



## **A decade-long partnership ends! Tire giants multinational alliance Dissolves**

The cold wind of geopolitics is blowing into the boardroom of Pirelli in Milan, Italy. As a giant in the global tire industry, Pirelli's decade-long cross-border "marriage" with its largest shareholder, Sinochem Group of China, is being forced towards an irreversible end amidst the whirlpool of great power rivalry.

On January 23, 2026, Camfin, the second largest shareholder of Pirelli, made a bombshell announcement: it would not renew the shareholder cooperation agreement with Sinochem Group, which was set to expire at the end of May. This agreement had been the core framework of the equity cooperation between the two parties, and its termination means that Sinochem Group's seat on the Pirelli board will face a significant reduction, completely shaking the once stable shareholding structure. According to sources, Sinochem Group has hired professional financial advisors to comprehensively assess the feasibility of reducing its shareholding ratio to below 10% or even withdrawing completely from Pirelli. This cross-border merger and acquisition case, which was once regarded as a model of Sino-Italian and even Sino-European economic and trade cooperation, is now facing an awkward ending.

American "security stick": the core driving force behind the cutting

Behind this reluctant "separation", the fundamental driving force is a paper ban from the United States across the ocean. In March 2026, the US import ban on key software and hardware for "connected vehicles" will officially take effect, with the software ban having been implemented first. Pirelli

has been unavoidably caught in the eye of the geopolitical storm. In recent years, Pirelli has been fully committed to developing "smart tire" technology, the core of which is the real-time collection and transmission of vehicle operation data through built-in sensors. This core technology, which holds great market potential, has just touched the regulatory red line of the so-called "national security" in the United States.

Due to Sinochem Group's holding of approximately 34% of Pirelli's shares, US regulators directly classified Pirelli as a company "with Chinese capital background". Under this classification, if Pirelli does not make fundamental adjustments to its equity structure, its smart tires and related core products will be directly banned from entering the US market. The North American market accounts for 25% of Pirelli's global revenue and is one of its core profit contributors. Losing this key market is tantamount to an existential crisis for Pirelli. After weighing the options, "physical separation" from its controlling shareholder, Sinochem Group, became the only choice for Pirelli to preserve its core market.

From control rights struggle to premium exit: contradictions have long intensified

In fact, the rift between Sinochem and Pirelli has long been quietly exposed at the capital and governance levels. In early January 2026, Pirelli completed a debt-for-equity swap worth 500 million euros, which directly led to the passive dilution of Sinochem Group's shareholding ratio to 34.12%. During the subsequent review of the financial report, the conflict between the two parties intensified: the directors appointed by Sinochem Group explicitly voted against the statement in the financial report that "Sinochem has terminated its control over Pirelli," but failed to prevent the document

from taking effect.

The continuous deterioration of the external regulatory environment has further undermined the influence of Sinochem Group. In recent years, the Italian government has frequently invoked the "Golden Power" Act, not only directly vetoing Sinochem Group's proposal to appoint the CEO of Pirelli, but also imposing multiple restrictions on Sinochem in terms of strategic data acquisition and core business decision-making. Under the dual pressure from the United States and Italy, Sinochem Group's influence in Pirelli's governance structure has been substantially weakened, and its early stance of adhering to control has gradually shifted towards a pragmatic exit strategy. According to informed sources, Sinochem Group has proactively reached out to the Italian side, expressing willingness to sell its shares in Pirelli provided that the offer is attractive enough and comes with a reasonable premium.

Globalization ebbing: The collective predicament of multinational enterprises

Currently, Pirelli is accelerating the implementation of various plans for equity adjustment, including urging Sinochem Group to significantly reduce its shareholding to below 25% (to circumvent certain regulatory restrictions) and actively seeking strategic investors who meet Western regulatory requirements to take over. However, against the backdrop of escalating geopolitical tensions and an uncertain global economic outlook, it is conceivable how difficult it is to find buyers willing to pay a high premium for this "hot potato".

Pirelli's predicament is a typical epitome of the survival challenges faced by multinational corporations in the era of globalization's ebb. In 2015, ChemChina's €7.1 billion acquisition of Pirelli was seen as a "timely rain" to save this veteran company, becoming a beautiful tale of cross-border capital cooperation. Ten years later, however, due to "national security" considerations under the threat of geopolitics, it was forced to "exit" the scene. This cross-border game spanning ten years ultimately reflects the fragility and powerlessness of business logic in the face of political iron curtains.

As the deadline for the US ban in March 2026 looms, there is little time left for negotiations between Pirelli and Sinochem Group. This complex transaction, which concerns the survival of enterprises and the competition between major powers, will ultimately reshape the competitive landscape of

the global tire industry. The answer remains to be seen in time.

## **High-end tire barrier materials break the foreign technology monopoly", Shandong Provincial Government Work Report praises Dawn**

"High-end tire barrier materials break the foreign technological monopoly." On January 27th, during the opening ceremony of the fourth session of the 14th People's Congress of Shandong Province, Shandong Governor Zhou Naixiang mentioned Daoen's latest technological innovation achievements in his government work report. It is reported that this is the first time Daoen's elements have been included in the provincial government work report, highlighting the company's development strength and technological innovation capabilities.

On the morning of the same day, the fourth session of the 14th People's Congress of Shandong Province was solemnly opened at the Shandong Hall. Yu Xiaoning, Chairman and President of Daoen Group, along with the provincial people's congress delegates from all walks of life and various fronts, gathered together to fulfill the sacred duties entrusted by the people of the province, conscientiously carrying out the sacred duties entrusted by the Constitution and laws.

On the eve of the conference, Daoen's tire, utilizing high-gas barrier dynamic vulcanized alloy material (DVA), was selected as one of Shandong Province's top ten scientific and technological innovation achievements. On January 25th, Shandong TV broadcast the grand occasion of the "Shandong Good Achievements, New Driving Forces of Technology" themed release event, where Daoen's General Manager, Tian Hongchi, received the award and delivered a speech on the spot. On January 26th, Dazhong Daily devoted an entire page to the story of Daoen's DVA material research and application, with the theme of "Winning Decisively, Beyond the Laboratory", discussing "the ecological advantages of Chinese-style innovation from the breakthrough of tire barrier materials".

Innovation is the primary driving force leading

development. The report mentioned that the innovation drive has been continuously strengthened, and high-end tire barrier materials have broken the foreign technology monopoly. Daoen Joint Stock Company, in collaboration with institutions such as Beijing University of Chemical Technology and Linglong Tire, has made breakthroughs in key technologies such as cross-linked dynamic vulcanization and DVA film/composite film preparation. After more than 10 years of independent research and development, they have broken the foreign technology monopoly and promoted the application of these technologies in various specifications of tires from downstream enterprises such as Linglong Tire. As a result, they have become the second enterprise globally to achieve mass production of DVA materials.

The cutting-edge technology of tire "downsizing" has garnered significant attention from various sectors of society. Daoen's DVA material boasts an airtightness that is 7 to 10 times higher than traditional vulcanized butyl rubber. This innovation simultaneously enhances tire pressure retention and air pressure durability by 50%, reduces the thickness and weight of the airtight layer by 60%, and cuts the weight of a single tire by approximately 1 kg. This meets the urgent needs for fuel efficiency in gasoline-powered vehicles and improved range in new energy vehicles, marking China's high-end tire barrier materials as reaching an internationally leading level.

### **Chen Hsong Group has been awarded the "China New Quality Manufacturing" industry power of the year!**

Recently, the "China New Quality Manufacturing Annual Gala" jointly hosted by China Media Group's CNR.cn and Yongying Financial Leasing was held in Beijing. The event, themed on "the deep integration of technological innovation and industrial innovation", focused on cultivating new quality productive forces and promoting high-quality development in the manufacturing industry.

Chen Hsong Group was invited to attend this annual ceremony and was awarded the "China New Quality

Manufacturing Industry Power of the Year" for its continuous deep cultivation and innovative practice in the field of high-end equipment manufacturing. Lin Yijun, Chairman of Chen Hsong Machinery (Shenzhen) Co., Ltd. and Chen Hsong Industrial Park (Shenzhen) Co., Ltd., came to the stage to receive the award, highlighting Chen Hsong's industry influence and benchmarking role in promoting high-quality development of the manufacturing industry.

As an important representative enterprise in the field of injection molding equipment manufacturing, Chen Hsong has always adhered to technological innovation as the core driving force, actively promoted the upgrading of intelligent manufacturing and the coordinated development of the industrial chain, and played a positive role in enhancing the quality and efficiency of China's manufacturing industry.

During the ceremony, the organizer also conducted an exclusive interview with Mr. Lin Yijun, engaging in in-depth discussions on topics such as the development opportunities for manufacturing enterprises in the context of new productive forces, corporate innovation practices, and judgments on future industry trends. The relevant interview content will be officially released in the future to further share Chen Hsong's thoughts and experiences in promoting high-quality development in the manufacturing industry.

The annual grand ceremony of China's New Quality Manufacturing not only serves as a summation and tribute to the innovative achievements in the manufacturing industry in 2025, but also as a mobilizing call for the implementation of the 14th Five-Year Plan. With the continuous improvement of the collaborative ecosystem involving government, industry, academia, research, finance, and media, China's manufacturing industry, with new quality productivity as its core, is accelerating its transformation towards intelligence, greenification, and integration. It is steadily advancing on the path of new industrialization, injecting lasting momentum into the construction of a modern industrial system and the realization of the goal of becoming a powerful manufacturing nation.

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