Engineering Laboratory on behalf of Triangle Group, enjoy all the rights and assume the corresponding obligations of Triangle Group in the National Engineering Laboratory project. Within an appropriate time after the completion of the acceptance of the National Engineering Laboratory project, Triangle Group undertakes to transfer the ownership of the relevant machinery and equipment purchased in its own name and the related assets constructed to Triangle Tire. Among them, the equipment during the customs supervision period will be leased and used by Triangle Tire first, and then sold to Triangle Tire after the expiration of the supervision period. Triangle Group undertakes to guarantee Triangle Tire's maximum contribution to the National Engineering Laboratory project. The intended assets have full property rights. |                           |    |     |  |  |
|  | Settle<br>ment<br>of<br>conne<br>cted<br>transa<br>ctions | Triangle<br>G r o u p ,<br>Dingmu | As the controlling shareholder/actual controller of Triangle Tire Co., Ltd., the <b>Company/I</b> make the following statements and undertakings regarding the connected transactions that have occurred or may occur between enterprises other than Triangle Tire controlled by the Company/I and Triangle Tire and Triangle Tire's subsidiaries:<br>I. Enterprises other than Triangle Tire controlled by the Company/me will minimize or avoid connected transactions with Triangle Tire or Triangle Tire's subsidiaries.<br>II. For related transactions that cannot be avoided or occur for a reasonable reason, the Company/I<br>Control of enterprises other than Triangle Tire will follow the principles of openness, fairness and impartiality  | Long-<br>term<br>validity | No | Yes |  |  |

|  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|
|  |  |  | <p>Transactions are conducted at fair and reasonable market prices, and the decision-making procedures for connected transactions are strictly performed in accordance with the provisions of relevant laws, regulations and regulatory documents.</p> <p>3. The <b>Company/I</b> undertake to strictly implement the recusal from voting system in the approval procedures for connected transactions, and in reviewing connected transactions, the Company/I myself and cause the directors, other shareholders and other persons having an interest in the connected transactions not to vote, nor shall I vote by proxy or accept proxy to vote on behalf of others.</p> <p>4. The Company/I undertake to fulfill the information disclosure obligations and handle the relevant reporting and approval procedures for connected transactions in accordance with the law.</p> <p>V. The Company/I guarantee that I will not use the connected transactions to transfer the funds and profits of Triangle Tire to other enterprises controlled by the Company/I; I will not use the position of controlling shareholder/actual controller to harm the interests of Triangle Tire and non-connected shareholders through connected transactions.</p> <p>Sixth, the company / I guarantee that the above commitment will continue to be valid and irrevocable after the initial public offering and listing of Triangle Tire and during the period when the company / I am the controlling shareholder / actual controller of Triangle Tire. If there is any breach of the above undertaking by the Company/Myself and other enterprises controlled by the Company/Myself other than Triangle Tire, the <b>Company/Myself</b> is willing to bear all the losses caused to Triangle Tire as a result.</p> <p>7. The Company warrants that the necessary approvals and/or</p> |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|



|  |  |  |   |  |  |  |  |  |
|--|--|--|---|--|--|--|--|--|
|  |  |  | <p>authorizations have been obtained for the signing of this commitment letter/I warrant that I have the authority to sign this commitment letter and that this commitment letter, once duly signed, shall constitute a valid, legal and binding obligation on the Company/me. Also, our/my successors and/or assigns are bound by this Letter of Undertaking.</p> <p>VIII. This commitment letter is effective from the date of our company's seal/my signature.</p> |  |  |  |  |  |
|--|--|--|---|--|--|--|--|--|

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

☐ Achieved ☐ Not achieved ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable

☒ Not applicable

**III. Non-compliance of guarantee**

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

(2) 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: Yuan Currency: RMB

|                                       |  |
|---------------------------------------|--|
|                                       | Now hiring   |
| Name of domestic accounting firm      | Sino-perfect Accounting Firm (Special General Partnership) |
| Domestic Accounting Firm Compensation | 200,000  |

|  | Name   | Compensation |
|--|--|--------------|
| Internal control audit accounting firm | Sino-perfect Accounting Firm (Special General Partnership) | 200,000      |

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

☒ Applicable ☐ Not applicable

During the reporting period, the Company did not dismiss or reappoint the accounting firm.

The Company engaged Sino-permanent Partners (Special General Partner) as the auditor for the year 2021, with a total service fee of RMB 0.9 million (including Internal Control Audit). SHINEWING CPA (Special General Partnership) has served the Company for 3 consecutive years since FY2019.

The signatory accountant, Li Rongkun, has provided services to the Company for one year since fiscal 2021 and the signatory accountant, Yan Jin, has provided services to the Company for two consecutive years since fiscal 2020.

Information note on the change of accounting firm during the audit

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

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

□Applicable ✓Not applicable

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

□Applicable ✓Not applicable

**VIII. Bankruptcy reorganization-related matters**

□Applicable ✓Not applicable

**IX. Significant litigation and arbitration matters**

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

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

□Applicable ✓Not applicable

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

□Applicable ✓XII.

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

□Applicable ✓Not applicable

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

✓Applicable □Not applicable

| Type of connected transactions                          | Associated Person  | Unit: RMB million     | Currency: RMB               |
|---|--|-----------------------|-----------------------------|
|   |  | 2021 Estimated amount | 2021 Actual amount incurred |
| Purchase of materials, goods, etc. from related parties | Triangle (Weihai) Huajin Mechanical and Electrical Equipment Co. | 500.00                | 276.70                      |
|   | Triangle (Weihai) Huatong Machinery Technology Co.               | 350.00                | 11.29                       |
|   | Triangle (Weihai) Huaping Integrated Services Co.                | 45.00                 | 48.95                       |
|   | Subtotal   | 895.00                | 336.94                      |
| Purchase of fuel and power from affiliates              | Triangle Group Limited   | 150.00                | 129.24                      |
|   | Subtotal   | 150.00                | 129.24                      |
| Sales of products and commodities to related parties    | Triangle (Weihai) Huaping Integrated Services Co.                | 0.20                  | 0.10                        |
|   | Triangle (Weihai) Huajin Mechanical and Electrical Equipment Co. | 0.20                  | 0                           |
|   | Triangle (Weihai) Huatong Machinery Technology Co.               | 2.00                  | 1.41                        |
|   | Triangle (Weihai) Huabo Real Estate Co.                          | 0                     | 1.10                        |

|                                      |   |           |           |
|--------------------------------------|---|-----------|-----------|
| Assets                               | Beijing Jinqiao Huatai Information Consulting Co. | 10.00     | 9.20      |
|                                      | Subtotal  | 29.00     | 27.55     |
| Lease in assets from related parties | Triangle Group Limited                            | 2,075.00  | 2,156.24  |
|                                      | Triangle (Weihai) Huabo Real Estate Co.           | 149.00    | 162.46    |
|                                      | Subtotal  | 2,224.00  | 2,318.70  |
| Total                                |   | 90,184.90 | 86,791.73 |

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

☐Applicable ☒Not applicable

**(ii) Related transactions occurring in the acquisition or sale of assets or equity****1. Matters that have been disclosed in the interim announcement and no progress or changes in subsequent implementation**

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

**(iii) Significant connected transactions of joint foreign investments****1. Matters that have been disclosed in the interim announcement and no progress or changes in subsequent implementation**

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

**(iv) Related debt transactions****1. Matters that have been disclosed in the interim announcement and no progress or changes in subsequent implementation**

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

**(E) Financial business between the company and the finance company with which**

**there is an affiliated relationship, the company's controlling finance company and related parties**

☐Applicable ☒Not applicable

**(F) Other**

☐Applicable ☒Not applicable

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

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

Applicable ☒Not

applicable 2.

**Contracting**

☐Applicable ☒Not applicable

**3、Leasing situation**☐ Applicable☒ Not applicable**(ii)****Guarantees**☐ Applicable ☒ Not applicable**(iii) Delegation of cash asset management to others****1. Entrusted financial management****(1) Overall situation of entrusted wealth management**☒ Applicable ☐ Not applicable

| Unit: billion yuan |                 |            |                     |                               |
|--------------------|-----------------|------------|---------------------|-------------------------------|
| Type               | Funding Sources | Occurrence | Outstanding balance | Amount overdue for collection |
|                    |                 |            |                     |                               |

**Other situations**☒ Applicable ☐ Not applicable

1. The Company held the 2019 Annual General Meeting of Shareholders on June 24, 2020 to consider and approve the "Notice on the Company's Cash Management Amount for 2020

The proposal to authorize the chairman of the board of directors of the company to invest within the limit of 4.7 billion yuan (including 100 million yuan of funds raised and 4.6 billion yuan of own funds)

The above authorization will be valid from June 24, 2020 to 2021.

April 21, 2012.

2. At the sixth meeting of the sixth session of the Board of Directors held on April 21, 2021, the Company considered and approved the "Notice on the Company's Cash Management for 2021".

The Board of Directors of the Company authorizes the Chairman to approve the cash management of its own funds within the limit of RMB3 billion. The funds are mainly used to purchase wealth management products (including structured deposits, etc.) sold by financial institutions with legal operating qualifications in compliance with the regulations of CSRC and Shanghai Stock Exchange, with the maximum investment period not exceeding one year, and the funds within the quota can be used on a rolling basis. The above authorization is valid from the date of approval by the Board of Directors until the next time when a new authorization motion is passed.

3. As of December 31, 2021, the balance of the Company's entrusted financial management was 0.

## (2) Single entrusted financial situation

√Applicable

□Not applicable

| Unit: RMB million |  |                                       |                        |   |                 |  |  |                        |                            |                           |                 | Currency:                |  |                                   |
|-------------------|--|---------------------------------------|------------------------|---|-----------------|--|--|------------------------|----------------------------|---------------------------|-----------------|--------------------------|--|-----------------------------------|
| Trustees          | Types of entrusted wealth management                                   | Amount of entrusted wealth management | Entrustment start date | Entrusted Financial Management Termination Date | Funding Sources | Where to invest your money                         | Compensation determination method      | Annualized Return Rate | Expected return (e.g. Yes) | Actual earnings or Losses | Actual recovery | Has the legal Procedures | Future availability of entrusted care Financial Plan | Provision for impairment (if any) |
| China CITI Bank   | Co-win Wisdom Exchange Rate Linked RMB Structured Deposit 01619 Period | 32,500                                | 2020/10/14             | 2021/1/13                                       | Own funds       | —  | Capital Protected Floating Income Type | 3.10 %                 |                            | 251.18                    | 32,500          | Yes                      |  |                                   |
| China CITI Bank   | Co-win Wisdom Exchange Rate Linked RMB Structured Deposit 01456 Period | 17,000                                | 2020/9/30              | 2021/3/2  | Own funds       | —  | Capital Protected Floating Income Type | 3.00 %                 |                            | 213.78                    | 17,000          | Yes                      |  |                                   |
| China CITI Bank   | Co-win Wisdom Exchange Rate Linked RMB Structured Deposit 01291 Period | 37,000                                | 2020/9/25              | 2021/3/25                                       | Own funds       | Deposits embedded in financial derivative products | Capital Protected Floating Income Type | 3.00 %                 |                            | 550.44                    | 37,000          | Yes                      |  |                                   |

Other situations



√Applicable      ☐Not applicable

All the entrusted financial products of the Company have matured and recovered the principal and interest in full. The "actual gain or loss" in the above table is the total gain during the interest-bearing period of individual entrusted financial products.

**(3) Provision for impairment of entrusted properties**

☐Applicable ☒Not applicable

**2. Entrusted Loan Status****(1) Overall situation of entrusted loans**

☐Applicable  
☒Not applicable

**to other cases**

☐Applicable ☒Not applicable

**(2) Single entrusted loan situation**

☐Applicable  
☒Not applicable

**to other cases**

☐Applicable ☒Not applicable

**(3) Provision for impairment of entrusted loans**

☐Applicable ☒Not applicable

**3. Other situations**

☐Applicable  
☒Not applicable

**(iv) Other significant contracts**

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

**Section 7 Share Changes and Shareholders****I. Changes in share capital****(i) Statement of Changes in Shares****1.**

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

**2. Description of changes in shares**

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

**(ii) Changes in restricted shares**

☐Applicable ☒Not applicable

**II. Securities Issuance and Listing**

**(I) Securities issuance up to the reporting period**

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

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

□Applicable √Not applicable

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

|  |        |
|--|--------|
| Total number of common shareholders as of the end of the reporting period (households)   | 52,359 |
| Total number of common shareholders (households) as of the end of the previous month prior to the date of disclosure of the annual report  | 50,627 |
| Total number of preferred shareholders whose voting rights were restored as of the end of the reporting period (households)  | 0      |
| Total number of shareholders of preferred shares whose voting rights were restored at the end of the previous month before the disclosure date of the annual report (households) | 0      |

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

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

Unit:Unit

| Shareholdings of top ten shareholders                                   |  |  |                |   |                                     |                 |                               |
|---|--|--|----------------|---|-------------------------------------|-----------------|-------------------------------|
| Shareholder Name<br>(Full name)   | Increase or decrease during the reporting period | Number of shares held at the end of the period | Proportion (%) | Shares held with limited selling conditions<br>Quantity | Pledge, tagging or freeze situation |                 | Nature of Shareholder         |
|   |  |  |                |   | Share Status                        | Number Quantity |                               |
| Triangle Group Limited Company  | 0  | 454,739,750                                    | 56.84          | 0   | None                                |                 | Domestic non-state law People |
| China National Heavy Duty Truck Group Jinan Investment Co. Company      | -6,279,800                                       | 35,509,617                                     | 4.44           | 0   | None                                |                 | State-owned legal entities    |
| Shan Guoling  | 0  | 15,332,750                                     | 1.92           | 0   | None                                |                 | Domestic natural persons      |
| Butylwood   | 0  | 13,957,525                                     | 1.74           | 0   | None                                |                 | Domestic natural persons      |
| Wang Fufeng   | 0  | 13,857,525                                     | 1.73           | 0   | None                                |                 | Domestic natural persons      |
| Hou Rucheng   | 0  | 13,337,480                                     | 1.67           | 0   | None                                |                 | Domestic natural persons      |
| Wang Wenhao   | 5,000  | 6,938,220                                      | 0.87           | 0   | None                                |                 | Domestic natural persons      |
| China International Capital Hong Kong Asset Management Limited-Customer | 1,606,462  | 3,374,309                                      | 0.42           | 0   | None                                |                 | Unknown                       |

|  |   |                     |           |
|--|---|---------------------|-----------|
| ICBC Capital Management (Global) Limited-Customer Funds (Exchange)   | 3,056,500   | RMB Ordinary Shares | 3,056,500 |
| The repurchase special account among the top ten shareholders said Ming  | Not applicable  |                     |           |
| The above shareholders proxy voting rights, proxy forms Note on voting rights and abstention from voting             | Not applicable  |                     |           |
| Description of the above shareholders' affiliation or concerted action   | <p>1. Mr. Ding Mu is the de facto controller of the Company and Ms. Wang Fufeng is the mother of Mr. Ding Mu;</p> <p>2. Triangle Group is the controlling shareholder of the Company, and Mr. Ding Mu indirectly controls Triangle Group through Xintai, Xinyang and Jinshi, which he controls, and also serves as Chairman and President of Triangle Group, Executive Director of Xintai and Xinyang and Chairman of Jinshi;</p> <p>3. Ms. Shan Guoling holds more than 5% of shares in Xintai and Jinshi, and also serves as Vice Chairman of Delta Group and Director of Jinshi;</p> <p>4. Mr. Hou Rucheng holds more than 5% of shares in Xintai and Jinshi, and also serves as Vice Chairman of Delta Group and Supervisor of Xintai;</p> <p>5. Mr. Wang Wenhao holds more than 5% of shares in Xintai and is also the chairman of the supervisory board of Delta Group and Kingstone.</p> <p>Other than the above, the Company does not know whether there is a relationship between the other shareholders mentioned above or a To the action situation.</p> |                     |           |
| Preferred stockholders whose voting rights have been restored and those who hold Description of the number of shares | Not applicable  |                     |           |

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

#### IV. Controlling shareholders and actual controllers

##### (i) Controlling Shareholders

##### 1 Legal person

☒Applicable ☐ Not applicable

|  |  |
|--|--|
| Name   | Triangle Group Limited   |
| The person in charge of the unit or the legal representative | Butylwood  |
| Date of Establishment  | September 26, 1997<br>62/268   |
| Main Businesses  | General projects: general equipment manufacturing (excluding special equipment manufacturing); general equipment repair; land use rights leasing; housing leasing; non-residential real estate leasing; lubricant sales; limited to branch operations: sales of special chemical products (excluding dangerous chemicals) sales of |

**2 Natural Persons**

☐Applicable ☒Not applicable

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

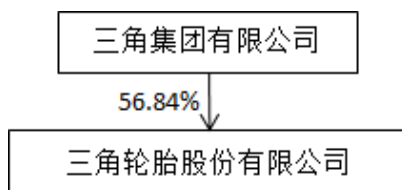
☐Applicable ☒Not applicable

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

□Applicable √Not applicable

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

√Applicable □Not applicable

**(II) Actual control person****1 Legal person**

□Applicable √Not applicable

**2 Natural Persons**

√Applicable □Not applicable

|  |   |
|--|---|
| Name   | Butylwood   |
| Nationality  | People's Republic of China  |
| Whether to obtain the right of abode in other countries or regions | No  |
| Main occupation and position                                       | Chairman of Triangle Tire and Chairman and President of Triangle Group.<br>Vice President of China Rubber Industry Association, Senior Vice President of Tire Branch, Director of |

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

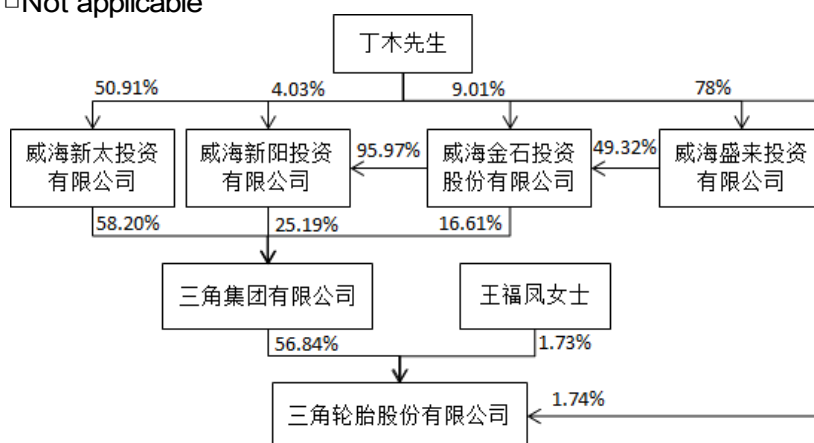
□Applicable √Not applicable

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

□Applicable √Not applicable

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

√Applicable □Not applicable

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable



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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

**VII. Description of share restriction reduction**

☐Applicable ☒Not applicable

**VIII. Specific implementation of share repurchase in the reporting period**

☐Applicable ☒Not applicable

## **Section VIII Preferred Stock Related Information**

☐Applicable ☒Not applicable

## **Section IX Bond Related Information**

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

☐Applicable ☒Not applicable

**II. Status of convertible bonds**

☐Applicable ☒Not applicable

## **Section X Financial Reports**

**I. Audit Report**

☒Applicable ☐ Not applicable

**Audit**

**Report**

XYZH/2022JNAA20115

**All shareholders of Triangle**

**Tire Co:**

**I. Audit opinion**

We have audited the financial statements of Triangle Tire Corporation (hereinafter referred to as Triangle Tire Corporation), which comprise the financial statements as of December 2021

The consolidated and parent company balance sheets as of December 31, 2010, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, the consolidated and parent company statements of changes in shareholders' equity for fiscal 2021, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company financial position of Triangle Tire Corporation as of December 31, 2021, and the consolidated and parent company results of operations and cash flows for the year 2021, prepared in accordance with the provisions of the Accounting Standards for Business Enterprises.

---

**Second, the basis for forming an audit opinion**

---

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

**III. Key audit matters**

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

### 1. Provision for bad debts of accounts receivable

| Key Audit Matters   | Response in Audit  |
|---|--|
| <p>As described in Section X.V.12 "Accounts Receivable" and VII.5 "Accounts Receivable" of this report, the carrying amount of accounts receivable in Triangle Tire's consolidated financial statements was NT\$897,160,300, and the allowance for bad debts was NT\$94,795,700.</p> <p>The carrying value of accounts receivable was \$802,364,600; the carrying value of accounts receivable at the end of the year was significant, and if bad debt losses were incurred due to non-collection or uncollectability, it could have a material impact on the financial statements; therefore, we identified the provision for bad debts for accounts receivable as a key audit matter.</p> | <p>The principal audit procedures we performed were as follows:</p> <ul style="list-style-type: none"> <li>-Evaluate and test the effectiveness of the design and operation of Triangle Tire's accounts receivable internal control system;</li> <li>-Evaluate the reasonableness of the bad debt provision policy adopted by Triangle Tire Corporation in the context of the business model for managing accounts receivable, the aging of accounts receivable, and the creditworthiness of customers;</li> <li>-Obtain a bad debt provisioning schedule and review the accuracy of management's provisioning amounts for bad debts;</li> <li>-Execute correspondence procedures and post-period recovery checks on large year-end accounts receivable balances to evaluate the reasonableness of the provision for bad debts;</li> <li>-For accounts receivable for which a separate provision for bad debts is made, obtain the basis for management's estimate of the expected future recoverable amount and review its reasonableness;</li> <li>-Obtain documentation of management's assessment of the collectibility of large accounts receivable. For large overdue accounts, verify the reasonableness of management's judgment by investigating the customer's background and operating status, reviewing historical transactions and repayments, and other evidence obtained in the process.</li> </ul> |
| 2. Provision for decline in value of inventories  |  |
| Key Audit Matters   | Response in Audit  |

|  |  |
|--|--|
| <p>As described in Section X.V.15 "Inventories" and VII.9 "Inventories" of this report, the original book value of inventories in the consolidated financial statements of Triangle Tire Company was NT\$1,374,272,400, and the allowance for decline in value of inventories was NT\$29,246,500, with a book value of NT\$1,134,502,900. The carrying value of the inventory was RMB1,345,900,000. Inventories are measured at the lower of cost or net realizable value. Net realizable value is determined as the estimated selling price of the products produced less the estimated costs to be incurred to completion, estimated selling expenses and related taxes. Management is required to make significant judgments and assumptions in its forecasts, particularly with respect to future selling prices, selling expenses and related taxes. Due to the materiality of the inventory amounts and the impact of the accuracy of the impairment charges on the financial statements, we have determined the allowance for inventory impairment to be</p> <p>The audit was carried out in accordance with the following guidelines</p> | <p>The principal audit procedures we performed were as follows:</p> <ul style="list-style-type: none"> <li>-Evaluate and test the effectiveness of the design and operation of the internal control system related to the provision for inventory decline;</li> <li>-Implementing inventory monitoring at the end of the period to check the quantity and condition of the inventory;</li> <li>-Examine the changes in the provision for inventory decline in previous years in the current period and analyze the reasonableness of the changes in the provision for inventory decline in the light of data from the same industry;</li> <li>-Checking the consistency of the method of calculating the provision for inventory decline, analyzing the assumptions of key data, and assessing the reasonableness of the method of calculating the provision for inventory decline;</li> <li>-Obtain the calculation table for the provision for inventory decline and check the inventory decline allowance</li> </ul> <p>The correctness of the accrual amount of the provision.</p> |
|--|--|

#### IV. Other Information

The management of Triangle Tire Corporation (hereinafter referred to as management) is responsible for other information. Other information includes information covered in Triangle Tire Corporation's 2021 Annual Report, but excludes the financial statements and our auditor's report.

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing Triangle Tire's ability to continue as a going concern, disclosing matters related to going concern, as applicable and applying the going concern assumptions, unless management plans to liquidate Triangle Tire, discontinue operations or has no other realistic alternative.

Governance is responsible for overseeing Triangle Tire's financial reporting process.

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

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

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

- (1) Identify and assess the risks of material misstatement of financial statements due to fraud or error, design and perform audit procedures to address those risks, and obtain sufficient appropriate audit evidence as a basis for expressing an audit opinion. The risk of failing to detect a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement due to error because fraud may involve collusion, forgery, intentional omissions, misrepresentation, or override of internal control.
- (2) Understand the internal controls relevant to the audit in order to design appropriate audit procedures.
- (3) Evaluate the appropriateness of management's selection of accounting policies and the reasonableness of the accounting estimates and related disclosures made.
- (4) Draw conclusions about the appropriateness of management's use of the going concern assumption. Also, based on the audit evidence obtained, we reach a conclusion as to whether there is a material uncertainty about the existence of matters or circumstances that may cast significant doubt about Triangle Tire Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, auditing standards require that we draw the attention of users of the financial statements to the relevant disclosures in the audit report; if the disclosures are not adequate, we should express a non-unqualified opinion. Our conclusion is based on information available to us as of the date of the audit report. However, future events or circumstances may cause Triangle Tire Corporation to fail to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements and evaluate whether the financial statements present fairly the related transactions and events.
- (6) Obtain sufficient and appropriate audit evidence about the financial information of an entity or business activity in Triangle Tire Corporation to express an audit opinion on the financial statements. We are responsible for directing, supervising, and performing the group audit, and we assume full responsibility for the audit opinion.

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

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

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

SHINEWING & CO.

Chinese Certified Public  
Accountant: Li Rongkun  
(Project Partner)

Chinese Certified Public  
Accountant: Yan Jin

China Beijing

April 26, 2022

## II. Financial Statements

Consolidated  
Balance Sheet

Prepared by: Triangle Tire Co.

December 31, 2021

Unit:

| Projects                                      | Note   | December 31, 2021 | December 31, 2020 |
|---|--------|-------------------|-------------------|
| RMB   |        |                   |                   |
| <b>Current assets:</b>                        |        |                   |                   |
| Monetary Funds                                | VII.1  | 1,734,243,911.99  | 1,856,578,476.33  |
| Settlement Allowance                          |        |                   |                   |
| Unwinding funds                               |        |                   |                   |
| Financial assets held for trading             | VII.2  | 619,792.32        | 1,551,693,565.16  |
| Derivative financial assets                   |        |                   |                   |
| Notes receivable                              | VII.4  | 4,841,534.13      | 188,192,764.63    |
| Accounts Receivable                           | VII.5  | 802,364,597.04    | 729,379,160.18    |
| Receivables financing                         | VII.6  | 815,806,010.67    | 835,062,826.12    |
| Prepayments                                   | VII.7  | 39,461,368.91     | 6,250,262.58      |
| Premiums receivable                           |        |                   |                   |
| Sub-insurance receivables                     |        |                   |                   |
| Reserves for reinsurance contracts receivable |        |                   |                   |
| Other receivables                             | VII.8  | 43,092,124.73     | 3,714,089.78      |
| Of which: Interest receivable                 |        |                   |                   |
| Dividend receivable                           |        |                   |                   |
| Buy-back financial assets                     |        |                   |                   |
| Inventory                                     | VII.9  | 1,345,025,888.83  | 873,358,034.97    |
| Contract Assets                               |        |                   |                   |
| Assets held for sale                          |        |                   |                   |
| Non-current assets due within one year        | VII.12 | 20,646,136.94     |                   |
| Other current assets                          | VII.13 | 6,207,653,410.00  | 4,605,584,608.11  |
| Total current assets                          |        | 11,013,754,775.56 | 10,649,813,787.86 |
| <b>Non-current assets:</b>                    |        |                   |                   |
| Issuance of loans and advances                |        |                   |                   |
| Debt Investment                               |        |                   |                   |
| Other debt investments                        |        |                   |                   |
| Long-term receivables                         |        |                   |                   |
| Long-term equity investments                  |        |                   |                   |
| Investments in other equity instruments       | VII.18 | 50,000,000.00     | 54,442,486.47     |
| Other non-current financial assets            |        |                   |                   |
| Investment properties                         | VII.20 | 2,110,050.19      | 2,320,753.24      |
| Fixed Assets                                  | VII.21 | 4,690,204,976.01  | 4,980,598,807.74  |
| Construction in progress                      | VII.22 | 389,297,733.77    | 420,554,938.01    |
| Productive biological assets                  |        |                   |                   |
| Oil and gas assets                            |        |                   |                   |
| Right-of-use assets                           | VII.25 | 51,223,546.56     |                   |
| Intangible assets                             | VII.26 | 430,016,479.92    | 440,574,753.08    |
| Development Expenses                          |        |                   |                   |
| Goodwill                                      |        |                   |                   |
| Long-term amortized expenses                  | VII.29 | 4,304,502.34      | 4,377,306.33      |

|  |        |                   |                   |
|--|--------|-------------------|-------------------|
| Other non-current assets                         | VII.31 | 35,829,062.60     | 22,152,005.91     |
| Total non-current assets                         |        | 5,725,027,209.35  | 6,003,705,936.27  |
| Total Assets                                     |        | 16,738,781,984.91 | 16,653,519,724.13 |
| <b>Current liabilities:</b>                      |        |                   |                   |
| Short-term borrowings                            | VII.32 | 1,338,759,842.79  | 1,542,543,932.58  |
| Borrowing from the central bank                  |        |                   |                   |
| Unwinding funds                                  |        |                   |                   |
| Trading financial liabilities                    |        |                   |                   |
| Derivative financial liabilities                 | VII.34 |                   | 23,415,359.76     |
| Notes Payable                                    | VII.35 | 1,117,098,665.95  | 939,939,493.16    |
| Accounts Payable                                 | VII.36 | 2,273,529,223.39  | 2,404,200,883.49  |
| Receipts in advance                              |        |                   |                   |
| Contractual Liabilities                          | VII.38 | 74,948,967.00     | 113,186,645.92    |
| Sale of repurchased financial assets             |        |                   |                   |
| Deposit-taking and interbank deposits            |        |                   |                   |
| Securities trading agency                        |        |                   |                   |
| Underwriting securities                          |        |                   |                   |
| Employee compensation payable                    | VII.39 | 23,330,718.43     | 23,265,572.21     |
| Taxes Payable                                    | VII.40 | 33,269,575.91     | 41,182,715.99     |
| Other payables                                   | VII.41 | 102,827,794.77    | 108,012,684.61    |
| 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 | 26,854,437.40     |                   |
| Other current liabilities                        | VII.44 | 3,272,513.55      | 4,510,581.88      |
| Total current liabilities                        |        | 4,993,891,739.19  | 5,200,257,869.60  |
| <b>Non-current liabilities:</b>                  |        |                   |                   |
| Reserve for insurance contracts                  |        |                   |                   |
| Long-term borrowings                             |        |                   |                   |
| Bonds Payable                                    |        |                   |                   |
| Of which: Preferred shares                       |        |                   |                   |
| Perpetual Debt                                   |        |                   |                   |
| Lease liabilities                                | VII.47 | 24,393,552.32     |                   |
| Long-term payables                               |        |                   |                   |
| Long-term employee compensation payable          |        |                   |                   |
| Projected liabilities                            |        |                   |                   |
| Deferred revenue                                 | VII.51 | 500,666,070.43    | 516,060,128.24    |
| Deferred income tax liabilities                  | VII.30 | 73,544,963.64     | 76,191,051.17     |
| Other non-current liabilities                    |        |                   |                   |
| Total non-current liabilities                    |        | 598,604,586.39    | 592,251,179.41    |
| Total liabilities                                |        | 5,592,496,325.58  | 5,792,509,049.01  |
| <b>Owner's equity (or shareholders' equity):</b> |        |                   |                   |
| Paid-in capital (or share capital)               | VII.53 | 800,000,000.00    | 800,000,000.00    |
| Other equity instruments                         |        |                   |                   |
| Of which: Preferred shares                       |        |                   |                   |



|                |  |  |  |
|----------------|--|--|--|
| Perpetual Debt |  |  |  |
|----------------|--|--|--|

|  |        |                   |                   |
|--|--------|-------------------|-------------------|
| Capital surplus  | VII.55 | 5,225,071,831.84  | 5,225,071,831.84  |
| Less: Treasury stock   |        |                   |                   |
| Other comprehensive income   | VII.57 | 16,622,315.91     | 14,212,789.46     |
| Specialized reserves   | VII.58 |                   | 487,389.85        |
| Surplus reserves   | VII.59 | 1,082,785,716.24  | 1,048,922,760.91  |
| General risk allowance   |        | 807,517.73        |                   |
| Undistributed earnings   | VII.60 | 4,019,848,926.30  | 3,771,398,531.63  |
| Equity attributable to owners of the parent<br>(or shareholders' equity) |        | 11,145,136,308.02 | 10,860,093,303.69 |
| Total  |        |                   |                   |
| Minority interests   |        | 1,149,351.31      | 917,371.43        |
| Total owner's equity (or shareholders'<br>equity)                        |        | 11,146,285,659.33 | 10,861,010,675.12 |
| Total liabilities and owners' equity (or<br>shareholders' equity)        |        | 16,738,781,984.91 | 16,653,519,724.13 |
| Count  |        |                   |                   |

Responsible person of the company: Ding Mu Responsible person of accounting work: Zhong  
Danfang Responsible person of accounting institution: Zhao Libo

**Parent  
Company  
Balance Sheet**

Prepared by: Triangle Tire Co.

December 31, 2021

Unit:

| Projects                                | Note     | December 31, 2021 | December 31, 2020 |
|---|----------|-------------------|-------------------|
| <b>Current assets:</b>                  |          | RMB               |                   |
| Monetary Funds                          |          | 1,657,719,998.18  | 1,730,179,598.96  |
| Financial assets held for trading       |          | 619,792.32        | 1,551,693,565.16  |
| Derivative financial assets             |          |                   |                   |
| Notes receivable                        |          | 4,841,534.13      | 188,192,764.63    |
| Accounts Receivable                     | XVII.1   | 756,959,625.80    | 673,331,649.67    |
| Receivables financing                   |          | 941,237,729.81    | 970,245,283.92    |
| Prepayments                             |          | 62,426,325.26     | 24,855,676.67     |
| Other receivables                       | XVII.2   | 92,454,354.33     | 422,634,621.79    |
| Of which: Interest receivable           |          |                   |                   |
| Dividend receivable                     |          | 20,000,000.00     | 380,000,000.00    |
| Inventory                               |          | 1,277,984,298.06  | 834,630,130.94    |
| Contract Assets                         |          |                   |                   |
| Assets held for sale                    |          |                   |                   |
| Non-current assets due within one year  |          | 20,646,136.94     |                   |
| Other current assets                    |          | 6,204,657,697.75  | 4,603,305,716.48  |
| Total current assets                    |          | 11,019,547,492.58 | 10,999,069,008.22 |
| <b>Non-current assets:</b>              |          |                   |                   |
| Debt Investment                         |          |                   |                   |
| Other debt investments                  |          |                   |                   |
| Long-term receivables                   |          |                   |                   |
| Long-term equity investments            | XVII.3   | 267,529,392.28    | 267,529,392.28    |
| Investments in other equity instruments |          | 50,000,000.00     | 54,442,486.47     |
| Other non-current financial assets      |          |                   |                   |
| Investment properties                   | 75 / 268 | 2,110,050.19      | 2,320,753.24      |
| Fixed Assets                            |          | 4,149,902,632.36  | 4,432,669,079.47  |
| Construction in progress                |          | 240,456,949.17    | 272,708,676.48    |

|  |  |                   |                   |
|--|--|-------------------|-------------------|
| Oil and gas assets                               |  |                   |                   |
| Right-of-use assets                              |  | 38,737,836.50     |                   |
| Intangible assets                                |  | 403,558,557.01    | 414,678,071.70    |
| Development Expenses                             |  |                   |                   |
| Goodwill   |  |                   |                   |
| Long-term amortized expenses                     |  | 1,304,592.21      | 4,277,206.23      |
| Deferred income tax assets                       |  | 72,791,696.37     | 75,766,362.99     |
| Other non-current assets                         |  | 35,829,062.60     | 20,206,136.97     |
| Total non-current assets                         |  | 5,262,220,768.69  | 5,544,598,165.83  |
| Total Assets                                     |  | 16,281,768,261.27 | 16,543,667,174.05 |
| <b>Current liabilities:</b>                      |  |                   |                   |
| Short-term borrowings                            |  | 1,338,718,151.98  | 1,212,984,083.36  |
| Trading financial liabilities                    |  |                   |                   |
| Derivative financial liabilities                 |  |                   | 23,415,359.76     |
| Notes Payable                                    |  | 1,117,098,665.95  | 1,271,939,493.16  |
| Accounts Payable                                 |  | 2,166,451,776.48  | 2,231,090,864.71  |
| Receipts in advance                              |  |                   |                   |
| Contractual Liabilities                          |  | 75,488,754.53     | 112,368,557.50    |
| Employee compensation payable                    |  | 13,566,873.84     | 13,610,819.70     |
| Taxes Payable                                    |  | 14,449,009.05     | 25,619,278.20     |
| Other payables                                   |  | 499,136,466.49    | 639,025,777.06    |
| Of which: Interest payable                       |  |                   |                   |
| Dividends payable                                |  |                   |                   |
| Liabilities held for sale                        |  |                   |                   |
| Non-current liabilities due within one year      |  | 20,967,016.25     |                   |
| Other current liabilities                        |  | 3,341,616.31      | 4,532,924.11      |
| Total current liabilities                        |  | 5,249,218,330.88  | 5,534,587,157.56  |
| <b>Non-current liabilities:</b>                  |  |                   |                   |
| Long-term borrowings                             |  |                   |                   |
| Bonds Payable                                    |  |                   |                   |
| Of which: Preferred shares                       |  |                   |                   |
| Perpetual Debt                                   |  |                   |                   |
| Lease liabilities                                |  | 17,701,528.65     |                   |
| Long-term payables                               |  |                   |                   |
| Long-term employee compensation payable          |  |                   |                   |
| Projected liabilities                            |  |                   |                   |
| Deferred revenue                                 |  | 322,363,765.68    | 330,532,562.01    |
| Deferred income tax liabilities                  |  | 71,100,734.36     | 74,256,197.90     |
| Other non-current liabilities                    |  |                   |                   |
| Total non-current liabilities                    |  | 411,166,028.69    | 404,788,759.91    |
| Total liabilities                                |  | 5,660,384,359.57  | 5,939,375,917.47  |
| <b>Owner's equity (or shareholders' equity):</b> |  |                   |                   |
| Paid-in capital (or share capital)               |  | 800,000,000.00    | 800,000,000.00    |
| Other equity instruments                         |  |                   |                   |
| Of which: Preferred shares                       |  |                   |                   |
| Perpetual Debt                                   |  |                   |                   |
| Capital surplus                                  |  | 5,216,137,085.47  | 5,216,137,085.47  |

|                       |  |  |  |
|-----------------------|--|--|--|
| Less: Treasury shares |  |  |  |
|-----------------------|--|--|--|

|  |  |                   |                   |
|--|--|-------------------|-------------------|
| Other comprehensive income                               |  | 21,955,772.82     | 23,492,680.92     |
| Specialized reserves                                     |  |                   |                   |
| Surplus reserves   |  | 1,089,608,249.00  | 1,055,745,293.67  |
| Undistributed earnings                                   |  | 3,493,682,794.41  | 3,508,916,196.52  |
| Total owner's equity (or shareholders' equity)           |  | 10,621,383,901.70 | 10,604,291,256.58 |
| Liabilities and owner's equity (or shareholders' equity) |  | 16,281,768,261.27 | 16,543,667,174.05 |
| Total  |  |                   |                   |

Responsible person of the company: Ding Mu Responsible person of accounting work: Zhong Danfang Responsible person of accounting institution: Zhao Libo

### Consolidated Income Statement

January -  
December 2021

Unit: Yuan Currency: RMB

| Proj<br>ects   | Note     | Year 2021        | 2020             |
|--|----------|------------------|------------------|
| I. Total operating revenue                                     |          | 8,954,386,534.49 | 8,535,343,968.60 |
| Of which: Operating income                                     | VII.61   | 8,954,386,534.49 | 8,535,343,968.60 |
| Interest income  |          |                  |                  |
| Earned premiums  |          |                  |                  |
| Handling fee and commission income                             |          |                  |                  |
| II. Total operating costs                                      |          | 8,500,928,505.93 | 7,511,231,883.26 |
| Of which: Operating costs                                      | VII.61   | 7,384,582,193.15 | 6,365,502,105.57 |
| Interest expense   |          |                  |                  |
| Handling fees and commission expenses                          |          |                  |                  |
| Surrender premium  |          |                  |                  |
| Net benefit expense  |          |                  |                  |
| Net withdrawal of insurance liability reserve                  |          |                  |                  |
| Policy Dividend Payments                                       |          |                  |                  |
| Reinsurance costs  |          |                  |                  |
| Taxes and surcharges   | VII.62   | 50,140,640.90    | 60,037,665.56    |
| Selling expenses   | VII.63   | 370,518,746.80   | 366,082,990.52   |
| Overhead   | VII.64   | 241,171,819.56   | 219,812,129.93   |
| R&D expenses   | VII.65   | 426,874,642.71   | 450,305,657.16   |
| Finance costs  | VII.66   | 27,640,462.81    | 49,491,334.52    |
| Of which: Interest expense                                     |          | 33,851,064.98    | 27,937,638.79    |
| Interest income  |          | 13,447,535.55    | 16,155,470.46    |
| Add: Other gains   | VII.67   | 19,161,427.03    | 19,094,698.37    |
| Investment income (loss is presented with a "-" sign)          | VII.68   | 230,422,469.83   | 154,647,264.63   |
| Of which: Investment income from associates and joint ventures |          |                  |                  |
| Benefit  |          |                  |                  |
| Discontinuation of financial assets measured at amortized cost | 35 / 268 |                  |                  |
| Recognized earnings  |          |                  |                  |
| Foreign exchange gain (loss is presented with a "-" sign)      |          |                  |                  |
| Gain on net exposure hedge (loss is                            |          |                  |                  |

|  |        |                |                  |
|--|--------|----------------|------------------|
| Add: Non-operating income  | VII.74 | 1,138,158.31   | 2,016,402.86     |
| Less: Non-operating expenses   | VII.75 | 3,216,968.04   | 9,929,752.53     |
| IV. Total profit (total loss is filled in with "--" sign)  |        | 680,181,022.67 | 1,222,933,402.01 |
| Less: Income tax expense   | VII.76 | 79,542,124.41  | 162,720,929.02   |
| V. Net profit (net loss is shown with a "-" sign)  |        | 600,638,898.26 | 1,060,212,472.99 |
| (i) Classification by business continuity  |        |                |                  |
| 1. Net profit from continuing operations (net loss is filled with a "--" sign) (column)                    |        | 600,638,898.26 | 1,060,212,472.99 |
| 2. Net profit from discontinued operations (net loss is filled with a "--" sign) (column)                  |        |                |                  |
| (ii) Classification by ownership attribution   |        |                |                  |
| 1. Net profit attributable to shareholders of the parent company (net loss to (The "--" sign is filled in) |        | 600,406,918.38 | 1,059,895,107.87 |
| 2. Minority interests' gains and losses (net loss is presented with a "-" sign)                            |        | 231,979.88     | 317,365.12       |
| VI. Other comprehensive income, net of tax   |        | 5,123,475.80   | 9,255,648.80     |
| (i) Other comprehensive income attributable to owners of the parent company of Net income after tax        |        | 5,123,475.80   | 9,255,648.80     |
| 1. Other comprehensive income that cannot be reclassified to profit or loss                                |        | 230,483.82     | 782,519.86       |
| (1) Remeasurement of changes in defined benefit plans  |        |                |                  |
| (2) Other comprehensive income that cannot be transferred to profit or loss under the equity method        |        |                |                  |
| (3) Changes in fair value of investments in other equity instruments                                       |        | 230,483.82     | 782,519.86       |
| (4) Changes in fair value of the enterprise's own credit risk  |        |                |                  |
| 2. Other comprehensive income to be reclassified to profit or loss   |        | 4,892,991.98   | 8,473,128.94     |
| (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 included in other comprehensive income Amount                     |        |                |                  |
| (4) Provision for credit impairment of other debt investments  |        |                |                  |
| (5) Cash flow hedge reserve  |        |                |                  |
| (6) Translation differences on foreign currency financial statements                                       |        | 1,391,316.74   | 6,818,026.20     |
| (7) Others   |        | 3,501,675.24   | 1,655,102.74     |

|   |  |                |                  |
|---|--|----------------|------------------|
| (ii) Tax on other comprehensive income attributable to minority shareholders<br>Net after |  |                |                  |
| VII. Total comprehensive income   |  | 605,762,374.06 | 1,069,468,121.79 |
| (i) Total comprehensive income attributable to owners of the parent company               |  | 605,530,394.18 | 1,069,150,756.67 |
| (ii) Total comprehensive income attributable to minority shareholders                     |  | 231,979.88     | 317,365.12       |
| VIII. Earnings per share:   |  |                |                  |
| (I) Basic earnings per share (yuan/share)   |  | 0.75           | 1.32             |
| (ii) Diluted earnings per share (yuan/share)  |  | 0.75           | 1.32             |

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

Responsible person of the company: Ding Mu Responsible person of accounting work: Zhong Danfang Responsible person of accounting institution: Zhao Libo

**Parent  
Company  
Income  
Statement**

January-  
December 2021

|                       |        | Unit:            |                  |
|-----------------------|--------|------------------|------------------|
| Projects              | Note   | 2021             | 2020             |
| I. Operating income   | XVII.4 | 9,014,428,951.47 | 8,584,859,441.39 |
| Less: Operating costs | XVII.4 | 7,881,369,602.82 | 6,810,675,902.43 |

|  |        |                |                  |
|--|--------|----------------|------------------|
| Taxes and surcharges   |        | 34,587,660.79  | 46,264,296.92    |
| Selling expenses   |        | 369,950,795.82 | 361,560,022.67   |
| Overhead   |        | 192,281,373.36 | 170,918,927.62   |
| R&D expenses   |        | 380,331,803.01 | 395,870,403.64   |
| Finance costs  |        | 24,278,529.72  | 45,206,566.81    |
| Of which: Interest expense   |        | 29,478,029.09  | 22,503,208.69    |
| Interest income  |        | 13,597,429.39  | 15,437,157.76    |
| Add: Other gains   |        | 17,976,194.30  | 16,761,506.16    |
| Investment income (loss is presented with a "-" sign)  | XVII.5 | 247,928,756.07 | 534,645,431.66   |
| Of which: investments in associates and joint ventures   |        |                |                  |
| Earnings   |        |                |                  |
| End of financial assets measured at amortized cost   |        |                |                  |
| Derecognition of earnings  |        |                |                  |
| Gain on net exposure hedge (loss is presented with a "-" sign)                                     |        |                |                  |
| Gains (losses marked with a "-") on changes in fair value<br>(Fill in the column)                  |        | 1,618,369.86   | 24,310,344.37    |
| Credit impairment losses (losses are presented with a "-" sign)                                    |        | -652,694.21    | -15,924,005.27   |
| Impairment loss on assets (loss is presented with a "-" sign)                                      |        | -30,217,113.40 | 22,855,899.71    |
| Gain on disposal of assets (loss is presented with a "-" sign)                                     |        |                |                  |
| II. Operating profit (loss is shown with a "-" sign)   |        | 368,282,698.57 | 1,337,012,497.93 |
| Add: Non-operating income  |        | 816,060.77     | 1,560,073.89     |
| Less: Non-operating expenses   |        | 1,791,811.68   | 9,734,633.94     |
| Third, the total profit (total loss is filled in with a "-" sign)                                  |        | 367,306,947.66 | 1,328,837,937.88 |
| Less: Income tax expense   |        | 31,391,343.79  | 123,715,940.66   |
| IV. Net profit (net loss is shown with a "-" sign)   |        | 335,915,603.87 | 1,205,121,997.22 |
| (i) Net income from continuing operations (net loss in "-")<br>(No. fill in)                       |        | 335,915,603.87 | 1,205,121,997.22 |
| (ii) Net income from discontinued operations (net loss in "-")<br>(No. filled in)                  |        |                |                  |
| V. Other comprehensive income, net of tax  |        | 1,177,041.25   | 2,790,129.38     |
| (i) Other comprehensive income that cannot be reclassified to profit or loss                       |        | 230,483.82     | 782,519.86       |
| 1. Remeasurement of changes in defined benefit plans   |        |                |                  |
| 2. Other comprehensive income that cannot be transferred to profit or loss under the equity method |        |                |                  |
| 3. Changes in fair value of investments in other equity instruments                                |        | 230,483.82     | 782,519.86       |



|  |  |                |                  |
|--|--|----------------|------------------|
| 4. Changes in fair value of the enterprise's own credit risk                                   |  |                |                  |
| (ii) Other comprehensive income to be reclassified to profit or loss                           |  | 946,557.43     | 2,007,609.52     |
| 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<br>Amount                |  |                |                  |
| 4. Provision for credit impairment of other debt investments                                   |  |                |                  |
| 5. Cash flow hedge reserve   |  |                |                  |
| 6. Translation differences on foreign currency financial statements                            |  | -944,268.80    | 215,292.77       |
| 7. Other   |  | 1,890,826.23   | 1,792,316.75     |
| VI. Total comprehensive income   |  | 337,092,645.12 | 1,207,912,126.60 |
| VII. Earnings per share:   |  |                |                  |
| (I) Basic earnings per share (yuan/share)  |  | 0.42           | 1.51             |
| (ii) Diluted earnings per share (yuan/share)   |  | 0.42           | 1.51             |

Responsible person of the company: Ding Mu Responsible person of accounting work: Zhong Danfang Responsible person of accounting institution: Zhao Libo

**Consolidated  
Statement of  
Cash Flows**

| Proj<br>ects   | Notes -<br>December 2021 | FY 2021                  | Year 2020        |
|--|--------------------------|--------------------------|------------------|
| <b>I. Cash flows from operating activities:</b>                  |                          |                          |                  |
|  |                          | Unit: Yuan Currency: RMB |                  |
| Cash received from the sale of goods and provision of services   |                          | 6,915,646,454.90         | 5,760,316,614.57 |
| Net increase in customer deposits and interbank deposits         |                          |                          |                  |
| Net increase in borrowings from the Central Bank                 |                          |                          |                  |
| Net increase in funds borrowed from other financial institutions |                          |                          |                  |
| Cash received from premiums of original insurance contracts      |                          |                          |                  |
| Net cash received from reinsurance operations                    |                          |                          |                  |
| Net increase in policyholders' savings and investment funds      |                          |                          |                  |
| Cash received for interest, fees and commissions                 |                          |                          |                  |
| Net increase in funds transferred in                             |                          |                          |                  |
| Net increase in funding for repo operations                      |                          |                          |                  |
| Net cash received from agency purchases and sales of securities  |                          |                          |                  |
| Tax refunds received   |                          | 362,759,158.62           | 286,808,706.74   |
| Other cash received in connection with operating activities      | VII.78(1)                | 42,242,053.46            | 48,876,486.97    |
| Subtotal cash inflow from operating activities                   |                          | 7,320,647,666.98         | 6,096,001,808.28 |
| Cash paid for the purchase of goods and services                 |                          | 5,449,455,421.21         | 3,479,717,970.82 |
| Net increase in loans and advances to customers                  |                          |                          |                  |
| Net increase in deposits with central banks and interbank        |                          |                          |                  |
| Cash payment of benefits from the original insurance contract    |                          |                          |                  |
| Net increase in funds transferred out                            |                          |                          |                  |
| Cash paid for interest, fees and commissions                     |                          |                          |                  |
| Cash paid as policy dividends                                    |                          |                          |                  |
| Cash paid to and for employees                                   |                          | 596,173,395.76           | 543,401,873.98   |
| All taxes paid   |                          | 472,412,789.84           | 484,120,848.28   |
| Other cash paid in connection with operating activities          | VII.78(2)                | 330,925,071.74           | 243,116,114.26   |
| Subtotal cash outflow from operating activities                  |                          | 6,848,966,678.55         | 4,750,356,807.34 |
| Net cash flows from operating activities                         |                          | 471,680,988.43           | 1,345,645,000.94 |

|  |          |                  |                   |
|--|----------|------------------|-------------------|
| Net cash flows from investing activities   |          | 46,899,569.63    | -1,268,689,567.59 |
| <b>III. Cash flows from financing activities:</b>                                      |          |                  |                   |
| Cash received from absorption of investments   |          |                  |                   |
| Of which: Investment received from absorption of minority shareholders in subsidiaries |          |                  |                   |
| Cash   |          |                  |                   |
| Cash received for obtaining loans  |          | 1,596,952,034.56 | 1,727,540,743.65  |
| Other cash received in connection with financing activities                            | VII78(5) |                  | 1,003,118.66      |
| Subtotal cash inflow from financing activities   |          | 1,596,952,034.56 | 1,728,543,862.31  |
| Cash paid for debt service   |          | 1,782,950,503.03 | 1,104,952,521.49  |
| Cash paid for distribution of dividends, profits or repayment of interest              |          | 349,138,251.33   | 311,513,294.83    |
| Of which: dividends paid by subsidiaries to minority shareholders, the                 |          |                  |                   |
| Profits  |          |                  |                   |
| Other cash paid in connection with financing activities                                | VII78(6) | 20,052,473.58    | 1,163,784.66      |
| Subtotal cash outflow from financing activities  |          | 2,152,141,227.94 | 1,417,629,600.98  |
| Net cash flows from financing activities   |          | -555,189,193.38  | 310,914,261.33    |
| <b>IV. Effect of exchange rate changes on cash and cash equivalents</b>                |          | -24,740,874.09   | -44,499,115.53    |
| <b>V. Net increase in cash and cash equivalents</b>                                    |          | -61,349,509.41   | 343,370,579.15    |
| Add: Cash and cash equivalents balance at the beginning of the period                  |          | 1,791,503,326.80 | 1,448,132,747.65  |
| <b>VI. Cash and cash equivalents at the end of the period</b>                          |          | 1,730,153,817.39 | 1,791,503,326.80  |

Responsible person of the company: Ding Mu Responsible person of accounting work: Zhong Danfang Responsible person of accounting institution: Zhao Libo

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

| Projects   |          | Note | FY 2021          | Unit:<br>Year 2020<br>Currency: RMB |
|--|----------|------|------------------|-------------------------------------|
| <b>I. Cash flows from operating activities:</b>                |          |      |                  |                                     |
| Cash received from the sale of goods and provision of services |          |      | 6,610,768,358.05 | 5,689,450,014.12                    |
| Tax refunds received   |          |      | 362,759,158.62   | 286,808,706.74                      |
| Other cash received in connection with operating activities    |          |      | 401,656,473.44   | 805,536,524.26                      |
| Subtotal cash inflow from operating activities                 |          |      | 7,375,183,990.11 | 6,781,795,245.12                    |
| Cash paid for the purchase of goods and services               | 84 / 268 |      | 6,378,194,933.32 | 4,199,712,355.40                    |
| Cash paid to and for employees                                 |          |      | 400,354,621.65   | 363,964,753.05                      |
| All taxes paid   |          |      | 317,015,618.83   | 319,405,279.32                      |
| Other cash paid in connection with operating activities        |          |      | 502,117,126.38   | 230,374,589.48                      |

|   |  |                  |                   |
|---|--|------------------|-------------------|
| forehead  |  |                  |                   |
| Other cash paid in connection with investing activities                   |  | 100,000,000.00   |                   |
| Subtotal cash outflow from investing activities                           |  | 2,228,154,233.02 | 9,676,139,915.04  |
| Net cash flows from investing activities                                  |  | 454,911,209.49   | -1,367,153,042.10 |
| <b>III. Cash flows from financing activities:</b>                         |  |                  |                   |
| Cash received from absorption of investments                              |  |                  |                   |
| Cash received for obtaining loans   |  | 1,596,565,963.89 | 1,403,086,565.63  |
| Other cash received in connection with financing activities               |  |                  | 1,003,118.66      |
| Subtotal cash inflow from financing activities                            |  | 1,596,565,963.89 | 1,404,089,684.29  |
| Cash paid for debt service  |  | 1,450,594,556.80 | 1,104,531,189.23  |
| Cash paid for distribution of dividends, profits or repayment of interest |  | 349,138,251.33   | 311,513,294.83    |
| Other cash paid in connection with financing activities                   |  | 16,331,660.08    | 1,163,784.66      |
| Subtotal cash outflow from financing activities                           |  | 1,816,064,468.21 | 1,417,208,268.72  |
| Net cash flows from financing activities                                  |  | -219,498,504.32  | -13,118,584.43    |
| <b>IV. Effect of exchange rate changes on cash and cash equivalents</b>   |  | -24,388,940.95   | -43,694,236.95    |
| <b>V. Net increase in cash and cash equivalents</b>                       |  | -11,474,545.85   | 244,372,404.39    |
| Add: Cash and cash equivalents balance at the beginning of the period     |  | 1,665,104,449.43 | 1,420,732,045.04  |
| <b>VI. Cash and cash equivalents at the end of the period</b>             |  | 1,653,629,903.58 | 1,665,104,449.43  |

Responsible person of the company: Ding Mu Responsible person of accounting work: Zhong Danfang Responsible person of accounting institution: Zhao Libo

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

Unit:

YuanCurrency:R  
MB

| Proj<br>e<br>c<br>t<br>s   | 2021  |                                    |                                       |               |                  |                                     |                                  |                         |                     |                                  |                           |               | YuanCurrency:RMB      |                         |                   |
|--|---|------------------------------------|---------------------------------------|---------------|------------------|-------------------------------------|----------------------------------|-------------------------|---------------------|----------------------------------|---------------------------|---------------|-----------------------|-------------------------|-------------------|
|  | Equity attributable to<br>owners of the parent<br>company |                                    |                                       |               |                  |                                     |                                  |                         |                     |                                  |                           |               | Minority<br>interests | Total Owner's<br>Equity |                   |
|  | Paid-in capital<br>(or share<br>capital)                  | Other equity<br>instruments        |                                       |               | Capital surplus  | Less<br>:<br>Inve<br>ntory<br>Share | Other<br>comprehensive<br>income | Specialized<br>reserves | Surplus<br>reserves | General<br>risk<br>allowan<br>ce | Undistributed<br>earnings | Ot<br>he<br>r |                       |                         | Subto<br>tal      |
|  |   | Pri<br>ori<br>ty<br>Sh<br>are<br>s | P<br>er<br>pe<br>tu<br>al<br>De<br>bt | Ot<br>he<br>r |                  |                                     |                                  |                         |                     |                                  |                           |               |                       |                         |                   |
| I. Previous<br>year<br>Ending<br>balance                                     | 800,000,000.00  |                                    |                                       |               | 5,225,071,831.84 |                                     | 14,212,789.46                    | 487,389.85              | 1,048,922,760.91    |                                  | 3,771,398,531.63          |               | 10,860,093,303.69     | 917,371.43              | 10,861,010,675.12 |
| Add:<br>Accounting<br>Policy<br>Policy<br>Change                             |   |                                    |                                       |               |                  |                                     |                                  |                         |                     |                                  |                           |               |                       |                         |                   |
| Pre-phase<br>Error<br>Correction   |   |                                    |                                       |               |                  |                                     |                                  |                         |                     |                                  |                           |               |                       |                         |                   |
| Ente<br>rprises<br>under the<br>same<br>control<br>Industry<br>consolidation |   |                                    |                                       |               |                  |                                     |                                  |                         |                     |                                  |                           |               |                       |                         |                   |
| Other  |   |                                    |                                       |               |                  |                                     |                                  |                         |                     |                                  |                           |               |                       |                         |                   |
| II. The current<br>year<br>Initial<br>Balance                                | 800,000,000.00  |                                    |                                       |               | 5,225,071,831.84 |                                     | 14,212,789.46                    | 487,389.85              | 1,048,922,760.91    |                                  | 3,771,398,531.63          |               | 10,860,093,303.69     | 917,371.43              | 10,861,010,675.12 |
| 3. Increase<br>o<br>r<br>decrease<br>in the<br>current<br>period             |   |                                    |                                       |               |                  |                                     | 2,409,526.45                     | -487,389.85             | 33,862,955.33       | 807,517.73                       | 248,450,394.67            |               | 285,043,004.33        | 231,979.88              | 285,274,984.21    |
| 86 / 268   |   |                                    |                                       |               |                  |                                     |                                  |                         |                     |                                  |                           |               |                       |                         |                   |

2021 Annual

|   |  |  |  |  |  |  |               |  |               |            |                 |                 |  |  |                 |
|---|--|--|--|--|--|--|---------------|--|---------------|------------|-----------------|-----------------|--|--|-----------------|
| Distribution  |  |  |  |  |  |  |               |  |               |            |                 |                 |  |  |                 |
| 1. Extraction of surplus Surplus Provident Fund                       |  |  |  |  |  |  |               |  | 33,591,560.39 |            | -33,591,560.39  |                 |  |  |                 |
| 2. Extraction of general risk quasi Preparation                       |  |  |  |  |  |  |               |  |               | 807,517.73 | -807,517.73     |                 |  |  |                 |
| 3. To owners (or shares) Distribution of (East)                       |  |  |  |  |  |  |               |  |               |            | -320,000,000.00 | -320,000,000.00 |  |  | -320,000,000.00 |
| 4. Other  |  |  |  |  |  |  |               |  |               |            |                 |                 |  |  |                 |
| (iv) Within owner's equity Departmental Carryover                     |  |  |  |  |  |  | -2,713,949.35 |  | 271,394.94    |            | 2,442,554.41    |                 |  |  |                 |
| 1. Capitalization of capital stock (or shares) (Ben)                  |  |  |  |  |  |  |               |  |               |            |                 |                 |  |  |                 |
| 2. Transfer of surplus to capital (or shares) (Ben)                   |  |  |  |  |  |  |               |  |               |            |                 |                 |  |  |                 |
| 3. Surplus reserves to cover deficit damage                           |  |  |  |  |  |  |               |  |               |            |                 |                 |  |  |                 |
| 4. Carryforward of changes in defined benefit plans Retained earnings |  |  |  |  |  |  |               |  |               |            |                 |                 |  |  |                 |
| 5. Other comprehensive income   |  |  |  |  |  |  | -2,713,949.35 |  | 271,394.94    |            | 2,442,554.41    |                 |  |  |                 |

2021 Annual

|   |                |  |  |  |                  |  |               |  |                  |            |                  |  |                   |              |                   |
|---|----------------|--|--|--|------------------|--|---------------|--|------------------|------------|------------------|--|-------------------|--------------|-------------------|
| carryforward of retained earnings Benefit |                |  |  |  |                  |  |               |  |                  |            |                  |  |                   |              |                   |
| 6. Other                                  |                |  |  |  |                  |  |               |  |                  |            |                  |  |                   |              |                   |
| (E) special Reserve                       |                |  |  |  |                  |  | -487,389.85   |  |                  |            |                  |  | -487,389.85       |              | -487,389.85       |
| 1. The current period take                |                |  |  |  |                  |  | -487,389.85   |  |                  |            |                  |  | -487,389.85       |              | -487,389.85       |
| 2、 This period make Use                   |                |  |  |  |                  |  |               |  |                  |            |                  |  |                   |              |                   |
| (F) Other                                 |                |  |  |  |                  |  |               |  |                  |            |                  |  |                   |              |                   |
| IV. The current period Ending balance     | 800,000,000.00 |  |  |  | 5,225,071,831.84 |  | 16,622,315.91 |  | 1,082,785,716.24 | 807,517.73 | 4,019,848,926.30 |  | 11,145,136,308.02 | 1,149,351.31 | 11,146,285,659.33 |

| Proje<br>cts                                  | 2020  |   |   |               |                  |                                    |                                  |                         |                     |   |                           |                           |                         |            |                   |
|---|---|---|---|---------------|------------------|------------------------------------|----------------------------------|-------------------------|---------------------|---|---------------------------|---------------------------|-------------------------|------------|-------------------|
|   | Equity attributable to<br>owners of the parent<br>company |   |   |               |                  |                                    |                                  |                         |                     |   |                           | Minority<br>interest<br>s | Total Owner's<br>Equity |            |                   |
|   | Paid-in capital<br>(or share<br>capital)                  | Other equity<br>instruments                 |   |               | Capital surplus  | Less<br>:<br>Trea<br>sury<br>stock | Other<br>comprehensive<br>income | Specialized<br>reserves | Surplus<br>reserves | -<br>G<br>en<br>er<br>al<br>ris<br>k<br>all<br>o<br>w<br>an<br>ce | Undistributed<br>earnings | Ot<br>he<br>r             | Subto<br>tal            |            |                   |
| I. Balance at the end of<br>the previous year | 800,000,000.00  | Pr<br>ef<br>err<br>ed<br>S<br>ha<br>re<br>s | P<br>er<br>pe<br>tu<br>al<br>D<br>eb<br>t | Ot<br>he<br>r | 5,225,071,831.84 |                                    | 4,957,140.66                     | 437,848.09              | 928,410,561.19      |   | 3,112,015,623.48          |                           | 10,070,893,005.26       | 600,006.31 | 10,071,493,011.57 |
| Add: Change in<br>accounting policy           |   |   |   |               |                  |                                    |                                  |                         |                     |   |                           |                           |                         |            |                   |
| Correction of Prior<br>Period Errors          |   |   |   |               |                  |                                    |                                  |                         |                     |   |                           |                           |                         |            |                   |

2021 Annual

|   |                |  |  |  |                  |  |              |            |                |  |                  |  |                   |            |                   |
|---|----------------|--|--|--|------------------|--|--------------|------------|----------------|--|------------------|--|-------------------|------------|-------------------|
| Enterprises under the same control  |                |  |  |  |                  |  |              |            |                |  |                  |  |                   |            |                   |
| Merger  |                |  |  |  |                  |  |              |            |                |  |                  |  |                   |            |                   |
| Other   |                |  |  |  |                  |  |              |            |                |  |                  |  |                   |            |                   |
| II. Opening balance of the year   | 800,000,000.00 |  |  |  | 5,225,071,831.84 |  | 4,957,140.66 | 437,848.09 | 928,410,561.19 |  | 3,112,015,623.48 |  | 10,070,893,005.26 | 600,006.31 | 10,071,493,011.57 |
| C. The amount of increase or decrease in the current period (decrease by **—**)<br>(Fill in the column) |                |  |  |  |                  |  | 9,255,648.80 | 49,541.76  | 120,512,199.72 |  | 659,382,908.15   |  | 789,200,298.43    | 317,365.12 | 789,517,663.55    |
| (i) Total comprehensive income  |                |  |  |  |                  |  | 9,255,648.80 |            |                |  | 1,059,895,107.87 |  | 1,069,150,756.67  | 317,365.12 | 1,069,468,121.79  |
| (ii) Owner input and Capital Reduction  |                |  |  |  |                  |  |              |            |                |  |                  |  |                   |            |                   |
| 1、Owner input general Share   |                |  |  |  |                  |  |              |            |                |  |                  |  |                   |            |                   |
| 2. Other equity instruments held Capital investment   |                |  |  |  |                  |  |              |            |                |  |                  |  |                   |            |                   |
| 3. Share-based payments are included in all Amount of equity  |                |  |  |  |                  |  |              |            |                |  |                  |  |                   |            |                   |
| 4. Other  |                |  |  |  |                  |  |              |            |                |  |                  |  |                   |            |                   |
| (iii) Profit distribution   |                |  |  |  |                  |  |              |            | 120,512,199.72 |  | -400,512,199.72  |  | -280,000,000.00   |            | -280,000,000.00   |
| 1. Withdrawal of surplus reserves   |                |  |  |  |                  |  |              |            | 120,512,199.72 |  | -120,512,199.72  |  |                   |            |                   |
| 2. Provision for general risks  |                |  |  |  |                  |  |              |            |                |  |                  |  |                   |            |                   |
| 3. To owners (or shareholders) Distribution of  |                |  |  |  |                  |  |              |            |                |  | -280,000,000.00  |  | -280,000,000.00   |            | -280,000,000.00   |
| 4. Other  |                |  |  |  |                  |  |              |            |                |  |                  |  |                   |            |                   |
| (iv) Within owner's equity Departmental Carryover   |                |  |  |  |                  |  |              |            |                |  |                  |  |                   |            |                   |
| 1. Transfer of capital surplus to capital (or equity)   |                |  |  |  |                  |  |              |            |                |  |                  |  |                   |            |                   |
| 2. Transfer of surplus to capital (or equity)   |                |  |  |  |                  |  |              |            |                |  |                  |  |                   |            |                   |
| 3. Surplus reserves to cover losses   |                |  |  |  |                  |  |              |            |                |  |                  |  |                   |            |                   |
| 4. Changes in defined benefit plans Amount of retained earnings carried forward                         |                |  |  |  |                  |  |              |            |                |  |                  |  |                   |            |                   |
| 5. Other comprehensive income carryforward Retained earnings  |                |  |  |  |                  |  |              |            |                |  |                  |  |                   |            |                   |



## 2021 Annual

|                                     |                |  |  |  |                  |  |               |            |                  |  |                  |           |                   |            |                   |
|-------------------------------------|----------------|--|--|--|------------------|--|---------------|------------|------------------|--|------------------|-----------|-------------------|------------|-------------------|
| 6. Other                            |                |  |  |  |                  |  |               |            |                  |  |                  |           |                   |            |                   |
| (E) special reserve                 |                |  |  |  |                  |  | 49,541.76     |            |                  |  |                  | 49,541.76 |                   | 49,541.76  |                   |
| 1. Withdrawal in the current period |                |  |  |  |                  |  | 49,541.76     |            |                  |  |                  | 49,541.76 |                   | 49,541.76  |                   |
| 2. Used in this period              |                |  |  |  |                  |  |               |            |                  |  |                  |           |                   |            |                   |
| (F) Other                           |                |  |  |  |                  |  |               |            |                  |  |                  |           |                   |            |                   |
| IV. Closing balance of the period   | 800,000,000.00 |  |  |  | 5,225,071,831.84 |  | 14,212,789.46 | 487,389.85 | 1,048,922,760.91 |  | 3,771,398,531.63 |           | 10,860,093,303.69 | 917,371.43 | 10,861,010,675.12 |

Responsible person of the company: Ding Mu Responsible person of accounting work: Zhong Danfang Responsible person of accounting institution:  
Zhao Libo

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

Unit: YuanCurrency:RMB

[illegible]

| Proj<br>e<br>c<br>t<br>s  | Year 2020                      |                          |                   |       |                  |                    |                                  |                 |                  |                           |                      |
|---|--------------------------------|--------------------------|-------------------|-------|------------------|--------------------|----------------------------------|-----------------|------------------|---------------------------|----------------------|
|   | Paid-in capital (or<br>shares) | Other equity instruments |                   |       | Capital surplus  | Less:<br>Inventory | Other<br>comprehensive<br>income | Special<br>ized | Surplus reserves | Undistributed<br>earnings | Total Owner's Equity |
|   | this<br>)                      | Preferred<br>Shares      | Perpetual<br>Debt | Other |                  | Share              |                                  | Reserv<br>e     |                  |                           |                      |
| I. Balance at the end of the previous year  | 800,000,000.00                 |                          |                   |       | 5,216,137,085.47 |                    | 20,702,551.54                    |                 | 935,233,093.95   | 2,704,306,399.02          | 9,676,379,129.98     |
| Add: Change in accounting policy  |                                |                          |                   |       |                  |                    |                                  |                 |                  |                           |                      |
| Correction of Prior Period Errors   |                                |                          |                   |       |                  |                    |                                  |                 |                  |                           |                      |
| Other   |                                |                          |                   |       |                  |                    |                                  |                 |                  |                           |                      |
| II. Opening balance of the year   | 800,000,000.00                 |                          |                   |       | 5,216,137,085.47 |                    | 20,702,551.54                    |                 | 935,233,093.95   | 2,704,306,399.02          | 9,676,379,129.98     |
| C. The amount of increase or<br>decrease in the current period<br>(decrease by "-")<br>(Fill in the column) |                                |                          |                   |       |                  |                    | 2,790,129.38                     |                 | 120,512,199.72   | 804,609,797.50            | 927,912,126.60       |
| (i) Total comprehensive income  |                                |                          |                   |       |                  |                    | 2,790,129.38                     |                 |                  | 1,205,121,997.22          | 1,207,912,126.60     |
| (ii) Owner input and reduction of capital   |                                |                          |                   |       |                  |                    |                                  |                 |                  |                           |                      |
| 1. Ordinary shares invested by owners   |                                |                          |                   |       |                  |                    |                                  |                 |                  |                           |                      |
| 2. Capital contributions from holders of other<br>equity instruments  |                                |                          |                   |       |                  |                    |                                  |                 |                  |                           |                      |
| 3. Share-based payments included in<br>owners' equity   |                                |                          |                   |       |                  |                    |                                  |                 |                  |                           |                      |
| 4. Other  |                                |                          |                   |       |                  |                    |                                  |                 |                  |                           |                      |
| (iii) Profit distribution   |                                |                          |                   |       |                  |                    |                                  |                 | 120,512,199.72   | -400,512,199.72           | -280,000,000.00      |
| 1. Withdrawal of surplus reserves   |                                |                          |                   |       |                  |                    |                                  |                 | 120,512,199.72   | -120,512,199.72           |                      |
| 2. Distribution to owners (or shareholders)   |                                |                          |                   |       |                  |                    |                                  |                 |                  | -280,000,000.00           | -280,000,000.00      |
| 3. Other  |                                |                          |                   |       |                  |                    |                                  |                 |                  |                           |                      |
| (iv) Internal carryforward of owners' equity  |                                |                          |                   |       |                  |                    |                                  |                 |                  |                           |                      |
| 1. Transfer of capital surplus to capital (or<br>share capital)   |                                |                          |                   |       |                  |                    |                                  |                 |                  |                           |                      |
| 2. Transfer of surplus to capital (or share<br>capital)   |                                |                          |                   |       |                  |                    |                                  |                 |                  |                           |                      |
| 3. Surplus reserves to cover losses   |                                |                          |                   |       |                  |                    |                                  |                 |                  |                           |                      |
| 4. Transfer of retained earnings from<br>changes in defined benefit plans                                   |                                |                          |                   |       |                  |                    |                                  |                 |                  |                           |                      |
| 5. Other comprehensive income carried<br>forward to retained earnings                                       |                                |                          |                   |       |                  |                    |                                  |                 |                  |                           |                      |
| 6. Other  |                                |                          |                   |       |                  |                    |                                  |                 |                  |                           |                      |
| (E) special reserve   |                                |                          |                   |       |                  |                    |                                  |                 |                  |                           |                      |

## 2021 Annual

|                                     |                |  |  |  |                  |  |               |  |                  |                  |                   |
|-------------------------------------|----------------|--|--|--|------------------|--|---------------|--|------------------|------------------|-------------------|
| 1. Withdrawal in the current period |                |  |  |  |                  |  |               |  |                  |                  |                   |
| 2. Used in this period              |                |  |  |  |                  |  |               |  |                  |                  |                   |
| (F) Other                           |                |  |  |  |                  |  |               |  |                  |                  |                   |
| IV. Closing balance of the period   | 800,000,000.00 |  |  |  | 5,216,137,085.47 |  | 23,492,680.92 |  | 1,055,745,293.67 | 3,508,916,196.52 | 10,604,291,256.58 |

Responsible person of the company: Ding Mu Responsible person of accounting work: Zhong Danfang Responsible person of accounting institution:  
Zhao Libo

### III. Basic information of the company

#### 1. Company Overview

√Applicable ☐ Not applicable

(hereinafter referred to as "the Company" or "the Company" and collectively referred to as "the Group" when including subsidiaries) was established by Shandong Provincial People's Government under the approval of Shandong Provincial People's Government, Lu Zheng Zu Zi [2001] No. 5. Ltd. as the main sponsor, together with Weihai CITIC Trading Co. The company was registered in Shandong Province Administration for Industry and Commerce on February 22, 2001, with the following registration

The registered capital is RMB 24,000,000.

On December 31, 2007, the Company's second Extraordinary General Meeting of 2007 considered and approved the "Capital surplus and unappropriated earnings from capital surplus and unappropriated earnings".

After the implementation of the profit distribution plan, the registered capital of the Company was changed to RMB60,000,000.

According to the China Securities Regulatory Commission Securities Regulatory License [2016] No. 1609 "Approval of the Approval of the Initial Public Offering of Shares of Triangle Tire Co.", the Company issued 20,000,000 shares of RMB common stock (A shares) to the public on August 30, 2016 and listed for trading on the Shanghai Stock Exchange on September 9, 2016.

On October 12, 2016, the company completed the procedure of industrial and commercial change of registered capital and issued a business license, and the unified social credit code The registered capital was changed to RMB80,000,000 and the registered address of the company was No. 56, Qingdao Middle Road, Weihai City.

As of December 31, 2021, the registered capital of the Company is RMB 800,000,000.00 and the share capital is RMB 800,000,000.00 Yuan.

The company belongs to the rubber and plastic products in the tire manufacturing industry, business scope: tires, rubber products, rubber machinery and instruments, chemical products (excluding chemical dangerous goods), nylon cord, steel cord tire raw and auxiliary materials development, production, sales and technical services; record scope of import and export business; chemical engineering design, installation (subject to qualification certificate), machinery and equipment and housing rental, warehousing (excluding chemical dangerous goods) loading and unloading and logistics services, business management consulting services; recycling materials and wholesale (including hazardous waste and subject to licensing projects). (excluding chemical hazardous materials) loading and unloading and logistics services, business management consulting services; recycling and wholesale of recycled materials (excluding hazardous waste and projects subject to licensing).

The Company and its subsidiaries are mainly engaged in the development, manufacture and sale of tires.

#### 2. Scope of Consolidated Financial Statements

√Applicable ☐ Not applicable

The Group had 13 subsidiaries included in the scope of consolidation in fiscal 2021, with one new subsidiary compared with the previous year. For details, please refer to Section 10, "Changes in the scope of consolidation" and Section 9, "Interests in other entities" of this report.

### IV. Basis of preparation of financial statements

#### 1. Preparation basis

The Group's financial statements have been prepared on a going concern basis, based on transactions and events that have actually occurred, in accordance with the Accounting

Standards for Business Enterprises issued by the Ministry of Finance and related regulations, and based on the accounting policies and accounting estimates described in Section 10 V. "Significant Accounting Policies and Accounting Estimates" of this report.

## 2. Going concern

√Applicable    ☐Not applicable

The Group has the ability to continue as a going concern for 12 months from the end of the reporting period. **V. Significant accounting policies and accounting estimates**

Specific accounting policies and accounting estimate tips:

√Applicable    ☐ Not applicable

The Group's core business is the research and development, manufacturing and global marketing of tires. The specific accounting policies and accounting estimates formulated by the Group in accordance with the actual production and operation characteristics and in accordance with the relevant enterprise accounting standards include the operating cycle, recognition and measurement of bad debt provision for receivables, measurement of inventories issued, classification and depreciation methods of fixed assets, amortization of intangible assets, and recognition and measurement of revenue.

### 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 financial position, results of operations and cash flows of the Company and the Group and other relevant information.

### 2. Accounting Period

The Group's accounting period is from January 1 to December 31.

**3. Business cycle**

☒Applicable    ☐Not applicable

The normal operating cycle is the period from the time the Company purchases assets for processing to the time it realizes cash or cash equivalents. The Group uses 12 months as an operating cycle and uses it as a criterion for classifying the liquidity of assets and liabilities.

**4. Local currency of accounts**

The Company and its domestic subsidiaries are denominated in RMB; the Company's subsidiaries in Australia are denominated in AUD, the subsidiaries in Hong Kong, the United States and Panama are denominated in USD, and the subsidiaries in Singapore are denominated in SGD.

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

☐Applicable    ☒Not applicable

**6. Preparation of Consolidated Financial Statements**

☒Applicable    ☐Not applicable

The Group includes all controlled subsidiaries in the scope of the consolidated financial statements.

In preparing the consolidated financial statements, if the accounting policies or accounting periods adopted by a subsidiary and the Company are not the same, the necessary adjustments are made to the financial statements of the subsidiary in accordance with the Company's accounting policies or accounting periods.

All significant internal transactions, transaction balances and unrealized profits within the scope of consolidation are eliminated in the preparation of the consolidated financial statements. The shares of ownership interests of subsidiaries that do not belong to the parent company and the shares of net profit or loss, other comprehensive income and total comprehensive income for the period that belong to minority interests are presented in the consolidated financial statements under "Minority interests, minority gains and losses, other comprehensive income attributable to minority shareholders and total comprehensive income attributable to minority shareholders", respectively. The shares of minority interests in the consolidated financial statements are presented under "Minority interests, minority gains and losses, other comprehensive income attributable to minority shareholders and total comprehensive income attributable to minority shareholders".

For subsidiaries acquired through a business combination under the same control, their operating results and cash flows are included in the consolidated financial statements from the beginning of the period of consolidation. When preparing the comparative consolidated financial statements, the relevant items in the prior year's financial statements are adjusted as if the reporting entity formed after the merger had been in existence since the point at which the ultimate controlling party began to exercise control.

For a subsidiary acquired through a business combination not under common control, the results of operations and cash flows are included in the consolidated financial statements from the date the Group obtains control. In preparing the consolidated financial statements, the financial statements of subsidiaries are adjusted on the basis of the fair value of each identifiable asset, liability and contingent liability determined at the date of purchase.

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

☐Applicable    ☒Not applicable

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

Cash in the Group's statement of cash flows represents cash on hand and deposits that are readily available for payment. Cash equivalents in the statement of cash flows represent investments that are held for less than three months, are highly liquid, are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

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

√Applicable      □Not applicable

### (1) Foreign Currency Transactions

The Group's foreign currency transactions are translated into RMB amounts at the approximate exchange rate of the spot rate (usually the mid-price of the foreign exchange rate published by the People's Bank of China on the same day, the same below). At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rate at the balance sheet date. The resulting translation differences are recognized directly in profit or loss for the current period, except for the exchange differences arising from special borrowings in foreign currencies for the acquisition or production of assets eligible for capitalization, which are treated in accordance with the principle of capitalization.

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

Foreign currency balance sheet items are translated using the spot exchange rate at the balance sheet date for assets and liabilities; items in the owner's equity category, except for "undistributed earnings", are translated at the spot exchange rate at the time of the transaction; income and expense items in the income statement are translated using an approximation of the spot exchange rate at the date of the transaction. The translation differences arising from the above translation are presented in other comprehensive income. Cash flows in foreign currencies are translated using exchange rates approximating the spot rates at the dates when the cash flows occur. The amount of the effect of exchange rate changes on cash is shown separately in the statement of cash flows.

## 10. Financial Instruments

√Applicable      □Not applicable

The Group recognizes a financial asset or financial liability when it becomes a party to a financial instrument contract.

### (1) Financial Assets

### 1) Classification, recognition basis and measurement method of financial assets

The Group classifies financial assets as financial assets carried at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss based on the business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

The Group classifies financial assets as financial assets carried at amortized cost if both of the following conditions are met: (i) the business model for managing the financial asset is to collect the contractual cash flows. (ii) The contractual terms of the financial asset provide that the cash flows arising on a specific date are solely payments of principal and interest based on the principal amount outstanding. Such financial assets are initially measured at fair value, with related transaction costs recognized in the initial recognition amount; they are subsequently measured at amortized cost. Except for those designated as hedged items, the difference between the initial amount and the maturity amount is amortized by the effective interest method, and the amortization, impairment, foreign exchange gain or loss, and gain or loss arising on derecognition are recognized in profit or loss.

The Group classifies financial assets as financial assets at fair value through other comprehensive income if both (i) the business model for managing the financial asset is to both collect the contractual cash flows and sell the financial asset. (ii) The contractual terms of the financial asset provide that the cash flows arising on a specific date are solely payments of principal and interest based on the principal amount outstanding. Such financial assets are initially measured at fair value, with related transaction costs recognized in the initial recognition amount. Except for those designated as hedged items, such financial assets, other than credit impairment losses or gains, foreign exchange gains or losses and interest on such financial assets calculated under the effective interest rate method, are recognized in other comprehensive income; upon derecognition of a financial asset, the cumulative gain or loss previously recognized in other comprehensive income should be transferred from other comprehensive income and recognized in profit or loss for the current period.

The Group recognizes interest income based on the effective interest rate method. Interest income is determined by multiplying the carrying amount of the financial assets by the effective interest rate, except for the following cases: (1) For financial assets acquired or originated with credit impairment, interest income is recognized from initial recognition on the basis of the Interest income is determined by calculating the amortized cost of the financial assets and the credit-adjusted effective interest rate. (2) For financial assets acquired or originated without credit impairment but become credit-impaired in subsequent periods, interest income is determined in subsequent periods based on the amortized cost of the financial assets and the effective interest rate.

The Group designates its investments in non-trading equity instruments as financial assets at fair value through other comprehensive income. This designation, once made, cannot be revoked. The Group's investments in non-trading equity instruments designated as at fair value through other comprehensive income are initially measured at fair value, with related transaction costs recognized at initial recognition; except for dividends received (other than those attributable to the recovery of investment costs) which are recognized in profit or loss, other related gains and losses (including exchange gains and losses) are recognized in other comprehensive income and are not subsequently transferred to When the investment is derecognized, the gains and losses previously recognized are recognized in other comprehensive income. When they are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are transferred from other comprehensive income and included in retained earnings.

Financial assets other than those classified as financial assets carried at amortized cost and those classified as financial assets at fair value through other comprehensive income as described above are classified by the Group as financial assets at fair value through profit or loss.



Such financial assets are initially measured at fair value, and the related transaction costs are recognized directly in profit or loss for the current period. Gains or losses on such financial assets are recognized in profit or loss for the current period.

## 2 ) Basis of recognition and measurement of transfer of financial assets

The Group derecognizes a financial asset when one of the following conditions is met: (i) the contractual rights to receive cash flows from the financial asset are terminated; (ii) the financial asset is transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset; (iii) the financial asset is transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and does not retain (2) The Group transfers the financial asset and does not retain control over the financial asset.

If a transfer of a financial asset as a whole satisfies the derecognition condition, the difference between the carrying amount of the transferred financial asset and the amount corresponding to the derecognized portion of the consideration received for the transfer and the cumulative amount of changes in fair value that would otherwise be recognized directly in other comprehensive income (the contractual terms of the financial asset involved in the transfer provide that the cash flows arising on a specific date are only payments of principal and interest based on the principal amount outstanding The difference between the sum of the principal and the interest based on the outstanding principal amount is recognized in profit or loss.

If a partial transfer of a financial asset satisfies the conditions for derecognition, the carrying amount of the financial asset transferred as a whole is apportioned between the derecognized portion and the unrecognized portion according to their respective relative fair values, and the amount of the consideration received for the transfer and the accumulated amount of changes in fair value that should be apportioned to the derecognized portion that was previously recorded in other comprehensive income corresponding to the derecognized portion (involving the transfer of The contractual terms of the financial assets stipulate that the cash flows arising on a specific date are only payments of principal and interest based on the outstanding principal amount), the difference between the sum of the consideration received and the cumulative amount of changes in fair value that should be apportioned to the derecognized portion of the financial assets previously recognized in other comprehensive income, and the difference between the apportioned amount and the overall carrying amount of the financial assets previously recognized in other comprehensive income is recognized in profit or loss.

## ( 2 ) Financial liabilities

### 1 ) Financial liabilities classification, recognition basis and measurement method

The Group's financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss and other financial liabilities.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated as at fair value through profit or loss on initial recognition. Subsequent measurement at fair value, gains or losses arising from changes in fair value and dividends and interest expenses related to the financial liabilities are recognized in profit or loss for the current period.

Other financial liabilities, which are subsequently measured at amortized cost using the effective interest rate method. The Group classifies financial liabilities as financial liabilities at amortized cost, except for the following: ① Financial liabilities at fair value through profit or loss, including financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss. ② Financial liabilities resulting from the transfer of financial assets that do not meet the derecognition criteria or from the continued involvement in the transferred financial assets. ③ Financial guarantee contracts that do not fall under the circumstances of ① or ② above, and loan commitments to lend at below-market interest rates that do not fall under the circumstances of ① above.

## 2 ) Conditions for derecognition of financial liabilities

When the present obligation of a financial liability is discharged in whole or in part, the financial liability or the part of the obligation that has been discharged is derecognized. When the Group enters into an agreement with a creditor to replace an existing financial liability by assuming a new financial liability and the contractual terms of the new financial liability are materially different from those of the existing financial liability, the existing financial liability is derecognized and the new financial liability is recognized at the same time. If the Group materially modifies the contractual terms of all or part of an existing financial liability, it derecognizes the existing financial liability or part of it, and recognizes the modified financial liability as a new financial liability at the same time. 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 ) Methodology for determining the fair value of financial assets and financial liabilities

The Group measures the fair value of financial assets and financial liabilities at prices in the principal market, or, if no principal market exists, at prices in the most advantageous market, and uses valuation techniques that are applicable at the time and supported by sufficient available data and other information. There are three levels of inputs used in fair value measurements, namely, level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date; level 2 inputs are inputs other than level 1 inputs that are directly or indirectly observable for the related assets or liabilities; and level 3 inputs are unobservable inputs for the related assets or liabilities. The Group prioritizes the use of level 1 inputs before using level 3 inputs, and the level to which the fair value measurement results belong is determined by the lowest level to which the inputs that are significant to the fair value measurement as a whole belong.

The Group's investments in equity instruments are measured at fair value. However, in limited circumstances where there is insufficient recent information available to determine fair value, or where the range of possible estimates of fair value is so wide that cost represents the best estimate of fair value within that range, such cost may represent its appropriate estimate of fair value within that range.

## ( 4 ) Offsetting of financial assets and financial liabilities

The Group's financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other. However, they are presented in the balance sheet in net amounts after offsetting each other if the following conditions are met: (i) the Group has a legal right to offset the recognized amounts and such legal right is currently enforceable; (ii) the Group plans to settle the financial assets on a net basis, or to realize the financial assets and

settle the financial liabilities simultaneously.

( 5 ) Distinction between financial liabilities and equity instruments and related treatment

The Group distinguishes between financial liabilities and equity instruments in accordance with the following principles: 1) A contractual obligation meets the definition of a financial liability if the Group cannot unconditionally avoid meeting that obligation by delivering cash or other financial assets. Some financial instruments do not explicitly contain terms and conditions for the obligation to deliver cash or other financial assets, but it is possible that a contractual obligation may arise indirectly through other terms and conditions. ② If a financial instrument is required to be settled with or may be settled with the Group's own equity instruments, consideration needs to be given to whether the Group's own equity instruments used to settle the instrument are intended as a substitute for cash or other financial assets or are intended to give the holder of the instrument a residual interest in the assets of the issuer net of all liabilities. In the former case, the instrument is a financial liability of the issuer; in the latter case, the instrument is an equity instrument of the issuer. In some cases, a financial instrument contract requires the Group to settle the financial instrument with or using its own equity instruments, where the amount of the contractual right or contractual obligation is equal to the number of own equity instruments available for acquisition or delivery multiplied by their fair value at the time of settlement, regardless of whether the amount of the contractual right or obligation is fixed or based in whole or in part on variables other than the market price of the Group's own equity instruments. The contract is classified as a financial liability, regardless of whether the amount of the contractual right or obligation is fixed or changes based in whole or in part on variables other than the market price of the Group's own equity instruments (such as interest rates, the price of a commodity or the price of a financial instrument).

The Group's classification of financial instruments (or their components) in the consolidated statements of operations takes into account group membership and financial instruments. All terms and conditions agreed between the holders. An instrument should be classified as a financial liability if the Group as a whole has an obligation to deliver cash, other financial assets or settle in a manner that would otherwise result in the instrument becoming a financial liability as a result of the instrument.

If a financial instrument or its component parts are financial liabilities, the related interest, dividends (or dividends), gains or losses, and gains or losses arising from redemption or refinancing are recognized by the Group in profit or loss for the current period.

When financial instruments or their components are equity instruments, the Group treats them as changes in equity when they are issued (including refinancing), repurchased, sold or cancelled, and does not recognize changes in the fair value of equity instruments.

#### ( 6 ) Impairment of financial instruments

The Group accounts for impairment and recognizes loss provisions on the following items on the basis of expected credit losses: (i) financial assets measured at amortized cost; (ii) financial assets measured at fair value through other comprehensive income; and (iii) lease receivables;

##### ④ Contract assets.

Expected credit losses, which are the weighted average of credit losses on financial instruments weighted by the risk of default. Credit losses, being the difference between all contractual cash flows receivable by the Group under the contract and all cash flows expected to be collected, discounted at the original effective interest rate, are the present value of the total cash shortfall.

The Group consistently measures its loss allowance for each of the following items at an amount equal to the expected credit loss for the entire duration:

(1) the transactions regulated by ASBE No. 14 - Revenue Standard form an allowance for losses on receivables or contract assets, regardless of whether the item contains a significant financing component; (2) finance lease receivables; and (3) operating lease receivables.

For financial instruments other than those mentioned above, the Group measures the allowance for losses as follows: (i) for financial instruments with no significant increase in credit risk since initial recognition, the Group measures the allowance for losses at the amount of expected credit losses over the next 12 months; (ii) for financial instruments with significant increase in credit risk since initial recognition, the Group measures the allowance for losses at the amount of expected credit losses over the entire life of the financial instruments; (iii) for financial instruments with credit impairment on purchase or origin, the Group measures the allowance for losses at the amount of expected credit losses over the entire life of the financial instruments. (3) For financial instruments purchased or originated with credit impairment, the Group measures the provision for losses at an amount equal to the expected credit losses over the entire life of the instrument.

For financial assets at fair value through other comprehensive income, the Group recognizes a provision for credit losses in other comprehensive income and recognizes the impairment loss or gain in profit or loss, without reducing the carrying amount of the financial asset as stated in the balance sheet. The amount of increase or reversal of the allowance for credit losses for financial instruments other than those listed above is recognized as impairment loss or gain in profit or loss for the period.

##### 1 ) Assessment of significant increase in credit risk

The Group determines whether the credit risk of a financial instrument has increased significantly by comparing the probability of default over the expected life of the financial instrument as determined at initial recognition with the probability of default over the expected life of the instrument as determined at the balance sheet date. However, if the Group determines that a financial instrument has only low credit risk at the balance sheet date, it can assume that the credit risk of the financial instrument has not increased significantly since initial recognition. Normally, if a financial instrument is more than 30 days past due, it indicates that the credit risk of the financial instrument has increased significantly. Unless the Group can obtain reasonable and substantiated information without undue additional cost or effort that the credit risk has not increased significantly since initial recognition even if it is more than 30 days past due. In determining whether credit risk has increased significantly since initial recognition, the Group considers reasonable and substantiated information, including forward-looking information, that is available without undue additional cost or effort.

Assessment on a portfolio basis. If the Group is unable to obtain sufficient evidence of a significant increase in credit risk at the individual instrument level at a reasonable cost, and it is feasible to assess whether credit risk has increased significantly on a portfolio basis, the Group will group financial instruments according to their common credit risk characteristics and consider assessing whether credit risk has increased significantly on a portfolio basis.

## 2 ) Measurement of expected credit losses

The elements that should be reflected when considering the expected credit loss measurement method are: (i) the weighted average amount of unbiased probabilities determined by evaluating a range of possible outcomes; (ii) the time value of money; and (iii) reasonable and substantiated information about past events, current conditions and forecasts of future economic conditions that is available at the balance sheet date without unnecessary additional cost or availability.

The Group determines its credit losses on lease receivables and financial guarantee contracts on an individual asset or contract basis.

For accounts receivable and contract assets, the Group calculates expected credit losses on a combined basis by considering the elements that should be reflected in the expected credit loss measurement method and preparing a table of aging of accounts receivable against default loss rates with reference to historical credit loss experience, except for amounts that are individually significant and for which credit impairment has occurred, for which the Group determines credit losses separately.

For other financial assets measured at amortized cost and financial assets classified as at fair value through other comprehensive income, the Group determines its credit losses on a portfolio basis, except for amounts that are individually significant.

The Group classifies financial instruments into different groups based on common credit risk characteristics. The common credit risk characteristics used by the Group include the type of financial instrument, credit risk rating, geographical location of the debtor, and industry of the debtor.

The Group determines the expected credit losses on the relevant financial instruments in accordance with the following methodology:

① Financial assets, credit losses are the present value of the difference between the contractual cash flows receivable by the Group and the cash flows expected to be collected.

② For lease receivables, credit losses are the present value of the difference between the contractual cash flows receivable by the Group and the cash flows expected to be collected. Of these, the cash flows used to determine the expected credit losses are consistent with the cash flows used by the Group to measure lease receivables in accordance with the leasing guidelines.

## **11. Notes receivable**

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

√Applicable ☐ Not applicable

The Group's notes receivable mainly consist of commercial paper receivables, for which the Group measures the provision for losses at an amount equal to the expected credit loss over the entire life of the commercial paper receivable.

Determination of whether credit risk has increased significantly since initial recognition. The Group determines whether the credit risk of a financial instrument has increased significantly by comparing the amount of the probability of default over the expected life of the financial instrument determined at initial recognition with the probability of default over the expected life of the instrument determined at the balance sheet date. However, if the Group determines that a financial instrument has only low credit risk at the balance sheet date, it can assume that the credit risk of the financial instrument has not increased significantly since initial recognition. Normally, if a financial instrument is more than 30 days past due, it indicates that the credit risk of the financial instrument has increased significantly. Unless the Group is not required to make unnecessary additional

The Group considers reasonable and substantiated information that can be obtained without undue cost or effort to demonstrate that credit risk has not increased significantly since initial recognition, even if more than 30 days past due. In determining whether credit risk has increased significantly since initial recognition, the Group considers reasonable and substantiated information, including forward-looking information, that is available without undue additional cost or effort. The information considered by the Group includes:

(i) the debtor's failure to make principal and interest payments by the contractual due date; (ii) a material deterioration in the external or internal credit rating (if any) of the financial instrument that has occurred or is expected; (iii) a material deterioration in the debtor's operating results that has occurred or is expected; and (iv) changes in the existing or expected technological, market, economic or legal environment that would have a material adverse effect on the debtor's ability to repay the Group.

For commercial acceptances, provision for credit impairment loss is made based on the expected credit loss rate of the receivables.

## **12. Accounts Receivable**

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

√Applicable ☐ Not applicable

For receivables resulting from transactions governed by ASBE No. 14 - Revenue and without a significant financing component, the allowance for losses is always measured at an amount equal to the expected credit loss over the entire life of the receivable.

Assessment on a portfolio basis. For accounts receivable, the Group is unable to obtain sufficient evidence of a significant increase in credit risk at the individual instrument level at a reasonable cost, and it is feasible to assess whether credit risk has increased significantly on a portfolio basis, so the Group groups accounts receivable according to credit risk ratings as a common risk characteristic and considers assessing whether credit risk has increased significantly on a portfolio basis.

| The Group classifies accounts receivable into different portfolios based on their credit risk characteristics: |                                     |
|--|-------------------------------------|
| Projects   | Basis for determining the portfolio |
| Asset Portfolio  | Risk Factor                         |

Expected credit loss measurement. Expected credit losses, which are the weighted average of credit losses on financial instruments weighted by the risk of default. Credit losses are the difference between all contractual cash flows receivable under the contract and all cash flows expected to be collected by the Group, discounted at the original effective interest rate, which is the present value of the entire cash shortfall.

The Group calculates the expected credit loss on accounts receivable at the balance sheet date. If the expected credit loss is greater than the current carrying amount of the allowance for impairment of accounts receivable, the Group recognizes the difference as impairment loss on accounts receivable, debiting "credit impairment loss" and crediting "allowance for bad debts". Conversely, the Group recognizes the difference as an impairment gain and makes a reverse accounting entry.

If the Group incurs credit losses, the related accounts receivable are deemed uncollectible and are approved for write-off, the approved write-off amount is debited to "allowance for bad debts" and credited to "accounts receivable". If the write-off amount is greater than the provision for losses, the difference is debited to "credit impairment loss".

### 13. Receivables financing

☒ Applicable ☐ Not applicable

The Group's receivables financing includes bank acceptance bills receivable and the Company's foreign trade receivables, which are classified as financial assets at fair value through other comprehensive income.

The Group measures the allowance for losses on receivables financing at an amount equal to the expected credit losses over the entire life of the receivables. Based on the credit risk characteristics of receivable financing, it is classified into different portfolios:

| Proj<br>ects                        | Basis for determining the<br>portfolio                          |
|-------------------------------------|---|
| Bankers' Acceptances                | The acceptor is a bank with<br>low credit risk                  |
| Company's foreign trade receivables | According to the foreign trade<br>customer credit risk division |

The Group calculates the expected credit loss on receivables financing at the balance sheet date. If the expected credit loss is greater than the current carrying amount of the allowance for impairment of receivables, the Group recognizes the difference as impairment loss on receivables financing, and debits "credit impairment loss" credits "other comprehensive income". Conversely, the Group recognizes the difference as an impairment gain and records the opposite accounting.

If the Group incurs credit losses and the related receivables financing is deemed uncollectible and is approved for write-off, the amount approved for write-off is debited to "other comprehensive income" and credited to "receivables financing". If the write-off amount is greater than the loss provision, the difference is debited to "credit impairment loss".

#### 14. Other receivables

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

√Applicable ☐ Not applicable

The Group measures the allowance for losses on other receivables as follows: (i) for financial assets whose credit risk has not increased significantly since initial recognition, the Group measures the allowance for losses at the amount of expected credit losses over the next 12 months; (ii) for financial assets whose credit risk has increased significantly since initial recognition, the Group measures the allowance for losses at an amount equal to the expected credit losses over the entire life of the financial instrument; and (iii) for financial assets whose credit risk has increased significantly since initial recognition, the Group measures the allowance for losses at an amount equal to the expected credit losses over the entire life of the financial instrument. (3) For financial assets acquired or originated with credit impairment, the Group measures the allowance for loss at an amount equal to the expected credit loss over the entire life of the financial instrument.

Assessment on a portfolio basis. For other receivables, the Group is unable to obtain sufficient evidence of a significant increase in credit risk at the individual instrument level at a reasonable cost, and it is feasible to assess whether credit risk has increased significantly on a portfolio basis, so the Group considers assessing whether credit risk has increased significantly on an ageing portfolio basis for other receivables based on credit risk ratings as a common risk characteristic.

#### 15. Inventory

√Applicable ☐ Not applicable

##### (1) Classification of inventories

Inventories mainly include raw materials, work-in-process, finished goods, etc.

##### (2) Inventory acquisition and issuance valuation methods

When inventory is acquired, received or issued, it is accounted for under the standard cost method. At the end of each month, the standard cost variance rate determined by the weighted-average method is used to allocate cost differences to operating costs and inventories, and the standard cost is adjusted to actual cost.

##### (3) Recognition of net realizable value of inventories and provision for decline in value

Net realizable value is the estimated selling price of inventory in the ordinary course of activities, less the estimated costs to be incurred to completion, estimated selling expenses and



related taxes. In determining the net realizable value of inventories, the determination is based on conclusive evidence obtained, taking into account the purpose for which the inventories are held and the effect of post-balance sheet events.

At the balance sheet date, inventories are measured at the lower of cost or net realizable value. A provision for decline in value of inventories is made when its net realizable value is lower than its cost. The provision for decline in value of inventories is usually based on the difference between the cost of individual inventory items and their net realizable value. For a large number of inventories with a low unit price, the provision for inventory decline is made by inventory category; for inventories that are related to product lines manufactured and sold in the same region, have the same or similar end use or purpose, and are difficult to be measured separately from other items, the provision for inventory decline may be consolidated.

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

( 4 ) Inventory system is perpetual inventory system

( 5 ) Amortization method of low-value consumables and packaging

Low-value consumables and packaging are amortized on a lump-sum basis as they are received.

## **16. Contract Assets**

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

√Applicable ☐ Not applicable

A contract asset is a right to receive consideration for merchandise that the Group has transferred to a customer and that is dependent on factors other than the passage of time. If the Group sells two clearly distinguishable commodities to a customer and is entitled to receive payment because one of the commodities has been delivered, but the receipt of such payment is also dependent on the delivery of the other commodity, the Group treats the right to receive payment as a contract asset.

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

√Applicable ☐ Not applicable

The method of determining expected credit losses on contract assets is described above in relation to 12.

If the expected credit loss is greater than the current carrying amount of the provision for impairment of contract assets, the Group recognizes the difference as an impairment loss and debits "Impairment loss on assets" and credits "Provision for impairment of contract assets". Conversely, the Group recognizes the difference as an impairment gain and records the opposite accounting.

If the Group incurs actual credit losses and the related contract assets are deemed uncollectible and approved for write-off, the Group debits "provision for impairment of contract assets" and credits "contract assets" according to the approved write-off amount. If the write-off amount is greater than the provision for losses, the difference is debited to "Impairment loss on assets".

**17. Assets held for sale**

☐Applicable √Not applicable

**18. Debt Investment**

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

☐Applicable √Not applicable

**19. Other debt investments**

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

☐Applicable √Not applicable

**20. Long-term receivables**

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

☐Applicable √Not applicable

**21. Long-term equity investments**

√Applicable ☐ Not applicable

The Group's long-term equity investments mainly consist of investments in subsidiaries, investments in associates and investments in joint ventures.

The Group bases its judgement of joint control on the fact that all participants or a combination of participants collectively control the arrangement and that the policies of the activities related to the arrangement must be unanimously agreed by those participants who collectively control the arrangement.

The Group is generally considered to have significant influence over an investee when it owns more than 20% but less than 50% of the voting rights of the investee directly or indirectly through its subsidiaries. If the Group holds less than 20% of the voting rights of an investee, it is also considered to have

significant influence on the investee by taking into account the fact and circumstances that the Group has representatives on the board of directors or similar authority of the investee, or participates in the process of formulating financial and operating policies of the investee, or has significant transactions with the investee, or sends management personnel to the investee, or provides key technical information to the investee. Influence on the investee.

If control is formed over an investee, it is a subsidiary of the Group. Long-term equity investments acquired through business combinations under common control are measured at the initial investment cost at the date of consolidation based on the acquisition of the consolidated party's share of the carrying value of the net assets of the ultimate controlling party in the consolidated statements of income. If the carrying value of the net assets of the consolidated party at the date of consolidation is negative, the cost of long-term equity investments is determined at zero.

If an equity interest in an investee under the same control is acquired in steps through multiple transactions that ultimately result in a business combination, additional disclosures should be made in the reporting period in which control is acquired for the treatment of long-term equity investments in the parent company's financial statements. For example, if an equity interest in an investee under the same control is acquired in steps through multiple transactions that ultimately result in a business combination and are part of a package transaction, the Group accounts for each transaction as one transaction for the acquisition of control. If the transaction is not a package transaction, the initial investment cost of the long-term equity investment at the date of consolidation is based on the share of the carrying value of the net assets of the consolidated party in the consolidated financial statements of the ultimate controlling party after the consolidation. The difference between the initial investment cost and the sum of the book value of the long-term equity investment before reaching consolidation plus the book value of the consideration paid for further acquisition of shares at the date of consolidation is adjusted against capital surplus, and if capital surplus is not sufficient to cover the reduction, it is reduced against retained earnings.

Long-term equity investments acquired through a business combination not under common control are stated at the cost of the combination as the initial investment cost.

If an equity interest in an investee not under common control is acquired in stages through multiple transactions, resulting in a business combination, the cost treatment of the long-term equity investment in the parent company's financial statements should be disclosed in the reporting period in which control is acquired. For example: through multiple transactions

The Group accounts for each transaction as an acquisition of control if it is part of a package transaction in which the Group acquires an equity interest in an investee not under common control in stages, resulting in a business combination. If the transaction is not a package transaction, the sum of the book value of the equity investment originally held plus the cost of the new investment is used as the initial cost of investment to be accounted for under the cost method. If the equity interest held prior to the date of purchase is accounted for under the equity method, the related other comprehensive income accounted for under the equity method is not adjusted for the time being, and the same basis of accounting as that used for the direct disposal of the related assets or liabilities by the investee is used for the disposal of the investment. If the equity interest held prior to the date of purchase is a non-trading equity instrument designated as at fair value through other comprehensive income, the cumulative changes in fair value previously recognized in other comprehensive income shall not be transferred to profit or loss for the current period.

Except for the long-term equity investments acquired through business combination mentioned above, long-term equity investments acquired by paying cash shall be treated as investment cost according to the actual purchase price paid; long-term equity investments acquired by issuing equity securities shall be treated as investment cost according to the fair value of the equity securities issued; long-term equity investments invested by investors shall be treated as investment cost according to the value agreed in the investment contract or agreement; the company, if any long-term equity investments acquired by way of debt restructuring, non-monetary asset exchange, etc., the method of determining the cost of investment shall be disclosed in accordance with the provisions of relevant enterprise accounting standards and taking into account the actual situation of the company.

The Group accounts for its investments in subsidiaries using the cost method and its investments in joint ventures and associates using the equity method.

Subsequent measurement Long-term equity investments accounted for using the cost method are increased to the carrying amount of the cost of long-term equity investments at the time of additional investment, based on the fair value of the cost amount paid for the additional investment and related transaction costs incurred. Cash dividends or profits declared by the investee are recognized as investment income for the period in accordance with the amount to which they are attributable.

Subsequent measurement of long-term equity investments accounted for using the equity method is adjusted to increase or decrease the carrying value of the long-term equity investments accordingly with changes in the ownership interests of the investees. In particular, when recognizing the share of net profit or loss of the investee, the fair value of all identifiable assets of the investee at the time the investment is acquired is used as the basis, and the net profit of the investee is recognized in accordance with the Group's accounting policies and accounting periods, and after offsetting the portion of the gain or loss from internal transactions with associates and joint ventures attributable to the investee calculated in proportion to the shareholding.

The difference between the carrying amount and the actual acquisition price of a long-term equity investment disposed of is recognized as investment income in the current period. For long-term equity investments accounted for under the equity method, the other comprehensive income accounted for under the equity method should be accounted for on the same basis as the direct disposal of the related assets or liabilities by the investee upon the termination of the equity method accounting, and the owner's equity recognized as a result of changes in the owner's equity of the investee other than net profit or loss, other comprehensive income and profit distribution should be transferred to current investment income upon the termination of the equity method accounting. All of them should be transferred to investment income in the current period.

If a portion of the equity investment is disposed of and other reasons for losing common control or significant influence over the investee, the remaining equity interest after the disposal is accounted for by applying AS 22 - Recognition and Measurement of Financial Instruments (SFAS [2017] No. 7), the difference between the fair value of the remaining equity interest at the date of loss of common control or significant influence and the The difference between the fair value and the carrying amount of the remaining equity interest at the date of loss of common control or significant influence is recognized in profit or loss for the current period. Other comprehensive income recognized on the former equity investment due to the adoption of the equity method of accounting is treated on the same basis as the direct disposal of the related assets or liabilities by the investee upon the termination of the equity method of accounting and carried forward proportionately, and the owner's equity recognized as a result of changes in the owner's equity of the investee other than net profit or loss, other comprehensive income and profit distribution should be transferred to current investment income proportionately.

If a long-term equity investment loses control over the investee as a result of the disposal of a portion of the investment, the remaining equity interest after disposal can exercise joint control or significant influence over the investee and is accounted for under the equity method, the difference between the carrying amount of the equity interest disposed of and the disposal consideration is recognized as investment income, and the remaining equity interest is adjusted as if it had been accounted for under the equity method since its acquisition; if the remaining equity interest after disposal cannot exercise joint control or significant influence over the investee, the remaining equity interest is accounted for under the equity method. If the remaining equity interest after disposal cannot exercise joint control or significant influence over the investee, the Company applies AS 22 - Recognition and Measurement of Financial Instruments. (Caihui [2017] No. 7)" for accounting purposes, the difference between the book value of the disposed equity interest and the disposal consideration is recognized in investment income, and the difference between the fair value and the book value of the remaining equity interest at the date of loss of control is recognized in current profit or loss.

The Group accounts for each transaction from the disposal of equity interests to the loss of controlling interest in a step-by-step manner as a separate transaction if the transaction is not a package transaction. If they are "package transactions", each transaction is accounted for as a disposal of a subsidiary and loss of control, but the difference between the disposal price and the carrying value of the long-term equity investment corresponding to the equity interest disposed of in each transaction before the loss of control is recognized as other comprehensive income and is transferred to profit or loss in the period when control is lost. The difference between the disposal price and the carrying amount of the long-term equity investment disposed of before the loss of control is recognized as other comprehensive income and transferred to profit or loss in the period in which control is lost.

## 22. Investment properties

### (1). If the cost measurement model is used: Depreciation

or amortization method

The Group's investment properties are buildings, which are measured using the cost model.

The Group's investment properties are depreciated or amortized using the average method over the years. The estimated useful lives, net salvage rates and annual depreciation (amortization) rates of investment properties are as follows:

| Category             | Depreciable life (years) | Estimated residual value (%) | Annual depreciation rate (%) |
|----------------------|--------------------------|------------------------------|------------------------------|
| Houses and Buildings | 30                       | 3-5                          | 3.17-3.23                    |

## 23. Fixed assets (1). Recognition conditions

✓Applicable ☐ Not applicable

The Group's fixed assets are tangible assets that have both the following characteristics, i.e., they are held for the production of goods, provision of services, rental or operation management and have a useful life of more than one year.

Fixed assets are recognized when it is probable that the economic benefits associated with them will flow to the Group and their cost can be measured reliably. The Group's fixed assets include buildings and structures, freehold land, machinery and equipment, transportation equipment, office equipment and others.

The Group depreciates all fixed assets, except for fully depreciated fixed assets that are still in use and land that is separately recorded. Depreciation is provided using the average life method.

### (2). Depreciation Method

✓Applicable ☐ Not applicable

| Category             | Depreciation Method     | Depreciable life (years) | Residual Value Rate | Annual depreciation rate |
|----------------------|-------------------------|--------------------------|---------------------|--------------------------|
| Houses and Buildings | Annual averaging method | 30                       | 3% - 5%             | 3.17% - 3.23%            |
| Freehold land        | Not                     | No deadline              | Not applicable      | Not applicable           |

The Group reviews the estimated useful lives, estimated net residual values and depreciation methods of fixed assets at the end of each year and treats any changes as changes in accounting estimates

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

☐Applicable ☒Not applicable

## 24. Construction in progress

✓Applicable ☐ Not applicable

On the date when the construction in progress reaches its intended useable state, fixed assets are carried forward at their estimated value based on the project budget, cost or actual cost of the project, etc. Depreciation starts from the following month, and the difference in the original value of fixed assets is adjusted after the completion of the final accounting procedures.

## 25. Borrowing Costs

✓Applicable ☐ Not applicable

Borrowing costs incurred for fixed assets and investment properties that are directly attributable to the acquisition or production activities that require more than one year to reach their intended use or saleable status are capitalized when the expenditure on the assets has been incurred, the borrowing costs have been incurred, and the acquisition or production activities necessary to bring the assets to their intended use or saleable status have begun; when the acquisition or production of assets eligible for capitalization reaches their intended use or saleable status, the capitalization ceases and the subsequent borrowing costs are recognized in profit or loss. Capitalization ceases when the assets eligible for capitalization reach their intended

use or saleable condition, and borrowing costs incurred thereafter are recognized in profit or loss. If there is an abnormal interruption in the process of acquisition or production of an asset eligible for capitalization for more than three consecutive months, the capitalization of borrowing costs is suspended until the acquisition or production of the asset is restarted.

## **26. Biological Assets**

☐Applicable ☒Not applicable

## **27. Oil and gas assets**

☐Applicable ☒Not applicable

## **28. Right-of-use assets**

☒Applicable ☐ Not applicable

Right-of-use assets represent the right of the Group as a lessee to use the leased assets during the lease term.

### **( 1 ) Initial measurement**

At the commencement date of the lease term, the Group initially measures the right-of-use asset at cost. This cost includes the following four items: (i) the amount of the initial measurement of the lease liability; (ii) the amount of lease payments made on or before the commencement date of the lease term, net of the amount related to the lease incentives already taken, if any; (iii) the initial direct costs incurred, which are the incremental costs incurred to reach the lease; (iv) the amount of the lease payments made to demolish the

and costs expected to be incurred to remove the leased asset, restore the site where the leased asset is located, or restore the leased asset to its agreed condition under the terms of the lease, except for those incurred for the production of inventories.

(2) Subsequent measurement

After the commencement date of the lease term, the Group adopts the cost model for subsequent measurement of right-of-use assets, i.e., right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses. If the Group remeasures the lease liabilities in accordance with the relevant provisions of the leasing standards, the carrying value of the right-of-use assets is adjusted accordingly.

1) Depreciation of right-of-use assets:

The Group depreciates right-of-use assets from the beginning of the lease term. Right-of-use assets are generally depreciated from the month in which the lease term commences. The amount of depreciation is charged to the cost of the related assets or to current profit or loss, depending on the use of the right-of-use assets.

In determining the depreciation method for right-of-use assets, the Group makes decisions based on the manner in which the economic benefits associated with the right-of-use assets are expected to be consumed, and depreciates the right-of-use assets on a straight-line basis.

In determining the depreciable lives of right-of-use assets, the Group follows the following principles: if it is reasonably certain that ownership of the leased assets will be obtained at the end of the lease term, depreciation is charged over the remaining useful life of the leased assets; if it is not reasonably certain that ownership of the leased assets will be obtained at the end of the lease term, depreciation is charged over the shorter of the lease term and the remaining useful life of the leased assets.

2) Impairment of right-to-use assets:

If a right-of-use asset is impaired, the Group provides subsequent depreciation on the carrying value of the right-of-use asset after deducting the impairment loss.

## 29. Intangible assets

### (1). Valuation method, useful life, impairment test

√Applicable ☐ Not applicable

The Group's intangible assets, including land use rights, patents, non-patent technologies, software use rights and trademark rights, are measured at actual cost at the time of acquisition, of which, the actual cost is based on the actual price paid and related other expenses for purchased intangible assets; the actual cost is determined at the value agreed in the investment contract or agreement for intangible assets invested by investors, except where the agreed value in the contract or agreement is not fair, the actual cost is determined at The actual cost is determined at fair value.

Land use rights are amortized evenly over the period from the commencement date of the grant; the remaining intangible assets are amortized evenly over their estimated useful lives. The amortization amount is charged to the cost of the relevant assets and current profit or loss according to the object of their benefit. The estimated useful life and amortization method of intangible assets with finite useful lives are reviewed at the end of each year, and any changes are treated as changes in accounting estimates. (2). Accounting policy for internal

### research and development expenditures

☐Applicable √Not applicable

## 30. Impairment of long-lived assets

√Applicable ☐Not applicable

The Group examines long-term equity investments, investment properties measured using the cost model, fixed assets, construction in progress and intangible assets with finite useful lives at each balance sheet date, and conducts impairment tests when indicators of impairment exist. 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 charged to impairment Loss. The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of the asset's estimated future cash flows. The fair value of an asset is determined on the basis of the price of the sale agreement in an arm's length transaction; if no sale agreement exists but an active market for the asset exists, the fair value is determined on the basis of the buyer's bid for the asset; if no sale agreement and no active market for the asset exist, the fair value of the asset is estimated on the basis of the best available information. Disposal costs include legal fees, related taxes, removal costs and direct costs incurred to bring the asset to a saleable condition in connection with the disposal of the asset. The present value of the expected future cash flows of an asset is determined by discounting the asset at an appropriate discount rate based on the expected future cash flows arising from its continuing use and eventual disposal. The provision for asset impairment is calculated and recognized on an individual asset basis. If it is difficult to 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.

Impairment losses on the above assets, once recognized, are not reversed in subsequent accounting periods.

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

☒Applicable    ☐Not applicable

The Group's long-term amortization expense is amortized evenly over the benefit period, and if the long-term amortization expense item does not benefit subsequent accounting periods, the entire amortized value of the item that has not been amortized is transferred to profit or loss for the current period.

## 32. Contractual Liabilities

### (1). Method of recognition of contract liabilities

√Applicable ☐ Not applicable

Contractual liabilities reflect the Group's obligation to transfer goods to customers for which consideration has been received or is receivable from customers. If the Group has paid the contract consideration or the Group has obtained the unconditional right to receive the contract consideration before transferring the goods to the customer, a contract liability is recognized at the earlier of the actual amount paid by the customer or the amount due and payable, based on the amount received or receivable.

## 33. Employee Compensation

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

√Applicable ☐ Not applicable

Short-term remuneration mainly includes salaries, bonuses, allowances and subsidies, employee benefits, medical insurance premiums, maternity insurance premiums, work injury insurance premiums, housing fund, labor union expenses and employee education expenses, and non-monetary benefits, etc. Actual short-term remuneration incurred is recognized as a liability in the accounting period in which the employee provides services and is charged to current profit or loss or the cost of related assets in accordance with the object of benefit.

### (2). Accounting for post-employment benefits

√Applicable ☐ Not applicable

Post-employment benefits, which mainly include basic pension insurance and unemployment insurance, are classified as defined contribution plans in accordance with the risks and obligations assumed by the company. For defined contribution plans, contributions made to a separate entity based on contributions made at the balance sheet date in exchange for services rendered by employees during the accounting period are recognized as a liability and recognized in current profit or loss or the cost of related assets, depending on the object of benefit.

### (3). Accounting for Termination Benefits

√Applicable ☐ Not applicable

If an employee's employment relationship is terminated prior to the expiration of the employee's employment contract, or if a proposal for compensation is made to encourage the employee to voluntarily accept a reduction in force, the Company recognizes a liability for employee compensation arising from termination benefits at the earlier of the termination plan or the proposed reduction in force, and the Company recognizes costs associated with the restructuring involving the payment of termination benefits, and recognizes the liability in profit or loss for the current period. The liability is recognized in profit or loss. However, if the termination benefits are not expected to be fully paid within twelve months after the end of the annual reporting period, they are treated as other long-term employee compensation.

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

☐ Applicable ☒ Not applicable

## 34. Lease liabilities

√Applicable ☐ Not applicable

#### (1) Initial measurement

The Group initially measures the lease liability at the present value of the lease payments outstanding at the commencement date of the lease term. (1) Lease payments

Lease payments, which are payments made by the Group to the lessor related to the right to use the leased asset during the lease term, include: (i) fixed payments and material fixed

payments, net of amounts related to lease incentives if lease incentives exist; (ii) variable lease payments that depend on an index or rate, which is determined at initial measurement based on the index or rate at the beginning date of the lease term; (iii) amounts that the Group reasonably determines will exercise the purchase option, the exercise price of the purchase option; (iv) the lease term reflects the amount to be paid to exercise the lease termination option when the Group will exercise the lease termination option; and (v) the amount expected to be paid based on the residual value of the guarantee provided by the Group.

## 2) Discount rate

In calculating the present value of lease payments, the Group uses the interest rate embedded in the lease as the discount rate, which is the rate that makes the sum of the present value of the lessor's lease receipts and the present value of the unguaranteed residual value equal to the sum of the fair value of the leased asset and the lessor's initial direct costs. The Group uses the incremental borrowing rate as the discount rate because it is not possible to determine the interest rate embedded in the lease. This incremental borrowing rate is the interest rate that the Group would have to pay to obtain an asset with a value close to that of the right-of-use asset in a similar economic environment and to borrow funds under similar collateral terms for a similar period. The interest rate is related to: (1) the Group's own situation, i.e., the Group's solvency and credit standing; (2) the term of the "borrowing", i.e., the lease term; (3) the amount of the "borrowed" funds, i.e., the amount of the lease liabilities; and (4) the "collateral terms", i.e., the underlying conditions. (4) "collateral conditions", i.e. the nature and quality of the underlying assets; (5) economic environment, including the jurisdiction of the lessee, the currency of denomination, the time of contract signing, etc. The Group arrived at this incremental borrowing rate based on the bank loan interest rate, adjusted by considering the above factors.

## ( 2 ) Subsequent measurement

After the commencement date of the lease term, the Group subsequently measures the lease liability according to the following principles: (i) when interest on the lease liability is recognized, the carrying amount of the lease liability is increased; (ii) when lease payments are made, the carrying amount of the lease liability is reduced; and (iii) when changes in lease payments occur due to revaluation or lease modification, the carrying amount of the lease liability is remeasured.

The Group calculates the interest expense on the lease liability for each period of the lease term at a fixed periodic rate and recognizes it in profit or loss for the current period, except when it should be capitalized. The periodic interest rate is the discount rate used by the Group for the initial measurement of the lease liability, or the revised discount rate used by the Group when the lease liability has to be remeasured at the revised discount rate due to changes in the lease payments or due to changes in the lease.

### (3) Remeasurement

After the commencement date of a lease, the Group remeasures the lease liability at the present value of the changed lease payments and adjusts the carrying amount of the right-of-use asset accordingly in the following cases. If the carrying value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Group recognizes the remaining amount in profit or loss for the current period. ① Changes in the amount of substantive fixed payments are discounted using the original discount rate;

(2) Changes in the amount expected to be payable for the residual value of the guarantee are discounted using the original discount rate; (3) Changes in the index or rate used to determine the lease payments are discounted using the revised discount rate; (4) Changes in the appraisal results of the purchase option are discounted using the revised discount rate; (5) Changes in the appraisal results or actual exercise of the option to renew the lease or the option to terminate the lease are discounted using the revised discount rate.

## 35. Projected liabilities

☐Applicable    ☒Not applicable

## 36. Share-based payment

☐Applicable    ☒Not applicable

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

☐Applicable    ☒Not applicable

## 38. Revenue

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

☒Applicable    ☐Not applicable

The Group recognizes revenue when it has fulfilled its performance obligations under the contract, that is, when the customer obtains control of the relevant goods or services. Where a contract contains two or more performance obligations, the Group recognizes revenue at the beginning of the contract on the basis of the goods promised by each individual performance obligation.

The transaction price is apportioned to each individual performance obligation in relative proportion to the individual selling price of the service or services, and revenue is measured based on the transaction price apportioned to each individual performance obligation.

The transaction price is the amount of consideration to which the Group expects to be entitled as a result of the transfer of goods or services to the customer, excluding amounts received on behalf of third parties. The Group recognizes the transaction price up to the amount for which it is highly probable that there will be no material reversal of the revenue recognized in the aggregate when the relevant uncertainty is removed. Amounts expected to be returned to customers as a liability are not included in the transaction price. Where there is a significant financing component in the contract, the Group determines the transaction price based on the amount payable in cash assuming that the customer will pay for the goods or services as soon

as control is obtained. The difference between this transaction price and the contract consideration is amortized over the term of the contract using the effective interest method. If, at the contract commencement date, the Group expects the interval between the customer's acquisition of control of the goods or services and the customer's payment of the price to be no more than one year, the existence of a significant financing component in the contract is not considered.

The Group's performance obligation is fulfilled within a certain period of time if one of the following conditions is met; otherwise, it is fulfilled at a certain point in time

Performance Obligations:

- ( 1 ) The customer obtains and consumes the economic benefits of the Group's performance at the same time as the Group's performance.
- ( 2 ) The customer is able to control the commodities under construction in the course of the Group's performance.
- ( 3 ) The goods produced in the course of the Group's performance are of irreplaceable use and the Group is entitled to receive payment for the cumulative portion of performance completed to date throughout the term of the contract.

For performance obligations to be performed within a certain period of time, the Group recognizes revenue in accordance with the progress of performance during that period. When the progress of performance is not reasonably determinable, the Group recognizes revenue in the amount of costs already incurred until the progress of performance can be reasonably determined, if the costs already incurred are expected to be reimbursed.

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

- ( 1 ) The Group has a present right to receive payment in respect of the goods or services.
- ( 2 ) The Group has transferred legal ownership of the merchandise to the customer.

- ( 3 ) The Group has physically transferred the commodity to the customer.
- ( 4 ) The Group has transferred the principal risks and rewards of ownership of the commodity to the customer.
- ( 5 ) The customer has accepted the goods or services, etc.

The Group's rights to receive consideration for goods or services that have been transferred to customers are presented as contract assets, which are impaired on the basis of expected credit losses. The Group's unconditional rights to receive consideration from customers are presented as receivables. The Group's obligation to transfer goods or services to customers for consideration received or receivable is presented as a contract liability.

The Group's sales are divided into domestic sales and foreign sales, of which sales revenue from domestic sales in the replacement tire market is recognized when the customer's receipt confirmation is obtained, sales revenue from sales in the original mating tire market is recognized when the customer's on-line installation order is obtained, and sales revenue from foreign sales (FOB) is recognized when the goods are loaded on board and leave the port.

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

☐Applicable ☒Not applicable

### **39. Contract Costs**

☒Applicable ☐ Not applicable

- ( 1 ) Method of determining the amount of assets related to contract costs

The Group's assets related to contract costs include contract performance costs and contract acquisition costs.

Contract performance costs, i.e. costs incurred by the Group to perform a contract that do not fall within the scope of other ASBEs and that also meet the following conditions, are recognized as a contract performance cost as an asset: the cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing costs (or similar costs), costs explicitly borne by the customer and costs incurred solely as a result of the contract other costs; the cost increases the Group's future resources available to meet performance obligations; and the cost is expected to be recovered.

Contract acquisition costs, which are incremental costs incurred by the Group to obtain a contract that are expected to be recovered, are recognized as contract acquisition costs as an asset; if the asset is amortized over a period of not more than one year, it is recognized in profit or loss as incurred. Incremental costs are costs that the Group would not have incurred without obtaining the contract (e.g., sales commissions, etc.). Expenses incurred by the Group to obtain a contract other than incremental costs that are expected to be recovered (such as travel expenses that would have been incurred regardless of whether the contract was obtained) ~~are not included~~ except when they are explicitly borne by the customer.

- ( 2 ) Amortization of assets related to contract costs

The Group's assets related to contract costs are amortized using the same basis as the revenue recognition of the commodity to which the asset relates, and are recognized in profit or loss for the current period.

- ( 3 ) Impairment of assets related to contract costs

In determining impairment losses on assets related to contract costs, the Group first determines impairment losses on other assets recognized in accordance with other relevant ASBEs that are related to contracts; then, based on the difference between the carrying amount of the asset and the remaining consideration that the Group expects to obtain for the transfer of the commodity related to the asset and the estimated costs to be incurred for the transfer of the related commodity, the excess should be provided for. An impairment provision is made and recognized as an asset impairment loss.

If there is a subsequent change in the factors of impairment in previous periods such that the aforementioned difference is higher than the carrying amount of the asset, the original provision for impairment is reversed and recognized in profit or loss, but the carrying amount of the asset after reversal should not exceed the carrying amount of the asset at the date of reversal assuming no provision for impairment was made.

#### 40. Government Grants

√Applicable ☐ Not applicable

The Group's government grants include asset-related government grants and revenue-related government grants. Among them, asset-related government grants refer to government grants obtained by the Group for the acquisition and construction or other formation of long-term assets; revenue-related government grants refer to government grants other than asset-related government grants. If the objects of subsidies are not specified in government documents, the Group makes judgment in accordance with the above distinction principles, and if it is difficult to distinguish them, they are classified as revenue-related government subsidies as a whole.

Government grants are measured at the amount actually received if they are monetary assets, or at the amount receivable if the grants are paid according to a fixed standard or if there is conclusive evidence that the conditions set forth in the financial support policy can be met and the financial support funds are expected to be received at the end of the year; government grants are measured at fair value if they are non-monetary assets, or at the fair value if the fair value cannot be reliably obtained. If the fair value cannot be reliably obtained, it is measured at the nominal amount (\$1).

Government grants related to assets ~~are~~ written down to the carrying amount of the related assets or recognized as deferred income. Government grants related to assets recognized as deferred income are recognized in profit or loss in accordance with a reasonable and systematic method over the useful life of the related assets.

If the related assets are sold, transferred, scrapped or destroyed before the end of their useful lives, the unallocated balance of the related deferred gain is transferred to profit or loss in the period in which the assets are disposed of.

Government grants related to revenue that are used to compensate for related costs and expenses or losses in subsequent periods are recognized as deferred revenue and are charged to current income or charged to related costs in the period in which the related costs and expenses or losses are recognized. Government grants related to ordinary activities are recognized in other income in accordance with the substance of economic operations. Government grants that are not related to ordinary activities are recognized as non-operating income.

When the Group obtains policy-based preferential loan interest subsidy, it distinguishes between the case where the finance allocates the subsidy funds to the lending bank and the case where the finance allocates the subsidy funds directly to the Group, and accounts for them respectively in accordance with the following principles:

( 1 ) If the finance allocates the discounted interest funds to the lending bank, and the lending bank provides loans to the Group at a policy preferential interest rate, the Group uses the actual amount received as the recorded value of the borrowings and calculates the related borrowing costs based on the principal amount of the borrowings and such policy preferential interest rate.

( 2 ) The finance allocates the discounted interest funds directly to the Group, and the Group reduces the corresponding discounted interest to the relevant borrowing costs.

If the Group's recognized government grants are required to be refunded, they are accounted for in the period in which they are required to be refunded in accordance with the following provisions by situation: 1) If the carrying value of the relevant assets is reduced upon initial recognition, the carrying value of the assets is adjusted.

2 ) If there is a related deferred gain, the carrying amount of the related deferred gain is reduced, and the excess is recognized in profit or loss for the current period.

3 ) In other cases, it is recognized directly in profit or loss.

#### **41. Deferred income tax assets / deferred income tax liabilities**

☒Applicable    ☐Not applicable

The Group's deferred tax assets and deferred tax liabilities are recognized on the basis of the difference between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax assets are recognized for deductible losses that can be offset against taxable income in subsequent years in accordance with the provisions of the tax law. For temporary differences arising from the initial recognition of goodwill, no corresponding deferred tax liabilities are recognized. For temporary differences arising from the initial recognition of assets or liabilities in transactions other than business combinations that affect neither accounting profit nor taxable income (or deductible losses), the corresponding deferred tax assets and deferred tax liabilities are not recognized. 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.

The Group recognizes deferred income tax assets to the extent that it is probable that future taxable income will be available against which deductible temporary differences, deductible losses and tax credits can be utilized.

#### **42. Leasing**

##### **(1). Accounting for operating leases**

☐Applicable    ☒Not applicable

##### **(2). Accounting treatment of finance leases**

☐Applicable    ☒Not applicable

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



**standard**

√Applicable □ Not applicable

## ( 1 ) Identification of the lease

A lease is a contract in which the lessor cedes the right to use an asset to the lessee for a certain period of time for consideration. At the inception date of the contract, the Group assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one party to the contract cedes the right to control the use of one or more identified assets for a specified period of time in exchange for consideration. To determine whether a contract cedes the right to control the use of an identified asset for a period of time, the Group assesses whether the customer under the contract is entitled to substantially all of the economic benefits arising from the use of the identified asset during the period of use and has the right to dominate the use of the identified asset during that period of use.

If a contract contains several separate leases, the Group splits the contract and accounts for each separate lease separately. If a contract contains both lease and non-lease components, the Group splits the lease and non-lease components for accounting purposes.

## ( 2 ) The Group as

## lessee 1) Lease

## recognition

The Group recognizes a right-of-use asset and a lease liability for the lease at the commencement date of the lease. For the recognition and measurement of right-of-use assets and lease liabilities, please refer to ¶28.

## 2 ) Lease Changes

Lease modification refers to the change of lease scope, lease consideration and lease term other than the original contract terms, including adding or terminating the right to use one or more leased assets, extending or shortening the lease term stipulated in the contract, etc. The effective date of lease modification refers to the date when both parties agree on the lease modification.

The Group accounts for a lease change as a separate lease if the lease is changed and both of the following conditions are met:

- (i) the lease modification expands the scope of the lease or extends the lease term by adding the right to use one or more leased assets; and (ii) the increased consideration is equivalent to the separate price of the expanded portion of the lease scope or the extended portion of the lease term adjusted for the circumstances of that contract. If a lease modification is not accounted for as a separate lease, at the effective date of the lease modification, the Group has a lease modification in accordance with the lease standard

The Group re-determines the lease term after the change by apportioning the consideration of the changed contract in accordance with the relevant provisions; and remeasures the lease liability by discounting the changed lease payment amount using the revised discount rate. In calculating the present value of the changed lease payments, the Group uses the interest rate embedded in the lease for the remaining lease term as the discount rate; if the interest rate embedded in the lease for the remaining lease term cannot be determined, the Group uses the interest rate of the lessee's incremental borrowing at the effective date of the lease modification as the discount rate. With respect to the effect of the above lease liability adjustment, the Group distinguishes the following cases for accounting treatment: (i) If the lease change results in a reduction in the scope of the lease or a shortening of the lease term, the lessee should reduce the carrying value of the right-of-use asset and recognize the gain or loss related to partial termination or complete termination of the lease in profit or loss for the current period. ② If other lease changes result in the remeasurement of the lease liability, the lessee shall adjust the carrying value of the right-of-use asset accordingly.

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

The Group chooses not to recognize right-of-use assets and lease liabilities for short-term leases with lease terms of up to 12 months and leases of low-value assets where the value of the individual leased assets is lower when the assets are brand new. The Group recognizes lease payments for short-term leases and leases of low-value assets in the cost of the related assets or in profit or loss for the current period on a straight-line basis or other systematic and reasonable basis over the respective periods of the lease term.

#### ( 3 ) The Group is the lessor

On the basis that the contract assessed in (1) is a lease or contains a lease, the Group, as the lessor, classifies the lease into a finance lease and an operating lease at the commencement date of the lease.

If a lease transfers substantially all the risks and rewards associated with the ownership of the leased asset, the lessor classifies the lease as a finance lease and leases other than finance leases as operating leases.

A lease is generally classified as a finance lease by the Group if one or more of the following circumstances exist: (i) at the end of the lease term, ownership of the leased asset is transferred to the lessee; (ii) the lessee has an option to purchase the leased asset and the purchase price entered into is sufficiently low compared with the fair value of the leased asset at the time the option is expected to be exercised so that it is reasonably certain that the lessee will exercise the option at the lease commencement date; (iii) Although ownership of the asset does not pass, the lease term represents the majority of the useful life of the leased asset; (iv) At the lease inception date, the present value of the lease receipt amount is almost equal to the fair value of the leased asset; and (v) The leased asset is special in nature and can only be used by the lessee without major

modifications. The Group may also classify a lease as a finance lease if one or more of the following indications exist: (i) if the lessee revokes the lease, the loss to the lessor caused by the revocation is borne by the lessee; (ii) the gain or loss arising from fluctuations in the fair value of the residual value of the asset is attributed to the lessee; and (iii) the lessee has the ability to continue the lease to the next period at a rental rate significantly below the market level.

#### 1 ) Accounting for finance leases

##### ① Initial measurement

At the commencement date of the lease term, the Group recognizes finance lease receivables for finance leases and derecognizes the finance lease assets. When the Group makes initial measurement of finance lease receivables, the net lease investment is used as the recorded value of the finance lease receivables.

The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement date of the lease term discounted at the lease's embedded interest rate. The amount of lease receipts, which is the amount receivable by the lessor from the lessee for ceding the right to use the leased asset during the lease term, includes: fixed payments and material fixed payments to be made by the lessee; the amount related to lease incentives, net of lease incentives, if any; variable lease payments that depend on an index or rate, which is determined at the time of initial measurement based on the index or rate at the beginning of the lease term; the purchase option exercise price, provided that it is reasonably certain that the lessee will exercise the option; payments required for the lessee to exercise the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease; and the residual value of the guarantee provided to the lessor by the lessee, a party related to the lessee, and an independent third party with the financial ability to meet the guarantee obligation.

##### ② Subsequent measurement

The Group calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate. The periodic rate is the discount rate embedded in the net lease investment (in the case of a sublease, if the embedded interest rate of the lease for the sublease cannot be determined, the discount rate of the original lease (adjusted for the initial direct costs associated with the sublease) is used), or if a change in a finance lease is not accounted for as a separate lease and the lease would have been classified as a finance lease had the change been effective at the lease inception date. The revised discount rate is determined in accordance with the relevant regulations if the change is not accounted for as a separate lease.

#### (iii) Accounting for lease changes

The Group accounts for a change in a finance lease as a separate lease if the following conditions are also met: the change expands the scope of the lease by adding the right to use one or more leased assets; the increased consideration is equivalent to the separate price of the expanded portion of the lease adjusted for the circumstances of that contract.

If a change in a finance lease is not accounted for as a separate lease and the condition that the lease would have been classified as an operating lease had the change been effective on the commencement date of the lease is met, the Group accounts for the lease as a new lease from the effective date of the lease change and uses the net investment in the lease prior to the effective date of the lease change as the carrying amount of the leased asset.

## 2 ) Accounting for operating leases

### ① Treatment of rent

The Group recognizes lease receipts from operating leases as rental income using the straight-line method over the respective periods of the lease term.

### ② Incentives offered

If a rent-free period is provided, the Group allocates the total rental income on a straight-line basis over the entire lease term without deducting the rent-free period, and rental income should be recognized over the rent-free period. If the Group bears certain expenses of the lessee, such expenses are deducted from the total rental income and allocated over the lease term based on the balance of rental income after deduction.

### (iii) Initial direct costs

The initial direct costs incurred by the Group in connection with operating leases should be capitalized to the cost of the assets subject to the leases and amortized to current profit or loss over the lease terms on the same recognition basis as rental income.

### ④ Depreciation

For fixed assets under operating leases, the Group uses the depreciation policy for similar assets for depreciation; for other operating lease assets, a systematic and reasonable method is used for amortization.

### ⑤ Variable lease payments

Variable lease payments acquired by the Group in connection with operating leases that are not included in the lease receipts **are recognized in** profit or loss when they are actually incurred.

### ⑥ Change of operating lease

When a change in an operating lease occurs, the Group accounts for it as a new lease from the effective date of the change, and the amount of lease receipts received in advance or receivable relating to the lease before the change is considered to be the amount received for the new lease.

## 43. Other significant accounting policies and accounting estimates

☐ Applicable    ☒ Not applicable

## 44. Changes in significant accounting policies and accounting estimates (1).

### Changes in significant accounting policies

☒ Applicable    ☐ Not applicable

| Content and reasons for changes in accounting policies | Approval Process | Remarks (Significantly affected reports)<br>Table item name and amount) |
|--|------------------|---|
|--|------------------|---|

|  |   |   |
|--|---|---|
| On January 1, 2021, the Company began to implement the Ministry of Finance's 2018 (Caihui [2018] No. 35) as amended in 2011 (the above standard is abbreviated as (referred to as the "New Leasing Standard"). | The fourth meeting of the sixth session of the Board of Directors and the fourth meeting of the sixth session of the Supervisory Board of the Company were considered and approved. | See "Other notes" in this item for details. |
|--|---|---|

## Other notes

Note: The Company makes bridging adjustments in accordance with the requirements of the new leasing standards: the cumulative effect of the first implementation of the new leasing standards, the amount of opening retained earnings and other relevant items in the financial statements are adjusted, and no adjustment is made to the information of comparable periods.

Major adjustments for the implementation of the new leasing standards:

## ① Consolidated Statements

| Affected Projects   | January 1, 2021   |                   |                  |
|---------------------|-------------------|-------------------|------------------|
|                     | Before adjustment | Adjustment amount | After adjustment |
| Right-of-use assets |                   | 15,304,440.05     | 15,304,440.05    |

## ②Parent company statements

| Affected Projects   | January 1, 2021   |                   |                  |
|---------------------|-------------------|-------------------|------------------|
|                     | Before adjustment | Adjustment amount | After adjustment |
| Right-of-use assets |                   | 14,658,243.35     | 14,658,243.35    |

## (2). Changes in significant accounting estimates

□Applicable √Not applicable

## (3) Adjustments to the financial statements at the beginning of the year of first-time implementation of the new lease standard from 2021

√Applicable □ Not applicable

## Consolidated Balance Sheet

|   |                   | Unit: YuanCurrency:RMB |                 |
|---|-------------------|------------------------|-----------------|
| Proj<br>ects                                  | December 31, 2020 | January 1, 2021        | Adjustme<br>nts |
| Current assets:                               |                   |                        |                 |
| Monetary Funds                                | 1,856,578,476.33  | 1,856,578,476.33       |                 |
| Settlement Allowance                          |                   |                        |                 |
| Unwinding funds                               |                   |                        |                 |
| Financial assets held for trading             | 1,551,693,565.16  | 1,551,693,565.16       |                 |
| Derivative financial assets                   |                   |                        |                 |
| Notes receivable                              | 188,192,764.63    | 188,192,764.63         |                 |
| Accounts Receivable                           | 729,379,160.18    | 729,379,160.18         |                 |
| Receivables financing                         | 835,062,826.12    | 835,062,826.12         |                 |
| Prepayments                                   | 6,250,262.58      | 6,250,262.58           |                 |
| Premiums receivable                           |                   |                        |                 |
| Sub-insurance receivables                     |                   |                        |                 |
| Reserves for reinsurance contracts receivable |                   |                        |                 |
| Other receivables                             | 3,714,089.78      | 3,714,089.78           |                 |
| Of which: Interest receivable                 |                   |                        |                 |
| Dividend receivable                           |                   |                        |                 |
| Buy-back financial assets                     |                   |                        |                 |
| Inventory                                     | 873,358,034.97    | 873,358,034.97         |                 |
| Contract Assets                               |                   |                        |                 |
| Assets held for sale                          |                   |                        |                 |
| Non-current assets due within one year        |                   |                        |                 |
| Other current assets                          | 4,605,584,608.11  | 4,605,584,608.11       |                 |
| Total current assets                          | 10,649,813,787.86 | 10,649,813,787.86      |                 |
| Non-current assets:                           |                   |                        |                 |
| Issuance of loans and advances                |                   |                        |                 |
| Debt Investment                               |                   |                        |                 |
| Other debt investments                        |                   |                        |                 |
| Long-term receivables                         |                   |                        |                 |
| Long-term equity investments                  |                   |                        |                 |
| Investments in other equity instruments       | 54,442,486.47     | 54,442,486.47          |                 |

|   |                   |                   |               |
|---|-------------------|-------------------|---------------|
| Construction in progress                    | 420,554,938.01    | 420,554,938.01    |               |
| Productive biological assets                |                   |                   |               |
| Oil and gas assets                          |                   |                   |               |
| Right-of-use assets                         |                   | 15,304,440.05     | 15,304,440.05 |
| Intangible assets                           | 440,574,753.08    | 440,574,753.08    |               |
| Development Expenses                        |                   |                   |               |
| Goodwill                                    |                   |                   |               |
| Long-term amortized expenses                | 4,277,206.23      | 4,277,206.23      |               |
| Deferred income tax assets                  | 78,784,985.59     | 78,784,985.59     |               |
| Other non-current assets                    | 22,152,005.91     | 22,152,005.91     |               |
| Total non-current assets                    | 6,003,705,936.27  | 6,019,010,376.32  | 15,304,440.05 |
| Total Assets                                | 16,653,519,724.13 | 16,668,824,164.18 | 15,304,440.05 |
| <b>Current liabilities:</b>                 |                   |                   |               |
| Short-term borrowings                       | 1,542,543,932.58  | 1,542,543,932.58  |               |
| Borrowing from the central bank             |                   |                   |               |
| Unwinding funds                             |                   |                   |               |
| Trading financial liabilities               |                   |                   |               |
| Derivative financial liabilities            | 23,415,359.76     | 23,415,359.76     |               |
| Notes Payable                               | 939,939,493.16    | 939,939,493.16    |               |
| Accounts Payable                            | 2,404,200,883.49  | 2,404,200,883.49  |               |
| Receipts in advance                         |                   |                   |               |
| Contractual Liabilities                     | 113,186,645.92    | 113,186,645.92    |               |
| Sale of repurchased financial assets        |                   |                   |               |
| Deposit-taking and interbank deposits       |                   |                   |               |
| Securities trading agency                   |                   |                   |               |
| Underwriting securities                     |                   |                   |               |
| Employee compensation payable               | 23,265,572.21     | 23,265,572.21     |               |
| Taxes Payable                               | 41,182,715.99     | 41,182,715.99     |               |
| Other payables                              | 108,012,684.61    | 108,012,684.61    |               |
| 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 |                   | 14,057,264.61     | 14,057,264.61 |
| Other current liabilities                   | 4,510,581.88      | 4,510,581.88      |               |
| Total current liabilities                   | 5,200,257,869.60  | 5,214,315,134.21  | 14,057,264.61 |
| <b>Non-current liabilities:</b>             |                   |                   |               |
| Reserve for insurance contracts             |                   |                   |               |
| Long-term borrowings                        |                   |                   |               |
| Bonds Payable                               |                   |                   |               |
| Of which: Preferred shares                  |                   |                   |               |
| Perpetual Debt                              |                   |                   |               |
| Lease liabilities                           |                   | 1,247,175.44      | 1,247,175.44  |
| Long-term payables                          |                   |                   |               |
| Long-term employee compensation payable     |                   |                   |               |

|                                 |                |                |  |
|---------------------------------|----------------|----------------|--|
| Projected liabilities           |                |                |  |
| Deferred revenue                | 516,060,128.24 | 516,060,128.24 |  |
| Deferred income tax liabilities | 76,191,051.17  | 76,191,051.17  |  |



|   |                   |                   |               |
|---|-------------------|-------------------|---------------|
| Other non-current liabilities                                   |                   |                   |               |
| Total non-current liabilities                                   | 592,251,179.41    | 593,498,354.85    | 1,247,175.44  |
| Total liabilities   | 5,792,509,049.01  | 5,807,813,489.06  | 15,304,440.05 |
| <b>Owner's equity (or shareholders' equity):</b>                |                   |                   |               |
| Paid-in capital (or share capital)                              | 800,000,000.00    | 800,000,000.00    |               |
| Other equity instruments  |                   |                   |               |
| Of which: Preferred shares                                      |                   |                   |               |
| Perpetual Debt  |                   |                   |               |
| Capital surplus   | 5,225,071,831.84  | 5,225,071,831.84  |               |
| Less: Treasury shares   |                   |                   |               |
| Other comprehensive income                                      | 14,212,789.46     | 14,212,789.46     |               |
| Specialized reserves  | 487,389.85        | 487,389.85        |               |
| Surplus reserves  | 1,048,922,760.91  | 1,048,922,760.91  |               |
| General risk allowance  |                   |                   |               |
| Undistributed earnings  | 3,771,398,531.63  | 3,771,398,531.63  |               |
| Equity attributable to owners of the parent company (or shares) | 10,860,093,303.69 | 10,860,093,303.69 |               |
| Total (East interest)   |                   |                   |               |
| Minority interests  | 917,371.43        | 917,371.43        |               |
| Total owner's equity (or shareholders' equity)                  | 10,861,010,675.12 | 10,861,010,675.12 |               |
| Count   |                   |                   |               |
| Liabilities and owners' equity (or shareholders' (Equity) Total | 16,653,519,724.13 | 16,668,824,164.18 | 15,304,440.05 |

Description of the adjustment of each project:

√Applicable □ Not applicable

For details, see Section X of this report V.44(1) "Changes in Significant Accounting Policies".

#### Parent company balance sheet

|  |                   | Unit: YuanCurrency:RMB |                 |
|--|-------------------|------------------------|-----------------|
| Proj<br>ects                           | December 31, 2020 | January 1, 2021        | Adjustme<br>nts |
| Current assets:                        |                   |                        |                 |
| Monetary Funds                         | 1,730,179,598.96  | 1,730,179,598.96       |                 |
| Financial assets held for trading      | 1,551,693,565.16  | 1,551,693,565.16       |                 |
| Derivative financial assets            |                   |                        |                 |
| Notes receivable                       | 188,192,764.63    | 188,192,764.63         |                 |
| Accounts Receivable                    | 673,331,649.67    | 673,331,649.67         |                 |
| Receivables financing                  | 970,245,283.92    | 970,245,283.92         |                 |
| Prepayments                            | 24,855,676.67     | 24,855,676.67          |                 |
| Other receivables                      | 422,634,621.79    | 422,634,621.79         |                 |
| Of which: Interest receivable          |                   |                        |                 |
| Dividend receivable                    | 380,000,000.00    | 380,000,000.00         |                 |
| Inventory                              | 834,630,130.94    | 834,630,130.94         |                 |
| Contract Assets                        |                   |                        |                 |
| Assets held for sale                   |                   |                        |                 |
| Non-current assets due within one year |                   |                        |                 |
| Other current assets                   | 4,603,305,716.48  | 4,603,305,716.48       |                 |
| Total current assets                   | 10,999,069,008.22 | 10,999,069,008.22      |                 |
| Non-current assets:                    |                   |                        |                 |
|  |                   |                        |                 |

Unit: YuanCurrency:RMB

|   |                   |                   |               |
|---|-------------------|-------------------|---------------|
| Long-term receivables                       |                   |                   |               |
| Long-term equity investments                | 267,529,392.28    | 267,529,392.28    |               |
| Investments in other equity instruments     | 54,442,486.47     | 54,442,486.47     |               |
| Other non-current financial assets          |                   |                   |               |
| Investment properties                       | 2,320,753.24      | 2,320,753.24      |               |
| Fixed Assets                                | 4,432,669,079.47  | 4,432,669,079.47  |               |
| Construction in progress                    | 272,708,676.48    | 272,708,676.48    |               |
| Productive biological assets                |                   |                   |               |
| Oil and gas assets                          |                   |                   |               |
| Right-of-use assets                         |                   | 14,658,243.35     | 14,658,243.35 |
| Intangible assets                           | 414,678,071.70    | 414,678,071.70    |               |
| Development Expenses                        |                   |                   |               |
| Goodwill                                    |                   |                   |               |
| Long-term amortized expenses                | 4,277,206.23      | 4,277,206.23      |               |
| Deferred income tax assets                  | 75,766,362.99     | 75,766,362.99     |               |
| Other non-current assets                    | 20,206,136.97     | 20,206,136.97     |               |
| Total non-current assets                    | 5,544,598,165.83  | 5,559,256,409.18  | 14,658,243.35 |
| Total Assets                                | 16,543,667,174.05 | 16,558,325,417.40 | 14,658,243.35 |
| <b>Current liabilities:</b>                 |                   |                   |               |
| Short-term borrowings                       | 1,212,984,083.36  | 1,212,984,083.36  |               |
| Trading financial liabilities               |                   |                   |               |
| Derivative financial liabilities            | 23,415,359.76     | 23,415,359.76     |               |
| Notes Payable                               | 1,271,939,493.16  | 1,271,939,493.16  |               |
| Accounts Payable                            | 2,231,090,864.71  | 2,231,090,864.71  |               |
| Receipts in advance                         |                   |                   |               |
| Contractual Liabilities                     | 112,368,557.50    | 112,368,557.50    |               |
| Employee compensation payable               | 13,610,819.70     | 13,610,819.70     |               |
| Taxes Payable                               | 25,619,278.20     | 25,619,278.20     |               |
| Other payables                              | 639,025,777.06    | 639,025,777.06    |               |
| Of which: Interest payable                  |                   |                   |               |
| Dividends payable                           |                   |                   |               |
| Liabilities held for sale                   |                   |                   |               |
| Non-current liabilities due within one year |                   | 14,057,264.61     | 14,057,264.61 |
| Other current liabilities                   | 4,532,924.11      | 4,532,924.11      |               |
| Total current liabilities                   | 5,534,587,157.56  | 5,548,644,422.17  | 14,057,264.61 |
| <b>Non-current liabilities:</b>             |                   |                   |               |
| Long-term borrowings                        |                   |                   |               |
| Bonds Payable                               |                   |                   |               |
| Of which: Preferred shares                  |                   |                   |               |
| Perpetual Debt                              |                   |                   |               |
| Lease liabilities                           |                   | 600,978.74        | 600,978.74    |
| Long-term payables                          |                   |                   |               |
| Long-term employee compensation payable     |                   |                   |               |
| Projected liabilities                       |                   |                   |               |
| Deferred revenue                            | 330,532,562.01    | 330,532,562.01    |               |
| Deferred income tax liabilities             | 74,256,197.90     | 74,256,197.90     |               |

|                               |                  |                  |               |
|-------------------------------|------------------|------------------|---------------|
| Other non-current liabilities |                  |                  |               |
| Total non-current liabilities | 404,788,759.91   | 405,389,738.65   | 600,978.74    |
| Total liabilities             | 5,939,375,917.47 | 5,954,034,160.82 | 14,658,243.35 |

| <b>Owner's equity (or shareholders' equity):</b>                |                   |                   |              |
|---|-------------------|-------------------|--------------|
| Paid-in capital (or share capital)                              | 800,000,000.00    | 800,000,000.00    |              |
| Other equity instruments  |                   |                   |              |
| Of which: Preferred shares                                      |                   |                   |              |
| Perpetual Debt  |                   |                   |              |
| Capital surplus   | 5,216,137,085.47  | 5,216,137,085.47  |              |
| Less: Treasury shares   |                   |                   |              |
| Other comprehensive income                                      | 23,492,680.92     | 23,492,680.92     |              |
| Specialized reserves  |                   |                   |              |
| Surplus reserves  | 1,055,745,293.67  | 1,055,745,293.67  |              |
| Undistributed earnings  | 3,508,916,196.52  | 3,508,916,196.52  |              |
| Total owner's equity (or shareholders' equity)                  | 10,604,291,256.58 | 10,604,291,256.58 |              |
| Count   |                   |                   |              |
| Liabilities and owners' equity (or shareholders' (Equity) Total | 16,543,667,174.05 | 16,558,325,417.40 | 4,658,243.35 |

Description of the adjustment of each project:

√Applicable □ Not applicable

For details, please refer to Section X. V. 44(1) "Significant Accounting Policy Changes" of this report. (4).Note on retroactive adjustment of prior period comparative data for the first implementation of the new lease standard from 2021

□Applicable √Not applicable

#### 45. Other

□Applicable

√Not applicable

#### VI. Taxes

##### 1. Main tax types and rates

Main tax types and tax rates

√Applicable □ Not applicable

| Taxes           | Taxation basis   | Tax rate        |
|-----------------|--|-----------------|
| Value Added Tax | Taxable income is taxed at 13%, 9%, 6%, 5% for sales tax and VAT is charged on the difference after deducting the input tax allowed for deduction in the current period. | 13%, 9%, 6%, 5% |

The Company incurs VAT taxable sales or imports goods, and the applicable tax rate is adjusted to 13%/9% as of April 1, 2019 in accordance with the Announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Policies Relating to the Deepening of VAT Reform (Announcement [2019] No. 39 of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs)

If there are taxable entities with different corporate income tax rates, disclose the description of the situation

√Applicable □ Not applicable

| Name of taxable entity                           | Income tax rate (%) |
|--|---------------------|
| Triangle Tire Co.                                | 15                  |
| Triangle (Weihai) Huasheng Tire Co.              | 15                  |
| Triangle (Weihai) Hua'an Logistics Co.           | 25                  |
| Triangle (Weihai) Huada Tire Rejuvenation Co.    | 25                  |
| Triangle Tire (HK) Ltd.                          | 16.5                |
| Triangle Huatai (Shanghai) International Trading | 25                  |

## **2. Tax Benefits**

√Applicable      ☐Not applicable

(1) In 2020, the Company passed the review of high-tech enterprises and obtained the certificate of high-tech enterprises jointly issued by the Department of Science and Technology of Shandong Province, the Department of Finance of Shandong Province and the Taxation Bureau of Shandong Province of the State Administration of Taxation, with the certificate number GR202037000049, which is valid for 3 years and carries out the corporate income tax rate of 15% from January 1, 2020 to December 31, 2022. The qualification is valid for 3 years from January 1, 2020 to December 31, 2022.

(2) In 2020, our subsidiary Triangle (Weihai) Huasheng Tire Co., Ltd. passed the review of high-tech enterprise and obtained the certificate of high-tech enterprise jointly issued by the Department of Science and Technology of Shandong Province, the Department of Finance of Shandong Province and the Taxation Bureau of Shandong Province of the State Administration of Taxation, with the certificate number GR202037004418, which is valid for 3 years from January 1, 2020 to December 2022. The enterprise income tax rate of 15% will be implemented from January 1, 2020 to December 31, 2022.

(3) The company has obtained the qualification of import and export enterprise of the People's Republic of China. The Company enjoys the policy of "exemption, credit and refund" for VAT on exported goods. According to the Notice on Adjustment of Export Tax Refund Rate for Some Products issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2018] No. 123), the export tax refund rate of 13% has been implemented for the Company's export products since November 1, 2018.

(4) According to the document Lu Zhengfa [2018] No. 21, from January 2019, the urban land use tax rate will be adjusted by 80% of the current urban land use tax rate, and the urban land use tax rate for high-tech enterprises will be implemented by 50% of the adjusted tax rate, with the minimum tax rate not lower than the statutory tax rate.

### 3. Other

☐Applicable ☒Not applicable

#### Notes to the

#### Consolidated Financial

#### Statements 1.

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

| Proj<br>ects         | Closing balance  | Opening<br>balance |
|----------------------|------------------|--------------------|
| Cash on hand         | 273,346.29       | 279,103.53         |
| Bank deposits        | 1,649,681,133.95 | 1,788,886,233.60   |
| Other monetary funds | 84,289,431.75    | 67,413,139.20      |
| Total                | 1,734,243,911.99 | 1,856,578,476.33   |

#### Other notes

(1) As of December 31, 2021, the total amount of other monetary funds restricted from use in monetary funds was \$4,090,094.60.

Specifically: RMB 4,040,094.60 for the factoring deposit account; RMB 50,000.00 for the paypal deposit.

(2) As of December 31, 2021, the Company's funds deposited abroad amounted to

RMB14,595,557.99. **2. Financial assets held for trading**

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

| Proj<br>ects   | Closing<br>balance | Opening<br>balance |
|--|--------------------|--------------------|
| Financial assets at fair value through profit or loss          | 619,792.32         | 1,551,693,565.16   |
| Among them:  |                    |                    |
| Investments in debt instruments - structured deposits          | 159,726.8          | 1,551,615,297.85   |
| Investments in equity instruments - equities                   | 619,792.32         | 78,267.31          |
| Financial assets designated as at fair value through profit or |                    |                    |

Other notes:

**3. Derivative  
financial assets**

☐ Applicable ✓

Not applicable 4.

**Notes  
receivable**

**(1). Presentation of notes receivable by category**

✓Applicable ☐ Not applicable

Unit: Yuan    Currency: RMB

| Projects               | Closing balance | Opening balance |
|------------------------|-----------------|-----------------|
| Commercial Acceptances | 4,841,534.13    | 188,192,764.63  |
| Total                  | 4,841,534.13    | 188,192,764.63  |

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

☐Applicable ☒Not applicable

**(3). Notes receivable that have been endorsed or discounted by the Company and are outstanding at the balance sheet date at the end of the period**

☐Applicable ☒Not applicable

**(4). Notes that the Company transferred to accounts**

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 |                  |
| <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable | Amount          | Proportion (%)          | Amount         | Accrual rate (%) | Amount          | Proportion (%)          | Amount         | Accrual rate (%) |
| Allowance for bad debts by individual items  |                 |                         |                |                  |                 |                         |                |                  |

Provision for bad debts is made on an individual basis:

☐Applicable ☒Not applicable

Provision for bad debts is made on a portfolio basis:

Unit: Yuan Currency: RMB

| Name of combined accrual items | Closing balance  |                         |                   |
|--------------------------------|------------------|-------------------------|-------------------|
|                                | Notes receivable | Provision for bad debts | Accrual ratio (%) |
| Commercial acceptances         | 5,006,254.74     | 254,847.50              | 5.00              |

Recognition criteria and explanations for bad debts by portfolio

☒Applicable ☐Not applicable

For details, see Section X. V. 11 "Notes receivable" of this report.



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

☐Applicable ☒Not applicable

**(6). Provision for bad debts**

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Cate<br>gory | Opening<br>balance | Amount of<br>change<br>during the<br>period |             |             | Closing<br>balance |
|--------------|--------------------|---|-------------|-------------|--------------------|
|              |                    | Accr  | Recovery or | Transfer or |                    |

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

☐ Applicable ☒

Not applicable

Other

Description:

The higher amount recovered or reversed during the period was mainly due to the effect of transferring the debt securities received to "accounts receivable" in accordance with the Ministry of Finance's document Caihui [2021] No. 32.

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

☐ Applicable

☒ Not applicable

Other

explanations

☐ Applicable ☒ Not applicable

### 5. Accounts

#### receivable

##### (1).

#### Disclosure by

#### ageing

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Age of accounts                     | Closing book balance |
|-------------------------------------|----------------------|
| Within 1 year                       |                      |
| Of which: within 1 year subdivision |                      |
| Within 1 year (including 1 year)    | 835,592,017.83       |
| Subtotal within 1 year              | 835,592,017.83       |
| 1 to 2 years                        | 3,961,042.07         |
| 2 to 3 years                        | 5,183,349.44         |
| 3 to 4 years                        | 7,434,158.58         |
| More than 4 years                   | 44,989,725.14        |

##### (2). Disclosure by bad debt

#### accrual method

Unit: Yuan Currency: RMB

| <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable |               |                |                         |                           | Unit: Yuan      Currency: RMB |               |                |                         |                           |                |
|--|---------------|----------------|-------------------------|---------------------------|-------------------------------|---------------|----------------|-------------------------|---------------------------|----------------|
| Category   | Book balance  |                | Provision for bad debts |                           | Carrying value                | Book balance  |                | Provision for bad debts |                           | Carrying value |
|  | Amount        | Proportion (%) | Amount                  | Accrual ratio Example (%) |                               | Amount        | Proportion (%) | Amount                  | Accrual ratio Example (%) |                |
| Allowance for bad debts by individual items Preparation                                | 43,700,751.83 | 4.87           | 43,700,751.83           | 100.00                    |                               | 45,598,720.62 | 5.55           | 45,598,720.62           | 100.00                    |                |
| Among them:  |               |                |                         |                           |                               |               |                |                         |                           |                |
| Allowance for bad  | 43,700,751.83 | 4.87           | 43,700,751.83           | 100.00                    | 139 / 268                     | 45,598,720.62 | 5.55           | 45,598,720.62           | 100.00                    |                |

Provision for bad debts

is made on an

individual basis:

☒ Applicable ☐ Not

applicable

Unit: Yuan    Currency: RMB

Closing

|                 | Book balance  | Provision for bad debts | Accrual ratio (%) | Reason for accrual           |
|-----------------|---------------|-------------------------|-------------------|------------------------------|
| Customer One    | 8,120,031.00  | 8,120,031.00            | 100.00            | Not expected to be recovered |
| Client 2        | 7,702,310.10  | 7,702,310.10            | 100.00            | Not expected to be recovered |
| Client Three    | 7,237,771.56  | 7,237,771.56            | 100.00            | Not expected to be recovered |
| Client Four     | 5,187,847.69  | 5,187,847.69            | 100.00            | Not expected to be recovered |
| Other Customers | 15,452,791.48 | 15,452,791.48           | 100.00            | Not expected to be recovered |
| Total           | 43,700,751.83 | 43,700,751.83           | 100.00            | /                            |

Notes to the provision for bad debts by individual items:

☐ Applicable ☒ Not applicable

Provision for bad debts is made on a portfolio basis:

Unit: Yuan Currency: RMB

|   |   |                                    |                              |
|---|---|------------------------------------|------------------------------|
| made on a portfolio basis.  |   | Unit: Yuan    Currency: RMB        |                              |
| <div>√Applicable    □ Not applicable</div> <div>Portfolio accrual items:</div> <div>Within 1 year (including 1 year)</div> <div>1-2 years</div> <div>2-3 years</div> <div>3-4 years</div> | <div><div>Nam</div><div>Accounting</div></div>            | Closing balance                    |                              |
|   | <div><div>Aging</div><div>Accounts Receivable</div></div> | <div>Provision for bad debts</div> | <div>Accrual ratio (%)</div> |
|   | 830,591,462.27  | 41,529,573.14                      | 5.00                         |
|   | 3,961,042.07  | 396,104.21                         | 10.00                        |
|   | 4,509,502.30  | 1,352,850.69                       | 30.00                        |
|   | 3,211,131.33  | 1,605,565.67                       | 50.00                        |

Recognition criteria and description of bad debts by portfolio:

☒ Applicable ☐ Not applicable

For details, see Section X.V.12 "Accounts Receivable" of this report.

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

Unit: Yuan Currency: RMB

| <input checked="" type="checkbox"/> Not applicable<br>(3) Provision for bad debts by category | Opening balance | Amount of change during the period |                      |                      |              | Closing balance |
|---|-----------------|------------------------------------|----------------------|----------------------|--------------|-----------------|
|   |                 | Accrual                            | Recovery or reversal | Resale or Write-offs | Other Change |                 |
|   |                 |                                    | 141 / 268            |                      |              |                 |
| By  | 45,500,700.00   |                                    | 4,007,000.70         |                      |              | 43,700,751.83   |

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**

Unit: Yuan Currency: RMB

| Name of the party in arrears   | Closing balance                      | As a percentage of the closing balance of accounts receivable | Closing balance of provision for bad debts |
|--|--------------------------------------|---|--|
| <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable | balances grouped by party in arrears |   |  |

|              |                |       |               |
|--------------|----------------|-------|---------------|
| Third Place  | 81,405,117.17  | 9.07  | 4,070,255.86  |
| Fourth Place | 44,740,205.35  | 4.99  | 2,237,010.27  |
| Fifth Place  | 38,557,795.35  | 4.30  | 1,927,889.77  |
| Total        | 423,017,366.20 | 47.15 | 21,150,868.31 |

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

☐Applicable ☒Not applicable

**(7). Transfer of accounts receivable and continued involvement in the amount of assets and liabilities formed**

☐Applicable

☒Not applicable

Other

Description:

☐Applicable

☒Not applicable

**Receivables****financing**

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Projects                | Closing balance | Opening balance |
|-------------------------|-----------------|-----------------|
| Notes receivable        | 526,647,102.13  | 615,936,199.34  |
| Company's foreign trade | 289,158,908.54  | 219,126,626.78  |

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

☒Applicable ☐ Not applicable

See Section XI.4 of this report, "Continuing and Discontinuing Level 3 Fair Value Measurements, Qualitative and Quantitative Information on Valuation Techniques and Significant Parameters Used".

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

Unit: Yuan Currency: RMB

| Category  | Year-end balance | Balance at the beginning of the year |
|---|------------------|--------------------------------------|
| The Company's foreign trade receivables are classified according to the bad debt accrual method |                  |                                      |
| Provision for credit losses is  |                  |                                      |

**(1) Provision for credit losses by portfolio**

Unit: Yuan Currency: RMB

| Age of accounts                  | Year-end balance | Provision for bad debts | Accrual ratio (%) |
|----------------------------------|------------------|-------------------------|-------------------|
| Within 1 year (including 1 year) | 289,157,921.64   | 14,457,896.08           | 5.00              |
| 1-2 years                        | 195.68           | 19.57                   | 10.00             |
| 2-3 years                        | 256.84           | 77.05                   | 30.00             |
| 3-4 years                        |                  |                         | 50.00             |
| More than 4 years                | 524.143          | 524.143                 | 100.00            |

2021 Annual  
~~(2) Allowance for credit losses on accounts receivable~~

Unit: Yuan Currency: RMB

| Category | Balance at the beginning of the year | Amount of change during the year |                      |                       | Year-end balance |
|----------|--------------------------------------|----------------------------------|----------------------|-----------------------|------------------|
|          |                                      | Accrual                          | Recovery or reversal | Transfer or write-off |                  |
|          |                                      |                                  |                      |                       |                  |

The Company's foreign trade receivables are classified as financial assets at fair value through other comprehensive income. For financial assets classified as at fair value through other comprehensive income, the enterprise should recognize its provision for losses in other comprehensive income and recognize impairment gains or losses in current profit or loss, and should not reduce the carrying amount of the financial assets presented in the balance sheet. The amount of provision for credit losses as of December 31, 2021 was \$14,458,527.08.

Other notes:

√Applicable ☐ Not applicable

Derecognition of receivables due to transfer of financial assets

| Financial asset transfer method | Amount of accounts receivable derecognized | Losses related to derecognition |
|---------------------------------|--|---------------------------------|
|---------------------------------|--|---------------------------------|

## 7. Prepayments

### (1). Prepayments by ageing

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Age of accounts | Closing balance |                | Opening balance |                |
|-----------------|-----------------|----------------|-----------------|----------------|
|                 | Amount          | Proportion (%) | Amount          | Proportion (%) |
| Within 1 year   | 39,222,550.07   | 99.40          | 6,128,658.74    | 98.06          |
| 1 to 2 years    | 165,000.00      | 0.42           | 47,785.00       | 0.76           |

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

√Applicable ☐ Not applicable

| Unit Name    | Closing balance | of the total closing balance of prepayments Proportion (%) |
|--------------|-----------------|--|
| First Place  | 4,693,944.64    | 11.90  |
| Second Place | 4,450,279.68    | 11.28  |
| Third Place  | 4,379,538.24    | 11.10  |
| Fourth Place | 4,180,176.01    | 10.59  |
| Fifth Place  | 2,666,500.63    | 6.76   |

Other notes

Applicable

√Not applicable 8.

Other

receivables

Items shown

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Projects          | Closing balance | Opening balance |
|-------------------|-----------------|-----------------|
| Other receivables | 43,092,124.73   | 3,714,089.78    |

Other notes:

☐ Applicable √

Not applicable

Interest



**receivable**

**(1). Classification of interest receivable**

☐Applicable

☒Not applicable

**(2). Significant**

**overdue interest**

☐Applicable ☒Not applicable

**(3). Provision for bad debts**

☐ Applicable  
☒ Not applicable  
 Other

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

Unit: Yuan Currency: RMB

| Other Description:  | Age of accounts                                    | Closing book balance |
|---|--|----------------------|
| <input checked="" type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable |  |                      |
| Other receivables which: within 1 year subdivision  |  |                      |
| Within 1 year (including 1 year)  |  | 44,683,765.86        |
| Subtotal within 1 year  |  | 44,683,765.86        |
| 1 to 2 years  |  | 99,889.00            |
| 2 to 3 years  |  | 762,513.06           |
| 3 to 4 years  |  | 37,775.80            |
| More than 4 years   | <input checked="" type="checkbox"/> Not applicable | 546,665.82           |

**(2). Breakdown by nature of payments**

Unit: Yuan Currency: RMB

| Nature of payments  | Closing book balance | Opening book balance |
|---|----------------------|----------------------|
| <input checked="" type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable |                      |                      |
| Reserves  | 734,336.72           | 609,430.72           |
| Deposits, security deposits   | 360,034.36           | 738,708.18           |
| Export tax refund receivable  | 38,206,638.81        |                      |
| Other   | 6,829,599.65         | 3,156,584.08         |

**(3). Provision for  
bad debts**

Unit: Yuan Currency: RMB

| <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable<br>Provision for bad debts | Phase I                                       | Phase II  | Stage 3   | Total |
|---|---|---|---|-------|
|   | Expected credit losses for the next 12 months | Expected credit losses for the entire duration (unissued) (e.g., credit impairment) | Expected credit losses for the entire life (incurred) credit impairment |       |

|                                 |              |  |  |              |
|---------------------------------|--------------|--|--|--------------|
| --Turning to the third stage    |              |  |  |              |
| --Turn back to the second stage |              |  |  |              |
| --Turn back to the first stage  |              |  |  |              |
| Current accrual                 | 2,247,851.61 |  |  | 2,247,851.61 |
| Current period reversal         |              |  |  |              |
| Current period reversal         |              |  |  |              |
| Current write-offs              |              |  |  |              |
| Other changes                   |              |  |  |              |
| Balance as of December 31, 2021 | 3,038,484.81 |  |  | 3,038,484.81 |

A description of significant changes in the carrying amount of other receivables for which changes in the allowance for losses occurred during the period:

☐Applicable ☒Not applicable

The amount of provision for bad debts for the period and the basis used to assess whether there is a significant increase in the credit risk of the financial instruments:

☐ Applicable

☒Not applicable

#### (4). Provision for bad debts

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Category | Opening balance | Amount of change during the period |              |                      |               | Closing balance |
|----------|-----------------|------------------------------------|--------------|----------------------|---------------|-----------------|
|          |                 | Accrual                            | Recapture or | Write-offs or write- | Other changes |                 |

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

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

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Unit Name    | Nature of the payment | Closing balance | Age of accounts | of the total ending balance of other receivables Proportion (%) | Closing balance of provision for bad debts |
|--------------|-----------------------|-----------------|-----------------|---|--|
| First Place  | Reserves              | 450,000.00      | Within 1 year   | 0.98  | 22,500.00                                  |
| Second Place | Other                 | 391,080.91      | Within 1 year   | 0.85  | 19,554.05                                  |

#### (7). Receivables involving government grants

☐Applicable ☒Not applicable

#### (8). Other receivables derecognized due to transfer of financial assets

☐Applicable    ☒Not applicable

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

☐Applicable

☒Not applicable

Other

Description:

☐Applicable    ☒Not applicable

## 9.

## Inventory

## (1).

## Inventory

Unit: Yuan Currency: RMB

| Projects                     | Closing balance  | Carrying value | Opening balance | Carrying value  |
|------------------------------|--|----------------|-----------------|---|
|                              |  |                |                 |   |
| Book balance                 | Provision for decline in value of inventories/contract performance costs |                | Book balance    | Provision for decline in value of inventories/contract performance costs less Value |
| √Applicable □ Not applicable |  |                |                 |   |

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

Unit: Yuan Currency: RMB

| Projects                     | Opening balance | Amount of increase for the period |       | Decrease for the period |       | Closing balance |
|------------------------------|-----------------|-----------------------------------|-------|-------------------------|-------|-----------------|
|                              |                 | Accrual                           | Other | Reversal or write-back  | Other |                 |
| √Applicable □ Not applicable |                 |                                   |       |                         |       |                 |
| Raw Materials                | 6,157,220.02    | 7,136,855.71                      |       | 4,983,893.04            |       | 8,310,182.69    |

## (3). Description of the closing balance of inventories containing the amount of capitalized borrowing costs

□Applicable √Not applicable

## (4). Description of the current amortization amount of contract performance costs

□Applicable  
√Not applicable

Other explanations

□Applicable  
√Not applicable

## 10. Contract assets (1).

## Contract assets

□Applicable √Not applicable

## (2). Amount of and reasons for significant changes in the carrying value during the reporting period

□Applicable √Not applicable

□Applicable

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

□Applicable √Not applicable

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

□

A  
p  
p  
l  
i  
c

able ✓ Not

2021 Annual

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<br>balance | Opening<br>balance |
|---------------------------|--------------------|--------------------|
| Time Deposit Certificates | 20,646,136.94      |                    |

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

☐Applicable

**13. Other current assets**

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

| Projects                                   | Closing balance  | Opening balance  |
|--|------------------|------------------|
| Input VAT to be deducted and retained      | 79,364,808.43    | 1,413,789.16     |
| Input VAT to be certified                  | 56,797,847.56    | 92,447,321.95    |
| Prepaid corporate income tax               | 687,205.92       |                  |
| Negotiable Large Time Deposit Certificates | 6,070,803,548.09 | 4,509,934,442.27 |

**14. Debt****investments (1).****Debt****investments**

□Applicable √Not applicable

**(2). Significant debt investments at period end**

□Applicable √Not applicable

**(3). Provision for impairment**

□Applicable √Not applicable

The amount of provision for impairment for the period and the basis used to assess whether there is a significant increase in the credit risk of the financial instrument

□Applicable

√Not applicable

Other

explanations

□Applicable √Not applicable

**15. Other debt****investments (1).****Other debt****investments**

□Applicable √Not applicable

**(2). Significant other debt investments at the end of the period**

□Applicable √Not applicable

**(3). Provision for impairment**

□Applicable √Not applicable

The amount of provision for impairment for the period and the basis used to assess whether there is a significant increase in the credit risk of the financial instrument

□ Applicable

√Not applicable

Other

Description:

Applicable √Not

applicable **16.****Long-term****receivables**

□Applicable



**(1). Status of long-term receivables**

☐Applicable ☒Not applicable

**(2). Provision for bad debts**

☐Applicable ☒Not applicable

The amount of the provision for bad debts for the period and the basis used to assess whether the credit risk of the financial instruments has increased significantly

☐Applicable ☒Not applicable

**(3). Long-term receivables derecognized due to transfer of financial assets**

☐Applicable ☒Not applicable

**(4). Transfer of long-term receivables and continued involvement in the amount of assets and liabilities formed**

☐Applicable

☒Not applicable

Other

descriptions

☐Applicable

**17. Long-term equity****investments**

□Applicable ✓Not

applicable

**18. Investments in****other equity**

Unit: Yuan Currency: RMB

| Investments in other equity instruments (1) | Closing balance | Opening balance |
|---|-----------------|-----------------|
| TYM INTERNATIONAL LTD                       |                 | 4,442,486.47    |
| Jiangsu Xingda Steel Cord Co.               | 50,000,000.00   | 50,000,000.00   |

✓Applicable □ Not

applicable

**(2). Investments in non-trading equity instruments**

Unit: Yuan Currency: RMB

| Projects | Dividend income recognized during the period | Accumulated gains | Accumulated losses | Transfer from other comprehensive income to retained earnings | designated as at fair value through other comprehensive Reasons for revenue | Transfer from other comprehensive income to retained |
|----------|--|-------------------|--------------------|---|---|--|
|          |  |                   |                    |   |   |  |

Other notes:

□Applicable ✓Not applicable

**19. Other non-current financial****assets**

□ Applicable ✓

Not applicable

Other

Description:

□Applicable ✓Not applicable

Unit: Yuan Currency: RMB

**20. Investment properties**

| Investment property measurement                           | Houses, buildings | Land use rights | Construction in progress | Total        |
|---|-------------------|-----------------|--------------------------|--------------|
| I. Original book value                                    |                   |                 |                          |              |
| (1) Opening balance                                       | 5,368,230.66      |                 |                          | 5,368,230.66 |
| 2. Increase in the current period                         |                   |                 |                          |              |
| 3. Decrease in the current period                         |                   |                 |                          |              |
| 4. Closing balance  | 5,368,230.66      |                 |                          | 5,368,230.66 |
| II. Accumulated depreciation and accumulated amortization |                   |                 |                          |              |
| 1. Opening balance  | 3,047,477.42      |                 |                          | 3,047,477.42 |
| 2. Increase in the current period                         | 210,703.05        |                 |                          | 210,703.05   |
| (1) Accrual or amortization                               | 210,703.05        |                 |                          | 210,703.05   |

|                                   |              |  |  |              |
|-----------------------------------|--------------|--|--|--------------|
| 1. Opening balance                |              |  |  |              |
| 2. Increase in the current period |              |  |  |              |
| 3. Decrease in the current period |              |  |  |              |
| 4. Closing balance                |              |  |  |              |
| IV. Book value                    |              |  |  |              |
| 1. Closing book value             | 2,110,050.19 |  |  | 2,110,050.19 |
| 2. Opening book value             | 2,320,753.24 |  |  | 2,320,753.24 |

**(2). Status of investment properties without proper title certificates**

☐ Applicable

☒ Not applicable

Other explanations

**21. Fixed assets**

Unit: Yuan Currency: RMB

|  |                  |                  |
|--|------------------|------------------|
| <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable | Closing balance  | Opening balance  |
| Fixed Assets   | 4,690,204,976.01 | 4,980,598,807.74 |

Other notes:

☐ Applicable

☒ Not applicable

**Fixed assets**

**(1). Fixed Assets**

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Project  | Houses and buildings | Machinery and equipment | Transportation | Freehold land | Office equipment and others | Total            |
|--|----------------------|-------------------------|----------------|---------------|-----------------------------|------------------|
| I. Original book value:                        |                      |                         |                |               |                             |                  |
| 1. At the beginning of the period<br>Balance   | 1,922,198,055.35     | 7,859,827,298.69        | 37,678,167.99  | 52,199,200.00 | 114,215,588.20              | 9,986,118,310.23 |
| 2. This period Increase amount                 | 52,663,298.28        | 115,961,771.12          | 1,520,304.50   |               | 3,692,397.61                | 173,837,771.51   |
| (1) Acquisition                                |                      | 9,077,702.57            | 1,520,304.50   |               | 894,337.53                  | 11,492,344.60    |
| (2) Transfer of construction in progress Enter | 52,663,298.28        | 105,896,672.99          |                |               | 2,798,060.08                | 161,358,031.35   |
| (3) Increase in business combinations Add      |                      |                         |                |               |                             |                  |
| (4) Other                                      |                      | 987,395.56              |                |               |                             | 987,395.56       |
| 3. This period Reduction amount                | 31,539,880.92        | 2,562,000.19            | 6,395,427.05   | 1,193,600.00  | 3,884,581.04                | 45,575,489.20    |
| (1) Disposal or scrap                          |                      | 132,308.04              | 6,395,427.05   |               | 3,782,351.16                | 10,310,086.25    |

|  |                  |                  |               |               |               |                  |
|--|------------------|------------------|---------------|---------------|---------------|------------------|
| 3. This period Reduction amount                  |                  | 115,278.04       | 5,349,051.00  |               | 3,569,513.65  | 9,033,842.69     |
| (1) Disposal or scrap                            |                  | 115,278.04       | 5,349,051.00  |               | 3,487,931.97  | 8,952,261.01     |
| (2) Foreign currency translation                 |                  |                  |               |               | 81,581.68     | 81,581.68        |
| 4. Final Balance                                 | 540,616,802.02   | 4,753,340,155.62 | 27,564,258.69 |               | 96,302,673.95 | 5,417,823,890.28 |
| III. Provision for impairment                    |                  |                  |               |               |               |                  |
| 1. At the beginning of the period Balance        |                  | 6,353,098.47     |               |               |               | 6,353,098.47     |
| 2. This period Increase amount                   |                  |                  |               |               |               |                  |
| (1) Accrual                                      |                  |                  |               |               |               |                  |
| 3. This period Reduction amount                  |                  | 1,372.22         |               |               |               | 1,372.22         |
| (1) Disposal or scrap                            |                  | 1,372.22         |               |               |               | 1,372.22         |
| 4. Final Balance                                 |                  | 6,351,726.25     |               |               |               | 6,351,726.25     |
| IV. Book value                                   |                  |                  |               |               |               |                  |
| 1. Final Carrying value                          | 1,402,704,670.69 | 3,213,535,187.75 | 5,238,786.75  | 51,005,600.00 | 17,720,730.82 | 4,690,204,976.01 |
| 2. At the beginning of the period Carrying value | 1,442,407,120.89 | 3,458,187,300.60 | 6,865,494.82  | 52,199,200.00 | 20,939,691.43 | 4,980,598,807.74 |

Note: The other decrease in the original value of fixed assets for the year is due to the adjustment of the original construction budget of some fixed assets of the Group in 2021 based on the settlement.

## (2). Temporarily idle fixed assets

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

| Projects | Original book value | Accumulated depreciation | Provision for impairment | Carrying value | Remarks |
|----------|---------------------|--------------------------|--------------------------|----------------|---------|
|----------|---------------------|--------------------------|--------------------------|----------------|---------|

## (3). Fixed assets leased through finance leases

□Applicable √Not applicable

## (4). Fixed assets leased out through operating leases

□Applicable √Not applicable

## (5). Fixed assets without proper title certificate

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

| Projects                                | Carrying value              | Reasons for not completing the title certificate |
|---|-----------------------------|--|
| Single-employee dormitory               | 43,756,301.99               | In process                                       |
| Industrial Park Office R&D Area Project | 205,361,433.27<br>157 / 268 | In process                                       |
| Industrial park auxiliary A workshop    | 9,537,901.84                | In 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 | 389,297,733.77  | 420,554,938.01  |

Other notes:

☐Applicable☒Not applicable**Construction in progress****(1). Construction in progress**

Unit: Yuan Currency: RMB

| Projects                   | Closing balance |                                  |                | Opening balance |                                  |                |
|----------------------------|-----------------|----------------------------------|----------------|-----------------|----------------------------------|----------------|
|                            | Book balance    | Impairment Allowance Preparation | Carrying value | Book balance    | Impairment Allowance Preparation | Carrying value |
| Industrial Park III Period | 151,176,875.65  |                                  | 151,176,875.65 | 179,501,398.81  |                                  | 179,501,398.81 |
| Nanhai                     | 22,858,768.18   |                                  | 22,858,768.18  | 20,987,570.09   |                                  | 20,987,570.09  |

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

Unit: Yuan Currency: RMB

| Project Name | Budget           |                 | Increase in the current period | Amount transferred to fixed assets during the period | Other decrease during the period | Closing balance | Cumulative investment in the project as a percentage of the budget (%) | Project Progress | Accumulated interest capitalization rate (%) | Of which: Amount of interest capitalized in the period | Current interest capitalization rate (%) | Funding Sources |
|--------------|------------------|-----------------|--------------------------------|--|----------------------------------|-----------------|--|------------------|--|--|--|-----------------|
|              | √Applicable      | □Not applicable |                                |  |                                  |                 |  |                  |  |  |  |                 |
| Industrial   | 2,507,080,000.00 |                 | 179,501,398.81                 | 28,526,227.27  | 56,859,402.68                    | 151,176,875.65  | 100.37   | 99.98%           |  |  |  | Fund            |

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

☐Applicable

☒Not applicable

Other

explanations

☐Applicable

☒Not applicable

### Engineering materials

#### (1). Project material situation

☐Applicable ☒Not applicable

### 23. Productive biological assets

#### (1). Productive biological assets using the cost measurement model

☐Applicable ☒Not applicable

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

☐Applicable

☒Not applicable

Other

explanations

Unit: Yuan Currency: RMB

| <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable | Houses and Buildings | Machinery and equipment | Total         |
|--|----------------------|-------------------------|---------------|
| <b>24. Oil and gas assets</b>  |                      |                         |               |
| I. Original book value   |                      |                         |               |
| 1. Opening balance   | 14,495,246.81        | 809,193.24              | 15,304,440.05 |
| 2. Increase in the current period  | 34,409,546.28        | 41,512,967.42           | 75,922,513.70 |
| (1) Lease in   | 34,409,546.28        | 41,512,967.42           | 75,922,513.70 |
| 3. Decrease in the current period  | 29,979.02            |                         | 29,979.02     |
| (1) Foreign currency translation   | 29,979.02            |                         | 29,979.02     |
| 4. Closing balance   | 48,874,814.07        | 42,322,160.66           | 91,196,974.73 |
| II. Accumulated depreciation   |                      |                         |               |
| 1. Opening balance   |                      |                         |               |
| 2. Increase in the current period  | 26,000,490.93        | 13,983,928.00           | 39,984,418.93 |
| (1) Accrual  | 26,000,490.93        | 13,983,928.00           | 39,984,418.93 |
| 3. Decrease in the current period  | 10,990.76            |                         | 10,990.76     |
| (1) Disposal   |                      |                         |               |
| (2) Foreign currency translation   | 10,990.76            |                         | 10,990.76     |
| 4. Closing balance   | 25,989,500.17        | 13,983,928.00           | 39,973,428.17 |
| III. Provision for impairment  |                      |                         |               |
| 1. Opening balance   |                      |                         |               |



**26. Intangible  
assets (1).  
Intangible  
assets**

Unit: Yuan Currency: RMB

| <input checked="" type="checkbox"/> Applicable | Land use rights | Patents | Non-patented | Software | Trademark | Total |
|--|-----------------|---------|--------------|----------|-----------|-------|
|--|-----------------|---------|--------------|----------|-----------|-------|

☐Not applicable

|                                   |                |            |            |               |              |                |
|-----------------------------------|----------------|------------|------------|---------------|--------------|----------------|
| I. Original book value            |                |            |            |               |              |                |
| 1. Opening balance                | 510,574,508.71 | 426,660.00 | 600,000.00 | 18,471,120.66 | 1,491,786.50 | 531,564,075.87 |
| 2. Increase in the current period |                |            |            | 4,538,589.15  |              | 4,538,589.15   |
| (1) Acquisition                   |                |            |            | 4,538,589.15  |              | 4,538,589.15   |
| 3. Decrease in the current period |                |            |            | 1,794,884.92  |              | 1,794,884.92   |
| (1) Disposal                      |                |            |            | 1,794,884.92  |              | 1,794,884.92   |
| 4. Closing balance                | 510,574,508.71 | 426,660.00 | 600,000.00 | 21,214,824.89 | 1,491,786.50 | 534,307,780.10 |
| II. Accumulated amortization      |                |            |            |               |              |                |
| 1. Opening balance                | 72,838,622.33  | 421,867.52 | 530,000.00 | 16,197,402.22 | 1,001,430.72 | 90,989,322.79  |
| 2. Increase in the current period | 10,992,614.74  | 1,051.25   | 60,000.00  | 3,992,903.42  | 50,292.90    | 15,096,862.31  |
| (1) Accrual                       | 10,992,614.74  | 1,051.25   | 60,000.00  | 3,992,903.42  | 50,292.90    | 15,096,862.31  |
| 3. Decrease in the current period |                |            |            | 1,794,884.92  |              | 1,794,884.92   |
| (1) Disposal                      |                |            |            | 1,794,884.92  |              | 1,794,884.92   |
| 4. Closing balance                | 83,831,237.07  | 422,918.77 | 590,000.00 | 18,395,420.72 | 1,051,723.62 | 104,291,300.18 |
| III. Provision for impairment     |                |            |            |               |              |                |
| 1. Opening balance                |                |            |            |               |              |                |
| 2. Increase in the current period |                |            |            |               |              |                |
| 3. Decrease in the current period |                |            |            |               |              |                |
| 4. Closing balance                |                |            |            |               |              |                |
| IV. Book value                    |                |            |            |               |              |                |
| 1. Closing book value             | 426,743,271.64 | 3,741.23   | 10,000.00  | 2,819,404.17  | 440,062.88   | 430,016,479.92 |
| 2. Opening book value             | 437,735,886.38 | 4,792.48   | 70,000.00  | 2,273,718.44  | 490,355.78   | 440,574,753.08 |

Intangible assets formed through internal research and development accounted for 0.00% of the balance of intangible assets at the end of the period (2). **Land use rights without proper title certificates**

☐ Applicable

☒ Not applicable

Other

Description:

Applicable ☒ Not applicable **27.**

**Development expenses**

Applicable ☒ Not applicable **28.**

**Goodwill**

**(1). Original carrying amount of goodwill**

- ☐ Applicable  
☒ Not applicable

**(2). Provision  
for impairment  
of goodwill**

- ☐ Applicable ☒ Not applicable

**(3). Information about the asset group or combination of asset groups in which the goodwill  
is located**

- ☐ Applicable ☒ Not applicable

**(4). Description of the goodwill impairment testing process, key parameters (e.g.  
projected period growth rate at present value of expected future cash flows,  
stabilization period growth rate, profit margin, discount rate, projection period,  
etc., if applicable) and the method of recognition of goodwill impairment loss**

- ☐ Applicable ☒ Not applicable

**(5). Impact of goodwill impairment testing**

- ☐ Applicable ☒ Not applicable

Other notes

Applicable ☒ Notapplicable **29.****Long-term  
amortization**

Unit: Yuan Currency: RMB

| Projects<br><input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable | Opening<br>balance | Amount of<br>increase for<br>the period | Amortization<br>amount for the<br>period | Other decrease<br>amount | Closing<br>balance |
|--|--------------------|---|--|--------------------------|--------------------|
|  | 1,377,888.88       |   | 1,371,818.18                             | 888,878.54               | 1,384,588.84       |

**30. Deferred income tax  
assets/deferred income tax  
liabilities (1). Deferred income  
tax assets without offsetting**

Unit: Yuan Currency: RMB

| <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable<br>Projects | Closing<br>balance                        |                                  | Opening<br>balance                        |                                  |
|--|---|----------------------------------|---|----------------------------------|
|  | Poor deductible<br>temporary<br>different | Deferred<br>income tax<br>Assets | Poor deductible<br>temporary<br>different | Deferred<br>income tax<br>Assets |
| Provision for bad debts  | 109,101,017.58                            | 16,723,565.68                    | 111,364,094.11                            | 16,905,007.27                    |
| Provision for decline in<br>value of inventories   | 29,194,115.28                             | 4,432,725.41                     | 20,693,001.12                             | 3,157,558.29                     |
| Provision for impairment<br>of other assets  | 6,351,726.25                              | 952,758.94                       | 6,353,098.47                              | 952,964.78                       |
| Unrealized gain or loss<br>on internal transactions  | 34,338,056.91                             | 5,268,047.87                     | 34,131,461.25                             | 5,239,546.21                     |
| Deferred revenue   | 314,664,598.83                            | 47,199,689.82                    | 322,453,395.12                            | 48,368,009.27                    |
| Depreciation of right-of-  | 1,240,250.23                              | 203,916.56                       |   |                                  |

**(2). Deferred income tax  
liabilities without****offsetting**

Unit: Yuan Currency: RMB

| <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable<br>Projects | Closing<br>balance                               |                                       | Opening<br>balance                               |                                       |
|--|--|---------------------------------------|--|---------------------------------------|
|  | Taxable<br>temporary<br>differences<br>different | Deferred<br>income tax<br>Liabilities | Taxable<br>temporary<br>differences<br>different | Deferred<br>income tax<br>Liabilities |
| Fair value of structured<br>deposits   |  |                                       | 21,815,297.85                                    | 3,272,294.68                          |

**(3). Deferred income tax assets or liabilities  
presented as net of offsetting**☒ Applicable ☐ Not applicable☐ Applicable ☒ Not applicable**(4). Details of unrecognized deferred  
income tax assets**

Unit: Yuan Currency: RMB

| Proj<br>ects                        | Closing<br>balance | Opening<br>balance |
|-------------------------------------|--------------------|--------------------|
| Deductible temporary<br>differences | 3,498,889.90       | 3,155,707.74       |
| Deductible losses                   | 404,004,475.70     | 400,044,000.00     |

**(5). Deductible losses on unrecognized deferred income tax assets will expire in the following**

Unit: Yuan Currency: RMB

| Year<br>√Applicable □ Not applicable | End of period<br>amount | Opening amount | Remarks |
|--------------------------------------|-------------------------|----------------|---------|
| 2021                                 |                         | 2,812,685.84   |         |
| 2022                                 | 968,968.91              | 2,053,506.58   |         |
| 2023                                 |                         |                |         |
| 2024                                 |                         |                |         |
| 2025                                 |                         |                |         |
| 2026                                 |                         |                |         |
| After 2027                           | 100,052,506.87          | 98,475,731.24  |         |

Other notes:

□Applicable √Not applicable

**31. Other non-current assets**

Unit: Yuan Currency: RMB

| √Applicable Projects applicable □ Not applicable | Closing balance |                        |                | Opening balance |                        |                |
|--|-----------------|------------------------|----------------|-----------------|------------------------|----------------|
|  | Book balance    | Impairment Preparation | Carrying value | Book balance    | Impairment Preparation | Carrying value |
| Time Deposit                                     | 35,829,062.60   |                        | 35,829,062.60  | 20,206,136.97   |                        | 20,206,136.97  |

**32. Short-term borrowings (1). Classification of short-term borrowings**

Unit: Yuan Currency: RMB

| Projects          | Closing balance  | Opening balance  |
|-------------------|------------------|------------------|
| Credit Borrowing  | 1,338,759,842.79 | 1,542,543,932.58 |
| √Applicable Total | 1,338,759,842.79 | 1,542,543,932.58 |
| Not applicable    |                  |                  |

**(2). Short-term borrowings that were past due**

□Applicable √Not applicable

The significant overdue short-term borrowings are as follows:

□Applicable  
√Not applicable  
Other explanations

□Applicable √Not applicable

**33. Trading financial liabilities**

Ap  
plic  
abl  
e  
√N

not applicable 34.

2021 Annual

**Derivative  
financial  
liabilities**

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Projects                 | Closing<br>balance | Opening<br>balance |
|--------------------------|--------------------|--------------------|
| Currency swap agreements |                    | 23,415,359.76      |

**35. Notes****Payable (1).****Notes payable  
are presented**

Unit: Yuan Currency: RMB

|  |                  |                 |
|--|------------------|-----------------|
| <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable | Closing balance  | Opening balance |
| Bank   | 1,117,098,665.95 | 939,939,493.16  |

The total notes payable due and unpaid at the end of the period was \$0.00.

**36. Accounts****Payable****(1). Presentation of accounts payable**☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

|                  |                  |                  |
|------------------|------------------|------------------|
| Projects         | Closing balance  | Opening balance  |
| Within 1 year    | 1,823,182,379.67 | 1,889,089,478.91 |
| More than 1 year | 450,346,843.72   | 515,111,404.58   |

**(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 |
|          |                 |  |

Other notes

**37. Receipts in  
advance****(1). Presentation of pre-  
receivable items**☐ Applicable ☒ Not applicable**(2). Significant receipts in****advance aged over 1 year**☐ Applicable☒ Not applicable

Other

explanations

☐ Applicable ☒ Not applicable

Unit: Yuan Currency: RMB

|                          |                 |                 |
|--------------------------|-----------------|-----------------|
| Projects                 | Closing balance | Opening balance |
| Received in advance from | 74,948,967.00   | 113,186,645.92  |

**38. Contract  
liabilities (1).**

Status of

**contract****liabilities**☒ Applicable ☐ Not applicable



**(2). The amount of and reasons for significant changes in the carrying value during the reporting period**

☐ Applicable ☒ Not applicable

Not applicable

Other

Description:

☐ Applicable ☒ Not applicable

**39. Employee  
compensation**

**payable (1).**

**Employee  
compensation**

**payable is**

**presented**

☒ Applicable ☐ Not applicable

| Unit: Yuan Currency: RMB                             |                 |                                |                         |                 |
|--|-----------------|--------------------------------|-------------------------|-----------------|
| Projects   | Opening balance | Increase in the current period | Decrease for the period | Closing balance |
| I. Short-term compensation                           | 23,188,929.21   | 612,167,456.78                 | 612,049,526.56          | 23,306,859.43   |
| II. Post-employment benefits-setting Withdrawal Plan |                 | 51,152,243.13                  | 51,152,243.13           |                 |
| III. Termination                                     | 76,643.00       | 133,231.11                     | 186,015.11              | 23,859.00       |

**(2). Presentation****of short-****term**

| Unit: Yuan Currency: RMB  |                 |                                |                         |                 |
|---|-----------------|--------------------------------|-------------------------|-----------------|
| Proj<br>presentation  | Opening balance | Increase in the current period | Decrease for the period | Closing balance |
| I. Wages, bonuses and allowances <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable | 6,179,147.62    | 466,124,456.28                 | 466,021,923.88          | 6,281,680.02    |
| II. Employee benefit costs  |                 | 40,308,344.52                  | 40,308,344.52           |                 |
| III. Social insurance premiums  |                 | 29,169,085.68                  | 29,169,085.68           |                 |
| Of which: medical insurance premiums  |                 | 24,827,742.35                  | 24,827,742.35           |                 |
| Worker's compensation insurance premiums  |                 | 4,338,870.13                   | 4,338,870.13            |                 |

**(3). Defined****contribution****plan**

| Unit: Yuan Currency: RMB  |                 |                                |                         |                 |
|---|-----------------|--------------------------------|-------------------------|-----------------|
| Proj<br>presentation  | Opening balance | Increase in the current period | Decrease for the period | Closing balance |
| 1. Basic pension insurance <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable |                 | 49,120,245.33                  | 49,120,245.33           |                 |
| 2. Unemployment insurance   |                 | 2,031,007.80                   | 2,031,007.80            |                 |

Other notes:

Applicable ☒ Not applicable ☐**Taxes payable**☒ Applicable ☐ Not applicable

Unit: Yuan

| Currency: RMB<br>Projects                | Closing<br>balance | Opening<br>balance |
|--|--------------------|--------------------|
| Value Added Tax                          | 10,889,084.40      | 8,950,159.76       |
| Corporate Income Tax                     | 13,197,492.62      | 13,454,860.67      |
| Personal Income Tax                      | 882,853.30         | 1,034,972.63       |
| City Maintenance and<br>Construction Tax | 761,590.44         | 6,889,309.58       |
| Land use tax                             | 2,164,469.82       | 745,762.60         |
| Property Tax                             | 2,244,224.47       | 2,724,222.22       |

|                              |               |               |
|------------------------------|---------------|---------------|
| Stamp duty                   | 413,162.00    | 517,699.56    |
| Water Construction Fund      |               | 492,093.53    |
| Environmental Protection Tax | 12,488.41     | 13,378.42     |
| Other                        | 789,689.23    | 382,214.44    |
| Total                        | 33,269,575.91 | 41,182,715.99 |

41.

**Presentation  
of other  
accounts**

Unit: Yuan Currency: RMB

| payable items                                 | Closing<br>balance | Opening<br>balance |
|---|--------------------|--------------------|
| ✓Applicable <input type="checkbox"/> Projects |                    |                    |
| Other payables                                | 102,827,794.77     | 108,012,684.61     |
| Not applicable                                |                    |                    |

Other notes:

Applicable ✓/Not  
applicable

**Interest  
payable**

**(1). Category Listing**

Applicable ✓/Not  
applicable

**Dividends  
payable**

**(1). Category Listing**

☐ Applicable

Unit: Yuan Currency: RMB

| Other  | Closing<br>balance | Opening<br>balance |
|--|--------------------|--------------------|
| ✓/Not applicable <input type="checkbox"/> Projects |                    |                    |
| Deposits, security deposits, warranties            | 4,757,262.15       | 4,187,915.55       |
| Other transactions                                 | 62,700,324.16      | 53,358,484.91      |
| Other  | 25,270,208.46      | 50,466,284.45      |

**(1). Presentation of other  
payables by nature of**

**payment**

✓Applicable ☐ Not applicable

**(2). Significant other payables  
aged over 1 year**

☐ Applicable  
✓/Not applicable  
Other

Description:  
n:

**42.  
Liabilities  
held for**

☐Applicable ☒Not applicable

**43. Non-current liabilities due within 1 year**

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Proj<br>ects                   | Closing<br>balance | Opening<br>balance |
|--------------------------------|--------------------|--------------------|
| Lease liabilities due within 1 | 26,854,437.40      | 14,057,264.61      |

**44. Other**

**current**

**liabilities** Other

current liabilities

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

| Projects                | Closing balance | Opening balance |
|-------------------------|-----------------|-----------------|
| Taxes to be transferred | 3,272,513.55    | 4,510,581.88    |

Increase or decrease in short-term bonds payable:

☐Applicable ☒Not applicable

Other notes:

☐ Applicable☒Not applicable**45. Long-term****loans****(1). Classification of long-term loans**☐Applicable ☒Not applicable

Other notes, including interest rate bands:

Applicable

☒Not applicable**46. Bonds****payable (1).****Bonds****payable**☐Applicable ☒Not applicable**(2). Changes in bonds payable: (excluding other financial instruments such as preferred shares and perpetual bonds classified as financial liabilities)**☐Applicable ☒Not applicable**(3). Description of the conversion conditions and conversion time of convertible corporate bonds**☐Applicable ☒Not applicable**(4). Description of other financial instruments classified as financial liabilities**

Basic information of other financial instruments such as preferred shares and perpetual bonds issued and outstanding at the end of the period

☐Applicable ☒Not applicable

Statement of changes in financial instruments such as preferred shares and perpetual bonds issued and outstanding at the end of the period

☐Applicable ☒Not applicable

Description of the basis for classifying other financial instruments as financial liabilities:

☐ Applicable ☒

Not applicable

Other

Description:

Applicable ☒Notapplicable **47.****Lease****liabilities**☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Projects            | Closing<br>balance | Opening<br>balance |
|---------------------|--------------------|--------------------|
| Rental of buildings | 9,587,538.56       | 646,196.70         |
| Equipment Rental    | 14,806,013.76      | 600,978.74         |

48.

**Presentation  
of long-term  
payable items**

☐ Applicable ☒ Not applicable

Not applicable

Other

Description:

☐ Applicable ☒ Not applicable

**Long-term payables**

**(1). Presentation of long-term payables by nature of payment**

☐ Applicable ☒ Not applicable

**Specialized accounts payable****(1). Presentation of special accounts payable by nature of payment**

□Applicable √Not applicable

**49. Long-term employee compensation payable**

Applicable √Not applicable 50.

**Projected liabilities**

Unit: Yuan Currency: RMB

| Projects | Opening balance | Increase in the current period | Decrease for the period | Closing balance | Reasons for formation |
|----------|-----------------|--------------------------------|-------------------------|-----------------|-----------------------|
|----------|-----------------|--------------------------------|-------------------------|-----------------|-----------------------|

**51. Deferred income****Deferred**

income

√Applicable □Not applicable

Projects involving government grants:

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

| Liability items  | Opening balance | Amount of new grants for the period | Amount charged to non-operating income during the period forehead | Amount charged to other income during the period | Other changes | Closing balance | Asset-related/revenue-related |
|--|-----------------|-------------------------------------|---|--|---------------|-----------------|-------------------------------|
| Annual output of 10 million high-grade semi-steel radial tires technical reform Projects | 750,000.00      |                                     |   | 750,000.00                                       |               |                 | Asset-related                 |
| Infrastructure Construction Expenses   | 8,405,975.29    |                                     |   | 383,404.44                                       |               | 8,022,570.85    | Asset-related                 |
| Low temperature primary refining technology  | 8,829,166.89    |                                     |   | 1,130,000.04                                     |               | 7,699,166.85    | Asset-related                 |



|   |                |  |             |              |  |                |               |
|---|----------------|--|-------------|--------------|--|----------------|---------------|
| development and Application Projects  |                |  | 2021 Annual |              |  |                |               |
| Compensation for land acquisition and relocation<br>Contribute funds                          | 38,748,265.06  |  |             | 917,118.60   |  | 37,831,146.46  | Asset-related |
| Industrial Park II south of the land infrastructure special funds<br>Gold                     | 3,362,945.87   |  |             | 140,122.68   |  | 3,222,823.19   | Asset-related |
| Industrial Park R&D Center Infrastructure Special Funding                                     | 15,140,298.69  |  |             | 641,991.48   |  | 14,498,307.21  | Asset-related |
| Industrial park land infrastructure special funds<br>Gold                                     | 79,236,003.62  |  |             | 3,410,664.84 |  | 75,825,338.78  | Asset-related |
| Nanhai New Area Industrial Park Land Special Funds<br>Gold                                    | 160,701,168.74 |  |             | 3,722,807.04 |  | 156,978,361.70 | Asset-related |
| Boiler desulfurization, denitrification and dust removal technology transformation<br>Funding | 650,000.03     |  |             | 100,000.00   |  | 550,000.03     | Asset-related |
| Robotics and intelligent manufacturing system purchase<br>Subsidy                             | 1,018,868.04   |  |             | 169,811.28   |  | 849,056.76     | Asset-related |

|  |                |              |  |            |               |                |               |
|--|----------------|--------------|--|------------|---------------|----------------|---------------|
| Smart manufacturing equipment acquisition Subsidies  | 1,980,000.00   |              |  | 180,000.00 |               | 1,800,000.00   | Asset-related |
| U.S. Plant Project Land and leveling   | 184,127,566.20 |              |  |            | -6,375,261.48 | 177,752,304.72 | Asset-related |
| National engineering laboratory stiffness testing machine Dedicated funds  | 1,306,666.64   |              |  | 93,333.36  |               | 1,213,333.28   | Asset-related |
| All-season car tire technology joint research and development special Funding  | 1,588,279.17   |              |  | 98,529.96  |               | 1,489,749.21   | Asset-related |
| Intelligent manufacturing technology and equipment for full electromagnetic induction heating direct curing of ultra-high performance tires R&D Projects | 1,534,924.00   | 672,000.00   |  | 61,946.20  |               | 2,144,977.80   | Asset-related |
| Annual production capacity of 2 million high-performance intelligent all-steel radial tires relocated and upgraded Construction Projects                 | 3,000,000.00   | 2,000,000.00 |  | 500,000.03 |               | 4,499,999.97   | Asset-related |

|   |              |              |  |              |  |              |               |
|---|--------------|--------------|--|--------------|--|--------------|---------------|
| 2019 Taishan industry leading talents supporting funds Gold                     | 3,280,000.00 |              |  | 1,425,763.05 |  | 1,854,236.95 | Asset-related |
| Aviation radial tire key technology breakthrough research and industry Chemical | 2,400,000.00 | 600,000.00   |  | 164,720.00   |  | 2,835,280.00 | Asset-related |
| Tire Semifinished Materials RFID Smart ID Identification Platform               |              | 310,000.00   |  | 33,583.33    |  | 276,416.67   | Asset-related |
| 2020 industrial enterprise technology transformation Enabling funds             |              | 1,470,000.00 |  | 147,000.00   |  | 1,323,000.00 | Asset-related |

Other notes:

☐Applicable ☒Not applicable

## 52. Other non-current liabilities

Applicable ☒Not

applicable 53.

## Share capital

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

|  | Opening balance | Increase or decrease in this change (+, -) |       |           |       |          | Closing balance |
|--|-----------------|--|-------|-----------|-------|----------|-----------------|
|  |                 | Distribution                               | Share | Provident | Other | Subtotal |                 |

**54. Other equity instruments****(1). Basic information of other financial instruments such as preferred shares and perpetual bonds issued and outstanding at the end of the period**

☐Applicable ☒Not applicable

**(2). Statement of changes in financial instruments such as preferred shares and perpetual bonds issued and outstanding at the end of the period**

☐Applicable ☒Not applicable

Changes in other equity instruments during the period, the reasons for the changes, and the basis for the related accounting treatment:

☐Applicable

☒Not applicable

Other

Description.

☐Applicable ☒Not applicable

**55. Capital surplus**

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Proj<br>ects                     | Opening balance  | Increase in<br>the current<br>period | Decrease<br>for the<br>period | Closing balance  |
|----------------------------------|------------------|--------------------------------------|-------------------------------|------------------|
| Capital premium (equity premium) | 4,094,457,222.64 |                                      |                               | 4,094,457,222.64 |

**56. Inventory Unit**

Other

comprehensive

income

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Projects   | Ope<br>ning<br>bala<br>nce | Amount<br>incurred<br>during the<br>period            |  |   |                                       |  |   | Closi<br>ng<br>bala<br>nce |
|--|----------------------------|---|--|---|---------------------------------------|--|---|----------------------------|
|  |                            | Incurred<br>before<br>income<br>tax for the<br>period | Less:<br>Transfe<br>r from<br>prior<br>periods to<br>other<br>compre<br>hensive<br>income<br>in the<br>current<br>period<br>Profit<br>and loss | Less:<br>Transfer to<br>retained<br>earnings in the<br>current period<br>from prior<br>periods<br>charged to<br>other<br>comprehen<br>sive income | Less:<br>Income<br>tax<br>expens<br>e | Attributable to<br>the<br>parent<br>company<br>after tax | Attribut<br>able to<br>minorit<br>y<br>shareh<br>olders<br>after<br>tax |                            |
| I. Those that cannot be reclassified to profit or loss<br>Other comprehensive income | 2,483,465.53               | 230,483.82  |  | 2,713,949.35  |                                       | -2,483,465.53  |   |                            |
| Of which: remeasureme<br>nt of defined<br>benefit count<br>Program<br>change amount  |                            |   |  |   |                                       |  |   |                            |

Other notes, including adjustments to the effective portion of the cash flow hedge gain or loss transferred to the amount initially recognized for the hedged item:

The Company's investment in TYM INTERNATIONAL LTD was written off and liquidated in 2021, and the changes in fair value included in other comprehensive income were transferred to retained earnings, including \$271,394.94 to surplus and \$2,442,554.41 to unappropriated earnings.

**58. Special reserve**

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Proj<br>ects      | Opening<br>balance | Increase in the<br>current period | Decrease for<br>the period | Closing<br>balance |
|-------------------|--------------------|-----------------------------------|----------------------------|--------------------|
| Safety production | 487,389.85         |                                   | 487,389.85                 |                    |

**59. Surplus****reserves**

Unit: Yuan Currency: RMB

| √Applicable <input type="checkbox"/><br>Not applicable | Opening<br>balance | Increase in the<br>current period | Decrease for<br>the period | Closing<br>balance |
|--|--------------------|-----------------------------------|----------------------------|--------------------|
| Legal reserve  | 1,048,922,760.91   | 33,862,955.33                     |                            | 1,082,785,716.24   |

**60.****Undistributed**

Unit: Yuan Currency: RMB

| earnings   | Proj<br>ects | Curr<br>ent<br>Issu<br>e | Prev<br>ious<br>perio<br>d |
|--|--------------|--------------------------|----------------------------|
| √Applicable <input type="checkbox"/><br>Not applicable   |              |                          |                            |
| Unallocated earnings at the end of the previous period before adjustment                             |              | 3,771,398,531.63         | 3,112,015,623.48           |
| Adjustments to total unappropriated earnings at the beginning of the period (increase +, decrease -) |              |                          |                            |
| Adjustment to unappropriated earnings at the beginning of the period                                 |              | 3,771,398,531.63         | 3,112,015,623.48           |
| Add: Net profit attributable to owners of the parent company for the period                          |              | 600,406,918.38           | 1,059,895,107.87           |
| Less: Withdrawal of legal reserve  |              | 33,591,560.39            | 120,512,199.72             |

Adjustments to the opening unappropriated earnings breakdown:

1. The retroactive adjustment due to the ASBE and its related new regulations affected the opening unappropriated earnings by \$0.00.
2. Due to the change in accounting policy, it affected the opening unappropriated earnings by \$0.00.
3. As a result of the correction of significant accounting errors, the opening unappropriated earnings of the period was affected by \$0.00.
4. The change in the scope of consolidation due to the same control affected the opening unappropriated earnings by \$0.00.
5. Other adjustments totaling \$0.00 affected the opening unappropriated earnings of the period.

**61. Operating income and operating costs (1).****Operating income and operating costs**√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Proj<br>ects | Current<br>Period<br>Incurred |                   | Prior Period<br>Incurrence |                  |
|--------------|-------------------------------|-------------------|----------------------------|------------------|
|              | Rev<br>enue                   | Cost<br>183 / 268 | Rev<br>enue                | Cost             |
| Main         | 8 016 044 082 05              | 7 382 463 552 06  | 8 513 684 577 40           | 6 365 057 168 30 |

**(2). Status of revenue generated by the contract**√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Contract<br>Classifica<br>tion | Total            |
|--------------------------------|------------------|
| Product Type                   | 8,952,943,420.07 |

|  |                  |
|--|------------------|
| Factoring revenue                                | 27,079,372.61    |
| Other  | 36,898,437.02    |
| Classification by the time of commodity transfer | 8,952,943,420.07 |
| Confirmation at a point in time                  | 8,952,943,420.07 |
| By revenue area                                  | 8,952,943,420.07 |
| Domestic   | 3,989,629,367.21 |
| Foreign  | 4,963,314,052.86 |
| Total  | 8,952,943,420.07 |

Description of revenue generated by the contract:

☒ Applicable ☐ Not applicable

The difference between the total and income statement operating income represents income from leasing operations (3). **Description of**

### **performance obligations**

☐ Applicable ☒ Not applicable

### **(4). Description of the apportionment to the remaining performance obligation**

Applicable ☒ Not

Unit: Yuan Currency: RMB

| Projects                              | Current Period Incurred | Prior Period Incurrence |
|---------------------------------------|-------------------------|-------------------------|
| City Maintenance and Construction Tax | 14,098,440.95           | 17,805,532.59           |
| Education Fee                         | 10,081,162.64           | 12,731,459.97           |
| Property Tax                          | 13,674,494.55           | 16,480,379.48           |
| Land use tax                          | 8,245,482.97            | 7,834,575.92            |
| Vehicle use tax                       | 79,008.20               | 79,388.10               |
| Stamp duty                            | 3,564,473.44            | 3,333,204.45            |
| Water Construction Fund               | 1,341.94                | 1,271,603.55            |
| Environmental Protection Tax          | 45,423.70               | 34,274.72               |
| Other                                 | 250,812.51              | 467,216.79              |

### **63. Cost of sales**

☒ Applicable ☐

Unit: Yuan Currency: RMB

| Projects                          | Current Period Incurred | Prior Period Incurrence |
|-----------------------------------|-------------------------|-------------------------|
| Logistics costs                   | 207,998,248.60          | 216,565,330.53          |
| Market Expansion Fee              | 59,660,063.58           | 45,330,236.85           |
| Employee Compensation             | 71,491,348.85           | 74,453,747.23           |
| Product Service Fee               | 17,135,561.85           | 15,252,124.28           |
| Inspection and certification fees | 576,059.94              | 609,676.75              |
| Office expenses                   | 1,584,505.06            | 2,987,242.25            |
| Other                             | 12,072,958.92           | 10,884,632.63           |

### **64. Overhead**

☒ Applicable ☐ Not applicable



Unit: Yuan

| Currency: RMB         | Proj<br>ects | Current Period<br>Incurred | Prior Period<br>Incurrence |
|-----------------------|--------------|----------------------------|----------------------------|
| Employee Compensation |              | 115,673,086.45             | 106,048,177.32             |

|  |                |                |
|--|----------------|----------------|
| Taxes                                  | 793,010.71     | 1,806,170.03   |
| Leasing, depreciation and amortization | 60,034,178.04  | 56,792,984.54  |
| Service Fee                            | 16,737,940.83  | 13,412,718.23  |
| Other                                  | 19,443,250.82  | 14,974,573.54  |
| Total                                  | 241,171,819.56 | 219,812,129.93 |

**65. R&D****expenses**

Unit: Yuan Currency: RMB

|   |                         |                         |
|---|-------------------------|-------------------------|
| √Applicable <input type="checkbox"/> Projects | Current Period Incurred | Prior Period Incurrence |
| Not applicable                                |                         |                         |
| Test fee                                      | 326,533,031.12          | 347,703,822.65          |
| Employee Compensation                         | 49,632,424.11           | 49,449,499.52           |
| Leasing, depreciation and amortization        | 17,282,302.68           | 23,833,511.45           |
| Consulting Fee                                | 4,701,057.30            | 4,241,585.90            |
| Testing Fee                                   | 5,005,633.21            | 6,419,163.10            |
| Certification audit fee                       | 3,282,098.64            | 3,653,299.28            |
| Maintenance fee                               | 13,795,375.02           | 10,709,707.95           |
| Travel expenses                               | 1,110,147.98            | 901,759.89              |
| Other   | 5,532,572.65            | 3,393,307.42            |

**66. Finance****costs**

Unit: Yuan Currency: RMB

|   |                         |                         |
|---|-------------------------|-------------------------|
| √Applicable <input type="checkbox"/> Projects | Current Period Incurred | Prior Period Incurrence |
| Not applicable                                |                         |                         |
| Interest costs                                | 33,851,064.98           | 27,937,638.79           |
| Interest income                               | -13,447,535.55          | -16,155,470.46          |
| Foreign exchange gains and losses             | -3,855,958.29           | 20,781,675.90           |
| Other Expenses                                | 11,092,891.67           | 16,927,490.29           |

**67. Other gains**√Applicable ☐

Unit: Yuan Currency: RMB

|  |              |                         |                         |
|--|--------------|-------------------------|-------------------------|
| Not applicable   | Proj<br>ects | Current Period Incurred | Prior Period Incurrence |
| Amortization of deferred income related to the day-to-day activities of the business           |              | 14,070,796.33           | 12,502,050.59           |
| Government grants related to the daily activities of the enterprise directly to profit or loss |              | 4,685,803.26            | 6,266,596.00            |

**68. Investment****income**

Unit: Yuan Currency: RMB

|   |                         |                         |
|---|-------------------------|-------------------------|
| √Applicable <input type="checkbox"/> Projects   | Current Period Incurred | Prior Period Incurrence |
| Not applicable  |                         |                         |
| Dividend income earned on investments in other equity instruments during the holding period | 1,805,554.40            |                         |
| Gain on debt restructuring  | 7,925,801.81            | 277,964.50              |
| Financial products income   |                         | 9,336,714.92            |
| Gain on derivative financial instruments 187 / 268  | -32,357,311.14          | -70,307,193.23          |
| Structured Deposit Returns  | 37,542,654.02           | 119,413,725.06          |
| Monetizable large certificates of deposit income  | 245,505,770.74          | 25,000,050.00           |

**69. Net exposure to****hedging gains**

☐Applicable ☒Not

applicable

**70. Gain on changes**

Unit: Yuan Currency: RMB

| Sources of gains from changes in fair value | Current Period Incurred | Prior Period Incurrence |
|---|-------------------------|-------------------------|
| Financial assets held for trading           | -21,796,989.90          | -22,883,003.05          |
| Derivative financial assets                 |                         | -1,485,782.97           |
| Derivative financial liabilities            | 23,415,359.76           | 48,679,130.39           |

**71. Credit****impairment**

Unit: Yuan Currency: RMB

| losses   | Proj | Current Period Incurred | Prior Period Incurrence |
|--|------|-------------------------|-------------------------|
| <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable | ects |                         |                         |
| Bad debt loss on notes receivable  |      | 9,650,064.77            | -7,865,258.43           |
| Bad debt losses on accounts receivable   |      | -2,157,709.32           | -8,867,048.15           |
| Bad debt losses on other receivables   |      | -2,329,677.16           | 162,937.03              |
| Impairment losses on receivables   |      | 2,501,675.24            | 1,655,102.74            |

**72. Impairment****loss on assets**

Unit: Yuan Currency: RMB

| <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable        | Projects | Current Period Incurred | Prior Period Incurrence |
|---|----------|-------------------------|-------------------------|
| I. Bad debt losses  |          |                         |                         |
| II. Loss on decline in value of inventories and impairment loss on contract performance costs |          | -24,333,086.51          | 26,906,831.26           |
| III. Impairment loss on long-term equity investments  |          |                         |                         |
| IV. Impairment loss on investment properties  |          |                         |                         |
| V. Impairment loss on fixed assets  |          |                         |                         |
| VI. Impairment loss of engineering materials  |          |                         |                         |
| VII. Impairment loss on construction in progress  |          |                         |                         |
| VIII. Impairment losses on productive biological assets                                       |          |                         |                         |
| IX. Impairment losses on oil and gas assets   |          |                         |                         |
| X. Impairment losses on intangible assets   |          |                         |                         |
| XI. Impairment loss on goodwill   |          |                         |                         |
| XII. Other  |          |                         |                         |

**73. Gain on**

☒Applicable ☐Not applicable

**disposal of assets**

| Projects                         | Current Period Incurred | Prior Period Incurrence |
|----------------------------------|-------------------------|-------------------------|
| Gain (loss) on disposal of fixed | 271,620.58              |                         |

**74. Non-  
operating  
income** Non-

Unit: Yuan Currency: RMB

| operating Proj | Current | Prior Period | Amount included in non- |
|----------------|---------|--------------|-------------------------|
| income         |         |              |                         |

☒ Applicable

☐ Not applicable

|  |              |              |              |
|--|--------------|--------------|--------------|
| Total gain on disposal of non-current assets | 48.54        | 351,055.74   | 48.54        |
| Including: Gain on disposal of fixed assets  | 48.54        | 351,055.74   | 48.54        |
| Government Grants                            | 822,000.00   | 1,139,800.00 | 822,000.00   |
| Other  | 316,109.77   | 525,547.12   | 316,109.77   |
| Total  | 1,138,158.31 | 2,016,402.86 | 1,138,158.31 |

Government grants  
included in current profit  
or loss

Unit: Yuan Currency: RMB

|   |   |                                   |  |                               |
|---|---|-----------------------------------|--|-------------------------------|
| <input checked="" type="checkbox"/> Applicable Projects | <input type="checkbox"/> Not applicable | Amount incurred during the period | Amount incurred in the previous period | Asset-related/revenue-related |
|---|---|-----------------------------------|--|-------------------------------|

Other notes:

Applicable ☒ Not applicable ☐ 75.

#### Non-operating expenses

Unit: Yuan Currency: RMB

|   |   |                         |                         |  |
|---|---|-------------------------|-------------------------|--|
| <input checked="" type="checkbox"/> Applicable Projects | <input type="checkbox"/> Not applicable | Current Period Incurred | Prior Period Incurrence | Amount included in non-recurring profit or loss for the period |
| Total loss on disposal of non-current assets            |   | 219,533.59              | 270,834.98              | 219,533.59   |
| Including: Loss on disposal of fixed assets             |   | 219,533.59              | 270,834.98              | 219,533.59   |

#### 76. Income tax expense (1).

##### Income tax expense table

Unit: Yuan Currency: RMB

|   |   |                         |                         |
|---|---|-------------------------|-------------------------|
| <input checked="" type="checkbox"/> Applicable Projects | <input type="checkbox"/> Not applicable | Current Period Incurred | Prior Period Incurrence |
| Current income tax expense                              |   | 78,443,994.44           | 140,473,400.22          |
| Deferred income tax expense                             |   | 1,098,129.97            | 22,247,528.80           |

#### (2). Accounting profit and income tax expense adjustment

Unit: Yuan Currency: RMB

|   |   |                         |
|---|---|-------------------------|
| <input checked="" type="checkbox"/> Applicable Projects                                       | <input type="checkbox"/> Not applicable | Current Period Incurred |
| Total profit  |   | 680,181,022.67          |
| Income tax expense at statutory/applicable tax rates  |   | 102,027,153.40          |
| Effect of different tax rates applied to subsidiaries   |   | 3,093,405.43            |
| Effect of adjustments to income taxes of prior periods  |   | 28,684.81               |
| Impact of non-taxable income  |   | -270,833.31             |
| Effect of non-deductible costs, expenses and losses   |   | 3,860,692.33            |
| Effect of deductible losses on the use of deferred tax assets not recognized in prior periods |   | -1,818,514.17           |
| Effect of deductible temporary differences or deductible losses on deferred                   |   | 1,339,209.40            |

Other notes:

☐Applicable ☒Not applicable

**77. Other comprehensive income**√Applicable ☐ Not applicable

See Section X. VII. 57 "Other comprehensive income" of this report for details.

**78. Cash flow statement items****(1). Other cash received in connection****with operating activities**

Unit: Yuan Currency: RMB

| √Applicable <input type="checkbox"/> Not applicable<br>Projects | Current Period Incurred | Prior Period Incurrence |
|---|-------------------------|-------------------------|
| Government Grants   | 10,559,803.26           | 19,678,396.00           |
| Other   | 31,682,250.20           | 29,198,090.97           |

**(2). Other cash paid in connection****with operating activities**

Unit: Yuan Currency: RMB

| √Applicable <input type="checkbox"/> Not applicable<br>Projects | Current Period Incurred | Prior Period Incurrence |
|---|-------------------------|-------------------------|
| Expense   | 300,773,307.16          | 216,903,600.41          |
| Bank charges  | 9,703,286.54            | 11,532,963.33           |
| Current payments  | 11,253,680.36           | 7,802,781.00            |
| Other   | 9,194,797.68            | 6,876,769.52            |

**(3). Other cash received in****connection with investing activities**☐ Applicable √Not applicable**(4). Other cash paid in connection****with investing activities**

Unit: Yuan Currency: RMB

| <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable<br>Projects | Current Period Incurred | Prior Period Incurrence |
|--|-------------------------|-------------------------|
| (5). Other cash received in connection with financing activities                                   |                         | 1,003,118.66            |

**activities**√Applicable ☐ Not applicable**(6). Other cash paid in connection****with financing activities**

Unit: Yuan Currency: RMB

| √Applicable <input type="checkbox"/> Not applicable<br>Projects | Current Period Incurred | Prior Period Incurrence |
|---|-------------------------|-------------------------|
| Swap Transaction Interest                                       | 7,012,468.41            | 1,163,784.66            |
| Lease payment amount  | 13,040,005.17           |                         |

**79. Supplementary Information to the****Statement of Cash Flows (1). Supplementary**

**information on the  
statement of cash  
flows**

2021 Annual

√Applicable    □Not

Unit: Yuan    Currency: RMB

| applicable  | Additional<br> <br>informati<br>on | Amount for the<br>period | Amount of<br>previous<br>period |
|---|------------------------------------|--------------------------|---------------------------------|
| <b>1. Reconciliation of net income to cash flows from operating activities:</b> |                                    |                          |                                 |
| Net Profit  |                                    | 600,638,808.26           | 4,060,312,472.00                |



|  |                  |                  |
|--|------------------|------------------|
| Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets     | 427,902,032.00   | 452,642,806.07   |
| Amortization of right-to-use assets  | 39,984,418.93    |                  |
| Amortization of intangible assets  | 15,096,862.31    | 12,608,010.57    |
| Amortization of long-term amortization   | 1,974,343.48     | 2,449,047.11     |
| Loss (gain) on disposal of fixed assets, intangible assets and other long-lived assets (filled in with a "-" sign) | -271,620.58      |                  |
| Loss on scrapping of fixed assets (gain is recorded with a "-" sign)   | 219,485.05       | -80,220.76       |
| Loss on changes in fair value (gain is presented with a "-" sign)  | -1,618,369.86    | -24,310,344.37   |
| Finance costs (income is shown with a "-" sign)  | 61,649,062.02    | 75,596,754.32    |
| Investment losses (gains are presented with a "-" sign)  | -230,422,469.83  | -154,647,264.63  |
| Decrease in deferred income tax assets (increase is presented with a "-" sign)                                     | 3,744,217.50     | 8,980,624.73     |
| Increase in deferred income tax liabilities (Decrease is presented with a "-" sign)                                | -2,646,087.53    | 13,266,904.07    |
| Decrease in inventories (increase is shown with a "-" sign)  | -495,998,368.10  | 237,840,735.31   |
| Decrease in operating receivables (increase is shown with a "-" sign)  | -54,043,675.83   | -492,170,187.23  |
| Increase in operating payables (decrease is shown with a "-" sign)   | 82,800,177.15    | 161,888,479.97   |
| Other  |                  | 49,541.76        |
| Net cash flows from operating activities   | 471,680,988.43   | 1,345,645,000.94 |
| <b>2. Significant investing and financing activities that do not involve cash receipts or disbursements:</b>       |                  |                  |
| Conversion of debt to capital  |                  |                  |
| Convertible bonds due within one year  |                  |                  |
| Finance leased fixed assets  |                  |                  |
| <b>3. Net change in cash and cash equivalents:</b>   |                  |                  |
| Closing balance of cash  | 1,730,153,817.39 | 1,791,503,326.80 |
| Less: Opening balance of cash  | 1,791,503,326.80 | 1,448,132,747.65 |
| Add: Closing balance of cash equivalents   |                  |                  |
| Less: Opening balance of cash equivalents  |                  |                  |
| Net increase in cash and cash equivalents  | -61,349,509.41   | 343,370,579.15   |

**(2). Net cash paid during the period for acquisition of subsidiaries**

□Applicable ✓Not applicable

**(3). Net cash received during the period from disposal of subsidiaries**

□Applicable ✓Not applicable

**(4). Composition of cash and cash equivalents**

✓Applicable □ Not applicable

Unit: Yuan Currency: RMB

| Proj<br>ects  | Closing balance  | Opening<br>balance |
|---|------------------|--------------------|
| I. Cash   | 1,730,153,817.39 | 1,791,503,326.80   |
| Of which: cash on hand                                  | 273,346.29       | 279,103.53         |
| Bank deposits readily available for disbursement        | 1,649,681,133.95 | 1,788,886,233.60   |
| Other monetary funds readily available for disbursement | 80,199,337.15    | 2,337,989.67       |
| II. Cash equivalents                                    |                  |                    |
| III. Cash and cash equivalents balances at the end of   | 1,730,153,817.39 | 1,791,503,326.80   |

Other notes:

☐Applicable ☒Not applicable

**80. Notes to Items in the Statement of Changes in Owners' Equity**

Description of "Other" items adjusted for prior year's ending balance and the amount of the adjustment, etc:

☐Applicable ☒Not applicable

### 81. Assets subject to restrictions on ownership or use

Unit: Yuan Currency: RMB

| <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable<br>Projects | Carrying value at the end of the period | Restricted Reasons       |
|--|---|--------------------------|
| Monetary Funds   | 4,040,094.60                            | Factoring account margin |
| Monetary Funds   | 50,000.00                               | Deposit                  |

### 82. Foreign currency monetary items (1). Foreign currency

Unit: Yuan

| <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable<br>monetary items Projects | Foreign currency balance at the end of the period | Converted exchange rate | Translated into RMB at the end of the period Balance |
|---|---|-------------------------|--|
| Monetary Funds  | -   | -                       |  |
| Of which: USD   | 173,800,631.81                                    | 6.3757                  | 1,108,100,688.23                                     |
| Euro  | 7,503,333.68                                      | 7.2197                  | 54,171,818.17  |
| Australian Dollar   | 122,076.77  | 4.6220                  | 564,238.83   |
| Singapore Dollar  | 73,471.63   | 4.7179                  | 346,631.80   |
| Accounts Receivable   | -   | -                       |  |
| Of which: USD   | 6,420,195.76                                      | 6.3757                  | 40,933,242.11  |
| Receivables financing   | -   | -                       |  |
| Of which: USD   | 44,399,375.60                                     | 6.3757                  | 283,077,099.01                                       |
| Euro  | 422,367.03  | 7.2197                  | 3,049,363.25   |
| Russian Ruble   | 730.00  | 0.0855                  | 62.42  |
| Other receivables   | -   | -                       |  |
| Of which: USD   | 737,440.03  | 6.3757                  | 4,701,696.40   |
| Singapore Dollar  | 14,478.72   | 4.7179                  | 68,309.15  |
| Australian Dollar   | 2,400.00  | 4.6220                  | 11,092.80  |
| Accounts Payable  | -   | -                       |  |
| Of which: USD   | 224,396.57  | 6.3757                  | 1,430,685.21   |
| Euro  | 279,206.45  | 7.2197                  | 2,015,786.81   |
| Australian Dollar   | 7,182.33  | 4.6220                  | 33,196.73  |
| Other payables  | -   | -                       |  |
| Of which: USD   | 1,529,204.64                                      | 6.3757                  | 9,749,750.02   |
| Euro  | 22,368.56   | 7.2197                  | 161,494.29   |
| Australian Dollar   | 31,459.62   | 4.6220                  | 145,406.36   |
| Singapore Dollar  | 17,566.37   | 4.7179                  | 82,876.38  |
| Short-term borrowings   | -   | -                       |  |

### (2). Description of foreign operating entities, including, for significant foreign operating entities, disclosure of their principal place of business outside of the country, the base currency of account and the basis of selection, and the reasons

for any change in the base currency of account

---

Applicable ☒ Not

applicable 83.

**Hedging**

☐ Applicable ☒ Not applicable

**84. Government grants****(1). Basic information of government subsidies**

√Applicable    □Not applicable

Unit: Yuan    Currency: RMB

| Category           | Amount       | Reported items   | Amount charged to current profit or loss |
|--------------------|--------------|------------------|--|
| Asset-related      | 5,052,000.00 | Deferred revenue | 907,249.56                               |
| Related to revenue | 4,685,803.26 | Other gains      | 4,685,803.26                             |

**(2). Return of government grants**

□Applicable

√Not applicable

**85.**

□Applicable    √Not applicable

**VIII. Changes in scope of consolidation****1. Business combinations not under common control****2. Business combination under common control**

□Applicable

√Not applicable

**3. Reverse purchase**

Applicable    √Not applicable

**Disposal of subsidiaries**

Whether there is a loss of control upon a single disposal of investment in a subsidiary

□ Applicable    √

Not applicable

Other

Description:

□Applicable    √Not applicable

**5. Changes in the scope of consolidation for other reasons**

Describe changes in the scope of consolidation due to other reasons (e.g., new subsidiaries, liquidation of subsidiaries, etc.) and the related circumstances:

√Applicable    □ Not applicable

In April 2021, the Company established a sales subsidiary in Singapore, TRIANGLE TYRE ASIA PACIFIC PTE. LTD, in accordance with market needs.

**6. Others**

□Applicable    √Not applicable

**9. Interests in other entities**  
**1. Interests in subsidiaries (1).****Composition of the enterprise group**

√Applicable    □ Not applicable

| Subsidiaries Name                   | Main Economy | Place of registration | Business Nature      | Shareholding ratio (%) |          | Get Mode |
|-------------------------------------|--------------|-----------------------|----------------------|------------------------|----------|----------|
|                                     |              |                       |                      | Direct                 | Indirect |          |
| Triangle (Weihai) Huasheng Tire Co. | Weihai       | Weihai                | Production and sales | 100                    |          | Set up   |

|   |                |                |                      |     |     |        |
|---|----------------|----------------|----------------------|-----|-----|--------|
| Triangle (Qingdao) Commercial Factoring Co.     | Qingdao        | Qingdao        | Financial            | 100 |     | Set up |
| 2015 US INVESTMENT HOLDING CORPORATION          | United States  | United States  | Investment           |     | 100 | Set up |
| USA TRIANGLE TYRE SALES COMPANY                 | United States  | United States  | Trade                |     | 100 | Set up |
| TRIANGLE TYRE (USA) TECHNOLOGIES LLC            | United States  | United States  | Production and sales |     | 100 | Set up |
| TRIANGLE TYRE AUSTRALIA AND NEW ZEALAND PTY LTD | Australia Asia | Australia Asia | Trade                | 100 |     | Set up |
| TRIANGLE TYRE LATIN AMERICA. S.A.               | Panama         | Panama         | Trade                | 100 |     | Set up |
| TRIANGLE TYRE ASIA PACIFIC PTE. LTD             | Singapore      | Singapore      | Trade                | 100 |     | Set up |

**(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. Interest in joint ventures or associates**

☐Applicable ☒Not applicable

**4. Important co-management**

☐Applicable ☒Not applicable

**5. Interests in structured entities not included in the scope of the consolidated financial statements** Notes relating to structured entities not included in the scope of the consolidated financial statements:

☐Applicable ☒Not applicable

**6. Others**

☐Applicable ☒Not applicable

**X. Risks associated with financial instruments**

√Applicable ☐ Not applicable

The Group's major financial instruments include borrowings, accounts receivable, receivables financing, accounts payable, financial assets held for trading and derivative financial liabilities, etc. A detailed description of each financial instrument is provided in Section X.VII of this report under related items. The risks associated with these financial instruments, and the risk management policies adopted by the Group to mitigate these risks are described below. The management of the Group manages and monitors these risk exposures to ensure that the aforementioned risks are kept within the limits.

1. Various types of risk management objectives and policies

The Group engages in risk management with the objective of striking an appropriate balance between risk and return, minimizing the negative impact of risk on the Group's operating results, and maximizing the interests of shareholders and other equity investors. Based on this risk management objective, the Group's basic strategy for risk management is to identify and analyze the various risks to which the Group is exposed, establish appropriate risk tolerance floors and manage the risks, and monitor the various risks in a timely and reliable manner to keep the risks within the limits.

( 1 ) Market Risk

## 1) Exchange rate risk

The Group's exposure to exchange rate risk relates primarily to the U.S. dollar and the euro, with the exception of several subsidiaries of the Group which make purchases and sales in U.S. dollars, the Group's other major business activities are denominated and settled in Renminbi. As at 31 December 2021, the Group's assets and liabilities were all denominated in RMB, except for the USD and EUR balances and fractional other foreign currency balances of assets and liabilities as described in the table below. The exchange rate risk arising from these assets and liabilities with US dollar and Euro balances may have an impact on the Group's results of operations.

| Projects                                   | 2021-12-31     | 2021-1-1       |
|--|----------------|----------------|
| Monetary Funds                             | -              | -              |
| Monetary Funds - USD                       | 173,800,631.81 | 90,924,882.53  |
| Monetary Funds - Euro                      | 7,503,333.68   | 5,911,786.05   |
| Monetary Funds - Australian Dollar         | 122,076.77     | 211,102.39     |
| Monetary Funds - Singapore Dollars         | 73,471.63      |                |
| Accounts Receivable                        | -              | -              |
| Accounts receivable - USD                  | 6,420,195.76   | 8,791,659.28   |
| Receivables financing                      | -              | -              |
| Receivables financing - USD                | 44,399,375.60  | 29,502,074.37  |
| Receivables financing - Euro               | 422,367.03     | 1,031,776.86   |
| Receivables Financing - Russian Rubles     | 730.00         | 730.00         |
| Other receivables                          | -              | -              |
| Other receivables - USD                    | 737,440.03     | 4,485,500.71   |
| Other receivables - Euro                   |                | 47,200.00      |
| Other receivables - Australian dollars     | 2,400.00       | 2,400.00       |
| Other receivables - Singapore dollars      | 14,478.72      |                |
| Accounts Payable                           | -              | -              |
| Accounts Payable - USD                     | 224,396.57     | 73,379,031.68  |
| Accounts Payable - Euro                    | 279,206.45     | 375,392.63     |
| Accounts payable - Australian dollars      | 7,182.33       | 9,783.67       |
| Other payables                             | -              | -              |
| Other payables - USD                       | 1,529,204.64   | 967,086.96     |
| Other payables - Euro                      | 22,368.56      | 2,963.15       |
| Other payables - Australian dollars        | 31,459.62      | 25,010.07      |
| Other payables - Singapore dollars         | 17,566.37      |                |
| Short-term borrowings                      | -              | -              |
| Short-term borrowings - Australian dollars | 9,020.08       | 2,812.44       |
| Short-term borrowings - USD                | 100,068,057.77 | 101,538,771.99 |

The Group closely monitors the impact of exchange rate changes on foreign exchange risk. The Group currently hedges its foreign exchange risk mainly by matching foreign currency assets and liabilities with bank credit borrowings and by using foreign currency forward exchange settlement and sale operations.

## 2) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk mainly arises from bank borrowings. The Group ensures sufficient bank credit facilities to meet the Group's various financing needs by establishing good banking relationships and making reasonable designs for credit lines and credit terms.

## 3) Other price risks



The Group's other price risk arises mainly from the Group's investment assets in trading financial assets and other equity instruments held by the Group. Management considers that the market price risk to which these investment activities are exposed is acceptable and the Company's holdings of equity investments in other companies are listed below:

| <b>Projects</b>                   | <b>2021-12-31</b> | <b>2021-1-1</b> |
|-----------------------------------|-------------------|-----------------|
| Financial assets held for trading | 619,792.32        | 78,267.31       |
| Among them: Lifan Technology      | 619,792.32        | 78,267.31       |

| Projects                                | 2021-12-31    | 2021-1-1      |
|---|---------------|---------------|
| Investments in other equity instruments | 50,000,000.00 | 54,442,486.47 |
| Of which: TYM INTERNATIONAL LTD         |               | 4,442,486.47  |
| Jiangsu Xingda Steel Cord Co.           | 50,000,000.00 | 50,000,000.00 |

## (2) Credit Risk

As at 31 December 2021, the largest exposure to credit risk that could give rise to financial losses for the Group arises primarily from losses on the Group's financial assets arising from the failure of the other party to the contract to perform its obligations, specifically:

The carrying amount of recognized financial assets in the consolidated balance sheet; for financial instruments measured at fair value, the carrying amount reflects the exposure, but not the maximum exposure, which will change with future changes in fair value.

## (3) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by ensuring that it has sufficient financial liquidity to meet its obligations as they fall due without incurring unacceptable losses or causing damage to its corporate reputation. The Group regularly analyzes the structure and maturity of its liabilities to ensure that sufficient funds are available. The Group's management monitors the use of bank borrowings and ensures compliance with borrowing agreements. It also negotiates financing with financial institutions in order to maintain a certain credit limit and reduce liquidity risk.

Financial assets and financial liabilities held by the Group are analysed by the maturity of the undiscounted remaining contractual obligations as follows: 31 December 2021 Amount:

| Proj<br>ects                               | Within one<br>year | One to two<br>years | Two to five<br>years | More than<br>five years | Tota<br>l        |
|--|--------------------|---------------------|----------------------|-------------------------|------------------|
| <b>Financial Assets</b>                    |                    |                     |                      |                         |                  |
| Monetary Funds                             | 1,734,243,911.99   |                     |                      |                         | 1,734,243,911.99 |
| Financial assets held<br>for trading       | 619,792.32         |                     |                      |                         | 619,792.32       |
| Notes receivable                           | 4,841,534.13       |                     |                      |                         | 4,841,534.13     |
| Accounts Receivable                        | 802,364,597.04     |                     |                      |                         | 802,364,597.04   |
| Receivables<br>financing                   | 815,806,010.67     |                     |                      |                         | 815,806,010.67   |
| Other receivables                          | 43,092,124.73      |                     |                      |                         | 43,092,124.73    |
| Non-flow due within<br>one year            | 20,646,136.94      |                     |                      |                         | 20,646,136.94    |
| Mobile Assets                              |                    |                     |                      |                         |                  |
| Other current assets                       | 6,070,803,548.09   |                     |                      |                         | 6,070,803,548.09 |
| Investments in other<br>equity instruments |                    |                     |                      | 50,000,000.00           | 50,000,000.00    |
| Other non-current<br>assets                |                    | 15,306,493.18       | 20,522,569.42        |                         | 35,829,062.60    |
| <b>Financial<br/>liabilities</b>           |                    |                     |                      |                         |                  |
| Short-term<br>borrowings                   | 1,338,759,842.79   |                     |                      |                         | 1,338,759,842.79 |
| Notes Payable                              | 1,117,098,665.95   |                     |                      |                         | 1,117,098,665.95 |
| Accounts Payable                           | 2,273,529,223.39   |                     |                      |                         | 2,273,529,223.39 |
| Other payables                             | 102,827,794.77     |                     |                      |                         | 102,827,794.77   |

## 2. Sensitivity Analysis

The Group uses sensitivity analysis techniques to analyze the possible impact of reasonable and probable changes in risk variables on current profit or loss or shareholders' equity. Since changes in any risk variable rarely occur in isolation and the correlation that exists between variables will have a significant effect on the amount of the ultimate impact of a change in a risk variable, the following is performed under the assumption that changes in each variable are independent.

( 1 ) Foreign exchange risk sensitivity analysis

Foreign exchange risk sensitivity analysis assumes that all net investment hedges and cash flow hedges of foreign operations are highly effective.

On the basis of the above assumptions, the after-tax effect on current profit or loss and equity of a reasonable possible change in exchange rates, with all other variables held constant, is as follows:

| Project<br>s              | Exchange<br>rate<br>changes    | 2021                    |                                      | 2020                    |                                      |
|---------------------------|--------------------------------|-------------------------|--------------------------------------|-------------------------|--------------------------------------|
|                           |                                | Impact on net<br>profit | Impact on<br>shareholders'<br>equity | Impact on net<br>profit | Impact on<br>shareholders'<br>equity |
| All foreign<br>currencies | 5% appreciation<br>against RMB | 41,910,404.44           | 37,231,718.62                        | -5,982,340.09           | -10,879,520.62                       |

| Projects               | Exchange rate changes      | 2021                 |                                | 2020                 |                                |
|------------------------|----------------------------|----------------------|--------------------------------|----------------------|--------------------------------|
|                        |                            | Impact on net profit | Impact on shareholders' equity | Impact on net profit | Impact on shareholders' equity |
| All foreign currencies | 5% devaluation against RMB | -41,910,404.44       | -37,231,718.62                 | 5,982,340.09         | 10,879,520.62                  |

## (2) Interest rate risk sensitivity analysis

As at December 31, 2021, the Group had \$50 million of floating rate borrowings. The interest rate risk sensitivity analysis is based on the following assumptions:

Changes in market interest rates affecting interest income or expense on variable rate financial instruments;

For fixed-rate financial instruments measured at fair value, changes in market interest rates affect only their interest income or expense;

Changes in the fair value of derivative financial instruments and other financial assets and liabilities are calculated using the discounted cash flow method using market interest rates at the balance sheet date.

Based on the above assumptions, the after-tax impact on current profit or loss and equity of a reasonable possible change in interest rates, with all other variables held constant, is as follows:

| Projects                | Interest Rate Change | Year 2021            |                                | 2020                 |                                |
|-------------------------|----------------------|----------------------|--------------------------------|----------------------|--------------------------------|
|                         |                      | Impact on net profit | Impact on shareholders' equity | Impact on net profit | Impact on shareholders' equity |
| Floating Rate Borrowing | 1% increase          | 563,215.12           | 563,215.12                     | 734,773.17           | 734,773.17                     |
| Floating Rate Borrowing | 1% reduction         | -563,215.12          | -563,215.12                    | -734,773.17          | -734,773.17                    |

**xi. fair value disclosures****1. Closing fair value of assets and liabilities measured at fair value**

√Applicable □ Not applicable

Unit:Yuan Currency:RMB

| Projects  | Fair value at end of period               |   |                                      |               |
|---|---|---|--------------------------------------|---------------|
|   | First level of fairness Value measurement | Second level of public Fair value measurement | Level 3 fair value Value measurement | Total         |
| <b>I. Ongoing fair value measurement</b>            |   |   |                                      |               |
| (i) Financial assets held for trading               | 619,792.32                                |   |                                      | 619,792.32    |
| 1. Measured at fair value with changes              | 619,792.32                                |   |                                      | 619,792.32    |
| Financial assets included in current profit or loss |   |   |                                      |               |
| (1) Investment in debt instruments                  |   |   |                                      |               |
| (2) Investments in equity instruments               | 619,792.32                                |   |                                      | 619,792.32    |
| (ii) Other debt investments                         |   |   |                                      |               |
| (iii) Investments in other equity instruments       |   |   | 50,000,000.00                        | 50,000,000.00 |
| (iv) Investment properties                          |   |   |                                      |               |

**2. Basis for determining the market value of continuing and discontinuing level 1 fair value measurement items**

√Applicable    □Not applicable

The fair value of stocks in trading financial assets is based on market value, which is the closing price at the end of the exchange period.

**3. ongoing and discontinued Level 2 fair value measurement items, qualitative and quantitative information on the valuation techniques used and important parameters**

□Applicable    √Not applicable

**4. ongoing and discontinued Level 3 fair value measurement items, qualitative and quantitative information on the valuation techniques used and important parameters**

√Applicable    □Not applicable

(1) The bankers' acceptances in receivables financing and the Company's foreign trade receivables are measured at book value as a reasonable estimate of fair value because of the short remaining maturity.

(2) Investments in other equity instruments represent the Company's equity interest in Jiangsu Xingda Steel Cord Co., Ltd. and are measured at initial investment cost as a reasonable estimate of fair value.

**5. ongoing Level 3 fair value measurement items, reconciliation information between opening and closing book values and sensitivity analysis of unobservable parameters**

□Applicable    √Not applicable

**6. For ongoing fair value measurement items, if conversion between levels occurred during the period, the reasons for conversion and the policy for determining the point of conversion**

□Applicable    √Not applicable

**7. Changes in valuation techniques that occurred during the period and the reasons for the changes**

□Applicable    √Not applicable

**8. Fair value of financial assets and financial liabilities that are not measured at fair value**

□Applicable

√Not applicable

**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

| Parent Company Name | Place of registration | Business Nature   | Registered Capital | Parent company's shareholding in the Company Proportion (%) | Parent company's voting on the enterprise Percentage of rights (%) |
|---------------------|-----------------------|---|--------------------|---|--|
| Triangle Group      | No. 56, Qingdao       | General equipment manufacturing (excluding special equipment manufacturing), repair; land use | 46,880.00          | 56.84   | 56.84  |

Description of the situation of the parent company of the Company

The parent company of the Group is Triangle Group Limited, which is 58.20% owned by Weihai Xintai Investment Company Limited, the controlling shareholder of Triangle Group Limited.

The ultimate controlling party of the Company is

Dingmu **2. The**

**Company's**  
**subsidiaries**

For details of the Company's subsidiaries, see Note

☒Applicable ☐Not applicable

For details, please refer to Section X, IX.1.(1) "Composition of the Enterprise Group" of this report. **3. Information**

### on joint ventures and associates of the Company

For details of the Company's significant joint ventures or associates, please refer to the notes

☐Applicable ☒Not applicable

Other joint ventures or associates with which the Company had related party transactions during the period, or with which the Company had related party transactions in the prior period that resulted in balances, are as follows

☐Applicable

☒Not applicable

Other

explanations

☐Applicable ☒Not applicable

### 4. Other related parties

☒Applicable ☐Not applicable

| Name of other related parties  | Relationship between other related parties and the enterprise |
|--|---|
| Triangle (Weihai) Huaping Integrated Services Co.                        | A wholly-owned subsidiary of the parent company               |
| Triangle (Weihai) Huajin Mechanical and Electrical Equipment Co.         | A wholly-owned subsidiary of the parent company               |
| Triangle (Weihai) Huabo Real Estate Co.                                  | A wholly-owned subsidiary of the parent company               |
| Triangle (Weihai) Huatong Machinery Technology Co.                       | Holding subsidiary of the parent company                      |
| Beijing Jinqiao Huatai Information Consulting Co.                        | A wholly-owned subsidiary of the parent company               |
| China National Heavy Duty Truck Group Jinan Truck Co.                    | Other   |
| China National Heavy Duty Truck Group Jinan Commercial Vehicle Co.       | Other   |
| China National Heavy Duty Truck Group Jinan Special Vehicle Co.          | Other   |
| China National Heavy Duty Truck Group Chengdu Ace Commercial Vehicle Co. | Other   |
| China National Heavy Duty Truck Group Jinan                              | Other   |

### 5. Related transactions

#### (1). Related transactions for the purchase and sale of goods, provision and receipt of services

Unit: Yuan Currency: RMB

| Purchase of goods/acceptance of services<br>table<br><input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable | Content of connected transactions | Current Period Incurred | Prior Period Incurrence |
|---|-----------------------------------|-------------------------|-------------------------|
| Triangle Group Limited  | Electricity                       | 1,292,431.39            | 1,281,888.97            |
| Triangle (Weihai) Huaping Integrated Services Co.   | Printed materials, etc.           | 489,450.09              | 430,355.34              |
| Triangle (Weihai) Huaping Integrated Services Co.   | Logistic service fees, etc.       | 2,373,905.46            | 2,346,477.52            |
| Triangle (Weihai) Huaping Integrated Services Co.   | Dining                            | 980,401.00              | 463,834.00              |
| Triangle (Weihai) Huatong Machinery   | 108/258                           | 12 170 109 78           | 11 700 510 12           |

Sale of goods/provision of  
services

☒ Applicable ☐ Not  
applicable

Unit: Yuan Currency: RMB



| Related Parties  | Content of connected transactions        | Current Period Incurred | Prior Period Incurrence |
|--|--|-------------------------|-------------------------|
| Triangle Group Limited   | material consumption                     |                         | 6,424.78                |
| Triangle (Weihai) Huaping Integrated Services Co.                | Sales materials                          | 643.47                  | 2,557.46                |
| Triangle (Weihai) Huaping Integrated Services Co.                | Tires                                    | 350.44                  |                         |
| Triangle (Weihai) Huajin Mechanical and Electrical Equipment Co. | Material consumption and labor insurance |                         | 1,748.44                |
| Triangle (Weihai) Huajin Mechanical and Electrical Equipment Co. | Shipping                                 | 71,052.17               | 64,982.11               |
| Triangle (Weihai) Huatong Machinery Technology Co.               | Material consumption and labor insurance | 14,112.85               | 17,606.78               |
| Triangle (Weihai) Huatong Machinery Technology Co.               | Shipping                                 | 1,868.11                | 3,891.89                |
| Triangle (Weihai) Huabo Real Estate Co.                          | Material consumption and labor insurance | 11,011.31               |                         |
| Sub-branches of China Heavy Duty Vehicle Group Co.               | Tires                                    | 816,094,241.89          | 858,787,307.30          |

Description of related transactions for the purchase and sale of goods, provision and receipt of services

☐ Applicable ☒ Not applicable

**(2). Affiliated entrusted/contracted and entrusted/contracted to the Company**

Table of entrusted/contracted status:

☐ Applicable ☒ Not applicable

Description of affiliated hosting/contracting

☐ Applicable ☒ Not applicable

Table of our entrusted

management/contracting

☐ Applicable ☒ Not applicable

Affiliate management/out-sourcing description

☐ Applicable ☒ Not applicable

Unit: RMB million

Currency:

| Name of lessee                           | Types of leased assets | Lease income recognized during the period | Lease income recognized in the prior period |
|--|------------------------|---|---|
| associated leases The Company as lessor: |                        |   |   |

Company as lessor:

☒ Applicable ☐ Not applicable

The Company as

lessee:

☒ Applicable ☐ Not

Unit: RMB million

Currency:

| <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable | Name of lessor                          | Types of leased assets | Lease payments recognized during the period<br>RMB | Lease payments recognized in the prior period |
|--|---|------------------------|--|---|
|  | Triangle Group Limited                  | House                  |  | 18.33   |
|  | Triangle Group Limited                  | House                  | 456.50   | 436.95  |
|  | Triangle (Weihai) Huabo Real Estate Co. | House                  | 26.48  | 36.94   |

Description of affiliated leases

☐ Applicable☒ Not applicable**(4). Affiliated****Guarantees** TheCompany, as the  
guarantor☐ Applicable ☒ Not applicable

The Company as the guaranteed party

Applicable ☒ Not

applicable

Related

Guarantees

☐ Applicable ☒ Not applicable

**(5). Related party funds****borrowing and lending**

□Applicable √Not applicable

**(6). Transfer of assets and debt****restructuring by related****parties**

□Applicable √Not applicable

**(7). Key Management****Compensation**

√Applicable □ Not applicable

Unit: RMB million

Currency:

|          |                |     |                         |
|----------|----------------|-----|-------------------------|
| Projects | Current Period | RMB | Prior Period Incurrence |
|----------|----------------|-----|-------------------------|

**(8). Other Related****Transactions**

□Applicable √Not applicable

**6. Receivables and payables from related parties**

Unit:

YuanCurrency:RMB

| Parties (1). Related parties | Closing balance |                         | Opening balance |                         |
|------------------------------|-----------------|-------------------------|-----------------|-------------------------|
|                              | Book balance    | Provision for bad debts | Book balance    | Provision for bad debts |
| Subsidiary of                | 248,489,140.92  | 12,424,457.05           | 227,302,127.55  | 11,413,119.36           |

**(2). Payable****items**

Unit:

YuanCurrency:RMB

| Parties          | Related Parties  | Closing book balance | Opening book balance |
|------------------|--|----------------------|----------------------|
| Accounts Payable | Triangle (Weihai) Huajin Mechanical and Electrical Equipment Co. | 578,286.30           |                      |
| Accounts Payable | Triangle Group Limited   | 1,187,178.70         |                      |

**7. Commitment of related parties**

√Applicable □Not applicable

For details, please refer to Section VI. (1this report, "Commitments by the Company's de facto controller, shareholders, related parties, acquirers and other parties related to the Company's commitments during the reporting period or continuing into the reporting period".

**8、 Others**

□Applicable

√Not applicable

**based payment****1. General information on share-based payment**

☐Applicable ☒Not applicable

**2. Equity-settled share-based payments**

☐Applicable ☒Not applicable

**3. Cash-settled share-based payments**

☐Applicable ☒Not applicable

**4. Modification and termination of share-based payment**

☐Applicable ☒Not applicable

**5、Others**

☐Applicable    ☒Not applicable

**XIV,****Commitments and****Contingencies 1.****Material****Commitments**

Applicable ☒Not

applicable 2.

**Contingencie**

**s**

**(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

**2、 Profit distribution**

☒Applicable    ☐ Not applicable

Unit: Yuan    Currency: RMB

|                                       |             |
|---------------------------------------|-------------|
| Profit or dividends to be distributed | 184,000,000 |
| Profit or dividends declared after    |             |

**3、 Sales return**

☐Applicable ☒Not applicable

**4. Description of other post-balance sheet events**

☐Applicable    ☒Not applicable

**Other    significant****items 1. Correction**

of    prior-period

accounting    errors

**(1). Retrospective**

restatement

method

☐Applicable

☒Not

applicable (2).

**Future**

application

**method**

Applicable ✓Not  
applicable 2.

**Debt****restructuring****3. Asset swap****(1). Non-monetary asset exchange**

☐Applicable  
✓Not applicable

**(2). Other asset****replacement**

☐Applicable  
✓Not applicable 4.

**Annuity Plan**

Applicable ✓Not  
applicable 5.

**Discontinued  
operations**

☐Applicable ✓Not applicable

**6. Segment information****(1). Basis of determination of reportable segments and accounting policies**

☐Applicable    ☒Not applicable

**(2). Financial information for reportable segments**

☐Applicable    ☒Not applicable

**(3). If the company has no reportable segments or cannot disclose the total assets and total liabilities of each reportable segment, it should state the reasons**

☐Applicable

☒Not applicable

**(4). Other****notes**

☐Applicable    ☒Not applicable

**7. Other important transactions and events that have an impact on investors' decisions**

☐Applicable

☒Not applicable

**Other**

☐Applicable    ☒Not applicable

**XVII, Notes to the main items of the parent company's financial statements 1. Accounts receivable****(1). Disclosure by age**

☒Applicable    ☐Not applicable

| Age of accounts                     |  | Unit: Yuan    Currency: RMB |
|-------------------------------------|--|-----------------------------|
|                                     |  | Closing book balance        |
| Within 1 year                       |  |                             |
| Of which: within 1 year subdivision |  |                             |
| Within 1 year                       |  | 788,034,179.66              |
| Subtotal within 1 year              |  | 788,034,179.66              |
| 1 to 2 years                        |  | 3,961,042.07                |
| 2 to 3 years                        |  | 5,183,349.44                |
| 3 to 4 years                        |  | 7,434,158.58                |
| More than 4 years                   |  | 44,989,725.14               |

**(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                  | Accrual ratio Example (%) |                | Amount          | Proportion (%) | Amount                  | Accrual ratio Example (%) |                |
| Accrual by individual items<br>Provision for bad debts | 43,700,751.83   | 5.14           | 43,700,751.83           | 100.00                    |                | 45,598,720.62   | 5.98           | 45,598,720.62           | 100.00                    |                |
| Among them:  |                 |                |                         |                           |                |                 |                |                         |                           |                |

Provision for bad debts

is made on an

individual basis:

Position: Yuan Currency:

☒ Applicable ☐ Not  
applicable

Closing  
balance

RMB



|                 |               |               |        |                              |
|-----------------|---------------|---------------|--------|------------------------------|
| Customer One    | 8,120,031.00  | 8,120,031.00  | 100.00 | Not expected to be recovered |
| Client 2        | 7,702,310.10  | 7,702,310.10  | 100.00 | Not expected to be recovered |
| Client Three    | 7,237,771.56  | 7,237,771.56  | 100.00 | Not expected to be recovered |
| Client Four     | 5,187,847.69  | 5,187,847.69  | 100.00 | Not expected to be recovered |
| Other Customers | 15,452,791.48 | 15,452,791.48 | 100.00 | Not expected to be recovered |
| Total           | 43,700,751.83 | 43,700,751.83 | 100.00 | /                            |

Notes to the provision for bad debts by individual items:

☐ Applicable ☒ Not applicable

Provision for bad debts is made on a portfolio basis:

Unit: Yuan Currency: RMB

| <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable<br>Name of portfolio | Closing balance |                     |                         |
|---|-----------------|---------------------|-------------------------|
|   | Aging           | Accounts Receivable | Provision for bad debts |
| Portfolio as a whole  |                 |                     | Accrual ratio (%)       |
| Within 1 year   |                 | 788,034,179.66      | 39,401,708.99           |
| 1 to 2 years  |                 | 3,961,042.07        | 396,104.21              |
| 2 to 3 years  |                 | 4,509,502.30        | 1,352,850.69            |
| 3 to 4 years  |                 | 3,211,131.33        | 1,605,565.67            |
| More than 4 years   |                 | 6,485,847.70        | 6,485,847.70            |

Recognition criteria and description of bad debts by portfolio:

☐ Applicable ☒ Not applicable

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

☐ Applicable

☒ Not applicable

Unit: Yuan Currency: RMB

| (3). Provision for bad debts                   |   | Amount of change during the period |                      |                      |              | Closing balance |
|--|---|------------------------------------|----------------------|----------------------|--------------|-----------------|
| Category                                       | Opening balance                         |                                    |                      |                      |              |                 |
| <input checked="" type="checkbox"/> Applicable | <input type="checkbox"/> Not applicable | Accrual                            | Recovery or reversal | Resale or Write-down | Other Change |                 |

Of which the amount of provision for bad debts

recovered or reversed during the period is significant:

☐Applicable ☒Not applicable

**(4). Actual write-off of accounts receivable  
during the period**

☐Applicable ☒Not applicable

Of which significant write-offs of accounts receivable

☐Applicable ☒Not applicable

**(5). Top five accounts receivable with closing**

Unit: Yuan Currency: RMB

| Account Name<br>balances grouped by party in arrears                                   | Closing balance | As a percentage of<br>the closing balance<br>of accounts<br>receivable<br>Proportion of the<br>total number (%) | Closing balance of<br>provision for bad<br>debts |
|--|-----------------|---|--|
| <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable |                 |   |  |

|             |                |       |               |
|-------------|----------------|-------|---------------|
| Fifth place | 38,557,795.35  | 4.54  | 1,927,889.77  |
| Total       | 423,017,366.20 | 49.79 | 21,150,868.31 |

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

☐Applicable ☒Not applicable

**(7). Transfer of accounts receivable and  
continued involvement in the amount of  
assets and liabilities formed**

☐Applicable  
☒Not applicable

Other

Description:

Unit: Yuan Currency: RMB

| <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable | Closing<br>balance | Opening<br>balance |
|--|--------------------|--------------------|
| Dividend receivable  | 20,000,000.00      | 380,000,000.00     |
| Other receivables  | 72,454,354.33      | 42,634,621.79      |

**Presentation  
of other  
receivable  
items**

☒Applicable ☐ Not applicable

Other notes:

☐ Applicable ☒

Not applicable

**Interest  
receivable**

**(1). Classification of  
interest  
receivable**

☐Applicable  
☒Not applicable

**(2). Significant  
overdue interest**

☐Applicable ☒Not  
applicable

**(3). Provision for  
bad debts**

☐ Applicable  
☒Not applicable

Other

☒Applicable ☐

Description:

☐Applicable ☒Not applicable

**Dividends  
receivable (1).  
Dividends  
receivable**

☒Applicable ☐ Not applicable

Unit: Yuan Currency:

Unit: Yuan Currency: RMB

| Project (or investee unit)      | Closing balance | Opening balance |
|---------------------------------|-----------------|-----------------|
| Triangle (Weihai) Huasheng Tire | 20,000,000.00   | 380,000,000.00  |

**(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 ☐

Unit: Yuan Currency:

| Age of accounts                     | Closing book balance |
|-------------------------------------|----------------------|
| Within 1 year                       |                      |
| Of which: within 1 year subdivision |                      |
| Within 1 year (including 1 year)    | 48,117,125.21        |
| Subtotal within 1 year              | 48,117,125.21        |
| 1 to 2 years                        | 5,741,304.86         |
| 2 to 3 years                        | 22,557,378.31        |
| 3 to 4 years                        | 11,571,492.44        |
| More than 4 years                   | 422,712.19           |
| Total                               | 88,410,013.01        |

**(2). Breakdown by nature of payments**

Unit: Yuan Currency: RMB

| Nature of payments   | Closing book balance | Opening book balance |
|--|----------------------|----------------------|
| <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable |                      |                      |
| Reserves   | 714,469.85           | 589,563.85           |
| Deposits, security deposits  | 202,826.18           | 581,500.00           |
| Related party transactions   | 47,063,141.72        | 49,450,860.77        |
| Export tax refund receivable   | 38,206,638.81        |                      |
| Other  | 2,222,936.45         | 2,553,206.61         |

**(3). Provision for bad debts**

Unit: Yuan Currency: RMB

| <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable | Phase I                                       | Phase II  | Stage 3  | Total         |
|--|---|---|--|---------------|
| Provision for bad debts  | Expected credit losses for the next 12 months | Expected credit losses (no credit impairment) for the entire life | Expected credit losses (credit impairment has occurred) throughout the life of the |               |
| Balance as of January 1, 2021  | 10,540,509.44                                 |   |  | 10,540,509.44 |
| January 1, 2021 balance in Current Issue   |   |   |  |               |
| --Transfer to Phase II   |   |   |  |               |
| --Turning to the third stage   |   |   |  |               |
| --Turn back to the second stage  |   |   |  |               |
| --Turn back to the first   |   |   |  |               |

☒ Applicable ☐

Unit: Yuan Currency:

~~A description of significant changes in the carrying amount of other receivables for which changes in the allowance for losses occurred during the period:~~

~~☐Applicable ☒Not applicable~~

~~The amount of provision for bad debts for the period and the basis used to assess whether there is a significant increase in the credit risk of the financial instruments:~~

~~☐Applicable ☒Not applicable~~

**(4). Provision for bad debts**

☒Applicable ☐

Unit: Yuan Currency:

| Category         | Opening balance | Amount of change during the period |                           |                                |               | Closing balance |
|------------------|-----------------|------------------------------------|---------------------------|--------------------------------|---------------|-----------------|
|                  |                 | Accrual                            | Recovery or Transfer back | Write-offs or write-offs Sales | Other changes |                 |
| Ageing Portfolio | 10,540,509.44   | 5,415,149.24                       |                           |                                |               | 15,955,658.68   |
| Total            | 10,540,509.44   | 5,415,149.24                       |                           |                                |               | 15,955,658.68   |

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

**(6). Top five other receivables with closing**

Unit: Yuan Currency: RMB

| Unit Name   | Weighting | Applicable payment         | Not applicable balance | Age of accounts | As a percentage of the ending balance of other receivables Proportion of total amount (%) | Provision for bad debts Closing balance |
|-------------|-----------|----------------------------|------------------------|-----------------|---|---|
| First Place |           | Related party transactions | 23,054,640.42          | Within 4 years  | 26.08   | 5,674,702.86                            |
| Second      |           | Related party transactions | 22,775,217.55          | Within 4 years  | 25.76   | 7,529,057.74                            |

**(7). Receivables involving government grants**

☐Applicable ☒Not applicable

**(8). Other receivables derecognized due to transfer of financial assets**

☐Applicable ☒Not applicable

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

☐Applicable

☒Not applicable

Unit: Yuan Currency: RMB

| Other Description:   | Closing balance |                | Opening balance |                |  |
|--|-----------------|----------------|-----------------|----------------|--|
|  | Book balance    | Carrying value | Book balance    | Carrying value |  |
| 3. Long-term equity investments  |                 |                |                 |                |  |
| <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable | Impaired        |                | Impaired        |                |  |

**(1). Investment  
in**

| Unit: Yuan Currency: RMB                        |                    |   |   |                    |  |   |
|---|--------------------|---|---|--------------------|--|---|
| <b>subsidiaries</b>                             | Opening<br>balance | Incr<br>eas<br>e in<br>the<br>curr<br>ent | Decr<br>eas<br>e for<br>the<br>peri<br>od | Closing<br>balance | Impair<br>ment<br>charge<br>d<br>during<br>the | Provisi<br>on for<br>impair<br>ment<br>at end<br>of |
| √Applicable<br>Invested Units<br>Not applicable |                    |   |   |                    |  |   |



|  |                |  |  |                |  |
|--|----------------|--|--|----------------|--|
| Ltd.   |                |  |  |                |  |
| Triangle (Weihai) Huada Tire Fuxin Co.               |                |  |  |                |  |
| Triangle USA Tire Technology Center Heart Ltd.       | 6,490,000.00   |  |  | 6,490,000.00   |  |
| Triangle Tire (HK) Ltd. Company                      | 6,170,000.00   |  |  | 6,170,000.00   |  |
| Triangle Huatai (Shanghai) International Trading Co. | 10,000,000.00  |  |  | 10,000,000.00  |  |
| Triangle (Qingdao) Commercial Factoring Ltd.         | 100,000,000.00 |  |  | 100,000,000.00 |  |
| TRIANGLE TYRE AUSTRALIA and NEW ZEALAND PTY LTD      | 5.00           |  |  | 5.00           |  |
| TRIANGLE TYRE LATIN AMERICA, S.A.                    |                |  |  |                |  |
| TRIANGLE TYRE ASIA PACIFIC PTE. LTD                  |                |  |  |                |  |
| Total  | 267,529,392.28 |  |  | 267,529,392.28 |  |

**(2). Investment in associates and joint ventures**

☐Applicable ☒Not applicable

**4. Operating income and**

**operating costs**

Unit: Yuan Currency: RMB

| (1). Operating income and operating costs      |   | Current Period Incurred | Prior Period Incurrence |                  |
|--|---|-------------------------|-------------------------|------------------|
| <input checked="" type="checkbox"/> Applicable | <input type="checkbox"/> Not applicable | Revenue                 | Cost                    | Revenue          |
|  |   | 8 837 119 526.60        | 7 737 375 015.27        | 8 110 503 061.20 |

**(2). of revenue generated by the**

Unit: Yuan Currency: RMB

| contract   | Contract Classification | Total            |
|--|-------------------------|------------------|
| <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable |                         |                  |
| Product Type   |                         | 9,013,595,613.73 |
| Tires  |                         | 8,837,119,526.60 |
| Other  |                         | 176,476,087.13   |
| Classification by the time of commodity transfer                                       |                         | 9,013,595,613.73 |
| Confirmation at a point in time  |                         | 9,013,595,613.73 |
| By revenue area  |                         | 9,013,595,613.73 |
| Domestic   |                         | 4,098,151,256.43 |

Description of revenue generated by the contract:

√Applicable ☐ Not applicable

The difference between the total and income statement operating income is due to income from leasing operations

(3). Description of  
performance obligations

☐Applicable ☒Not applicable

(4). Description of the  
apportionment to the  
remaining performance  
obligation

Unit: Yuan Currency: RMB

| Applicable <input checked="" type="checkbox"/> Not applicable | Projects  | Current Period Incurred | Prior Period Incurrence |
|---|---|-------------------------|-------------------------|
| Applicable <input checked="" type="checkbox"/>                | Gain on long-term equity investments accounted for under the cost method                    | 20,000,000.00           | 380,000,000.00          |
| Applicable <input checked="" type="checkbox"/>                | Dividend income earned on investments in other equity instruments during the holding period | 1,805,554.40            |                         |
| Applicable <input checked="" type="checkbox"/>                | Gain on debt restructuring  | 5,432,088.05            | 276,131.53              |
| Applicable <input checked="" type="checkbox"/>                | Financial products income   |                         | 9,336,714.92            |
| Applicable <input checked="" type="checkbox"/>                | Gain on derivative financial instruments  | -32,357,311.14          | -70,307,193.23          |
| Applicable <input checked="" type="checkbox"/>                | Structured Deposit Returns  | 37,542,654.02           | 119,413,725.06          |

6. Others

☐Applicable  
☒Not applicable

XVIII.

Additio  
nal information

Unit: Yuan Currency: RMB

| 1. Breakdown of non-recurring gains and losses for the current period   | Amount         | Description   |
|---|----------------|---|
| Gain or loss on disposal of non-current assets<br><input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable  | 52,135.53      | See Section X.VII.73 "Gain on disposal of assets", 74 "Non-operating income" and 75 "Operating expenses" for details.<br>Non-industrial expenses" |
| Government subsidies recognized in profit or loss (closely related to the business of the enterprise, in accordance with the national uniform standard fixed or quantitative enjoyment) (except for government grants received) | 19,578,599.59  | See Section X.VII.77 "Other income" and 74 "Non-operating income" for details.  |
| Gains or losses from entrusting others to invest or manage an asset   | 231,251,434.86 | See Section X.VII.80 "Investment income" and 70 "Gain on changes in fair value"   |
| Gain or loss on debt restructuring  | 7,925,801.81   | See Section X.VII.88 "Investment income" for details  |
| Except for effective hedging operations related to the Company's normal business operations, gains or losses from changes in fair value of trading financial assets, derivative financial assets, trading                       | -8,941,951.38  | See Section X.VII.80 "Investment income" and 70 "Gain on changes in fair value" for details.  |

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

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

☐Applicable ☒Not applicable

## 2. Return on net assets and earnings per share

☒Applicable ☐ Not applicable

| Profit for<br>the<br>reporting<br>period | Weighted<br>average<br>return on net<br>assets (%) | Earnings<br>per share       |                                  |
|--|--|-----------------------------|----------------------------------|
|  |  | Basic earnings<br>per share | Diluted<br>earnings per<br>share |

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

☐Applicable

☒Not applicable

## 4. Other

☐Applicable ☒Not applicable

Chairman:

Ding Mu Board of Directors Approval Date  
of Filing: April 26, 2022

## Revision Information

☐Applicable ☒Not applicable