

Company Code: 601163  
Triangle Tire

Company Abbreviation:

# **Triangle Tire Corporation Annual Report 2022**

## Important Notes

**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 that they shall bear individual and joint legal liabilities.**

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

**III. Xinyong Zhonghe Accounting Firm (Special General Partnership) has issued a standard unqualified audit report for the Company.**

**Fourth, the head of the company Ding Mu, the person in charge of accounting work Zhong Danfang and the head of the accounting organization (accounting supervisor) Zhao Libo statement: to ensure that the annual report of the financial report is true, accurate and complete.**

**V. Proposals for profit distribution or capitalization of provident fund for the reporting period adopted by resolution of the Board of Directors**

The Company intends to distribute a cash dividend of RMB2.8 (including tax) per 10 shares to all shareholders based on the total share capital registered on the share registration date of the implementation of the equity distribution; based on the total share capital of the Company of 800 million shares on December 31, 2022, the total cash dividend to be distributed will be RMB224 million (including tax); the remaining unappropriated profits will be carried forward to future years, and there will be no stock dividend this time, and no conversion of capital reserves to share capital. If there is any change in the total number of shares of the Company before the share registration date for the implementation of the equity distribution, it is proposed to keep the distribution ratio per share unchanged and adjust the total amount of distribution accordingly. The proposal is subject to the approval of the shareholders' meeting before implementation.

### **VI. Statement of risks of forward-looking statements**

☒Applicable ☐Not applicable

This report involves forward-looking statements on future development strategies, business development, business plans, financial position and other forward-looking statements are based on information and data currently available to make estimates or predictions for the future, does not constitute the company's substantive commitments to investors, investors and related parties should maintain sufficient risk awareness, and should understand the differences between plans, predictions and commitments, investors should pay attention to the investment Investors are

advised to pay attention to the investment risks.

**VII. Whether there is any non-operational appropriation of funds by controlling shareholders and other related parties**

clogged

**VIII, Whether there is any violation of the prescribed decision-making procedures for the provision of external guarantees** No

**IX, Whether more than half of the directors are unable to guarantee the truthfulness, accuracy and completeness of the annual report disclosed by the company** No

**X. Significant Risk Warning**

Please refer to Section III.VI(4" Possible Risks" for a detailed description of the risks in this report. **XI. Other**

☐Applicable ☒Not Applicable

## catalogs

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Bibliography of documents available for review	Text of the Annual Report 2022 containing the signature of the Chairman of the Company
	Financial statements containing the signatures and seals of the head of the company, the person in charge of accounting, and the head of the accounting organization
	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 terms have the meanings set forth below:

Interpretation of commonly used words		
China securities regulatory commission CSRC	point at or to	China Securities Regulatory Commission (CSRC)
the Shanghai Stock Exchange (SSE)	point at or to	Shanghai Stock Exchange (SSE)
Companies Act	point at or to	Company Law of the People's Republic of China
Securities Act	point at or to	Securities Law of the People's Republic of China
Articles of Association	point at or to	Articles of Association of Triangle Tire Co.
The Company, Our Company, Triangle Tire	point at or to	Triangle Tire Co.
Triangle Group, Controlling Shareholder	point at or to	Triangle Group Limited
China National Heavy Duty Truck Corporation (CNHDC)	point at or to	China National Heavy Duty Vehicle Group Corporation and its subsidiaries
Xin Tai (city in Guangdong)	point at or to	Weihai Xintai Investment Co.

## Section II Company Profile and Key Financial Indicators

### I. Corporate information

Chinese prefecture level city	point at or to	Weihai Triangle Tire Co.
Chinese abbreviation of the company	point at or to	knobby tire
Foreign name of the company	point at or to	triangle tyre co., ltd
inscription on metal or bronze name	point at or to	Weihai Jinshi Investment Co.
Abbreviation of the company's foreign name	point at or to	TRIANGLE TYRE
Legal representative of the company	point at or to	fourth in order
flourishing	point at or to	Weihai Shenglar Investment Co.

### II. Contact person and contact information

flourishing	point at or to	secretary to the board	Securities Representative
name and surname	point at or to	Zhong Danfang	Yu Yuanzhong (1948-), Taiwanese politician, prime minister 1997-1998
Hua'an prefecture level city in Shaanxi	point at or to	Triangle (Weihai) Huaan Logistics Co.	
contact address	point at or to	No.56 Qingdao Middle Road, Weihai, Shandong Province, China	No.56 Qingdao Middle Road, Weihai, Shandong Province, China
Warda (name)	point at or to	Triangle (Weihai) Huada Tire	Reconditioning Co.
telephones	point at or to	0631-5305527	0631-5305527
telex	point at or to	0631-5319950	0631-5319950
luxuriant	point at or to	Triangle Tire Corporation Weihai Huamao Rubber Science and Technology Branch Company	Triangle Tire Corporation Weihai Huamao Rubber Science and Technology Branch Company
e-mail address	point at or to	jqgc@triangle.com.cn	jqgc@triangle.com.cn

### III. Basic information

Hua Yang (1916-)	point at or to	Triangle Tire Company Limited Weihai Huayang Rubber Technology Branch Company	
Company registered address	point at or to	No.56 Qingdao Middle Road, Weihai	
Taiwanese historical novelist	point at or to	Technology Branch Company	
Historical changes in the company	point at or to	inapplicable	
registered address	point at or to	Triangle Tire Corporation Weihai Huaxin Rubber Technology Branch Company	
Huaxin (brand)	point at or to	No.56 Qingdao Middle Road, Weihai	
Company Office Address	point at or to	Branch Company	
Postal code of the company's office	point at or to	264200	

Company Website	www.triangle.com.cn
e-mail address	jggc@triangle.com.cn

#### IV. Information disclosure and availability

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

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

Company stock profile				
Stock Type	stock exchange	stock short form	stock code (computing)	Stock name before change
A-share	Shanghai Stock Exchange (SSE)	knobby tire	601163	inapplicable

#### VI. Other relevant information

Accounting firms engaged by the company (country)	name (of a thing)	Xinyong Zhonghe Accounting Firm (Special General Partnership)
	business address	9/F, Block A, Fuhua Building, No. 8 Chaoyangmen North Street, Dongcheng District, Beijing, China
	Notary accountant	Li Rongkun, Yan Jin

#### VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE RECENT THREE

##### YEARS (I) Major accounting data

Unit: Yuan Currency: RMB

Key accounting data	2022	2021	Increase in the current period over the same period of the previous year Less (%)	2020
revenues	9,220,123,780.56	8,954,386,534.49	2.97	8,535,343,968.60
Attributable to shares of listed companies East's net profit	737,641,851.18	600,406,918.38	22.86	1,059,895,107.87
Attributable to shareholders of listed companies net of non-recurring Net profit for profit and loss	541,942,301.61	388,121,923.94	39.63	895,719,503.34

**(ii) Key financial indicators**

Main financial indicators	2022	2021	Increase/decrease in the current period over the same period of the previous year (%)	2020
Basic earnings per share (\$/share)	0.92	0.75	22.67	1.32
Diluted earnings per share (\$/share)	0.92	0.75	22.67	1.32
Basic earnings per share after extraordinary gains and losses (\$/share)	0.68	0.49	38.78	1.12
Weighted average return on net assets (%)	6.46	5.46	1.00 percentage point increase	10.13
Weighted average net assets after extraordinary gains and losses Yield on production (%)	4.75	3.53	Increase of 1.22 percentage points	8.56

Description of the Company's principal accounting data and financial indicators for the previous three years at the end of the reporting period

✓Applicable □Not applicable

1. Net profit attributable to shareholders of the listed company after extraordinary gains and losses and basic earnings per share after extraordinary gains and losses increased significantly, mainly due to the impact of higher sales prices, increased proportion of exports and a larger increase in export gross profit margin.
2. The increase in net cash flows from operating activities was mainly due to the impact of the increase in cash received from the sale of goods and the decrease in cash paid for the purchase of goods during the period.

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

#### (i) Difference between net profit and net assets attributable to shareholders of the listed company in financial reports disclosed in accordance with both IAS and PRC accounting standards

☐Applicable ☒Not Applicable

#### (ii) Difference in net profit and net assets attributable to shareholders of the listed company between financial reports disclosed in accordance with overseas accounting standards and those disclosed in accordance with PRC accounting standards at the same time

☐Applicable ☒Not Applicable

#### (iii) A description of the differences between domestic and foreign accounting standards:

☐Applicable ☒Not Applicable

### IX. Key Financial Data by Quarter 2022

Unit: Yuan Currency: RMB

	first quarter (of financial year) (January- March)	second quarter (of financial year) (April-June)	third quarter (of financial year) (July- September)	fourth quarter (of financial year) (October- December)
revenues	1,850,972,794.56	2,425,822,416.38	2,527,713,745.82	2,415,614,823.80
Attributable to listed companies	58,424,631.50	158,695,354.03	253,082,266.24	267,439,599.41
Net profit to shareholders				

Net income attributable to shareholders of the listed company after extraordinary gains and losses

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

☒Applicable ☐Not applicable

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

☒Applicable ☐Not applicable

Unit: Yuan Currency:

losses	Non-recurring profit and	2022 Amount	Note (if applicable)	2021 Amount	2020 Amount
margins					
operating items			(used)		
activities			See		
Gains and losses on			Section		
Net cash flow			X.VII.73		
disposal of non-current			"Gain on		
assets		-10,310,556.09	Disposal of	52,135.53	80,220.76
			Assets",		
			74 "Non-		
			Operating		
			Income"		
			and 75		
			"Non-		
			Operating		
			Income" for		
			details.		
			Expenditures		



increase or decrease		VII.68 "Income from investme nts" and 70 "Fair value changes Benefits"		
Debt restructuring gains and losses	525,687.49	See section X.VII.68, "Voting", for details. capital gains"	7,925,801.81	277,964.50
Except for the effective hedging business related to the Company's normal operations, gains and losses from changes in fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments are recognized in profit or loss. Investment income from capitalization			-8,941,951.38	-23,113,845.81
Transfer of provision for impairment of receivables and contract assets individually tested for impairment classifier for a chapter in old Chinese fictional novels	3,254,202.09		1,897,968.79	
Non-operating income and expenses other than those listed above	-1,348,667.14	For details, please refer to Section X.VII.67 "Other gains", 74 "Non-operating income" and 75 "Non-operating income". Expenditures	-2,276,497.24	-8,807,318.65

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	2022	"		
Less: Income tax effect	36,217,716.66		37,198,338.67	29,034,318.49
Effect of minority interests (after tax)	20,224.88		4,158.85	89,034.68
add up the total	195,699,549.57		212,284,994.44	164,175,604.53

For the Company's non-recurring gains and losses as defined in "Interpretative Announcement No. 1 on Information Disclosure by Companies Issuing Public Securities - Non-recurring Gains and Losses". Recurring profit and loss items, as well as items that define non-recurring profit and loss items listed in "Interpretative Announcement No. 1 on Information Disclosure of Companies Issuing Public Securities - Non-Recurring Profit and Loss" as recurring profit and loss items, shall be explained.

☐Applicable ☒Not Applicable

**xi, Items measured using fair value**

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Project name	Opening balance	Closing balance	Current period changes	Profit for the period Amount of impact
Financial assets held for trading - equities	619,792.32	386,494.08	-233,298.24	-233,298.24
Receivables financing - bank commitments cashier's check	526,647,102.13	408,537,649.45	-118,109,452.68	
Receivables financing - out-of-company Trade receivables	289,158,908.54	368,078,000.40	78,919,091.86	
Investments in other equity instruments	50,000,000.00	50,000,000.00		
add up the total	866,425,802.99	827,002,143.93	-39,423,659.06	-233,298.24

## XII. Other

☐Applicable ☒Not Applicable

# Section III. Management discussion and analysis

## I. Discussion and analysis of operations

In 2022, the international situation will be turbulent, and the domestic economy will face the triple pressure of demand contraction, supply shock and weakening expectations. In the face of the complicated and severe economic situation and market environment, the Company, under the leadership of the Board of Directors, overcame the difficulties, scientifically coordinated the production and operation, and pushed forward the high-quality and sustainable development of the Company. The annual operating revenue continued to grow, operating profit rebounded against the trend, and the operating situation showed a favorable development trend.

### (i) Performance overview

In 2022, the company will produce 22,481,600 tires of various types, a year-on-year decrease of 10.22%, with a capacity utilization rate of approximately 83.63%; sales of 222.121 million articles, down 7.59% year-on-year; realized operating income of RMB9.220 billion, up 2.97% year-on-year; realized operating profit of RMB833 million and net profit attributable to owners of the parent company of RMB738 million, up 22.86% year-on-year. Main influencing factors:

1, originating from the strong support of the brand influence of triangle tires, as well as the impact of high raw material prices, the rise of the dollar exchange rate and other factors, the company's tire product prices rose in 2022, supporting the company's operating income and sales profit double growth.

2, domestic and foreign trade market demand changes, the company actively adjust the market structure and product structure, commercial vehicle tires, giant tires exports increased substantially, higher value-added engineering tires, giant tires to contribute to better sales profits, export benefits of overall growth.

### (ii) Market performance

In 2022, domestic demand, consumption and transportation were sluggish, and the company's domestic sales were affected by shrinking demand from the downstream automobile and construction machinery industries and poor logistics, with sales declining by 16.7% year-on-year; the company's domestic sales of radial engineering tires increased by 20.9%, driven by the growth of exports of loaders and the growth of domestic mining dump trucks.

2022 international shipping rates fell rapidly, but under the influence of geopolitical conflicts, high inflation, and tightening of monetary policy by central banks of major developed countries, global economic growth slowed down, and trade and demand weakened; the company relied on the brand advantage in overseas countries, and ensured the stable development of exports through diversified promotion of new products, multi-brand channels, and optimization of the product mix, and other measures, and the annual export sales of tires were the same as the The export sales of tires for the whole year was the same as that of the previous year. Influenced by the global economic order adjustment, the company exported to the CIS countries, Central and South America and Middle East Africa and other regions of the sales volume showed a year-on-year growth trend; commercial vehicle tires and giant tires export growth is obvious, giant tires increased by more than 30%.

### (iii) Branding

In 2022, the company will continue to place advertisements for high-speed railways in China, basically covering the core trunk lines of the national high-speed railways network and running through 28 provinces, cities and autonomous regions in China; the company's aviation radial tires,

low rolling resistance tires for new energy vehicles, quiet tires, as well as high-performance winter tires and high-end off-road caravan tires appeared in the 2022 World Congress of Industrial Design, which gained a high degree of attention; in the international market, it participated in the Bologna International Auto Parts Exhibition in Italy, the International Cologne Tire Exhibition in Germany, the British Quarry and Mining Exhibition, etc. The brand influence of Triangle Tire was further enhanced. In the international market, the company participated in the Bologna International Auto Parts Exhibition in Italy, the Cologne International Tire Exhibition in Germany, the BMW International Exhibition for Construction Machinery in Germany, and the Quarry and Mining Exhibition in the UK, etc. The influence of the brand of Triangle Tire has been further enhanced, and the new products have gained extensive market promotion and favor.

(iv) R&D

innovation 1.

Product

innovation

Continuously optimizing the product structure and promoting performance upgrading, 158 new products were launched during the reporting period to meet the differentiated market demand.

(1) Commercial vehicle tires focus on the development of ultra-low rolling resistance products, improve the new energy bus and long-distance special products, and promote product matching projects. The new generation of ultra-low rolling resistance products have a rolling resistance coefficient of 4.0 or less, which meets the requirements of EU Class A. The company has optimized and improved the performance of traditional fuel models such as Heavy Duty Truck, FAW, Sany, Wuzheng, etc., and launched new products; and developed explosion-proof products for mining areas and medium and long-distance products. In terms of new energy products, the company has conducted product matching studies with domestic OEMs such as Sany and Yutong to meet the requirements of lightweight tires and low rolling resistance; Suzhou Kinglong small-sized electric buses, Yutong 8-meter new energy buses, and Xiamen Kinglong long-distance buses have been supplied in large quantities.

(2) The new generation of ultra-high-performance passenger car tires and quiet and comfortable tires have been introduced to the market. New products in dry and wet braking performance, handling performance, fuel economy and comfort and other aspects of the comprehensive improvement and development, suitable for new energy (electric) vehicles special products, ultra-quiet tires and self-repairing tires for the market for promotion and application. Zhengzhou Nissan, Jiangling, SAIC-GM-Wuling, Wuling Industry, BAIC Qingdao, Geely and other supporting projects to achieve mass production and supply; in addition, the company has successfully entered the supplier system of South Korea's Hyundai Kia and obtained the Hyundai fixed-point development projects.

(3) Engineering tires focus on the domestic wide-body dump trucks developed a new mining truck products, product performance; giant engineering radial tire new generation of products fully launched in the international market; LINGONG, Doosan, Caterpillar loader supporting projects batch supply; according to Sany Crane

The new generation of high-speed tires developed to meet the demand of high-speed engineering tires breaks the bottleneck of high-speed performance. With excellent product quality and satisfactory and efficient service, the company was awarded "Supplier Excellence Recognition" by Caterpillar in 2022.

(4) Special tires have completed and supplied tires for railroad girder trucks, special transport vehicles, all-wheel-drive off-road vehicles, off-road caravans, pavers and other tire supporting projects.

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

During the reporting period, we continued to enhance the R&D, innovation and application of new designs, materials and processes, and promoted carbon reduction from technological design. The lightweight and high performance of passenger car tires were fully promoted; the application scope of sustainable raw materials, such as thermally cracked carbon black, recycled rubber and green/bio-based materials, was gradually increased to realize the industrial application of sustainable raw materials in tires; the direct-pressure vulcanization technology was further improved to effectively reduce energy consumption, and the technical conditions for industrialization were met; and simulation analysis was deepened in product development to shorten the product development cycle, improve development efficiency and save testing costs. The application of simulation analysis in product development has been deepened to shorten the product development cycle, improve the development efficiency and save the testing cost. During the reporting period, the design and development of the first polyurethane tire (non-pneumatic tire) and low-speed vehicle test were completed.

In FY2022, the company will preside over the formulation of one national standard and participate in the formulation of nine national standards, two industry standards and two group standards.

The company has been authorized 188 patents, including 5 invention patents, 149 utility model patents and 34 design patents, and the technological innovation achievements have hit a record high again.

## 3. Aviation Tire Project

The company's aviation tire business segment has established quality management system according to the requirements of civil aviation regulations, and carried out trial operation and improvement in combination with the product trial production process. 4 products of C919 and A320 main front tires have applied for CTSOA and received acceptance by the bureau, and completed the review of the system documents and approval of the type data. 2022 the company's "C919 Aviation Radial Tire" for the domestic aircraft won the Fourth Governor's Cup Industrial Design Competition Award in Shandong Province. In 2022, the company's "C919 Airline Radial Tire for Domestic Large Aircraft" won the Gold Prize of the Fourth "Governor's Cup" Industrial Design Competition of Shandong Province.

## (v) Deep integration of the two

In order to improve the operational efficiency of the enterprise, during the reporting period, the company deeply promoted the deep integration of the two, and implemented a series of informatization system construction projects focusing on the digital transformation of the technology research and development, production and manufacturing, and marketing system, intelligent decision-making, etc. These projects included the launch of the IT infrastructure renovation and upgrading project, optimization and upgrading of the systems such as MES, EAM, WMS, PLM, and barcode, CRM, and tire warranty, and the online ELMA, HR system, and mold management system. In 2022, new achievements were made in software development, four computer software copyrights were obtained; five informationization construction achievements were selected as pilot demonstration benchmark projects in Shandong Province: "High-performance Commercial Vehicle Tire Intelligent Factory" project was selected as the list of intelligent factories in Shandong Province, The "High-performance Commercial Vehicle Tire Digital Factory based on Internet of Things" project was selected as a key project for digital transformation of Shandong Province manufacturing industry, and the "Comprehensive Enhancement of Intelligent Manufacturing of Commercial Vehicle Tires" project was selected as a key project of Digital Economy in Shandong Province in 2022, a key project

of Industrial Internet Benchmark Factory in 2022 Shandong Province, and one of the first batch of pilot demonstration projects in Shandong Province. The project of "Comprehensive Enhancement of Intelligent Manufacturing of Commercial Vehicle Tires" was selected as one of the key projects of digital economy in Shandong Province in 2022, the benchmark factory of industrial internet in Shandong Province, and the first batch of DCMM standardization pilot enterprises in Shandong Province.

(vi) Green and low-carbon construction

During the reporting period, Huamao, Huayang, Huada and other production bases carried out automation transformation, fill-in, control system upgrading and optimization of some equipment **with the** goal of "improving quality and efficiency, reducing carbon dioxide and safety", reducing staff and increasing efficiency, further improving safety standards, automation level and production efficiency, and lowering equipment maintenance costs, energy consumption and labor intensity. Labor intensity; update the governance equipment, the use of new environmental protection processes, energy saving and new technologies to implement air cleaning and standardization of governance, further improve the production and operation environment, to ensure the suitability of the surrounding regional environment. The company has completed the construction of green product certification factory assurance system, selected the national 2022 green manufacturing list - green factories, and was awarded the provincial green factory in Shandong Province and the advanced unit of comprehensive utilization of resources in Shandong Province.

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

(i) Tire industry in general

2022, by the domestic economic downturn, logistics, supply chain disruption and changes in the external environment and other factors, the domestic tire enterprise production, sales and other business activities have been seriously affected. At the beginning of the year, logistics and transportation block, raw materials and energy prices rose sharply, the domestic market seriously shrink; into the second quarter, the Russian-Ukrainian conflict and supply chain disruptions and other factors such as the impact of the expected downward pressure on the economy; along with the state has introduced a package of stabilizing the economy the effect of the policy measures gradually appear, as well as the domestic and foreign logistics environment is gradually improving the production and operation of the tire industry, there have been positive changes. 2023, the State Efforts to promote high-quality development, the implementation of the strategy of expanding domestic demand and deepening the supply-side structural reforms organically combined to achieve effective improvement in quality and reasonable growth in quantity, the tire industry opportunities and challenges exist.

Data from the National Bureau of Statistics showed that China's output of rubber tire outer tires (including motorcycle and other tires) was 856 million in 2022, down 4.8% year-on-year. According to the statistics of Tire Branch of China Rubber Industry Association, China's output of automobile tires in 2022 will be approximately 667 million, down 4.3% year-on-year; among them, the output of all-steel radial tires will be approximately 124 million, down 11.4% year-on-year; the output of semi-steel radial tires will be approximately 511 million, down 1.2% year-on-year, and the radialization rate will reach 95.2%.

Data from the General Administration of Customs shows that the total export volume of China's comprehensive automobile outer tires in 2022 grew steadily, with an export weight of 7.106 million tons, up 5.8% year-on-year, and a total export volume of \$18.04 billion, up 13.9% year-on-year. Among them, new inflatable tires for passenger cars or freight motor vehicles

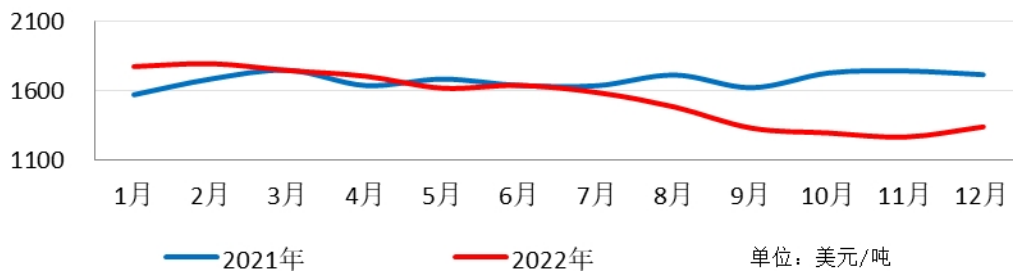
Pneumatic rubber tire growth, export weight increased by 7.1% year-on-year, the amount of year-on-year growth of 14.6%; motorized minibus with new pneumatic rubber tires to maintain a small increase in export weight increased by 3.2% year-on-year, the amount of year-on-year growth of 10.1%; engineering tires and giant engineering tires export hot, export weight increased by 30.7% year-on-year, the amount of year-on-year growth of 50.6%.

(ii) Major upstream raw materials

Tire main raw material market prices 2021 rose sharply after the first half of 2022 most of the raw material prices continue to run high, followed by a gradual pullback and high shock, of which natural rubber, ordinary synthetic rubber, steel cord throughout the year the market price change is not significant, carbon black rose 20% year-on-year or so, the special synthetic rubber and the main chemical powders year-on-year there are also varying degrees of increase. The main raw material market price trends:

1、Natural rubber

SICOM TSR20天然橡胶合约价格

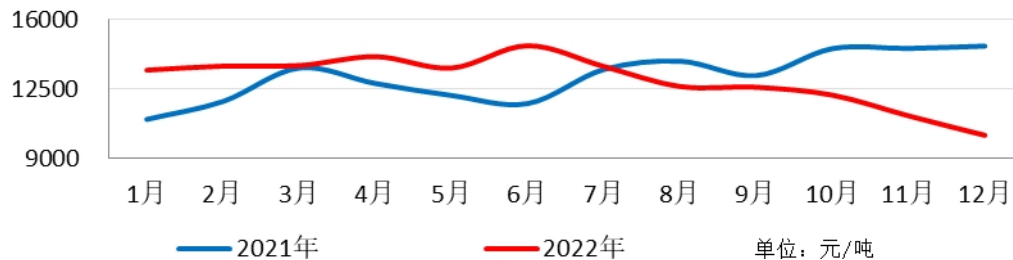


Source: Singapore

Exchange 2.

Synthetic Rubber

顺丁橡胶 (BR9000) 市场价格

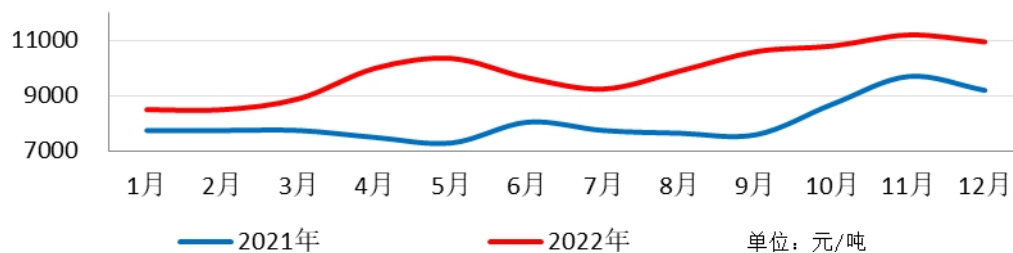


Data source:

Lonza.com 3.

Carbon Black

炭黑 (N330) 市场价格



Data source:

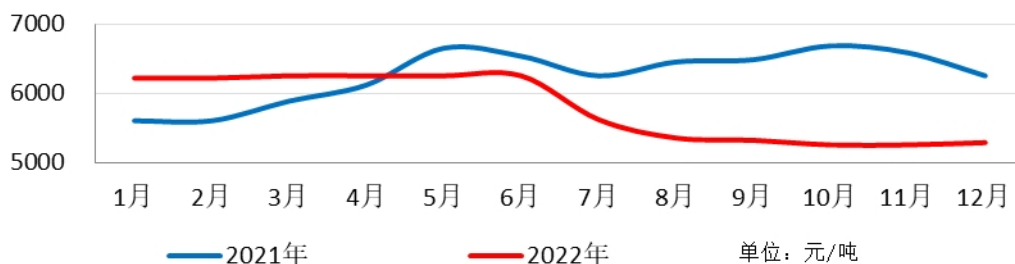
Baichuan.co

m 4、Steel





钢帘线盘条市场价格



Data source: Zhuochuang.com

### (iii) Downstream automobile and construction machinery industry

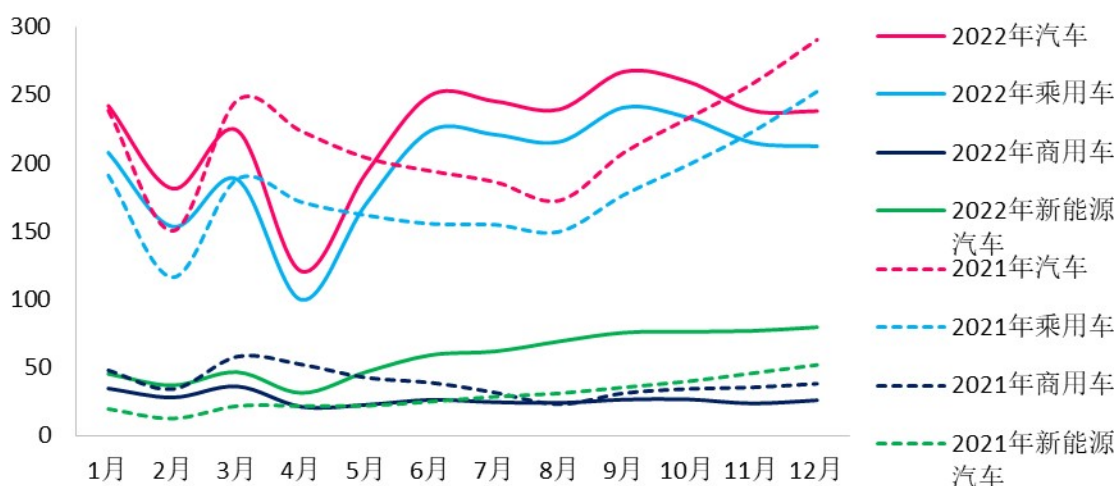
Automobile and construction machinery industry is the tire industry's downstream industries, mainly including commercial vehicles, passenger cars, construction machinery and other fields. Automobile and construction machinery production and sales support the tire supporting market demand, automobiles and various types of construction vehicle ownership support the huge tire replacement market demand.

According to China Association of Automobile Manufacturers (CAAM), China's automobile production and sales in 2022 will be completed at 27.021 million units and 26.864 million units, respectively, with year-on-year growth of 3.4% and 2.1%.

Affected by the demand overdraft under the previous environmental protection and overload control policies, production and life restrictions, high oil prices, the overall demand for the commercial vehicle market slowed down in 2022, and the annual production and sales were completed at 3,185,000 and 3,300,000 respectively, down 31.9% and 31.2% year-on-year, respectively.

Benefited from the purchase tax cut in half and other policies to promote consumption and the rapid growth of new energy vehicles, in 2022, the domestic production of passenger cars 23.836 million units, an increase of 11.2% year-on-year; sales of 23.563 million units, an increase of 9.5% year-on-year; exports of 2.529 million units, an increase of 56.7% year-on-year; new energy vehicle sales of more than 6.887 million units, an increase of 93.4% year-on-year! The annual sales of new energy vehicles exceeded 6.887 million units, a year-on-year increase of 93.4%.

2021-2022年我国汽车、新能源汽车、乘用车、商用车产量情况



Source: China Association of Automobile Manufacturers

According to the statistics of the Ministry of Public Security, by the end of 2022, the total number of automobiles in the country had reached 319 million, an increase of 17.52 million, or 5.81%, compared with 2021; among them, the number of new-energy automobiles in the country had reached 13.1 million, or 4.10% of the total number of automobiles, and the number of scrapped vehicles had increased by 5.26 million, or 67.13%, compared with that of 2021, after deducting

scrapping and canceling the sale of new-energy automobiles. In 2022, 5.35 million new energy vehicles will be newly registered nationwide, accounting for 23.05% of the total number of newly registered vehicles, an increase of 2.4 million vehicles or 81.48% compared with the previous year. The number of newly registered new energy vehicles will increase from 1.07 million in 2018 to 5.35 million in 2022, showing high growth.













In 2022, the market demand of domestic construction machinery industry declined, product sales fell back, and the industry operated in a downward trend. According to China Engineering According to the Machinery Industry Association, the total sales volume of loaders by loader manufacturers in 2022 was 123,355 units, down 12.2% year-on-year; of which, 80,894 units were sold domestically, down 24% year-on-year, and 42,461 units were exported, up 24.9% year-on-year. According to the statistics of General Administration of Customs, the export volume of complete machines such as loaders and off-highway mining dump trucks increased significantly in 2022.













### III. Businesses in which the Company was engaged during the reporting period

#### (i) Major businesses and products of the Company

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 99.2% of the company's total revenue. The company's products cover commercial vehicle tires, passenger car tires, engineering tires, jumbo tires and special vehicle tires, etc. The target customers of the company's products include various automobile manufacturers and engineering machinery factories in the supporting market, as well as tire dealers and consumers in the replacement market, and more than 50% of the company's products are sold to the international market, with a marketing network covering more than 180 countries and regions around the world.

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

Classification by use		legend (of a map, etc)	use
Commercial vehicle tires	medium- and long-distance		
	omnibus		
	short- and medium-haul		
Passenger car tires	Ultra High Performance Sedan Tires		
	High-performance SUV HT tires		
	High-performance SUV AT tires	 / 262	

	High-performance SUV MT tires		
	Commercial Light Truck Tires		
	winter tire (PCR/SUV)		
	Economy car tires		
engineering tire	Loader Tire		
	Dump truck tires		

	Articulated truck tires		
	Mobile crane tires		
giant fetus	Giant construction machinery tires		
Specialty Tires	Industrial vehicles		
	Special off-road vehicle tires		

## (ii) Business model

The company insists on taking the road of globalization brand building, adhering to its own brand, specialized operation, focusing on the development of tire science and technology innovation, and through continuous research and development innovation, product upgrading, intelligent upgrading of the manufacturing system, globalization marketing and brand building, as well as lean management, the company continuously improves its brand value and product differentiation advantages, takes the road of high-quality and sustainable development, and maintains its leading position in the industry. On the supply chain management side, the Company has established long-term and close strategic cooperative relationships with high-quality suppliers, and has adopted a combination of forward and spot purchasing.

In the sales channel, the original distribution market and supporting OEMs from product development to production, supply, after-sales service and other aspects of the depth of

cooperation, the retail market to dealers<sup>2021</sup> 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 the development of the brand, marketing and service; R & D innovation **Adhere to the** product technology development strategy of "develop one generation, produce one generation, and reserve **one generation**", drive the research and innovation of various technologies mainly by original invention, continuously optimize the product structure, and realize the differentiation advantage of the products as well as the high adaptability to the global regional markets and market segments; on the manufacturing side, adhere to the market-oriented, sales-order production-oriented, small-lot flexible production. In manufacturing, we adhere to the market-oriented approach, with sales-order production as the main focus, supplemented by small-lot flexible production.



At the same time to meet the demand for different single-volume, so that the company has good economies of scale; the company's manufacturing system to adhere to the direction of intelligent manufacturing, digital operations, and promote the deep integration of the two, tire manufacturing process to achieve automation, intelligence and lean management.

(iii) Market position

The company is the leader of scientific and technological innovation in China's tire industry, the first advocate and pioneer of low-carbon and green development in the industry, and a professional tire enterprise integrating tire design, manufacturing and marketing, with its products serving customers all over the world. The project "Development of complete set of production technology and equipment for giant engineering radial tires" won the first prize of National Scientific and Technological Progress.

According to the ranking of "Top 100 Enterprises in China's Rubber Industry in 2023" recommended by China Rubber Industry Association, according to the 4th place in 2021, the number of enterprises in China's Rubber Industry will be increased from 1,000 to 1,000,000.

The company is ranked No. 5 in the tire category based on quarterly and first three quarters of 2022 revenue.

**According to Tire business**

The company was ranked 22nd in terms of revenue in fiscal year 2021 in the list of top 75 global tires.

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

√Applicable □Not applicable

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

(i) The brand image is everlasting and the brand value continues to increase.

Founded in 1976, Triangle Tire 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 10 Influential Brands in China's Tire Industry" and "China Brand Power Index (C-BPI) Ranking" for many years, and became one of the first batch of pilot enterprises of national industrial brand cultivation in March 2013, and was awarded as one of the high-end brand cultivation enterprises of Shandong Province in 2021, and was awarded as one of the high-end brand cultivation enterprises of Shandong Province in the year of 2012. In May, 2021, the company was awarded the 2021 High-end Brand Cultivation Enterprise of Shandong Province.

In March 2022, it was selected as one of the first batch of "Good Product Shandong" brand enterprises; since 2010, it has won consecutive awards in Caterpillar's Supplier Quality Evaluation Program, and in 2022, it was awarded the "Supplier Excellence Recognition" (SER) (the 10th time of obtaining the highest standard evaluation). In 2022, the company won the "Supplier Excellence Recognition" (SER) (the 10th time to get the highest standard evaluation), and has been awarded the title of "Excellent Supplier" by China National Heavy Duty Truck Corporation (CNHTC), China National First Automobile Works Corporation (FAW), Shaanxi Automobile Works Corporation (SAAW), and Foton Laval, as well as the Excellent Quality Award of Shandong Lingong.

In the face of multi-level and multi-region market demand, the company, on the basis of continuous improvement of the main brand "Triangle", has increased the promotion of sub-brands such as "DIAMONDBACK", "SAPPHIRE" and "WILLIAMSTONE" and "BALUDA" in the international market and the domestic market, etc. in recent years, establishing a diversified brand system with clear levels and distinctive features. In recent years, on the basis of continuous improvement of the main brand "Triangle", the company has increased the promotion of sub-brands such as "DIAMONDBACK", "SAPPHIRE" in the international market and "WILLIAMSTONE" and "BROAD" in the domestic market, and has established a diversified brand system with clear hierarchy and distinct characteristics.

(ii) Strong research and development strength and strong independent innovation capability.

The company is a national high-tech enterprise, national intellectual property demonstration enterprise, national technology innovation demonstration enterprise and industrial product green design demonstration enterprise, and has national scientific research platforms including

2022 nationally recognized enterprise technology center, national engineering laboratory of tire design and manufacturing process, national industrial design center, postdoctoral research station and other national scientific research platforms, as well as setting up a technology R&D center in Akron, USA. With the strength of science and technology, the company was listed as "2022 Shandong Province Science and Technology Leading Enterprises".

By the end of the reporting period, the company had obtained a total of 817 patents, of which 84 were invention patents and 49 were international patents.

One science and technology award, 13 science and technology awards at the provincial and ministerial levels and in the petrochemical industry; presided over and participated in the formulation of national or industry standards have been released 122, participated in the formulation of international standards have been released 8, 13 times on behalf of China to participate in the United Nations Vehicle Regulations and Standards Forum meeting, is one of the main formulators of national standards and industry standards of the tire industry. 2022 to obtain 188 patents, of which 5 patents for invention, appearance and design. design

The company has 34 patents and 149 utility model patents. The company's "key technology and development project of giant high-load-resistant special tires with controllable heat accumulation and limited wheel diameter for extreme working conditions" has been selected in the "2022 China Petroleum and Chemical Industry Federation Science and Technology Guidance Plan". The company innovated and developed intelligent manufacturing technology and complete sets of equipment for direct pressure vulcanization of ultra-high-performance tires with full electromagnetic induction heating, and the prototype testing has improved the efficiency of tire vulcanization, significantly improved the dynamic balance of the products, and significantly reduced the cost of vulcanization unit consumption and CO<sub>2</sub> emissions. The company's aviation tire business has completed the research and development of key technologies such as materials, formulations, structures, equipment and processes, and built the aviation radial tire business. Line tire independent research and development, test and inspection platform and production line, the company developed A320, C919 aircraft type main and front tires have passed the key dynamic simulation test.

(c) Deeply promoting the integration of dualization and intelligent manufacturing, and realizing the digital operation of enterprises.

The new intelligent factory built by the company highly integrates the new generation of information system (ERP, PLM, MES, WMS, EAM, etc.), Internet of Things technology, big data technology, machine vision technology, the production equipment is highly integrated and intelligent, the whole process of the production process runs automatically and efficiently, the production capacity and production efficiency are greatly improved, the homogeneity and stability of product quality are greatly guaranteed, high speed and durability, High speed, durability, noise, fuel efficiency and other indicators have reached the international advanced level.

The new generation of information technology and marketing system, technology research and development system, business management system, supply chain system and other in-depth integration, enterprise management activities to realize the overall synergy, corporate operational efficiency, operating costs effectively reduce the decision-making process efficient and intelligent.

In 2022, the company's informatization construction achievements will be selected as "Intelligent Factory of Shandong Province", "Key Project of Digital Transformation of Manufacturing Industry in Shandong Province", "Benchmark Factory of Industrial Internet in Shandong Province" and so on. The first batch of DCMM Standardization Pilot Enterprises in Shandong Province.

(iv) Benchmarking of products and quality management against international advanced standards



The company is committed to building a digital, informatized and intelligent management system, applying quality innovation thinking and mature quality methodology to comprehensively improve the quality of the company's products and management. We constantly absorb the advanced management concepts of OEMs, carry out the quality management of the whole value chain, and improve and upgrade the quality management system of the company. The company has passed ISO9001, QS-9000, ISO/TS16949 and IATF16949 quality management system certifications to provide high value-added and excellent quality products and services for domestic and foreign consumers. 2021 the company has established an aviation tire quality system in line with the "Provisions on Qualification and Validation of Civil Aviation Products and Components".

The company's product design and manufacturing meets the requirements of EU ETRTO, USTRA, Japan JATMA three major international standards and EU Labeling Act, the U.S. Environmental Protection Agency SMARTWAY and other advanced market technical standards; the products have obtained the official certificates of the world's major countries or economies, such as the China CCC, the EU ECE, the U.S. DOT and other major countries or economies; the company's passenger car tires and commercial vehicle tires of wetland grip The wet grip, rolling resistance, noise and other indexes of our passenger car tires and commercial vehicle tires have reached the second phase of the EU labeling act, as well as the regulations and standards of countries and regions such as Japan, Korea, Brazil, the International Gulf Organization (IGO) GSO and Saudi Arabia SASO.

With excellent product quality and quality management ability, Triangle Tire has won the honors of China Famous Brand Product, the first Shandong Provincial Governor's Quality Award, China Quality and Integrity Enterprise, the first batch of "Three Equals" recognized tire enterprises, AA grade certificate of national market quality credit rating, "Taishan Quality" certification, "Shandong Regional A Class Manufacturing Enterprise" certificate, "2021 Shandong Quality Brand" title, etc. In March 2022, it won the national product and service quality integrity model enterprise. "Certification," "Shandong region A class production enterprise" certificate, "2021 Shandong quality brand" title and other honors, in March 2022 to obtain the national product and service quality integrity demonstration enterprise, national quality inspection In March 2022, the company was awarded five quality honors: National Model Enterprise of Product and Service Quality Integrity, National Quality Inspection Stable Qualified Product, National Quality Inspection Trustworthy Product, National Quality Leading Enterprise in Tire Industry, and National Leading Brand of Product and Service Quality Integrity.

#### (E) Global Marketing

##### Layout 1. International Markets

First, the marketing network covers more than 180 countries and regions around the world, the developed economies of the world's six continents and the development of emerging markets go hand in hand, a balanced market layout for the company to deal with the complex international trade situation provides a broad strategic depth, and timely capture the market opportunities in different regions of the world.

Secondly, the international market supporting customers and end-users all over the world, mainly including: the United States Caterpillar, Volvo Construction Machinery, Case New Holland, South Korea Hyundai, South Korea Doosan, Australia Mackay Trailer Plant, LiuGong India Plant, Italy Terex, Slovakia ETOP; Mexico Simax Group, Nigeria Dangote Group, the United Arab Emirates Aluminum Group, UAE Dubai Airport Company, LafargeHolcim Cement Plant (Switzerland), North Steel Group (Russia), Arosa Mining Group (Russia), 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 brands, marketing and services, and support local distributors to establish more than 600 Delta brand stores.

#### 2. Domestic market

Auxiliary business: directly for China National Heavy Duty Truck (CNHTC), Shaanxi Heavy

Duty Truck (SHHDT), China National First Automobile Works (FAW), Sany Group, Dongfeng Automobile (DFM), Yutong Group, Golden Dragon Group, Jiangling Group, Jianghuai Group, SAIC-GM-Wuling, Zhengzhou Nissan and other more than 50 automobile manufacturers, as well as for Shandong Lingong and Caterpillar.

More than 20 construction machinery manufacturers, such as Piller (Qingzhou), XCMG, Shantui, Dezhou Degong, etc., provide supporting services for commercial vehicle tires, passenger car tires and construction tires.

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 based on distributor wholesaling and retailing in terminal listed stores, supplemented by other sales modes such as direct supply from PetroChina and other large group units, and distribution through Sinopec gas stations, etc., and our marketing network covers more than 80% of counties and municipal areas in China. The marketing network covers more than 80% of counties and cities in China.

### 3、Network sales

The company develops new sales model to expand new markets. Aiming at the high degree of informationization in the Japanese market and the characteristics of online shopping, the company has expanded cooperation with Japanese distributors in the passenger car tire market, adopting the mode of online ordering, designated delivery place and instant courier to provide timely and efficient service for consumers and increase market share. Adapting to the new trend of consumption in China, we have opened Tmall flagship store and Jingdong store on mainstream e-commerce platforms to market to online users, and actively participated in the sales of large-scale group online procurement platforms such as the "National Railway Mall", interacting with end-consumers through the Internet to understand users' needs and continuously improve brand awareness on the Internet.

(vi) A complete and leading product range, with rapid and forward-looking adaptation to market development.

The company focuses on tire technology research and innovation, and promotes product upgrading and structural adjustment to meet the needs of users and automobile manufacturers in different markets around the world for green and low-carbon, safety and comfort, durability, handling, intelligence and other needs.

1、Commercial vehicle tires are the company's first products, of which tubeless tires account for more than 70%. The main products include: high-mileage, low-fuel-consumption medium- and long-distance series for highways, high-wear-resistant, low-fuel-consumption bus (including new energy vehicles) series for urban or intercity passenger transportation, heavy-duty resistant medium- and short-distance series for national highways, provincial highways, ordinary hard-paved roads, and load-resistant for paved/non-paved roads,

There are also industrial and mining products that are puncture-resistant, as well as special transportation products that feature safe, all-weather use in response to the need for multi-environmental adaptability.

2. Providing consumers with a safe and comfortable driving experience is the goal of Triangle Passenger Car Tires. Product series: summer tires, including ultra-high-performance tires (including air-deficient tires) with the main features of handling response and sporty, high-performance tires with a balance of performance, comfort and safety, SUV-HT series for urban paved roads, SUV-AT all-terrain tires for mixed urban and unpaved roads, high mileage and low fuel consumption, and SUV-MT mud tires for off-road enthusiasts and outdoor driving, The economic tire series with high mileage and low fuel consumption as the main target, the SUV-MT mud tire series focusing on off-road enthusiasts and outdoor driving, the commercial light truck tire series with high load and high mileage, and the high-performance summer light truck tires with good wet braking performance, fuel economy, and wear and tear balance; the winter tires, which mainly include ordinary car snow tires, light truck snow tires, car studded snow tires and light truck studded snow tires; the winter tires, which mainly include ordinary car snow tires, light truck snow tires, car studded snow tires and light truck studded snow tires. The winter tires mainly include ordinary car snow tire series, light truck snow tire series, and car studded snow tire series and light truck studded snow tire series, which are widely used in the northeast region of China, Russia, Europe, North America, Japan and other markets, with safety, energy saving and comfort performance reaching the international advanced level. In addition, the company developed high-performance winter tires and all-season tires for the use of the environment in Central Europe and other regions; developed a series of special tires for cabs for the use of cab characteristics; for the high-speed development of new energy and electric vehicles, the launch of special tires for their use conditions; quiet cotton tires and self-repairing tires have entered the stage of market promotion.

3, according to different working conditions and use of the environment, triangle developed ten series of engineering tire products, can be used for the loader, rigid, and so on.

It provides reliable products and services for dump trucks, articulated trucks, scrapers, graders, mobile cranes and special vehicles, underground mining machinery, road rollers, desert exploration machinery, ports and industrial machinery. The company's giant engineering radial tires break the international monopoly, with the company's giant engineering radial tires series products on the market, demonstrating Triangle in the field of construction machinery technology status and brand advantages, Triangle is the international ranking of the top ten well-known construction machinery giants is one of the most important supporting suppliers of engineering tires. 2022, the company's high-speed engineering radial tires again iterative upgrading, 385/95R25 G grade products successfully passed the ECE certification, high-speed engineering radial tires. In 2022, the company's high-speed engineering radial tires will be upgraded again, with 385/95R25 G-grade products successfully passed ECE certification, and their high-speed performance and durability far exceed the regulations and national standards.

4, "triangle" special off-road radial tire series products with specification series, pattern differentiation, high speed and lightweight, diversified protection features and other quality features to serve the infrastructure, equipment upgrading project. At the same time, for the high-speed railway construction of 1000 tons of tunnel girder trucks developed for special industrial vehicles radial tubeless tire series products with China's high-speed rail project out of the country.

## V. Main operations during the reporting period

During the reporting period, the company realized operating income of RMB922,012.38 million, an increase of 2.97% over the same period of the previous year; operating profit of RMB83,304.68 million, an increase of 22.10% over the same period of the previous year; net profit of RMB73,728.23 million, an increase of 22.75% over the same period of the previous year; net profit attributable to shareholders of the parent company of RMB73,764.19 million, an increase of 22.86% over the same period of the previous year. Net profit attributable to shareholders of the

parent company amounted to 73,764.19 million yuan, an increase of 22.86% over the same period of the previous year.

### (i) Analysis of main operations

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

Unit: Yuan Currency: RMB			
subjects	Current period	Same period last year	Percentage change (%)
revenues	9,220,123,780.56	8,954,386,534.49	2.97
business costs	7,852,515,445.73	7,675,168,399.68	2.31
sales expense	341,548,515.22	370,518,746.80	-7.82
overhead	234,903,497.14	241,171,819.56	-2.60
financial cost	-38,636,221.99	27,640,462.81	-239.78
R&D costs	142,649,787.56	136,288,436.18	4.67
Net cash flows from operating activities	1,487,002,675.93	471,680,988.43	215.26
Net cash flows from investing activities	-324,379,356.42	46,899,569.63	-791.65
Net cash flows from financing activities	-206,380,160.32	-555,189,193.38	inapplicable
Credit impairment losses (losses are recognized with a "-" sign)	-6,040,562.27	1,661,003.05	-463.67
Impairment losses on assets (losses are recognized with a "-" sign)	-32,001,084.28	-24,333,086.51	inapplicable
Gain (loss) is recognized as "-" on disposal of assets	-10,333,946.10	271,620.58	-3,904.55

Explanation of the changes in finance costs: Mainly due to the effect of the increase in foreign exchange gains during the period.  
Reasons for the change in net cash flows from operating activities: Mainly due to the effect of the increase in cash received from the sale of goods and the decrease in cash paid for the purchase of goods during the period.

Reasons for the change in net cash flows from investing activities: Mainly due to the impact of the addition of large negotiable certificates of deposit during the period.

Reasons for the change in net cash flows from financing activities: Mainly due to the impact of the decrease in repayment of matured loans and the decrease in cash paid for dividends during the period.

Reasons for changes in credit impairment losses: Mainly due to the effect of the increase in accounts receivable during the period.

Reasons for changes in impairment losses on assets: Mainly due to the increase in inventories and the impact of price increases of raw materials during the period.

Explanation for the change in gain on disposal of assets: Mainly due to the termination of the U.S. plant project and the impact of disposal of construction in progress during the period. Detailed description of significant changes in the type of business, profit composition or profit sources of the Company during the period

☐Applicable ☒Not Applicable

## 2. Revenue and cost analysis

☒Applicable ☐Not applicable

During the reporting period, the company realized operating income of RMB922,012.38 million, an increase of 2.97% year-on-year; operating cost of RMB785,251.54 million, an increase of 2.31% year-on-year.

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

Unit: Yuan Currency: RMB

Main business by industry						
subs ect or	revenues	business costs	gross margin (%)	Increase in operating income over the previous year Less (%)	Increase in operating costs over prior year Less (%)	Increase or decrease in gross margin over prior year (%)
tires sector	9,181,947,100.85	7,851,894,987.33	14.49	2.98	2.33	Increase 0.54 percentag e point
Main business by product						
by pro duc t	revenues	business costs	gross margin (%)	Increase in operating income over the previous year Less (%)	Increase in operating costs over prior year Less (%)	Increase or decrease in gross margin over prior year (%)
tires	9,148,905,304.16	7,847,961,289.44	14.22	2.97	2.33	Increase 0.54 percentag e point
haulag e	3,984,493.55	3,933,697.89	1.27	-5.24	-1.93	Decrease 3.34 percentag e point
factor income s	29,057,303.14			7.30		
Main business by region						
subr egi on	revenues	business costs	gross margin (%)	Increase in operating income over the	Increase in operating costs over	Increase or decrease in gross margin over prior year (%)

Explanation of main business by industry, <sup>2022</sup>product, region and sales pattern

During the reporting period, the company realized main business income of 918,194.71 million yuan, an increase of 26,590.21 million yuan over the same period of the previous year, an increase of 2.98%; the cost of main business amounted to RMB785,189.50 million, representing an increase of RMB17,884.52 million or 2.33% over the same period of last year. For details, please refer to Section III.1 "Discussion and Analysis of Operating Conditions" of this report.

**(2). Analysis of production and sales volume**

√Applicable □Not applicable

Main products	unit (of measurement)	production volume	sales volume	stockpile	Increase/decrease in production over previous year (%)	Increase/decrease in sales volume over the previous year (%)	Increase/decrease in inventory over the previous year (%)
Description of production and sales The above tire products include commercial vehicle tires, passenger tires, engineering tires, and specialty tires.							
(3). Performance of major purchase contracts, major sales contracts		2,248.16	2,221.21	292.28	-10.22	-7.59	9.17
(4). Cost analysis table							

Unit: Yuan

Sub-industry situation							
subject or	Cost component items	Amount for the period	Percentage of total costs for the period (%)	Amount for the same period of the previous year	Percentage of total costs for the same period of the previous year (%)	Change in current period amount over the same period of the previous year than Example (%)	tel l us ge ner ic ter m for a sa crif ice the go ds
tires	raw materials	6,233,952,675.93	79.39	6,089,031,465.17	79.36	2.38	
	labor	334,171,117.46	4.26	350,349,241.13	4.57	-4.62	
	renewable energy	585,994,863.47	7.46	519,903,689.77	6.78	12.71	
	depreciation	335,933,661.55	4.28	355,579,667.51	4.63	-5.53	
Other information notes on cost analysis							
Other costs for tires consist mainly of transportation costs, transportation and miscellaneous costs directly related to contract performance, repair costs, low-value consumables, consumption of machinery and materials, and labor and insurance supplies.							
By product							
Other costs of transportation are labor, insurance, fuel, tolls, depreciation, etc., incurred during transportation.							
(5). Changes in the scope of consolidation due to changes in the shareholdings of major subsidiaries during the reporting period							
□Applicable √Not Applicable							
(6). Information on significant changes or adjustments in the company's business, products or services during the reporting period							
□Applicable √Not Applicable							
(7). Major sales customers and							
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tires offering	raw materials	6,233,952,675.93	79.39	6,089,031,465.17	79.36	2.38	

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**major suppliers A. Major sales  
customers of the Company**

2022

✓Applicable ☐Not applicable

The sales of the top five customers amounted to RMB1,818,071,700, accounting for 19.87% of the annual total sales; of which the sales of the related parties among the sales of the top five customers amounted to RMB66,780,700, accounting for 7.30% of the annual total sales.



If the proportion of sales to a single customer exceeds 50% of the total amount, if there are new customers in the top 5 customers, or if there is a heavy dependence on a few customers during the reporting period.

☐Applicable ☒Not Applicable

## B. Information on the Company's major suppliers

☒Applicable ☐Not applicable

The procurement amount of the top five suppliers is RMB 1,875,761,900, accounting for 29.76% of the total annual procurement amount; among the procurement amount of the top five suppliers, the procurement amount of related parties is RMB 0,000,000, accounting for 0% of the total annual procurement amount.

The proportion of purchases from a single supplier exceeds 50% of the total amount, there are new suppliers among the top 5 suppliers, or there is heavy reliance on a small number of suppliers during the reporting period.

☐Applicable

☒Not Applicable

Other Notes

Related party sales represent the total tire sales between the Company and Sinotruk.

## 3. cost

☒Applicable ☐Not applicable

Finance costs decreased by 239.78% compared with the same period of the previous year, mainly due to the impact of the increase in foreign exchange gains in the current period.

## 4. R&D investment

### (1). Table of R&D investment

☒Applicable ☐Not applicable

Unit: Yuan	
Expensed research and development investment for the period	432,692,707.07
Capitalized research and development investment for the period	
Total R&D investment	432,692,707.07
Total R&D investment as a percentage of operating revenue (%)	4.69
Share of R&D inputs capitalized (%)	
<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	

Number of R&D staff in the company	889
Number of R&D personnel as a percentage of total company headcount (%)	15.62
Educational structure of R&D staff	
Type of academic structure	Number of persons with academic structure
PhD student	5
Master's degree student	46
undergraduate (adjective)	285
specialized training school	235
High school and below	318
Age structure of R&D staff	
Age structure categories	Age structure
Up to and including 30 years of age	233

30-40 years old (including 30 years old and excluding 40 years old)	402
40-50 years old (including 40 years old and excluding 50 years old)	189
50-60 years old (including 50 years old, not including 60 years old)	61
60 years and over	4

**(3). information note**

☐Applicable ☒Not Applicable

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

☐Applicable ☒Not Applicable

## 5. cash flows

√Applicable □Not applicable

The significant change in net cash flows from operating activities as compared to the same period of the previous year was mainly due to the impact of the increase in cash received from the sale of goods and the decrease in cash paid for the purchase of goods during the current period.

The change in net cash flows from investing activities from the same period of the previous year was mainly due to the impact of the addition of new negotiable large certificates of deposit during the period.

The change in net cash flows from financing activities from the same period of the previous year was mainly due to the impact of the decrease in repayment of matured borrowings and the decrease in cash paid for dividends during the period.

### (ii) Explanation of significant changes in profit due to non-principal activities

□Applicable √Not Applicable

### (iii) Analysis of assets and liabilities

√Applicable □Not applicable

#### 1. Assets and liabilities

Unit: Yuan

Project name	Closing balance of the period	Percentage of total assets at the end of the period (%)	Closing balance of the previous period	Percentage of total assets at the end of the previous period (%)	Percentage of change in amount at the end of the period over the end of the previous period (%)	information note
money funds	2,740,745,161.80	15.49	1,734,243,911.99	10.36	58.04	Mainly due to net cash flow from operations for the period Increased impact.
Financial assets held for trading	386,494.08	0.00	619,792.32	0.00	-37.64	Mainly as a result of changes in the valuation of Lifan shares held by the Company during the period. Rattle.
notes receivable	427,500.00	0.00	<sup>35 / 262</sup> 4,841,534.13	0.03	-91.17	Mainly as a result of the decrease in commercial

Contractual liabilities	107,480,150.38	0.61	74,948,967.00	0.45	43.40	Mainly due to increase in advance receipts during the period Rattle.
Taxes payable	64,962,998.97	0.37	33,269,575.91	0.20	95.26	Mainly due to increase in corporate income tax during the period Impact.
long term loan	200,177,222.21	1.13			inapplicable	Mainly due to the impact of new long-term borrowings during the period Rattle.
Lease liabilities	6,283,354.68	0.04	24,393,552.32	0.15	-74.24	Mainly due to the reclassification of lease liabilities due within one year to the item "non-current liabilities due within one year" . Impact.
Deferred income	313,558,188.80	1.77	500,666,070.43	2.99	-37.37	Mainly due to the termination of the U.S. plant project in the current period and the elimination of land leveling fees provided by the local government. Back to impact.

General risk provision	330,669.76	0.00	2022 807,517.73	0.00	-59.05	Mainly due to decrease in factored receivables during the period Impact.
------------------------	------------	------	-----------------	------	--------	--

## 2. Foreign assets

☒Applicable ☐Not applicable

### (1) asset size

Of which: Overseas assets 98,777,524.38 (Unit: RMB), accounting for 0.56% of the total assets.

Currency: RMB), accounting for 0.56% of total assets.

### (2) Explanation of the relatively high proportion of foreign assets

☐Applicable ☒Not Applicable

## 3. Restrictions on major assets as at 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 the present report.

## 4. Other notes

☐Applicable ☒Not applicable

### (iv) Analysis of industry business information

☐Applicable ☒Not applicable

## Analysis of operating information in the chemical industry

### 1 Industry Basics

#### (1). Industry

##### policies and their changes

√Applicable □Not applicable

September 14, 2022, the State Ministry of Industry and Information Technology, the State-owned Assets Supervision and Administration Commission of the State Council, the State Market Supervision and Administration Administration of the General Office of the Office of the State Intellectual Property Office, jointly issued the "raw materials industry" three products "implementation program". Raw materials industry "three products" implementation plan "of the implementation and implementation, effectively promote the tire industry development model from the scale and speed to quality and efficiency change, to better meet the domestic and foreign market demand, to support the construction of tire manufacturing power.

On September 30, 2022, the Ministry of Industry and Information Technology of the People's Republic of China (MIIT) approved the release of 1,036 industry standards, including the two industry standards of "Requirements for Evaluation of Green Factories in the Tire Industry" (HG/T 6061-2022) and "Requirements for Green Supply Chain Management in the Tire Manufacturing Industry" (HG/T 6062-2022), which will be implemented from April 1, 2023 onwards. Green Factory Evaluation Requirements for Tire Industry" stipulates the terms and definitions, general rules, evaluation requirements, evaluation procedures and evaluation reports for green factories in the tire manufacturing industry, applicable to the evaluation of green factories for the production of car tires and truck tires; "Green Supply Chain Management Requirements for Tire Manufacturing" stipulates the green supply chain management purpose, scope, general requirements and product life cycle green supply chain planning, implementation and control requirements for tire manufacturing enterprises, and applies to the planning, implementation and control requirements for product life cycle green supply chain, and provides for the implementation of green supply chain management. The "Tire Manufacturing Green Supply Chain Management Requirements" stipulates the purpose, scope, general requirements and product life cycle green supply chain planning, implementation and control requirements for tire manufacturing enterprises green supply chain establishment and management.

According to the "Opinions of the General Office of the State Council on Establishing a Unified Green Product Standards, Certification and Labeling System" (Guo Ban Fa [2016] No. 86), the announcement of the General Administration of Market Supervision on the release of the list of evaluation standards for green products and the certification catalog (the third batch) (Market Supervision) (General Administration Announcement No. 43 of 2021), the Certification and Accreditation Administration of the People's Republic of China (CNCA) issued and implemented on March 18, 2022 the "Green Product Certification Implementation Rules Tires".

The release and implementation of the aforementioned institutional standards are of great significance to the high-quality development of the tire industry, and also provide a basis for the green transformation and upgrading of the tire industry. The Company follows the national policy guideline, continuously builds and improves the green factory, uses green raw materials, adopts clean production process, the factory achieves no pollution and zero emission, and the products realize green, safety, energy saving and environmental protection, the Company was awarded the provincial green factory of Shandong Province in the year of 2022, and was selected into the list of "green factories" published by the Ministry of Industry and Information Technology. "In March 2023, the company was awarded the No.1 Green Product Certificate issued by China Quality Certification Center.

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

√Applicable □Not applicable

For details, please refer to Section III of this report II. "Information on the industry in which the

Company operated during the reporting period".

## 2 Products &

### Production (1).

#### Main Business

##### Modes

☒Applicable ☐Not applicable

For details, please refer to Section III. III. "Businesses in which the Company was engaged during the reporting period" of this report. **Major adjustments to the business model during the reporting period**

☐ Applicable

☒Not applicable

### (2). Major

#### products

☒Applicable ☐Not applicable

offerings	Industry Segment	Main upstream raw materials	Main downstream applications	Main factors influencing prices
tires	Rubber and plastic products industry	Natural rubber, Steel cord, carbon black	Automobile, construction machinery	Brand value, cost, competitive price

**(3). Research and Development Innovation.**  
☒Applicable ☐Not applicable  
 The company adheres to the product technology development strategy of "develop one generation, produce one generation and reserve one generation", attaches great importance to the construction of R&D team and the cultivation of technicians, and has built an internationalized scientific research team. The company attaches great importance to basic theoretical research, research and application of new technologies such as new materials, new processes, new equipment and the development and design of new products, focusing on the construction of interdisciplinary and multidisciplinary integration of R&D and design capabilities in material chemistry, tire mechanics, art and industrial design, information intelligence, etc., and highlighting the profound application of simulation and digital modeling technology, practicing the product development idea of "simulation first, test and verification". The company emphasizes the profound application of simulation analysis and digital modeling technology, and practices the product development idea of "simulation first, testing and verification. The company has established long-term and stable scientific research cooperation relationships with many domestic and foreign universities, research institutes, equipment, molds, raw materials and automobile manufacturers, etc., and has driven the research and enhancement of various technological innovations with original inventions, so as to realize the differentiation of its products and their high adaptability to various regional markets and market segments around the world, and to enhance the company's service breadth and depth. The company has made great efforts in the research of fuel-saving performance of commercial vehicle tires, winter ice and snow tires for passenger car tires, all-season tires, high-performance tires, and other tires.

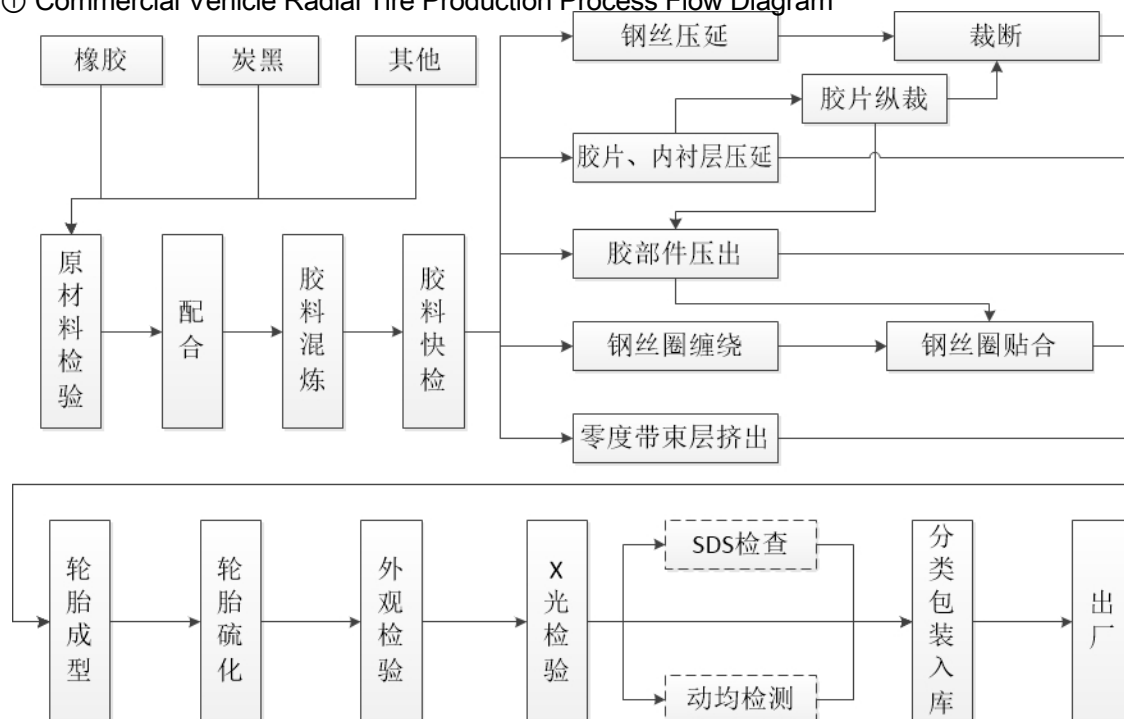
Ultra-high-performance tire technology, giant construction machinery tire technology, sidewall protection and high mileage special tire technology in the domestic industry in the forefront.

The company set up Triangle American Tire Technology Center LLC (A3T LLC) in the United States to gather international scientific and technological R&D talents. A3T focuses on the globalization brand strategy, gives full play to the advantages of North America in materials, products and technology, makes full use of the local science and technology, intelligence, testing and other resources, and carries out extensive cooperation with scientific research institutes, colleges and universities, cooperative units and so on, to enhance the company's capability of independent innovation in the fields of basic research, product design, testing and inspection, etc., and in recent years, it has successively applied for and accepted over 10 patents of invention in different countries and regions. In recent years, the company has applied for and accepted more than 10 patents in different countries and regions.

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

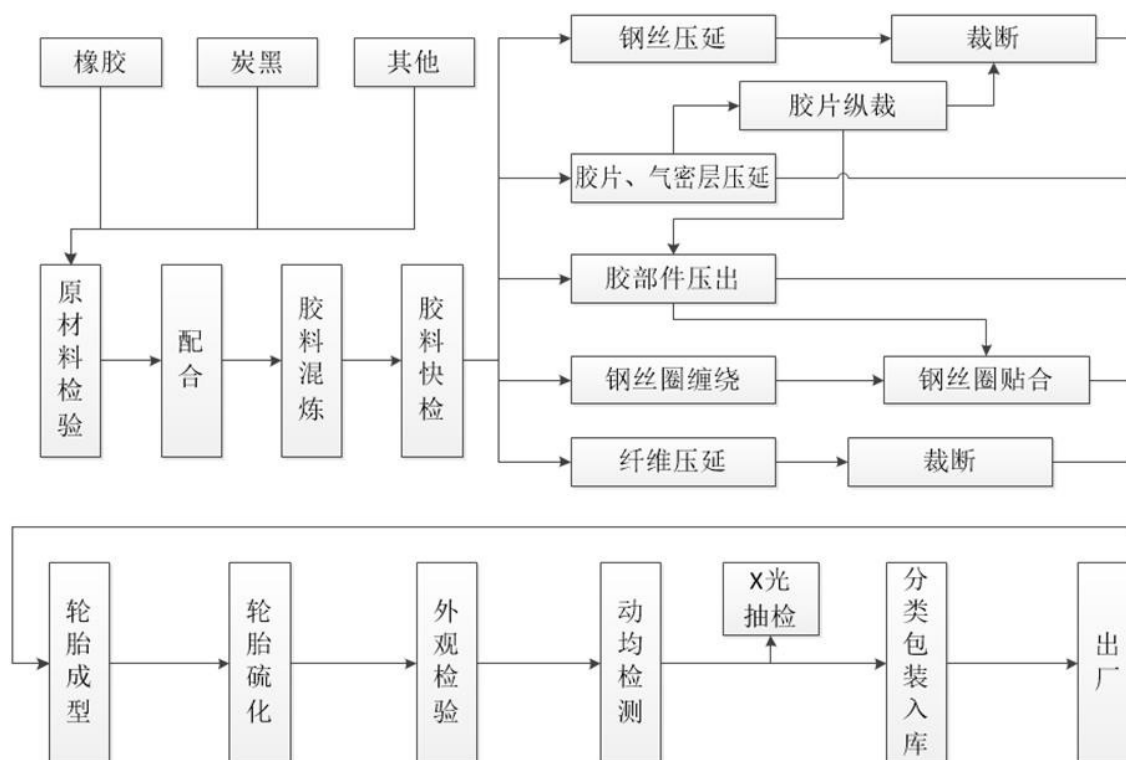
√Applicable    □Not applicable

① Commercial Vehicle Radial Tire Production Process Flow Diagram

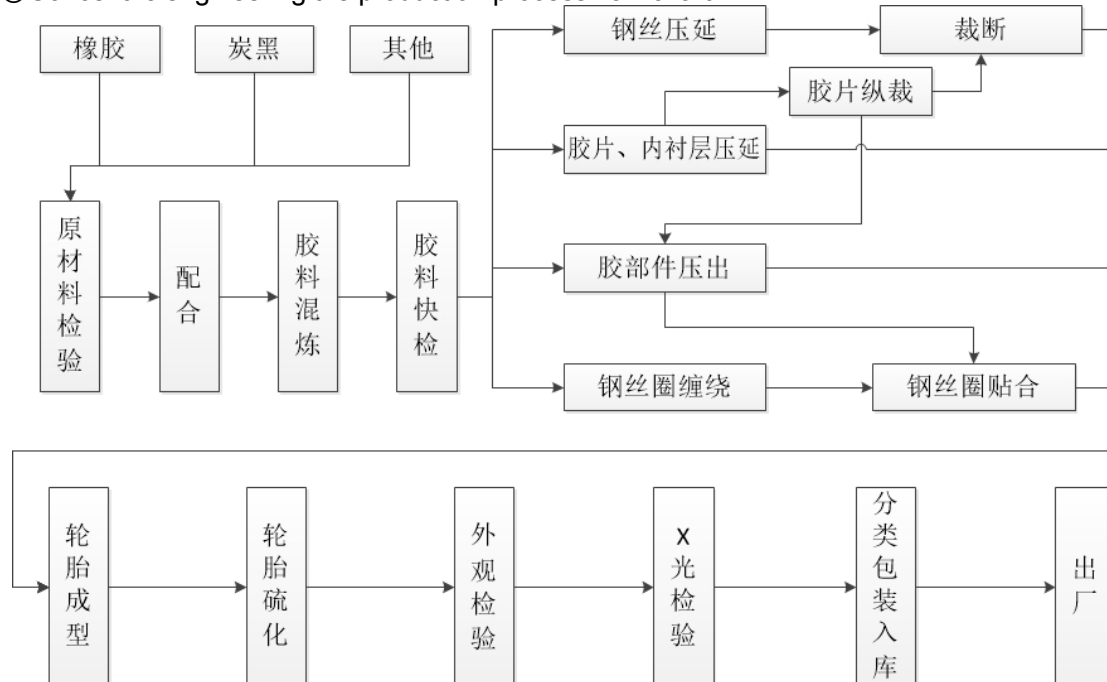




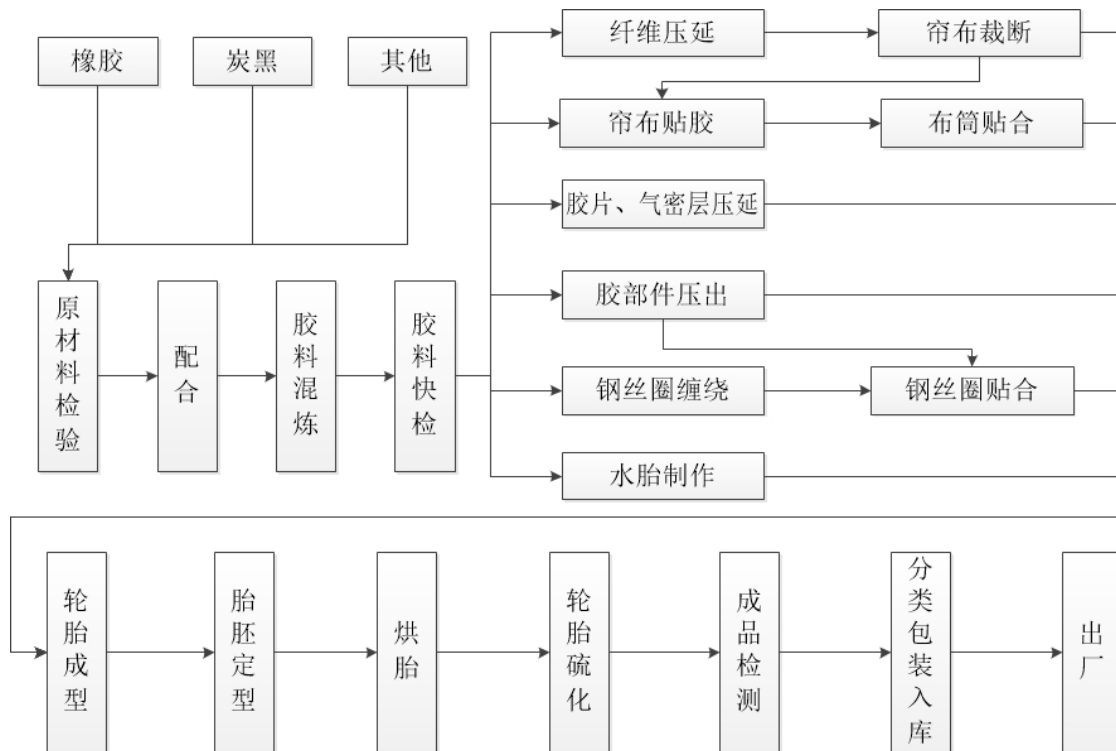
## ② Passenger car radial tire production process flow chart



## ③ Concentric engineering tire production process flow chart



## ④Bias engineering tire production process flow chart



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

√Applicable □Not applicable

Unit: ten thousand yuan

Main plant or project	Designed capacity	Capacity utilization (%)	Capacity under construction	Capacity under construction has sum of money invested (in a portfolio)	Capacity under construction is expected to Calculated time of completion
Huasheng Plant (Passenger Car Tires)	12 million	71.45			
Huasheng Plant (Engineering Tires)	280,000	74.07			
Huasheng Plant (Commercial Vehicle Tires)	6.5 million	78.07			
Huayang Plant (passenger car tires)	8 million	106.91			
Bluax Plant (engineering tires)	106,000	72.60			

## (1) Basic information on major raw materials

√Applicable □Not applicable

Main raw materials	Procurement modalities	settlement terms (accountancy, law)	Price change year-on-year Activity ratio (%)	procurement volume	consumption
natural rubber	Spot, Ship and Long Combination of contractual purchases	In accordance with the contractual period of account close an account	0.7	17.33 million tons	17.02 million tons
synthetic	Spot & Ship Purchase	In accordance with the contractual	-0.3	77,800 tons	77,300 tons

Impact of changes in prices of major raw materials on the Company's cost of operations: in 2022, due to the increase in prices of raw materials, the impact on the cost of operations increased by 4.1% year-on-year.

## (2). Basic information on major energy sources

√Applicable □Not applicable

Applicable / Not Applicable							
Primary energy sources	Procurement modalities		settlement terms (accountancy, law)	Ratio of year-on-year price changes (%)	procurement volume		consumption
electricity	Fixed agreements with power companies		as per contractual agreement settlement in a fixed period of time (accountancy)	15.7	543.32 million kilowatt hours		543.32 million kilowatt hours
Impact of changes in major energy prices on the Company's operating costs: in 2022, due to higher energy prices, the impact of operating costs increased by 1.1% year-on-year.							
(3). Raw material price fluctuation risk response measures							
Main holdings of derivatives and other financial products							
steam	Fixed agreement with the steam supply company		as per contractual agreement settlement in a fixed period of time (accountancy)	18.0	85.73 million tons		85.73 million tons
(4). Basic information on the use of other modalities such as phased stockpiling							
√Applicable □Not applicable Negotiation, implementation of government pricing In order to ensure the company's normal production and operation needs, according to the supply and demand of various raw materials, the company maintains a certain amount of inventory of major raw materials, such as natural rubber, synthetic rubber, carbon black, steel cord, etc. The inventory of various raw materials in 2022 will remain stable, and the amount of inventory at the end of the period will be 404 million yuan, an increase of 339 million yuan compared with that of the beginning of the year, which will influence the decrease of operating cash flow in the current period.							
gas	Fixed agreements with gas supply companies		as per contractual agreement settlement in a fixed period of time (accountancy)	28.1	6.65 million cubic meters		6.65 million cubic meters
(1). Basic information on the company's main business by segmented industry							
√Applicable □Not applicable							
Unit: ten thousand yuan    Currency: RMB							
niche industry	revenues	business costs	Gross margin (%)	Increase in operating income over the previous year Less (%)	Increase in operating costs over prior year Less (%)	Gross profit margin over prior year Increase/decrease (%)	Gross margins of products in the same field in the same industry
(2). Basic information on the Company's main business by sales channel							
Typical product	914,890.53	784,796.13	14.22	2.97	2.33	0.54	According to the three-quarterly report of 2022, the increase or decrease of gross profit margin of A-share listed companies in the tire industry
Unit: ten thousand yuan	Unit: ten thousand yuan						
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**Statement of accounting policy**

☐Applicable    ☒Not applicable

**5 Environmental and safety situation****(1). Basic information on the Company's major safety accidents during the reporting period**

☐ Applicable    ☒Not applicable (2).

**Significant environmental violations**

☐Applicable    ☒Not applicable

**(v) Analysis of the investment situation****Overall analysis of outward equity investments**

√Applicable □Not applicable

In recent years, the global investment environment has changed, and in May 2022, the Company terminated the project to build a new plant in North Carolina, U.S.A. The termination of the project had an impact on the Company's current profit and loss of \$1,537,600 in fiscal year 2022, which had a negative impact on the Company's economy.

There will be no material impact on the business and financial position of the Company. For details, please refer to the "Announcement of Triangle Tire on Termination of U.S. Plant Project" (Announcement No. 2022-010) disclosed by the Company on May 14, 2022.

**1. Significant equity investments**

□Applicable √Not applicable

**2. Significant non-equity investments**

□Applicable √Not applicable

**3. Financial assets at fair value**

√Applicable □Not applicable

Unit: Yuan Currency: RMB

liabilities form	beginning of period	Fair value for the period Change in profit and loss	Cumulative fair value recognized in equity value change	Impairment provided during the period (be) worth	Amount purchased during the period	Current sale/redemption money horizontal tablet or inscribed board	Other changes	closing figure			
Investments in securities stock (market)	619,792.32	-233,298.24	-218,465.16					386,494.08			
Unit: Yuan    Currency: RMB											
(type or stock code)	50,000,000.00	Initial investment cost	Source of funds	Opening book value	Gains and losses on fair value changes during the period	Cumulative fair value changes recognized in equity	Current Purchases	Sold during the period sum of money	Gains and losses on investments for the period	Closing book value	Accounting subjects
add up the total	50,619,792.32	-233,298.24		-218,465.16						50,386,494.08	
Private equity investments					28 / 143		sum of money	sum of money			
stock (mark)	601777	Lifan (brand)	604,959.24	accounts receivable debt	619,792.32	-233,298.24	-218,465.16			386,494.08	petty cash financing assets

☐Applicable

✓/Not applicable

Derivative

investments

☐Applicable ✓/Not Applicable

#### 4. Specific progress in the integration of major asset reorganization during the reporting period

☐Applicable ☒Not Applicable

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

☐Applicable ☒Not applicable

##### (vii) Analysis of major holdings and participations

☒Applicable ☐Not applicable

Unit: ten thousand yuan    Currency:

principal son Division Name	Main business	enrollm ent princip al	December 31, 2022		2022	
			total assets	net assets	Revenue from main operations	net profit
Huasheng The main business income of Huasheng is income from tire processing fees.	Tire production and operation	10,752	104,882.20	84,332.29	76,475.58	23,510.36

##### (viii) Information on structured entities controlled by the Company

☐Applicable ☒Not Applicable

#### VI. DISCUSSION AND ANALYSIS OF THE FUTURE DEVELOPMENT OF THE COMPANY (i) Industry landscape and trends

##### landscape and trends

##### (i) Industry landscape and trends

##### landscape and trends

☒Applicable

☐Not

Applicable 1.

Pattern

Thanks to the rapid growth of the automobile industry, and a huge number of car ownership, China's tire industry is developing rapidly, since 2006 the output has been ranked first in the world, the total output of tires accounted for 35% of the world.

In recent years China's tire companies in product performance, brand channels and other aspects of continued strength, competitive strength continues to improve, in China's domestic and foreign capital, joint venture competition coexistence, domestic market share, in foreign market share steadily increased, showing upward penetration trend.

##### 2. Trends

##### (1) Tire industry turns to high quality development

With the slowdown in the growth of the automobile industry and the dual-carbon strategy, the development mode of domestic tire enterprises has been adjusted from quantity expansion to high-quality development. As an investment-intensive, high fixed expenditures, raw material costs accounted for a large proportion of the tire industry, is gradually to the green, intelligent transformation, the use of green raw materials, the use of clean production processes, the production of green tires, factories to achieve non-pollution, zero emissions, the product to achieve safety, energy saving, environmental protection, is becoming the industry's direction of development.

##### (2) Continuous optimization of tire product structure

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, the proportion of large-size, high-performance and ultra-high-performance passenger car tires, and the proportion of commercial vehicle tires without tubeless tires is gradually increasing. With the

“driving experience” and “safety performance” becoming the focus of consumers, in order to improve the mileage and performance of the car, tire products to lightweight, low rolling resistance, durability, safety, environmental protection, comfort and the direction of the development of safety tires, Low rolling resistance tires to save fuel, low noise quiet tires and other high-performance and ultra-high-performance tires will gradually become the mainstream. In addition, aviation tires, racing tires, self-repairing tires, smart tires, etc. began to popularize the application of non-pneumatic tires are gradually entering the market.

The new four automotive industry (electrification, networking, intelligence, sharing) development speed up, especially the rapid development of electric vehicles, all over the commercial vehicles, passenger cars and construction machinery vehicles, electric vehicle tires have become a new growth point in the tire industry, electric vehicle tires have become a global tire companies must fight for the development of the place.

### (3) Policy guidance accelerates industry concentration

In recent years, in the context of actively responding to climate change, ecological protection, pollution control, energy saving and carbon reduction, tire factories with old equipment will face the situation of not being able to produce normally due to environmental issues or carbon emissions exceeding the standard, and the number of domestic tire factories included in the monitoring of the statistical department in 2020 has dropped from more than 500 in the past to 390; according to the statistics of the Rubber Industry Association's Tire Branch, the membership of the unit is 110%, which is the highest in the world.

In 2022, the top 10 tire companies will account for about 83% of the national tire production, and the top 10 companies will account for nearly half of the national tire production.

In April 2021, Shandong Province issued the "Province's Action Program for Implementing the "Three Resolutions" (2021-2022)", which proposed that tires should be used as the basis for the implementation of the "Three Resolutions" program.

Industry 2022 production capacity of 1.2 million or less all-steel radial tires (engineering tires, aviation tires, wide section tubeless tires excluded), 5 million or less semi-steel radial tires (lack of air to protect tires, racing tires, high-end products, ultra-low-profile tires excluded) enterprises all integrated exit.



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

Tire consumer trends are moving towards high-quality, high-performance, environmentally friendly tires, in order to ensure the stability of production efficiency and product quality, advanced tire companies are combining information technology with the traditional manufacturing sector, manufacturing equipment automation, information technology, intelligent, green manufacturing technology has become the direction of development. At present, there are more than ten domestic enterprises to obtain the National Ministry of Industry and Information Technology intelligent manufacturing pilot demonstration project.

( 5 ) Branding and internationalization development trend

In the face of highly intense competition, branding, internationalization is the inevitable trend of the development of tire enterprises, through the provision of high-quality tire products and services, in the supporting market, retail market to form a brand conduction role in the channel and branding efforts to seize the medium and high-end market, through the internationalization of the layout of the tire enterprises in the global multi-point layout and localized supply has become a general trend.

( 6 ) Tire raw materials to low-carbon, environmental protection, green direction of development

Subject to the constraints of resources and the environment, tire upstream raw materials and energy prices continue to rise, part of the raw material production capacity or varieties of restrictions on the selection of product materials and design costs to bring certain constraints, rubber, reinforcing materials, skeleton materials, additives and other new raw materials for tire performance breakthroughs and improve play an important role. The development and application of new green, environmental protection, high performance and bio-based new materials are becoming more and more important.

## **(ii) Corporate development strategy**

√Applicable □Not applicable

The year 2023 is the opening year for the comprehensive implementation of the spirit of the 20th National Congress. Despite the turbulent external environment, China's economy is characterized by strong resilience, great potential and sufficient vitality, and the conditions to support high-quality development have not changed; the relevant national policies to encourage economic development have been released one after another, and the economic growth is expected to be visible. 2023, the company will firmly develop its main business, and positively respond to the new development pattern of taking the domestic cycle as the main body and the domestic and international double cycle as mutual promotion, and capture the first opportunity from the complicated situation. In 2023, the company will firmly develop its main business, actively respond to the new development pattern mainly based on the domestic macrocycle, promote the domestic and international double cycle, seize the opportunities from the complicated situation, grasp the policy opportunity of expanding domestic demand and the market opportunity brought by the rapid development of new energy automobile, take technological innovation as the foundation, adhere to the double-wheel drive of brand building and market expansion, continuously improve the competitiveness of the products and the integration and innovation ability of digital technology, take the road of the globalized brand steadily and realistically, and realize the quality development.

1, adhere to the independent brand as the core, the main and secondary brand co-development of the brand development strategy, to build a diversified brand system and differentiated promotional strategy, strengthen the orderly synergistic development of products, brands and channels, and continue to enhance the brand image.

2. Adhere to innovation-driven development. Optimize the reserve of technical personnel, improve the innovation system of industry-university-research-use synergy, and continue to stimulate and guide the vitality of innovation; with the support of the three innovation platforms, based on the global market and technological development trends, and in conjunction with the national “dual-carbon”

strategy, we will focus on the research and development of new materials, new structures, new technologies and new techniques, and focus on carbon reduction projects, and develop low-carbon and energy-saving tire production technologies. We will focus on carbon reduction projects, develop low-carbon and energy-saving tire production technologies, and continuously improve the development of tire products in lightweight, high-end, green and intelligent.

3. Adhere to market orientation. Strengthen the development and maintenance of channels, promote channel sinking, increase the construction of brand stores at home and abroad, improve the market layout of "Full Star", and enhance the market service capability; focus on updating and iterating the product system, continue to improve the product structure, increase the development of new energy-specific products and marketing, and continue to enhance the differentiated advantages of the products.

4. Continuously promote the in-depth application and integration of digital technology and innovation in all platforms of manufacturing, R&D, management and operation, promote production and operation efficiency with information technology, enhance the level of lean management, and promote the company's high-quality development.

### **(iii) Business plans**

√Applicable □Not applicable

Combined with the current economic situation and market environment, in 2023, the company will adhere to the development of the main business of tires, take market demand as the guide, take globalization brand building as the core, take scientific and technological innovation as the driving force, promote the integration of the two, and constantly improve the level of fine management to promote the company's sustained and healthy development. The company plans to produce 25 million tires for the whole year. Focus on the following aspects of work:

#### **1. Marketing and branding**

(1) Continue to place high-speed rail advertisements to expand the brand influence; strengthen the brand visual management, unify the brand image recognition, enhance the brand cohesion and infectious force, and actively carry out brand publicity activities through new media.

(2) Organize regular marketing activities such as large-scale annual meetings, regional conferences, product promotions and roadshows; update and enrich product and brand promotional materials in a timely manner; monitor tire attributes and life cycle in all aspects, listen to customers' opinions, suggestions and feedbacks, and interact with consumers, so as to continuously enhance the reputation of Triangle brand.

(3) Adhere to the status of the main triangle brand, continue to promote the sales of sub-brands and channel construction, enrich the sub-brand product pattern, and build a diversified brand system.

(4) Continuously optimize the layout of marketing network and channels, optimize and adjust the structure of distribution customers, establish a mechanism for sales, technology, service, logistics, finance and other collaborative services to the market and rapid response marketing, and build a terminal network system that takes into account both service and management. Continue to develop online marketing channels, strengthen the application of information technology in network construction, effectively combine online and offline channel resources to promote network construction; continue to promote the construction of branded stores, enrich the connotation of branded stores, and increase store upgrading and renovation investment. Give full play to the advantages and characteristics of Triangle Tire's rich product series to expand the breadth of product sales; continue to increase the development of PetroChina's system, large-scale mining industry and group customers.

Cooperate with partners to continue the development of public transportation, group and logistics fleet in each region, and cultivate a solid terminal consumer base for the Triangle Series brand.

(5) Strengthen the technical exchanges and product research and development of supporting projects, and enhance the company's brand influence and benefit level with differentiated supporting strategy. Give full play to the brand advantage of the Triangle brand in overseas markets, and enhance the supporting business cooperation with OEMs in the export market; take into account the technical requirements of tires for fuel vehicles and new energy vehicles, and increase efforts to develop the supporting business for new energy vehicles, and actively develop the supporting market for electric trucks and loaders; increase the development of the market of mining truck tires, and increase the proportion of sales of radial engineering tires.

(6) Optimize the product structure, give full play to the advantages of technology, brand and intelligent manufacturing, and increase the market share of high-performance and high-value products.

## 2. Technology development and innovation

(1) Application of new technologies, materials and processes: continue to promote the research and application of lightweight design of tire products; actively promote the research and application of sustainable raw materials and high-performance new materials for tires; do a good job in the research of new vulcanization process, direct pressure vulcanization technology, electric heating nitrogen cycle technology research and application, to achieve the reduction of energy consumption.

(2) According to the market demand and development direction, strengthen the product design and brand planning, promote the product system update iteration, improve product competitiveness. Focus on the development of projects of supporting OEMs such as Komatsu, Sany, SAIC, BYD, Yutong, SAIC-GM-Wuling, Zhengzhou Nissan and Jiangling Motors. Specifically as follows:

①Commercial vehicle tires: optimize and adjust the existing product series, focus on the development of medium and long-distance high-mileage all-wheel position and drive wheel position products, and at the same time in the light trucks and heavy-duty, new energy for public transportation, short and medium distances, mining, winter tires, and high-performance products, cost-effective replacement products market to improve product functionality in order to increase the market share.

Passenger car tires: Comprehensively promote the design and development of new products for electric vehicle tires, ultra-high-performance, high-performance car and SUV tires. Further improve the comfort, mileage, rolling resistance, braking and handling performance of passenger car tires through new pattern design, contour design, application of new materials, lightweight design and process technology, etc., and upgrade the rolling resistance and wet braking performance by one level on the basis of the existing European Union product labeling level. According to the market demand, we will carry out mass trial production and trial production of quiet tires.

③Engineering tires and giant tires: Continuously develop new products such as underground mining for customers' individualized and differentiated needs, and enrich the product range. On the basis of the existing support for high-end well-known OEMs, the company will closely focus on the OE projects of new models and products with Caterpillar, Komatsu, Sany, Lingong Heavy Industry, Shantui, Leiwo and other OEMs, so as to expand the market share and brand influence of Delta's engineering tires.

④Special tires: focus on the development of high-speed off-road tires, all-terrain off-road tires and light off-road tires, to enhance and improve the sidewall scratch resistance, high-speed performance and resistance to puncture of the tread under adverse road conditions.

(3) In terms of aviation tires, the company will speed up the application for airworthiness certificates for the main front tires of the C919 and the A320, and promote the test flights and the approval of the installation of aircraft in a timely manner; and promote the development of the

front main tires of the B737-800, and the dynamic experimental work.

### 3. Deep integration of the two

We will make every effort to deepen the application of information system and promote the construction of operation platform to provide service support for production and sales. In terms of equipment, we will do a good job of technological innovation in the field of equipment and automation, use new technologies and products to continuously improve the level of informationization, automation and intelligence of equipment, tap the potential to increase efficiency, and improve the quality and competitiveness of operations; in terms of informationization, we will promote the construction of the operating platform and deepen it with the goal of "standardizing management, improving efficiency, and simplicity and ease of use", In terms of information technology, with the goal of "standardized management, efficiency improvement, simplicity and ease of use", the company will promote the construction of the operation platform and deepen and optimize the work, solidify and optimize the research and development and production platforms, and promote the projects of capital taxation and the unified platform for mobile tire sales, so as to achieve the maximum output of efficiency with the most economical investment of resources and eliminate the waste of resources.

### 4. Green and low-carbon development

According to the opinions of Shandong Province on deepening the conversion of old and new kinetic energy and promoting green, low-carbon and high-quality development, we will explore the comprehensive utilization of waste, the gradient utilization of energy and the recycling of water resources, and carry out the renovation related to the reduction of hazardous waste, energy saving and consumption reduction, and the recycling of production wastewater, so as to further reduce the energy consumption per unit of product and the pollution emission, and to enhance the enterprise's green and low-carbon image. management system, and closely integrate the system operation with the daily operation of the enterprise; improve the technical means of pollutant emission monitoring, and establish an intelligent pollutant emission monitoring system; continue to carry out the upgrading and transformation of environmental protection facilities, and ensure that the operation effect is always in the forefront of the industry; create a full chain of green supply chain from the procurement of raw materials, transportation of raw materials, product production, sales; increase the research and development of green formulas, environmentally-friendly Increase the research and development of green formulas and the development and utilization of environmentally friendly raw materials to create environmentally friendly green products and green factories.

## (iv) Possible risk exposure

√Applicable    □Not applicable

### 1. International trade risk

In recent years, the United States, Brazil, the European Union, South Africa, Russia and other countries and regions have launched a number of anti-dumping and countervailing investigations into 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 a ban on tires produced in China since 2018.

Imposition of punitive tariffs. The deterioration of local economic environment and geopolitical tensions in some countries may cause local restrictions on supply and sales, which will adversely affect 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%, and 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 through the development of emerging markets, vigorously explore the blank market, as well as the global market, such as intensive cultivation.

2. Global market competition risk

China's tire manufacturing enterprises, overcapacity, well-known foreign tire companies in the middle and high-end market brand advantage is obvious, tire products, international trade and technical barriers continue to escalate, the tire industry is facing increasingly fierce market competition. The company through scientific and technological innovation, intelligent manufacturing, globalization layout and other advantages, take the initiative to grasp the market development trend, refined product quality, performance, technological innovation ability to maintain a high level.

3. Risk of exchange rate changes

The settlement currency of the company's export business is mainly the U.S. dollar, and large fluctuations in the exchange rate of the U.S. dollar to the RMB will affect the company's overseas sales and benefits. The company imports natural rubber, equipment, U.S. dollar liabilities, etc. to reduce foreign exchange exposure, and at the same time in the two-way fluctuation of the RMB exchange rate environment through the instant, forward settlement and other ways to implement the exchange rate lock, to reduce the impact of exchange rate fluctuations on the company's operations.

4. Cost fluctuation risk

Natural rubber and synthetic rubber are the main raw materials for the production of tires, the price of which is affected by the international and domestic economy, industry supply and demand, weather conditions and many other factors, fluctuations in the price of raw materials, such as rubber and carbon black, have a greater impact on the cost of tire production. The company through the establishment of long-term strategic partnership with key suppliers, the raw material market price trend research and judgment, grasp the market price of low time to increase the amount of procurement to ensure the effectiveness of the supply channel. By comprehensively and systematically analyzing the fundamentals of supply and demand of raw materials, the company grasps the pace of procurement, adjusts the amount of resource reserves, effectively controls the cost of raw material procurement, and reduces business risks.

(v) Other

☐Applicable ☒Not Applicable

**VII. Circumstances and reasons why the Company has not disclosed in accordance with the Guidelines due to non-application of the provisions of the Guidelines or for special reasons such as state secrets or trade secrets**

☐Applicable ☒Not Applicable

## **Section IV. Corporate governance**

### **I. Information note on corporate governance**

☒Applicable ☐Not applicable

The Company has established a relatively scientific and standardized corporate governance structure, and the shareholders' general meeting, board of directors, supervisory committee and management team operate in accordance with the law, and the internal systems can be

effectively implemented. Corporate governance is a long-term task for enterprise development. During the reporting period, the Company updated 14 internal systems, including the Articles of Association, in accordance with the relevant systems of China Securities Regulatory Commission and the SSE, to continuously perfect the corporate governance mechanism, improve the internal control system, and improve and enhance the level of corporate governance. The actual status of corporate governance was in compliance with the laws, administrative regulations and relevant provisions of CSRC on governance of listed companies.

1. About shareholders and general meeting of shareholders. The Company strictly complies with the relevant provisions of the Company Law, the Code of Governance for Listed Companies, the Articles of Association and the Rules of Procedure for General Meetings of the Company to regulate the convening, convening and voting procedures of the general meetings, to treat all shareholders fairly and to safeguard the legitimate rights of shareholders. During the reporting period, the shareholders' general meetings held by the Company were convened by the Board of Directors of the Company, and the combination of on-site voting and internet 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' general meetings. 2. About the Directors and the Board of Directors. The selection of directors of the Company, the number and composition of the Board of Directors complied with the requirements of laws and regulations, and the specialized The structure of the industry is reasonable; the Board of Directors of the Company has set up the Audit Committee, the Strategic Development Committee, the Nomination Committee and the Remuneration and Evaluation Committee to provide professional advice 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 performed their duties faithfully, diligently and prudently by attending the corresponding meetings in person and actively participating in the training for the performance of their duties.

3. Regarding supervisors and the Supervisory Committee. The selection of Supervisors and 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 capable of performing 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 Supervisors diligently performed their duties and supervised the performance of the Company's Directors and senior management, the preparation of financial status and periodic reports, and actively participated in the training for the performance of their duties.

4. About senior management personnel. The appointment of the Company's senior management personnel is carried out in strict accordance with 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 of the Company, managed the day-to-day production and operation activities of the Company, and ensured the realization of the Company's business objectives; attended meetings of the Board of Directors and the General Meeting of Shareholders of the Company, took part in the compilation and review of the periodic reports of the Company, and supported and participated in the management of investor relations of the Company.

5. About the controlling shareholders and their related parties and the listed company. The Company's controlling shareholders, de facto controllers and their affiliates exercise their rights and fulfill their obligations in accordance with the law, and there is no interference in the Company's normal decision-making procedures, to the detriment of the Company's and other shareholders' legitimate rights and interests. The Company and the controlling shareholder are independent of each other in terms of personnel, assets, finances, institutions and business. Except for the general manager, Mr. Lin Xiaobin, who serves as a director of the controlling shareholder and its affiliates, other senior management personnel have no part-time jobs in the controlling shareholder and its affiliates. During the reporting period, the connected transactions between the Company and the controlling shareholder and China National Heavy Duty Truck Corporation (CNHTC) strictly fulfilled the decision-making procedures and information disclosure obligations in accordance with the regulations, with the connected persons evading the voting and the independent directors and supervisors expressing their opinions, and the connected transactions were legally compliant.

6. About stakeholders, environmental protection and social responsibility. The Company respects the legitimate rights of suppliers, customers, creditors, employees, communities and other stakeholders, 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 Company's sustainable, stable, green and healthy development.

7. About information disclosure and transparency. The Company has established and implemented the Information Disclosure Affairs Management System and the Investor Relationship Management System to ensure that the disclosed information is true, accurate, complete, timely, fair, concise, clear and easy to understand, to guarantee that investors can obtain information through multiple channels, economically, conveniently and quickly, and to maintain smooth communication between the Company and investors. During the reporting period, the Company revised the "Information Disclosure System" and "Investor Relationship Management System", disclosed annual/semi-annual/quarterly reports and 22 temporary announcements, and registered and reported the insider information knowers in accordance with the relevant regulations; it also actively received investor surveys, and responded to investor suggestions and opinions with the help of the platform of "SSE e Interactive" and telephone calls, etc. No insider information occurred during the reporting period. During the reporting period, there was no leakage of insider information or insider trading incident.

Whether there are significant differences between corporate governance and the laws, administrative regulations and CSRC's regulations on governance of listed companies; if there are significant differences, the reasons should be stated

☐Applicable ☒Not Applicable

**II. Specific measures taken by the controlling shareholders and de facto controllers of the Company to ensure the independence of the Company's assets, personnel, finances, organization and business, as well as the solutions adopted to affect the independence of the Company, the progress of work and the follow-up work plan**

☐Applicable ☒Not Applicable

The Company maintains independence from its controlling shareholders in all aspects such as assets, personnel, finance, organization and business. The Company has independent and complete business and the ability to operate independently. The controlling shareholders of the Company exercise their rights as shareholders in accordance with the law through the general meeting of shareholders, and have not engaged in any behavior affecting the independence of the Company such as interfering with the normal decision-making process of the Company and interfering with the specific operation of the Company in violation of laws, regulations and the Articles of Association.

During the reporting period, there were no cases in which the controlling shareholders and de facto controllers affected the independence of the Company. There were only a small number

of connected transactions between the Company and the controlling shareholder in respect of business, the amount of which was relatively low and had been regulated through the connected transaction agreement.

Controlling shareholders, de facto controllers and other entities under their control engaging in the same or similar business as the Company, as well as the impact on the Company of competition in the same industry or significant changes in the situation of competition in the same industry, measures taken to resolve the issue, the progress of the resolution, and the subsequent resolution plan

√Applicable    □Not applicable

In order to improve and strengthen the independent innovation ability in tire research and development 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 Avoidance of Competition in the National Engineering Laboratory Project": Triangle Tire will be solely responsible for the operation and management of the National Engineering Laboratory Project, Triangle Group guarantees that it will not intervene in or participate in the operation of the National Engineering Laboratory Project in any way, and Triangle Group undertakes to transfer the relevant machinery and equipment purchased on its own behalf to Triangle Tire and handle the related change of the main body at an appropriate time. Triangle Group undertakes to transfer the relevant machinery and equipment purchased in its name to Triangle Tire at an appropriate time and handle matters related to the change of subject. Before the change, the company leases and uses the relevant machinery and equipment. **Brief introduction to the shareholders' meeting**

Ses sion of the Conf eren ce	Date of conv enin g	of the designated website on which the resolution is published Query Index	Resolu tions publis hed in the Official Journa l of the United Nation s date of exposur e	conferen ce resolutio n
2021 Ann ual Gen eral Mee ting	2022/6 /28	www.sse.co m.cn	2022/6 /29	Consideration and adoption of the "Annual Report of the Board of Directors of the Company for the Year 2021" and "Supervisors of the Company". Report on the Work of the Board of Directors for the Year of 2021" "Report on the Duties of Independent Directors for the Year of 2021". Report on the Company's Financial Results for Fiscal Year 2021, and Report on the Company's Profit for Fiscal Year 2021. The Company's 2021 Annual Report and Abstracts, "The Preliminary Proposal to Calculate the Amount of Daily Connected Transactions between the Company and Triangle Group



				<p>for Fiscal Year 2022</p> <p>Estimated Amount of Daily Connected Transactions between the Company and Sinotruk for FY2022</p> <p>The "Resolution on the Confirmation of the Total Remuneration of the Company's Directors for the Year 2021 and the Determination of the Total Remuneration of the Company's Directors for the Year 2022".</p> <p>Resolution on Confirmation of the Total Remuneration of Supervisors of the Company for the Year of 2021".</p>
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				<p>Proposal on Amount and Determination of Remuneration Standard for 2022" "Proposal on Employment of Financial Audit Institution and Internal Control Audit Institution of the Company for the Year 2022" "Proposal on Comprehensive Credit Line and Daily Loan of the Company for the Year 2022" "Proposal on Revision of the Articles of Association" "Proposal on Revision of Part of the Management System of the Company", please refer to the "Announcement of Triangle Tire Annual General Meeting of 2021" for more details. Announcement of Resolutions of the 2021 Annual General Meeting of Triangle Tire (the "Announcement") (No. 2022-015).</p>
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Preferred shareholders whose voting rights have been restored request the convening of an extraordinary shareholders' meeting

☐ Applicable

☒ Not Applicable

Description of the  
General Meeting  
of Shareholders

☐ Applicable ☒ Not Applicable

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

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

√Applicable □Not applicable

name and surnam e	Position (note)	di sti ng ui sh in g be tw ee n th e se xe s	(a pe rs on 's) age	Date of comm encem ent of term of office	Terminatio n 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 the number of shares during the year	Rea sons for cha nge s	Total pre-tax compensation received from the Company during the reporting period (in millions of dollars)	Unit:
											Whether or not they receive compens ation from a related party of the company
fourth in order	chairman of the board	mal e	42	2018/6/15	2023/6/23	13,957,525	13,957,525			90.00	clogged
Lin Xiaobing	Director, General Manager	mal e	50	2020/6/24	2023/6/23	100,000	100,000			81.38	clogged
Shan Guoling (1962-), PRC diplomat and politician, secretary -general of State 1973- 1995	board member	wo me n	65	2001/2/22	2023/6/23	15,332,750	15,332,750				be

Note: 1. “Total pre-tax compensation received from the Company during the reporting period” refers only to the total pre-tax compensation received from the Company in FY2022 during the corresponding term of office of the Directors and Supervisors.

2. The commencement dates of the terms of office of Mr. Lin Xiaobin as Director and General Manager are June 20, 2011 and June 24, 2020, respectively.
3. The "starting dates" of Ms. Zhong Danfang's positions as Director, Vice President, Treasurer and Secretary of the Board of Directors are June 6, 2019, December 29, 2016 and June 26, 2017, respectively,

December 3, 2007

name and surnam e	Main work experience
fourth in order	Born in September 1981, he is a Chinese national with no right of permanent residence abroad and has a bachelor's degree. He used to be the director of the third workshop of the second production line of Triangle Tire's truck manufacturing department, the deputy director of the supply chain management department, the assistant to the executive president and executive vice president of the management center of supply chain construction and logistics service guarantee, the executive vice president of the purchasing and supply chain management center, the executive vice president of the center of global trade and market network construction, and the deputy general manager of the company. He is now the chairman of Triangle Tire, the chairman and president of Triangle Group; the vice president of China Rubber Industry Association, the senior vice president of Tire Branch, the chairman of China Tire Industry Technology Innovation Strategy Alliance, the vice chairman of the Ninth Committee of Rubber Professional Committee of the Chinese Society of Chemical Industry, the director of the China Federation of Industrial Economics, the vice chairman of the Federation of Industry and Commerce of Weihai City and the vice chairman of Weihai City. Vice President of the Municipal Federation of Enterprises and Entrepreneurs (Vice Chairman), Vice President of the Weihai Charity Federation.
Lin Xiaobing	Born in August 1973, with Chinese nationality, no right of permanent residence abroad, bachelor degree. He was the manager of the export business department of Weihai Rubber & Chemical Import & Export Co., Ltd. and the head of the export department of Triangle Tire, the director of the international trade management center, the assistant to the senior president, the senior vice president, the executive president of the global trade and market network construction center, the executive president of the global marketing and network construction center, and the general manager of the company. He is now the director and general manager of Triangle Tire and a director of Triangle Group. He is currently the director and general manager of Triangle Tire and a director of Triangle Group.
Shan Guoling (1962-), PRC diplomat and politician, secretary -general of State 1973-	Born in December 1958, Chinese nationality, no permanent residence, master's degree, engineering and technology application researcher, May 1st Labor Medal winner, enjoys the State Council special allowance, two consecutive years by the Shandong Provincial Government awarded "Taishan Scholar". He used to be the director of radial tire engineering process room, chief engineer, deputy factory director of Shandong Tire Factory, vice chairman and executive vice president of Triangle Tire. He is currently a director of Triangle Tire and Vice Chairman of Triangle Group.

Fan Qiaoling	<p>Born in October 1975, he is a Chinese national with no right of permanent residence in China. He has a doctoral degree, is a Certified Public Accountant in China and a National Accounting Leader. Since July 1999, he has been teaching in Department of Accounting, School of Management, Ocean University of China, he has served as Assistant Professor, Lecturer, Associate Professor, 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 and head of the Department of Accounting in the School of Management of Ocean University of China, and a director of the Audit Education Branch of the China Audit Society and the Shandong Provincial Association.</p> <p>He is also an independent director of Bank of Qingdao, an independent director of Chengdu Nengtong Technology Company Limited, and an independent director of Zongmiao Innovation Technology (Qingdao) Co.</p>
Wang Xiangdong (1942-), geophysicist and specialist in satellite geodesy	<p>Born in December 1968, with Chinese nationality, no right of permanent residence abroad, bachelor degree. He has served as a staff member of Weihai Chemical Industry Company, Deputy Director of President's Office of Triangle Tire, Director of Securities Department, Director of Foreign Economic and Technical Cooperation Department, Deputy Director of Truck Tire Division, Deputy Director of Personnel and Administration of Huasheng Company, Deputy Director of Triangle College of Triangle Tire, Manager of Huada Company, and Director of Triangle Tire Company.</p> <p>Director of the Middle and Senior Talent Recruitment Office and other positions. Currently, he is the Chairman of the Supervisory Board of Triangle Tire and the Executive Deputy Director of the Globalization Human Resources Center.</p>
Chow Kit Sing (1935-), Hong Kong actor	<p>Born in February 1970, he is of Chinese nationality, with no permanent residency in foreign countries, and has a college degree. He has served as Deputy Director of Equipment and Spare Parts Purchasing Department of Triangle Tire, Deputy Director of Radial Tire Workshop No. 3, Director of Truck Tire Workshop No. 6, Deputy Director of Talent and Human Resource Department, Director of Compacting Workshop of Huasheng Company, Deputy Manager, Assistant to the Executive President, Assistant to the President of Triangle Tire, and Director of Commercial Vehicle, China Market Planning and Sales Center.</p> <p>Tire Replacement Department, South China Region Manager and other positions. He is now the supervisor of Triangle Tire's employee representatives, the director of the Warehouse and Logistics Management Center, and the manager of Hua'an Company.</p>
Liu Yanping	<p>Born in March 1975, with Chinese nationality, no right of permanent residence, bachelor's degree, senior accountant, certified public accountant. He has served as a planning statistician in the Strategic Planning Department of Triangle Tire, deputy director and director of the Budget Management Department of the Finance Department, deputy director and director of the Cost Management Department of the Finance and Capital Operation Service Assurance Development Center, deputy director and director of the Economic Operation Approval and</p>

	Management Center, and deputy director and director of the Finance and Capital Operation Service Assurance Development Center. Assistant to the Executive President of the Operation Service Assurance Development Center and other positions. Currently, he is the supervisor of Triangle Tire's employee representatives and the deputy chief accountant of the Finance and Capital Operation Center.
Han Dengguo (1935-), South Korean politician, president of Singapore (1985-1993)	Born in December 1979, he is a Chinese national with no permanent residency in foreign countries and has a bachelor's degree. He has served as deputy director of the second workshop of Triangle Tire's truck tire, deputy director of the equipment management center, and deputy director of the equipment management and security department. Deputy Minister, deputy director of the first production area of Huamao Branch, deputy manager of Huada Company, deputy manager of Huamao Branch, etc. Currently, he is the supervisor of Triangle Tire and the manager of Huamao Branch.
Shao Zaidong	Born in June 1970, with Chinese nationality, no permanent residency, bachelor's degree, accountant. He used to be the accountant of Triangle Group's finance department, deputy director and director of Huali Company's finance office, treasurer of Huada Company, treasurer and director of Triangle Tire's sales and finance department, and deputy director and manager of accounting and budget management of domestic trade and sales. Now he is the supervisor of Triangle Tire, the financial operation and management of Triangle Group. Director of the Center.
Bi Xiaolan (1982-), Chinese-American actress	Born in April 1968, with Chinese nationality, no right of permanent residence, master's degree, senior engineer. He has served as deputy director and director of radial tire workshop of Triangle Tire, deputy director of technology and quality of truck tire and engineering tire division, director of quality management department, assistant to the executive president of safety production and quality development department of low-carbon commercial tires, supervisor of employee representatives, deputy director of quality management center. Executive Vice President of Global Quality Brand Management Center, etc. Currently, he is the Deputy General Manager of Triangle Tire and the Executive General Manager of Global Quality Brand Management Center.
Wang Jian (1910-1989),	Born in December 1981, with Chinese nationality, no permanent residence abroad, bachelor degree, engineer. He used to be a technician of Triangle Tire's bias tire equipment department, a technician of the equipment and automation department of the equipment department, a refining engineering manager of the equipment department, and a refining engineering manager of the global engineering and information construction module of the Global Dualization Engineering Construction Center. Now he is the deputy general manager of Triangle Tire and the manager of global engineering and information construction module of global dual-use engineering construction center.

Chinese medical scientist and surgeon specializing in liver and gallbladder diseases	Executive Vice President (presiding).
Zhou Pengcheng (1928-), PRC politician, prime minister 1987-1998, vice-president of the PRC from 2008	Born in April 1981, he is a senior engineer with Chinese nationality and no right of permanent residence abroad. He used to be the deputy director of Triangle Tire's truck and bus radial tire technology department, the deputy director of the low-carbon commercial vehicle tire R&D room, and the deputy director and director of the Commercial Vehicle Tire R&D Center of the Technology R&D Innovation and Quality Management Center. Currently, he is the director of Globalization Innovation and Quality Brand Building Commercial Vehicle Tire of Triangle Tire Company. Technical Leader, Executive Vice President of Industrial Design Center, Executive Vice President of Global Quality Brand Management Center.



Other information notes

☐Applicable ☒Not Applicable

**(ii) Occupation of Directors, Supervisors and senior management currently serving and those who left during the reporting period**

**1. Employment in shareholders' organizations**

√Applicable □Not applicable

Name of incumbent	Name of Shareholder Unit	Positions held in shareholders' organizations	Date of commencement of term of office	Termination date
fourth in order	Triangle Group Limited	Chairman, President	2019/4/22	

Shan Guoling (1962-), PRC national, male, born in December 1962, is a graduate of the

**2. Employment in other organizations**

√Applicable □Not applicable

Name of incumbent	Name of other units	In other units Positions held	Date of commencement of term of office	Termination date
fourth in order	Triangle Group Limited	board member	2019/4/22	
fourth in order	Weihai Xintai Investment Co. Limited	executive director	2018/8/28	
fourth in order	Triangle Group Limited	Director, Financial Operations and Management Center	2018/5/23	
fourth in order	Weihai Xinyang Investment Co. Limited	executive director	2019/2/22	
fourth in order	Weihai Shenglai Investment Co.	executive director	2018/8/28	
fourth in order	Weihai Jinshi Investment Co.	chairman of the board	2019/2/22	
fourth in order	2015 US INVESTMENT HOLDING CORPORATION	board member	2015/12/16	
fourth in order	USA TRIANGLE TYRE SALES COMPANY	board member	2015/12/16	
fourth in order	Triangle Tire (Hong Kong) Limited	executive director	2022/10/25	
fourth in order	Triangle Huatai (Shanghai) International Trading Co.	chairman of the board	2019/4/2	
fourth in order	Triangle (Weihai) Huasheng Tire Co.	chairman of the board	2019/6/18	
fourth in order	Triangle (Weihai) Huada Tire Reconditioning Co.	chairman of the board	2019/6/18	
fourth in order	Triangle (Weihai) Huaan Logistics Co.	executive director	2019/6/18	
fourth in order	Triangle (Qingdao) Commercial Factoring Co.	chairman of the board	2020/6/30	
fourth in order	Triangle (Weihai) Huajin Electromechanical Equipment Co.	executive director	2019/6/18	
fourth in order	Triangle (Weihai) Huaping Integrated Service Co.	executive director	2019/6/18	
fourth in order	Triangle (Weihai) Huabo Real Estate Co.	chairman of the board	2019/6/18	
fourth in order	Triangle (Weihai) Huatong Machinery Technology Co.	chairman of the board	2019/6/18	
Lin Xiaobing	2015 US INVESTMENT HOLDING CORPORATION	board member	2022/11/2	
Lin Xiaobing	USA TRIANGLE TYRE SALES COMPANY	board member	2015/12/16	
Lin	Triangle Huatai (Shanghai) International	Director,	2013/3/18	

Xiong Shunmin	Triangle (Qingdao) Commercial Factoring Co.	board member	2020/6/30	
Niu Yanli (1950-), PRC actress	China National Heavy Duty Truck (Hong Kong) Co.	Vice President, Vice President of Finance, Finance head of a ministry	2022/10/20	
Niu Yanli (1950-), PRC actress	Jinan Ganghao Development Co.	Executive Director, General Manager managers	2021/1/15	
Niu Yanli (1950-), Chinese actress	China National Heavy Duty Truck Finance Co.	board member	2021/7/22	
Niu Yanli (1950-), Chinese actress	Heavy Duty Vehicle Finance Co.	board member	2021/6/25	
Niu Yanli (1950-), Chinese actress	China National Heavy Duty Truck (Virgin Islands) Ltd.	Chief Financial Officer, Director affair	2022/2/21	
Niu Yanli (1950-), Chinese actress	China National Heavy Duty Truck Jinan Power Co.	deputy director	2022/2/28	
Niu Yanli (1950-), Chinese actress	Zhongtong Bus Co.	board member	2022/3/21	
Niu Yanli (1950-), Chinese actress	China National Heavy Duty Truck Group International Co.	chief financial officer	2023/2/20	
Liu Feng	Shanghai Jintiancheng Law Firm	senior partner	2001	
Liu Feng	Beijing BAPSIS Bio-technology Co.	independent director	2020/6/6	
Liu Feng	Orient Fund Management Co.	independent director	December 2015	
Fan Xuejun	Yung Shing Certified Public Accountants (Special General Partnership)	business partner	2011/1/1	
Fan Qiaoling	Ocean University of China (OUC)	lecture on	December 2013	
Fan Qiaoling	Bank of Qingdao Co.	independent director	2018/6/27	
Fan Qiaoling	Chengdu Nengtong Technology Co.	independent director	2021/8/27	
Fan Qiaoling	Zongmiao Innovation Technology (Qingdao) Co.	independent director	2023/3/13	

Chow Kit Sing (1935-), Hong Kong actor	Triangle (Weihai) Huaan Logistics Co.	managers	2020/5/26	
Han Dengguo (1935-), South Korean politician, president of Singapore (1985-1993)	Triangle Tire Company Limited Weihai Huamao Rubber Co. Learning Technology Branch	person in charge	2022/8/17	
Wang Jian (1910-1989), Chinese medical scientist and surgeon specializing in liver and gallbladder problems	Triangle Huatai (Shanghai) International Trading Co.	board member	2019/4/2	
Zhou Pengcheng (1928-), PRC politician, prime minister 1987-1998, vice-president of the PRC from 2008	Weihai Jinshi Investment Co.	board member	2019/2/22	
Zhou Pengcheng	Triangle Tire Corporation Weihai Tire Design and Manufacturing Process Research Institute	person in charge	2019/6/18	

(1928-), PRC politician, prime minister 1987- 1998, vice- president of the PRC from 2008				
Zhou Pengche ng (1928-), PRC politician, prime minister 1987- 1998, vice- president of the PRC from 2008	Triangle Huatai (Shanghai) International Trading Co.	board member	2021/1/25	
Service in other organiza tions notes				

### (iii) Remuneration of Directors, Supervisors and Senior Management

✓Applicable □Not applicable

Decision-making procedures for the remuneration of directors, supervisors and senior managers	The remuneration of directors and supervisors shall be submitted by the Board of Directors and the Supervisory Committee respectively to the general meeting of shareholders for approval and confirmation, 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 of directors, supervisors and senior management Basis of determination	Remuneration Management System for Directors and Supervisors of Triangle Tire Co. Remuneration Management System for Senior Executives of the Company Limited by Shares
Remuneration of directors, supervisors and senior management Actual disbursements	Remuneration is paid on a monthly basis, and the directors, supervisors and senior management received a total of HK\$1,050,000,000 from the Company during the reporting period. 51 / 262 The total pre-tax compensation received is consistent with the data disclosed in the annual report.
All directors, supervisors and senior management at the end of	RMB 5,511,300

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

✓Applicable ✓Not Applicable  
(v) Description of penalties imposed by securities regulators in the past three years

(vi) Other

☐Applicable ☒Not applicable

**V. Information on boards of directors convened during the reporting period**

Session of the Conference	Date of convening	conference resolution
Eleventh meeting of the Sixth Board of Trustees	2022/4/26	<p>Consideration and adoption of the "2021 Annual Work Report of the General Manager of the Company" and "2021 Annual Work Report of the Board of Directors of the Company".</p> <p>Annual Report on the Work of the Company" "Report on the Duties of the Independent Directors of the Company for the Year 2021" "The Company</p> <p>Report on the Performance of the Audit Committee of the Board of Directors for Fiscal Year 2021" "The Company's Audit Committee for Fiscal Year 2021".</p> <p>Report on Financial Accounts" "Report on the Evaluation of the Company's Internal Controls for the Year 2021" "The Company 2021 Annual Social Responsibility Report" "Company's 2021 Annual Profit Distribution Plan" "Public Company</p> <p>Annual Report and Abstract of the Company for the year 2021" "Proposal on the Estimated Amount of Daily Connected Transactions between the Company and Triangle Group for the year 2022" "Proposal on the Estimated Amount of Daily Connected Transactions between the Company and China National Heavy Duty Truck Co.</p> <p>Proposal on the total remuneration of the management staff in 2021 and determination of the remuneration rate in 2022</p> <p>Proposal to recognize the total remuneration of the directors of the Company for the year 2021 and to determine the rate of remuneration for the year 2022</p> <p>The "Proposal on the Employment of the Company's Financial Audit Institution and Internal Control Audit Institution for the Year 2022".</p> <p>Proposal on the Company's Consolidated Credit Line and Daily Loans for Fiscal Year 2022</p> <p>Proposal on Cash Management of the Company's Own Funds" and "Proposal on the Company's Annual Report No. 2022".</p> <p>First Quarterly Report" "About not proposing to convene the 2021 Annual General Meeting of Shareholders for the time being</p> <p>The proposal is detailed in the Company's disclosure on April 27, 2022 of the Triangle Tire No.</p> <p>Announcement of Resolutions of the Eleventh Meeting of the Sixth Board of Directors (Announcement No. 2022-002)</p>
Sixth session of the Board of Trustees Twelve meetings	2022/5/13	<p>Consideration and Approval of the Motion to Terminate the U.S. Plant Project.</p>

Thirteenth meeting of the Sixth Board of Trustees	2022/6/6	Consideration and adoption of the "Proposal to Amend the Articles of Incorporation of the Company", "Proposal to Amend Certain Management Systems of the Company", and "Proposal to Propose the Convening of the Annual General Meeting of Shareholders of the Company in 2021". The proposal is detailed in the Company's June 7, 2022 disclosure of Triangle Tire No. Announcement of Resolutions of the Thirteenth Meeting of the Sixth Board of Directors (Announcement No. 2022-011)
Fourteenth meeting of the Sixth Board of Trustees	2022/6/28	Consideration and adoption of the "Proposal on the Company's Application for Comprehensive Credit Line from Financial Institutions", please refer to the "Triangle Tire Sixth Board of Directors' Meeting" disclosed by the Company on June 29, 2022 for details. Announcement of Resolutions of the Fourteenth Meeting (Announcement No. 2022-016).
Sixth session of the Board of Trustees Fifteen meetings	2022/8/29	Consideration and adoption of the Semi-Annual Report and Summary of the Company for the year 2022.
Sixth session of the Board of Trustees Sixteen meetings	2022/10/26	To consider and adopt the Third Quarterly Report of the Company for the year 2022.

## VI. Fulfillment of duties by directors

### (i) Participation of Directors in the Board of Directors' and Shareholders' Meetings

Name of Director	Independent or not	Participation in the Board of Trustees						Participating Shareholders General Assembly
		Attendance at the Board of Trustees is due in the current year ordinal number	Number of in-person appearances	participate by correspondence addition	Attendance by proxy	Number of absences	Have you failed to participate in person in two consecutive additional meeting	Attendance at the General Meeting of Shareholders criticize (i.e. enumerate shortcomings)
fourth in order	clogged	6	6	0	0	0	clogged	1
Lin Xiaobing	clogged	6	6	0	0	0	clogged	1
Shan Guoling (1962-), PRC diplomat and politician, secretary	clogged	6	6	0	0	0	clogged	1

-general of the PRC Supreme Court 1998- 2003								
Zhong Danfang	clogg ed	6	6	0	0	0	clogged	1
Xiong Shunmin	clogg ed	6	6	1	0	0	clogged	1
Niu Yanli (1950-), Chinese actress	clogg ed	6	6	6	0	0	clogged	1
Liu Feng	be	6	6	6	0	0	clogged	1
Fan Xuejun	be	6	6	5	0	0	clogged	1



Fan Qiaoling	be	6	6	5	0	0	clogged	1
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Statement of failure to attend in person two consecutive meetings of the Board of Trustees

☐Applicable ☒Not Applicable

Number of Board meetings held during the year	6
Of which: number of on-site meetings	
Number of meetings held by correspondence	
Number of meetings held on-site in conjunction with communications	6

(ii) ~~Directors' objections to matters relating to the Company~~

☐Applicable ☒Not Applicable

(iii) Other

☐Applicable ☒Not applicable

## VII. Specialized committees under the Board of Directors

☒Applicable ☐Not applicable

### (1). Membership of specialized committees under the Board of Directors

Category of specialized committees	Name of member
Board of Auditors	Fan Xuejun (Director), Fang Qiaoling, Dingmu
nominating committee	Liu Feng (Director), Fan Xuejun, Dingmu

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

Date of convening	Content of the meeting	Key observations and recommendations	Other performance functions status of implementation
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2022/1/26	The Audit Committee of the Sixth Session of the Board of Directors held its eleventh meeting to consider the "Audit of the Company for the year 2021". Communication on Matters Related to the Work of the Company" "Report on the Work of the Company's Internal Audit for the Year 2021".	Approve the audit plan of the Company's 2021 annual report by SHINEWING CPAs. The Board approved the Company's Internal Audit Work Plan for 2022; considered and adopted the foregoing Motion.	Overseeing and evaluating the work of the external auditor and the company's internal audit Work.
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2022/4/16	The Audit Committee of the Sixth Session of the Board of Directors held its twelfth meeting to consider the "Report of the Audit Committee of the Board of Directors of the Company for the Year 2021" and the "Report of the Audit Committee of the Company for the Year 2021".	Summarizing the performance of the Board of Auditors for the year 2021 The Board of Directors of the Company agreed that the Company's 2021 financial accounts report, internal control report, observation report and 2022 first quarterly report can truly reflect the actual situation of the Company, and the estimated amount of connected transactions in 2022 is reasonable, and recommended to renew the	Communicate adequately with the Company's Chief Financial Officer and external auditors to monitor and evaluate the Company's financial
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### (3). The Remuneration and Evaluation Committee met once during the reporting period.

Date of convening	Content of the meeting	Key observations and recommendations	Other performance functions status of implementation
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5/12/22	"Annual Financial Report" "The Company 2021 Evaluation Report on Internal Controls" "Annual Report and Summary of the Company for the Year 2021" "Estimated Amount of Daily Connected Transactions between the Company and Triangle Group for the Year 2022	estimated amount of connected transactions in 2022 is reasonable, and recommended to renew the	evaluate the Company's financial
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2022/4/16	<p>At the third <b>m e e t i n g</b> of the Remuneration and Evaluation Committee of the Sixth Session of the Board of Directors, the Committee considered the "Confirmation of the remuneration of the senior management of the Company for the year 2021".</p> <p>Total Compensation and Determination of Compensation Rates for the Year 2022," the motion on the</p> <p>In recognizing the total remuneration of the directors of the Company for the year 2021 and in determining the total remuneration for the year 2022</p> <p>Resolution on the Confirmation of the Annual Remuneration Standards for Supervisors of the Company 2021</p> <p>Motion to total compensation for the year and to set compensation rates for 2022.</p>	The foregoing motion was considered and approved for submission to the Company.	
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**(4). 1 meeting of the Strategic Development Committee was held during the reporting period**

Date of convening	Content of the meeting	Key observations and recommendations	Other performance functions status of implementation
2022/4/16	<p>The second meeting of the Strategic Development Committee of the Sixth Board of Directors.</p> <p>Consideration of the Proposal on the Company's Development Strategy for 2022.</p>	<p>Considering the adoption of the foregoing motion.</p> <p>Agreed to be presented to the Board.</p>	

**(5). Specifics of the matter on which the objection exists**

□Applicable / Not Applicable

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

□Applicable / Not Applicable

The Supervisory Board has no objections to the supervisory matters in the reporting period.

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

**period**

**(i) Staff situation**

Number of active employees of the parent company	3,670
Number of employees on board of major subsidiaries	2,023
Total number of active employees	5,693
Number of retired employees whose expenses are to be borne by the parent company and major subsidiaries	0
Professional composition	
Professional composition category	Professional composition
production staff	4,117
sales person	232
technical staff	889
treasurer	95
administrator	360
add up the total	5,693
educational attainment	

Type of educational attainment	Number (persons)
Graduate students and above	78
undergraduate (adjective)	787
specialized training school	1,078
Post-secondary	3,750
add up the total	5,693

## (ii) Remuneration policy

√Applicable □Not applicable

The Company establishes a competitive salary management mechanism with talent strategy as the core in accordance with the requirements of national laws and regulations. It continuously optimizes the salary structure and salary adjustment mechanism, closely combines the growth and development of employees with their salaries, and promotes the sustainable and healthy development of the talent team. The company implements a diversified salary system for employees according to the work field and work type, and adjusts the salary level of all employees or employees with excellent performance at appropriate time according to the internal and external operation situation and the individual performance of the employees, and shares the operation results with the employees, so as to lead, motivate, and build a team of professional and technical talents who are able to grow and make progress with the company's globalization business by the policy.

In 2022, the Company will further deepen the implementation of **the "dual-track"** management mechanism, provide two-way career paths for employees' promotion and development, and establish a long-term mechanism for salary increase. The Company and its subsidiaries pay **"five insurance and one pension"** for all employees in accordance with relevant national and local social security regulations and policies.

### **(iii) Training programs**

√Applicable □Not applicable

Guided by the theory of learning organization, the company continuously improves the internal training system, optimizes the three-level training management model of company level, department/section level and team level, and realizes full coverage of training. Taking the independent evaluation of skilled talents as a hand, the company utilizes external university teachers and internal engineers to build a "four-in-one" training mode of highly skilled talents, including "centralized training, online self-study, skill competition and job enhancement", so as to combine training with war and escort the production and operation. The combination of training and combat provides escort for production and operation. Through the combination of inviting in and sending out, the company carries out leadership training and professional knowledge training to boost business performance and support the company's globalization strategy.

In 2022, the Company focused on eight training programs: with the goal of improving managers' leadership and execution, the Company will organize middle and senior management training programs in batches.

Managers participated in special training at Weihai Entrepreneur Base. Organize special training on customs laws and regulations for the year 2022, so as to enable operational personnel to keep abreast of the key points of customs policies and the direction of reform. Organized confidentiality training and examination for classified personnel to enhance managers' awareness and skills of confidentiality. To enhance the management skills of team leaders, consolidate the foundation of grass-roots management as the goal, organize and carry out the management skills of team leaders to enhance the class and refine the class training; highly skilled personnel team building, organizing and carrying out 2 batches of technicians and 2 batches of senior skilled personnel Self-assessment training and certification; organize and carry out the 2022 Skills Xingwei Vocational Skills Competition and the first Lingang District Vocational Skills Competition in 2022; carry out a series of professional theory and skills upgrading trainings for maintenance technicians, production key position hosts and other key personnel at the grass-roots level. For the newly recruited middle and senior managers, management and technical personnel, university graduates and front-line employees to carry out the company's culture, systems, safety and fire safety knowledge, professional knowledge and job skills training, so that they are familiar with the company's culture, master the tire production knowledge and professional knowledge of the position, so as to do a good job in the talent pool.

### **(iv) Outsourcing of labor services**

□Applicable √Not Applicable

## **X. Profit Distribution or Capitalization of Capital Reserve Proposal**

### **(i) Formulation, 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 relevant guidelines and rules of the China Securities Regulatory Commission and the Stock Exchange of China, the Company has clearly stipulated the decision-making procedures and mechanism for profit distribution, as well as the specific conditions and proportion of cash dividends in its Articles of Association.

2. The Company's 2021 Annual General Meeting held on June 28, 2022 considered and approved the "Distribution of the Company's 2021 Annual Profit".

Plan: Cash dividend of 2.3% per 10 shares to all shareholders based on the total share capital as of the record date for the implementation of the equity distribution.

The total cash dividends paid amounted to RMB184 million (including tax). The cash dividends paid accounted for a total of RMB 184 million (inclusive of tax) in cash dividends attributable to shares of the listed company.

The distribution plan has been approved by the Board of Directors on July 7, 2022, and has been

approved by the Board of Directors on July 7, 2022. The independent directors expressed their unanimous independent opinions on the proposal, which was approved by the Board of Directors on July 7, 2022.

The implementation was completed on January 28th.

3. The Company's plan for profit distribution for the year 2022: The Company intends to, based on the total share capital registered on the date of share registration for the implementation of the equity distribution.

A cash dividend of RMB2.8 (inclusive of tax) per 10 shares will be paid to all shareholders; the remaining undistributed profits will be carried forward to future years, and there will be no share dividend or capitalization of capital reserve this time; if there is any change in the total number of shares of the Company prior to the date of registration of shareholdings for the implementation of the equity distribution, it is proposed to keep the distribution ratio per share unchanged, and the total amount of distribution will be adjusted accordingly. The proposal is subject to the approval of the shareholders at the general meeting before implementation. Based on the total share capital of the Company of 800 million shares as at December 31, 2022, a total cash dividend of RMB224 million (including tax) is proposed, accounting for 30.37% of the net profit attributable to shareholders of the listed company in the consolidated statement of accounts for the year 2022.

4. The Company carries out 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 line with the provisions of the Articles of Association, which can adequately protect the legitimate rights and interests of small and medium-sized investors, and the Independent Directors of the Company have expressed their concurring opinions.

## (ii) Special note on cash dividend policy

☒Applicable ☐Not applicable

Compliance with the provisions of the Articles of Association or resolutions of the general meeting of shareholders	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the criteria and percentage of dividends are clear and unambiguous	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Adequacy of relevant decision-making procedures and mechanisms	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the independent directors have fulfilled their duties and responsibilities and played their due roles	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether small and medium-sized shareholders have adequate opportunities to express their views and demands, and whether their legitimate rights and interests are adequately protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(iii) If the reporting period is profitable and the parent company's profit available for distribution to shareholders is positive, but no cash profit distribution plan has been proposed, the Company shall disclose in detail the reasons therefor as well as the use of the undistributed profits and the plan for their utilization

☐Applicable ☒Not Applicable

(iv) Profit distribution and capitalization of capital reserve for the reporting period

☒Applicable ☐Not applicable

Unit:Yuan Currency:RMB

Number of bonus shares per 10 shares (shares)	
Dividend per 10 shares (RMB) (tax included)	2.80
Number of shares transferred per 10 shares (shares)	
Cash dividend amount (including tax)	224,000,000
Net income attributable to common shareholders of the listed company in the consolidated statement of income for the year of dividend distribution	737,641,851.18
Ratio to consolidated net income attributable to ordinary shareholders of listed companies (%)	30.37
Repurchase of shares for cash included in cash dividends	
Total dividend amount (including tax)	224,000,000
Ratio of total dividend amount to net income attributable to common shareholders of listed companies in the consolidated statements of income (%)	30.37

**XI, Status of the Company's share incentive scheme, employee share ownership scheme or other employee incentives and their impact**  
**(i) Relevant incentive matters have been disclosed in the Interim**

**Announcement and there has been no progress or change in subsequent implementation**

☐Applicable ☒Not Applicable

(ii) Incentive situations not disclosed in

the interim announcement or with

subsequent developments Equity incentive

situations

☐Applicable ☒Not Applicable

Other notes

☐Applicable

☒Not applicable

Employee stock

ownership plan

☐Applicable

☒Not applicable

Other incentives

☐Applicable ☒Not Applicable

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

☐Applicable ☒Not Applicable

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

☐Applicable ☒Not applicable

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

☒Applicable ☐Not applicable

The Company has established a sound corporate governance structure and system, and has continuously improved the standardization and effectiveness of the implementation of the internal control system. 2022, the Company amended the Articles of Association, Rules of Procedure of the General Meeting of Shareholders, Rules of Procedure of the Board of Directors, Rules of Procedure of the Supervisory Committee, Management System of External Guarantees, Investment Management Measures, Decision-making System for Connected Transactions, Information Disclosure System, Internal Audit Management System and other systems to ensure that the Company's internal control is scientific and advanced. Management System" and other systems to ensure that the Company's internal control is scientific and advanced and to safeguard the safety, order and efficiency of the Company's operation and management activities.

During the reporting period, no significant deficiencies in the Company's internal control were identified. For details, please refer to the Company's report dated April 27, 2023 on the Shanghai Stock Exchange.

Evaluation Report on Internal Controls of Triangle Tire Company Limited for the year 2022 disclosed on the website of the Exchange ([www.sse.com.cn](http://www.sse.com.cn)). Explanation of significant deficiencies in internal control during the reporting period

☐Applicable ☒Not Applicable

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

☒Applicable ☐Not applicable

The Company implements group management for subsidiaries within the scope of consolidation, and the subsidiaries operate independently under the framework of the Company's overall policies and objectives. Subsidiaries are required to strictly comply with the Company's various management systems, including those for information disclosure, investment, guarantee, connected transactions, financial management and human resources management. The Company exercises risk control over the production and operation, asset management and capital operation of its subsidiaries, which improves the overall efficiency of the Company's collaboration and risk resistance.

During the reporting period, the Company's subsidiaries included in the scope of consolidation include wholly-owned subsidiaries of TRIANGLE TYRE (WEIHAI) HUASHENG TIRE CO., LTD, TRIANGLE TYRE (WEIHAI) HUAAN LOGISTICS CO., LTD, TRIANGLE TYRE (SHANGHAI) INTERNATIONAL TRADE CO., LTD, TRIANGLE TYRE (USA) INVESTMENT HOLDING CORPORATION, USA TRIANGLE TYRE SALES COMPANY, TRIANGLE TYRE (USA) TECHNOLOGIES LLC and other overseas sales subsidiaries, and the holding subsidiary Delta (Weihai)

Huada Tire Reconditioning Co. During the reporting period, the Company did not add any other subsidiaries and there was no loss of control of subsidiaries.

#### **XIV, Information note on internal control audit reports**

☐Applicable ☒Not applicable

Disclosure of internal control audit reports: Yes

Type of opinion on internal control audit report:

standard unqualified opinion **xv, Self-**

**inspection and rectification of problems in**

**the special action on governance of listed**

**companies**

According to the requirements of the State Council's Opinions on Further Improving the Quality of Listed Companies (Guo Fa [2020] No. 14) and the CSRC's Announcement on Special Action on the Governance of Listed Companies (Announcement of the CSRC [2020] No. 69), the Company carried out a special self-inspection on corporate governance in 2021. Through the self-inspection, the Company basically complied with the requirements; in 2022, the Company revised and improved the Company's Articles of Association and other 14 systems in accordance with the newly issued regulations and business rules of the CSRC and SSE; and held a performance briefing after the disclosure of the 2021 Annual Report and the 2022 Semi-annual Report, as well as participated in the Shandong jurisdictional investors' online collective reception day, and communicated with investors on the Company's operation situation through multi-channels and multi-methods. Investors communicated and exchanged views on the Company's operation through multiple channels and in multiple ways; the Company's governance structure and standardized operation level continued to improve.

#### **XVI. Other**

☐Applicable ☒Not Applicable

## **Section V. Environmental and social responsibility**

### **I. Status of environmental information**

Whether mechanisms related to environmental protection have been established	be
Invested in environmental protection during the reporting period (unit: ten thousand yuan)	5,039

### **(i) A description of the environmental protection situation of the Company and its**



## principal subsidiaries that are key emission units announced by the environmental protection authorities

√Applicable □Not applicable

### 1. sewage information

√Applicable □Not applicable

As the first enterprise in the domestic tire industry to pass the environmental management system certification, the company has been strictly abiding by laws and regulations, deepening the management of environmental protection, conscientiously carrying out the implementation of the company's various environmental protection systems and regulations, and over the years has been continuously and effectively promoting the environmental management system, enhancing the staff's awareness of environmental protection, preventing and reducing pollution, improving the environment, improving environmental performance, and practically fulfilling its social responsibility. The company's new, renovation and expansion projects all comply with the environmental protection "three simultaneous" management of construction projects.

During the reporting period, the Company did not have any environmental accidents and was not penalized for environmental protection issues.

The Company's subsidiaries, Huasheng Company, Huamao Branch and Huayang Branch, belong to the key emission units announced by the Bureau of Ecology and Environment of Weihai City in 2022, with the main pollutants being wastewater, waste gas and solid waste, which were all in compliance with the standards during the reporting period. The details are as follows:

#### (1) Huasheng Company

form	Main pollutants	Emission method	Number of outlets	Outlet location	Implementation standards	Actual emission concentration	Total actual emissions /t	Total authorized emissions t/a	Excessive emissions

Stationary source waste qi	particulate matter	Exhaust gas is treated and discharged through the exhaust pipe	10	Treatment Facility Outlet	10mg/m <sup>3</sup>	1-3.7 mg/m <sup>3</sup>	9.63	--	not have
	Total non-methane hydrocarbons				10mg/m <sup>3</sup>	1.3-5.89 mg/m <sup>3</sup>	27.24	--	not have
sewer s	chemical requirements quantity of oxygen	After treatment by sewage treatment station into the municipal network	1	Total factory outlet	300mg/L	11.5-80.8 mg/L	6.43	--	not have
	ammonia nitrogen				30mg/L	3.12-22.6 mg/L	1.93	--	not have

## (2) Huamao Branch

form	Main pollutants	Emission method	Number of outlets	Outlet location	Implementation standards	Actual emission concentration	Total actual emissions /t	Total authorized emissions t/a	Excessive emissions
Stationary	particulate matter	Exhaust gas is treated and discharged through the exhaust pipe	54	Treatment Facility Outlet	10mg/m <sup>3</sup>	1.1-6.57 mg/m <sup>3</sup>	16.68	--	not have
Stationary	Total non-methane hydrocarbons				10mg/m <sup>3</sup>	0.757-9.18mg/m <sup>3</sup>	16.68	--	not have
Stationary	chemical requirements quantity of oxygen	After treatment by sewage treatment station into the municipal network	1	Total Treatment Facility Outlet	300mg/L	4.44-85.4 mg/L	4.49	--	not have
Stationary	ammonia nitrogen				10mg/m <sup>3</sup>	0.9-4.9mg/m <sup>3</sup>	3.3	--	not have
Stationary	Total non-methane hydrocarbons	Exhaust gas is treated and discharged through the exhaust pipe	12	Treatment Facility Outlet	10mg/m <sup>3</sup>	0.065-2.52mg/m <sup>3</sup>	13.35	--	not have
Stationary	ammonia nitrogen				30mg/L	0.065-2.52mg/L	13.35	--	not have

## 2. Construction and operation of pollution prevention and control facilities

√Applicable ☐Not applicable

During the reporting period, the pollution prevention and control facilities of Huasheng Company, Huamao Branch and Huayang Branch operated normally, and the emission of pollutants complied with national and local emission standards. The company's production and living wastewater goes through the sewage treatment station in the plant, and enters the municipal pipeline network after being treated by grating and sand sinking tank + regulating tank + chemical oil removing + clearing tank, etc., which is in line with the "Pollutant Emission Standards for Rubber Products Industry". Exhaust gas in the transportation link, carbon black is transported by tanker trucks, directly into the carbon black storage warehouse by pneumatic conveying; in the pollution production link, pulse bag filter and VOCs exhaust gas treatment facilities are installed, and new zeolite adsorption + catalytic combustion exhaust gas treatment equipments are invested in Huasheng and Huamao branches in 2022 to realize the purification efficiency of more than 90% of VOCs, and VOCs online automatic monitoring system is installed in all production bases, and it is in line with the ecological and environmental protection departments. Each production base is installed with VOCs online automatic monitoring system and networked with ecological and environmental protection department platform, pollutant emission data can be queried in real time, and pollutant emissions are in line with the requirements of "Shandong Province Regional Comprehensive Emission Standards for Air Pollutants", "Pollutant Emission Standards for Rubber Products Industry", "Shandong Province VOC Emission Standards Part 6: Organic Chemical Industry", and other documents. Solid waste is collected and treated in a classified manner, and domestic garbage is transported and disposed of by the Environmental Hygiene Management Office; general industrial solid waste is recycled and utilized by qualified dealers; hazardous wastes such as waste lubricant and waste engine oil are entrusted to qualified units for transportation and disposal.

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

√Applicable □Not applicable

Huasheng Company, Huamao Branch and Huayang Branch all strictly follow the laws and regulations to implement the environmental impact assessment of construction projects and the three-simultaneous system for environmental protection of construction projects, and the projects have all obtained the approval of environmental assessment and passed the environmental protection acceptance.

### 4. Emergency Response Plan for Environmental Emergencies

√Applicable □Not applicable

Huasheng Company, Huamao Branch and Huayang Branch have all formulated enterprise emergency response plans for environmental emergencies and filed them with the local ecological and environmental authorities.

### 5. Environmental self-monitoring program

√Applicable □Not applicable

According to the "Emission Permit Management Regulations", "General Principles of Technical Guidelines for Self-monitoring of Emission Units" and "Technical Specification for the Application and Issuance of Emission Permit for Rubber and Plastic Products Industry" in the self-monitoring management requirements, Huasheng, Huamao and Huayang Branches have formulated the annual self-monitoring program to determine the monitoring factors and the monitoring frequency requirements, and signed the commissioned inspection contract with the qualified third-party inspection unit in 2022. Contract, strictly in accordance with the requirements of laws and regulations to carry out daily testing and issue test reports, pollutant discharge in the sewage permit management platform for publicity, pollutant management facilities are running stably, all kinds of pollutants are discharged stably up to the standard.

### 6. Administrative penalties imposed on environmental issues during the reporting period

□Applicable √Not Applicable

### 7. Other environmental information that should be made public

□Applicable √Not Applicable

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

√Applicable □Not applicable

#### 1. Administrative penalties imposed on environmental issues

□Applicable √Not Applicable

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

√Applicable □Not applicable

The main pollutants of the company's subsidiaries, Huada Company and Huaxin Branch, are sewage, waste gas and solid waste. The details are as follows:

##### (1) Hua Da Company

form	Main pollutants	Emission method	Number of outlets	Outlet location	Implementation standards	Actual emission concentration	Total actual emissions /t	Total authorized emissions t/a	Excessive emissions
					66 / 262				
Stationary	particulate	Exhaust gas is treated	9	Treatment facilities	10mg/m <sup>3</sup>	1.53-3.48 mg/m <sup>3</sup>	0.83	—	not have

( 2 ) Huaxin Branch

form	Main pollutants	Emission method	Number of outlets	Outlet location	Implementation standards	Actual emission concentration	Total actual emissions /t	Total authorized emissions t/a	Excessive emissions
Stationary source exhaust	particulate matter	Exhaust gas is treated and discharged through the exhaust pipe	3	Treatment Facility Outlet	10mg/m <sup>3</sup>	1.5-2.7mg/m <sup>3</sup>	0.2	—	not have
	Total non-methane hydrocarbon				10mg/m <sup>3</sup>	1.77-4.78 mg/m <sup>3</sup>	3.72	—	not have
sewers	chemical oxygen demand (physics) measure word	Discharged to the City after treatment at a wastewater treatment station political governance network	1	Total factory outlet	300mg/L	106-122 mg/L	1.03	—	not have
	ammonia nitrogen				30mg/L	3.48-3.93 mg/L	0.03	—	not have

In 2022, all pollution prevention and control facilities of Huada Company and Huaxin Branch are operating normally, and according to the Regulations on the Management of Discharge Permit

The General Principles of the Technical Guidelines for Self-monitoring of Emission Units and the Self-monitoring Management Requirements in the Technical Specification for the Application and Issuance of Emission Permits for the Rubber and Plastic Products Industry have carried out daily testing of pollutants discharged, and all pollutants are discharged in compliance with the standards.

### 3. Reasons for non-disclosure of other environmental information

☐Applicable ☒Not Applicable

#### (iii) Relevant information conducive to the protection of ecology, prevention of pollution and fulfillment of environmental responsibility

☒Applicable ☐Not applicable

The company adheres to green manufacturing, implements clean production, insists on the harmonious development of the community, natural resources, the environment and other stakeholders, and provides green and economic products for social development. In the production process, the company attaches great importance to the management of various environmental factors, standardizes noise management and air cleaning and governance, and takes effective management measures for wastewater, waste gas, general solid waste and hazardous waste to reduce the emission of pollutants; it uses green and environmentally friendly raw materials in the field of production that have reached the level of international advanced

standards, and eliminates non-environmentally friendly aromatic hydrocarbon oils, antioxidants and vulcanizing agents. Over the years, the Company has continued to invest in the construction and renovation of environmental protection facilities for wastewater, waste gas, etc., to enhance the treatment capacity and efficiency, and reduce the emissions of dust, VOCs, ammonia nitrogen and COD. During the reporting period, the Company was awarded the 2022 Provincial Green Factory of Shandong Province and was selected to the list of "Green Factories" announced by the Ministry of Industry and Information Technology of the PRC; and the Company was **awarded the title of "Advanced Unit for Comprehensive Utilization of Resources in Shandong Province"** by the Shandong Provincial Government for its contribution to environmental management, energy saving and consumption reduction, and comprehensive utilization of resources. **Advanced Unit of Comprehensive Utilization of Resources in Shandong Province** by Shandong Provincial Government.

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

Whether or not carbon reduction measures have been taken	be
Reduction of carbon dioxide equivalent emissions (in tons)	9,400
Types of carbon reduction measures (e.g., use of clean energy for power generation, use of carbon reduction technologies in production processes, development and production of new products that contribute to carbon reduction, etc.)	The use of photovoltaic power generation, the implementation of LED substitution of lighting fixtures in the production process, the transformation of permanent magnet motors, the temperature in the vulcanizing machine, and the use of photovoltaic power generation. Twenty-three energy-saving technological improvement projects, including steam-saving renovation.

explicit explanation

√Applicable □Not applicable

Under the national theme of promoting high-quality development, implementing the new development concept, implementing the overall goal of carbon peak and carbon neutrality, and synergistically promoting the control of greenhouse gas and pollutant emissions, the company has been closely following the guidelines of the national policy in recent years, and has taken energy-saving and carbon-reducing measures in all aspects of factory construction, equipment operation and maintenance, manufacturing systems, process technology and product design, and is committed to building a new productivity standard of "low carbon, green, environmental protection and high efficiency" in the tire industry. We are committed to creating a new productivity standard of **"low carbon, green, environmental protection and high efficiency" 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 utilizes ground-source heat pumps to supply heating and cooling for the R&D center and office area all year round, promotes the use of photoconductive lighting system in the manufacturing system, and utilizes rooftop solar photovoltaic power generation.

In 2022, the use of solar photovoltaic power generation will be 2.476 million kWh, reducing carbon dioxide emissions by 2,130 tons; the company has implemented and completed 23 energy-saving technological reform projects, such as LED substitution of all lighting fixtures, transformation of permanent magnet motors, and transformation of sulfurizing machine internal temperature and steam saving, etc., which can save 7.62 million kWh of electricity and 2,300 tons of steam, and reduce carbon dioxide emissions by 7,270 tons per year after commissioning.

## **II. Status of work on social responsibility**

**(i) Whether to disclose social responsibility reports, sustainability reports or ESG reports separately**

☒Applicable ☐Not applicable

For details, please refer to the "Triangle Tire" disclosed by the Company on the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on April 27, 2023

Ltd. 2022 Annual Social Responsibility Report.



**(ii) Specifics of social responsibility work**

√Applicable □Not applicable

External donations, public service projects	Quantity/content	information note
Total inputs (\$ million)	106	
Of which: Funds (\$ million)	100	Injected 1 million RMB into the Triangle Tire Helping Soar Charity Fund.
Depreciation of materials (in millions of dollars)	6	(b) The book-giving activity "Books for Childhood - Helping Dreams" on Children's Day, June 1. Books were given to 16 elementary school in Weihai City, totaling 1,953 (sets).
Number of beneficiaries (persons)	317	In 2022, the company made its fifth contribution to the "Triangle Tire Helping Soar Charity Foundation". The Fund has injected 1 million yuan to provide financial assistance to university students with family difficulties, so as to help them better complete their studies, realize their ideals in life, and make contributions to their families and society. During the period of 2022, the Foundation will grant inspirational scholarships to 103 university students of Weihai nationality, 31 students with difficulties in Weihai Senior Experimental High School, and 183 outstanding students of Weihai Senior Experimental High School with Struggle Scholarships, helping students with difficulties to alleviate the financial pressure of schooling, and motivating outstanding students to pursue their studies. Show students to study hard and work hard.

explicit explanation

□Applicable √Not applicable

**III. Consolidation and expansion of the results of poverty eradication and rural revitalization and other specific situations**

□Applicable

√Not Applicable

Specify

□Applicable √Not Applicable

**Section VI.****Important matters****I. Implementation of commitments****(i) Commitments of the Company's de facto controllers, shareholders, related parties, acquirers and the Company and other commitment-related parties during the reporting period or continuing into the reporting period**

√Applicable □Not applicable

Background to the commitments	Type of commitment	committed party	Commitment content	Commitment time and duration	Availability of period of performance	Timeliness and rigor fulfill (one's obligations)	Failure to perform in a timely manner should indicate that performance has not been completed	Failure to perform in a timely manner should result in an indication of the next step
The Company disclosed the "Prompt Announcement on the Change of the Company's Actual Controller" and "Acquisition Report of Triangle Tire Company Limited" on August 28, 2018, in which Dingmu became the actual controller of Triangle Tire, inheriting and continuing to fulfill the first and third commitments mentioned above. Note 1: 1. There is no enterprise other than the Triangle Group,	resolve an issue with a colleague competitive ness	fourth in order Triangle Group	See attached	long standing	clogge	be	Specific causes of	step
With the first public issue	resolve an issue with	Triangle Group	See attached	long standing	clogge	be		

Company/I am directly or indirectly engaged in the same or similar business as the Company and the subsidiaries of the Company, and it does not constitute competition with the Company and the subsidiaries of the Company in the same business.

2. Prior to any material change in our relationship with the Company, we/I guarantee that we/I, **our/my** direct or indirectly controlled enterprises other than the Company (I also include my immediate family members and other major social relations) will not engage in any activities related to the Company, either now or in the future.

and any business of the Company's subsidiaries in which competition in the same line of business is likely to occur or investment, cooperative operation, or actual control of any other enterprise with the same or similar business as the Company or the Company's subsidiaries.

3. Any opportunity that may generate competition in the same industry with the Company or the Company's subsidiaries will be promptly notified and recommended to the Company or the Company's subsidiaries for participation.

4. In the event of a situation that creates competition in the same business with the Company or a subsidiary of the Company, the Company/I undertake to transfer the business that creates competition in the same business to the Company or a subsidiary of the Company or other independent third parties.

5. Prior to any material change in the relationship with the Company, it is guaranteed that there will never be any competition in the same industry with the Company and its subsidiaries.

The above undertakings are legally binding on the Company/I am willing to bear the corresponding legal liabilities if the Company/I violate any of the above undertakings and cause damages to the Company or other shareholders of the Company.

Note 2:

The "Agreement on Avoidance of Competition in the Same Industry Regarding the 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, Triangle Group will apply for the change of the main body of the construction unit of the National Engineering Laboratory Project to Triangle Tire in accordance with the "Measures for the Administration of National Engineering Laboratories" and other relevant laws and regulations and will do its best to cooperate with Triangle Tire in completing the work required for the change of the main body of the National Engineering Laboratory Project. The company will also do its best to cooperate with Triangle Tire in completing the work required for the change of the main body of the National Engineering Laboratory Project. After the change of the main body of the national engineering laboratory project to Triangle Tire, Triangle Tire will be solely responsible for the operation and management of the national engineering laboratory project. Triangle Group guarantees not to intervene or participate in the operation of the National Engineering Laboratory in any form. Prior to the change of the construction unit of 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, enjoying all the rights and assuming the corresponding obligations of Triangle Group in the National Engineering Laboratory project. Within an appropriate period of time after 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 relevant 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 ensure to the maximum extent possible that Triangle Tire has full property rights to the assets of the National Engineering Laboratory Project.

Note 3:

As the controlling shareholder/actual controller of Triangle Tire Corporation, the Company/I make the following declaration and commitment 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:

I. Enterprises controlled by the Company/me other than Triangle Tire will minimize or avoid connected transactions with Triangle Tire or subsidiaries of Triangle Tire.

II. For connected transactions that cannot be avoided or occur for reasonable reasons, the Company/other enterprises under my control other than Triangle Tire will follow the principles of openness, fairness and justice to conduct transactions at fair and reasonable market prices, and

will strictly fulfill the decision-making procedures for connected transactions in accordance with the provisions of the relevant laws, regulations and normative documents.

III. The Company/I undertake to strictly implement the system of disqualification from voting in the approval procedure for connected transactions, and in reviewing connected transactions, the Company / I myself and cause the directors, other shareholders and other persons who have an interest in the connected transaction not to vote, nor may I vote by proxy or accept a proxy to vote on behalf of another person.

IV. 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.

V. The Company/I guarantee not to use connected transactions to transfer funds and profits of Triangle Tire to other enterprises controlled by the Company/I; not to use the position of controlling shareholder/actual controller to harm the interests of Triangle Tire and non-connected shareholders through connected transactions.

The **Company/I** guarantee that the above undertakings shall remain 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 the **Company/I** and other enterprises controlled by the Company/I other than Triangle Tire violate any of the above undertakings, the Company/I am willing to bear all the losses caused to Triangle Tire as a result.

VII. The Company warrants that the necessary approvals and/or authorizations have been obtained for signing this Letter of Undertaking/I warrant that I have the authority to sign this Letter of Undertaking and that this Letter of Undertaking, once duly signed, shall constitute a valid, legal and binding obligation on the Company/I. At the same time, the Company's/my successors and/or assigns are bound by this Undertaking Letter.

VIII. This Letter of Undertaking shall come into effect on the date of its seal/my signature.

**(ii) If there is a profit forecast for the company's assets or projects and the reporting period is still in the profit forecast period, the company explains whether the assets or projects have met the original profit forecast and the reasons for it**

☐ Achieved ☐ Not Achieved ☒ Not Applicable

**(iii) Fulfillment of performance commitments and their impact on goodwill impairment testing**

☐ Applicable ☒ Not Applicable

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

- ☐Applicable  
☒Not applicable

## III. Guarantee violations

- ☐Applicable ☒Not Applicable

## IV. Explanation of 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

The Ministry of Finance (MOF) issued Interpretation No. 15 of the Accounting Standards for Business Enterprises (Caijing [2021] No. 35) on December 30, 2021, and the public The Division is effective January 1, 2022, and in accordance with the convergence requirements, retrospective adjustments are made for trial sales that occurred between the beginning of the earliest period for which the financial statements of the first-time implementation of Interpretation 15 were presented and the effective date of the Interpretation.

The implementation of Interpretation 15 will not have a significant impact on the Company's financial position, results of operations and cash flows. Please refer to Section X.V.4 "Changes in Significant Accounting Policies and Accounting Estimates" of this report for a detailed explanation.

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

- ☐Applicable ☒Not applicable

### (iii) Communication with previous accounting firms

- ☐Applicable ☒Not applicable

### (iv) Other notes

- ☐Applicable ☒Not applicable

## VI. Appointment and dismissal of accounting firms

Unit: Yuan Currency: RMB

		current appointment	
Name of domestic accounting firm		SHINEWING CPAs (Special General Partnership)	
Compensation of domestic accounting firms		700,000	
Years of audit experience of domestic accounting firms		4 years	
Name of Certified Public Accountant of Domestic Accounting Firm	name (of a thing)	Li Rongkun, Yan Jin	
Number of consecutive years of auditing services by certified public accountants of domestic accounting firms		Li Rongkun (2 years), Yan Jin (3 years)	
		rewards	

Internal control audit accounting firm	SHINEWING CPAs (Special General Partnership)	200,000
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Appointment and dismissal of accounting firms

☐Applicable ☒Not Applicable

Explanation of the change of accounting firm during the audit period

☐Applicable ☒Not applicable

## **VII. Situations at risk of delisting**

### **(i) Reasons leading to the delisting risk warning**

☐Applicable ☒Not applicable

### **(ii) Response measures to be taken by the Company**

☐Applicable ☒Not Applicable

### **(iii) Circumstances and reasons for facing termination of listing**

☐Applicable ☒Not applicable

## **VIII. Matters relating to insolvency reorganization**

☐Applicable ☒Not Applicable

**IX. Significant litigation and arbitration matters**

☐ The Company has significant litigation and arbitration matters during the current year ☒ The Company has no significant litigation and arbitration matters during the current year

**X. Listed companies, their directors, supervisors, senior management, controlling shareholders and de facto controllers suspected of violating laws and regulations, being punished and rectifying the situation**

☐ Applicable ☒ Not Applicable

**XI. Explanation of the integrity status of the Company and its controlling shareholders and de facto controllers during the reporting period**

☐ Applicable ☒ Not

applicable XII.

**Significant connected transactions****(i) Connected transactions related to daily operations****1. Matters that have been disclosed in an interim announcement and for which there has been no progress or change in subsequent implementation**

☐ Applicable ☒ Not Applicable

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

☒ Applicable ☐ Not applicable

Unit: ten thousand yuan Currency: RMB

Type of related transaction	related person	2022 Projected amount	2022 Actual amount incurred
Purchase of materials, goods, etc. from related parties	Triangle (Weihai) Huajin Electromechanical Equipment Co.	450.00	222.10
	Triangle (Weihai) Huatong Machinery Technology Co.	310.00	6.21
	Triangle (Weihai) Huaping Integrated Service Co.	45.00	47.94
	Subtotal	805.00	276.24
Purchase of fuel and power from related parties	Triangle Group Limited	242.00	270.54
	Subtotal	242.00	270.54
Sales of products and merchandise to related parties	Triangle (Weihai) Huaping Integrated Service Co.	0.20	0.03
	Triangle (Weihai) Huajin Electromechanical Equipment Co.	0.20	0.16
	Triangle (Weihai) Huatong Machinery Technology Co.	2.00	1.34
	Triangle (Weihai) Huabo Real Estate Co.	1.50	0.28
	Subsidiaries of China National Heavy Duty Truck Group Co. 77 / 262	77,200.00	66,780.27
	Subtotal	77,203.90	66,782.08
	Triangle (Weihai) Huajin Electromechanical	5.00	2.34

For details, please refer to the "Triangle Tire Announcement on Daily Connected Transactions for the Year 2022" (Announcement No. 2022-005) disclosed by the Company on April 27, 2022.



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

☐Applicable ☒Not Applicable

**(ii) Connected transactions arising from the acquisition or disposal of assets or equity interests**

**1. Matters that have been disclosed in an interim announcement and for which there has been no progress or change in subsequent implementation**

☐Applicable ☒Not Applicable

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not Applicable

**4. Where a performance agreement is involved, the performance realized during the reporting period should be disclosed.**

☐Applicable ☒Not applicable

**(iii) Significant connected transactions for joint foreign investments**

**1. Matters that have been disclosed in an interim announcement and for which there has been no progress or change in subsequent implementation**

☐Applicable ☒Not Applicable

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not Applicable

**(iv) Related debt transactions**

**1. Matters that have been disclosed in an interim announcement and for which there has been no progress or change in subsequent implementation**

☐Applicable ☒Not Applicable

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not Applicable

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

☐Applicable ☒Not Applicable

**(vi) Other**

☐Applicable ☒Not applicable

**XIII. Significant contracts and their fulfillment (I)**

**Trusteeship, contracting and leasing matters 1.**

- ☐Applicable
- ✓Not Applicable

**2.**

**Contracting**

- ☐Applicable
- ✓Not applicable

**3. Leases**

- ☐ Applicable ✓
- Not Applicable

**(ii)**

**Guarantees**

- ☐Applicable ✓Not Applicable

**(iii) Delegation of cash asset management****1. Entrusted financial management****(1) Overall commissioned finance**☐Applicable☒Not applicable**Other cases**☐Applicable ☒Not applicable**(2) Individual entrusted financial management**☐Applicable☒Not applicable**Other cases**☐Applicable ☒Not applicable**(3) Provision for impairment of entrusted finance**☐Applicable ☒Not applicable**2. Status of entrusted loans****(1) Overall situation of entrusted loans**☐Applicable☒Not applicable**Other cases**☐Applicable ☒Not applicable**(2) Status of individual entrusted loans**☐Applicable☒Not applicable**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 material matters that have a significant impact on investors'****value judgment and investment decisions**☐Applicable ☒Not Applicable**Section VII. Changes in shares and shareholders****I. Changes in equity****(i) Statement of****Changes in**

**Shares 1.**

During the reporting period, there was no change in the total number of shares and 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 last year and the last period (if any)**

☐Applicable    ☒Not applicable

#### 4. Other contents that the company deems necessary or the securities regulator requires to be disclosed.

☐Applicable ☒Not applicable

##### (ii) Movements in restricted shares

☐Applicable ☒Not Applicable

#### II. Issuance and listing of securities

##### (i) Issuance of securities up to the reporting period

☐Applicable ☒Not Applicable

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

☐Applicable ☒Not applicable

##### (ii) Changes in the total number of shares and shareholder structure of the Company and changes in the Company's asset and liability structure

☐Applicable ☒Not applicable

##### (iii) Existing internal employee shares

☐Applicable ☒Not Applicable

#### III. Shareholders and de facto controllers

##### (i) Total number of shareholders

Total number of common shareholders as of the end of the reporting period (households)	47,707
Total number of common shareholders at the end of the previous month before the annual report disclosure date (households)	46,998
Total number of preferred shareholders with voting rights restored as of the end of the reporting period (households)	0
Total number of preferred shareholders with voting rights restored at the end of the previous month before the annual report disclosure date (households)	0

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

shareholders (or shareholders with unlimited rights to sell) as at the end of the reporting period Unit: Unit

Shareholders (or shareholders with unlimited rights to sell) as at the end of the reporting period							
Name of Shareholder (full name)	Increase/decrease during the reporting period	Number of shares held at the end of the period	Proportion (%)	Shares held with limited selling restrictions quantities	Pledging, marking or Freeze situation		Nature of shareholders
					joint stock attitude	critical size (i.e. enumerate shortcomings) measure word	
83 / 262							
Triangle Group Limited		454,739,750	56.84	0	not have		Domestic non-state legal

China National Heavy Duty Truck Group Jinan Investment Co. limited company	35,065,717	Renminbi ordinary shares	35,065,717
Shan Guoling (1962-), PRC diplomat and politician, secretary-general of the PRC Supreme Court 1998-2003	15,332,750	Renminbi ordinary shares	15,332,750
fourth in order	13,957,525	Renminbi ordinary shares	13,957,525
Wang Fufeng (1900-1974), Mao Zedong's second wife	13,857,525	Renminbi ordinary shares	13,857,525
Hou Rucheng (1838-1895), commander of the Qing dynasty	13,337,480	Renminbi ordinary shares	13,337,480
Wang Wenhao	6,938,220	Renminbi ordinary shares	6,938,220
Basic Pension Fund 802 combinatorial	4,000,000	Renminbi ordinary shares	4,000,000
Chen Qingshan (1905-1975), Chinese communist leader	3,377,000	Renminbi ordinary shares	3,377,000
ICBC Asset Management (Global) Limited Division - Client Money (Exchange)	3,056,500	Renminbi ordinary shares	3,056,500
Repurchase of special accounts among the top ten shareholders status note	inapplicable		
Proxy voting rights, proxy voting rights, and waiver of voting rights of the above shareholders clarification	inapplicable		

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 Mr. Ding Mu's mother;</p> <p>2. Triangle Group is the controlling shareholder of the Company, and Mr. Ding Mu indirectly controls Triangle Group through his control of Xintai, Xinyang and Jinshi, and at the same time serves as the chairman and president of Triangle Group, the executive director of Xintai and Xinyang and the chairman of Jinshi;</p> <p>3. Ms. Shan Guoling holds more than 5% of the shares of Xintai and Jinshi, and also serves as the vice-chairman of Triangle Group and a director of Jinshi;</p> <p>4. Mr. Hou Rucheng holds more than 5% of the shares in Xintai and Jinshi, and also serves as the vice chairman of Triangle Group and a supervisor of Xintai;</p> <p>5. Mr. Wang Wenhao holds more than 5% of the shares in Xintai and also serves as the chairman of the supervisory committee of Triangle Group and Jinshi.</p> <p>Other than the above, the Company does not know whether there is any relationship or concerted action between the above shareholders. Action.</p>
Preferred shareholders with voting rights restored and number of shares held	inapplicable

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

☐Applicable ☒Not Applicable

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

☐Applicable ☒Not Applicable

#### **IV. Controlling shareholders and de facto controllers**

##### **(i) Controlling shareholders**

##### **1 legal personality**

☒Applicable ☐Not applicable

name (of a thing)	Triangle Group Limited
Head of unit or legal representative	fourth in order
Date of Establishment	September 26, 1997
Main business operations	<p>General items: general equipment manufacturing (excluding special equipment manufacturing); general equipment repair; land use right leasing; housing leasing; non-residential real estate leasing; lubricating oil sales; limited to branch operations: sales of special chemical products (excluding hazardous chemicals); general merchandise sales; automotive parts and accessories retail; car wash services; motor vehicle charging sales (in addition to projects subject to approval by law, with a business license in accordance with the law) (Independent to carry out business activities) licensed items: goods</p> <p>Import and export of goods; technology import and export; limited to branch operations: food business (sales of prepackaged)</p>

	(food); health food sales; tobacco products retail; refined oil retail (projects subject to approval by law, only after the approval of the relevant departments can carry out business activities, the specific business projects to (subject to the outcome of the approval)
Other holdings and participations during the reporting period Shareholdings in domestic and overseas listed companies	not have
Other information notes	not have

## 2 natural person (law)

☐Applicable ☒Not Applicable

## 3 Special note on the absence of controlling shareholders in the Company

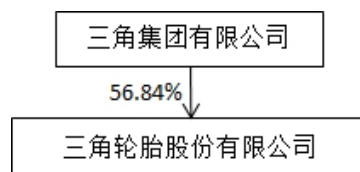
☐Applicable ☒Not applicable

## 4 Explanation of changes in controlling shareholders during the reporting period

☐Applicable ☒Not applicable

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

☒Applicable ☐Not applicable



## (ii) Situation of de facto controllers

### 1 legal personality

☐Applicable ☒Not Applicable

### 2 natural person (law)

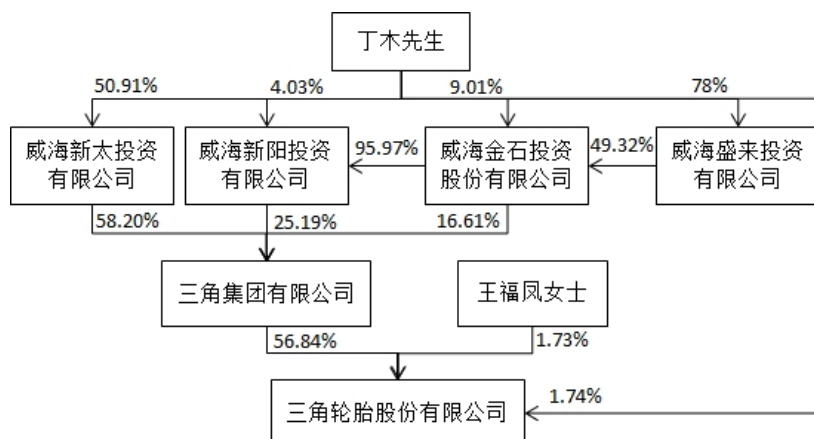
☒Applicable ☐Not applicable

name and surname	fourth in order
citizenship	The People's Republic of China
Whether or not they have acquired the right of abode in other countries or regions	clogged
Main occupations and positions	Chairman of Triangle Tire, Chairman and President of Triangle Group Vice President of China Rubber Industry Association, Senior Vice President of Tire Branch, Chairman of China Tire Industry Technology Innovation Strategy Alliance, Vice Chairman of the Ninth Committee of Rubber Specialized Committee of China Chemical Industry Association, Director of China Federation of Industrial Economics, Vice Chairman of Weihai Federation of Industry and Commerce, Vice President of the Society
3 Special note on the absence of de facto control of the company	
4 Explanation of changes in control of the Company during the reporting period	
Domestic and overseas listed companies in which the Company had a controlling stake in the past 10 years	not have



**5 Block diagram of the ownership and control relationship between the Company and the beneficial owners**

√Applicable   ☐Not applicable



## 6 Control of companies by beneficial owners through trusts or other asset management methods

☐Applicable ☒Not applicable

### (iii) Other information on controlling shareholders and de facto controllers

☐Applicable ☒Not applicable

## V. The proportion of the accumulated number of shares pledged by the controlling shareholder or the first largest shareholder of the Company and its concert parties to the number of shares held by them reaches 80% or more.

☐Applicable ☒Not Applicable

## VI. Other corporate shareholders holding more than ten percent of the shares

☐Applicable ☒Not Applicable

## VII. Explanation of restrictions on the reduction of shareholdings

☐Applicable ☒Not Applicable

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

☐Applicable ☒Not Applicable

## Section VIII. Information on preferred shares

☐Applicable ☒Not Applicable

## Section IX. Bond-related information

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

☐Applicable ☒Not Applicable

### II. Convertible bonds

☐Applicable ☒Not Applicable

## Section X. Financial reporting

## **I. Audit reports**

✓Applicable ☐Not applicable

## Audit reports

XYZH/2023JNAA2B0063

**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 December 2022 financial statements.

31, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Income Statements, the Consolidated and Parent Company Statements of Cash Flows, and the Consolidated and Parent Company Statements of Changes in Stockholders' Equity for fiscal year 2022, 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, 2022, and the consolidated and parent company results of its operations and its cash flows for the year ended December 31, 2022, in conformity with accounting principles generally accepted in the Republic of China.

### II. Basis for forming an audit opinion

We conducted our audit in accordance with the provisions of the Chinese Standards on Auditing for Certified Public Accountants. Our responsibilities under those standards are further described in the "Responsibilities of Certified Public Accountants for the Audit of Financial Statements" section of the audit report. In accordance with the Code of Ethics for Certified Public Accountants of the People's Republic of China, we are independent of Triangle Tire Corporation, and we have fulfilled our other responsibilities with respect to ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### III. Key audit issues

Key audit matters are those matters that, in our professional judgment, are of most significance to the audit of the current financial statements. These matters are addressed in the context of the audit of the financial statements as a whole and in forming our opinion, and we do not express an opinion on them individually.

Key audit matters	Response in audits
<p><b>1. Bad debt provision for accounts receivable</b></p> <p>As described in Section X, V.12 "Accounts Receivable" and VII.5 "Accounts Receivable" of this report, the original book value of accounts receivable of Triangle Tire Company was RMB98,933.07 million, and the allowance for bad debts was RMB99,126.2 million. Carrying value of \$890,204,500; the carrying value of accounts receivable at the end of the year amounted to a large amount, which may have a significant impact on the financial statements if bad debt losses are incurred due to non-collection or uncollectibility on schedule, and therefore, we have identified the allowance for bad debts on accounts receivable as a key audit matter.</p>	<p>The principal audit procedures we performed are described below:</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 provisioning policy adopted by Triangle Tire Company in light of the business model for managing accounts receivable, the aging of accounts receivable, and the creditworthiness of customers;</li> <li>-Obtain a bad debt provision schedule and review management's accuracy of the amount of the bad debt provision;</li> <li>Evaluate the reasonableness of the provision for bad debts by performing correspondence procedures and subsequent checking of returns on large accounts receivable balances at year-end;</li> <li>-For accounts receivable for which a separate provision for bad debts is made, obtain</li> </ul>

<p>Net realizable value is measured at the lower of net realizable value. Net realizable value is determined as the estimated selling price of products to be produced, less costs estimated 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 significance of inventories and the impact of the accuracy of the valuation allowance on the financial statements, we recognize the valuation allowance on inventories as a reduction in the value of inventories.</p> <p>Provision identified as a key audit matter.</p>	<p>-Check the changes in the provision for inventory valuation for the current period provided for in previous years and analyze the reasonableness of the changes in the provision for inventory valuation in light of the data of the same industry;</p> <p>-Checks the consistency of the method of calculating the provision for inventory decline, analyzes the assumptions of key data, and assesses the reasonableness of the method of calculating the provision for inventory decline;</p> <p>-Obtain an inventory valuation allowance calculation sheet and check the inventory valuation allowance.</p> <p>The correctness of the provision amount.</p>
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#### IV. Other information

The management of Triangle Tire Corporation (hereinafter referred to as management) is responsible for the other information. Other information includes the information covered in Triangle Tire Corporation's 2022 Annual Report, but excludes the financial statements and our audit report.

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

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

Based on the work we have performed, if we determine that other information is materially misstated, we should report that fact. In this regard, we have nothing to report.

#### V. Management and governance responsibilities for the financial statements

Management is responsible for the preparation of financial statements that present fairly, in accordance with enterprise accounting standards, 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 Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and applying the going concern assumptions unless management plans to liquidate Triangle Tire Corporation, terminate its operations, or has no realistic alternative.

Governance is responsible for overseeing the financial reporting process of Triangle Tire Corporation.

#### VI. Responsibilities of certified public accountants 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 it exists. Misstatements may result from fraud or error and

are generally considered material if they could reasonably be expected, individually or in the aggregate, to affect the economic decisions of users of financial statements based on the financial statements.

In performing the audit in accordance with auditing standards, we use professional judgment and maintain professional skepticism. We also perform the following:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures to address those risks, and obtain sufficient appropriate audit evidence on which to base an audit opinion. The risk of not detecting material misstatements due to fraud is higher than the risk of not detecting material misstatements due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation or overriding internal controls.

(2) Understand internal controls relevant to the audit in order to design appropriate audit procedures.

(3) Evaluate the appropriateness of accounting policies selected and the reasonableness of accounting estimates and related disclosures made by management.

(4) Conclude on the appropriateness of management's use of the going concern assumption. At the same time, based on the audit evidence obtained, we conclude whether a material uncertainty exists regarding the matters or circumstances that may cast significant doubt on Triangle Tire'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 the users of the statements to the relevant disclosures in the financial statements in our audit report; if the disclosures are not adequate, we should express a non-qualified opinion. Our conclusions are based on information available as of the date of the audit report. However, future events or circumstances may cause Triangle Tire Corporation not to be a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements and whether the financial statements present fairly the underlying transactions and events.

(6) Obtain sufficient and appropriate audit evidence about the financial information of the entities or business activities in Triangle Tire Corporation to express an audit opinion on the financial statements. We are responsible for directing, supervising, and performing the Group's audits and accept full responsibility for the audit opinion.

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

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

From the matters communicated to governance, we determined which matters were most significant to the audit of the current financial statements and, therefore, constituted key audit matters. We describe these matters in our audit report except where public disclosure of the matters is prohibited by law or regulation or, in rare instances, where we determine that a matter should not be communicated in the audit report if it is reasonably anticipated that the negative consequences of communicating the matter in the audit report would outweigh the benefits in the public interest.

SHINEWING ZHONGHE CPA  
FIRM (SPECIAL PARTNERSHIP)

Certified Public  
Accountant, China: Li  
Rongkun  
(Project partner)

Certified Public  
Accountant of China: Yan  
Jin

China Beijing

April 26, 2003

## II. Financial statements

### Consolidated Balance Sheet

Prepared by: Triangle Tire Co.

December 31, 2022

Unit: Yuan Currency: RMB

spor ts eve nt	footn ote	December 31, 2022	December 31, 2021
<b>Liquid assets:</b>			
money funds	VII.1	2,740,745,161.80	1,734,243,911.99
Provision for settlement			
outflow of funds			
Financial assets held for trading	VII.2	386,494.08	619,792.32
derivative financial asset			
notes receivable	VII.4	427,500.00	4,841,534.13
accounts receivable	VII.5	890,204,457.68	802,364,597.04
Receivables financing	VII.6	776,615,649.85	815,806,010.67
Prepayments	VII.7	19,051,860.23	39,461,368.91
Premiums receivable			
Receivables from reinsurance			
Reserve for reinsurance contracts receivable			
Other receivables	VII.8	5,910,068.86	43,092,124.73
Of which: Interest receivable			
Dividends receivable	93 / 262		
Bought and sold financial assets			
inventory (of material)	VII.9	1,398,610,676.57	1,345,025,888.83
Contractual assets			
Assets held for sale			

debenture investment			
Other debt investments			
Long-term receivables			
Long-term equity investments			
Investments in other equity instruments	VII.18	50,000,000.00	50,000,000.00
Other non-current financial assets			
investment property	VII.20	1,899,347.14	2,110,050.19
fixed assets	VII. 21	4,350,198,164.71	4,690,204,976.01
construction in progress	VII.22	210,880,307.56	389,297,733.77
Productive biological assets			
oil and gas assets			
usufructuary assets	VII.25	31,763,223.03	51,223,546.56
intangible asset	VII.26	417,227,632.28	430,016,479.92
development expenditure			
reputation of a firm's product			
Long-term amortized expenses	VII.29		1,304,592.21
Deferred tax assets	VII.30	76,139,576.13	75,040,768.09
Other non-current assets	VII.31	91,604,304.53	35,829,062.60
Total non-current assets		5,229,712,555.38	5,725,027,209.35
Total assets		17,693,317,404.66	16,738,781,984.91
<b>Current liabilities:</b>			
short term loan	VII.32	1,228,512,020.16	1,338,759,842.79
Borrowing from the Central Bank			
funds on call			
Financial liabilities held for trading			
Derivative financial liabilities			
notes payable	VII.35	1,226,358,329.16	1,117,098,665.95
accounts payable	VII.36	2,634,503,932.59	2,273,529,223.39
Advance receipts			
Contractual liabilities	VII.38	107,480,150.38	74,948,967.00
Sales of repurchased financial assets			
Deposit-taking and interbank deposits			
Securities brokerage			
Underwriting of securities			
Employee remuneration payable	VII.39	25,636,227.80	23,330,718.43
Taxes payable	VII.40	64,962,998.97	33,269,575.91
Other accounts payable	VII.41	85,371,300.46	102,827,794.77
Of which: Interest payable			
dividend payable			
Fees and commissions payable			
Accounts payable for reinsurance			
Liabilities held for sale			
Non-current liabilities due within one year	VII.43	25,957,384.20	26,854,437.40
Other current liabilities	VII.44	3,241,389.31	3,272,513.55
Total current liabilities		5,402,023,733.03	4,993,891,739.19
<b>Non-current liabilities:</b>			
Reserves for insurance contracts			
long term loan	VII.45	200,177,222.21	



bonds payable			
Of which: Preferred shares			
perpetual bond			
Lease liabilities	VII.47	6,283,354.68	24,393,552.32
Long-term accounts payable			
Long-term employee compensation payable			
projected liability			
Deferred income	VII.51	313,558,188.80	500,666,070.43
Deferred income tax liabilities	VII.30	74,864,225.94	73,544,963.64
Other non-current liabilities			
Total non-current liabilities		594,882,991.63	598,604,586.39
Total liabilities		5,996,906,724.66	5,592,496,325.58
<b>Owners' 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 bond			
capital surplus	VII.55	5,225,071,831.84	5,225,071,831.84
Less: Treasury stock			
Other comprehensive income	VII.57	13,465,076.76	16,622,315.91
earmark			
surplus surplus	VII.59	1,138,698,338.57	1,082,785,716.24
General risk provision		330,669.76	807,517.73
unallocated profit	VII.60	4,518,055,003.12	4,019,848,926.30
Owners' equity (or shareholders' equity) attributable to the parent company		11,695,620,920.05	11,145,136,308.02
Total (benefits)			
Minority interests		789,759.95	1,149,351.31
Total owners' equity (or shareholders' equity)		11,696,410,680.00	11,146,285,659.33
Liabilities and owners' equity (or shareholders' equity)		17,693,317,404.66	16,738,781,984.91
(grand) total			

Person in charge of the company: Ding Mu Person in charge of accounting work: Zhong Danfang

Person in charge of accounting organization: Zhao Libo

**Parent  
Company**

Prepared by: Triangle Tire Co.

**Balance Sheet**

Unit: Yuan Currency:

	December 31, 2022	December 31, 2021
<b>Footnote</b>		
<b>Liquid assets:</b>		
money funds	2,660,639,337.95	1,657,719,998.18
Financial assets held for trading	386,494.08	619,792.32
derivative financial asset	95 / 262	
notes receivable	427,500.00	4,841,534.13
accounts receivable	XVII.1	856,272,352.65
Receivables financing	888,918,425.09	941,237,729.81

Of which: Interest receivable			
Dividends receivable			20,000,000.00
inventory (of material)		1,356,105,967.64	1,277,984,298.06
Contractual assets			
Assets held for sale			
Non-current assets due within one year		15,636,493.21	20,646,136.94
Other current assets		6,615,375,450.78	6,204,657,697.75
Total current assets		12,451,506,782.41	11,019,547,492.58
<b>Non-current assets:</b>			
debenture investment			
Other debt investments			
Long-term receivables			
Long-term equity investments	XVII.3	267,529,397.16	267,529,392.28
Investments in other equity instruments		50,000,000.00	50,000,000.00
Other non-current financial assets			
investment property		1,899,347.14	2,110,050.19
fixed assets		3,878,138,601.72	4,149,902,632.36
construction in progress		194,021,439.26	240,456,949.17
Productive biological assets			
oil and gas assets			
license asset		20,798,106.69	38,737,836.50
intangible asset		393,052,239.52	403,558,557.01
development expenditure			
reputation of a firm's product			
Long-term amortized expenses			1,304,592.21
Deferred tax assets		70,657,061.64	72,791,696.37
Other non-current assets		91,604,304.53	35,829,062.60
Total non-current assets		4,967,700,497.66	5,262,220,768.69
Total assets		17,419,207,280.07	16,281,768,261.27
<b>Current liabilities:</b>			
short term loan		978,346,039.69	1,338,718,151.98
Financial liabilities held for trading			
Derivative financial liabilities			
notes payable		1,226,358,329.16	1,117,098,665.95
accounts payable		2,556,985,266.33	2,166,451,776.48
Advance receipts			
Contractual liabilities		108,557,546.73	75,488,754.53
Employee remuneration payable		14,411,239.19	13,566,873.84
Taxes payable		46,981,304.86	14,449,009.05
Other accounts payable		880,766,335.65	499,136,466.49
Of which: Interest payable			
dividend payable			
Liabilities held for sale			
Non-current liabilities due within one year		19,148,833.28	20,967,016.25
Other current liabilities		3,381,481.86	3,341,616.31
Total current liabilities		5,834,936,376.75	5,249,218,330.88

**Non-current liabilities:**

long term loan

200,177,222.21

bonds payable			
Of which: Preferred shares			
perpetual bond			
Lease liabilities		1,685,962.02	17,701,528.65
Long-term accounts payable			
Long-term employee compensation payable			
projected liability			
Deferred income		313,108,188.77	322,363,765.68
Deferred income tax liabilities		70,941,036.76	71,100,734.36
Other non-current liabilities			
Total non-current liabilities		585,912,409.76	411,166,028.69
Total liabilities		6,420,848,786.51	5,660,384,359.57
<b>Owners' 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 bond			
capital surplus		5,216,137,085.47	5,216,137,085.47
Less: Treasury stock			
Other comprehensive income		23,804,141.36	21,955,772.82
earmark			
surplus surplus		1,145,520,871.33	1,089,608,249.00
unallocated profit		3,812,896,395.40	3,493,682,794.41
Total owners' equity (or shareholders' equity)		10,998,358,493.56	10,621,383,901.70
Liabilities and owners' equity (or shareholders' equity)		17,419,207,280.07	16,281,768,261.27
(grand) total			

Person in charge of the company: Ding Mu Person in charge of accounting work: Zhong Danfang

Person in charge of accounting organization: Zhao Libo

## Consolidated

### Income

### Statement

January-

December 2022

Unit: Yuan Currency:

spor ts even t	footno te	2022	2021 RMB
I. Gross operating income		9,220,123,780.56	8,954,386,534.49
Of which: Operating income	VII.61	9,220,123,780.56	8,954,386,534.49
Interest income			
Premiums earned			
Fee and commission income			
II. Total operating costs	98 / 262	8,580,423,362.61	8,500,928,505.93
Of which: Operating costs	VII.61	7,852,515,445.73	7,675,168,399.68
interest expense			
Handling fee and commission expenses			
surrender charge			

Taxes and surcharges	VII.62	47,442,338.95	50,140,640.90
sales expense	VII.63	341,548,515.22	370,518,746.80
overhead	VII.64	234,903,497.14	241,171,819.56
R&D costs	VII.65	142,649,787.56	136,288,436.18
financial cost	VII.66	-38,636,221.99	27,640,462.81
Of which: Interest expense		36,654,873.47	33,851,064.98
Interest income		36,812,545.31	13,447,535.55
Add: Other gains	VII. 67	14,969,410.78	19,161,427.03
Investment income (losses are recognized with a "-" sign)	VII.68	226,985,898.38	230,422,469.83
Of which: Investment income in associates and joint ventures			
all the more			
Termination of financial assets measured at amortized cost			
Recognition of revenue			
Exchange gains (losses are recognized with a "-" sign)			
Net exposure to hedging gains (losses are recognized with a "-" sign)			
Gain (Loss) on changes in fair value (symbolized by "-") (columns)	VII.70	-233,298.24	1,618,369.86
Credit impairment losses (losses are recognized with a "-" sign)	VII.71	-6,040,562.27	1,661,003.05
Impairment losses on assets (losses are recognized with a "-" sign)	VII.72	-32,001,084.28	-24,333,086.51
Gain (loss is represented by a "-" sign) on disposal of assets	VII.73	-10,333,946.10	271,620.58
III. Operating profit (loss is shown with a "-" sign)		833,046,836.22	682,259,832.40
Add: Non-operating income	VII.74	1,743,712.12	1,138,158.31
Less: Non-operating expenses	VII.75	2,365,155.12	3,216,968.04
IV. Total profit (total loss is shown with a "- " sign)		832,425,393.22	680,181,022.67
Less: Income tax expense	VII. 76	95,143,133.40	79,542,124.41
V. Net profit (net loss is shown with a "- " sign)		737,282,259.82	600,638,898.26
(i) Classification by business continuity			
1. Net profit from continuing operations (net loss is indicated by a "- " sign) (columns)		737,282,259.82	600,638,898.26
2. Net profit from discontinued operations (net loss is indicated by a "- " sign) (columns)			
(ii) Classification by ownership			
1. Net income attributable to equity holders of the parent company (net loss is summarized as follows) "- " sign)		737,641,851.18	600,406,918.38
2. Minority shareholders' gains and losses		-359,591.36	231,979.88

(net losses are shown with a "-" sign)			
VI. Other comprehensive income, net of tax		-3,157,239.15	5,123,475.80
(i) Other comprehensive income attributable to owners of the parent company of net profit after tax		-3,157,239.15	5,123,475.80
1. Other comprehensive income not reclassifiable to profit or loss			230,483.82
(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
(4) Changes in fair value of an enterprise's own credit risk			
2. Other comprehensive income to be reclassified to profit or loss		-3,157,239.15	4,892,991.98
(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			
sum of money			
(4) Provision for credit impairment of other debt investments			

(5) Cash flow hedge reserve			
(6) Translation differences on foreign currency financial statements		-7,102,790.79	1,391,316.74
(7) Other		3,945,551.64	3,501,675.24
(ii) Taxation of other comprehensive income attributable to minority shareholders net surplus			
VII. Total comprehensive income		734,125,020.67	605,762,374.06
(i) Total comprehensive income attributable to owners of the parent company		734,484,612.03	605,530,394.18
(ii) Total comprehensive income attributable to minority shareholders		-359,591.36	231,979.88
VIII. Earnings per share:			
(i) Basic earnings per share (yuan/share)		0.92	0.75
(ii) Diluted earnings per share (\$/share)		0.92	0.75

Person in charge of the company: Ding Mu Person in charge of accounting work: Zhong Danfang

Person in charge of accounting organization: Zhao Libo

**Parent  
Company  
Income  
Statement**

January-  
December 2022

Unit: Yuan Currency:

spor ts even t	footno te	2022	2021 RMB
I. Operating income	XM4	9,239,058,815.58	9,014,428,951.47
Less: Operating costs	XM4	8,254,816,461.53	8,136,843,844.93
Taxes and surcharges		32,423,583.79	34,587,660.79
sales expense		337,016,975.33	369,950,795.82
overhead		185,670,388.17	192,281,373.36
R&D costs		143,518,805.39	124,857,560.90
financial cost		-42,079,862.78	24,278,529.72
Of which: Interest expense		35,255,291.26	29,478,029.09
Interest income		36,890,926.96	13,597,429.39
Add: Other gains		14,856,688.65	17,976,194.30
Investment income (loss recognized as "-")	XM5	312,134,071.42	247,928,756.07
Of which: Investment income from associates and joint ventures all the more			
Termination of financial assets measured at amortized cost			
Recognition of gains			
Net exposure to hedging gains (losses are recognized with a "-" sign)			
Gain (Loss) on changes in fair value (symbolized by "-")	101 / 262	-233,298.24	1,618,369.86
(columns)			
Credit impairment losses (losses are recognized with a "-" sign)		-6,941,074.03	-652,694.21

V. Other comprehensive income, net of tax		1,848,368.54	1,177,041.25
(i) Other comprehensive income not reclassifiable to profit or loss			230,483.82
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
4. Changes in fair value of the enterprise's own credit risk			
(ii) Other comprehensive income to be reclassified to profit or loss		1,848,368.54	946,557.43
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 sum of money			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedge reserve			
6. Translation differences on foreign currency financial statements		485,906.14	-944,268.80
7. Other		1,362,462.40	1,890,826.23
VI. Total comprehensive income		560,974,591.86	337,092,645.12
VII. Earnings per share:			
(i) Basic earnings per share (yuan/share)		0.70	0.42
(ii) Diluted earnings per share (\$/share)		0.70	0.42

Person in charge of the company: Ding Mu Person in charge of accounting work: Zhong Danfang

Person in charge of accounting organization: Zhao Libo

### Consolidated Statement of Cash Flows

January-  
December 2022

Unit: Yuan Currency: RMB

sports event	footnote	FY2022	2021
<b>i. Cash flows from operating activities:</b>			
Cash received from sales of goods and services		7,616,646,096.44	6,915,646,454.90
Net increase in customer deposits and interbank deposits			
Net increase in borrowing from central banks			
Net increase in remittances to other financial institutions	102 / 262		
Cash received from premiums for original insurance contracts			
Net cash received from reinsurance			



Cash to pay policy dividends			
Cash paid to and for employees		581,801,515.45	596,173,395.76
Taxes paid		395,916,797.94	472,412,789.84
Payments of other cash related to operating activities	VL78 (2)	394,813,844.36	330,925,071.74
Subtotal cash outflows from operating activities		6,686,481,806.73	6,848,966,678.55
Net cash flows from operating activities		1,487,002,675.93	471,680,988.43
<b>II. Cash flows from investing activities:</b>			
Cash received from recovery of investments		260,000,000.00	2,125,260,370.00
Cash received from investment income		64,649,710.37	76,887,043.61
Disposal of fixed assets, intangible assets and other long-term assets		39,526.00	6,496.52
Net cash recovered from production			
Cash received from disposal of subsidiaries and other operating units net (income)			
Other cash received related to investing activities			
Subtotal cash inflows from investing activities		324,689,236.37	2,202,153,910.13
Acquisition of fixed assets, intangible assets and other long-term assets		79,068,592.79	109,927,940.50
Cash paid for production			
Cash paid for investments		570,000,000.00	2,045,326,400.00
Net increase in pledged loans			
Cash paid for acquisition of subsidiaries and other operating units net (income)			
Payments of other cash related to investing activities			
Subtotal cash outflows from investing activities		649,068,592.79	2,155,254,340.50
Net cash flows from investing activities		-324,379,356.42	46,899,569.63
<b>III. Cash flows from financing activities:</b>			
Cash received from absorption of investments			
Of which: Received by subsidiaries from absorption of minority investments in cash			
Cash received from acquisition of loans		1,423,033,551.51	1,596,952,034.56
Other cash received related to financing activities			
Subtotal cash inflow from financing activities		1,423,033,551.51	1,596,952,034.56
Cash paid for debt service		1,400,110,069.31	1,782,950,503.03
Cash paid for distribution of dividends, profits or interest payments		213,379,697.86	349,138,251.33
Of which: dividends paid by subsidiaries			

to minority shareholders, margins			
Payments of other cash related to financing activities	¥178 (6)	15,923,944.66	20,052,473.58
Subtotal cash outflows from financing activities		1,629,413,711.83	2,152,141,227.94
Net cash flows from financing activities		-206,380,160.32	-555,189,193.38
<b>IV. Impact of exchange rate changes on cash and cash equivalents</b>		54,031,090.16	-24,740,874.09
<b>V. Net increase in cash and cash equivalents</b>		1,010,274,249.35	-61,349,509.41
Add: Cash and cash equivalents balance at beginning of period		1,730,153,817.39	1,791,503,326.80
<b>VI. Cash and cash equivalents balance at end of period</b>		2,740,428,066.74	1,730,153,817.39

Person in charge of the company: Ding Mu Person in charge of accounting work: Zhong Danfang

Person in charge of accounting organization: Zhao Libo

**Parent  
Company  
Statement of  
Cash Flows  
January-  
December 2022**

Unit: Yuan Currency: RMB

spor ts eve nt	footn ote	FY2022	2021
<b>i. Cash flows from operating activities:</b>			
Cash received from sales of goods and services		7,277,129,067.21	6,610,768,358.05
Tax refunds received		508,276,758.16	362,759,158.62
Other cash received in connection with operating activities		609,291,757.21	401,656,473.44
Subtotal cash inflow from operating activities		8,394,697,582.58	7,375,183,990.11
Cash paid for goods and services		5,501,506,220.75	6,378,194,933.32
Cash paid to and for employees		389,789,590.20	400,354,621.65
Taxes paid		242,879,828.47	317,015,618.83
Payments of other cash related to operating activities		704,965,981.19	502,117,126.38
Subtotal cash outflows from operating activities		6,839,141,620.61	7,597,682,300.18
Net cash flows from operating activities		1,555,555,961.97	-222,498,310.07
<b>II. Cash flows from investing activities:</b>			
Cash received from recovery of investments		260,000,000.00	2,125,260,370.00
Cash received from investment income		184,649,710.37	456,887,043.61
Proceeds from disposal of fixed assets, intangible assets and other long-term assets		1,254.00	4,188.64
Net cash returned			
Net cash received from disposal of subsidiaries and other operating units			
Other cash received related to investing activities			100,913,840.26
Subtotal cash inflows from investing activities		444,650,964.37	2,683,065,442.51
Expenditure on acquisition of fixed assets, intangible assets and other long-term assets		19,879,350.01	82,827,833.02
Cash paid			
Cash paid for investments		570,000,000.00	2,045,326,400.00
Net cash paid for acquisition of subsidiaries and other operating units			
Payments of other cash related to investing activities			100,000,000.00
Subtotal cash outflows from investing activities		589,879,350.01	2,228,154,233.02
Net cash flows from investing activities		-145,228,385.64	454,911,209.49
<b>III. Cash flows from financing activities:</b>			
Cash received from absorption of investments			
Cash received from acquisition of loans		1,172,300,000.00	1,596,565,963.89
Other cash received related to financing activities			
Subtotal cash inflow from financing activities		1,172,300,000.00	1,596,565,963.89
Cash paid for debt service		1,399,500,000.01	1,450,594,556.80
Cash paid for distribution of dividends, profits or interest payments		213,379,697.86	349,138,251.33

Payments of other cash related to financing activities		15,923,944.66	16,331,660.08
Subtotal cash outflows from financing activities		1,628,803,642.53	1,816,064,468.21
Net cash flows from financing activities		-456,503,642.53	-219,498,504.32
<b>IV. Impact of exchange rate changes on cash and cash equivalents</b>		52,868,405.51	-24,388,940.95
<b>V. Net increase in cash and cash equivalents</b>		1,006,692,339.31	-11,474,545.85
Add: Cash and cash equivalents balance at beginning of period		1,653,629,903.58	1,665,104,449.43
<b>VI. Cash and cash equivalents balance at end of period</b>		2,660,322,242.89	1,653,629,903.58

Person in charge of the company: Ding Mu Person in charge of accounting work: Zhong Danfang

Person in charge of accounting organization: Zhao Libo

**Consolidated  
Statement of Changes  
in Equity January-  
December 2022**

Unit: Yuan    Currency:

sport s even t	2022												RMB		
	Equity attributable to owners of the parent company											Minority interests	Total owners' equity		
	Paid-in capital (or share capital)	Other equity instruments			capital surplus	Less : Trea sury stock	Other comprehensive income	ea m ar k	surplus surplus	General risk provisio n	unallocated profit			(st h. or sb ) el se	Subt otal
		pri ori tiz e thig h	su st ai na bili ty deb t	(st h. or sb ) el se											
I. Prior year-end 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
Add: change in accounting policy															
Correction of prior period errors															
entity under common control merger of industries															
(sth. or sb) else															
II. Opening balance for the year	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
III. Changes during the period (decreases are symbolized by “— ” “)” (fill in the blanks)							-3,157,239.15		55,912,622.33	-476,847.97	498,206,076.82		550,484,612.03	-359,591.36	550,125,020.67
(i) Total comprehensive income							-3,157,239.15				737,641,851.18		734,484,612.03	-359,591.36	734,125,020.67
(ii) Owner inputs and capital reduction															
1. Owners' inputs generic generic term for shares in a company															
2. Other equity instruments held Owner-invested capital															
3. Share-based payments are recognized in the accounts of the Organization. Amount of ownership interest								107 / 262							

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2022															
deride															
4. Defined benefit plan changes															
Carry-over of retained earnings															
5. Other comprehensive income															
Transfer to retained earnings															
6. Other															
(v) Earmarked reserves															
1. Withdrawals during the period															
2. Utilization during the period															
(vi) Other															
IV. Closing balance for the period	800,000,000.00				5,225,071,831.84		13,465,076.76		1,138,698,338.57	330,669.76	4,518,055,003.12		11,695,620,920.05	789,759.95	11,696,410,680.00

sport s event	2021														
	Equity attributable to owners of the parent company												Minority interests	Total owners' equity	
	Paid-in capital (or share capital)	Other equity instruments			capital surplus	Less : Trea sury stock	Other comprehensive income	earmark	surplus surplus	General risk provisio n	unallocated profit	(st h. or sb ) el se			Subt otal
		pri ori tiz ati on thig h	su st ai na bili ty deb t	(st h. or sb ) el se											
I. Prior year Closing 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: Accounting policy policy change															
pre- production Correction of errors															
entit y under common control merger of industries															
(sth. or															

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sb) else							2022								
II. Current period beginning 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
Increase/ decrease during the period (Decrease is symbolized by “—” “>” (fill in the blanks)							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
(i) Synthesis Total proceeds							5,123,475.80				600,406,918.38		605,530,394.18	231,979.88	605,762,374.06
(ii) Owner inputs and capital reduction															
1. Owners' inputs generic term for shares in a company															
2. Other equity instrument s held investor-in-community															

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principal															
3. Share-based payments recognized in equity amounts															
4. Other															
(iii) Profit allocate								33,591,560.39	807,517.73	-354,399,078.12		-320,000,000.00		-320,000,000.00	
1. Surplus extraction surplus surplus								33,591,560.39		-33,591,560.39					
2. Extraction of general risk allowances get ready									807,517.73	-807,517.73					
3. To the owner (or shareholders) (East) distribution										-320,000,000.00		-320,000,000.00		-320,000,000.00	
4. Other															
(iv) Within owners' equity Carry-over from ministry							-2,713,949.35		271,394.94		2,442,554.41				
1. Transfer of capital surplus to capital (or shares) (this)															
2. Transfer of surplus to capital (or shares) (this)															
3. Surplus reserves to cover losses deride															
4. Carry-over of changes in defined benefit plans retained earnings															



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5. Other comprehensive income carried forward from retained earnings all the more						-2,713,949.35	2022	271,394.94		2,442,554.41				
6. Other														
(v) Specialized store up							-487,389.85					-487,389.85		-487,389.85
1. Provisions for the current period get							-487,389.85					-487,389.85		-487,389.85
2. Current period expense or outlay														
(vi) Other														
IV. Current period Closing 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

Person in charge of the company: Ding Mu Person in charge of accounting work: Zhong Danfang Person in charge of accounting organization: Zhao Libo

**Statement of Changes  
in Owners' Equity of  
the Parent Company  
January-December 2022**

Unit: Yuan      Currency: RMB

sport s even t	2022										
	Paid-in capital (or share capital)	Other equity instruments			capital surplus	Less: Treas ury stock	Other comprehensive income	ear mar k	surplus surplus	unallocated profit	Total owners' equity
		preferred stock	perpetual bond	(sth. or sb) else							
I. Prior year-end balance	800,000,000.00				5,216,137,085.47		21,955,772.82		1,089,608,249.00	3,493,682,794.41	10,621,383,901.70
Add: change in accounting policy											
Correction of prior period errors (sth. or sb) else											
II. Opening balance for the year	800,000,000.00				5,216,137,085.47		21,955,772.82		1,089,608,249.00	3,493,682,794.41	10,621,383,901.70
III. Amount of increase or decrease during the period (decreases are indicated by a "-" sign)							1,848,368.54		55,912,622.33	319,213,600.99	376,974,591.86
(i) Total comprehensive income							1,848,368.54			559,126,223.32	560,974,591.86
(ii) Owners' inputs and reductions in capital											
1. Common shares invested by owners											
2. Capital contributions by holders of other equity instruments											
3. Share-based payments recognized in equity											
4. Other											
(iii) Distribution of profits									55,912,622.33	-239,912,622.33	-184,000,000.00
1. Withdrawal of surplus reserves									55,912,622.33	-55,912,622.33	
2. Distribution to owners (or shareholders)										-184,000,000.00	-184,000,000.00
3. Other											
(iv) Internal carry-forward of owners' equity											
1. Transfer of capital surplus to capital (or share capital)											
2. Transfer of surplus to capital (or share capital)											
3. Coverage of losses by surplus surplus											
4. Carry-over of changes in defined benefit plans to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Other											
(v) Earmarked reserves											
1. Withdrawals during the period											
2. Utilization during the period							2021				
(vi) Other	Paid-in capital (or share capital)	Other equity instruments			capital surplus	Less: by	Other comprehensive	special	surplus surplus	unallocated profit	Total owners' equity
IV. Closing balance for the period even	800,000,000.00				5,216,137,085.47		23,804,141.36		1,145,520,871.33	3,812,896,395.40	10,998,358,493.56

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t		2022		income					
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## Annual Report

2022

		preferred stock	perpetual bond	(sth. or sb) else		share certifica te		store up			
I. Prior year-end balance	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
Add: change in accounting policy											
Correction of prior period errors											
(sth. or sb) else											
II. Opening balance for the year	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
III. Amount of increase or decrease during the period (decreases are indicated by a "-" sign)							-1,536,908.10		33,862,955.33	-15,233,402.11	17,092,645.12
(i) Total comprehensive income							1,177,041.25			335,915,603.87	337,092,645.12
(ii) Owners' inputs and reductions in capital											
1. Common shares invested by owners											
2. Capital contributions by holders of other equity instruments											
3. Share-based payments recognized in equity											
4. Other											
(iii) Distribution of profits									33,591,560.39	-353,591,560.39	-320,000,000.00
1. Withdrawal of surplus reserves									33,591,560.39	-33,591,560.39	
2. Distribution to owners (or shareholders)										-320,000,000.00	-320,000,000.00
3. Other											
(iv) Internal carry-forward of owners' equity							-2,713,949.35		271,394.94	2,442,554.41	
1. Transfer of capital surplus to capital (or share capital)											
2. Transfer of surplus to capital (or share capital)											
3. Coverage of losses by surplus surplus											
4. Carry-over of changes in defined benefit plans to retained earnings											
5. Other comprehensive income carried forward to retained earnings							-2,713,949.35		271,394.94	2,442,554.41	
6. Other											
(v) Earmarked reserves											
1. Withdrawals during the period											
2. Utilization during the period											
(vi) Other											
IV. Closing balance for the period	800,000,000.00				5,216,137,085.47		21,955,772.82		1,089,608,249.00	3,493,682,794.41	10,621,383,901.70

Person in charge of the company: Ding Mu Person in charge of accounting work: Zhong Danfang Person in charge of accounting organization: Zhao Libo

### III. Basic information about the company

#### 1. Company Overview

√Applicable □Not applicable

Triangle Tire Company Limited (hereinafter referred to as the "Company" or the "Company" and collectively referred to as the "Group" when including subsidiaries) was approved by the Shandong Provincial People's Government under Document No. 5 of the Shandong Provincial Government, Lu Zhengshu Zi [2001], with Triangle Group Company Limited as the main sponsor, in conjunction with Weihai CITIC Trading Co. Ltd. as the main promoter, together with Weihai CITIC Trading Co., Ltd., Shandong World Trade Center, Guilin Rubber Machinery Factory, China Chemical Industry Construction Qingdao Company, Weihai Rubber & Chemical Import & Export Co., Ltd., Beijing Rubber Industry Research & Design Institute and Ding Yuhua, Hou Rucheng, Shan Guoling, Song Junli, Zhu Jianjian, Wang Wenhao, who are natural persons, as the main promoter to set up the Company. The company was registered in Shandong Province Administration for Industry and Commerce on February 22, 2001, with the following notes

The registered capital is 24,000,000 RMB.

On December 31, 2007, the Second Extraordinary Shareholders' General Meeting of 2007 considered and approved the proposal of "transfer from capital surplus and undistributed capital to the Company".

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

Pursuant to the "Approval of the Initial Public Offering of Triangle Tire Company Limited" issued by the China Securities Regulatory Commission under Circular No. 1609 of the Securities Regulatory Permit [2016], the Company made a public offering of 200,000,000 RMB ordinary shares (A shares) to the public on August 30, 2016, which was listed and traded 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 exchanged the business license, unified social credit representative  
The code is 91370000726700647B. The registered capital is changed to RMB80,000,000 and the registered address of the Company is No. 56 Qingdao Middle Road, Weihai City.

As of December 31, 2022, the registered capital of the Company is RMB800,000,000.00 and its share capital is RMB 800,000,000.00.

The company belongs to the rubber and plastic products in the tire manufacturing industry, business scope: tires, rubber products, rubber machinery and instrumentation, chemical products (excluding chemical hazards), nylon cord, steel cord tire raw and auxiliary materials, development, production, sales and technical services; the scope of the record import and export business; chemical engineering design, installation (subject to qualification certificates to operate), machinery and equipment and housing rental, warehousing (excluding chemical hazards), loading and unloading and logistics services, business management consulting services; recycling and wholesale of renewable materials (excluding hazardous waste and projects subject to licensing). Chemical engineering design, installation, mechanical equipment and housing rental, warehousing (not including chemical hazardous materials), loading and unloading and logistics services, business management consulting services; recycling and wholesale of renewable materials (excluding hazardous waste and projects subject to licensing).

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

#### 2. Scope of consolidated financial statements

√Applicable □Not applicable

There were 13 subsidiaries included in the scope of consolidation of the Group in fiscal year 2022, and there was no change in the scope of consolidation of the Group in the current year as

compared with that of the previous year. For details, please refer to Section X, IX, "Interests in other entities" of this report.

#### **IV. Basis of preparation of the financial statements**

##### **1. Basis of preparation**

The financial statements of the Group have been prepared on a going concern basis, on the basis of transactions and events that have actually occurred, in accordance with the "Accounting Standards for Business Enterprises" and related regulations issued by the Ministry of Finance, and on the basis of the accounting policies and accounting estimates set out in section X.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 Estimates Alert:

☒Applicable    ☐Not applicable

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

##### **1. Statement of compliance with enterprise 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 account 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 fiscal year begins on January 1 and ends on December 31 of the calendar year.

### **3. business cycle**

☒Applicable    ☐Not applicable

The normal operating cycle is the period from the acquisition of assets for processing to the realization of cash or cash equivalents. The Group adopts a 12-month operating cycle as the standard for classifying the liquidity of assets and liabilities.

### **4. local currency**

The Company and its domestic subsidiaries maintain their accounts in Renminbi (RMB); the Company's subsidiaries in Australia maintain their accounts in Australian dollars (AUD); its subsidiaries in Hong Kong, the United States, and Panama maintain their accounts in U.S. dollars (USD); and its subsidiary in Singapore maintains its accounts in Singapore dollars (SGD).

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

☐Applicable    ☒Not applicable

### **6. Methodology for the preparation of consolidated financial statements**

☒Applicable    ☐Not applicable

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

If, in preparing the consolidated financial statements, the accounting policies or accounting periods used by the subsidiaries are not consistent with those used by the Company, the necessary adjustments are made to the financial statements of the subsidiaries in accordance with the Company's accounting policies or accounting periods.

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

For subsidiaries acquired in a business combination under the same control, the results of operations and cash flows are included in the consolidated financial statements from the beginning of the period in which the combination occurs. In preparing the comparative consolidated financial statements, adjustments are made to the relevant items in the prior year's financial statements, and the reporting entity resulting from the consolidation is deemed to have been in existence since the point in time when the ultimate controlling party commenced control.

For the acquisition of subsidiaries by a business combination not under the same 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, can be easily converted 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 Renminbi amounts at the approximate exchange rate of the spot rate (usually the mid-point of the foreign exchange rates 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, and the resulting translation differences are recognized directly in profit or loss for the current period, except for exchange differences arising from special borrowings in foreign currencies for the purpose of acquiring, constructing or producing assets eligible for capitalization, which are dealt with in accordance with the principle of capitalization.

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

Assets and liabilities in the balance sheet are translated at the spot rate of exchange prevailing at the balance sheet date; owners' equity items, **except for "undistributed profits"**, are translated at the spot rate of exchange prevailing at the time of the transaction; income and expenses in the income statement are translated at the rate approximating the spot rate of exchange prevailing at the date of the transaction. Translation differences arising from the above translations are presented in other comprehensive income. Cash flows in foreign currencies are translated using the exchange rate approximating the spot rate on the date 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 instrument**

√Applicable      □Not applicable

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

### **(1) financial asset**



### 1) Classification, Basis of Recognition and Measurement of Financial Assets

The Group classifies financial assets as financial assets 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 as financial assets measured at amortized cost those financial assets that meet both of the following conditions: ① The business model for managing the financial assets is based on the objective of collecting contractual cash flows. (ii) The contractual terms of the financial asset stipulate that the cash flows to be generated at a specific date will be solely payments of principal and interest based on the outstanding principal amount. Such financial assets are initially measured at fair value, with related transaction costs included 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 according to the effective interest rate method, and its amortization, impairment, exchange gain or loss, and gain or loss arising from derecognition are recognized in profit or loss for the current period.

The Group classifies as financial assets at fair value through other comprehensive income those financial assets that meet both of the following conditions: ① The business model for managing the financial assets is based on the objective of collecting the contractual cash flows as well as the objective of selling the financial assets. (ii) The contractual terms of the financial asset provide that the cash flows arising at a specified date will be solely payments of principal and interest based on the outstanding principal amount. Such financial assets are initially measured at fair value, and the related transaction costs are included in the initial recognition amount. Except for those designated as hedged items, any gains or losses arising from such financial assets, except for credit impairment losses or gains, exchange gains or losses and interest on such financial assets calculated in accordance with 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 out of 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 asset by the effective interest rate, except in the following cases: ① For financial assets acquired or originated that are impaired for credit purposes, from initial recognition, at the rate of the Interest income is recognized on the basis of the amortized cost of the financial asset and the effective interest rate adjusted for credit. (ii) For financial assets acquired or originated without credit impairment that 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 investments in non-trading equity instruments as financial assets at fair value through other comprehensive income. The designation, once made, cannot be revoked. Investments in non-trading equity instruments designated by the Group as at fair value through other comprehensive income are initially measured at fair value, with the related transaction costs included in the amount initially recognized; except for the dividends received (except for the portion recovered from the cost of the investment) which are recognized in profit or loss, the related gains and losses (including exchange gains and losses) are recognized in other comprehensive income and may not be transferred to other comprehensive income. The related gains and losses (including exchange gains and losses) are recognized in other comprehensive income and may not be transferred to current profit or loss. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income to retained earnings.

The Group classifies financial assets other than those classified as financial assets at amortized cost and those classified as financial assets at fair value through other comprehensive income as described above 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. Gains or losses on such financial assets are recognized in profit or loss for the current period.

2 ) Basis of recognition and measurement of transfers of financial assets

The Group derecognizes a financial asset that meets one of the following conditions: (i) the contractual right to receive cash flows from the financial asset is 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 control over the financial asset; (iv) the financial asset is transferred, and the Group neither transfers nor retains control over 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 control over the financial asset.

If the transfer of a financial asset as a whole meets the conditions for derecognition, the difference between the carrying amount of the transferred financial asset and the amount corresponding to the derecognized portion of the consideration received as a result of the transfer and the cumulative change in the fair value of the transfer that would have been recognized directly in other comprehensive income (the contractual terms of the financial asset involved in the transfer stipulate that the cash flows generated at a specific date will be only the payment of the principal amount and the interest based on the amount of the principal outstanding) is recognized in profit or loss for the current period. ) is recognized in profit or loss.

If a partial transfer of a financial asset satisfies the conditions for derecognition, the carrying amount of the transferred financial asset as a whole is apportioned between the derecognized portion and the non-derecognized portion in accordance with their respective relative fair values, and the amount of the consideration received for the transfer and the amount of the cumulative change in the fair value that would have been apportioned to the derecognized portion of the amount originally recognized in other comprehensive income corresponding to the derecognized portion of the amount (relating to the transfer of the The difference between the sum of the consideration received for the transfer and the amount corresponding to the cumulative change in fair value of the portion originally recognized in other comprehensive income (the contractual terms of the financial asset stipulate that the cash flows arising at a specific date are only payments of principal and interest based on the outstanding principal amount) and the overall carrying amount of the financial asset as a whole that is apportioned to the former financial asset is recognized in profit or loss for the current period.

( 2 ) financial liability

1 ) Classification, recognition basis and measurement of financial liabilities

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 financial liabilities designated on initial recognition as at fair value through profit or loss. Subsequent measurement is performed at fair value, with gains or losses resulting from changes in fair value, as well as dividends and interest expenses related to the financial liabilities, recognized in profit or loss for the current period.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. The Group classifies financial liabilities as financial liabilities measured 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 conditions for derecognition or from continued involvement in the transferred financial assets. (iii) Financial guarantee contracts that do not fall under ① or ② above, and loan commitments to lend at below-market interest rates that do not fall under 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 substantially different from those of the existing financial liability, the existing financial liability is derecognized and the new financial liability is recognized simultaneously. If the Group materially modifies the contractual terms of all or a portion of an existing financial liability, it derecognizes the existing financial liability or a portion of it and simultaneously recognizes the modified terms as a new financial liability. The difference between the carrying amount of the derecognized portion and the consideration paid is recognized in profit or loss.

#### ( 3 ) Methods of determining the fair value of financial assets and financial liabilities

The Group measures the fair value of financial assets and financial liabilities using prices in the principal markets or, where no principal markets exist, the most advantageous market, and uses valuation techniques that are appropriate at the time and supported by sufficient available data and other information. The inputs used in the fair value measurements are categorized into three levels, i.e. 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 observable for the underlying asset or liability, either directly or indirectly; and level 3 inputs are unobservable inputs for the underlying asset or liability. The Group uses Level 1 inputs first and Level 3 inputs last, with the hierarchy within which the fair value measurements fall determined by the lowest level within which the inputs that are significant to the fair value measurement as a whole fall.

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

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

The Group's financial assets and financial liabilities are presented separately in the balance sheet without offsetting each other. However, they are presented in the balance sheet as net amounts after offsetting each other when the following conditions are simultaneously met: (i) the Group has a legal right to offset the recognized amounts and such legal right is currently enforceable; and (ii) the Group intends to settle the accounts on a net basis, or to liquidate the financial assets and settle the financial liabilities at the same time.

#### ( 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: (i) A contractual obligation meets the definition of a financial liability if the Group cannot unconditionally avoid satisfying it 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 be created indirectly through other terms and conditions. (ii) If a financial instrument is required to be, 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 used as a substitute for cash or other financial assets or are intended to entitle the holder of the instrument to a residual interest in the assets of the issuer after deducting all of its liabilities. If the former, the instrument is a financial liability of the issuer; if the latter, the instrument is an equity instrument of the issuer. In certain circumstances, a financial instrument contract provides that the Group is required to settle the financial instrument with, or may settle the financial instrument with, its own equity instrument, where the amount of the contractual right or contractual obligation is equal to the quantity of its own equity instrument that can be acquired or is required to be delivered multiplied by its 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 a variable other than the Group's own market price for the equity instrument (e.g. interest rates, the market price of a commodity, the market price of a commodity). Whether the amount of the contractual right or obligation is fixed or is based, in whole or in part, on changes in variables other than the market price of the Group's own equity instruments (e.g. interest rates, the price of a commodity or the price of a financial instrument), the contract is classified as a financial liability.

When the Group classifies financial instruments (or their components) in the consolidated statements, it takes into account group members and financial instruments

All terms and conditions agreed between the holders. An instrument shall be classified as a financial liability if, as a result of the instrument, the group as a whole has an obligation to deliver cash, other financial assets or settle in a manner that would otherwise cause the instrument to be a financial liability.

If the financial instruments or their components 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 classified as 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 uses expected credit losses as the basis for impairment accounting and recognizes loss provisions for: (i) financial assets measured at amortized cost; (ii) financial assets at fair value through other comprehensive income; and (iii) lease receivables;

##### ④ Contract assets.

Expected credit losses, 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 by the Group under the contract discounted at the original effective interest rate and all cash flows expected to be received, i.e. the present value of the total cash shortfall.

The Group always measures its loss provision for each of the following items at an amount equal to the expected credit losses over the entire duration of the item:

(i) transactions regulated by ASBE No. 14, "Revenue Standards," resulting in an allowance for losses on receivables or contract assets, regardless of whether the item contains a significant financing component; (ii) finance lease receivables; and (iii) operating lease receivables.

In addition to the above items, the Group measures the provision for losses in the following cases: (i) for financial instruments with no significant increase in credit risk since initial recognition, the Group measures the provision for losses at the amount of expected credit losses in the next 12 months; (ii) for financial instruments with a significant increase in credit risk since initial recognition, the Group measures the provision for losses at an amount equal to the expected credit losses over the entire duration of the financial instrument; (iii) 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 duration of the instrument. For financial instruments with credit risk that have significantly increased since initial recognition, the Group measures the allowance for loss at an amount equal to the expected credit loss over the life of the financial instrument; (iii) for financial instruments purchased or originated with credit impairment, the Group measures the allowance for loss at an amount equal to the expected credit loss over the life of the financial instrument.

For financial assets at fair value through other comprehensive income, the Group recognizes the allowance for credit losses in other comprehensive income and recognizes impairment losses or gains in profit or loss for the current period, which does not reduce the carrying amount of the financial assets presented in the balance sheet. The amount of increase or reversal of the allowance for credit losses on financial instruments other than those recognized in other comprehensive income is recognized as impairment loss or gain in profit or loss for the current period.

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

The Group determines whether there has been a significant increase in the credit risk of a financial instrument by comparing 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 the financial instrument has only a 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, a significant increase in the credit risk of a financial instrument is indicated when the instrument is more than 30 days past due. Unless the Group can obtain, without undue additional cost or effort, reasonable and substantiated information that demonstrates that there has not been a significant increase in credit risk since initial recognition, even if more than 30 days have elapsed.

In determining whether there has been a significant increase in credit risk since initial recognition, the Group considers reasonable and supportable information, including forward-looking information, that is readily available without undue additional cost or effort.

Portfolio-based assessment. 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 groups financial instruments according to their common credit risk characteristics and considers assessing whether credit risk has increased significantly on a portfolio basis.

## 2 ) Measurement of expected credit losses

Consider the elements that should be reflected in an expected credit loss measure: (i) an unbiased probability-weighted average amount determined by evaluating a range of possible outcomes; (ii) the time value of money; and (iii) reasonable and supportable information about past events, current conditions, and projections of future economic conditions that is not subject to undue additional cost or available at the balance sheet date.

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 prepares a table of accounts receivable aging versus loss rate on default on a portfolio basis, considering the elements that should be reflected in the expected credit loss measurement methodology, with reference to the historical credit loss experience, and calculates the expected credit loss on this basis, except for those amounts that are individually significant and have been subject to credit impairment, for which the Group determines the credit loss individually.

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 individually significant amounts for which the credit losses are determined separately.

The Group uses common credit risk characteristics to categorize financial instruments into different groups. The common credit risk characteristics adopted by the Group include: type of financial instrument, credit risk rating, geographical location of the debtor, and industry in which the debtor operates.

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

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

(ii) For lease receivables, credit losses represent the present value of the difference between the contractual cash flows to be collected 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 those used by the Group to measure lease receivables in accordance with the leasing guidelines.

## **11. notes receivable**

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

√Applicable □Not applicable

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

The determination of whether credit risk has increased significantly since initial recognition. The Group determines whether there has been a significant increase in the credit risk of a financial instrument 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 the financial instrument has only a 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, a significant increase in the credit risk of a financial instrument is indicated when the instrument is more than 30 days past due. The Group does not recognize a significant increase in the credit risk of a financial instrument unless it is not required to incur unnecessary additional costs.

Reasonable and supportable information that is available without undue cost or effort demonstrates that there has not been a significant increase in credit risk since initial recognition, even if overdue for more than 30 days. In determining whether there has been a significant increase in credit risk since initial recognition, the Group considers information, including forward-looking information, that is reasonable and supportable and could be obtained without undue additional cost or effort. The information considered by the Group includes:

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

For commercial promissory notes, an allowance for credit impairment losses is provided based on the expected credit loss rate on accounts receivable.

## **12. accounts receivable**

### **Methods of determining and accounting for expected credit losses on accounts receivable**

√Applicable □Not applicable

For accounts receivable resulting from transactions regulated by ASBE No. 14 - Revenue, which do not have a significant financing component, the allowance for losses is always measured at an amount equal to the expected credit losses over the entire period of existence.

Portfolio-based assessment. For accounts receivable, where the Group is unable to obtain sufficient evidence of a significant increase in credit risk at a reasonable cost at the level of individual instruments and it is feasible to assess whether there is a significant increase in credit risk on a portfolio basis, the Group groups accounts receivable according to credit risk ratings as a common risk characteristic and considers the assessment of whether there is a significant increase in credit risk on a portfolio basis.

The Group classifies its accounts receivable into different portfolios based on their credit risk

characteristics: sport s even t	Basis for determining the portfolio
Ageing portfolio	Type of risk
Factoring receivable portfolio	Type of risk

~~Expected credit loss measure. Expected credit losses are the weighted average of credit losses on financial instruments weighted by the risk of default occurring. Credit losses are the difference between all contractual cash flows receivable by the Group under the contract discounted at the original effective interest rate and all cash flows expected to be collected, i.e. the present value of all cash shortfalls.~~

The Group calculates the expected credit losses on accounts receivable at the balance sheet date. If the expected credit losses are greater than the carrying amount of the current provision for impairment of accounts receivable, the Group recognizes the difference as an impairment loss on accounts receivable, which is debited to "credit impairment loss" and credited to "allowance for bad debts". credit to "bad debt provision". On the contrary, the Group recognizes the difference as an impairment gain and makes the opposite accounting entry.

If the Group has actually incurred credit losses and the related accounts receivable are considered uncollectible and are approved to be written off, the Group debits "provision for bad debts" and credits "accounts receivable" according to the approved write-off amount. 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 duration. Receivable facilities are categorized into different portfolios based on their credit risk characteristics:

sport s even t	Basis for determining the portfolio
banker's acceptance	Acceptors are banks with low credit risk
Company foreign trade receivables	According to the foreign trade customer credit risk classification

The Group calculates the expected credit loss on receivables financing at the balance sheet date. If the expected credit loss is greater than the carrying amount of the current provision for impairment of receivables, the Group recognizes the difference as impairment loss on receivables financing by debiting "credit impairment loss" and crediting "other comprehensive income". credit to "other comprehensive income". On the contrary, the Group recognizes the difference as an impairment gain and makes the opposite accounting entry.

If the Group actually incurs a credit loss and determines that the related receivable financing is uncollectible and is authorized to be written off, the Group debits "other comprehensive income" and credits "receivable financing" according to the amount of the authorized write-off. If the write-off amount is greater than the provision for losses, the difference is debited to "credit impairment loss".

#### 14. Other receivables

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

√Applicable □Not applicable

The Group measures the allowance for losses on other receivables as follows: (i) for financial assets with no significant increase in credit risk since initial recognition, the Group measures the allowance for losses at the amount of expected credit losses in the next 12 months; (ii) for financial assets with a significant increase in credit risk since initial recognition, the Group measures the allowance for losses at an amount equal to the expected credit losses over the entire duration of the financial instrument; and (iii) for financial assets purchased or originated with credit impairment, the Group measures the allowance for losses at an amount equal to the expected credit losses over the entire duration of the financial instrument. 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 duration of the financial instrument.

Portfolio-based assessment. For other receivables, the Group is unable to obtain sufficient evidence of a significant increase in credit risk at a reasonable cost at the level of individual instruments, and it is feasible to assess whether there is a significant increase in credit risk on a portfolio basis; therefore, the Group considers the assessment of whether there is a significant increase in credit risk for other receivables on the basis of an ageing portfolio in accordance with credit risk ratings as a common risk characteristic.

#### 15. inventory (of material)

√Applicable □Not applicable

##### (1) Classification of inventories

Inventories consist mainly of raw materials, products in process and finished goods.

##### (2) Methods of valuation of inventories acquired and issued

When inventories are acquired, received or issued, they are accounted for under the standard cost method. At the end of each month, cost differences are allocated to operating costs and inventories based on the standard cost difference rate determined by the weighted-average method, which adjusts the standard cost to the 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 inventories in the ordinary course of activities, less costs estimated to be incurred to completion, estimated selling expenses and related taxes. The determination of net realizable value of inventories is based on firm evidence obtained, taking into account the purpose for which the inventories are held and the effect of events after the balance sheet date.

At the balance sheet date, inventories are measured at the lower of cost or net realizable value. Provision for decline in value of inventories is made when their net realizable value is lower than their cost. Provision for decline in value of inventories is normally made for the excess of the cost of individual inventory items over their net realizable value. Provision for inventory write-downs is made by category of inventory for large quantities of inventories with low unit prices; provision for inventory write-downs may be made on a consolidated basis for inventories that are related to a product line manufactured and sold in the same region, have the same or similar end-use or purpose, and are difficult to measure separately from other items.

If the factors affecting the previous write-down of the value of inventories have disappeared after the provision for decline in value of inventories has been made, resulting in the net realizable value of inventories being higher than their book value, the provision for decline in value of inventories is reversed to the extent of the original provision for decline in value of inventories, and the amount reversed is recognized in profit or loss for the current period.

( 4 ) Inventory is maintained on a perpetual inventory basis

( 5 ) Amortization method for low value consumables and packaging

Low-value consumables and packaging are amortized on a lump-sum basis upon receipt.

## **16. Contractual assets**

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

√Applicable ☐Not applicable

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

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

✓Applicable ☐Not applicable

The method of determining expected credit losses on contract assets is described with reference to 12. accounts receivable above.

For accounting treatment, the Group calculates the expected credit loss on contract assets at the balance sheet date. If the expected credit loss is greater than the carrying amount of the current provision for impairment of contract assets, the Group recognizes the difference as an impairment loss by debiting "Impairment loss on assets" and crediting "Provision for impairment of contract assets". The Group recognizes the difference as an impairment loss by debiting "impairment loss on assets" and crediting "provision for impairment of contract assets. On the contrary, the Group recognizes the difference as an impairment gain and makes the opposite accounting entry.

If the Group has actually incurred credit losses and the related contract assets are deemed irrecoverable and are approved to be written 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. debenture investment**

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

☐Applicable ✓Not Applicable

**19. Other debt investments**

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

☐Applicable ✓Not Applicable

**20. Long-term receivables**

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

☐Applicable ✓Not Applicable

**21. Long-term equity investments**

✓Applicable ☐Not applicable

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

The Group bases its judgment of common control on the assumption that all participants, or a combination of participants, collectively control the arrangement and that the policies governing the activities related to the arrangement are subject to the unanimous agreement of those participants who collectively control the arrangement.

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

consider the facts and circumstances such as having representatives on the board of directors or similar authority of the investee, or participating in the process of formulating the financial and operating policies of the investee, or engaging in significant transactions with the investee, or dispatching management personnel to the investee, or providing key technical information to the investee, etc., and judge that the Group has significant influence on the investee. Influence.

If control is formed over an investee, it is a subsidiary of the Group. Long-term equity investments acquired through business combinations under the same control are recognized as the initial investment cost of long-term equity investments at the date of consolidation based on the share of the book value of the net assets of the party being consolidated in the consolidated statements of the party ultimately in control. If the book value of the net assets of the party being consolidated is negative at the date of consolidation, the cost of long-term equity investment is determined as zero.

If the equity interest in an investee unit under the same control is acquired step by step through multiple transactions, ultimately resulting in a business combination, additional disclosure of the treatment of the long-term equity investment in the parent company's financial statements shall be made in the reporting period in which control is acquired. For example, if the step-by-step acquisition of equity interest in an investee unit under the same control through multiple transactions ultimately results in a business combination, and it is a package deal, the Group shall account for each transaction as a single transaction for the acquisition of control. If the transaction is not a package deal, the initial investment cost of a long-term equity investment is recognized at the date of consolidation on the basis of the post-consolidation share of the carrying value of the net assets of the consolidated entity in the consolidated financial statements of the party ultimately in control. The difference between the initial investment cost and the sum of the book value of the long-term equity investment before the merger and the book value of the new consideration paid for the further acquisition of shares at the date of the merger is adjusted to capital surplus, and if capital surplus is not sufficient to be reduced, it is reduced to retained earnings.

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

If the equity interest in an investee that is not under the same control is acquired step by step through multiple transactions, which ultimately results in a business combination, additional disclosure of the cost treatment of the long-term equity investment in the parent company's financial statements shall be made in the reporting period in which the control is acquired. For example, through multiple transactions

If the acquisition of equity interests in an investee not under the same control can be achieved in stages, resulting in a business combination, and if it is a package deal, the Group accounts for each transaction as a single acquisition of control transaction. If the transaction is not a package deal, the sum of the carrying value of the equity investment held plus the cost of the additional investment is recognized as the initial investment cost under the cost method. If the equity interests held prior to the date of purchase are accounted for under the equity method, no adjustment is made to the related other comprehensive income accounted for under the equity method, and the investment is disposed of on the same basis as the investee directly disposes of the related assets or liabilities. If the equity interests held prior to the date of purchase are non-trading equity instruments 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.

In addition to the long-term equity investments acquired through business combination mentioned above, long-term equity investments acquired by paying cash shall be recognized as the cost of investment in accordance with the actual purchase price paid; long-term equity investments acquired by issuing equity securities shall be recognized as the cost of investment in accordance with the fair value of the equity securities issued; long-term equity investments invested by investors shall be recognized as the cost of investment in accordance with the value stipulated in the investment contract or agreement; and the Company shall disclose the method of determining the cost of investment in accordance with the relevant enterprise accounting standards and in conjunction with the actual situation of the Company if it has long-term equity investments acquired by debt restructuring, non-monetary asset exchange, etc., it shall disclose the method of determining the investment cost in accordance with the provisions of the relevant enterprise accounting standards and in light of the actual situation of the Company.

The Group's investments in subsidiaries are accounted for using the cost method and investments in joint ventures and associates are accounted for using the equity method.

For long-term equity investments accounted for by the cost method, the carrying value of the cost of long-term equity investments is increased by the fair value of the additional investment and related transaction costs incurred when the investment is made. Cash dividends or profits declared by the investee are recognized as investment income at the amount to which they are attributable.

Subsequent measurement of long-term equity investments accounted for using the equity method will be adjusted to increase or decrease the carrying amount of the long-term equity investment accordingly with the changes in the ownership interest of the investee. In recognizing the share of net profit or loss of the investee, the fair value of the identifiable assets of the investee at the time of investment acquisition is used as the basis for recognizing the share of net profit of the investee, in accordance with the Group's accounting policies and accounting periods, after offsetting the portion of gains and losses on internal transactions with associates and joint ventures that are attributable to the investor based on the proportionate share of ownership of the investee.

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

If the common control or significant influence over the investee unit is lost due to the

disposal of part of the equity investment, etc., and the remaining equity interest after disposal is accounted for by applying the "Accounting Standard for Business Enterprises (ASBE) No. 22 - Recognition and Measurement of Financial Instruments (Caixin [2017] No. 7)", the difference between the fair value of the remaining equity interest at the date of the loss of common control or significant influence and the carrying amount of the remaining equity interest at the date of loss of joint control or significant influence is recognized in profit or loss for the current period. Other comprehensive income recognized as a result of the adoption of the equity method of accounting for the original equity investment is treated on the same basis as the direct disposal of the related assets or liabilities by the investee and carried forward on a pro rata basis upon termination of the adoption of the equity method of accounting. Ownership interests recognized as a result of changes in the investee's ownership interests other than net profit or loss, other comprehensive income, and profit appropriation shall be transferred to investment income for the current period on a pro rata basis.

If control over the investee is lost due to the disposal of part of the long-term equity investment, and the remaining equity interest after disposal is capable of exercising joint control or significant influence over the investee, the equity interest shall be accounted for under the equity method instead, and the difference between the book value of the equity interest disposed of and the consideration for the disposal shall be recognized in investment income, and the remaining equity interest shall be adjusted as if it were accounted for under the equity method from the time of its acquisition; and if the remaining equity interest after disposal is incapable of exercising joint control or significant influence over the investee, the recognition and measurement of financial instruments shall be governed by the provisions of ASBE 22. If the remaining equity interest after disposal cannot exercise joint control or significant influence over the investee unit, "Accounting Standard for Business Enterprises (ASBE) No. 22 - Recognition and Measurement of Financial Instruments" shall apply.

(Caijing [2017] No. 7)" for accounting treatment, the difference between the carrying value of the disposed equity interest and the disposal consideration is recognized as investment income, and the difference between the fair value and the carrying value of the remaining equity interest at the date of loss of control is recognized as profit or loss for the current period.

The Group accounts for each of the transactions of the stepwise disposal of equity until the loss of controlling interest as a separate transaction if the transaction is not a package deal. If each transaction is a "package deal", 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 prior to the loss of control is recognized as other comprehensive income and transferred to profit or loss for the period of the loss of control when the control is lost. The difference is recognized as other comprehensive income and transferred to profit or loss for the period in which control is lost.

## 22. investment property

### (1). If cost measurement

#### model is used: depreciation

or amortization methods

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

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

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

## 23. Fixed Assets (1). Conditions for Recognition

✓Applicable ☐Not applicable

The Group's property, plant and equipment are tangible assets that have both the following characteristics, i.e., they are held for use in the production of goods, provision of services, rental or business 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, freehold land, machinery and equipment, transportation equipment, office equipment and others.

The Group depreciates all fixed assets, except for fully depreciated fixed assets that continue to be used and land that is separately accounted for. Depreciation is provided using the average life method.

### (2). Depreciation method

✓Applicable ☐Not applicable

form	Depreciation method	Depreciable life (years)	salvage rate	Annual depreciation rate
Houses and buildings	life-cycle averaging (LCA)	30	3%-5%	3.17%-3.23%
Freehold land	inapplicable	open-ended	inapplicable	inapplicable
machinery and equipment	life-cycle averaging (LCA)	6-20	3%-5%	4.75%-16.17%
Transportation equipment	life-cycle averaging (LCA)	4-8	3%-5%	13.83%-24.25%
Others	life-cycle averaging (LCA)	3-5	3%-5%	15.88%-24.25%

## 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 construction budget, construction cost or actual cost of the construction, etc. Depreciation starts from the following month, and adjustments are made to the difference in the original value of the fixed assets after the completion of the final account procedures.

## 25. borrowing cost

✓Applicable ☐Not applicable

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

reached their intended use or saleable condition, and borrowing costs incurred thereafter are recognized in profit or loss for the current period. If the construction or production of an asset eligible for capitalization is interrupted for more than three consecutive months, the capitalization of borrowing costs is suspended until the construction or production of the asset recommences.

**26. biological asset**

☐Applicable ☒Not Applicable

**27. oil and gas assets**

☐Applicable ☒Not Applicable

**28. usufructuary assets**

☒Applicable ☐Not applicable

A right-of-use asset is the right of the Group, as lessee, to use the leased asset during the lease term.

( 1 ) Initial measurement

On the commencement date of the lease term, the Group initially measures the right-of-use assets at cost. This cost comprises the following four items: (i) the amount of the initial measurement of the lease liability; (ii) the amount of lease payments to be made on or before the commencement date of the lease term, net of the amount relating to the lease incentives already enjoyed, if any; (iii) the initial direct costs incurred, which are the incremental costs incurred in arriving at the lease; and (iv) the amount to be paid for the removal of the



and costs that are expected to be incurred to remove the leased asset, to rehabilitate the site where the leased asset is located, or to restore the leased asset to the condition agreed upon in the lease terms, unless they are incurred for the production of inventories.

(2) Follow-up measurement

Subsequent to the commencement date of the lease term, the Group adopts the cost model for subsequent measurement of the right-of-use asset, i.e., the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses, and if the Group re-measures the lease liability in accordance with the relevant provisions of the leasing standards, the carrying amount of the right-of-use asset is adjusted accordingly.

1) Depreciation of right-to-use assets:

The Group depreciates right-of-use assets from the commencement date of the lease term. Depreciation is generally provided for right-of-use assets in the month in which the lease term commences. Depreciation is charged to the cost of the right-of-use asset or to current profit or loss, depending on the purpose for which the right-of-use asset is used.

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 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 by the end of the lease term, depreciation is provided over the remaining useful life of the leased assets; if it is not reasonably certain that ownership of the leased assets will be obtained by the end of the lease term, depreciation is provided over the shorter of the lease term or 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 carries out subsequent depreciation based on the carrying amount of the right-of-use asset after deducting the impairment loss.

## 29. intangible asset

### (1). Method of valuation, useful life, impairment testing

√Applicable □Not applicable

The Group's intangible assets, including land use rights, patents, non-patented technologies, software use rights and trademark rights, etc., are measured at their actual costs at the time of acquisition, of which the actual costs are based on the prices actually paid and related other expenses for acquired intangible assets; the actual costs of intangible assets invested by investors are determined based on the values agreed in the investment contracts or agreements, except for those where the agreed values in the contracts or agreements are not at fair values. If the contractual or agreed value is not fair, the actual cost is determined according to the fair value.

Land use rights are amortized equally over their useful lives from the date of grant; remaining intangible assets are amortized equally over their estimated useful lives. The amortization amount is charged to the cost of the related assets and to current profit or loss according to the target beneficiary. The estimated useful lives and amortization methods for 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 items such as long-term equity investments, investment properties measured using the cost model, property, plant and equipment, construction in progress and intangible assets with finite useful lives at each balance sheet date, and performs an impairment test when there is an indication of

impairment. If the results of the impairment test indicate that the recoverable amount of an asset is less than its carrying amount, a provision for impairment is made for the difference and recognized as impairment.

Losses. 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 based on the price of the sales agreement in an arm's length transaction; where no sales agreement exists but an active market for the asset exists, the fair value is determined based on the bid price offered by the buyer of the asset; where no sales agreement exists and no active market for the asset exists, 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 in connection with the disposal of an asset to bring the asset to a marketable condition. The present value of an asset's expected future cash flows is determined by selecting an appropriate discount rate to discount the asset's expected future cash flows over its continued use and eventual disposal. 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 group 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 amortized expenses are amortized equally over the period of benefit, and if a long-term amortized expense item does not benefit a subsequent accounting period, 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 recognizing contract liabilities**

√Applicable ☐Not applicable

Contract liabilities reflect obligations to transfer goods to customers for which the Group has received or is due to receive consideration from the customer. If the customer has paid the contractual consideration or the Group has acquired an unconditional right to receive the contractual consideration before the Group transfers the goods to the customer, a contractual liability is recognized for the amount received or receivable at the earlier of the actual payment made by the customer and the amount due and payable.

## **33. remuneration of employees**

### **(1). Accounting treatment of short-term remuneration**

√Applicable ☐Not applicable

Short-term compensations mainly include salaries, bonuses, allowances and subsidies, employee benefits, medical insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing fund, trade union and employee education expenses, and non-monetary benefits, etc. Short-term compensations actually incurred are recognized as liabilities in the accounting period in which the employees render the services and are included in the current period's profit or loss or in the cost of the related assets according to the object of the benefit.

### **(2). Accounting treatment of post-employment benefits**

√Applicable ☐Not applicable

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

### **(3). Accounting for termination benefits**

√Applicable ☐Not applicable

When the Company is unable to unilaterally withdraw severance benefits provided as a result of a plan to terminate an employment relationship or a proposal for compensation to encourage employees to voluntarily accept a reduction in force before the expiration of the employee's employment contract or when the Company recognizes the earlier of the cost related to a restructuring involving the payment of severance benefits or a proposal to reduce the number of employees, the Company recognizes a liability for employee compensation arising from the severance benefits, which is recognized in profit or loss for the period. The liability for employee compensation arising from termination benefits is recognized at the earlier of the date the benefits are provided and the date the Company recognizes the cost associated with the reorganization for which the benefits are paid, and is recognized in profit or loss for the period. 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 treatment of 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 in connection with the right to use the leased asset during the lease term, include: (i) fixed payments and substantially fixed payments, net of the amount relating to lease incentives if lease incentives exist; (ii) variable lease payments depending on an index or rate, which are determined at initial measurement based on the index or rate at the commencement date of the lease term; (iii) purchase option exercise price when the Group reasonably determines that it will exercise the purchase option, the exercise price of the purchase option; (iv) the lease term reflects the amount to be paid upon exercise of the option to terminate the lease when the Group will exercise the option to terminate the lease; and (v) the amount expected to be paid based on the residual value of the guarantees provided by the Group.

2) Discount rate

In calculating the present value of lease payments, the Group uses the lease implicit rate as the discount rate, which is the rate that would cause the sum of the present value of the lessor's lease receipts and the present value of the unguaranteed residual value to equal 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 where the Group is unable to determine the embedded interest rate of the lease. This incremental borrowing rate is the interest rate that the Group would have to pay to borrow funds on similar collateralized terms for a similar period of time in a similar economic environment in order to obtain an asset that approximates the value of the right-of-use asset. The interest rate is related to: (i) the Group's own situation, i.e., the Group's solvency and creditworthiness; (ii) the term of the "borrowing", i.e., the lease term; (iii) the amount of the "borrowed" funds, i.e., the amount of the lease liability; and (iv) the "collateralized terms", i.e., the collateralized terms of the underlying asset. (iii) the amount of funds "borrowed", i.e. the amount of the lease liability; (iv) the "collateralized terms", i.e. the nature and quality of the underlying assets; and (v) the economic environment, including the jurisdiction of the lessee, the currency of valuation and the timing of the signing of the contract. The Group arrived at this incremental borrowing rate based on bank lending rates adjusted to take into account the above factors.

( 2 ) Follow-up measurement

Subsequent to the commencement date of the lease term, the Group subsequently measures the lease liability based on the following principles: (i) to increase the carrying amount of the lease liability when interest on the lease liability is recognized; (ii) to decrease the carrying amount of the lease liability when the lease payments are made; and (iii) to re-measure the carrying value of the lease liability when there is a change in the lease payments due to a revaluation or a change in the lease.

The Group computes interest expense on lease liabilities at a constant periodic rate over the lease term and recognizes it in profit or loss, except to the extent that it should be capitalized. The periodic interest rate is the discount rate that the Group would use for the initial measurement of the lease liability, or a revised discount rate if the lease liability were to be remeasured at a revised rate because of a change in the lease payments or because of a lease modification.

### (3) Remeasurement

After the commencement date of the lease term, the Group re-measures the lease liability at the present value of the lease payments after the change and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount 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. (i) Changes in substantive fixed payments are discounted using the original discount rate;

(ii) changes in the projected amount payable for the residual value of the guarantee are discounted using the original discount rate; (iii) changes in the index or rate used to determine the amount of lease payments are discounted using a revised discount rate; (iv) changes in the appraisal results of the purchase option are discounted using a revised discount rate; and (v) changes in the appraisal results of the option to renew or terminate the lease, or in the actual exercise of the lease option, are discounted using a revised discount rate.

## 35. projected liability

☐Applicable    ☒Not applicable

## 36. share-based payment

☐Applicable    ☒Not applicable

## 37. Preferred shares, perpetual bonds and other financial instruments

☐Applicable    ☒Not applicable

## 38. incomes

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

☒Applicable    ☐Not applicable

The Group recognizes revenue when it has fulfilled its performance obligations under a contract, i.e. when the customer obtains control of the related goods or services. Where a contract contains two or more performance obligations, the Group recognizes revenue at the inception of the contract on the basis of the goods promised under each individual performance obligation

The relative proportions of the individual selling prices of the transactions or services are apportioned to each individual performance obligation, and revenue is measured at the transaction price apportioned to each individual performance obligation.

The transaction price is the amount of consideration that the Group expects to be entitled to receive for the transfer of goods or services to a customer, excluding amounts received on behalf of third parties. The Group recognizes a transaction price that does not exceed the amount by which it is highly probable that a material reversal of the cumulative recognized revenue will not occur when the related uncertainty is removed. Amounts expected to be refunded to customers are excluded from the transaction price as a liability. Where there is a significant financing element in the contract, the Group determines the transaction price on the basis of the amount payable that is assumed to be paid in cash by the customer as soon as the customer obtains control of the goods or services. The difference between this transaction price and the contract

consideration is amortized over the contract period using the effective interest method. If, at the inception date of the contract, the Group expects the interval between the customer's acquisition of control over goods or services and the customer's payment of the price to be no more than one year, the Group does not take into account the existence of a significant financing component in the contract.

If one of the following conditions is met, the Group is in compliance with its performance obligations at a certain point in time; otherwise, it is in compliance at a certain point in time.

Performance obligations:

- ( 1 ) The customer acquires 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 merchandise under construction in the course of the Group's performance.
- ( 3 ) Commodities produced in the course of the Group's performance have a non-substitutable use and the Group is entitled to receive payment for the portion of performance completed to date, cumulatively, throughout the term of the contract.

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

For performance obligations fulfilled at a point in time, the Group recognizes revenue at the point at which the customer obtains control of the related goods or services. In determining whether a customer has obtained control of goods or services, the Group considers the following indications:

- ( 1 ) The Group has a present right to receive payment for those goods or services.
- ( 2 ) The Group has transferred the legal title 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 this commodity to the customer.
- ( 5 ) The customer has accepted the goods or services, etc.

The rights to receive consideration for goods or services that the Group has transferred to customers are presented as contract assets, which are impaired on the basis of expected credit losses. The Group's unconditional right to receive consideration from customers is presented as receivables. The Group's obligations to transfer goods or services to customers for consideration received or receivable from customers are presented as contractual liabilities.

The Group's sales are divided into domestic sales and foreign sales, of which sales revenue from domestic sales to the replacement tire market is recognized when the customer's receipt confirmation is obtained, sales revenue from sales to the OTR 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 onto a ship and leave the port.

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

☐Applicable ☒Not Applicable

### **39. contract cost**

☒Applicable ☐Not applicable

- ( 1 ) Method of determining the amount of the asset relating to the cost of the contract

The Group's assets relating 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 are not regulated by other ASBEs, are recognized as an asset as contract performance costs when the following conditions are simultaneously met: the cost is directly related to a current or anticipated contract, including direct labor, direct materials, manufacturing overheads (or similar), costs explicitly attributable to the customer, and other costs incurred solely in connection with the contract; the cost increases the resources that the Group will use in the future to meet its performance obligations; and the cost is expected to be recovered. other costs; the cost increases the Group's resources available to meet performance obligations in the future; and the cost is expected to be recovered.

Contract acquisition costs, i.e., incremental costs incurred by the Group to acquire a contract that are expected to be recovered, are recognized as an asset as contract acquisition costs; if the amortization period of the asset does not exceed one year, it is recognized in profit or loss when incurred. Incremental costs are costs that would not have been incurred by the Group if the contract had not been acquired (e.g., sales commissions, etc.). Expenses incurred by the Group to obtain a contract other than incremental costs that are expected to be recovered (e.g., travel expenses that would have been incurred regardless of whether or not the contract was obtained), are recognized in profit or loss as incurred, except for those that are explicitly borne by the customer.

- ( 2 ) Amortization of assets relating to contract costs

The Group's assets related to contract costs are amortized to profit or loss using the same basis as revenue recognition for the commodity to which the asset relates.

- ( 3 ) Impairment of assets relating to contract costs

In determining the impairment loss of assets related to contract costs, the Group first determines the impairment loss of other assets related to the contract recognized in accordance with other relevant accounting standards for enterprises; and then, based on the difference between the carrying value of the asset and the remaining consideration the Group expects to obtain for the transfer of goods related to the asset and the estimated costs to be incurred for the transfer of the goods, the excess shall be provided for and recognized as an impairment loss of the asset. A provision for impairment should be made and recognized as an asset impairment

loss.

If there is a subsequent change in the factors that impaired the asset in a prior period that causes the aforementioned difference to be greater than the carrying amount of the asset, the reversal of the original provision for impairment of the asset shall be recognized in profit or loss for the current period, provided that the carrying amount of the asset after the reversal shall not exceed the carrying amount that would have been determined as of the date of the reversal assuming that no provision for impairment had been made.

#### **40. government grant**

√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 acquired by the Group for the purpose of purchasing, constructing or otherwise forming long-term assets; revenue-related government grants refer to government grants other than asset-related government grants. If the target of the subsidy is not specified in the government documents, the Group makes judgment in accordance with the above principles of differentiation, and if it is difficult to differentiate, the whole is categorized as revenue-related government grants.

Government grants that are monetary assets are measured at the amount actually received, or at the amount receivable if the grant is based on a fixed amount or if there is conclusive evidence at the end of the year that the conditions of the financial support policy have been fulfilled and it is expected that the funds will be received; government grants that are non-monetary assets are measured at fair value, or at the nominal amount (1 yuan) if the fair value is not reliably obtainable. Government grants are measured at fair value if they are non-monetary assets, or at a nominal amount (RMB1) if the fair value cannot be reliably obtained.

Government grants related to assets are offset against the carrying amount of the related assets or recognized as deferred income. Government grants related to assets that are recognized as deferred income are recognized in profit or loss on a reasonable and systematic basis over the useful lives of the related assets.



If the related assets are sold, transferred, retired or destroyed before the end of their useful lives, the balance of the related deferred income that has not yet been allocated is transferred to profit or loss in the period in which the assets are disposed of.

Government grants related to income are recognized as deferred income if they are used to compensate for related costs or losses in a future period, and are recognized in profit or loss or offset against related costs in the period in which the related costs or losses are recognized. Government grants related to ordinary activities are recognized in other income in accordance with the substance of the economic operations. Government grants not related to ordinary activities are recognized as non-operating income.

When the Group obtains subsidized interest rates for policy preferential loans, the Group distinguishes between the cases where the finance disburses the subsidized interest rate funds to the lending banks and the case where the finance disburses the subsidized interest rate funds directly to the Group, and carries out accounting treatment in accordance with the following principles, respectively:

(1) Where the finance disburses the subsidized interest rate funds to a lending bank, which provides loans to the Group at a policy preferential interest rate, the Group takes the actual amount of borrowings 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 subsidized interest rate funds directly to the Group, and the Group will offset the corresponding subsidized interest rate against the relevant borrowing costs.

If the Group's recognized government grants need to be refunded, the accounting treatment is carried out in accordance with the following provisions in the period in which they need to be refunded: (1) If the carrying amount of the relevant assets is reduced at initial recognition, the carrying amount of the assets is adjusted.

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

3) In other cases, they are recognized directly in profit or loss for the period.

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

☒Applicable    ☐Not applicable

The Group's deferred tax assets and deferred tax liabilities are based on the difference between the tax bases of assets and liabilities and their carrying amounts.

(temporary differences) are recognized. Deferred tax assets are recognized for deductible losses that can be offset against taxable income in a future year in accordance with the tax regulations. Deferred tax liabilities are not recognized for temporary differences arising from the initial recognition of goodwill. Deferred tax assets and liabilities are not recognized for temporary differences arising from the initial recognition of assets or liabilities in transactions other than business combinations that affect neither the accounting profit nor taxable income (or deductible losses). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period in which 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. tenancy**

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

☐Applicable    ☒Not applicable

##### **(2). Accounting for finance leases**

☐Applicable    ☒Not applicable

##### **(3). Methods of determining leases under the new leasing standards and accounting**

**treatment**√Applicable ☐Not applicable

## ( 1 ) Identification of leases

A lease is a contract under which the lessor grants the lessee the right to use an asset for a specified 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 of the parties to the contract cedes the right to control the use of one or more identified assets over a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset for a certain period of time, the Group assesses whether the customer under the contract has the right to receive 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 individual leases, the Group splits the contract and accounts for each individual lease separately. If a contract contains both lease and non-lease components, the Group separates the lease and non-lease components and accounts for them separately.

## ( 2 ) The Group as

## lessee 1) Lease

## recognition

The Group recognizes right-of-use assets and lease liabilities for leases on the commencement date of the lease term. For the recognition and measurement of right-of-use assets and lease liabilities, see "28. Right-of-use assets" and "34. Lease liabilities" above.

## 2 ) Change of Lease

A lease modification is a change in the scope of the lease, the lease consideration, or the lease term other than the terms of the original contract, including the addition or termination of the right to use one or more of the leased assets, or the extension or shortening of the lease term specified in the contract. The effective date of a lease modification is the date on which the parties agree on the lease modification.

The Group accounts for a lease modification as a separate lease if the lease modification occurs and the following conditions are also met:

- (i) the lease modification expands the scope of the lease or extends the lease term by increasing the right to use one or more of the leased assets; and (ii) the increased consideration is equal to the separate price of the part of the lease that expands the scope of the lease or the part of the lease term that extends the lease 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, in accordance with the leasing standards have

The relevant regulations apportion the consideration of the changed contract to re-determine the lease term after the change; and use a revised discount rate to discount the lease payments after the change in order to re-measure the lease liability. In calculating the present value of the changed lease payments, the Group uses the lease implicit rate for the remaining lease term as the discount rate; if the lease implicit rate for the remaining lease term cannot be determined, the Group uses the lessee's incremental borrowing rate at the effective date of the lease change as the discount rate. In respect of the impact of the above lease liability adjustments, the Group distinguishes between the following accounting treatments: ① If the lease modification results in a reduction in the scope of the lease or a shortening of the lease term, the lessee shall reduce the carrying value of the right-of-use asset and recognize in profit or loss the gain or loss related to the partial termination or complete termination of the lease. ② Other lease changes lead to remeasurement of the lease liability, the lessee shall adjust the carrying value of the right-of-use asset accordingly.

### 3 ) Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases with a lease term of less than 12 months and for low-value asset leases where the individual leased asset is a new asset with a lower value. The Group recognizes lease payments for short-term leases and leases of low-value assets as part of the cost of the related assets or as current profit or loss on a straight-line basis or other systematic and reasonable basis in each period during the lease term.

#### ( 3 ) The Group is the lessor

On the basis of (1) assessing that such contract is a lease or contains a lease, the Group, as lessor, classifies leases into finance leases and operating leases at the lease commencement date.

A lessor classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the leased asset, and a lease other than a finance lease is classified as an operating lease.

The Group generally classifies a lease as a finance lease if one or more of the following circumstances exist: (i) ownership of the leased asset is transferred to the lessee at the end of the lease term; (ii) the lessee has an option to purchase the leased asset, and the purchase price contracted for is sufficiently low in relation to the expected fair value of the leased asset at the time the option is exercised to make it reasonably certain at the inception date of the lease that the lessee will exercise the option; (iii) Although ownership of the asset does not pass, the lease term constitutes a substantial portion of the useful life of the leased asset; (iv) the present value of the lease receipts at the lease commencement date is nearly equal to the fair value of the leased asset; and (v) the leased asset is of such a special nature that only the lessee will be able to use it, absent a major modification. The Group may also classify a lease as a finance lease if one or more of the following indications exist: (i) in the event that the lessee cancels the lease, the loss

to the lessor resulting from the cancellation of the lease will be borne by the lessee; (ii) gains or losses arising from fluctuations in the fair value of the asset's residual value will be attributed to the lessee; and (iii) the lessee has the ability to continue the lease for the next period at rental rates that are significantly lower than the market rate.

1 ) Accounting for finance leases

① Initial measurement

On the commencement date of the lease term, the Group recognizes a finance lease receivable for a finance lease and derecognizes the finance lease asset. When the Group initially measures the finance lease receivables, the net investment in the lease is used as the recorded value of the finance lease receivables.

The net investment in leases is the sum of the unguaranteed residual value and the present value of lease receipts not yet received at the commencement date of the lease term, discounted at the interest rate implicit in the lease. Lease receipts, which are amounts receivable from the lessee by the lessor as a result of the lessor's assignment of the right to use the leased asset during the lease term, include: fixed payments and substantially fixed payments to be paid by the lessee; lease incentives, net of amounts related to lease incentives, if they exist; variable lease payments that depend on an index or rate, which is determined at the time of initial measurement on the basis of an index or rate as of the beginning date of the lease term; and the exercise price of a purchase option exercise price, provided that it is reasonably certain that the lessee will exercise the option; payments required to be made by the lessee exercising 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 guarantees provided to the lessor by the lessee, a party related to the lessee, and independent third parties with the financial ability to satisfy the guarantee obligation.

② Subsequent measurement

The Group calculates and recognizes interest income for each period during the lease term at a fixed periodic rate. This periodic rate is the discount rate that is implicit in the determination of the net investment in the lease (in the case of a sublease, the discount rate of the original lease (adjusted for the initial direct costs associated with the sublease) is used if the interest rate implicit in the sublease is not determinable or if the change in the finance lease has not been accounted for as a separate lease and the revised discount rate is determined in accordance with the relevant regulations under the condition that if the change was effective on the commencement date of the lease, the lease would be classified as a finance lease). (the revised discount rate determined in accordance with the relevant regulations when the conditions are met).

(iii) Accounting for lease modifications

The Group accounts for a change in a finance lease as a separate lease if the change occurs and the following conditions are also met: the change expands the scope of the lease by increasing the right to use one or more leased assets; and the consideration for the increase is equal to the separate price of the part of the lease that expands the scope of the lease adjusted for the contractual circumstances.

If a modification of a finance lease is not accounted for as a separate lease and the conditions are met that the lease would have been classified as an operating lease if the modification had been effective at the lease commencement date, the Group accounts for the modification of the lease as a new lease starting from the effective date of the lease modification and uses the net investment in the lease prior to the effective date of the lease modification as the carrying amount of the leased asset.

## 2 ) Accounting for operating leases

### ① Treatment of rent

At various times during the lease term, the Group recognizes lease receipts under operating leases as rental income using the straight-line method.

### ② Incentives offered

Where a rent-free period is provided, the Group allocates the gross rental income over the entire lease term without deducting the rent-free period on a straight-line basis, and rental income should be recognized during the rent-free period. Where the Group has borne certain expenses of the lessee, such expenses are deducted from the gross rental income and the balance of the rental income after deduction is allocated over the lease term.

### ③ Initial direct costs

Initial direct costs incurred by the Group in relation to operating leases should be capitalized to the cost of the underlying asset under the lease and amortized to current profit or loss over the lease term on the same recognition basis as rental income.

### ④ Depreciation

For fixed assets under operating leases, the Group depreciates them using the depreciation policy for similar assets; for other assets under operating leases, it amortizes them using a systematic and reasonable method.

### ⑤ Variable lease payments

The Group's variable lease payments relating to operating leases that are not recognized as lease receipts ~~are~~ recognized in profit or loss when they are actually incurred.

### (vi) Changes in operating leases

When an operating lease is changed, 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 regarded as the amount of receipts under 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

What and why changes in accounting policies	vetting programs	Remarks (Significantly affected reports) (Name of the table item and amount)
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<p>According to the "Interpretation of Enterprise Accounting Standards No. 15" issued by the Ministry of Finance, "If an enterprise sells products or by-products produced before the fixed assets reach the intended state of use, or in the process of research and development (hereinafter collectively referred to as trial sales), it shall sell the products or by-products to the outside world in accordance with the "Interpretation of Enterprise Accounting Standards No. 15".</p> <p>Accounting Standard No. 14 "Revenue", "Accounting Standard for Business Enterprises No. 1 "Inventories" and other provisions, the revenues and costs related to the sales of the trial run shall be accounted for separately and recognized in profit or loss for the current period, and the net amount of the revenues related to the sales of the trial run after offsetting the related costs shall not be recognized as a loss in the current period. The net amount of the trial run sales after offsetting the related costs should not be recognized.</p> <p>Reduction of the cost of fixed assets or research and development expenditures", effective January 1, 2022</p>	inap plica ble	See other notes
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#### Other notes

The Group has implemented the convergence requirement of ASBE Interpretation No. 15: Retrospective adjustments are made in accordance with the provisions of this Interpretation for trial sales that occur between the beginning of the earliest period for which the financial statements are presented in the first-time adoption of this Interpretation and the date of adoption of this Interpretation.

The Group has implemented the above provision since January 1, 2022; the implementation of this provision will not have a significant impact on the Group's financial position, results of operations and cash flows.

#### **(2). Significant changes in accounting estimates**

☐Applicable ☒Not Applicable

## (3).2022 年起首次执行新会计准则或准则解释等涉及调整首次执行当年年初的财务报表

□Applicable √Not Applicable

## 45. (sth. or sb) else

□Applicable √

Not applicable VI.

## TAXES

## 1. Major taxes and rates

Major tax types and rates

√Applicable □Not applicable

tax types	taxable basis	duty rate
value-added tax (VAT)	Sales tax is calculated on taxable income at the rates of 13%, 9%, 6%, and 5% and is deducted at the rate of VAT is charged on the difference between the input tax credit allowed for the period.	13%, 9%, 6%, 5%
Urban maintenance and construction tax	7% and 1% of the actual turnover tax paid	7%, 1%
Corporate income tax	The Company incurred VAT taxable sales acts or imported goods, and the applicable tax rate was adjusted to 13%/9% from 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 the Policies Related to the Deepening of Value-added Tax Reform" (Announcement No. 39 of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs [2019])	25%, 16.5%, 15%

Disclosure of the existence of taxable entities with different corporate income tax rates

√Applicable □Not applicable

Name of taxable entity	Income tax rate (%)
Triangle Tire Co.	15
Triangle (Weihai) Huasheng Tire Co.	15
Triangle (Weihai) Huaan Logistics Co.	25
Triangle (Weihai) Huada Tire Reconditioning Co.	25
Triangle Tire (Hong Kong) Limited	16.5
Triangle Huatai (Shanghai) International Trading Co.	25
Triangle (Qingdao) Commercial Factoring Co.	25

√Applicable □Not applicable

(1) In 2020, the Company passed the review of high-tech enterprises and obtained the certificate of high-tech enterprise jointly issued by Shandong Provincial Science and Technology Department, Shandong Provincial Department of Finance and Shandong Provincial Taxation Bureau of the State Administration of Taxation, with the certificate number of GR202037000049, the qualification is valid for 3 years, and the enterprise income tax rate of 15% will be implemented from January 1, 2020 to December 31, 2022. The qualification is valid for 3 years.

(2) In 2020, Triangle (Weihai) Huasheng Tire Company Limited, a subsidiary, passed the review of high-tech enterprises 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 Shandong Provincial Taxation Bureau of the State Administration of Taxation, Certificate No. GR202037004418, with the qualification validity period of 3 years from 1 January 2020 to 31 December 2022, implementing an enterprise income tax rate of 15%. From January 1, 2020 to December 31, 2022, the qualification is valid for 3 years and the enterprise income tax rate is 15%.

(3) Our 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 value-added tax on exported goods. According to Ministry of Finance and State

Administration of Taxation Cai Shui [2018] No. 123 "Notice on Adjustment of Export Tax Refund Rate for Certain Products", from November 1, 2018, the Company's export products are subject to an export tax refund rate of 13%.

(4) According to Shandong Provincial Department of Finance, Shandong Provincial Taxation Bureau of the State Administration of Taxation, Shandong Provincial Department of Science and Technology's Notice on Issues Concerning Urban Land Use Tax for High and New Technology Enterprises (LU Cai Shui [2019] No. 5) and Shandong Provincial Department of Finance's Notice on the Extension of Administrative Normative Documents for the Second Half of the Year of 2021 (LU Cai Fa [2021] No. 6), high and new technology enterprises recognized after 1 January 2019 will be subject to urban land use tax calculated at 50% of the current urban land use tax standard from the year in which the certificate of high and new technology enterprise is issued. (Lu Cai Fa [2021] No. 6), high-tech enterprises recognized after 1 January 2019, from the year in which the issuance time stated in the high-tech enterprise certificate is located, shall pay urban land use tax calculated at 50% of the current urban land use tax standard, in the year in which the validity period stated in the high-tech enterprise certificate is expired, and prior to the re-accreditation of the qualification of the high-tech enterprise, taxpayers shall temporarily pay the urban land use tax according to the current standard, and the tax preferences shall remain valid until 31 December 2025.

### 3. (sth. or sb) else

☐Applicable ☒Not Applicable



## Notes to the consolidated financial statements 1. Currency funds

√Applicable □Not applicable

Unit: Yuan Currency: RMB

event	Closing balance	Opening balance
(accountancy)	296,828.15	273,346.29
a bank account	2,353,929,793.05	1,649,681,133.95
Other monetary funds	386,518,540.60	84,289,431.75
add up the total	2,740,745,161.80	1,734,243,911.99
Other notes		
(1) Of which: total deposits abroad	16,774,368.24	14,595,557.99
As of December 31, 2022, \$317,095.06 of the monetary funds were in other monetary funds with restricted use. As of December 31, 2022		

The body is: Factoring deposit account RMB 267,095.06; Alipay deposit RMB 50,000.00.

(2) As at December 31, 2022, the Company's funds deposited abroad amounted to RMB16,774,368.24 yuan. **2. Trading financial assets**

√Applicable □Not applicable

Unit: Yuan Currency: RMB

event	Closing balance	Opening balance
Financial assets at fair value through profit or loss	386,494.08	619,792.32
Among them:		
Investments in equity instruments - equities	386,494.08	619,792.32
Other notes:		
Financial assets designated at fair value through profit or loss		
□Applicable - Not applicable 3.	386,494.08	619,792.32
Derivative financial assets		

□Applicable

√Not applicable

## 4. Notes

Unit: Yuan Currency: RMB

event	Closing balance	Opening balance
(1). Notes receivable		
commercial promissory note	427,500.00	4,841,534.13
add up the total	427,500.00	4,841,534.13

a categorized manner

√Applicable □Not

applicable

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

□Applicable √Not Applicable

~~(3). Notes receivable end of period that have been endorsed or discounted by the Company and are not yet due at the balance sheet date~~

☐Applicable ☒Not Applicable

(4). Notes converted to accounts receivable by the Company at the end of the period due to non-performance by the issuer

☐Applicable ☒Not Applicable

Unit: Yuan Currency: RMB

(5). Disclosure by bad debt accrual method				Opening balance		
form √	<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable					
	Carrying amount	provision for bad debts	an entry	Carrying amount	provision for bad debts	an entry

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	sum of money	Proportion (%)	sum of money	Percentage of accruals (%)	fig. values (ethical, cultural etc)	sum of money	Proportion (%)	sum of money	Percentage of accruals (%)	fig. values (ethical, cultural etc)
Provision of bad debts on individual items allowance										
Provision of bad debts by portfolio allowance	450,000.00	100.00	22,500.00	5.00	427,500.00	5,096,351.71	100.00	254,817.58	5.00	4,841,534.13
Among them:										
commercial commitment cashier's check	450,000.00	100.00	22,500.00	5.00	427,500.00	5,096,351.71	100.00	254,817.58	5.00	4,841,534.13
add up the total	450,000.00	/	22,500.00	/	427,500.00	5,096,351.71	/	254,817.58	/	4,841,534.13

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

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable name of promissory note (of thing)	Closing balance		
	notes receivable	provision for bad debts	Accrual ratio (%)
commercial promissory note	450,000.00	22,500.00	5.00
Criteria and description of recognition of bad debts by portfolio			
add up the total	450,000.00	22,500.00	5.00
For details, see section X.V.11, "Notes receivable", of the present report.			

If bad debt provisioning is based on the general model of expected credit losses, please refer to the disclosure of other receivables:

☐Applicable ☒Not Applicable

### (6). Provision for bad debts

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable form	Opening balance	Amount of change during the period			Closing balance
		make provision for	Recovery or reversal	Write-offs or write-offs	
		153 / 262			

of which the amount of bad debt provision  
recovered or reversed during the period is  
significant:

☐Applicable ☒Not Applicable

**(7). Actual write-off of notes**

**receivable during the period**

☐Applicable  
☒Not Applicable

Other Notes

☐Applicable

Unit: Yuan Currency: RMB

<b>5. Accounts receivable</b>	age of accounts	Closing book balance
<b>(b) Disclosure by ageing</b>		
Within 1 year		
Disclosed including 1 year		928,280,797.19
Subtotal less than 1 year		928,280,797.19
1 to 2 years		6,075,125.18
2 to 3 years		891,149.51

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3 to 4 years	5,166,413.19
More than 4 years	48,917,180.40
add up the total	989,330,665.47

(2). Disclosure by bad debt  
accrual method

Unit: Yuan Currency: RMB

form	Closing balance					Opening balance				
	Carrying amount		provision for bad debts		book value	Carrying amount		provision for bad debts		book value
	sum of money	proportions (%)	sum of money	accruals ratio Example (%)		sum of money	proportions (%)	sum of money	accruals ratio Example (%)	
Provision for bad debts on an individual basis get ready	40,446,549.74	4.09	40,446,549.74	100.00		43,700,751.83	4.87	43,700,751.83	100.00	
Among them:										
Provision for bad debts on an individual basis get ready	40,446,549.74	4.09	40,446,549.74	100.00		43,700,751.83	4.87	43,700,751.83	100.00	
Bad debt provision by portfolio get ready	948,884,115.73	95.91	58,679,658.05	6.18	890,204,457.68	853,150,985.67	95.13	51,094,944.19	5.99	802,364,597.04
Among them:										
age of accounts combination	948,884,115.73	95.91	58,679,658.05	6.18	890,204,457.68	845,150,985.67	94.57	51,094,944.19	6.02	797,389,044.26
Factoring receivable group close	7,702,310.10		7,702,310.10	100.00	7,702,310.10	7,702,310.10	100.00	7,702,310.10	100.00	7,702,310.10
add up the total	989,330,665.47	/	99,126,207.79	/	890,204,457.68	897,160,293.06	/	94,795,696.02	/	802,364,597.04
Client 1	8,120,031.00		8,120,031.00	100.00	8,120,031.00	8,120,031.00	100.00	8,120,031.00	100.00	8,120,031.00
Client 2	7,702,310.10		7,702,310.10	100.00	7,702,310.10	7,702,310.10	100.00	7,702,310.10	100.00	7,702,310.10
Client 3	7,037,771.56		7,037,771.56	100.00	7,037,771.56	7,037,771.56	100.00	7,037,771.56	100.00	7,037,771.56
Client IV	5,187,847.69		5,187,847.69	100.00	5,187,847.69	5,187,847.69	100.00	5,187,847.69	100.00	5,187,847.69
Other Customers	12,398,589.39		12,398,589.39	100.00	12,398,589.39	12,398,589.39	100.00	12,398,589.39	100.00	12,398,589.39
add up the	40,446,549.74		40,446,549.74	100.00	40,446,549.74	40,446,549.74	100.00	40,446,549.74	100.00	40,446,549.74

Unit: Yuan Currency: RMB

name (of a thing)	Closing balance		
	accounts receivable	provision for bad debts	Accrual ratio (%)
Up to and including 1 year	928,280,797.19	46,414,039.85	5.00
1-2 years	6,075,125.18	607,512.52	10.00
2-3 years	891,149.51	267,344.85	30.00
3-4 years	4,492,566.05	2,246,283.03	50.00
More than 4 years	9,144,477.80	9,144,477.80	100.00
add up the total	948,884,115.73	58,679,658.05	

Criteria and description of recognition of bad debts by portfolio:

☒ Applicable ☐ Not applicable

For details, see section X.V.12, "Accounts receivable", of the present report.

If bad debt provisioning is based on the general model of expected credit losses, please refer to the disclosure of other receivables:

☐ Applicable ☒ Not applicable

Not Applicable (3).

Unit: Yuan Currency: RMB

Provision for bad debts <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	Opening balance	Amount of change during the period				Closing balance
		make provision for (capital requirements)	Recovery or reversal	Write-offs or audit and write off	(sth. or sb) else flux	
Based on the debt provision recovery of individual items reversed during the period is significant: <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable	40,700,751.83		3,254,202.09			40,446,549.74
By portfolio	51,094,944.19	7,609,716.64	25,002.78			58,679,658.05
(4). Actual accounts receivable written off during the period	94,795,696.02	7,609,716.64	3,279,204.87			99,126,207.79

☐ Applicable ☒ Not Applicable

(5). Top five accounts receivable by party owed

Unit: Yuan Currency: RMB

Name of unit	Closing balance at end of period	Percentage of total closing balance of accounts receivable (%)	Closing balance of provision for bad debts
<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable			
first place	306,351,785.82	30.97	15,317,589.29
second place	80,046,997.76	8.09	4,002,349.89
third place	79,195,009.70	8.00	3,959,750.49
fourth place	67,075,380.21	6.78	3,353,769.01
fifth place	33,306,798.98	3.37	1,665,339.95
add up the total	565,975,972.47	57.21	28,298,798.63

(6). Receivables derecognized due to transfer of financial assets

☐ Applicable ☒ Not applicable

(7). Amounts of assets and liabilities resulting from the transfer of receivables and continuing involvement

☐ Applicable

☒ Not applicable

Unit: Yuan Currency: RMB

Other notes: <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable	Closing balance	Opening balance
Receivables financing	408,537,649.45	526,647,102.13
Company foreign trade receivables	368,078,000.40	289,158,908.54
add up the total	776,615,649.85	815,806,010.67

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

√Applicable ☐Not applicable

See section X, XI.4, "Continuing and discontinued Level 3 fair value measurements, qualitative and quantitative **information** on valuation techniques used and significant parameters" of this report for more details.

If bad debt provisioning is based on the general model of expected credit losses, please refer to the disclosure of other receivables:

√Applicable ☐Not applicable



Unit: Yuan      Currency: RMB

Unit: Yuan      Currency: RMBUnit: Yuan      Currency: RMB

√Applicable      □Not applicable

Unit: Yuan    Currency: RMB

age of acco unts	Closing balance		Opening balance	
	sum of mon ey	Proportion (%)	sum of money	Proportion (%)
Within 1 year	18,884,447.58	99.12	39,222,550.07	99.40
1 to 2 years	89,093.81	159 / 26247	165,000.00	0.42
2 to 3 years	4,500.00	0.02	13,000.00	0.03
More than	73,818.84	0.39	60,818.84	0.15

**(2). Top five prepayments with closing balances, grouped by prepayment recipient**☒ Applicable☐ Not applicable

Name of unit	Closing balance	Percentage of total closing balance of prepayments (%)
first place	5,280,366.20	27.72

second place	4,896,686.35	25.70
third place	3,774,166.44	19.81
fourth place	2,815,388.78	14.78
fifth place	1,755,250.00	9.21
add up the total	18,521,857.77	97.22

Other notes

☐ Applicable☒ Other

receivables

Item

presentation

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable sport <input type="checkbox"/> Not applicable even t	Closing balance	Opening balance
Other receivables	5,910,068.86	43,092,124.73
add up the total	5,910,068.86	43,092,124.73

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 Notes:

☐ Applicable ☒

Not applicable

Dividends

receivable

(1). Dividends receivable

☐ Applicable ☒ Not Applicable

(2). Significant dividend

receivables aged over 1 year

☐ Applicable ☒ Not Applicable

(3). Provision for bad debts

☐ Applicable☒ Not Applicable

Other Notes:

☐ Applicable☒ Not

applicable

Other

receivable

s

(1). Disclosure by age

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

age of acco unts	Closing book balance
Within 1 year	
Of which: within 1 year	
Up to and including 1 year	5,784,231.24
Subtotal less than 1 year	5,784,231.24
1 to 2 years	8,052.33
2 to 3 years	65,000.00

3 to 4 years	724,604.11
More than 4 years	584,441.62
add up the total	7,166,329.30

**(2). Breakdown by  
nature of funds**

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable Nature of payment	Closing book balance	Opening balance
reserve fund	603,430.72	734,336.72
Deposits, bonds	285,119.14	360,034.36
Export tax refunds receivable		38,206,638.81
Other transactions	6,277,779.44	6,829,599.65
add up the total	7,166,329.30	46,130,609.54

**(3). Provision for  
bad debts**

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable provision for bad debts	Phase I Expected credit losses for the next 12 months	Phase II Expected credit losses for the entire duration (unissued) (credit impairment)	Phase III Expected credit losses for the entire life cycle (realized) Credit impairment occurred)	add up the total
Balance at January 1, 2022	3,038,484.81			3,038,484.81
January 1, 2022 Balance in the current period				
--Transfer to Phase II				
--Transfer to Phase III				
--Transfer back to phase II				
--Return to phase I				
Provision for the current period				
Reversal during the period	1,782,224.37			1,782,224.37
A description of significant changes in the carrying amount of other receivables for which a change in the allowance for losses has occurred during the period:				
Write-offs during the period				
Write-offs during the period				
Other changes				
The amount of provision for bad debts in the current period and the basis used to assess whether there is a significant increase in the credit risk of a financial instrument:	1,256,260.44			1,256,260.44

☐ Applicable ☒ Not Applicable

**Not Applicable (4).**

**Provision for bad  
debts**

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

form	Opening balance	Amount of change during the period				Closing balance
		163 / 262 met er carr y	Recovery or reversal	Write- offs or audit and	(sth. or sb) else flux	

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

☐Applicable ☒Not Applicable

**(5). Other receivables actually written off during the period**

☐Applicable ☒Not Applicable

(6). Top five other accounts receivable with closing balances, grouped by party owed

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable					
Name of unit	Nature of payments	Closing balance	age of accounts	Percentage of closing balance of other accounts receivable Proportion of total (%)	provision for bad debts Closing balance
first place	reserve fund	480,000.00	Within 1 year	6.70	24,000.00
second place	Other transactions	348,230.00	1-2 years	4.86	34,823.00
third place	Other transactions	80,629.92	Within 1 year	1.13	4,031.50
fourth place	Other transactions	80,000.00	More than 1 year	1.12	80,000.00
fifth place	Other transactions	77,148.00	Within 1 year	1.08	3,857.40
add up		1,066,007.92	/	14.89	146,711.90

that continue to be involved in the formation of assets and liabilities

☐ Applicable☒ Not applicable

Other notes:

Unit: Yuan Currency: RMB

<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable						
9. Inventories	Closing balance			Opening balance		
	Carrying amount	Provision for inventory write-downs/contractual performance costs provision for impairment	book value	Carrying amount	Provision for inventory write-downs/contractual performance costs provision for impairment	book value
in product	151,856,387.19	3,810,636.53	148,045,750.66	130,813,552.84	3,521,803.20	127,291,749.64
merchandise in stock	871,413,638.91	16,365,683.83	855,047,955.08	878,385,802.23	17,414,511.38	860,971,290.85
add up the total	1,427,516,153.98	28,905,477.41	1,398,610,676.57	1,374,272,386.10	29,246,497.27	1,345,025,888.83

(2). Provision for decline in value of inventories and impairment of

Unit: Yuan Currency: RMB

contractual performance costs						
<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	Opening balance	Increase during the period		Decrease during the period		Closing balance
		make provision for (capital requirements)	(sth. or sb) else	Reversal or write-off	(sth. or sb) else	
raw	8,310,182.69	7,701,869.91	165 / 262	7,282,895.55		8,729,157.05

~~(3). Explanation of closing balance of inventories containing amounts capitalized for borrowing costs~~

☐Applicable    ☒Not applicable

**(4). Explanation of the amount of amortization of contract performance costs for the period**

☐Applicable

☒Not Applicable

Other Notes

☐Applicable    ☒Not applicable



**10. Contract****assets (1).****Status of****contract assets**

☐Applicable ☒Not Applicable

**(2). Amounts and reasons for significant changes in book value during the reporting period**

☐Applicable ☒Not Applicable

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

☐Applicable ☒Not Applicable

If bad debt provisioning is based on the general model of expected credit losses, please refer to the disclosure of other receivables:

☐Applicable

☒Not Applicable

Other Notes:

Unit: Yuan Currency: RMB

<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not Applicable	Closing balance	Opening balance
<b>11. Assets held for sale</b>		
time deposit (banking)	15,636,493.21	20,646,136.94
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not Applicable		
add up the total	15,636,493.21	20,646,136.94

**12. Non-current assets due within one year**

☒Applicable ☐Not applicable

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

☐Applicable ☒Not

applicable **13.**

Unit: Yuan Currency: RMB

<b>Other current assets</b>	Closing balance	Opening balance
Input tax to be offset and retained against VAT	24,317,994.24	79,364,808.43
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable		
Input VAT to be certified	77,373,291.57	56,797,847.56
Prepaid corporate income tax	291,021.02	687,205.92
Negotiable large certificates of deposit	6,513,851,826.39	6,070,803,548.09
(sth. or sb) else	182,353.78	
add up the total	6,616,016,487.00	6,207,653,410.00

**14. Debt****investments (1).****Status of Debt****Investments**

☐Applicable ☒Not Applicable

**(2). Significant debt investments at the end of the period**

☐Applicable ☒Not Applicable

**(3). Provision for impairment**

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☐Applicable ☒Not Applicable

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

☐Applicable

☒Not Applicable

Other Notes

☐Applicable ☒Not

Applicable 15.

**Other Debt**

**Investments**

**(1). Other debt investments**

☐Applicable ☒Not Applicable

**(2). Significant other debt investments at the end of the period**

☐Applicable ☒Not Applicable

**(3). Provision for impairment**

☐Applicable ☒Not Applicable

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

☐Applicable

☒Not Applicable

Other Notes:

☐Applicable

☒Not applicable

**16. Long-term receivables**

**(1). Long-term receivables**

☐Applicable ☒Not Applicable

**(2). Provision for bad debts**

☐Applicable ☒Not Applicable

The amount of provision for bad debts for the period and the basis used to assess whether there is a significant increase in the credit risk of a financial instrument

☐Applicable ☒Not Applicable

**(3). Long-term receivables derecognized due to transfer of financial assets**

☐Applicable ☒Not applicable

**(4). Amounts of assets and liabilities resulting from the transfer of long-term receivables with continuing involvement**

☐ Applicable

☒Not applicable

Other notes

☐Applicable ☒Non-

applicable 17.

**Long-term**

**equity**

**investments**

☐Applicable ☒Not Applicable

**18. Investments in**

**other equity**

**instruments (1).**

**Investments in other**

**equity instruments**

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

sport s even t		Closing balance		Opening balance		
<b>(2). Investments in non-trading equity instruments</b>						
Jiangsu Xingda Steel Cord Co.		50,000,000.00		50,000,000.00		
<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable		50,000,000.00		50,000,000.00		
up the total		169 / 262		Unit: Yuan Currency: RMB		
Dividend income recognize		Cumulative gains		Original designation as at fair value through other		
sport s				Transf er of other compr ehensi		

Other notes:

☐Applicable ☒Not Applicable

**19. Other non-current financial assets**

☐Applicable

☒Not Applicable

Other Notes:

☐Applicable ☒Not Applicable

## 20. Investment properties

Investment property measurement model

(1). Investment properties using the cost measurement model Unit: Yuan Currency: RMB

sports event	Houses, buildings	land use right	construction in progress	add up the total
I. Original book value				
1. Opening balance	5,368,230.66			5,368,230.66
2. Increase during the period				
3. Decrease during the period				
4. Closing balance	5,368,230.66			5,368,230.66
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	3,258,180.47			3,258,180.47
2. Increase during the period	210,703.05			210,703.05
(1) Accrual or amortization	210,703.05			210,703.05
3. Decrease during the period				
4. Closing balance	3,468,883.52			3,468,883.52
III. Provision for impairment				
1. Opening balance				
2. Increase during the period				
3. Decrease during the period				
4. Closing balance				
IV. Carrying value				
1. Closing book value	1,899,347.14			1,899,347.14
2. Opening book value	2,110,050.19			2,110,050.19

Other Notes

☐ Applicable ☒ Not Applicable

21. Unit: Yuan Currency: RMB

Presentation of fixed asset items	Closing balance	Opening balance
fixed assets	4,350,172,476.64	4,690,204,976.01
Liquidation of fixed assets	25,688.07	
add up the total	4,350,198,164.71	4,690,204,976.01

Other notes:

☐ Applicable

☒ Not applicable

**Fixed assets**

(1). Fixed assets

☒ Applicable

☐ Not applicable

Unit: Yuan

sport Currency: RMB even t	Houses and buildings	machinery and equipment	carrier	Freehold land	Office equipment and others	add up the total
i. Original book value:						
1. Beginnin g of the period balances	1,943,321,472.71	7,973,227,069.62	32,803,045.44	51,005,600.00	114,023,404.77	10,114,380,592.54
2. Current period Increase	16,334,416.18	88,973,197.38	484,778.76	2,760,800.00	4,475,731.99	113,028,924.31
(1)	129,618.35	10,523,716.99	484,778.76		2,709,141.59	13,847,255.69

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procurement						
(2) Transfer from construction in progress confirm or agree with	16,204,797.83	78,449,480.39			1,462,678.29	96,116,956.51
(3) Increase in business combinations plus						
(4) Foreign currency translation				2,760,800.00	303,912.11	3,064,712.11
3. Current period Amount of reduction	2,499,172.43	1,254,669.85	831,658.11	53,766,400.00		58,351,900.39
(1) Disposal or scrapping			831,658.11	53,766,400.00		54,598,058.11
(2) (sth. or sb) else	2,499,172.43	1,254,669.85				3,753,842.28
4. Final balances	1,957,156,716.46	8,060,945,597.15	32,456,166.09		118,499,136.76	10,169,057,616.46
II. Accumulated depreciation						
1. Beginning of the period balances	540,616,802.02	4,753,340,155.62	27,564,258.69		96,302,673.95	5,417,823,890.28
2. Current period Increase	61,070,229.51	324,362,630.10	1,248,207.74		6,151,020.46	392,832,087.81
(1) make provision for (capital requirements)	61,070,229.51	324,362,630.10	1,248,207.74		5,897,207.30	392,578,274.65
(2) Foreign currency translation					253,813.16	253,813.16
3. Current period Amount of reduction			390,699.36			390,699.36
(1) Disposal or scrapping			390,699.36			390,699.36
4. Final balances	601,687,031.53	5,077,702,785.72	28,421,767.07		102,453,694.41	5,810,265,278.73
III. Provision for impairment						
1. Beginning of the period balances		6,351,726.25				6,351,726.25
2. Current period Increase		2,268,134.84				2,268,134.84
(1) make provision for (capital requirements)		2,268,134.84				2,268,134.84

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3. Current period Amount of reduction						
4. Final balances		8,619,861.09				8,619,861.09
IV. Carrying value						
1. End of term book value	1,355,469,684.93	2,974,622,950.34	4,034,399.02		16,045,442.35	4,350,172,476.64
2. Beginning of the period book 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

Note 1: The decrease of "Others" in the original value of fixed assets in the current year was mainly due to the adjustment of the original project budgets of certain fixed assets of the Group in 2022 in accordance with the settlement situation.

Note 2: The disposal of freehold land during the year was mainly due to the termination of the U.S. plant project in the current year, which resulted in the return of land and construction-in-progress granted by the local government at no cost.

## (2). Status of temporarily idle fixed assets

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

sports event	Original book value	Accumulated depreciation	provision for impairment	book value	note
machinery and equipment	64,907,856.09	55,727,051.56	6,496,083.88	2,684,720.65	

## (3). Fixed assets leased through finance leases

☐Applicable ☒Not Applicable

## (4). Fixed assets leased out through operating leases

☐Applicable ☒Not Applicable



(5). Status of fixed assets for  
which certificates of title

Unit: Yuan Currency: RMB

have not been issued sports event √Applicable <input type="checkbox"/> Not applicable even t	book value	Reasons for non- completion of title deeds
Single-employee dormitory	41,928,478.89	In process
Hwayang Branch Real Estate	340,632,604.05	Settlement not yet finalized
Subsidiary Staff Dormitory Other notes:	64,475,770.18	Settlement not yet finalized
<input type="checkbox"/> Applicable Other properties √Not Applicable	38,910,546.55	Settlement not yet finalized

**Fixed Asset**

**Liquidation**

Unit: Yuan Currency: RMB

√Applicable <input type="checkbox"/> Not applicable sports event Equipment removal costs	Closing balance	Opening balance
add up the total	25,688.07	
	25,688.07	

22.

**Presentation**

**of**

**construction**

Unit: Yuan Currency: RMB

-in-progress projects sports event √Applicable <input type="checkbox"/> Not applicable construction in progress add up the total	Closing balance	Opening balance
	210,880,307.56	389,297,733.77
	210,880,307.56	389,297,733.77

☐Not applicable

Other notes:

☐Applicable

√Not applicable

**Construction**

**in progress**

(1). Status of

Unit: Yuan Currency: RMB

construction n in progress √Applicable even □Not applicable t	Closing balance			Opening balance		
	Carrying amount	im pa ir m en t all o w an ce get rea dy	book value   			

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

☐Applicable ☒Not Applicable

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

- ☐Applicable  
☒Not Applicable  
Other Notes  
☐Applicable  
☒Not applicable

### Engineering materials

#### (1). Status of engineering materials

- ☐Applicable ☒Not Applicable

### 23. Productive biological assets

#### (1). Produced biological assets using the cost-measurement model

- ☐Applicable ☒Not Applicable

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

- ☐Applicable  
☒Not Applicable  
Other Notes  
☐Applicable  
☒Non-applicable

### 24. Oil and gas assets

- ☐Applicable  
☒Non-applicable

### 25. Right-of-use assets

- ☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

sport s even t	Houses and buildings	machinery and equipment	add up the total
I. Original book value			
1. Opening balance	48,874,814.07	42,322,160.66	91,196,974.73
2. Increase during the period	16,911,463.04	6,366,844.97	23,278,308.01
(1) Lease-in	16,756,706.11	6,238,977.31	22,995,683.42
(2) Foreign currency translation	154,756.93	127,867.66	282,624.59
3. Decrease during the period	16,174,817.52		16,174,817.52
(1) Disposal or expiration	16,174,817.52		16,174,817.52
4. Closing balance	49,611,459.59	48,689,005.63	98,300,465.22
II. Accumulated depreciation			
1. Opening balance	25,989,500.17	13,983,928.00	39,973,428.17
2. Increase during the period	12,555,458.59	14,672,335.19	27,227,793.78
(1) Provision	12,461,346.48	14,662,212.43	27,123,558.91
(2) Foreign currency translation	94,112.11	10,122.76	104,234.87
3. Decrease during the period	663,979.76		663,979.76
(1) Disposal			

## 26. Intangible assets (1).

### Intangible assets

√Applicable    □Not applicable

Unit: Yuan    Currency: RMB

sport s even t	land use right	franchises	Non- patented technology	software license	trademark right	add up the total
I. Original book value						
1. Beginning of the period balances	510,574,508.71	426,660.00	600,000.00	21,214,824.89	1,491,786.50	534,307,780.10
2. Current period Increase				1,448,110.31		1,448,110.31
(1) procurement				1,448,110.31		1,448,110.31
3. Current period Amount of reduction						
4. Final balances	510,574,508.71	426,660.00	600,000.00	22,662,935.20	1,491,786.50	535,755,890.41
II. Accumulated amortization						
1. Beginning of the period balances	83,831,237.07	422,918.77	590,000.00	18,395,420.72	1,051,723.62	104,291,300.18
2. Current period Increase	10,992,614.74	840.87	10,000.00	3,183,209.44	50,292.90	14,236,957.95
(1) make provision for (capital requirements)	10,992,614.74	840.87	10,000.00	3,183,209.44	50,292.90	14,236,957.95
3. Current period Intangible assets formed through in-house research and development at the end of the period as a percentage of the balance of intangible assets 0.00%						
4. Final balances	94,823,851.81	423,759.64	600,000.00	21,578,630.16	1,102,016.52	118,528,258.13
III. Provision for impairment						
Other Notes:						
□Applicable						
√Not applicable						
27. period balances						
2. Current period Increase						
3.						

**Development  
expenditures**

☐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., growth rate over the forecast period when the present value of future cash flows is expected, growth rate over the stabilization period, profitability, discount rate, forecast period, etc., as applicable) and the method of recognizing impairment losses on goodwill**

□Applicable ✓Not Applicable

**(5). Impact of goodwill impairment testing**

□Applicable

✓Not Applicable

Other Notes

□Applicable ✓Not Applicable

**29. Long-term amortization**

✓Applicable □Not applicable

Unit: Yuan Currency: RMB

sports event	Opening balance	Increase during the period	Amortization for the period	Other decreases	Closing balance
renovation cost	1,304,592.21		1,304,592.21		
assets/deferred income tax liabilities add up	1,304,592.21		1,304,592.21		

**liabilities (1). Deferred income****tax assets not offset**

Unit: Yuan Currency: RMB

✓Applicable □Not applicable sport s even t	Closing balance		Opening balance	
	Deductible temporary differences discriminate	Deferred income taxes liabilities	Deductible temporary differences discriminate	Deferred income taxes liabilities
provision for bad debts	116,745,950.26	17,812,659.97	109,101,017.58	16,723,565.68
Provision for decline in value of inventories	28,905,477.41	4,389,429.72	29,194,115.28	4,432,725.41
Provision for impairment of other assets	8,619,861.09	1,292,979.16	6,351,726.25	952,758.94
Unrealized gains and losses on internal transactions	41,431,571.87	6,401,724.99	34,338,056.91	5,268,047.87

**(2). Deferred tax liabilities**

Deferred income tax assets not offset

Depreciation of right-of-use assets and leases

Interest expense on liabilities sport

(sth. or sb) else	Closing balance		Opening balance	
	Deductible temporary differences discriminate	Deferred income taxes liabilities	Deductible temporary differences discriminate	Deferred income taxes liabilities
add up	508,810,718.27	76,139,576.13	496,023,523.84	75,040,768.09
the total	180 / 262			
One-time tax on fixed assets such as equipment under \$5 million purchased	499,094,839.63	74,864,225.94	490,299,757.63	73,544,963.64

Unit: Yuan Currency: RMB

**(3). Deferred tax assets or liabilities, net of offsets**

☐Applicable ☒Not Applicable

(4). Breakdown of  
unrecognized deferred

Unit: Yuan Currency: RMB

tax assets		Closing balance		Opening balance	
√Applicable □Not applicable	even t				
Deductible temporary differences		2,063,096.69		3,498,889.90	
Deductible losses		76,318,244.81		101,021,475.78	
(5). The deductible losses for which no deferred tax assets have been recognized will expire in the following years		78,381,341.50		104,520,365.68	
the particular year		Closing amount	Opening amount	Unit: Yuan	Currency: RMB
√Applicable □Not applicable				note	
2022		968,968.91			
2023					
2024					
2025					
2026					
2027		1,571,916.78			
2028 onwards		74,746,328.03		100,052,506.87	
add up the total		76,318,244.81		101,021,475.78	
				/	

Other notes:

□Applicable √Not  
Applicable

31. Other non-  
current assets

Unit: Yuan Currency: RMB

current assets				Unit: Yuan Currency: RMB		
√Applicable sports applicable event	□Not	Closing balance		Opening balance		
	Carrying amount	impairments intend	book value	Carrying amount	impairments intend	book value
time deposit (banking)	91,604,304.53		91,604,304.53	35,829,062.60		35,829,062.60
add up the total.	91,604,304.53		91,604,304.53	35,829,062.60		35,829,062.60

32. Short-term  
borrowings (1).

Classification  
of short-term

Unit: Yuan Currency: RMB

√Applicable credit loan	Closing balance	Opening balance
add up the total	1,228,512,020.16	1,338,759,842.79
□Not applicable	1,228,512,020.16	1,338,759,842.79

(2). Status of overdue short-term borrowings

□Applicable √Not Applicable



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Significant of these overdue short-term borrowings are shown below:

☐Applicable

☒Not Applicable

Other Notes

☐Applicable ☒Not Applicable

### **33. Financial liabilities held for trading**

☐Applicable ☒Not

applicable 34.

**Derivative**

**financial**

**liabilities**

☐Applicable ☒Not Applicable

**35. Notes****payable (1).****Presentation of notes payable**

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	Closing balance	Opening balance
banker's acceptance	1,226,358,329.16	1,117,098,665.95
add up the total	1,226,358,329.16	1,117,098,665.95

The total amount of notes payable due and unpaid at the end of the period was \$0.00. **36.**

**Accounts payable****(1). Presentation of accounts payable**

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	Closing balance	Opening balance
sports event		
Within 1 year	2,140,110,431.68	1,823,182,379.67
More than 1 year	494,393,500.91	450,346,843.72
add up the total	2,634,503,932.59	2,273,529,223.39

**(2). Significant accounts****payable aged over 1 year**

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	Closing balance	Reasons for non-reimbursement or carry-over
sports event		
first place	110,992,482.77	Not yet settled
Other notes		
add up the total	110,992,482.77	/

☐Applicable☒Not applicable**37. Receipts in advance****advance****(1). Presentation of accounts****receivable in advance**☐Applicable ☒Not Applicable**(2). Significant receipts in****advance aged over 1 year**☐Applicable☒Not Applicable

Other Notes

Unit: Yuan Currency: RMB

<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not Applicable	Closing balance	Opening balance
sports event		
Customer receipts in advance	107,480,150.38	74,948,967.00
add up the total	107,480,150.38	74,948,967.00

**38. Contract liabilities (1)****Status of****contractual****liabilities**☒Applicable ☐Not applicable

**(2). Amounts and reasons for significant changes in book value during the reporting period**

☐Applicable

☒Not Applicable

Other Notes:

☐Applicable ☒Not Applicable

**39. Remuneration**

**payable to  
employees (1).**

**Presentation of  
remuneration**

**payable to  
employees**

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

sport s even t	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Short-term remuneration	23,306,859.43	586,986,075.54	584,756,707.17	25,536,227.80
II. Post-employment benefits -- defined contribution plans		50,759,750.93	50,759,750.93	
(2). Presentation of short-term remuneration	23,859.00	484,289.45	408,148.45	100,000.00
IV. Other benefits due within one year				
add up to the total	23,330,718.43	638,230,115.92	635,924,607.05	25,636,227.80
term sport the even t	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Wages, bonuses, allowances and applicable	6,281,680.02	454,430,433.55	452,267,620.62	8,444,492.95
II. Employee benefit costs		35,324,947.89	35,324,947.89	
III. Social security contributions		29,684,907.84	29,652,029.04	32,878.80
Of which: medical insurance premiums		25,371,879.72	25,339,000.92	32,878.80
Employment injury insurance premiums		4,313,028.12	4,313,028.12	
Maternity insurance premiums				
IV. Housing Provident Fund		21,949,452.77	21,949,452.77	
V. Funds for trade unions and staff education	17,025,179.41	12,154,504.40	12,123,827.76	17,055,856.05
VI. Short-term paid absences				
VII. Short-term profit-sharing schemes				
VIII. Other		33,441,829.09	33,438,829.09	3,000.00
(3). Presentation of the defined benefit plan	23,306,859.43	586,986,075.54	584,756,707.17	25,536,227.80

Unit: Yuan Currency: RMB

benefit plan √Applicable □Not applicable even t	Opening balance	Increase during the period	Decrease during the period	Closing balance
1. Basic pension insurance		48,726,072.11	48,726,072.11	
2. Unemployment insurance premiums		2,033,678.82	2,033,678.82	
3. Contributions to enterprise annuities				
Other notes: □Applicable √Not applicable add up to the total		50,759,750.93	50,759,750.93	
40. Taxes payable				

Unit: Yuan Currency: RMB

√Applicable □Not applicable value-added tax (VAT)	Closing balance	Opening balance
corporate income tax	11,521,824.04	10,889,084.40
personal income tax	39,891,271.33	13,197,492.62
Urban maintenance and construction tax	842,164.66	882,853.30
land use tax	2,621,344.42	761,590.44
property tax	186 / 262	2,164,469.84
Education surcharge	3,667,647.99	2,164,469.82
non-residential property	1,872,547.25	3,614,291.47
environmental protection tax	1,744,462.51	544,454.22
	13,600.16	413,162.00
		12,488.41

41.

**Presentation  
of other  
accounts**

Unit: Yuan Currency: RMB

payable items	Closing balance	Opening balance
<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable		
Other accounts payable	85,371,300.46	102,827,794.77
add up the total	85,371,300.46	102,827,794.77

Other notes:

☐Applicable☒Not applicable

**Interest  
payable**

(1). categorize

☐Applicable☒Not applicable

**Dividends  
payable**

(1). categorize

☐Applicable

Unit: Yuan Currency: RMB

Other	Closing balance	Opening balance
<input checked="" type="checkbox"/> Not applicable <input type="checkbox"/> Applicable		
Deposits, Guarantees, Warranties	5,684,792.15	4,757,262.15
Other transactions	54,422,304.52	62,700,324.16
(sth. or sb) else	25,264,203.79	35,370,208.46
add up the total	85,371,300.46	102,827,794.77

(2). Significant other payables  
aged over 1 year

within 1 year

☒Applicable ☐Not applicable☐Applicable☒Not Applicable

Other Notes:

☐Applicable ☒Non-  
applicable

**Liabilities held  
for sale**

☐Applicable ☒Not Applicable

43. Non-current liabilities due

Unit: Yuan Currency: RMB

Lease liabilities due within 1 year	Closing balance	Opening balance
25,957,384.20	26,854,437.40	
25,957,384.20	26,854,437.40	
Unit: Yuan Currency: RMB		
Lease liabilities due within 1 year	Closing balance	Opening balance
3,241,389.31	3,272,513.55	
3,241,389.31	3,272,513.55	

Increase or decrease in short-term bonds payable:

☐Applicable ☒Not Applicable

Other notes:

☐Applicable

☒Non-applicable

#### 45. Long-term loans

##### (1). Classification of long-term loans

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

sports event	Closing balance	Opening balance
credit loan	200,177,222.21	
add up the total	200,177,222.21	
Other notes, including interest rate range:		

☐Applicable

☒Not applicable

#### 46. Bonds payable (1). Bonds payable

☐Applicable ☒Not Applicable

##### (2). Increase or decrease in bonds payable: (excluding other financial instruments such as preferred shares and perpetual bonds classified as financial liabilities)

☐Applicable ☒Not Applicable

##### (3). Description of conversion conditions and conversion time of convertible bonds

☐Applicable ☒Not applicable

##### (4). Description of other financial instruments classified as financial liabilities

Basic information on 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 preferred shares, perpetual bonds and other financial instruments issued and outstanding at the end of the period

☐Applicable ☒Not Applicable

Description of the basis for classifying other financial instruments as financial liabilities:

☐Applicable

☒Not Applicable

Other Notes:

☐Applicable

☒Non-applicable

#### 47. Lease liabilities

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

sports event	Closing balance	Opening balance
Rental of buildings	726,902.07	9,587,538.56
Equipment Leasing	5,556,452.61	14,806,013.76
48. add up the total	6,283,354.68	24,393,552.32

**Presentation  
of long-term  
accounts  
payable items**

☐Applicable

☒Not Applicable

Other Notes:

☐Applicable ☒Not Applicable

**Long-term accounts payable**

**(1). Long-term accounts payable by nature of payment**

☐Applicable ☒Not Applicable



**Specialized accounts payable****(1). Specialized 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

<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable	Opening balance	Increase during the period	Decrease during the period	Closing balance	Reasons for formation
51. Deferred income	500,666,070.43	3,400,000.00	190,507,881.63	313,558,188.80	
Deferred income	500,666,070.43	3,400,000.00	190,507,881.63	313,558,188.80	/
the total					

☒Applicable ☐Not applicable

Projects involving

government grants:

☒Applicable ☐Not

Unit: Yuan Currency: RMB

applicable

Liability items	Opening balance	Amount of new grants for the period	Include d in non-operating income for the period sum of money	Amounts charged to other gains for the period	Other changes	Closing balance	Asset-related / revenue-related (statistics) correlation
Annual production capacity of 10 million high-grade semi-steel radial tires Technical improvement projects		1,138,000.00		37,933.32		1,100,066.68	Asset-related
Infrastructure development support go out	8,022,570.85			383,404.44		7,639,166.41	Property and assets (statistics) correlation
Development and application of low-temperature primary refining	7,699,166.85			1,130,000.04		6,569,166.81	Asset-related

technology			Annual Report				
sports event			2022				
Compensation for land acquisition and demolition Funds expended	37,831,146.46			917,118.60		36,914,027.86	Property and assets (statistics) correlation
Industrial Park Phase II South Land Infrastructure Specialization voluntary fund	3,222,823.19			140,122.68		3,082,700.51	Asset-related
Special funds for infrastructure construction of R&D centers in industrial parks generic term for lustrous and ductile metals	14,498,307.21			641,991.48		13,856,315.73	Asset-related
Industrial park land base construction-specific fund	75,825,338.78			3,410,664.84		72,414,673.94	Property and assets (statistics) correlation
Nanhai New District Industrial Park Specialized land funds	156,978,361.70			3,722,807.04		153,255,554.66	Property and assets (statistics) correlation
Boiler desulfurization and denitrification Dust Technology Transformation Funding	550,000.03			100,000.00		450,000.03	Property and assets (statistics) correlation
Acquisition of robots and intelligent manufacturing systems subsidy	849,056.76			169,811.28		679,245.48	Asset-related
Intelligent Manufacturing Equipment Purchase installation grant	1,800,000.00			180,000.00		1,620,000.00	Property and assets (statistics) correlation
U.S. plant project soil Ground and leveling	177,752,304.72				-177,752,304.72		Property and assets (statistics) correlation
National Engineering Laboratory Stiffness Tester Specialization capital	1,213,333.28			93,333.36		1,119,999.92	Asset-related
Joint research and development of all-season car tire technology earmark	1,489,749.21			98,529.96		1,391,219.25	Asset-related

Ultra-high	2,144,977.80		Annual Report			2,144,977.80	Asset-
performance			2022				related
tires full							
electromagnetic							
induction							
heating direct							
Intelligent							
Manufacturing for							
Pressure							
Vulcanization							

Technology and equipment R&D Projects							
Annual production capacity of 2 million high-performance intelligent all-steel radial tires relocated to the next level. Classification and renovation project	4,499,999.97			500,000.04		3,999,999.93	Asset-related
2019 Taishan Industry Leading Talents Supporting Support holdings	1,854,236.95			665,659.84		1,188,577.11	Asset-related
Aeronautical radial tire key technology breakthrough research and industrialize	2,835,280.00			260,000.00		2,575,280.00	Asset-related
Tire Semi-Product Materials RFID Smart ID Tag Recognition Platform	276,416.67			30,999.96		245,416.71	Asset-related
Support for technological transformation of industrial enterprises in 2020 capital	1,323,000.00			147,000.00		1,176,000.00	Asset-related
The first batch of financial special projects for intelligent technological transformation in 2021 (high nature) (commercial vehicle tires)		1,262,000.00		126,200.03		1,135,799.97	Asset-related
Shandong Province Chemical Industry Intelligent Transformation Benchmarking Demonstration Enterprises Subsidy Funding generic term for lustrous and ductile metals		1,000,000.00				1,000,000.00	Asset-related

Note: Other changes in land and formation for the U.S. plant project during the year were mainly due to the termination of the U.S. plant project in the current year, which resulted in the return of land and construction-in-progress granted by the local government at no cost.

Other notes:

☐ Applicable ☒ Not Applicable

## 52. Other non-current liabilities

☐ Applicable

√Not Applicable

53.

√Applicable ☐Not applicable

Unit: Yuan Currency: RMB

		Unit: Yuan					Currency: RMB
	Opening balance	Increase/decrease in current changes (+, i)					Closing balance
		issuance new share	a share grant	provident fund transfer	(sth. or sb) else	Subtotal	
54. Other equity instruments							
(1). Basic information on other financial instruments such as preferred shares and perpetual bonds issued and outstanding at the end of the period							
Total number of shares	800,000,000.00						800,000,000.00
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not Applicable							

**(2). Statement of changes in preferred shares, perpetual bonds and other financial instruments issued and outstanding at the end of the period**

☐Applicable ☒Not Applicable

Changes in other equity instruments during the period, explanation of the reasons for such changes, and the basis for the related accounting treatment:

☐Applicable

√Not Applicable

Other Notes.

☐Applicable ☒Not Applicable**55. Capital surplus**√Applicable ☐Not applicable

Unit: Yuan Currency: RMB

event	Opening balance	Increase during the period	Decrease during the period	Closing balance
Capital premium (equity premium)	4,094,457,222.64			4,094,457,222.64
Other capital surplus	1,130,614,609.20			1,130,614,609.20

add up the total	5,225,071,831.84			5,225,071,831.84
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**56. Treasury Unit**

☐Applicable ☒Non-applicable 57.

**Other****comprehensive**

Unit: Yuan Currency: RMB

income <div><input checked="" type="checkbox"/>Applicable <input type="checkbox"/>Not applicable</div>	Opening balance	Amount incurred during the period						Closi ng bala nce
		Occurrence before income tax for the period	Less: Prior period included in other comprehe nsive income transfere d to loss for the period all the more	Less: Transfer to other comprehe nsive income from prior period to retained earnings for the period income on deposit	Less : Inco me tax expe nse	Attributable to parent company after tax	Attribut able to minorit y share olders after tax	
I. Other comprehensive income that cannot be reclassified to profit or loss combined income								
II. Other consolidated to be reclassified to profit or loss earnings	16,622,315.91	-3,157,239.15				-3,157,239.15		13,465,076.76
Of which: Other available for transfer to profit or loss under the equity method								
58. F earmarked reserves								
59. Surplus reserves								
60. Unallocated profits								
Statutory surplus	1,082,785,716.24	55,912,622.33				1,138,698,338.57		
Residual	14,458,327.68	3,945,551.64	55,912,622.33			3,945,551.64	1,138,698,338.57	16,404,078.72
Total comprehensive income	16,622,315.91	-3,157,239.15				-3,157,239.15		13,465,076.76
income meter								

Unit: Yuan    Currency: RMB

Unit: Yuan Currency: RMB

income	<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	Opening balance	Increase during the period	Decrease during the period	Closing balance
Foreign currency translation differences		2,163,788.83	-7,102,790.79	-7,102,790.79	-4,939,001.96
Statutory surplus		1,082,785,716.24	55,912,622.33		1,138,698,338.57
Residual		14,458,327.68	3,945,551.64	3,945,551.64	16,404,078.72
Total comprehensive income		16,622,315.91	-3,157,239.15	-3,157,239.15	13,465,076.76

Unit: Yuan Currency: RMB

income	<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	Opening balance	Increase during the period	Decrease during the period	Closing balance
Undistributed profit at the end of the previous period before adjustments			4,019,848,926.30		3,771,398,531.63
Adjustments to the total unallocated profits at the beginning of the period (upward +, downward -)					
Adjustments to opening unappropriated profit after the period			4,019,848,926.30		3,771,398,531.63
Add: Net profit attributable to owners of the parent			737,641,851.18		600,406,918.38

Adjust the breakdown of unappropriated earnings at the beginning of the period:

1. Due to the retrospective adjustments made by the ASBE and its related new regulations, the impact on the undistributed profit at the beginning of the period is \$0.00.
2. As a result of the change in accounting policy, the impact on the undistributed profit at the beginning of the period is \$0.00.

3. As a result of the correction of significant accounting errors, the impact on the undistributed profit at the beginning of the period was \$0.00.

4. The change in the scope of consolidation due to the same control affected the unappropriated profit at the beginning of the period by \$0.00.

5. Total other adjustments affect the unallocated profit at the beginning of the period by \$0.00.

## 61. Operating Revenues

### and Operating Costs (1).

#### Operating income and operating costs

√Applicable □Not applicable

Unit: Yuan Currency: RMB

sport s even t	Current period's incidence		Prior period's incidence	
	inco mes	(ma nufa cturi ng, prod uctio n etc) cost s	inco mes	(ma nufa cturi ng, prod uctio n etc) cost s
(2). Status of revenue generated from contracts	Contract classification		add up the total	
√Applicable □Not applicable				
Main business	9,181,947,100.85	7,851,894,987.33	8,916,044,983.05	7,673,948,759.42
Other business	38,176,679.71	620,458.40	38,341,551.44	9,148,905,304.16
Factorial income (stip or sb) else	9,220,123,780.56	7,852,515,445.73	8,954,386,534.49	29,057,303.14
Classification by time of transfer of goods				2,118,640.19
Confirmation of a point in time				3,984,493.55
By area of income				9,218,746,005.54
internal (a country)				9,218,746,005.54
external (affairs)				3,576,438,476.12
add up the total				5,642,307,529.42
				9,218,746,005.54

A description of the revenue generated by the contract:

√Applicable □Not applicable

√Applicable □Not applicable

The difference between the totals and the income statement operating income represents income from leasing operations. (3). Description of performance obligations

□Applicable √Not Applicable

### (4). Description of apportionment to remaining performance obligations

□Applicable

√Not applicable

## 62. Taxes and surcharges



Unit: Yuan Currency: RMB

sport s even t	Current period's incidence	Prior period's incidence
Urban maintenance and construction tax	9,784,863.03	14,098,440.95
Education surcharge	6,991,871.86	10,081,162.64
property tax	14,723,460.11	13,674,494.55
land use tax	8,659,295.98	8,245,482.97
vehicle usage tax (VUT)	62,706.00	79,008.20
non-residential property	7,162,236.10	3,564,473.44
Water Conservation Fund		1,341.94
environmental protection tax	44,773.43	45,423.70
(sth. or sb) else	13,132.44	350,812.51

add up the total	47,442,338.95	50,140,640.90
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**63. Cost of sales**

√Applicable

Unit: Yuan Currency: RMB

<input type="checkbox"/> Not applicable sports event	Current period's incidence	Prior period's incidence
logistics costs	186,961,658.06	207,998,248.60
marketing development fee	57,955,781.60	66,290,051.57
remuneration of employees	70,894,259.72	71,491,348.85
Product Service Fee	17,963,196.71	17,135,561.85
inspection and certification fee	403,677.42	576,059.94
office expenses	1,642,345.66	1,584,505.06
(sth. or sb) else	5,727,596.05	5,442,970.93
add up the total	341,548,515.22	370,518,746.80

**64.****Administrative**

Unit: Yuan Currency: RMB

<b>expenses</b> sports event	Current period's incidence	Prior period's incidence
√Applicable		
remuneration of employees	106,294,209.15	115,673,086.45
office expenses	28,828,660.14	28,490,352.71
taxes	638,226.79	793,010.71
Leases, depreciation and amortization	60,567,201.39	60,034,178.04
service fee	18,544,918.29	16,737,940.83
(sth. or sb) else	20,030,281.38	19,443,250.82
add up the total	234,903,497.14	241,171,819.56

**65. Research**

and

Unit: Yuan Currency: RMB

<b>development</b> sports event	Current period's incidence	Prior period's incidence
<b>costs</b>		
trial fee	51,691,488.11	49,164,444.19
√Applicable		
remuneration of employees	43,125,604.44	38,550,193.54
<input type="checkbox"/> Not applicable		
Leases, depreciation and amortization	18,249,015.18	17,282,302.68
consultancy fee	4,795,279.06	4,701,057.30
inspection fee	5,251,087.56	5,005,633.21
Certification Audit Fee	4,004,057.48	3,282,098.64
maintenance cost	7,657,671.45	11,659,985.99
travel costs	829,010.14	1,110,147.98
(sth. or sb) else	7,046,574.14	5,532,572.65
add up the total	142,649,787.56	136,288,436.18

## costs

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	Current period's incidence	Prior period's incidence
interest expense	36,654,873.47	33,851,064.98
Interest income	-36,812,545.31	-13,447,535.55
Currency exchange gains and losses	-55,593,193.36	-3,855,958.29
Other expenditures	17,114,643.21	11,092,891.67
add up the total	-38,636,221.99	27,640,462.81

**67. Other gains**

√Applicable

Unit: Yuan Currency: RMB

□Not applicable	sports event	Current period's incidence	Prior period's incidence
	Amortization of deferred gains related to ordinary activities of the enterprise	12,755,576.91	14,070,796.33
	Government grants related to the ordinary activities of the enterprise that go directly to profit or loss	1,940,668.00	4,685,803.26
	Other income	273,165.87	404,827.44
	add up the total	14,969,410.78	19,161,427.03

**68. Investment income**

Unit: Yuan Currency: RMB

√Applicable	sports event	Current period's incidence	Prior period's incidence
□Not applicable			
	Dividend income earned on investments in other equity instruments during the holding period	2,083,332.80	1,805,554.40
	Gain on debt restructuring	525,687.49	7,925,801.81
	Gain on derivative financial instruments		-32,357,311.14
	Structured deposit returns		37,542,654.02
	Income from negotiable large certificates of deposit	224,376,878.09	215,505,770.74
	add up the total	226,985,898.38	230,422,469.83

**69. Net open hedging gains**

gains

□Applicable √Not

Applicable

Unit: Yuan Currency: RMB

70. Gain on change in fair value	Sources that generate gains from changes in fair value	Current period's incidence	Prior period's incidence
Financial assets held for trading		-233,298.24	-21,796,989.90
Derivative financial liabilities			23,415,359.76
add up the total		-233,298.24	1,618,369.86

**71. Credit**

impairment

Unit: Yuan Currency: RMB

losses	sport	Current period's incidence	Prior period's incidence
√Applicable □Not applicable	even t		
	Bad debt losses on notes receivable	232,317.58	9,650,064.77
	Bad debt losses on accounts receivable	-4,160,994.49	-2,157,709.32
	Bad debt losses on other receivables	1,833,666.28	-2,329,677.16
	Impairment losses on receivables financing	-3,945,551.64	-3,501,675.24
72. Impairment losses on assets	add up the total	-6,040,562.27	√Applicable, □Not applicable

Unit: Yuan

Currency: RMB	sport s event	Current period's incidence	Prior period's incidence
I. Bad debt losses			
II. Loss on decline in value of inventories and impairment loss on contract performance costs		-29,732,949.44	-24,333,086.51
III. Impairment losses on long-term equity investments			
IV. Impairment losses on investment properties			
V. Impairment losses on fixed assets		-2,268,134.84	
VI. Impairment losses on engineering materials			
VII. Impairment losses 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		
add up the total	-32,001,084.28	-24,333,086.51

**73. Gain on****disposal of assets**

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	Current period's incidence	Prior period's incidence
Gain (loss) on disposal of non-current assets	-10,333,946.10	271,620.58
add up the total	-10,333,946.10	271,620.58

**74. Non-****operating****income****Non-****operating**

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	Current period's incidence	Prior period's incidence	Amounts included in non-recurring gains and losses for the period
Total gain on disposal of non-current assets	23,858.30	48.54	23,858.30
Of which: Gain on disposal of fixed assets	23,858.30	48.54	23,858.30
government grant	977,000.00	822,000.00	977,000.00
(sth. or sb) else	742,853.82	316,109.77	742,853.82
add up the total	1,743,712.12	1,138,158.31	1,743,712.12

Government grants

recognized in profit or

loss

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	Amount incurred during the period	Amount incurred in prior period	Asset-related/revenue-related
government grant	977,000.00	822,000.00	revenue-related

Other notes:

☐Applicable☒Non-applicable**75. Non-****operating**

Unit: Yuan Currency: RMB

<b>Expenses</b> <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	Current period's incidence	Prior period's incidence	Amounts included in non-recurring gains and losses for the period
Total loss on disposal of non-current assets	468.29	219,533.59	468.29
Of which: Loss on disposal of fixed assets	468.29	219,533.59	468.29
External donations	1,000,000.00	1,000,000.00	1,000,000.00
(sth. or sb) else	1,364,686.83	1,997,434.45	1,364,686.83

**76. Income tax  
expense (1).  
Schedule of  
income tax**

Unit: Yuan Currency: RMB

<b>expense</b>	Current period's incidence	Prior period's incidence
Current income tax expense	94,922,679.14	78,443,994.44
Deferred income tax expense	220,454.26	1,098,129.97
add up the total	95,143,133.40	79,542,124.41

(2). Process of adjusting  
accounting profit to income tax

Unit: Yuan Currency: RMB

expense √Applicable □Not applicable	sports event	Current period's incidence
total profit		832,425,393.22
Income tax expense at statutory/applicable rates		124,863,808.98
Effect of applying different tax rates to subsidiaries		4,365,664.46
Effect of adjustments to prior periods' income taxes		
Impact of non-taxable income		-312,499.92
Impact of non-deductible costs, expenses and losses		3,458,576.15
Effect of deductible losses on the use of unrecognized deferred tax assets in prior periods		-4,269,309.45
Effect of deductible temporary differences or deductible losses for which no deferred tax assets were recognized in the current period		392,979.20
Other notes: Impact of additional deductible expenses under the tax law		-33,356,086.02
Income tax expense		95,143,133.40

applicable 77.

Other  
comprehensive  
income

√Applicable □Not applicable

See section X.VII.57, "Other comprehensive income", of this report for details. 78.

Unit: Yuan Currency: RMB

Cash flow statement items	Current period's incidence	Prior period's incidence
(1). Other cash received related to government grant	6,317,668.00	10,559,803.26
operating activities (sth. or sb) else	41,965,056.90	31,682,250.20
√Applicable □Not applicable	48,282,724.90	42,242,053.46

(2). Other cash paid in relation to  
operating activities

Unit: Yuan Currency: RMB

√Applicable □Not applicable	sports event	Current period's incidence	Prior period's incidence
expenditure		363,713,274.70	300,773,307.16
Bank charges		11,566,981.26	9,703,286.54
current account		11,432,828.17	11,253,680.36
(sth. or sb) else		8,100,760.23	9,194,797.68
add up the total		394,813,844.36	330,925,071.74

(3). Other cash received related to  
investing activities

investing activities

□Applicable √Not Applicable

□Applicable √Not Applicable

(4). Other cash paid related to

(5). Other cash received  
relating to financing



<b>activities</b>	Annual Report 2022
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not Applicable	
<b>(6). Other cash paid in connection with financing activities</b>	
<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	

Unit: Yuan Currency: RMB

sports event	Current period's incidence	Prior period's incidence
Interest on swap transactions		7,012,468.41
Lease payments	15,923,944.66	13,040,005.17
add up the total	15,923,944.66	20,052,473.58

**79. Supplementary information to the statement of cash flows (1).**

Unit: Yuan Currency: RMB

Supplementary information to the statement of cash flows	Additional information	Amount for the period	Prior period amount
<b>1. Reconciliation of net profit to cash flows from operating activities:</b>			
Net profit	□Applicable □Not applicable	737,282,259.82	600,638,898.26
Add: Provision for impairment of assets		32,001,084.28	24,333,086.51
Credit impairment losses		6,040,562.27	-1,661,003.05
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets		392,788,977.70	427,902,032.00
Amortization of right-of-use assets		27,123,558.91	39,984,418.93
Amortization of intangible assets		14,236,957.95	15,096,862.31
Amortization of long-term amortized expenses		1,304,592.21	1,974,343.48
Loss (gain) on disposal of fixed assets, intangible assets and other long-term assets (to be completed with a "+" sign)		10,333,946.10	-271,620.58
Loss on retirement of fixed assets (gain is recognized by a "+" sign)		-23,390.01	219,485.05
Loss on fair value changes (gains are recognized with a "+" sign)		233,298.24	-1,618,369.86
Finance costs (gains are represented by a "-" sign)		48,094,404.64	61,649,062.02
Losses on investments (gains are recognized with a "-" sign)		-226,985,898.38	-230,422,469.83
Decrease in deferred income tax assets (increase recorded as a "-")		-1,098,808.04	3,744,217.50
Increase (decrease) in deferred income tax liabilities (recorded as a "-")		1,319,262.30	-2,646,087.53
Decrease in inventories (increase is indicated by a "-" sign)		-83,317,737.18	-495,998,368.10
Decrease in operating receivables (increase is recognized by a "-" sign)		31,782,300.02	-54,043,675.83
Increase (decrease) in operating accounts payable (sth. or sb) else		495,887,305.10	82,800,177.15
Net cash flows from operating activities		1,487,002,675.93	471,680,988.43
<b>2. Significant investing and financing activities that do not involve cash receipts and payments:</b>			
Debt to capitalization			
Convertible bonds due within one year			
Fixed assets under finance leases			
<b>3. Net change in cash and cash equivalents:</b>			
Closing balance of cash		2,740,428,066.74	1,730,153,817.39
Less: opening balance of cash		1,730,153,817.39	1,791,503,326.80
Add: closing balance of cash equivalents	208 / 262		
Less: opening balance of cash equivalents			
Net increase in cash and cash equivalents		1,010,274,249.35	-61,349,509.41

(2) Net cash paid during the period for acquisition of

☐Applicable ☒Not Applicable

**(3). Net cash received for disposal  
of subsidiaries during the  
period**

☐Applicable ☒Not Applicable

**(4). Composition of cash and cash  
equivalents**

Unit: Yuan    Currency: RMB

☒Applicable ☐Not applicable

sports event	Closing balance	Opening balance
I. Cash	2,740,428,066.74	1,730,153,817.39
Of which: cash on hand	296,828.15	273,346.29
Bank deposits readily available for payment	2,353,929,793.05	1,649,681,133.95
Other monetary funds readily available for disbursement	386,201,445.54	80,199,337.15
II. Cash equivalents		
III. Cash and cash equivalents balance at the end of the period	2,740,428,066.74	1,730,153,817.39
Of which: use of restricted cash and cash equivalents by the parent company or group subsidiaries gold equivalent		

Other notes:

☐Applicable ☒Not Applicable**80. Notes to the Statement of Changes in Owners' Equity items**

(c) State the name of the "Other" item and the amount of adjustment made to the closing balance of the previous year:

☐Applicable ☒Not Applicable**81. Assets subject to restrictions on ownership or use**☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

sports event	Closing book value	Reason for restriction
money funds	267,095.06	Factoring Margin
money funds	50,000.00	Alipay Margin
added up the total	317,095.06	/

**82. Foreign monetary items (1).****Monetary items in**

Unit: Yuan

foreign currency <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	Foreign currency balance at end of period	Conversion rate	Converted RMB balance at the end of the period
money funds	-	-	
Of which: United States dollars	151,406,334.85	6.9646	1,054,484,559.70
Euro (currency)	7,592,312.98	7.4229	56,356,980.02
Australian dollar	36,546.60	4.7138	172,273.36
Singapore dollar	33,828.34	5.1831	175,335.67
accounts receivable	-	-	
Of which: United States dollars	4,818,441.78	6.9646	33,558,519.62
Receivables financing	-	-	
Of which: United States dollars	48,309,284.46	6.9646	336,454,842.55
Euro (currency)	1,044,797.13	7.4229	7,755,424.62
Russian ruble	1,460.00	0.0942	137.53
Other receivables	-	-	
Of which: United States dollars	3,729,242.87	6.9646	25,972,684.89
Singapore dollar	14,477.72	5.1831	75,039.47
Australian dollar	185,293.45	4.7138	873,436.26

Euro (currency)	2,207,333.86	7.4229	16,384,818.51
Australian dollar	12,897.84	4.7138	60,797.84
Singapore dollar	58,422.75	5.1831	302,810.96
short term loan	-	-	
Of which: United States dollars	68,000,000.00	6.9646	473,592,800.00
Australian dollar	8,630.08	4.7138	40,680.47

(2). A description of the foreign operating entity, including, in the case of a significant foreign operating entity, a disclosure of the principal place of business outside the country, the local currency of account and the basis for its selection, and the reasons for any change in the local currency of account

☐Applicable

☒Non-applicable

### 83, Hedging

☐Applicable

☒Non-applicable

### 84.

#### Government subsidies

##### (1). Basic information on government grants

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

kind	sum of money	Presentation of items	Amounts recognized in profit or loss for the period
Asset-related	3,400,000.00	Deferred income	164,133.35
revenue-related	1,940,668.00	Other gains	1,940,668.00
(2). Return of government grants	977,000.00	non-operating income	977,000.00

☐Applicable

☒Not Applicable

### 85.

☐Applicable ☒Not Applicable

#### VIII. Changes in the scope of consolidation

##### 1. Business combinations not under the same control

☐Applicable ☒Not Applicable

##### 2. Business combinations under common control

☐Applicable

☒Not Applicable

##### 3. Reverse Purchase

☐Applicable

☒Not applicable

##### 4. Disposal of subsidiaries

Whether there is a single disposal of an investment in a subsidiary that results in a loss of control

☐Applicable

☒Not Applicable

Other Notes:

☐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., establishment of new subsidiaries, liquidation of subsidiaries, etc.) and their related circumstances:

☐Applicable

☒Not Applicable

**6.**

☐Applicable ☒Not applicable

**Interests in other**

**entities 1. Interests**

**in subsidiaries (1).**

**Composition of the**

**enterprise group**

☒Applicable ☐Not applicable

associated company name (of a thing)	primary legisla- tion battalion	registere d office	Nature of business	Shareholding (%)		take out way (of life)
				straigh tforward	overh ead	
Triangle (Weihai) Huasheng Tire Co.	Weihai prefecture level city in Shandong	Weihai prefecture level city in Shandong	production and sales	100		constitute
Triangle (Weihai) Huaan Logistics Co.	Weihai prefecture level city in Shandong	Weihai prefecture level city in Shandong	logistics	100		under common control business combination
Triangle (Weihai) Huada Tire Reconditioning Co. firms	Weihai prefecture level city in Shandong	Weihai prefecture level city in Shandong	production and sales	80		under common control business combination
Triangle American Tire Technology Center, Inc.	United States of America	United States of America	research and development	100		constitute
Triangle Tire (Hong Kong) Limited	Hong Kong	Hong Kong	(commercial) trade	100		constitute
Triangle Huatai (Shanghai) International Trade Co. firms	Shanghai	Shanghai	(commercial) trade	100		constitute
Triangle (Qingdao) Commercial Factoring Co.	Qingdao, subprovincial city in Shandong	Qingdao, subprovincial city in Shandong	quasi-finance	100		constitute
2015 US INVESTMENT HOLDING CORPORATION	United States of America	United States of America	investors		100	constitute
USA TRIANGLE TYRE SALES COMPANY	United States of America	United States of America	(commercial) trade		100	constitute
TRIANGLE TYRE (USA) TECHNOLOGIES LLC	United States of America	United States of America	production and sales		100	constitute
triangle tire australia and new zealand pty ltd	Australia Asia	Australia Asia	trade service	100		constitute

TRIANGLE TYRE LATIN AMERICA. S.A.	Panama	Panama	trade service	100		constitute
triangle tyre asia pacific PTE. LTD	Singaporean	Singaporean	trade service	100		constitute

**(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 discharge of enterprise group liabilities**

☐Applicable ☒Not Applicable

**(5). Financial or other support provided to structured subjects included in the scope of the consolidated financial statements**

☐ Applicable

☒Not applicable

Other notes:

☐Applicable ☒Not Applicable

**2. Transactions in which the share of ownership interest in a subsidiary changes and the subsidiary is still controlled**

☐Applicable ☒Not Applicable

**3. Interests in joint ventures or associates**

☐Applicable ☒Not Applicable

**4. Important joint operations**

☐Applicable ☒Not Applicable

**5. Interests in structured entities not included in the scope of the consolidated financial**

**statements** Relevant notes on structured entities not included in the scope of the consolidated financial statements:

☐Applicable ☒Not Applicable

**6. Other**

☐Applicable ☒Not applicable



## X. Risks related to financial instruments

√Applicable □Not applicable

The Group's major financial instruments include borrowings, accounts receivable, receivables financing, accounts payable and financial assets held for trading, and a detailed description of each financial instrument is set out in section X.VII of this report. The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate these risks are described below. The Group's management manages and monitors these exposures to ensure that the above risks are contained within limits.

### 1. 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 risks on the Group's operating results and maximizing the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the Group's risk management is to identify and analyze the various risks faced by the Group, to establish an appropriate risk tolerance floor and carry out risk management, and to monitor the various risks in a timely and reliable manner in order to control the risks within a limited scope.

#### (1) Market

##### risk 1)

##### Exchange rate

##### risk

The Group's exposure to exchange rate risk is mainly related to the U.S. dollar and the euro, except for a few subsidiaries of the Group whose purchases and sales are made in U.S. dollars, the Group's other major business activities are denominated and settled in RMB. As at December 31, 2022, except for the U.S. dollar and euro balances of the assets and liabilities and the fractional other foreign currency balances as described in the table below, the Group's assets and liabilities were denominated in RMB. The exchange rate risk arising from these assets and liabilities in U.S. Dollar and Euro balances may have an impact on the Group's results of operations.

<b>sports event</b>	<b>2022-12-31</b>	<b>2022-1-1</b>
money funds	-	-
Monetary funds -- United States dollars	151,406,334.85	173,800,631.81
Monetary funds -- euros	7,592,312.98	7,503,333.68
Currency funds -- Australian dollars	36,546.60	122,076.77
Monetary funds -- Singapore dollars	33,828.34	73,471.63
accounts receivable	-	-
Accounts receivable -- United States dollars	4,818,441.78	6,420,195.76
Receivables financing	-	-
Receivables financing -- United States dollars	48,309,284.46	44,399,375.60
Receivables financing -- euro	1,044,797.13	422,367.03
Receivables financing -- Russian rubles	1,460.00	730.00
Other receivables	-	-
Other receivables -- United States dollars	3,729,242.87	737,440.03
Other receivables -- Australian dollars	185,293.45	2,400.00
Other receivables -- Singapore dollars	14,477.72	14,478.72
accounts payable	-	-
Accounts payable -- United States dollars	64,691,488.08	224,396.57
Accounts payable -- euros	1,115,163.00	279,206.45
Accounts payable -- Australian dollars	15,305.29	7,182.33

Other accounts payable	-	-
Other accounts payable -- United States dollars	417,436.71	1,529,204.64
Other accounts payable -- euros	2,207,333.86	22,368.56
Other accounts payable -- Australian dollars	12,897.84	31,459.62
Other payables -- Singapore dollars	58,422.75	17,566.37
short term loan	-	-
Short-term borrowings -- Australian dollars	8,630.08	9,020.08
Short-term loans -- United States dollars	68,000,000.00	100,068,057.77

The Group closely monitors the impact of exchange rate changes on foreign exchange risk. The Group currently matches its foreign currency assets mainly through bank credit borrowings and operating foreign currency liabilities, and at the same time hedges its foreign exchange risk through foreign exchange settlements.

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 is exposed to interest rate risk mainly from bank borrowings. The Group has established good bank-enterprise relationships and reasonably designed credit limits and credit terms to ensure sufficient bank credit lines to meet the Group's various financing needs.

### 3 ) Other price risk

The Group's other price risk arises primarily from the Group's investment assets held for trading and other equity instruments. Management believes that the exposure to market price risk in respect of these investment activities is acceptable and the Company's holdings of equity investments in other companies are set out below:

<b>sports event</b>	<b>2022-12-31</b>	<b>2022-1-1</b>
Financial assets held for trading	386,494.08	619,792.32
Among them: Lifan Technology	386,494.08	619,792.32
Investments in other equity instruments	50,000,000.00	50,000,000.00
Of which: Jiangsu Xingda Steel Cord Co.	50,000,000.00	50,000,000.00

### ( 2 ) credit risk

At December 31, 2022, the maximum exposure to credit risk that could potentially cause the Group to incur financial losses arises primarily from losses on the Group's financial assets due to the failure of the other party to perform its obligations under the contract, which consists of:

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 liquidity to meet its obligations as they fall due without incurring unacceptable losses or causing damage to the corporate reputation. The Group regularly analyzes the structure and maturity of its liabilities to ensure adequate funding. The management of the Group monitors the utilization of bank borrowings and ensures compliance with the borrowing agreements. It also negotiates with financial institutions for financing in order to maintain a certain credit line and reduce liquidity risk.

An analysis of financial assets and financial liabilities held by the Group based on the maturity of the undiscounted remaining contractual obligations is as follows:

<b>sports event</b>	<b>less than one year</b>	<b>One to two years</b>	<b>Two to five years</b>	<b>More than five years</b>	<b>add up the total</b>
<b>financial asset</b>					
money funds	2,740,745,161.80				2,740,745,161.80
Financial assets held for trading	386,494.08				386,494.08
notes receivable	427,500.00				427,500.00
accounts receivable	890,204,457.68				890,204,457.68
Receivables financing	776,615,649.85				776,615,649.85
Other receivables	5,910,068.86				5,910,068.86
Non-current due within one year movable asset	15,636,493.21				15,636,493.21
Other current assets	6,513,851,826.39				6,513,851,826.39
Investments in other equity instruments				50,000,000.00	50,000,000.00
Other non-current		41,457,637.87	50,146,666.66		91,604,304.53

## 2. sensitivity analysis

The Group employs sensitivity analysis techniques to analyze the impact that reasonable and probable changes in risk variables may have on current profit or loss or shareholders' equity. As it is rare for any risk variable to change in isolation and the correlation that exists between the variables will play a significant role in the amount of the eventual impact of a change in a particular risk variable, the following is performed assuming that the change in each variable is independent.

### (1) Foreign exchange risk sensitivity analysis

The foreign exchange risk sensitivity analysis assumes that all hedges of net investment in foreign operations and cash flow hedges are highly effective.

On the basis of the above assumptions, the after-tax effect on current profit or loss and equity of a reasonably possible change in exchange rates, with all other variables held constant, is as follows:

sports event	Exchange rate changes	2022		2021	
		Impact on net profit	Impact on shareholders' equity	Impact on net profit	Impact on shareholders' equity
All foreign currencies	Appreciation of 5% against RMB	31,617,885.68	28,208,669.16	41,910,404.44	37,231,718.62
All foreign currencies	Depreciation of 5% against the renminbi	-31,617,885.68	-28,208,669.16	-41,910,404.44	-37,231,718.62

### (2) Interest rate risk sensitivity analysis

As at December 31, 2022, the Group had \$68 million of variable rate borrowings. The interest rate risk sensitivity analysis is based on the following assumptions:

Changes in market interest rates affect 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 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 effect on current profit or loss and equity of a reasonable possible change in interest rates, with all other variables held constant, is as follows:

sports event	interest rates flux	2022		2021	
		Impact on net profit	Impact on shareholders' equity	Impact on net profit	Impact on shareholders' equity
Variable rate borrowing	Increase of 1%	1,179,377.63	1,179,377.63	563,215.12	563,215.12
Variable rate borrowing	1% reduction	-1,179,377.63	-1,179,377.63	-563,215.12	-563,215.12

## XI. Fair value disclosures

### 1. Closing fair value of assets and liabilities measured at fair value

√Applicable □Not applicable

Unit: Yuan Currency: RMB

sport s even	Fair value at end of period			
	218 / 262			
	First level public fair value measurement	Second tier public fair value measurement	Level 3 fair value Value measurement	add up "

Liabilities measured at fair value on an ongoing basis total (amount or value)				
II. Discontinued fair value measurements				
Assets not continuously measured at fair value total output				
Negative fair value measurements on a discontinued basis Total debt				

## 2. Basis for determining the market value of continuing and discontinued Level 1 fair value measurements

☒Applicable    ☐Not applicable

The fair value of shares in financial assets held for trading is determined using the market price, which is the closing price at the period end point of the exchange.

## 3. Continuing and discontinued Level 2 fair value measurements, qualitative and quantitative information on valuation techniques and significant parameters used

☐Applicable    ☒Not applicable

## 4. Continuing and discontinued Level 3 fair value measurements, qualitative and quantitative information on valuation techniques and significant parameters used

☒Applicable    ☐Not applicable

(1) Bankers' acceptances in receivables financing and the Company's foreign trade receivables are measured at carrying value as a reasonable estimate of fair value due to the short remaining maturities.

(2) Other investments in 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 measurements, information on reconciliations between opening and closing book values and sensitivity analysis of unobservable parameters

☐Applicable    ☒Not applicable

## 6. Ongoing fair value measurements, if there was a transition between levels during the period, the reasons for the transition and the policy for determining the point of transition

☐Applicable    ☒Not applicable

## 7. Changes in valuation techniques that occurred during the period and the reasons for those changes

☐Applicable    ☒Not applicable

## 8. Fair value of financial assets and financial liabilities not measured at fair value

☐Applicable

☒Not applicable

☐Applicable    ☒Not applicable

## XII, RELATED

## PARTIES AND RELATED

## TRANSACTIONS 1.

### Parent company of the Company

√Applicable      □Not applicable

Unit: ten thousand yuan    Currency: RMB

Parent company name	registered office	Nature of business	registered capital	Parent company's shareholding in the enterprise Proportion (%)	Voting by the parent company on the enterprise Percentage of rights (%)
Triangle Group Limited	No.56 Qingdao Middle Road, Weihai	General equipment manufacturing (excluding special equipment manufacturing), repair; land use rights, housing, non-residential real estate leasing; lubricant sales; import and export of goods and technology; limited to branch operations: sales of special chemical products (excluding hazardous chemicals); sales of general merchandise; automotive parts and accessories retail; car wash services; motor vehicle charging sales; food business (sales) (prepackaged food); health food sales;	46,880.00	56.84	56.84

Description of the enterprise's parent company

The ultimate controlling party of the enterprise is

Details of the Company's subsidiaries are set out in the notes

For details, please refer to Section X.IX.1.(1) "Composition of the Enterprise Group" of this report. **3. Joint ventures**

Details of significant joint ventures or associates of the enterprise are set out in the notes

Other joint ventures or associates that had related party transactions with the Company during the current period or had balances resulting from related party transactions with the Company in prior periods are as follows

### Other Notes

☐Applicable ☒Not Applicable

√Applicable ☐Not applicable

Applicable <input type="checkbox"/> Not applicable <input checked="" type="checkbox"/>	Name of other related parties	Relationship between other related parties and the Company
	Triangle (Weihai) Huaping Integrated Service Co.	Wholly owned subsidiaries of the parent company
	Triangle (Weihai) Huajin Electromechanical Equipment Co.	Wholly owned subsidiaries of the parent company
	Triangle (Weihai) Huabo Real Estate Co.	Wholly owned subsidiaries of the parent company
	Triangle (Weihai) Huatong Machinery Technology Co.	Controlled subsidiaries of the parent company
	Beijing Jinqiao Huatai Information Consulting Co.	Wholly owned subsidiaries of the parent company
	China National Heavy Duty Truck Group Jinan Truck Co.	(sth. or sb) else
	China National Heavy Duty Truck Group Jinan Commercial Vehicle Co.	(sth. or sb) else
	China National Heavy Duty Truck Group Jinan Special Vehicle Co.	(sth. or sb) else
	China National Heavy Duty Truck Group Chengdu King Road Transportation Co.	(sth. or sb) else
	China National Heavy Duty Truck Group Jinan Commercial Vehicle Co.	(sth. or sb) else
<b>(1). Purchase and sale of goods, provision and acceptance of labor related transactions</b>		
Statement of purchases of goods/acceptance of services		
	China National Heavy Duty Truck Group Jinan Huiyuan Bus Co.	(sth. or sb) else
Applicable <input type="checkbox"/> Not applicable <input checked="" type="checkbox"/>	China National Heavy Duty Truck Group Hubei Huawei Special Purpose Vehicle Co.	(sth. or sb) else
	China National Heavy Duty Truck Group Wuyue Special Purpose Vehicle Co.	(sth. or sb) else
	China National Heavy Duty Truck Group Fujian Hercynian Automobile Co.	(sth. or sb) else
	Heavy Duty Truck (Jinan) Light Truck Co.	(sth. or sb) else
	Heavy Duty Truck (Chengqing) Light Duty Vehicle	(sth. or sb) else

Triangle (Weihai) Huatong Machinery Technology Co. firms	Mold cleaning, unclogging	14,228,865.66			12,170,109.78
Triangle (Weihai) Huatong Machinery Technology Co. firms	materials	62,092.90			112,892.29
Triangle (Weihai) Huajin Electromechanical Equipment Co.	Machined parts, work Fitting equipment, etc.	2,220,982.48			2,767,033.17
China National Heavy Duty Truck Group Co. firms	Buyout service fees, etc.	9,359,597.30			8,075,324.68

Statement of sale of goods/provision of services

√Applicable □Not applicable

Unit: Yuan Currency: RMB

related party	Contents of related transactions	Current period's incidence	Prior period's incidence
Triangle (Weihai) Huaping Integrated Service Co.	Sales of materials, tires	325.68	993.91
Triangle (Weihai) Huajin Electromechanical Equipment Co.	Consumption of goods and labor	1,610.62	
Triangle (Weihai) Huajin Electromechanical Equipment Co.	haulage	23,415.99	71,052.17
Triangle (Weihai) Huatong Machinery Technology Co.	Consumption of goods and labor	11,310.10	14,112.85
Triangle (Weihai) Huatong Machinery Technology Co.	Sales of materials, tires	2,070.80	
Triangle (Weihai) Huatong Machinery Technology Co.	haulage	1,868.11	
Triangle (Weihai) Huabo Real Estate Co.	Consumption of goods and labor	2,804.52	11,011.31
Triangle (Weihai) Huatong Machinery Technology Co.	Sales of materials, tires	667,802.658.14	816,094.241.89

The total amount of all kinds of related transactions is RMB 49.987 million, and RMB 45.9149 million will actually be incurred in FY 2022, it is expected that the relationship with China Heavy Industries Co. Corporation was RMB780 million, and the actual amount was RMB677 million. The amounts of the connected transactions between the Company and the related parties were all within the limits approved by the shareholders' meeting.

## (2). Affiliated Fiduciary Management/Contracting and Delegated Management/Contracting Out

The Company's fiduciary/contracting schedule:

□Applicable √Not Applicable

Affiliated hosting/contracting statement

□Applicable √Not Applicable

Table of the Company's entrusted management/contracting

□Applicable √Not Applicable

Affiliated management/contracting statement

□ Applicable √



Not applicable (3).

### Affiliated Leases

The Company acts

as a lessor:

☒Applicable ☐Not applicable

Unit: ten thousand yuan Currency: RMB

Name of lessee	Types of leased assets	Lease income recognized during the period	Lease income recognized in prior period
Beijing Jinqiao Huatai Information Consulting Co.	house	9.20	9.20
Triangle Group Limited	house	18.35	18.35

The Company acts as the lessee:

√Applicable □Not applicable

Unit: Yuan Currency:

Name of lessor	Types of leased assets	Rental costs for short-term leases and leases of low-value assets with simplified treatment (e.g., if applicable). (used)		Variable lease payments not included in the measurement of the lease liability (if applicable)		Rent paid		Interest expense on lease liabilities assumed		RMB Increased right-to-use assets	
		Occurrence during the period	Prior period occurrences	Occurrence during the period	Prior period occurrences	Current period's incidence	Prior period's incidence	Current period's incidence	Prior period's incidence	Occurrence during the period	Prior period's incidence
Description of related leases	horizontal tablet or inscribed board	horizontal tablet or inscribed board	horizontal tablet or inscribed board	horizontal tablet or inscribed board	horizontal tablet or inscribed board					horizontal tablet or inscribed board	
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not Applicable											
Triangle Group corporation	house					7,846,000.00	7,846,000.00	633,601.95	930,949.14		21,649,980.06
Triangle Group corporation	machinery and equipment					12,900,000.00	12,900,000.00	825,082.50	1,332,409.98		36,247,002.67
Triangle (Weihai)	.					4,524,522.22	4,524,522.22	422,242.22	425,222.42		4,247,222.22

#### (4). Affiliated

##### Guarantees The

Company as a

guarantor

☐Applicable ☒Not Applicable

The Company as a guaranteed party

☐Applicable

☒Not applicable

Description of

related guarantees

☐Applicable ☒Not

applicable (5).

##### Borrowings from

##### related parties

Unit: ten thousand yuan

<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not Applicable	Current period's incidence	Prior period's incidence
(6). Transfer of assets and restructuring of liabilities by related parties	551.13	524.82

☐Applicable ☒Not Applicable

#### (7). Key management

##### compensation

☒Applicable ☐Not applicable

#### (8). Other related

##### transactions

☐Applicable ☒Not

applicable

#### 6. Receivables and

##### payables from related

Unit: Yuan

Currency:

Project name	Related party	Closing balance		Opening balance	
		Carrying amount	provision for bad debts	Carrying amount	provision for bad debts
applicable accounts receivable	Subsidiary of China National Heavy Duty Truck Group Co. branch offices	206,137,555.62	10,310,602.46	248,489,140.92	12,424,457.05
prepayme (2). Items payable	The Triangle Group has limited company	96,045.10		<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	

Unit: Yuan

Project name Current	related party	Closing book balance	Opening balance
accounts payable	Triangle (Weihai) Huajin Electromechanical Equipment Co.	360,006.10	578,286.30
accounts payable	Triangle Group Limited		1,187,178.70
accounts payable	Triangle (Weihai) Huatong Machinery Technology Co.	570,000.00	1,140,000.00
Contractual liabilities	Subsidiaries of China National Heavy Duty Truck Group Co.	24,589.89	975.09
Lease liabilities	Triangle Group Limited		20,127,026.29
Lease liabilities	Triangle (Weihai) Huabo Real Estate Co.		1,499,999.89
Due within one year non-current liability	Triangle Group Limited	20,127,026.28	19,287,315.54
Due within one year non-current liability	Triangle (Weihai) Huabo Real Estate Co.	1,499,999.85	1,438,159.16

## 7. Related party commitments

☒Applicable ☐Not applicable

For details, please refer to Section VI.I. (1) "Commitments" of the Company's de facto controllers, shareholders, connected parties, acquirers and the Company and other parties to whom the Company has made commitments during the reporting period or up to the end of the reporting period" of this report.

## 8. Other

☐Applicable  
☒Not applicable

## XIII. Share-based payment

### 1. Share-based payments in general

☐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 payments

☐Applicable  
☒Not applicable 5.  
☐Applicable ☒Not applicable

## XIV,

## COMMITMENTS AND CONTINGENCIES 1.

### Material commitments

☐Applicable  
☒Not Applicable

## 2.

### Contingencies

## 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.  
☐Applicable ☒Not applicable

## XV. Events after the balance sheet date

### 1. Significant non-adjusting events

☐Applicable ☒Not Applicable

### 2. Distribution of profits

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Profit or dividend to be distributed	136 / 262	224,000,000
Profits or dividends declared after consideration and approval		

**3. Sales returns**

☐Applicable ☒Not Applicable

**4. Description of other post-balance sheet events**

☐Applicable ☒Not applicable

## Other Significant Matters

### 1. Correction of Prior Period Accounting Errors (1).

#### Retrospective restatement

☐ Applicable

☒ Not

Applicable (2).

#### Future application method

☐ Applicable

☒ Not applicable

### 2. Debt restructuring

☐ Applicable

☒ Non-

applicable 3.

### Asset replacement

#### (1). Non-monetary exchange of assets

☐ Applicable

☒ Not applicable

#### (2). Other asset replacement

☐ Applicable

☒ Not applicable 4.

### Annuity plans

☐ Applicable

☒ Not applicable

### 5.

### Discontinued operations

☐ Applicable

☒ Not Applicable

### 6. Segment Information

#### (1). Basis for determining reportable segments and accounting policies

☐ Applicable ☒ Not applicable

#### (2). Financial information on reportable segments

☐ Applicable ☒ Not applicable

#### (3). If the company has no reportable segments, or if it cannot disclose total assets and total

liabilities for each reportable segment, it should explain why

- ☐ Applicable  
☒ Not applicable

**(4). Other**

**notes**

- ☐ Applicable ☒ Not applicable

**7. Other significant transactions and events affecting investors' decisions**

- ☐ Applicable  
☒ Not applicable 8.

- ☐ Applicable ☒ Not applicable

**XVII, Notes to the Parent  
 Company's Financial Statements  
 Major Items 1. Accounts  
 Receivable**

**(1). Disclosure by age**

- ☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

age of acco unts	Closing book balance
Within 1 year	
Of which: within 1 year	
Up to and including 1 year	892,562,791.90
Subtotal less than 1 year	892,562,791.90
1 to 2 years	6,075,125.18
2 to 3 years	891,149.51



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3 to 4 years	5,166,413.19
More than 4 years	48,917,180.40
add up the total	953,612,660.18

(2). Disclosure by bad debt  
accrual method

Unit: Yuan Currency: RMB

<div>√Applicable <input type="checkbox"/>Not applicable</div>					Closing balance					Opening balance				
form	Carrying amount		provision for bad debts		book value	Carrying amount		provision for bad debts		book value				
	sum of money	proportions (%)	sum of money	accruals ratio Example (%)		sum of money	proportions (%)	sum of money	accruals ratio Example (%)					
Provision for bad debts on an individual basis get ready	40,446,549.74	4.24	40,446,549.74	100.00		43,700,751.83	5.14	43,700,751.83	100.00					
Among them:														
Provision for bad debts on an individual basis get ready	40,446,549.74	4.24	40,446,549.74	100.00		43,700,751.83	5.14	43,700,751.83	100.00					
Bad debt provision by portfolio get ready	953,612,660.18	95.76	56,893,757.79	6.23	856,272,352.65	805,901,703.06	94.86	48,942,077.26	6.07	756,959,625.80				
add up the total	953,612,660.18	/	97,340,307.53	/	856,272,352.65	849,602,454.89	/	92,642,829.09	/	756,959,625.80				

) )									
Client 1		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 3		7,037,771.56		7,037,771.56		100.00		Not expected to be recovered	
Client 4		5,187,847.69		5,187,847.69		100.00		Not expected to be recovered	
Other customers		12,398,589.39		12,398,589.39		100.00		Not expected to be recovered	
Portfolio ageing		40,446,549.74		40,446,549.74		100.00		/	
Within 1 year		892,562,791.90		44,628,139.59				5.00	
1 to 2 years		6,075,125.18		607,512.52				10.00	
2 to 3 years		891,149.51		267,344.85				30.00	
3 to 4 years		4,492,566.05		2,246,283.03				50.00	
More than 4 years		9,144,477.80		9,144,477.80				100.00	
add up		913,166,110.44		56,893,757.79					

Criteria and description of recognition of bad debts by portfolio:

☐Applicable ☒Not Applicable

If bad debt provisioning is based on the general model of expected credit losses, please refer to the disclosure of other receivables:

☐ Applicable ☒

Not Applicable (3).

**Provision for bad  
debts**

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

form	Opening balance	Amount of change during the period				Closing balance
		make provision for (capital requirements)	Recovery or reversal	Write-offs or audit and write off	(sth. or sb) else flux	
of which the amount of bad debt provision recovered during the period is significant: <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not Applicable						
<b>(4). Actual accounts receivable written off during the period</b> Based on individual items	43,700,751.83		3,254,202.09			40,446,549.74
By portion	48,942,071.28	7,951,680.53				56,893,757.79
of which significant accounts receivable write-offs	92,642,829.09	9,641,630.88	3,254,202.09			97,340,307.53
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not Applicable						

Unit: Yuan Currency: RMB

**(5). Top five accounts receivable by party owed at end of period**

Name of unit	Closing balance	Percentage of total closing balance of accounts receivable (%)	Closing balance of provision for bad debts
<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable			
first place	306,351,785.82	32.13	15,317,589.29
second place	80,046,997.76	8.39	4,002,349.89
third place	79,195,009.70	8.30	3,959,750.49
fourth place	67,075,380.21	7.03	3,353,769.01
fifth place	33,306,798.98	3.49	1,665,339.95
add up the total	565,975,972.47	59.34	28,298,798.63

**(6). Receivables derecognized due to transfer of****financial assets**☐ Applicable ☒ Not applicable**(7). Amounts of assets and liabilities resulting from the transfer of accounts receivable and continuing involvement**☐ Applicable☒ Not applicable

Other notes:

☐ Applicable ☒ Not Applicable

Unit: Yuan Currency: RMB

2.	Closing balance	Opening balance
Financial receivable		20,000,000.00
Other receivables	20,923,581.19	72,454,354.33
add up the total	20,923,581.19	92,454,354.33

**receivable****items**☒ Applicable ☐ Not applicable

Other notes:

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☐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 notes:

☐Applicable☒Not applicable**Dividends****receivable****(1). Dividends**

Unit: Yuan Currency: RMB

project (or investee) receivable	Closing balance	Opening balance
<input checked="" type="checkbox"/> Applicable Triangle (Weihai) Huasheng Tire		20,000,000.00
<input checked="" type="checkbox"/> Not applicable		
add up the total		20,000,000.00

**(2). Significant dividends****receivable aged over 1 year**☐Applicable ☒Not Applicable**(3). Provision for bad debts**☐Applicable☒Not Applicable

Other Notes:

☐Applicable☒Not applicable**Other**

Unit: Yuan Currency: RMB

receivables of accounts	Closing book balance
<b>(1). Disclosure by age</b>	
Within 1 year	
<input checked="" type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable	
Of which within 1 year	
Up to and including 1 year	11,324,130.36
Subtotal less than 1 year	11,324,130.36
1 to 2 years	8,263,601.16
2 to 3 years	2,979,042.73
3 to 4 years	1,286,172.75
More than 4 years	460,488.00
add up the total	24,313,435.00

**(2). Breakdown by****nature of funds**

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable Nature of payment	Closing book balance	Opening balance
reserve fund	583,563.85	714,469.85
Deposits, bonds	127,910.96	202,826.18
Related party transactions	21,957,884.69	47,063,141.72
Export tax refunds receivable		38,206,638.81
Other transactions	1,644,075.50	2,222,936.45
add up the total	24,313,435.00	88,410,013.01

**(3). Provision for**

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**bad debts**

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable provision for bad debts	Phase I	Phase II	Phase III	add up the total
	Expected credit losses for the next 12 months	Expected credit losses for the entire duration (unissued)	Expected credit losses over lifetime (issued)	

		(credit impairment)	(credit impairment)	
Balance at January 1, 2022	15,955,658.68			15,955,658.68
The balance at January 1, 2022 is in this period	-7,559,047.45		7,559,047.45	
--Transfer to Phase II				
--Transfer to Phase III	-7,559,047.45		7,559,047.45	
--Transfer back to phase II				
--Return to phase I				
Provision for the current period			6,150,009.50	6,150,009.50
Reversal during the period	5,006,757.42			5,006,757.42
Write-offs during the period			13,709,056.95	13,709,056.95
Write-offs during the period				
Other changes				
Balance at December 31, 2022	3,389,853.81			3,389,853.81

A description of significant changes in the carrying amount of other receivables for which a change in the provision for losses has occurred during the period:

☐Applicable ☒Not Applicable

The amount of provision for bad debts in the current period and the basis used to assess whether there is a significant increase in the credit risk of a financial instrument:

☐Applicable ☒Not Applicable

#### (4). Provision for bad debts

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

fo r m	Opening balance	Amount of change during the period				Closing balance		
		make provision for (capital requirements)	Recovery or reversal	Write-offs or write- offs	(sth. or sb) else flux			
Of these, the amount of the provision for bad debts reversed or recovered during the period is significant: <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not Applicable								
(5). Other receivables actually written off during the period								
age	15,955,658.68	6,150,009.50	5,006,757.42	13,709,056.95		3,389,853.81		
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not Applicable								
(6). Top five other accounts receivable with closing balances, grouped by party owed								
units com	<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable							
Unit: Yuan Currency: RMB								
binat orial	Unit	Nature of		Closing		age of	Percentage of closing	provision for
add steelyard	15,955,658.68	6,150,009.50	5,006,757.42	13,709,056.95		balance of other receivables		bad debts
up		balance	accounts			Proportion of total amount (%)		Closing balance
the total								
first place	Related party transactions	21,563,320.02	Within 4 years	88.69				2,468,681.79
second place	reserve fund	480,000.00	Within 1 year	1.97				24,000.00
third place	Related party transactions	394,564.67	1-2 years	1.62				39,456.47
fourth	Other	348,230.00	1-2 years	1.43				34,823.00

**(7). Receivables relating to government grants**

☐Applicable ☒Not Applicable

**(8). Other receivables derecognized due to transfer of financial assets**

☐Applicable ☒Not applicable



**(9). Amounts of assets and liabilities resulting  
from the transfer of other receivables with  
continuing involvement**

☐ Applicable  
☒ Not applicable  
Other notes:

☐ Applicable

Unit: Yuan Currency: RMB

3. Long-term equity investments	Closing balance			Opening balance		
	Carrying amount	impairments intend	book value	Carrying amount	impairments intend	book value
Triangle (Weihai) Huasheng tire has limited company	267,529,397.16		267,529,397.16	267,529,392.28		267,529,392.28
add up the total	267,529,397.16		267,529,397.16	267,529,392.28		267,529,392.28

**(1). Investments  
in**

Unit: Yuan Currency: RMB

subsidaries	Opening balance	Increase during the period	Decrease during the period	Closing balance	Impairment for the period intend	Provision for impairment, end of period balances
Triangle (Weihai) Huasheng tire has limited company	127,436,562.00			127,436,562.00		
Triangle (Weihai) Huaan Logistics Co. limited company	17,432,825.28			17,432,825.28		
Triangle (Weihai) Huada Tire Repeat new limited company						
Triangle American Tire Technology Center corporation	6,490,000.00			6,490,000.00		
Triangle Tire (Hong Kong) Limited department (under a ministry)	6,170,000.00			6,170,000.00		
Triangle Huatai (Shanghai) International Trade Easy Company Limited	10,000,000.00			10,000,000.00		
Triangle (Qingdao) Commercial Factoring Co. limited company	100,000,000.00			100,000,000.00		

**(2). Investments in  
associates, joint  
ventures**

☐Applicable ☒Not Applicable

**4. Operating income and  
operating costs**

Unit: Yuan Currency: RMB

**(1). Operating revenues  
and operating costs**

☒Applicable ☐Not  
applicable

sport s even t	Current period's incidence		Prior period's incidence	
	inco mes	(ma nufa cturi ng, prod uctio n etc) cost s	inco mes	(ma nufa cturi ng, prod uctio n etc) cost s
Main business	9,069,424,827.78	8,120,860,021.98	8,837,119,526.60	7,992,850,157.38
Other business	169,633,987.80	133,956,439.55	177,309,424.87	143,993,687.55
add up the total	9,239,058,815.58	8,254,816,461.53	9,014,428,951.47	8,136,843,844.93

**(2). Status of revenue  
generated from**

Unit: Yuan Currency: RMB

contracts √Applicable □Not applicable	Contract classifica tion	add up the total
Product Type		9,238,290,817.24
tires		9,069,424,827.78
(sth. or sb) else		168,865,989.46
Classification by time of transfer of goods		9,238,290,817.24
Confirmation of a point in time		9,238,290,817.24
By area of income		9,238,290,817.24
internal (a country)		3,674,816,619.10
external (affairs)		5,563,474,198.14
add up the total		9,238,290,817.24

A description of the revenue generated by the contract:

√Applicable □Not applicable

The difference between the totals and the income  
statement operating income relates to income from  
leasing operations.

**(3). Description of performance obligations**

□Applicable √Not Applicable

**(4). Statement of apportionment to remaining  
performance obligations**

□Applicable

Unit: Yuan Currency: RMB

√Non- applicable 5. Investment income	sport s even t	Current period's incidence	Prior period's incidence
Income from long-term equity investments accounted for under the cost method		100,000,000.00	20,000,000.00
Dividend income earned on investments in other equity instruments during the holding period		2,083,332.80	1,805,554.40
Gain on debt restructuring		-14,326,139.47	5,432,088.05
Gain on derivative financial instruments			-32,357,311.14
Structured deposit returns			37,542,654.02

## 6. Other

☐Applicable

☒Not applicable

## XVIII.

### Additio nal information

Unit: Yuan Currency: RMB

1. Breakdown of non-recurring gains and losses for the period	sum of money	clarification
<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable Gains and losses on disposal of non-current assets	-10,310,556.09	For details, see sections X.VII.73, "Gain on disposal of assets", 74, "Non-operating income" and 75. "Non-operating expenses"

Government grants recognized as current profit or loss (closely related to the business of the enterprise and enjoyed in a fixed amount or quantitatively in accordance with national unified standards) (except government grants)	15,673,244.91	See section X.VII.67 "Other gains" and 74 "Non-operating income" for details.
Gains and losses on entrusted investments or management of assets	224,143,579.85	See section X.VII.68, "Income from investments", for details. and 70 "Gain on change in fair value"
Debt restructuring gains and losses	525,687.49	See section X.VII.68, "Income from investments", for details.
Except for the effective hedging business related to the Company's normal operations, gains and losses on fair value changes arising from the holding of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities, and the disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments		
Impairment of receivables, contract assets tested separately for impairment Reversal of provision for value	3,254,202.09	
Non-operating income and expenses other than those listed above	-1,348,667.14	For details, see sections X.VII.69 "Other gains", 74 "Non-operating income" and 75 "Non-operating expenses". Expenditures"
Less: Income tax effect	36,217,716.66	
Effect of minority interests	20,224.88	
add up the total	195,699,549.57	

For the Company's non-recurring gains and losses as defined in "Interpretative Announcement No. 1 on Information Disclosure by Companies Issuing Public Securities - Non-recurring Gains and Losses". Recurring profit and loss items, as well as items that define non-recurring profit and loss items listed in "Interpretative Announcement No. 1 on Information Disclosure of Companies Issuing Public Securities - Non-Recurring Profit and Loss" as recurring profit and loss items, shall be explained.

☐Applicable ☒Not Applicable

## 2. Return on net assets and earnings per share

☒Applicable ☐Not applicable

Profit for the reporting period	Weighted average return on net assets (%) 152 / 262	earnings per share	
		basic earnings per share	diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	6.46	0.92	0.92

**3. Differences in accounting data under domestic and foreign accounting standards**

☐Applicable

☒Not Applicable

**4.**

☐Applicable

☒Not applicable

Chairman:

Dingmu Board of Directors Approval Date  
of Submission: April 26, 2023

**revision information**

☐Applicable ☒Not Applicable