Chongqing Jianshe Vehicle System Co., Ltd.

The Semi-Annual Financial Report 2023

2023-058

July 29,2023

I. Audit report

Has this semi-annual report been audited?
□ Yes √ No
The semi-annual financial report has not been audited.

II. Financial statements

Currency unit for the statements in the notes to these financial statements: RMB

1. Consolidated balance sheet

Prepared by: Chongqing Jianshe Vehicle System Co., Ltd.
June 30, 2023

In RMB

Items	June 30,2023	January 1,2023
Current asset：		
Monetary fund	99,426,658.94	179,954,522.99
Settlement provision		
Outgoing call loan		
Transactional financial assets		
Derivative financial assets		
Note receivable		
Account receivable	110,746,751.72	113,710,214.72
Financing of receivables	32,933,299.86	17,548,591.75
Prepayments	4,963,265.02	4,024,366.02
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	2,560,300.89	1,720,044.17
Including：Interest receivable		
Dividend receivable		
Repurchasing of financial assets		
Inventories	141,736,916.92	131,860,572.93
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	2,362,443.87	1,468,399.16
Total of current assets	394,729,637.22	450,286,711.74

Non-current assets:		
Loans and payment on other's behalf disbursed		
Creditor's right investment		
Other creditor's right investment		
Long-term receivable		
Long term share equity investment	214,081,345.90	210,112,321.04
Other equity instruments investment		
Other non-current financial assets		
Real estate investment		
Fixed assets	199,107,729.27	202,039,143.80
Construction in progress	869,819.59	989,429.96
Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets	10,911,937.90	11,801,504.95
Development expenses		
Goodwill		
Long-germ expenses to be amortized	46,931.59	70,280.65
Deferred income tax asset	5,752,057.03	5,752,057.03
Other non-current asset	12,733,820.00	15,860,120.00
Total of non-current assets	443,503,641.28	446,624,857.43
Total of assets	838,233,278.50	896,911,569.17
Current liabilities		
Short-term loans	472,393,500.00	546,603,500.00
Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	65,698,705.89	30,379,988.94
Account payable	199,092,992.50	171,190,476.10
Advance receipts		
Contract liabilities	1,867,398.72	3,441,205.38
Selling of repurchased financial assets		
Deposit taking and interbank deposit		

Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	6,138,715.52	8,529,392.78
Tax payable	15,469,010.48	16,649,704.07
Other account payable	7,738,104.48	7,566,872.62
Including：Interest payable		
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liability due within 1 year		
Other current liability	242,761.83	447,356.63
Total of current liability	768,641,189.42	784,808,496.52
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan		
Bond payable		
Including：preferred stock		
Sustainable debt		
Lease liability		
Long-term payable		
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income		
Deferred income tax liability	836,659.99	1,011,787.97
Other non-current liabilities		
Total non-current liabilities	836,659.99	1,011,787.97
Total of liability	769,477,849.41	785,820,284.49
Owners' equity		
Share capital	119,375,000.00	119,375,000.00
Other equity instruments		
Including：preferred stock		
Sustainable debt		
Capital reserves	958,565,294.29	958,565,294.29

Less: Shares in stock		
Other comprehensive income	9,800.00	9,800.00
Special reserve	4,209,491.59	3,234,669.03
Surplus reserves	125,686,000.00	125,686,000.00
Common risk provision		
Retained profit	-1,139,090,156.79	-1,095,779,478.64
Total of owner's equity belong to the parent company	68,755,429.09	111,091,284.68
Minority shareholders' equity		
Total of owners' equity	68,755,429.09	111,091,284.68
Total of liabilities and owners' equity	838,233,278.50	896,911,569.17

Legal Representative: Yan Xuechuan

Person in charge of accounting：Tan Mingxian

Person in charge of Accounting institute: Niu Yanli

2.Parent Company Balance Sheet

In RMB

Items	June 30,2023	January 1,2023
Current asset：		
Monetary fund	4,931,958.09	19,632,308.54
Transactional financial assets		
Derivative financial assets		
Note receivable		
Account receivable	3,058,314.52	3,266,890.00
Financing of receivables	10,000,000.00	
Prepayments	3,529,816.33	2,931,781.98
Other account receivable	1,534,570.26	1,345,740.08
Including：Interest receivable		
Dividend receivable		
Inventories	5,149,089.16	3,992,120.63
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset		26,885.79

Total of current assets	28,203,748.36	31,195,727.02
Non-current assets:		
Creditor's right investment		
Other creditor's right investment		
Long-term receivable		
Long term share equity investment	413,126,789.85	409,157,764.99
Other equity instruments investment		
Other non-current financial assets		
Real estate investment		
Fixed assets	26,170,555.82	27,476,448.18
Construction in progress		
Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets		
Development expenses		
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset		
Other non-current asset		
Total of non-current assets	439,297,345.67	436,634,213.17
Total of assets	467,501,094.03	467,829,940.19
Current liabilities		
Short-term loans		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Account payable	167,532,633.34	148,575,684.59
Advance receipts		
Contract liabilities	141,666.71	177,064.96
Employees' wage payable	2,211,726.86	4,008,918.72
Tax payable	15,221,145.96	15,529,178.05
Other account payable	267,448,532.51	273,461,451.21
Including：Interest payable		

Dividend payable		
Liabilities held for sales		
Non-current liability due within 1 year		
Other current liability	18,416.67	23,018.42
Total of current liability	452,574,122.05	441,775,315.95
Non-current liabilities:		
Long-term loan		
Bond payable		
Including：preferred stock		
Sustainable debt		
Lease liability		
Long-term payable		
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income		
Deferred income tax liability		
Other non-current liabilities		
Total non-current liabilities		
Total of liability	452,574,122.05	441,775,315.95
Owners' equity		
Share capital	119,375,000.00	119,375,000.00
Other equity instruments		
Including：preferred stock		
Sustainable debt		
Capital reserves	958,565,294.29	958,565,294.29
Less: Shares in stock		
Other comprehensive income	9,800.00	9,800.00
Special reserve	386,358.58	430,254.50
Surplus reserves	125,686,000.00	125,686,000.00
Retained profit	-1,189,095,480.89	-1,178,011,724.55
Total of owners' equity	14,926,971.98	26,054,624.24
Total of liabilities and owners' equity	467,501,094.03	467,829,940.19

3.Consolidated Income statement

In RMB

Items	The first half year of 2023	The first half year of 2022
I. Income from the key business	216,587,683.76	239,131,462.84
Incl：Business income	216,587,683.76	239,131,462.84
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	265,270,904.95	272,184,553.54
Incl: Business cost	203,988,171.59	225,259,680.42
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net amount of withdrawal of insurance contract reserve		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	2,546,726.54	2,261,872.48
Sales expense	5,490,937.61	6,906,460.34
Administrative expense	26,532,673.41	14,591,203.14
R & D costs	16,634,871.51	14,748,476.51
Financial expenses	10,077,524.29	8,416,860.65
Including：Interest expense		
Interest income		
Add: Other income	810,385.63	1,201,869.22
Investment gain（“-”for loss）	3,969,024.86	4,372,958.10
Incl: investment gains from affiliates	3,969,024.86	4,372,958.10
Financial assets measured at amortized cost cease to be recognized as income		
Gains from currency exchange		
Net exposure hedging income		
Changing income of fair value		
Credit impairment loss	350,176.04	715,809.13
Impairment loss of assets		
Assets disposal income	-10,025.19	39,860,952.30
III. Operational profit（“-”for loss）	-43,563,659.85	13,098,498.05
Add：Non-operational income	79,114.42	135,599.04

Less: Non-operating expense	1,260.70	2,505.21
IV. Total profit("-"for loss)	-43,485,806.13	13,231,591.88
Less: Income tax expenses	-175,127.98	-174,346.34
V. Net profit	-43,310,678.15	13,405,938.22
(I) Classification by business continuity		
1.Net continuing operating profit		
2.Termination of operating net profit		
(II) Classification by ownership		
1.Net profit attributable to the owners of parent company	-43,310,678.15	13,405,938.22
2.Minority shareholders' equity		
VI. Net after-tax of other comprehensive income		
Net of profit of other comprehensive income attributable to owners of the parent company.		
（I）Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments		
4. Changes in the fair value of the company's credit risks		
5.Other		
（II）Other comprehensive income that will be reclassified into profit or loss.		
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4.Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6.Translation differences in currency financial statements		
7.Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity		
VII. Total comprehensive income	-43,310,678.15	13,405,938.22
Total comprehensive income attributable to the owner of the parent company	-43,310,678.15	13,405,938.22
Total comprehensive income attributable minority shareholders		
VIII. Earnings per share		
（I）Basic earnings per share	-0.3628	0.1123
(II)Diluted earnings per share	-0.3628	0.1123

Legal Representative: Yan Xuechuan

Person in charge of accounting：Tan Mingxian

Person in charge of Accounting institute: Niu Yanli

4. Income statement of the Parent Company

In RMB

Items	The first half year of 2023	The first half year of 2022
I. Income from the key business	148,499,345.80	125,487,819.44
Incl：Business cost	149,841,973.33	130,134,806.19
Business tax and surcharge	179,155.52	495,071.45
Sales expense	125,227.70	256,487.53
Administrative expense	13,787,886.30	10,556,202.46
R & D expense	16,340.21	2,289.66
Financial expenses	-230,052.52	-1,015,970.20
Including：Interest expenses		
Interest income		
Add：Other income	178,401.73	990,023.53
Investment gain（“-”for loss）	3,969,024.86	4,372,958.10
Including: investment gains from affiliates	3,969,024.86	4,372,958.10
Financial assets measured at amortized cost cease to be recognized as income		
Net exposure hedging income		
Changing income of fair value		
Credit impairment loss		
Impairment loss of assets		
Assets disposal income	-10,025.19	39,860,952.30
II. Operational profit（“-”for loss）	-11,083,783.34	30,282,866.28
Add：Non-operational income	27.00	134,098.64
Less: Non -operational expenses		
III. Total profit(“-”for loss)	-11,083,756.34	30,416,964.92
Less: Income tax expenses		
IV. Net profit	-11,083,756.34	30,416,964.92
1.Net continuing operating profit		
2.Termination of operating net profit		
V. Net after-tax of other comprehensive income		

（I）Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments		
4. Changes in the fair value of the company's credit risks		
5.Other		
(II)Other comprehensive income that will be reclassified into profit or loss		
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4.Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6.Translation differences in currency financial statements		
7.Other		
VI. Total comprehensive income	-11,083,756.34	30,416,964.92
VII. Earnings per share		
（I）Basic earnings per share	-0.0928	0.2548
(II)Diluted earnings per share	-0.0928	0.2548

5. Consolidated Cash flow statement

In RMB

Items	The first half year of 2023	The first half year of 2022
I.Cash flows from operating activities		
Cash received from sales of goods or rending of services	203,092,659.05	252,642,976.71
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Cash received from interest, commission charge and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Net cash received by agent in securities trading		

Tax returned	10,136,478.36	5,307,251.13
Other cash received from business operation	5,917,839.52	7,927,046.37
Sub-total of cash inflow	219,146,976.93	265,877,274.21
Cash paid for purchasing of merchandise and services	126,711,212.44	158,466,557.60
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Net increase in financial assets held for trading purposes		
Net increase for Outgoing call loan		
Cash paid for interest, processing fee and commission		
Cash paid to staffs or paid for staffs	57,457,823.61	52,504,825.00
Taxes paid	4,701,205.62	10,932,898.90
Other cash paid for business activities	9,497,956.90	12,583,760.21
Sub-total of cash outflow from business activities	198,368,198.57	234,488,041.71
Net cash generated from /used in operating activities	20,778,778.36	31,389,232.50
II. Cash flow generated by investing		
Cash received from investment retrieving		
Cash received as investment gains		
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		153,507,597.36
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow due to investment activities		153,507,597.36
Cash paid for construction of fixed assets, intangible assets and other long-term assets	7,239,847.82	13,442,460.82
Cash paid as investment		
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		
Sub-total of cash outflow due to investment activities	7,239,847.82	13,442,460.82
Net cash flow generated by investment	-7,239,847.82	140,065,136.54
III.Cash flow generated by financing		
Cash received as investment		
Including: Cash received as investment from minor shareholders		
Cash received as loans	185,103,500.00	276,613,500.00
Other financing –related cash received		17,155,373.08

Sub-total of cash inflow from financing activities	185,103,500.00	293,768,873.08
Cash to repay debts	259,345,494.44	296,633,093.75
Cash paid as dividend, profit, or interests	10,766,950.79	10,014,809.88
Including: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	33,887,860.42	117,442,081.48
Sub-total of cash outflow due to financing activities	304,000,305.65	424,089,985.11
Net cash flow generated by financing	-118,896,805.65	-130,321,112.03
IV. Influence of exchange rate alternation on cash and cash equivalents		
V.Net increase of cash and cash equivalents	-105,357,875.11	41,133,257.01
Add: balance of cash and cash equivalents at the beginning of term	169,994,534.05	23,738,523.19
VI ..Balance of cash and cash equivalents at the end of term	64,636,658.94	64,871,780.20

6. Cash Flow Statement of the Parent Company

In RMB

Items	The first half year of 2023	The first half year of 2022
I.Cash flows from operating activities		
Cash received from sales of goods or rending of services	71,061,734.13	85,003,841.61
Tax returned		
Other cash received from business operation	3,978,253.50	3,302,253.86
Sub-total of cash inflow	75,039,987.63	88,306,095.47
Cash paid for purchasing of merchandise and services	65,877,005.28	86,622,159.34
Cash paid to staffs or paid for staffs	19,438,260.09	16,094,142.66
Taxes paid	927,147.23	8,593,040.69
Other cash paid for business activities	4,269,454.36	4,070,068.57
Sub-total of cash outflow from business activities	90,511,866.96	115,379,411.26
Net cash generated from /used in operating activities	-15,471,879.33	-27,073,315.79
II. Cash flow generated by investing		
Cash received from investment retrieving		
Cash received as investment gains		
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		153,507,597.36
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow due to investment activities		153,507,597.36
Cash paid for construction of fixed assets, intangible assets and other long-term assets	299,160.00	964,947.74

Cash paid as investment		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		
Sub-total of cash outflow due to investment activities	299,160.00	964,947.74
Net cash flow generated by investment	-299,160.00	152,542,649.62
III. Cash flow generated by financing		
Cash received as investment		
Cash received as loans		
Other financing –related ash received	224,103,500.00	189,943,500.00
Sub-total of cash inflow from financing activities	224,103,500.00	189,943,500.00
Cash to repay debts		
Cash paid as dividend, profit, or interests		
Other cash paid for financing activities	223,032,811.12	293,920,000.00
Sub-total of cash outflow due to financing activities	223,032,811.12	293,920,000.00
Net cash flow generated by financing	1,070,688.88	-103,976,500.00
IV. Influence of exchange rate alternation on cash and cash equivalents		
V.Net increase of cash and cash equivalents	-14,700,350.45	21,492,833.83
Add: balance of cash and cash equivalents at the beginning of term	19,632,308.54	2,146,167.36
VI ..Balance of cash and cash equivalents at the end of term	4,931,958.09	23,639,001.19

7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	The first half year of 2023														
	Owner's equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other	Subtotal		
		Preferred stock	Sustainable debt	Other											
I.Balance at the end of last year	119,375,000.00				958,565,294.29		9,800.00	3,234,669.03	125,686,000.00		-1,095,779,478.64		111,091,284.68		111,091,284.68
Add: Change of accounting policy															
Correcting of previous errors															
Merger of entities under common control															
Other															
II.Balance at the beginning of current year	119,375,000.00				958,565,294.29		9,800.00	3,234,669.03	125,686,000.00		-1,095,779,478.64		111,091,284.68		111,091,284.68
III.Changed in the current year								974,822.56			-43,310,678.15		-42,335,855.59		-42,335,855.59
（1）Total comprehensive income											-43,310,678.15		-43,310,678.15		-43,310,678.15
（II）															

Investment or decreasing of capital by owners															
1．Ordinary Shares invest ed by shareh olders															
2．Holders o f other equity instruments i nvested capit al															
3．Amount of shares paid and accounted as owners’ equity															
4．Other															
（III）Profit allotment															
1.Providing of surplus reserves															
2.Providing of common risk provisions															
3．Allotmen t to the owners (or shareholders)															
4．Other															
(IV) Internal transferring of owners’ equity															
1. Capitalizing of capital reserves (or to capital shares)															

2. Capitalizing of surplus reserves (or to capital shares)														
3．Making up losses by surplus reserves.														
4.Change amount of defined benefit plans that carry forward Retained earnings														
5．Other comprehensive income carry-over retained earnings														
6．Other														
(V). Special reserves								974,822.56					974,822.56		974,822.56
1. Provided this year								1,383,189.96					1,383,189.96		1,383,189.96
2．Used this term								-408,367.40					-408,367.40		-408,367.40
（VI）Other														
IV. Balance at the end of this term	119,375,000.00				958,565,294.29		9,800.00	4,209,491.59	125,686,000.00		-1,139,090,156.79		68,755,429.09		68,755,429.09

Amount in last year

In RMB

Items	The first half year of 2022													
	Owner’s equity Attributable to the Parent Company												Minor shareh olders’	Total of owners’ equity
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares	Other Comprehe	Specialized reserve	Surplus reserves	Comm on	Retained profit	Ot he	Subtotal		

		Preferred stock	Sustainable debt	Other		in stock	nsive Income			risk provision		r		equity	
I.Balance at the end of last year	119,375,000.00				958,565,294.29		9,800.00	1,713,882.50	125,686,000.00		-1,056,046,383.95		149,303,592.84		149,303,592.84
Add: Change of accounting policy															
Correcting of previous errors															
Merger of entities under common control															
Other															
II.Balance at the beginning of current year	119,375,000.00				958,565,294.29		9,800.00	1,713,882.50	125,686,000.00		-1,056,046,383.95		149,303,592.84		149,303,592.84
III.Changed in the current year								882,033.30			13,405,938.22		14,287,971.52		14,287,971.52
（1）Total comprehensive income											13,405,938.22		13,405,938.22		13,405,938.22
（II）Investment or decreasing of capital by owners															
1．Ordinary Shares invested by shareholders															
2．Holders of other equity instruments i															

nvested capital															
3．Amount of shares paid and accounted as owners' equity															
4．Other															
（III）Profit allotment															
1.Providing of surplus reserves															
2.Providing of common risk provisions															
3．Allotment to the owners (or shareholders)															
4．Other															
(IV) Internal transferring of owners' equity															
1. Capitalizing of capital reserves (or to capital shares)															
2. Capitalizing of surplus reserves (or to capital shares)															
3. Making up losses by surplus reserves.															
4.Change															

amount of defined benefit plans that carry forward Retained earnings															
5．Other comprehensive income carry-over retained earnings															
6．Other															
(V). Special reserves								882,033.30					882,033.30		882,033.30
1. Provided this year								1,388,392.12					1,388,392.12		1,388,392.12
2．Used this term								-506,358.82					-506,358.82		-506,358.82
（VI）Other															
IV. Balance at the end of this term	119,375,000.00				958,565,294.29		9,800.00	2,595,915.80	125,686,000.00		-1,042,640,445.73		163,591,564.36		163,591,564.36

8.Statement of change in owner's Equity of the Parent Company

Amount in this period

In RMB

Items	The first half year of 2023											
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferred stock	Sustainable debt	Other								
I.Balance at the end of last	119,375,0				958,565,294		9,800.00	430,254.50	125,686,000.00	-1,178,011,724.55		26,054,624.24

year	00.00				.29							
Add: Change of accounting policy												
Correcting of previous errors												
Other												
II.Balance at the beginning of current year	119,375,000.00				958,565,294.29		9,800.00	430,254.50	125,686,000.00	-1,178,011,724.55		26,054,624.24
III.Changed in the current year								-43,895.92		-11,083,756.34		-11,127,652.26
（I）Total comprehensive income										-11,083,756.34		-11,083,756.34
(II) Investment or decreasing of capital by owners												
1．Ordinary Shares invested by shareholders												
2．Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity												
4．Other												
（III）Profit allotment												
1.Providing of surplus reserves												
2．Allotment to the owners (or shareholders)												
3．Other												
(IV) Internal transferring of owners' equity												
1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing of surplus reserves (or to capital shares)												
3．Making up losses by surplus reserves.												
4.Change amount of defined benefit plans that												

carry forward Retained earnings												
5．Other comprehensive income carry-over retained earnings												
6．Other												
(V) Special reserves								-43,895.92				-43,895.92
1. Provided this year								23,097.66				23,097.66
2. Used this term								-66,993.58				-66,993.58
（VI）Other												
IV. Balance at the end of this term	119,375,000.00				958,565,294.29		9,800.00	386,358.58	125,686,000.00	-1,189,095,480.89		14,926,971.98

Amount in last year

In RMB

Items	The first half year of 2022											
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferred stock	Sustainable debt	Other								
I.Balance at the end of last year	119,375,000.00				958,565,294.29		9,800.00	612,361.09	125,686,000.00	-1,196,622,075.22		7,626,380.16
Add: Change of accounting policy												
Correcting of previous errors												
Other												
II.Balance at the beginning of current year	119,375,000.00				958,565,294.29		9,800.00	612,361.09	125,686,000.00	-1,196,622,075.22		7,626,380.16
III.Changed in the current year								-68,211.78		30,416,964.92		30,348,753.14
（I）Total comprehensive income										30,416,964.92		30,416,964.92
(II) Investment or decreasing of capital by												

owners												
1．Ordinary Shares invested by shareholders												
2．Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners’ equity												
4．Other												
（III）Profit allotment												
1.Providing of surplus reserves												
2．Allotment to the owners (or shareholders)												
3．Other												
(IV) Internal transferring of owners’ equity												
1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing of surplus reserves (or to capital shares)												
3．Making up losses by surplus reserves.												
4.Change amount of defined benefit plans that carry forward Retained earnings												
5．Other comprehensive income carry-over retained earnings												
6．Other												
(V) Special reserves								-68,211.78				-68,211.78
1. Provided this year								59,280.36				59,280.36
2．Used this term								-127,492.14				-127,492.14
（VI）Other												
IV. Balance at the end of this term	119,375,000.00				958,565,294.29		9,800.00	544,149.31	125,686,000.00	-1,166,205,110.30		37,975,133.30

III. Basic Information of the Company

Chongqing Jianshe Vehicle System Co.,Ltd. (hereinafter referred to as the "Company", "Company" or "Chongqing Jianshe")，the company’s original name is Chongqing Jianshe Motorcycle Co.,Ltd.，was jointly set up in July 1995 by the Construction Industry (Group) Co., Ltd. and China North Industries Shenzhen Corporation. The Business License of the Enterprise: No. 915000007474824231. The Company was listed in July 1995 at the Shenzhen Stock Exchange. The Company is engaged in the manufacturing industry.

On December 27, 2017, the company issued an announcement that it has completed the relevant business registration procedures for the change in Chinese, obtained the notice of approval for change of registration of Chongqing administration of industry and commerce (Chongqing Industrial and commercial registration of changes [2017] No.1206-1)，got an issue of a business license and approval rear of implementing the Shenzhen stock exchange. The name of the company was changed from " Chongqing Jianshe Motorcycle Co., Ltd." to " Chongqing Jianshe Vehicle System Co.,Ltd.". Abbreviation of the company was changed from "Jianmo B" to "Jianshe B", and the securities code of the company was unchanged at 200054.

On October 22, 2018, Chongqing Jianshe mechanical and electrical co., LTD., the controlling shareholder of the company, signed the "Equity transfer Agreement for State-owned listed companies" with China South Industries Group Corporation (hereinafter referred to as "GSGC"). The Chongqing Jianshe mechanical and electrical co., LTD. transferred 84,906,250 shares of its state-owned legal person shares to the GSGC, it accounts for 71.13% of the Chongqing Jianshe 's total share capital.

On December 21, 2018, the company received the " Confirmation of registration of securities transfer " issued by the Shenzhen Branch of China Securities Registration and Clearing Co., Ltd., and the registration procedures for the transfer of shares under this agreement have been completed in the Shenzhen branch of China Securities Registration and settlement Co., Ltd. After the completion of this agreement transfer, Chongqing Jianshe mechanical and electrical co., LTD., would no longer hold shares of the company. GSGC was became the controlling shareholder of the company, the proportion of shareholding is 71.13%, and the nature of the shares is State-owned legal person shares.

The ultimate controller of the Company is the State-owned Assets Supervision and Administration Commission (SASAC).

As at June 30, 2023, the Company issued 119,375,000 shares in total and had the registered capital of 119,375,000. The registration place: NO.1, JIANSHE ROAD HUAXI INDUSTRY PARK, BANAN DISTRICT, CHONGQING; the headquarters address: Banan District, Chongqing Municipality. Legal representative: Yan Xuechuan. The main business activities: research and development, processing, manufacturing and related technical services of Motorcycles, auto parts, accessories, machinery products, design , manufacturing and related technical services of tooling (except for those subject to national special provisions) ; R & D, production and sales of motorcycle engines; research , development and processing of mechanical and electrical products, home appliances, bicycles, environmental protection product; imports, wholesale, retail, commission agency (except auction) of similar products of these products.

The disclosure of the financial report was approved by the Board of Directors on July 27, 2023.

The scope consolidated financial statements of the first half year of 2023 has reduced 2 subsidiary， Compared with the previous year, the Company's consolidation scope has not changed.

The company and Chongqing Jianshe Automobile A/C Co., Ltd., its important subsidiary, mainly engaged in the manufacture, sale of air conditioners and accessories, air conditioning and spare parts maintenance.

IV. Basis for the Preparation of financial statements

1.Basis for Preparation

According to actually occurred transactions and events, the Company conducts the recognition and measurement in accordance with the Accounting Standards for Business Enterprises - Basic Standards and all the specific accounting standards for enterprise, Application Guidance to the Accounting Standards for Business Enterprises, the interpretation of the Accounting Standards for Business Enterprises and other relevant provisions (hereinafter referred to as the “Accounting Standards for Business Enterprises”). On this basis, the Company prepares the financial statements in combination with the disclosure provisions of the Rules for the Compilation and Submission of Information Disclosure by Companies Offering Securities to the Public No. 15 - General Requirements for Financial Reports (revised in 2014) issued by the China Securities Regulatory Commission.

2. Going Concern

The Company was on a going concern basis in 12 months as of the end of the current reporting period and was not affected by any material event having impact on the going concern.

V. Principal accounting policies and accounting estimates

Specific accounting policies and accounting estimates:

None

1. Statement on compliance with accounting standards for business Enterprises

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect relevant information of the Company during the reporting period, such as financial position, operation results and cash flows.

2 .Accounting period

The Company’s fiscal periods include fiscal years and fiscal periods shorter than a complete fiscal year from January 1 to December 31 as one accounting year.

3.Operating cycle

The normal operating cycle refers to the period from the assets used for processing after purchased by the company to the cash or cash equivalents achieved. 12 months are regarded as one operating cycle in the company, and which is as the division criterion for the liquidity of assets and liabilities.

4.Functional currency

The functional currency is Renminbi.

5. Accounting treatments of the combination of enterprises under common control and the combination of enterprises not under the common control

Business combination refers to the transactions or items with one reporting entity formed by the combination of two or more separate enterprises. The business combination shall be divided into the business combination under common control and the business combination under non-common control.

（1）Business combination under common control

The business combination under common control refers to the business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. Of which, the combining party is that acquiring the control right to other combining enterprises at combining date, and the combining date means the date that the combining party actually acquires the control right of the combined party. The acquisition date means the date that the acquirer actually obtains the control right of the acquiree.

The assets and liabilities acquired by the combining party are measured in accordance with the book value of the combined party at the combining date. For the balance between the book value of net assets acquired by the combining party and the book value of the combining valuable consideration (or the nominal amount of issued shares), the capital reserves (stock premium) shall be adjusted, or the retained earnings shall be adjusted when the capital reserves (stock premium) are insufficient.

All the costs directly incurred for the business combination by the combining party shall be recorded into the current profits and losses when occurred.

（2）Combination of enterprises not under the common control

The business combination under non-common control refers to the business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the combination. Of which, the acquirer is that obtaining the control right to other combining enterprises at acquisition date, and other combining enterprises refers to the acquiree. The acquisition date means the date that the acquirer actually obtains the control right of the acquiree.

For the business combination under non-common control, the merger costs include the assets paid for obtaining the control right of acquiree by the acquirer, the liabilities occurred or borne and the fair value of equity securities issued, the intermediary fees for audit, legalservices, evaluation and consultation when the business combination issued, and other management costs shall be recorded into the current profits and losses when occurred. The transaction costs of equity securities or debt securities issued for the merger consideration by the acquirer shall be included into the initially recognized amount of the equity securities or the debt securities. The contingent consideration involved shall be recorded into the merger cost as per the fair value at the acquisition date. Within 12 months after the acquisition date, the combining business reputation should be adjusted correspondingly if the contingent consideration is required to adjust because of new or further evidence for the existed situation on the acquisition date. The merger cost issued by the acquirer and the identifiable net assets acquired in the combination are measured as per the fair value on the acquisition date. The difference of the merger cost less the fair value shares of identifiable net assets obtained by the acquiree during the merger on the acquisition date, is recognized as the business reputation. While the merger cost is less than the fair value shares of identifiable net assets obtained by the acquiree during the merger, all the measurement on the identifiable assets, the liabilities, the fair value of liabilities and the merger cost obtained by the acquiree should firstly be rechecked, and the difference shall be recorded into the current profits and costs if the merger cost is still less than the fair value shares of identifiable net assets obtained by the acquiree during the merger after rechecking.

If the deductible temporary difference of acquiree obtained by the acquirer is not recognized due to the recognition condition of the deferred income tax assets unmet on the acquisition date within 12 months after the acquisition date, the relevant deferred income tax assets shall be recognized and the business reputation shall be reduced if the acquired new or further evidence shows that the relevant situation has already existed and the economic benefit gained by the acquiree from the deductible temporary difference is expected to achieve, and the differences are recognized as the current profits and losses if the business reputation is insufficient to offset. With the exception of the above, the deferred income tax assets related to the business combination are recorded into the current profits and losses. For the business combination under non-common control realized step-by-step through multiple transactions, the multiple transactions shall be judged if belong to “the package deal” according to the “Notice on Issuance of Interpretation of Accounting Standards for Business Enterprises from Ministry of Finance” (Finance and Accounting [2012] No.19) and the judgment standards on “the package deal” in Article 51st of “Accounting Standards for Business Enterprises No.33 – Consolidated Financial Statement” (please see Note 3.6 (2)).

For the package deal, please refer to above description of this section and Note 3.14 “Long-term Equity Investment” to conduction the accounting treatment. For the non-package deal, the relevant accounting treatment should be respectively conducted for the individual financial statement and the consolidated financial statements:

For the individual financial statements, the sum of the book value of equity investment from the purchased party held before the purchase date and the new investment cost at the purchase date shall be as the initial investment cost of the investment. For the other comprehensive incomes involved in the equity of the acquiree held before the acquisition date, the investment and the relevant other comprehensive incomes shall be disposed through the accounting treatment on the same basis of the direct disposal of the relevant assets or liabilities by the acquiree (Namely, the rest is transferred into the current investment incomes with the exception of the corresponding shares of changes caused by the net liabilities or the net assets of the defined benefit plans re-measured by the acquiree as per the equity method). In the consolidated financial statements, the equity of the acquiree held before the acquisition date shall be measured again as per the fair value of the equity on the acquisition date, and the difference between the fair value and the book value is recorded into the current investment income.

For the other comprehensive incomes involved in the equity of the acquire held before the acquisition date, the relevant other comprehensive incomes shall be disposed through the accounting treatment on the same basis of the direct disposal of the relevant assets or liabilities by the acquire (Namely, the rest is transferred into the current investment incomes on the acquisition date, with the exception of the corresponding shares of changes caused by the net liabilities or the net assets of the defined benefit plans re-measured by the acquire as per the equity method).

6. Preparation of consolidated financial statements

（1）Consolidation scope

The scope of consolidation for the Company’s consolidated financial statements is determined on the basis of control, and all its subsidiaries (including the independent subject that is under control of the Company) are included in the consolidated financial statements.

（2）Procedures for consolidation

The Company prepares the consolidated financial statements based on financial statements of itself and its subsidiaries and according to other relevant information. Upon the preparation of consolidated financial statements, the Company shall take the enterprise group as a whole accounting entity, and reflects the overall financial position, operating results and cash flows of the enterprise group in accordance with relevant requirements for recognition, measurement and presentation as stated in the Accounting Standards for Business Enterprises as well as uniform accounting policies.

All the subsidiaries within the scope of consolidation for the consolidated financial statements adopt the same accounting policies and accounting periods as those of the Company. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policies and accounting periods of the Company.

When preparing the consolidated financial statements, the impacts of the Company and its subsidiaries or the internal transactions between the subsidiaries on the consolidated balance sheet, consolidated income statement, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity shall be offset. If assessments for the same transaction from the enterprise group's consolidated financial statements and the Company or its subsidiaries as the accounting entity are not the same, such transaction will be adjusted from the enterprise group.

The share of owners' equity, current net profit or loss and current comprehensive income of subsidiaries attributable to minority owners are respectively and separately presented under the owner's equity in the consolidated balance sheet, the net profit in the consolidated income statement, and the total comprehensive income in the consolidated income statement. If the current loss shared by a minority shareholder of a subsidiary exceeds the balances arising from the shares enjoyed by the minority shareholder in the owners' equity of the subsidiary at the beginning of the period, minority equity will be written down accordingly.

For the subsidiaries acquired through business combination under common control, adjustment to their financial statements is made based on the book values of its assets and liabilities (including goodwill formed in the acquisition of these subsidiaries by the ultimate controller) as presented in the financial statements of the ultimate controller.

For the subsidiaries acquired through business combination not under common control, adjustments to their financial statements are made based on the fair values of net identifiable assets on the acquisition date

(1) Increase of subsidiaries or business

During the reporting period, where the Company acquired subsidiaries or business from the business combination under common control, the beginning balance in the consolidated balance sheet is adjusted; the revenue, expenses and profits of the newly acquired subsidiaries or business from the beginning of the period for business combination to the end of the reporting period are included in the consolidated income statement; the cash flows of the same for the aforesaid period are included in the consolidated statement of cash flows. Relevant items in the comparative financial statements of the subsidiaries are adjusted accordingly, as if the reporting entity after the business combination exists as of the time when the ultimate controller has the control.

Where control can be exercised on the investee under common control for additional investment or other reasons, adjustment is made as if all parties involved in the combination exist at the beginning of the control by the ultimate controller. Equity investments held before the control over the combined party is obtained, the related profits or losses, other comprehensive income as well as other changes in net assets recognized from the later between the date when the original equity is obtained and the date when the acquirer and the acquiree are under common control to the combination date will respectively write down the beginning retained earnings or the current profit or loss during the period for comparing financial statements.

During the reporting period, if the Company acquired subsidiaries or business from the business combination not under common control, the beginning balance in the consolidated balance sheet will not be adjusted. The revenue, expenses and profits of the newly acquired subsidiaries or business from the acquisition date to the end of the reporting period will be included in the consolidated income statement; the cash flows of the same for the aforesaid period will be included in the consolidated statement of cash flows.

Where the Company can control the investee not under common control for additional investments, it shall re-measure equity of the acquiree held before the acquisition date at the fair value of such equity on the acquisition date and include the difference between the fair value and book value in the current investment income. Where equity of the acquiree held before the acquisition date involves in other comprehensive income accounted for under equity method and other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution, the relevant other comprehensive income and other changes in owners' equity shall be transferred to the investment income in the year which the acquisition date falls in, except for other comprehensive income from changes arising from re-measurement of net liabilities or net assets of defined benefit plan by the investee.

(2) Disposal of subsidiaries or business

1) General treatment methods

During the reporting period, where the Company disposes a subsidiary or business, the revenues, expenses and profits of the subsidiary or business from the beginning period to the disposal date shall be included in the consolidated cash flow statement; cash flows of the subsidiary or the business from the beginning period to the disposal date shall be included in the consolidated cash flow statement.

When the Company losses the control over the investee due to disposal of partial equity investment or other reasons, the remaining equity investment after the disposal should be remeasured by the Company at the fair value thereof on the date of losing the control. The difference between the sum of the equity disposal consideration and the fair value of the remaining equity and the sum of the share calculated at the original shareholding ratio in net assets enjoyed in the original subsidiary and continuously calculated from the acquisition date or combination date and the goodwill will be included in the investment income for the period where the control is lost. Other comprehensive incomes associated with the equity investments of the original subsidiary, or the changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution, shall be transferred into investment income of the period when control is lost, except for other comprehensive income from the change in net liability or net asset due to the investor's re-measurement of defined benefit plan.

2) Disposal of subsidiaries by stages

If the control is lost due to disposal of the equity investments in subsidiaries through multiple transactions by stages, and the terms, conditions and economic impact of the transactions related to the disposal of equity investments in subsidiaries meet one or more of the following circumstances, it usually indicates that multiple transactions will be subject to accounting processing as a package deal:

A.The transactions are concluded at the same time or under the consideration of mutual effect;

B.These transactions as a whole can reach a complete business result;

C.The occurrence of a transaction depends on that of other transaction or more; and/or

D .Single transaction is uneconomical but it is economical when considered together with other transactions.

Where various transactions of disposal of equity investments in subsidiaries until loss of the control belong to a package deal, accounting treatment shall be made by the Company on the transactions as a transaction to dispose subsidiaries and lose the control; however, the difference between each disposal cost and net asset share in the subsidiaries corresponding to each disposal of investments before loss of the control should be recognized as other comprehensive income in the consolidated financial statements and should be transferred into the current profit or loss at the loss of the control.

If the disposal of equity investment in subsidiaries and other transactions until the control loses are not package transactions, before the control loses, related policies governing the partial disposal of equity investments in subsidiaries without losing control will apply; when the control loses, general accounting method for the disposal of subsidiaries will govern.

(3) Purchase of minority equity of subsidiaries

The share premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investment acquired by the Company for the purchase of minority interest and the share of net assets calculated constantly from the acquisition date (or combination date) according to the newly increased shareholding ratio. If the share premium is insufficient to offset, retained earnings will be adjusted.

(4) Partial disposal of equity investments in subsidiaries without losing control

The equity premium of capital reserves in the consolidated balance sheet will be adjusted according to the difference between the disposal price obtained for partial disposal of long-term equity investments in subsidiaries in the case of not lose control and the share of net assets of subsidiaries calculated from the acquisition date or the combination date corresponding to the disposal of long-term equity investments; if the equity premium of capital reserves is insufficient, the retained earnings will be adjusted.

7. Classification of joint venture arrangements and accounting treatment methods of joint operation

1. Classification of joint venture arrangements

According to the structure, legal form, terms of joint arrangement, other relevant facts and circumstances, the Company divides the joint venture arrangements into joint operation and joint ventures.

Joint venture arrangements that have not been reached through separate entities are classified as joint operations; joint venture arrangements that have been reached through separate entities are generally classified as joint ventures; however, there is conclusive evidence that the joint venture arrangements that meet any of the following conditions and comply with the relevant laws and regulations shall be classified as joint operations:

The legal form of the joint venture arrangement indicates that the joint venturer has rights and obligations for the relevant assets and liabilities respectively in the arrangement;

The contract terms of the joint venture arrangement indicates that the joint venturer has rights and obligations for the relevant assets and liabilities respectively in the arrangement;

Other relevant facts and circumstances indicate that the joint venturer has rights and obligations for the relevant assets and liabilities respectively in the arrangement, and if the joint venturer enjoys almost all the outputs related to the joint venture arrangement, the settlement of the liabilities in the arrangement continues to depend on the support from the joint venturer.

2.Accounting treatment methods of joint operation

The Company recognizes the following items related to its share of benefits in the joint operation and conduct accounting treatment in accordance with relevant accounting standards for business enterprises:

(1) Assets it solely holds and its share of jointly-held assets based on its percentage;

(2) Liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage;

(3) Revenues from sale of output enjoyed by it from the joint operation;

(4) Revenues from sale of output from the joint operation based on its percentage; and

(5) Separate costs and costs for the joint operation based on its percentage.

Where the Company, invests assets in or sells assets to the joint operation (excluding the assets constituting business), before such assets are sold to a third party via the joint operation, the Company shall only recognize the part in the profits and losses arising from such transaction attributable to other party to the joint operation. If the assets invested or sold meet the asset impairment losses stipulated in *the Accounting Standards for Business Enterprises No. 8 – Impairment of Assets*, the Company shall confirm the losses in full.

Where the Company, purchases assets from the joint operation (excluding the assets constituting business), before such assets are sold to a third party, the Company shall only recognize the part in the profits and losses arising from such transaction attributable to other party to the joint operation. If the assets purchased meet the asset impairment losses stipulated in *the Accounting Standards for Business Enterprises No. 8 – Impairment of Assets*, the Company shall recognize the losses according the shares it shall assumed.

Where the Company does not enjoy joint control to the joint operation, if it enjoys the related assets of the joint operation and assumes the related liabilities, accounting treatment shall be subject to the above principles; otherwise, accounting treatment shall be carried out according to the relevant accounting standards for business enterprises.

8.Recognition criteria of cash and cash equivalents

For the purpose of preparing the statement of cash flows, the term “cash” refers to cash on hand and deposits of that are readily available for payment. And the term “cash equivalents” refers to short-term (maturing within three months from acquisition) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

9. Foreign currency transactions and translation of foreign currency statements

At the initial recognition, foreign currency transactions are translated into RMB for recording purpose using the current average exchange rate at the spot rate on the transaction date.

The foreign currency monetary items on the balance sheet date are translated at the spot exchange rate on the balance sheet date. The exchange differences arising therefrom, except for the exchange difference from foreign currency special loans related to the acquisition and construction of assets that meet the capitalization conditions treated in accordance with the capitalization principle of borrowing expenses, are included in the current profit or loss. The foreign currency non-currency items calculated on historical cost basis are still translated at spot rate on the date of transaction, not changing the amount of its recording currency.

Foreign currency non-monetary items measured at fair value shall be translated into RMB at the spot exchange rates on the day when the fair value is determined. The difference between the functional currency and previous functional currency after translation is taken as fair value changes (including fluctuation in exchange rate) and included in the current profit or loss or recognized as other comprehensive income.

10.Financial instruments

A financial instrument refers to a contract that concludes the financial assets of one party and the financial liabilities or equity instruments of another party. Related financial assets or financial liabilities are recognized when the company becomes a party to a financial instrument contract.

Financial assets and financial liabilities are measured at fair values at the initial recognition: (i) for the financial assets and financial liabilities measured at fair values with variations recorded into the current profits and losses, related transaction expenses are directly recorded into the current profits and losses;(ii) for other kinds of financial assets and financial liabilities, related transaction expenses are included in the initial recognition amounts. Furthermore, subsequent measurements of financial assets and liabilities are decided by their own classifications.

A financial asset or financial liability that qualified with one of the following conditions are indicating its transactional purposes: (i) the purpose of acquiring relevant financial assets or assuming relevant financial liabilities is mainly made for the purpose of selling or repurchasing in the near future; (ii) the initial confirmation is a part of the identifiable portfolio of financial instruments under centralized management, and there is objective evidence that the short-term profit model actually exists in the near future;(iii) where it is defined as the derivative instrument, but conforms to the financial guarantee contract definition and is designated as an effective hedging instrument of the derivative instruments.

（1）Debt Instruments

Debt instruments refer to the instruments that conform to the definition of financial liabilities from the perspective of the issuers. The classifications and subsequent measurements of debt instruments depends on the company's business models for financial assets management and the contractual cash flow characteristics of financial assets. Where it fails to pass the cash flow characteristic test, direct classification as a financial asset measured at fair values shall be adopted with variations to be recorded into the current profits and losses; where it succeed to pass the cash flow characteristic test, its classification shall be determined on the business model of financial assets management, and its qualification as a financial asset measured at fair values, of which variations shall be recorded into the current profit and loss.

1) To be measured at amortized costs.

The company's business models for the management of such financial assets are aimed at the collection of the contract cash flows, of which the characteristics of the contract cash flow shall be consistent with the benchmark lending arrangement, that is, the cash flows generated at a certain date are referred to the payment of the principal and the interest based on the outstanding principal amount only while the financial assets are not designated to be measured at fair values, but their variations are recorded into the current profits and losses. However, the company recognizes interest incomes for such financial assets in accordance with the effective interest rate methods. The profits or losses of such financial assets due to the termination of recognition together with the losses as a result of the impairment are directly recorded into the current profits and losses.

2) To be measured at fair values with its variations included in other comprehensive incomes.

The company's business model for managing such financial assets is both to receive the contract cash flows and to sell, of which the characteristics of the contract cash flows shall be consistent with the benchmark lending arrangements, that is, the cash flow generated at acertain date is only the payment of the principal and the interest based on the outstanding principal amount while the financial assets are not designated to be measured at fair values, but their variations are recorded into the current profits and losses. However, such financial assets are measured at fair values and their variations are included in other comprehensive incomes, but impairment losses or gains, exchange gains & losses and interest incomes calculated according to the actual interest rate method are included in the current profits and losses. Furthermore, variations in fair values accumulated into other comprehensive incomes will be carried forward to the current profits and losses when the recognition of such financial assets is terminated. Such financial assets are listed as other lending investments.

3) To be measured at fair values with variations booked into the current profits and losses.

Debt instruments held by the company that are not divided into those measured at amortized costs and those measured at fair values with their variations recorded in other comprehensive incomes are measured at fair values and their variations are recorded into the current profits and losses, of which those classified as financial assets are measured at fair values with variations recorded into current profits and losses are listed as transactional financial assets or other non-current financial assets.

（2）Equity Instruments

An equity instrument is one that is analyzed from the perspective of the issuers in accordance with the definition of an equity instrument. Equity instrument investments is measured at fair values with variations recorded into current profits and losses, which are listed as transactional financial assets, except that the management of the company that is specified to be measured at fair values with variations recorded into other comprehensive incomes. Items designated to be measured at fair values with variations included in the comprehensive incomes are listed as the investments of other equity instruments, of which related changes in fair values shall not be carried forward to the current profits and losses, and such designation shall not be revoked once made. However, related dividend gains are booked into the current profits and losses, and no impairment provision is included in the other equity instruments. When terminate recognition, the accumulated gains or losses as previously recorded in other comprehensive incomes are transferred from other comprehensive incomes and recorded in retained earnings.

（3）Financial Liabilities

Financial liabilities are classified as financial liabilities and other financial liabilities which are measured at fair values with variations to be recorded into the current profits and losses at the initial recognition.

Financial liabilities measured at fair values with variations recorded into the current profits and losses includes trading financial liabilities and financial liabilities that are specified to be measured at fair values with variations booked into the current profit and loss. Financial liabilities can be designated as financial liabilities to be measured at fair values at the initial measurement with their variations recorded into the current profits and losses upon the any of the following conditions:

The designation can eliminate or significantly reduce the accounting mismatches;

The portfolio of financial liabilities or the portfolio of financial assets and financial liabilities is managed and evaluated on the basis of fair values, and reported to key management within the company thereafter according to the risk management or investment strategies stated in the official written documents. Such designation shall not be revoked once made.

For financial liabilities designated to be measured at fair values with variations recorded in the current profits and losses, variations in fair values caused by changes in the company's own credit risks shall be recorded in other comprehensive incomes, while variations of other fair values are booked into the current profits and losses. Furthermore, when terminate the recognition of such financial liabilities, the accumulated gains or losses as previously recorded in other comprehensive incomes are transferred from other comprehensive incomes and recorded in retained earnings.

Other financial liabilities of the company mainly include short-term loans, long-term loans and the like. For such financial liabilities, effective interest methods are adopted with subsequent measurement to be made according to the amortized costs.

（4）Termination Recognition of Financial Assets and Financial Liabilities

A financial asset shall be terminated upon one of the following circumstances:

1) The contractual right to receive the cash flow of the financial assets is terminated;

2) The financial asset with almost all the risks and rewards from the ownership of the financial assets have been transferred to the transferee;

3) Although the company has neither transferred nor retained nearly all the risks and rewards in the ownership

of the financial asset, the financial assets of the company have been transferred and have relinquished control of the financial assets.

Where the current obligations of a financial liability (or any part thereof) have been discharged, the company ceases to recognize such financial liability (or any part thereof).

（5）Impairment of Financial Instruments

The company carries out impairment accounting treatment to the financial instruments based on expected credit losses and confirms loss provisions. Expected credit loss refers to the weighted average credit losses of financial instruments by the risks of defaults, and credit losses refer to the difference between all contract cash flow receivable under the contract as well as all cash flows expected to be collected that discounted at the original real interest rates, that is, the present values of all cash shortfalls.

Measuring methods of the company's expected credit losses on financial instruments reflects the following factors: unbiased probability weighted averages as determined by a range of possible outcomes; the time value of money; reasonable and informed information about past events, current conditions and future economic conditions available up to the balance sheet date without unnecessary additional costs or efforts. The company determines the expected credit losses of relevant financial instruments in the following manners:

1) For financial assets, the credit losses are the present values of the difference between the contract cash flows and the expected cash flows payable by the company;

2) For leasing receivables, the credit losses are the present values of the difference between the contract cash flows and the expected cash flows payable by the company;

3) For any uncommitted loan commitment, the credit losses are the present values of the difference between the contract cash flows payable by the company and the cash flows expected to be collected if the loan commitment holder withdraws corresponding loans. The company's estimations on the expected credit losses of the loan commitment are consistent with its expectations on the utilization of the loan commitments;

4) In the case of a financial guarantee contract, the credit losses are the present values of the difference between the amount the company expects to receive from the contract holders, debtors or any other party, and the amount of money the company expects to pay to the contract holder in respect of the credit losses incurred by the contract holder;

5) In the case of a financial asset whose credit impairment has occurred on the date as indicated by the balance sheets but is not purchased or originated, the credit losses are referred to the difference between the book balance of the financial assets and the present values of the estimated future cash flow discounted at the original real interest rates.

Three stages are adopted to identify expected credit losses by assessing whether its credit risks have increased significantly since its initial recognition together with considerations to the reasonable and evidence-based information (including forward-looking information) on each balance sheet date. In the case that the credit risk has not increased significantly since the initial confirmation, the expected credit losses are defined as the first stage, and the loss provisions are measured according to the expected credit losses of the financial instruments within the next 12 months; where the credit risk has increased significantly since the initial confirmation but no credit impairment has occurred, the expected credit losses are defined as the first stage, and the loss provisions are made according to the expected credit losses of the financial instruments for the entire duration; in the event that a credit impairment has occurred since the initial recognition, the expected credit losses are defined as the third stage, and the loss provisions are measured in accordance with the expected credit losses of the financial instruments throughout its duration. For financial instruments of the first and second stages, the interest income shall be calculated according to the book balance and the actual interest rates; for financial instruments of the third stage, the interest income shall be determined according to its amortized costs and the real interest rates.

For purchased or originated financial assets with credit impairment, only the cumulative variations in the expected credit losses during the entire period (up to the date as indicated by balance sheet) after the initial recognition are recognized as loss provisions, and its interest gains are determined according to the amortized costs of financial assets and the real interest rates as adjusted by credit.

An increase or reversal of the loss provisions is recorded as an impairment loss or gain of the current period. For debt instruments as held at fair values with variations recorded into other comprehensive incomes, impairment losses or gains are recorded into the current profits and losses, and other comprehensive incomes is adjusted synchronously.

A. Provisions of the company for the losses are measured on the expected credit losses for the entire duration

The company divides notes and accounts receivable into several combinations and calculates the expected credit losses with reference to the combination based on the characteristics of credit risks.

For notes receivable by portfolios, the expected credit losses are calculated by the default risk exposures and the expected credit loss rates of the entire duration with reference to company's historical credit loss experience, and the combination with the current situation and the forecast of future economic conditions. Determining basis of the portfolios is as follows:

Portfolio A of notes receivable trade acceptances

Portfolio B of notes receivable bank acceptances

For accounts receivable by portfolios, a comparison table of the expected credit loss rates is prepared between the age of accounts receivable and the entire duration to calculate the expected credit losses with reference to company's historical credit loss experience, and the combination with the current situation and the forecast of future economic conditions. Determining basis of the portfolios is as follows:

Portfolio A of accounts receivable vintage analysis

Portfolio B of accounts receivable specific identification

The company divides other receivables and long-term receivables into several portfolios according to the characteristics of credit risks and calculates the expected credit losses on the basis of such portfolios when individual other receivables and long-term receivables fails to obtain the information to assess the expected credit losses at a reasonable cost. Determining basis of the portfolios is as follows:

Portfolio A of other receivables deposits and securities receivable

Portfolio B of other receivables advanced money receivable

Portfolio A of long-term receivables lease receivables

For lease receivables by portfolios, the expected credit losses are calculated by the default risk exposures and the expected credit loss rates of the entire duration with reference to company's historical credit loss experience, and the combination with the current situation and the forecast of future economic conditions. For other receivables and long-term receivables divided into combinations other than lease receivables, the expected credit losses are calculated by the default risk exposure and the expected credit loss rates for the next 12 months or the entire duration.

（6）Derivatives and Embedded Derivatives

Derivatives of the company's mainly include forward contracts, futures contracts and swap contracts. Derivatives are initially measured at the fair values at the execution dates of the derivative trading contracts, and are subsequently measured at their fair values thereafter. The gains or losses arising from the variations in the fair values of the company's derivatives are directly recorded into the current profits and losses.

Embedded derivative refers to the derivatives that are embedded in the non-derivative instruments (i.e., the master contracts), which constitutes the hybrid contracts with the master contracts. Where the master contracts contained inside the hybrid contract are assets regulated by the Standards for Financial Instruments, the company does not split the embedded derivatives from the hybrid contracts, and instead, the hybrid contracts are applied as a whole to relevant provisions of the financial instrument criterion on the classification of financial assets.

In the case that the master contracts contained in the hybrid contracts are not assets under the financial instrument criterion but meet the following conditions, the company splits the embedded derivative from the master contracts and settle as separate derivatives:

1) The economic characteristics and risks of the embedded derivative instruments are not closely related to the economic characteristics and risks of the master contracts.

2) Separate instruments with terms associated with embedded derivatives are conforming to the definition of derivatives;

3) The hybrid contracts are not measured at fair values and its variations are recorded into the current profits and losses for accounting settlements.

（7）Offsets of Financial Assets and Liabilities

When the company is legally entitled to offset the recognized financial assets and financial liabilities, and such right is currently enforceable, and when the company plans to settle such financial assets and pay off the financial liabilities on a net basis or liquidate the financial assets and liabilities, the amount of financial assets and financial liabilities offset against each other are stated in the balance sheets. In addition, financial assets and financial liabilities are shown separately in the balance sheets and are not offset against each other.

（8）The Fair Values Determination of Financial Instruments

For financial instruments with active markets, the fair values of assets are determined by the price the market participant who would have to pay to receive or transfer a liability from the sale of such asset in an orderly transaction on the measurement date. Where there are financial instruments without active markets, the fair values is determined by valuation methodologies. In the valuations, the input values consistent with the characteristics of the assets or liabilities as considered by the market participants in the transaction of the relevant assets or liabilities, together with relevant observable input values as preferred reference are adopted by the company through the valuation techniques that are applicable in the current situation and are supported by sufficient data and other information available. An un-observable input value is adopted when relevant observable input values cannot be obtained or is not feasible to obtain

11.Notes receivable

See the Note 3.10.6 "Impairment of financial instruments" for the determination method and accounting treatment method adopted by the Company for the expected credit loss of notes receivable.

If the Company fails to assess the sufficient evidence for expected credit loss at the reasonable cost for any individual financial instrument, the Company should, by reference to the historical experience in credit loss and in light of the current conditions and the judgment on the future economic conditions, divide notes receivable into several portfolios based on the credit risk characteristics, to calculate the expected credit loss on the basis of portfolio. Portfolios are determined based on:

Portfolio name	Basis for portfolio determination	Provision method
Portfolio of risk-free bank acceptance bill	By acceptance unit rating	The provision for bad debts is made with reference to historical credit loss experience, in combination with current conditions and expectations of future economic conditions.
Commercial acceptance bills		Based on the historical experience in credit loss and in light of the current situation and the prediction of future economic position, preparing the comparison table of expected credit loss ratios over aging and the whole duration of these notes receivable to calculate the expected credit loss.

12.Accounts receivable

For accounts receivable, whether or not they contain significant financing components, the Company always measures the loss reserves according to the amount equivalent to the expected credit loss in the whole duration. The increase or reversal of loss reserves thus arising there from shall be included in the current profit or loss as the impairment loss or profit.

The Company determines expected credit loss on a single basis for accounts receivable for which there is objective evidence that credit impairment has occurred and for which there is a reasonable assessment of expected credit loss individually.

The Company combines the accounts receivable according to similar credit risk characteristics (aging), and based on all reasonable and supportable information (including forward-looking information), makes provision for the bad debts of accounts receivable according to the aging and lifetime expected credit loss comparison table.

See the Note 3.10.6 "Impairment of financial instruments" for the determination method and accounting treatment method adopted by the Company for the expected credit loss of accounts receivable.

13.Receivables financing

Notes receivable classified as measured at fair value through other comprehensive income with maturities within one year (inclusive) from the date of initial recognition are presented as receivables financing; and those with maturities of more than one year from the date of initial recognition are presented as other creditor's right investments. See the Note (XI) for its relevant accounting policies.

14.Other receivables

See the Note 3.10.6 "Impairment of financial instruments" for the determination method and accounting treatment method adopted by the Company for the expected credit loss of other receivables.

If the Company fails to assess the sufficient evidence for expected credit loss at the reasonable cost for any individual financial instrument, the Company should, by reference to the historical experience in credit loss and in light of the current conditions and the judgment on the future economic conditions, divide other receivable into several portfolios based on the credit risk characteristics, to calculate the expected credit loss on the basis of portfolio. Portfolios are determined based on:

Portfolio name	Basis for portfolio determination	Provision method
Portfolio 1: Receivables from related parties within the scope of consolidation	Nature of payment	The provision for bad debts is made with reference to historical credit loss experience, in combination with current conditions and expectations of future economic conditions.
Portfolio 2 (Aging portfolio)		Based on the historical experience in credit loss and in light of the current situation and the prediction of future economic position, preparing the comparison table of expected credit loss ratios over aging and the whole duration to calculate the expected credit loss.

15. Inventories

（1）Classification of inventories

Inventories are classified into: raw materials, work in progress, finished goods, turnover materials, low-value consumables, packaging materials, etc.

（2）Obtaining and Measurement of Inventories

The perpetual inventory systems are adopted for this enterprise's inventories. The inventories shall be measured by their actual cost when they are obtained. raw materials, works in progress, finished goods, etc. shall be measured with the weighted average method when they are being sent out. Low-value consumption goods shall be written off by one-off write-off method when they are withdrawn for use. Circulation packaging materials shall be recorded into cost according to the predicted usage times.

（3）Methods to make provision for loss on decline in value of inventories

If the cost of inventories is higher than the net realizable value at the end of each period, this enterprise shall make the provision for the loss on decline in value of inventories. This enterprise makes provision for the loss on decline in value of inventories on the ground of each item of inventories. If the factors causing any write-down of the inventories have disappeared, the amount of write-down shall be resumed and be reversed from the provision for the loss on decline in value of inventories that has been made.

（4）Method for confirming the net realizable value of inventories

The net realizable value of inventories refers to the amount of the estimated selling price, less the estimated costs of completion, the estimated selling costs and related tax payments.

16.Contract assets

If the Company enjoys the right to charge consideration as it has transferred goods to relevant customer, and the right depends on other factors except for the time lapses, such right will be recognized as the contract asset. The unconditional right (only depending on the time lapses) to charge consideration from the customer, possessed by the Company, is separately presented as receivables.

See the Note 3.10.6 "Impairment of financial instruments" for the determination method and accounting treatment method adopted by the Company for the expected credit loss of contract assets.

17.Contract cost

18.Held for sale

1.Recognition criteria for classification as held for sale

The Company recognizes non-current assets or disposal groups that meet both of the following conditions as components held for sale:

(1)According to the general practice for selling such kind of asset or disposed asset portfolio in the similar transaction, the asset or portfolio can be immediately sold in the prevailing circumstance;

(2)The sale of the asset or portfolio is very likely to happen, which means that the Company has made a resolution for one selling plan and had acquired decided purchase commitment, and it is estimated that the sale will be completed within one year.

The determined purchase commitment refers to the legally binding purchase agreement signed by and between the Company and other parties. The agreement covers significant clauses in aspects such as transaction price and time and sufficiently severe breaches and penalty, making slim possibility for the agreement being re-adjusted or canceled.

2.Accounting method for held for sale

If the Company does not provide depreciation or amortization for non-current assets or disposal groups held for sale and the book value is higher than the net amount of fair value less disposal expenses, the Company shall write down the book value to the net amount of fair value less disposal expenses, and the written down amount shall be recognized as an asset impairment loss and included in the current profit or loss, while providing for the impairment of assets held for sale.

For non-current assets or disposal groups that are classified as held for sale on the acquisition date are measured at the lower of the initial measurement amount assuming they are not classified as held for sale or the net fair value less disposal expenses.

The above principles apply to all non-current assets, except for investment real estate that is subsequently measured using the fair value model, biological assets that are measured using the net of fair value less disposal costs, assets formed from staff emoluments, deferred income tax assets, financial assets that are governed by the relevant accounting standards for financial instruments, and rights arising from insurance contracts that are governed by the relevant accounting standards for insurance contracts.

19. creditor's right investments

20.Other creditor's right investments

21. Long-term receivables

22. Long-term equity investments

1. Determination of initial investment cost

(1) For the specific accounting policies for long-term equity investments acquired through business combination, see the Note 3.5 "Accounting treatment methods for business combinations under common control and not under common control".

(2) Long-term equity investments acquired by other means

For long-term equity investments acquired from cash payment, the initial investment cost is the actually paid purchasing cost. The initial investment cost includes expenses, taxes and other necessary expenses directly related to obtaining the long-term equity investment;

For the long-term equity investment acquired from issuing equity securities, the initial investment cost is the fair value of the issued equity securities; transaction expenses on the issue or acquisition of the own equity instruments are deducted from the equity if they are directly attributable to the equity transaction.

On the premise that non-monetary asset trade is of commercial nature and the fair value of the asset traded in or out can be measured reliably, the initial cost of a long-term equity investment traded in with non-monetary asset should be determined based on the fair value of the asset traded out, unless any unambiguous evidence indicates that the fair value of the asset traded in is more reliable; as to the non-monetary asset trade not meeting the aforesaid premise, the book value of the asset traded out and relevant taxes and surcharges payable should be recognized as the initial cost of the long-term equity investment.

The initial investment cost of the long-term equity investment acquired through the debt restructuring is determined based on the fair value thereof.

2.Subsequent measurement and recognition of gains and losses

(1) Cost method
For the long-term equity investments where the Company may have the control over investees, the cost method is adopted for accounting, the measurement is made based on the initial investment cost and the cost is adjusted via the additional investment or the divestment.
Except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration and declared but not yet distributed, the Company recognizes the current investment income based on the cash dividends or profits enjoyed by the Company and declared to be distributed by the investee.

(2) Equity method
The Company accounts for the long-term equity investments in associates and joint ventures by the equity method; some equity investments in associates therein indirectly held via the risk investment organization, mutual fund, trust company or the similar entity including the investment-linked insurance fund are

measured at fair through the profit or loss.

If the initial investment cost of any long-term equity investment is in excess of the share of fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial cost of long-term equity investment; if the cost of initial investment is in short of the share of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit or loss.

After the acquisition of the long-term equity investment, the Company should, based on its attributable share of the net profit or loss and other comprehensive income realized by the investee, respectively recognize the investment income and other comprehensive income, and simultaneously adjust the book value of the long-term equity investment; and should, in the light of the profits or cash dividends the investee declares to distribute, calculate the attributable part and accordingly reduce the book value of the long-term equity investment. As to any change in owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution, the Company should adjust the book value of the long-term equity investment and include such change in the owners' equity.

The Company should, based on the fair values of the investee's various identifiable assets at the time when relevant investment is made, recognize its share of the investee's net profits or losses, after adjusting the investee's net profit. The Company calculates its attributable share in the profit or loss from the unrealized internal transactions between the Company and its associates or joint ventures based on its attributable percentage and offset such share, and determines the investment income on that basis.

When the Company confirms that it should share losses incurred in the investee, treatment should be done in following sequence: first, writing down the book value of long-term equity investments. Secondly, where the book value thereof is insufficient to cover the share of losses, investment losses are recognized to the extent of book value of other long-term equities which form net investment in the investee in substance and the book value of long-term receivables shall be reduced. Finally, after all the above treatments, if the Company is still responsible for any additional liability in accordance with the provisions stipulated in the investment contracts or agreements, the Company will recognize an estimated liability based on its expected obligations, and include the estimated liability in the current investment loss.

Where the investee realizes profit during the following period, the Company make treatment for the profit after deducting such profit with the unrecognized loss-sharing amount in the order inverse to that mentioned above, i.e. writing off the recognized book balance of estimated liabilities and reversing the book value of other long-term equity substantially constituting the net investment in the investee and the book value of long-term equity investment, and recognizing the investment income after such reversal.

3.Conversion of the accounting method for long-term equity investments

(1) Conversion from the measurement at fair value to the accounting by the equity method

Where the equity investment originally held by the Company, having no control or common control over or the significant impact on the investee and subject to the accounting treatment made according to the standards for recognition and measurement of financial instruments may have the significant influence on or the common control over the investee on account of additional investment and other reasons but cannot control the investee, the sum of fair value of originally held equity investment determined according to the *Accounting Standards for Business Enterprises No. 22 -- Recognition and Measurement of Financial Instruments* and the cost of newly-added investment should be taken as the initial investment cost of such equity investment calculated by the equity method.

The difference between the initial investment cost calculated by the equity method and the share calculated in the new shareholding ratio determined after the additional investment and enjoyed in the fair value of the investee's net identifiable assets on the date of additional investment (the latter is higher) should be used to adjust the book value of the long-term equity investment and included in the non-operating revenue for the current period.

(2) Conversion from the measurement at fair value or accounting by the equity method to the accounting by

the cost method
Where the equity investment originally held by the Company, having no control or common control over or the significant impact on the investee and subject to the accounting treatment made according to the standards for recognition and measurement of financial instruments, or the long-term equity investment originally held by the Company in associates and joint ventures may control the investee not under common control on account of such reasons as additional investment, at the preparation of the individual financial statements, the initial investment cost of such investment under the accounting by the cost method should be recognized at the sum of the book value of originally held equity investment and the cost of the newly-added investment.

For other comprehensive income that is recognized from the equity investment held before the acquisition date by using the equity method, the accounting treatment should be made on the basis the same as that for the direct disposal of related assets or liabilities by the investee at the disposal of such equity investment.

Where the equity investments held before the acquisition date are subject to the accounting treatment made according to the *Accounting Standards for Business Enterprises No. 22 -- Recognition and Measurement of Financial Instruments*, the accumulated changes in fair value originally included in other comprehensive income should be transferred in the current profit or loss when the accounting therefor is made by the cost method.

(3) Conversion from accounting by the equity method to the measurement at fair value
In case the Company loses the common control over or the significant influence on the investee due to the disposal of part of equity investments or other reasons, the remaining equity after the disposal should be accounted for according to the *Accounting Standards for Business Enterprises No. 22 -- Recognition and Measurement of Financial Instruments*, and the difference between the fair value and the book value on the date of the loss of common control or significant influence should be included in the current profit or loss.

As to other comprehensive income recognized based on measurement of the original equity investment under the equity method, accounting treatment shall be made on the same basis as would be required if the investee had directly disposed of the assets or liabilities related thereto when measurement under the equity method is terminated.

(4) Conversion from the cost method to the equity method
In case the Company loses the control over the investee due to the disposal of part of equity investment and other reasons, in the preparation of the individual financial statements, if the remaining equity has the common control over or significant influence on the investee, the accounting by the equity method should be made, and the adjustment should be made as if the remaining equity had been accounted for by the equity method at acquisition.

(5) Conversion from the cost method to the measurement at fair value
In case the Company loses the control over the investee due to the disposal of part of equity investments or other reasons, in the preparation of individual financial statements, the remaining equity after disposal fails to have the common control over or the significant influence on the investee, the accounting treatment should be made according to the *Accounting Standards for Business Enterprises No. 22 -- Recognition and Measurement of Financial Instruments*, and the difference between the fair value and the book value thereof on the date of the loss of control should be included in the current profit or loss.

4.Disposal of long-term equity investments

For the disposal of long-term equity investments, the difference between the book value and the actual price thereof should be included in the current profit or loss. Where a long-term equity investment is accounted for under the equity method, accounting treatment should be made on the part that is originally included in other comprehensive income according to corresponding ratio by using the same basis for the investee to directly dispose of the relevant assets or liabilities when the investments are disposed of.

In case the terms, conditions and economic impact of the transactions related to the disposal of equity investments in subsidiaries meet one or more of the following circumstances, multiple transactions should be taken as a package deal for accounting treatment:

(1) The transactions are concluded at the same time or under the consideration of mutual effect;

(2) These transactions as a whole can reach a complete business result;

(3) The occurrence of a transaction depends on that of other transaction or more; and/or

(4) A single transaction is uneconomical but it is economical when considered together with other transactions.

Where the control over the original subsidiaries is lost due to the disposal of part of equity investments or other reasons, not belonging to a package deal, relevant accounting treatment should be made respectively for the individual financial statements and the consolidated financial statements:

(1) In the individual financial statements, for disposal of equity, the difference between book value and the actual purchase price should be included in the current profit and loss. The remaining equity after the disposal that can exercise common control or exert significant influence over the investee shall be accounted for in the equity method, and such remaining equity shall be adjusted as if it had been accounted for in the equity method since the time of acquisition; the remaining equity after disposal that cannot exercise common control or exert significant influence over the investee shall be subject to accounting treatment according to the relevant provisions of the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, and the difference between the fair value on the date when the control is lost and the book value shall be included into the current profit or loss.

(2) In the consolidated financial statements, for various transactions before loss of the control over the subsidiaries, the difference between the proceeds from disposal and the share of net assets of subsidiaries enjoyed the Company (continuously calculated from the acquisition date or the combination date) corresponding to the disposal of long-term equity investments, shall be charged against capital reserves (share premium); when the capital reserves is insufficient to offset, the retained earnings shall be adjusted. When the Company losses the control over the subsidiaries, the remaining equity will be re-measured at its fair value on the date of loss of the control. The difference of total amount of the consideration from disposal of equities plus the fair value of the remaining equities less the shares calculated at the original shareholding ratio in net asset of the original subsidiary which are continuously calculated as of the acquisition date is included in the investment income of the period at the loss of control and at the same time offset the goodwill. Other comprehensive income associated with the equity investments of the original subsidiary, is transferred into investment income of the period when control is lost.

Where the transactions of disposal of equity investments in subsidiaries until the loss of control over belong to a package of transactions, and the transactions will be accounted for as a transaction of disposal of equity investments in subsidiaries until the loss of control; individual financial statements and consolidated financial statements will be respectively accounted for:

(1) In the individual financial statements, the difference between each disposal cost and book value of long-term equity investments corresponding to each disposal of equity before loss of the control should be recognized as other comprehensive income and should be transferred into the current profit or loss on the loss of the control.

(2) In the consolidated financial statements, the difference between each disposal cost and net asset share in the subsidiaries corresponding to each disposal of investments before loss of the control should be recognized as other comprehensive income and should be transferred into the current profit or loss on the loss of the control.

5.Judgment criteria for joint control and significant influence

If the Company jointly controls an arrangement with other participants in accordance with the relevant agreement, and the decision-making of activities having a significant impact on the return on the arrangements is required to be unanimously agreed by participants sharing control, which is deemed that the Company and other participants jointly control an arrangement, such arrangement belongs to joint venture arrangement.

If joint venture arrangements are made by a separate entity, the Company is entitled to the net assets of such separate body according to relevant agreement, such separate entity is joint venture and measured at the equity method. If the Company is not entitled to the net assets of such separate entity according to relevant agreement, such separate entity is joint venture and the Company confirms the projects relating to share in interest of joint operation, and conduct accounting treatment in accordance with the related provisions of the Accounting Standards for Business Enterprises.

Significant influence refers to the power of the investor to participate in making decisions on the financial and operating policies of the investee, but not the power to control, or jointly control, the formulation of such policies with other parties. Through one or more of the following circumstances, and comprehensively considering all the facts and circumstances, the Company judges that it has a significant impact on the investee: (1) representatives in the board of directors or similar organ of power of the investee; (2) the process of preparing financial and operating policies the investee; (3) significant transactions with the investee;(4) managers dispatched to the investee; (5) key technical information provided to the investee.

23.Investment properties

Investment properties refer to the properties that are held for the purposes of earning rental income, capital appreciation, or for combination thereof, including land use rights that have been leased out; land use rights which are held and to be leased out after appreciation and structures leased. Furthermore, as for the unoccupied constructions which are held for operating lease, if the board of directors (or similar institution) makes a written resolution which clearly states that the aforesaid construction is used for operating lease and the intent for holding such construction will not change in the short-term future, such construction will be presented as investment property.

The costs of the investment property of the Company shall be taken as its entry value, and the cost of an investment property by acquisition consists of the acquisition price, relevant taxes, and other expenses directly relegated to the asset; the cost of a self-built investment property composes of the necessary expenses for building the asset to the hoped condition for use.

The Company's investment properties are subsequently measured at cost model, and the depreciation or amortization will be withdrawn according to relevant regulations on fixed assets and intangible assets.

When an investment property is changed for self-use, upon change, the investment property shall be converted into fixed assets or intangible assets. When the self-use property is changed to earn rentals or for capital appreciation, upon change, fixed assets or intangible assets shall be converted into investment property. In case of the conversion, the book value of such investment property before the conversion is regarded as the entry value of the same after the conversion.

When an investment property is being disposed or permanently withdrawn from use and no future economic benefits are expected from the disposal, the investment property shall be derecognized. The difference of the revenue from disposal of investment properties such as sales, transfer, retirement or damage deducting their book value and related taxes should be included into the current profit or loss.

24.Fixed assets

1.Recognition criteria of fixed assets

Fixed assets are tangible assets that are held for the purpose of producing goods, providing services, leasing or operating management, and having a life span of more than one fiscal year. Fixed assets are recognized when they simultaneously meet the following conditions:

(1) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and

(2) The costs of the fixed assets can be measured reliably.

2.Initial measurement of fixed assets

The fixed assets of the Company shall be initially measured at cost.
(1) Specifically, the costs of fixed assets externally purchased include purchase price, import duties and other related taxes and surcharges, and any other expenditures for making the assets reach working condition for their intended use.

(2) The costs of self-built fixed assets consist of necessary expenditures incurred before preparing the asset to reach the condition for its intended use;

(3) For fixed assets invested by an investor, the initial cost is the value stipulated in the investment contract or agreement unless the value stipulated in the contract or agreement is unfair;

(4) If the payment for a fixed asset is delayed beyond the normal credit conditions and it is of the financing nature, the cost of the fixed asset shall be determined on the basis of the current value of the purchase price. The difference between the cost actually paid and the present value of purchase price will be capitalized and included into the current profit or loss in the credit period.

3.Subsequent measurement and disposal of fixed assets

(1) Depreciation of fixed assets

The depreciation of fixed assets shall, within estimated useful lives, be made at their book-entry values less estimated net residual value. For the fixed assets with provision for impairment made, the amount of depreciation will be determined according to the book value after deduction of the provision for impairment and the remaining useful life in the future. No provision for fixed assets which are fully depreciated and remain in use.

The Company determines the useful life and estimated net residual value of a fixed asset according to its nature and using status, and reviews the useful life, estimated net residual value and depreciation method of the fixed assets at the end of the year. If there is any difference between the reviewing results and the original estimated data, the Company will make some adjustments accordingly.

(2) Subsequent expenditure of fixed assets
If the subsequent disbursement relevant to a fixed asset meets the recognition criteria on the fixed asset, it is included in the cost of fixed asset; otherwise, it is included in the current profit or loss.
（3）Disposal of fixed assets
When fixed assets are disposed of or are expected to fail to generate economic benefits after the use or disposal, the fixed assets shall be derecognized. The incomes from sales, transfer, scrapping or damages of fixed assets after deducting their book values and relevant taxes and surcharges are included in the current profit or loss.

（2）Depreciation method

Type	Depreciation method	Depreciation life (year)	Residual value rate (%)	Annual depreciation rate (%)
Buildings and constructions	Straight-line method	25-35	3	2.77-3.88
Machinery equipment	Straight-line method	7-15	3	6.47-13.86
Transportation equipment	Straight-line depreciation	8-10	3	9.70-12.13
Other equipment	Straight-line method	5-10	3	9.70-19.40

（3）Recognition basis, pricing and depreciation method of fixed assets by finance lease

25.Construction in progress

1.Initial measurement of construction in progress

The Company's self-built construction on progress is valued at the actual cost which consists of all necessary expenditures incurred before the assets for such construction reaching to the predetermined serviceable condition, including all types of necessary expenditures incurred during the construction period, the capitalized borrowing costs incurred prior to the time when the construction is brought to the expected conditions for use and other relevant costs, etc.

2.Criteria and timing for conversion of the construction in progress into the fixed assets

For construction in progress, the book-entry values of the fixed assets are stated at total expenditures incurred before such assets reach the working condition for their intended use. Where the construction in progress has reached the predetermined serviceable condition but the completion of settlement has not been handled, the estimated construction value shall be transferred into the fixed assets based on construction budget, cost or actual cost of construction, etc. as of the day reaching the predetermined serviceable condition, and the depreciation of fixed assets shall be made according to the Company's policy on fixed assets depreciation; when the completion of settlement is finished, the original estimated value shall be adjusted at the actual cost, but the depreciation already withdrawn shall not be adjusted.

26.Borrowing costs

1.Recognition principles of capitalization of borrowing costs

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit or loss.

Assets eligible for capitalization refer to fixed assets, investment properties, inventories and other assets which may reach their intended use or sale status only after long-time acquisition and construction or production activities.

Borrowing costs are capitalized when they simultaneously meet the following conditions:

(1) Asset expenditures, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;

(2) Borrowing costs have already been incurred;

(3) The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started.

2.Capitalization period of borrowing costs

Capitalization period refers to the period from the beginning of capitalization to the cease of capitalization, excluding the period of capitalization suspension of borrowing costs.

Capitalization of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalization have reached their intended use or sale status.

When some projects among the acquired and constructed or produced assets eligible for capitalization are completed and can be used separately, the capitalization of borrowing costs of such projects should be ceased.

If all parts of the acquired and constructed or produced assets are completed but the assets cannot be used or sold externally until overall completion, the capitalization of borrowing costs should be ceased at the time of overall completion of the said assets.

3.Period of capitalization suspension of borrowing costs

If the acquisition, construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary procedures for the acquired, constructed or produced assets eligible for capitalization to reach the working conditions for their intended use or sale, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the current profit or loss and continue to be capitalized until the acquisition, construction or production of the assets restarts.

4.Calculation method of capitalization amount of borrowing costs

The special borrowings' interest expenses (excluding the interest income from unused borrowings deposited in the bank or the investment income from the temporary investment) and auxiliary expenses, before the acquired and constructed or produced assets meeting with the capitalization conditions are eligible for the intended use, shall be capitalized.

The interest amount of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalization rate of used general borrowings. The capitalization rate is calculated by weighted average interest rate of general borrowings.

Where there are discounts or premiums on borrowings, amounts of discounts or premiums should be amortized in each accounting period by the effective interest method, and the amount of interest for each accounting period should be adjusted.

27. Biological assets

28. Oil-gas assets

29. Assets of the right to use

The Company initially measures the right-of-use assets at cost. Such costs include:
The initial measurement amount of lease liabilities;

In case of any lease incentives, relevant amount of the lease incentives enjoyed shall be deducted from the lease payment paid on or before the commencement date of the lease term;

The initial direct costs incurred by the Company;

The costs incurred of the Company for demolishing and removing leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed in the lease term, excluding the costs incurred for the production of inventories.

After the commencement date of the lease term, the Company carries out subsequent measurement of right-of-use asset using the cost method.

If there is a reasonable assurance that the ownership of leased assets can be acquired when the lease term expires, the Company makes the provision during the remaining useful life for the leased assets. If there is no reasonable assurance that the ownership of the leased assets can be acquired when the lease term expires, the Company makes the provision over the lease term or the remaining useful life for the leased assets, whichever is shorter. For the right-of-use assets with provision for impairment made, the depreciation will be made according to the book value after deduction of the provision for impairment and by reference to the above principle.

30. Intangible assets

（1）Pricing method, useful life and impairment test

The Company makes initial measurements on intangible assets in terms of the costs and determines the useful life when obtaining the assets. For intangible assets of a limited useful life, from the time the assets are available for use, the Company adopts the amortization method that reflects realization of the expected economic benefits, or the straight-line amortization method if unable reliably to determine how to realize the expected economic benefits; and no amortization are made for intangible assets of an unlimited useful life.

At the end of each year, the Company reviews the useful life and amortization methods of intangible assets of a limited useful life and makes adjustments and accounting treatment if different from the previous estimates.

For the intangible assets that are estimated to produce no more economic benefits in the future, the Company records the book value of such assets all in current profit and loss.

（2）Research and development expenses

The expenditures for internal research and development projects of an enterprise shall be classified into research expenditures and development expenditures.

The research expenditures shall be recorded into the profit or loss for the current period.

The development expenditures shall be capitalized when they satisfy the following conditions simultaneously: It is feasible technically to finish intangible assets for use or sale; Having the intention to complete the intangible asset and use or sell it; The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself for the intangible assets will be used internally; It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; Expenditures attributable to the development phase of the intangible assets can be measured reliably. Development expenditures that do not meet the above conditions are included in the profits and losses of the current period.

After meeting the above conditions, the corresponding projects of the company study their technical feasibility and economic feasibility, and enter the development stage after the formation of the project.

31.Impairment of long-term assets

The Company assesses whether there is any indication that long-term assets may be impaired on the balance sheet date. If any indication shows the impairment of long-term assets, the Company shall, on the basis of single item assets, estimate the recoverable amount. Where it is difficult to do so, it shall determine the recoverable amount of the group assets on the basis of the asset group to which the asset belongs.

The recoverable amount of assets is the higher of their fair values less costs to sell and the present values of the future cash flows expected to be derived from the assets.

The measurement results of recoverable amount show that, if the recoverable amounts of assets are lower than their book values, the book values of the assets shall be written down to their recoverable amounts. The write-down amount is recognized as asset impairment losses and included in the current profit or loss, while the provisions for asset impairment are made accordingly. Losses from asset impairment shall not be reversed in subsequent accounting periods once recognized.

After asset impairment losses are recognized, the depletion or amortization charges for the impaired assets shall be accordingly adjusted in future periods to amortize their adjusted book value of assets (less their estimated net residual values) over their remaining useful lives on a systematic basis.

An impairment test shall be conducted each year for the goodwill from business combination and intangible assets with indefinite useful lives whether there is any indication of impairment.

During impairment test of goodwill, the book value of goodwill shall be amortized to asset group or asset group combination anticipated to benefit from the synergistic effect of business combination. When making an impairment test on the relevant asset groups or combination of asset groups containing goodwill, if any indication shows that the asset groups or combinations of asset groups may be impaired, the Company shall first conduct an impairment test on the asset groups or combinations of assets groups not containing goodwill, calculate the recoverable amount and compare it with the relevant book value to recognize the corresponding impairment loss. Then the Company shall conduct an impairment test on the assets groups or combinations of assets groups containing goodwill, and compare the book value of these assets groups or combinations of assets groups (including the book value of the goodwill apportioned thereto) with the recoverable amount. Where the recoverable amount of the relevant assets groups or combinations of assets groups is lower than the book value thereof, the Company shall recognize the impairment loss of the goodwill.

32.Long-term deferred expenses

Long-term deferred expenses of the Company are measured at the actual costs and amortized evenly over the estimated beneficial period. If an item of long-term deferred expense cannot bring any benefit in future accounting periods, the amortized value thereof shall all be transferred to the current profit or loss.

33.Contract liabilities

The obligation of transferring goods to customers for the consideration received or receivable from customers shall be presented as contract liabilities.

34.Employee compensation

(1)Accounting treatment of short-term remuneration

Employee compensation refers to all kinds of rewards or compensations given in return for employees' services or employment termination. It includes short-term compensation, post-employment benefits, demission benefit.
Short-term compensation includes payroll, bonus, allowances and subsidies, employee welfare, medical insurance, injury insurance and birth insurance, housing fund, labor union and employee training expenditures, non-monetary benefits and other short-term rewards. It recognizes as liabilities the actual short-term compensation incurred during the accounting period that the employees provide their services and records in current profit and loss or the relevant asset costs. Non-monetary benefits are measured at the fair value.

（2）Accounting treatment of benefits paid after departure

Post-service benefits mainly include defined contribution plan and defined benefit plan. The defined contribution plan mainly includes basic pension, unemployment insurance etc. The corresponding contributions are recorded in the relevant asset costs or current profit and loss when incurred.

When terminating labor relations before expiration of contract, or layoffs with compensations, and the Company cannot terminate the labor relations unilaterally or reduce the demission welfare, remuneration and liabilities produced from the demission welfare should be determined and included in current profits and losses when determining the costs of demission welfare and recombination. However, demission welfare not fully paid within 12 months after annual Reporting Period should be handled the same as other long-term employees' payrolls.

The inside employee retirement plan is treated by adopting the same principle with the above demission welfare. The Company would record the salary and the social security insurance fees paid and so on from the employee's service terminative date to normal retirement date into current profits and losses (demission welfare) under the condition that they meet the recognition conditions of Retained Earnings.

The inside employee retirement plan is treated by adopting the same principle with the above demission welfare. The Company would recorded the salary and the social security insurance fees paid and so on from the employee's service terminative date to normal retirement date into current profits and losses (demission welfare) under the condition that they meet the recognition conditions of Retained Earnings.

（3）Accounting treatment of dismissal welfare

Dismissal benefits refer to the compensation for terminating the labor relation with the employees prior to the expired date of the labor contract or for encouraging the employees to voluntarily accept the layoff paid by the Group to the employees. The dismissal benefits should be recognized as liabilities and recorded into the current profit or loss on an earlier date when the Company is unable to unilaterally withdraw the plan on the cancellation of labor relationship or the layoff proposal and when the Group recognizes the cost related to restructuring concerning payment of dismissal benefits.

The Company offers the early retirement benefits to employees who accept the arrangement of internal early retirement. Early retirement benefits refer to salaries to and social insurance premiums and others paid for employees who have not been in the state-specified retirement age, but are willing to quit their jobs approved by the Company's management. The Company will pay the early retirement benefits to early retired employees as of the day the early retirement arrangement begins till they are in the normal retirement age. For the early retirement benefits, the Company conducts the accounting treatment by comparing with the dismissal benefits. If the former conforms to the recognition criteria related to dismissal benefits, the Company recognizes salaries paid to and social insurance premiums paid for early retired employees as of day they stop providing services till the day they are qualified for enjoying the normal retirement as liabilities, and includes them in the current profit or loss all at once. Differences caused by changes in actuarial assumptions and adjustment on benefit standards relating to early retirement benefits are included in the current profit or loss when they occur.

（4）Other long-term employee benefits

35. Lease liabilities

The Company initially measures the Lease liabilities at the present value of the lease payments that have not been paid on the lease commencement date. When calculating the present value of minimum lease payment, the Company adopts the implicit rate of lease as the discount rate, but if the implicit rate of lease cannot be reasonably determined, the Company's incremental borrowing rate will be adopted as the discount rate. Lease payments include:

1For fixed payments and substantial fixed payments after deducting the relevant amount of the lease incentive;

Variable lease payments depending on the index or ratio;

Exercise price of purchase option, provided that the Company reasonably determines that it will exercise the option;

Payment needs to be paid for executing the lease termination option, provided that it is reflected that the Company will execute the lease termination option during the lease term.

The payments expected to be payable based on the residual value of the guarantee provided by the Company;

The Company calculates the interest expense of the lease liability in each period during the lease term according to the fixed discount rate, and records it into the current profit or loss or the related asset costs.

The variable lease payments not included in the measurement of lease liabilities shall be included in the current profit or loss or the related asset costs when they actually occur.

36. Estimated Liabilities

1.Recognition criteria for estimated liabilities

Where the obligation related to contingency meets all the following conditions simultaneously, it may be recognized as estimated liabilities by the Company:
This obligation is a present obligation of the Company;

The performance of this obligation may very probably lead to the flow of economic interests out of the Company; and

The amount of the obligation can be measured reliably.

2.Measurement method of estimated liabilities

The estimated liabilities of the Company are initially measured as the best estimate of expenses required for the performance of relevant present obligations.

The Company, when determining the best estimate, has had a comprehensive consideration of risks with respect to contingencies, uncertainties and the time value of money. If the time value of money is significant, the best estimates shall be determined after discount of relevant future cash outflows.

The best estimate shall be accounted as follows in different circumstances:
If there is continuous range (or interval) for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the average amount of upper and lower limits within the range.

37.Share-based Payment

38 . Other financial instruments such as preferred shares and perpetual capital securities

39.Revenues

The Company's revenue mainly comes from the following business:

(1) Key client 1

(2) Client obtaining the goods after payment

(3) Post-sales client

Different business models of similar businesses lead to differences in revenue recognition accounting policies.

40.Government grants

1.Type

Government grants refer to the monetary or non-monetary assets obtained by the Company from the government for free. Government subsidies are divided into government subsidies related to assets and government subsidies related to income according to the nature of assistance objects specified in relevant government documents.

Asset-related government grants refer to government subsidies obtained by the Company for forming long-term assets by acquisition, construction or other manners. Income-related government grants refer to government grants excluding the asset-related government grants.

2.Recognition of government grants

Where there is strong evidence showing that at the end of the period, the Company is able to conform to conditions related to the financial support policy, and it is estimated that the Company may receive the financial support funds, the government grant is recognized when the amount receivable is confirming. Beyond that, the government grant is recognized when it is actually received.

If government grants are monetary assets, they shall be measured at the amount received or receivable. If government grants are non-monetary assets, they shall be measured at its fair value; and if the fair value cannot be obtained in a reliable way, they shall be measured at a nominal amount (RMB 1). Government grants measured at nominal amount are included in the current profit or loss.

3.Accounting treatment methods

The Company determines whether a particular type of government grant business should be accounted for under the gross method or the net method based on the substance of the economic business. Normally, the Company uses only one method for the same or similar government grant business and applies the method consistently to such business.

Asset-related government grants should be used to offset the book value of relevant assets or recognized as deferred income. Asset-related government grants are recognized as deferred income and included in profit or loss by stages under reasonable and systematic methods within the useful life of the assets constructed or purchased;

If income-related government grants are used to compensate the enterprise's relevant expenses or losses in future periods, such government grants should be recognized as deferred income, and shall be included into current profit or loss or offset relevant costs during the period of recognizing relevant costs or losses; if income-related government grants are used to compensate the enterprise's relevant expenses or losses incurred, such income-related government grants are directly included into the current profit or loss or offset relevant costs upon acquisition.

Government grants relevant to routine activities of the Company are included in other income or used to offset relevant costs. Government grants irrelevant to routine activities of the Company are included in the non-operating revenue and expenditure.

If the government grants in connection with the interest subsidies of policy-based preferential loans are received, the related borrowing costs will be offset; if a policy-based preferential loan rate is obtained from a lending bank, the amount of the borrowing actually received is used as the recorded value of the borrowings, and the related borrowing costs are calculated in accordance with the loan principal and the policy-based preferential loan rate.

If the recognized government grants need to be returned, the carrying value of the assets is adjusted if the book value of the relevant assets is offset upon initial recognition; if there is a balance of relevant deferred income, the book value of the relevant deferred income is offset and the excess part is recognized in the current profit or loss; if there is no relevant deferred income, it is recognized directly in the current profit or loss.

41.Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on differences (temporary differences) between tax base and book value of the assets and liabilities. On the balance sheet date, the deferred income tax assets and deferred income tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

1.Recognition basis of deferred income tax assets

The Company recognizes the deferred income tax assets arising from deductible temporary differences to the extent of the amount of the taxable income which may be obtained and used to deduct the deductible temporary differences, deductible losses and tax credits that can be carried forward to subsequent periods. However, in transactions having the following features at the same time, the deferred income tax assets occurring due to the initial recognition of assets or liabilities shall not be recognized: (1) the transaction is not a business combination; (2) the transaction, when occurring, affects neither accounting profit nor taxable income or deductible loss.

For the deductible temporary differences arising from investments in associates and joint ventures, the deferred income tax assets will be accordingly recognized when meeting the following conditions at the same time: the temporary differences may be reversed in the foreseeable future and they can be used to offset the taxable income of deductible temporary differences in the future.

2.Recognition basis of deferred income tax liabilities

The Company recognized outstanding taxable temporary differences for current or prior periods as deferred income tax liabilities. They exclude:

(1) Temporary differences arising from initial recognition of goodwill;

(2) Transactions or matters arising from non-business combinations, which do not affect either the accounting profit or the taxable or deductible temporary differences formed by the taxable income (or deductible losses).

(3) For taxable temporary differences related to the investments in subsidiaries and associates, the time of their reversal can be controlled and they are not likely to be reversed in the foreseeable future.

42.Operational leasing

（1）.Accounting treatment of operating lease

The Company will transfer substantially all the risks and rewards of ownership of an asset lease are recognized as a finance lease. Other forms of lease besides financial leasing are considered as operating leasing.

At the commencement of the lease term, an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments shall be regarded as the recorded value of the leased assets and an amount equal to the minimum lease payments shall be recognized as a long-term recorded value of the leased assets of payables. The balance between the recorded amount of the leased asset and the recorded amount of the payable shall be accounted for as unrecognized finance charge.

Lease payments under an operating lease shall be accounted into the relevant asset cost or current profit or loss over the lease term on a straight-line basis.

（2）Accounting treatment of financing lease

43. Other significant accounting policies and estimates

44.Change of main accounting policies and estimations

(1)Change of main accounting policies

- **Implementation of the Interpretation No. 15 of the Accounting Standards for Business Enterprises has no impact on the Company.**
- On December 31,2021, the Ministry of Finance issued the Interpretation No.15 of Accounting Standards for Business Enterprises (CK [2021] No.35, the "Interpretation No.15"), wherein the “accounting treatment of the external sales of products or by-products produced by an enterprise before the fixed assets reach their intended serviceable condition or in the research and development process (‘trial operation sales’)”and “judgment on the loss contract”, shall be implemented as of January 1, 2022.
- Implementation of the Interpretation No. 15 of the Accounting Standards for Business Enterprises has no impact on the Company.
- **Implementation of the Interpretation No. 16 of the Accounting Standards for Business Enterprises on the Company**
- On December 13,2022, the Ministry of Finance has issued the Interpretation No.16 of Accounting Standards for Business Enterprises (CK [2022] No.31, the "Interpretation No.16"). In the three accounting treatments, accounting for deferred income taxes related to assets and liabilities arising from a single transaction for which no exemption from initial recognition applies shall be implemented as of January 1, 2023, which allowed to be implemented in advance by the enterprise since the issue year; the Company has not implemented the relevant accounting in advance in this year; “accounting treatment for the income tax effects of dividends related to financial instruments classified as equity instruments by the issuer and “accounting treatment for modifying cash-settled share-based payment to equity-settled share-based payment” shall be implemented as of the date of promulgation.
-
- Implementation of the Interpretation No. 16 of the Accounting Standards for Business Enterprises has no impact on the Company.
-
- **(2)Change of main accounting policies**
- □ Applicable √ Applicable
- **（3）The information of the adjusting items related to the financial statements at the beginning of the year of first implementation due to the first implementation of new accounting standards from 2023.**
- □ Applicable √ Applicable

45.Other

VI. Taxation

1. Main categories and rates of taxes

Class of tax	Tax basis	Tax rate
VAT	Income should be taxed	13%、9%、6%
City maintenance and construction tax	Levied based on the taxable income	7%
Enterprise income tax	Levied based on the taxable income	25%、15%
Education surcharges	Levied based on the taxable income	3%

The disclosure on the rate of income tax of taxpayers in different enterprises is stated below

Name of Taxpayer	Rate of Income Tax
Chongqing Jianshe Vehicle System Co., Ltd.	25%
Chongqing Jianshe Automobile A/C Co., Ltd.	15%
Chongqing Pingshan TK Carburetor Co., Ltd.	15%

2.Preferential tax treatment

Chongqing Jianshe Automobile A/C Co., Ltd., a subsidiary of the Company, was certified as a high-tech enterprise on November 28, 2022 and obtained a high-tech enterprise qualification certificate with certificate No. GR202251102508, which is valid for three years and is subject to a reduced income tax rate of 15% for the calculation of enterprise income tax from 2022 to 2024.

According to the Circular of the Ministry of Finance, the General Administration of Customs and the State Taxation Administration on Issues concerning Tax Policies for In-depth Implementation of Western Development Strategies (CS [2011] No.58), from January 1, 2011 to December 31, 2020, the enterprise income tax on enterprises established in western areas and engaging in industries encouraged by the State is levied at a reduced tax rate of 15%; According to the Announcement on Continuing the Western Development Enterprise Income Tax Policy (Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission [2020] No.23), from January 1, 2021 to December 31, 2030, the enterprise income tax on encouraged enterprises in western areas shall be levied at 15%. The enterprise income tax of the Company's subsidiary Chongqing Pingshan TK Carburetor Co., Ltd. was 15% in 2022.

The Company's export tax refund applies to the policy for tax exemption, offset and refund at tax refund rate of 13%.

3.Other

None

VII. Notes on major items in consolidated financial statements of the Company

1. Monetary funds

In RMB

Items	Closing balance	Opening balance
Bank deposits	64,636,658.94	169,994,534.05
Other monetary funds	34,790,000.00	9,959,988.94
Total	99,426,658.94	179,954,522.99
Total amount of money limited to use, such as mortgage, pledge or freeze	34,790,000.00	

2. Transactional financial assets

3. Derivative financial assets

4. Note receivable

(1) Notes receivable listed by category

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:
□ Applicable √ Not applicable

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision：
□ Applicable √ Not applicable

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

（4）Notes receivable which had endorsed by the Company or had discounted and had not due on the balance sheet date at the period-end

（5）Notes transferred to accounts receivable because drawer of the notes fails to executed the contract or agreement

（6） The actual write-off accounts receivable

5. Accounts receivable

(1) Accounts receivable disclosed by category

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion %	Amount	Proportion %		Amount	Proportion %	Amount	Proportion %	

Accrual of bad debt provision by single item	27,688,627.26	19.10%	27,688,627.26	100.00%	0.00	28,054,549.77	18.92%	28,054,549.77	100.00%	
Including:										
Accrual of bad debt provision by portfolio	117,292,339.25	80.90%	6,545,587.53	5.58%	110,746,751.72	120,240,055.78	81.08%	6,529,841.06	5.43%	113,710,214.72
Including:										
Total	144,980,966.51		34,234,214.79	23.61%	110,746,751.72	148,294,605.55	100.00%	34,584,390.83	23.32%	113,710,214.72
Total	131,619,471.19		34,868,019.53	26.49%	96,751,451.66	184,917,114.30		35,583,828.66	19.24%	149,333,285.64

Accrual of bad debt provision by single item:27,688,627.26

In RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion	Reason
Chongqing Huansu Auto Parts Co.,Ltd.	12,723,992.31	12,723,992.31	100.00%	Unable to recover
Chongqing Bisu Yunbo Power Technology Co.,Ltd.	5,217,475.35	5,217,475.35	100.00%	Unable to recover
Hafei Automobile co., Ltd.	3,999,944.43	3,999,944.43	100.00%	Unable to recover
Hangzhou Fuyang Instrument Factory Co., Ltd.	2,681,594.66	2,681,594.66	100.00%	Unable to recover
Chongqing Kaite Power Technology Co.,Ltd.	1,481,654.59	1,481,654.59	100.00%	Unable to recover
Hubei Meiyang Automobile Industry Co., Ltd.	1,225,666.00	1,225,666.00	100.00%	Unable to recover
Guangqi Jiao Auto Co.,Ltd.	75,821.20	75,821.20	100.00%	Unable to recover
Guangqi Jiao Auto Co.,Ltd.	67,998.51	67,998.51	100.00%	Unable to recover
Beiqi Heibao(Weihai) Auto Co., Ltd.	51,021.77	51,021.77	100.00%	Unable to recover
Dongying Jiao Auto Co.,Ltd.	48,579.85	48,579.85	100.00%	Unable to recover
Suchuan Yema Automobile Co., Ltd.	12,157.93	12,157.93	100.00%	Unable to recover
Dongfeng Xiaokang Auto Co., Ltd.	102,720.66	102,720.66	100.00%	Unable to recover
Total	27,688,627.26	27,688,627.26		

Accrual of bad debt provision by portfolio:6,545,587.53

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:

□ Applicable √ Not applicable

Disclosure by aging

In RMB

Aging	Closing balance

Within 1 year（Including 1 year）	111,655,809.17
1-2 years	444,283.79
2-3 years	23,921.09
Over 3 years	32,856,952.46
3-4 years	14,225.78
4-5 years	1,288,174.18
Over 5 years	31,554,552.50
Total	144,980,966.51

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision：

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by single item	28,054,549.77		365,922.51			27,688,627.26
Accrual of bad debt provision by portfolio	6,529,841.06	52,490.86	36,744.39			6,545,587.53
Total	34,584,390.83	52,490.86	402,666.90			34,234,214.79

Of which the significant amount of the reversed or collected part during the reporting period

In RMB

Name	Amount	Way
Hubei Meiyang Automobile Industry Co., Ltd.	183,145.40	Cash
Jiangxi Zhicheng Auto Co., Ltd. Jingdezhen Branch	182,777.11	Cash
Total	365,922.51	

(3) The actual write-off accounts receivable

(4) Top 5 of the closing balance of the accounts receivable collected according to the arrears party

In RMB

Company Name	Amount of ending balance	Proportion of total accounts receivable %	Amount of ending balance for bad debts
PSA Company	49,293,085.11	34.00%	
Chongqing Huansu Auto Parts Co.,Ltd.	12,723,992.31	8.78%	12,723,992.31
Great Wall Motor Co., Ltd. Chongqing Procurement branch	10,605,076.18	7.31%	
Chengdu Henggao Machine Electric Co., Ltd.	6,849,752.48	4.72%	
Chongqing Changan Auto	5,295,805.67	3.65%	

Total	84,767,711.75	58.46%	

(5) Account receivable which terminate the recognition owning to the transfer of the financial assets

(6) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

6. Financing of receivables

In RMB

Items	Closing balance	Opening balance
Notes receivable	32,933,299.86	17,548,591.75
Total	32,933,299.86	17,548,591.75

Changes in the current period of receivables financing and fair value
□ Applicable √ Not applicable
Relevant information of the financing provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:
□ Applicable √ Not applicable

7.Prepayments

(1) List by aging analysis:

In RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion %	Amount	Proportion %
Within 1 year	4,516,354.19	91.00%	3,577,455.19	88.89%
1-2 years	90,007.50	1.81%	90,007.50	2.24%
2-3 years	127,554.40	2.57%	127,554.40	3.17%
Over 3 years	229,348.93	4.62%	229,348.93	5.70%
Total	4,963,265.02		4,024,366.02	

Notes of the reasons of the prepayment ages over 1 year with significant amount but failed settled in time

(2) Top 5 of the closing balance of the prepayment collected according to the prepayment target

Name	Closing balance	Proportion
Chongqing Jiantao Aluminium Co., Ltd.	1,001,000.00	20.17
Huayang Trade (Shanghai)Co., Ltd.	426,000.00	8.58
Suzhou Ruichang Electromechanical Engineering Co., Ltd.	359,400.00	7.24
Shenyang Huatai Mould Co., Ltd.	334,480.00	6.74
Ningbo Dongda Auto Part Co., Ltd.	290,000.00	5.84
Total	2,410,880.00	48.57

8. Other accounts receivable

In RMB

Items	Closing balance	Opening balance
Other accounts receivable	2,560,300.89	1,720,044.17
Total	2,560,300.89	1,720,044.17

（1）Interest receivable

1) Category of interest receivable

2) Significant overdue interest

3）Bad-debt provision
□ Applicable √Not applicable

(2)Dividend receivable

1) Dividend receivable

2) Significant dividend receivable aged over 1 year

3）Bad-debt provision
□ Applicable √ Not applicable

（3） Other accounts receivable

1) Other accounts receivable classified by the nature of accounts

In RMB

Nature	Closing book balance	Opening book balance
Petty cash and borrowings with small amount	534,036.14	284,542.01
Current Account	8,289,317.15	7,698,554.56
Total	8,823,353.29	7,983,096.57

2）Bad-debt provision

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2023	3,731,873.16		2,531,179.24	6,263,052.40
Balance as at January 1, 2023 in current				
Balance as at June 30,2023	3,731,873.16		2,531,179.24	6,263,052.40

Loss provision changes in current period, change in book balance with significant amount
□ Applicable √Not applicable
Disclosure by aging

In RMB

Aging	Closing balance
1-2 years	2,570,300.89
2-3 years	1,223,146.45
Over 3 years	5,029,905.95
3-4 years	255,723.62
Over 5 years	4,774,182.33
Total	8,823,353.29

3) Accounts receivable withdraw, reversed or collected during the reporting period

4) The actual write-off accounts receivable

5) Top 5 of the closing balance of the other accounts receivable collated according to the arrears party

In RMB

Name	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable	Closing balance of bad debt provision
Shenzhen Jianshe Motorcycle Co.,Ltd.	Current account	3,013,664.00	Over 5 years	34.16%	3,013,664.00
Chongqing Jianshe Lijue Industry Co., Ltd.	Current account	1,478,870.07	2-4 years	16.76%	1,478,870.07
Ningbo Jianshe Chongqing Office	Current account	692,035.31	Over 5 years	7.84%	692,035.31
Temporary supplier	Current account	390,655.08	Over 5 years	4.43%	390,655.08
Ningbo Jianshe Motorcycle Co., Ltd.	Current account	329,628.73	Over 5 years	3.74%	329,628.73
Total		5,904,853.19		66.92%	5,904,853.19

6) Accounts receivable involved with government subsidies

7) Other account receivable which terminate the recognition owning to the transfer of the financial assets

8) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivable

9. Inventories

Whether the company need to comply with the disclosure requirements of the real estate industry
No

（1）Category of Inventory

In RMB

Items	Closing book balance			Opening book balance		
	Book balance	Provision for inventory impairment	Book value	Book balance	Provision for inventory impairment	Book value
Raw materials	22,147,611.91		22,147,611.91	23,279,997.14		23,279,997.14
Goods in progress	14,005,533.58	42,930.77	13,962,602.81	9,357,445.63	42,930.77	9,314,514.86
Stock goods	104,701,965.98	2,170,864.12	102,531,101.86	98,610,353.14	2,170,864.12	96,439,489.02
Turnover materials	4,389,620.39	1,294,020.05	3,095,600.34	4,120,591.96	1,294,020.05	2,826,571.91
Total	145,244,731.86	3,507,814.94	141,736,916.92	135,368,387.87	3,507,814.94	131,860,572.93

(2) Falling price reserves of inventory

In RMB

Items	Opening balance	Increased amount		Decreased amount		Closing balance
		Withdrawal	Other	Reverse or write-off	Other	
Goods in progress	42,930.77					42,930.77
Stock goods	2,170,864.12					2,170,864.12
Turnover materials	1,294,020.05					1,294,020.05
Total	3,507,814.94					3,507,814.94

(3)Description of The closing balance of inventories contain the amount of borrowing costs capitalized

（4）Description of amortization amount of contract performance cost in the current period

10.Contact assets

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of contract assets is accrued according to the general model of expected credit loss:
□ Applicable √ Not applicable

11. Assets divided as held-to-sold

12. Non-current assets due within 1 year

13. Other current assets

In RMB

Items	Closing balance	Opening balance
Overpaid VAT	2,362,443.87	1,468,399.16
Total	2,362,443.87	1,468,399.16

14.Creditor's rights investment

Loss provision changes in current period, change in book balance with significant amount
□ Applicable √ Not applicable

15.Other creditor's rights investment

Loss provision changes in current period, change in book balance with significant amount
□ Applicable √ Not applicable

16. Long-term accounts receivable

(1) List of long-term accounts receivable

Loss provision changes in current period, change in book balance with significant amount
□ Applicable √ Not applicable

(2) Long-term accounts receivable which terminate the recognition owning to the transfer of the financial assets

(3) The amount of the assets and liabilities formed by the transfer and the continues involvement of long-term accounts receivable

17. Long-term equity investment

In RMB

Investees	Opening balance	Increase /decrease								Closing balance	Closing balance of impairment provision
		Additional investment	Decrease in investment	Profits and losses on investments Recognized under the equity method	Other comprehensive income	Changes in other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I. Joint ventures											
Chongqing Jianshe Hanon Automobile heat management system co., Ltd.	210,112,321.04			3,969,024.86						214,081,345.90	
Subtotal	210,112,321.04			3,969,024.86						214,081,345.90	
II. Associates											
Total	210,112,321.04			3,969,024.86						214,081,345.90	

18. Other equity instruments investment

19.Other non-current assets

20. Investment property

(1) Investment property adopted the cost measurement mode

□Applicable √Not applicable

(2) Investment property adopted fair value measurement mode

□ Applicable √Not applicable

(3) Details of investment property failed to accomplish certification of property

21. Fixed assets

In RMB

Items	Closing balance	Opening balance
Fixed assets	199,107,729.27	202,039,143.80
Total	199,107,729.27	202,039,143.80

（1）List of fixed assets

In RMB

Items	House, Building	Machinery equipment	Transportations	Other equipment	Office equipment	Total
I. Original book value：						
1. Opening balance	103,844,073.80	625,135,240.34	5,898,095.03	3,326,022.05	17,127,717.39	755,331,148.61
2.Increased amount of the period	440,366.98	9,012,631.09	0.00	0.00	225,088.48	9,678,086.55
（1）Purchase	440,366.98	8,943,604.54	0.00	0.00	225,088.48	9,609,060.00
（2）Transfer of project under Construction	0.00	69,026.55	0.00	0.00	0.00	69,026.55
（3）Increased from enterprise merger	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00
3.Decreased amount of the period	0.00	0.00	0.00	0.00	359,734.08	359,734.08
（1）Disposal or scrap	0.00	0.00	0.00	0.00	359,734.08	359,734.08
	0.00	0.00	0.00	0.00	0.00	0.00
4.Closing balance	104,284,440.78	634,147,871.43	5,898,095.03	3,326,022.05	16,993,071.79	764,649,501.08
II. Accumulative depreciation						
1.Opening balance	57,311,359.61	462,125,881.01	5,148,029.86	3,064,213.78	15,596,958.44	543,246,442.70
2.Increased amount of the period	1,609,944.52	10,702,765.99	49,736.55	32,188.30	204,138.77	12,598,774.13
（1）Withdrawal	1,609,944.52	10,702,765.99	49,736.55	32,188.30	204,138.77	12,598,774.13
	0.00	0.00	0.00	0.00	0.00	0.00
3.Decreased amount of the period	0.00	0.00	0.00	0.00	349,007.13	349,007.13
（1）Disposal or scrap	0.00	0.00	0.00	0.00	349,007.13	349,007.13
	0.00	0.00	0.00	0.00	0.00	0.00
4.Closing balance	58,921,304.13	472,828,647.00	5,197,766.41	3,096,402.08	15,452,090.08	555,496,209.70
III. Impairment provision	0.00	0.00	0.00	0.00	0.00	0.00
1. Opening balance	0.00	10,045,562.11	0.00	0.00	0.00	10,045,562.11

2.Increased amount of the period	0.00	0.00	0.00	0.00	0.00	0.00
（1）Withdrawal	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00
3.Decreased amount of the period	0.00	0.00	0.00	0.00	0.00	0.00
（1）Disposal or scrap	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00
4.Closing balance	0.00	10,045,562.11	0.00	0.00	0.00	10,045,562.11
IV. Book Value	0.00	0.00	0.00	0.00	0.00	0.00
1.Closing book value	45,363,136.65	151,273,662.32	700,328.62	229,619.97	1,540,981.71	199,107,729.27
2.Opening book value	46,532,714.19	152,963,797.22	750,065.17	261,808.27	1,530,758.95	202,039,143.80

(2) List of temporarily idle fixed assets

(3) Fixed assets leased out from operation lease

(4) Details of fixed assets failed to accomplish certification of property

（5）Liquidation of fixed assets

22. Construction in progress

In RMB

Items	Closing balance	Opening balance
Construction in progress	869,819.59	989,429.96
Total	869,819.59	989,429.96

(1) List of construction in progress

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Production line project	555,697.91		555,697.91	524,783.95		524,783.95
Mould to be transferred to fixed assets	314,121.68		314,121.68	395,619.46		395,619.46
Comprehensive performance test-bed				69,026.55		69,026.55
Total	869,819.59		869,819.59	989,429.96		989,429.96

(2) Changes of significant construction in progress

(3) List of the withdrawal of the impairment provision of the construction in progress

（4）Engineering material

23. Productive biological assets

(1) Productive biological assets measured at cost methods

□ Applicable √ Not applicable

(2) Productive biological assets measured at fair value

□ Applicable √ Not applicable

24. Oil and gas assets

□ Applicable √ Inapplicable

25. Right to use assets

26. Intangible assets

(1) Information

In RMB

Items	Land use right	Patent	Non-patents	Software	Total
I. Total original book value					
1. Opening balance	21,224,143.33	2,691,549.96		3,933,749.40	27,849,442.69
2. Increase in the reporting period					
（1）Purchase					
（2）Internal R&D					
（3）Increase from enterprise combination					
3.Decrease in the reporting period					
（1）Disposal					
4.Closing balance	21,224,143.33	2,691,549.96		3,933,749.40	27,849,442.69
II. Total accrued amortization					
1.Opening balance	12,863,535.82	1,108,285.29		2,076,116.63	16,047,937.74
2.Increased in the reporting period	350,709.40	237,489.71		301,367.94	889,567.05
（1）Withdrawal	350,709.40	237,489.71		301,367.94	889,567.05
3.Decrease in the reporting period					
（1）Disposal					

4.Closing balance	13,214,245.22	1,345,775.00		2,377,484.57	16,937,504.79
III. Impairment provision					
1.Opening balance					
2.Increases in the reporting period					
（1）Withdrawal					
3.Decrease in the reporting period					
（1）Disposal					
4.Closing balance					
IV. Book value					
1.Book value of the period-end	8,009,898.11	1,345,774.96		1,556,264.83	10,911,937.90
2.Book value of the period-begin	8,360,607.51	1,583,264.67		1,857,632.77	11,801,504.95

(2) Details of fixed assets failed to accomplish certification of land use right

27. R&D expenses

28. Goodwill

（1） Goodwill Book original

（2）Goodwill Impairment provision

29. Long-term unamortized expenses

In RMB

Items	Opening balance	Increase	Amortization amount	Decrease	Closing balance
SlidDworks2018 Three years Service charge	70,280.65		23,349.06		46,931.59
Total	70,280.65		23,349.06		46,931.59

30. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets had not been off-set

In RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	38,046,113.58	5,706,917.04	4,522,840.65	678,426.10
Credit impairment provision			33,873,448.97	5,073,630.93
Total	38,046,113.58	5,706,917.04	38,396,289.62	5,752,057.03

(2) Deferred income tax liabilities had not been off-set

In RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Estimated added value of assets not under the same control	2,580,500.91	645,125.23	3,281,012.83	820,253.21
Tax deduction for depreciation of fixed assets	1,276,898.41	191,534.76	1,276,898.41	191,534.76
Total	3,857,399.32	836,659.99	4,557,911.24	1,011,787.97

(3) Deferred income tax assets or liabilities listed by net amount after off-set

In RMB

Items	Trade-off between the deferred income tax assets and liabilities	End balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets		5,752,057.03		5,752,057.03
Deferred income tax liabilities		836,659.99		1,011,787.97

(4)Details of income tax assets not recognized

(5)Deductible losses of the un-recognized deferred income tax asset will expire in the following years

31 .Other non-current assets

In RMB

Items	Balance in year-end			Balance in year-begin		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Advance equipment	12,733,820.00		12,733,820.00	15,860,120.00		15,860,120.00
Total	12,733,820.00		12,733,820.00	15,860,120.00		15,860,120.00

32. Short-term borrowings

(1) Category of short-term borrowings

In RMB

Items	Closing balance	Opening balance
Guaranteed borrowings	119,103,500.00	135,103,500.00
Credit borrowings	353,290,000.00	411,500,000.00
Total	472,393,500.00	546,603,500.00

(2) List of the short-term borrowings overdue but not return

33. Transactional financial liabilities

34. Derivative financial liability

35.Note payable

In RMB

Items	Closing balance	Opening balance
Bank acceptance bill	65,698,705.89	30,379,988.94
Total	65,698,705.89	30,379,988.94

36. Accounts payable

(1) List of accounts payable

In RMB

Items	Closing balance	Opening balance
Within 1 year	195,828,433.20	167,925,916.80
1-2 years	1,002,926.50	1,002,926.50
2-3 years	936,903.59	936,903.59
Over 3 years	1,324,729.21	1,324,729.21
Total	199,092,992.50	171,190,476.10

(2) Note of the accounts payable aging over one year

37. Advance from customers

(1) List of advance from customers

(2) Significant advance from customers aging over one year

38.Contract liabilities

In RMB

Items	Closing balance	Opening balance
Sales payment for manufacturing products is received in advance	1,867,398.72	3,441,205.38
Total	1,867,398.72	3,441,205.38

39. Payroll payable

(1) List of Payroll payable

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Short-term compensation	5,443,402.41	47,673,525.03	49,179,013.59	3,937,913.85
Post-employment benefits - defined contribution plans	3,085,990.37	5,261,740.06	6,146,928.76	2,200,801.67
Total	8,529,392.78	52,935,265.09	55,325,942.35	6,138,715.52

（2）Presentation of short-term compensation

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
(1) Salary, bonus, allowance and subsidy	2,264,517.88	34,408,017.81	35,934,876.81	737,658.88

(2) Employee benefits		3,075,132.79	3,075,132.79	
(3) Social insurance expenses	1,233,775.80	5,168,166.27	5,197,326.64	1,204,615.43
Including: medical insurance premium	1,164,912.31	4,812,359.94	4,830,884.80	1,146,387.45
Work-related injury insurance premium	68,863.49	355,806.33	366,441.84	58,227.98
(4) Housing fund	477,137.46	3,953,695.00	3,993,442.00	437,390.46
(5) Labor union expenditures and employee education expenses	1,467,971.27	1,068,513.16	978,235.35	1,558,249.08
Total	5,443,402.41	47,673,525.03	49,179,013.59	3,937,913.85

(3) List of drawing scheme

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	2,738,319.74	5,099,663.52	5,974,461.68	1,863,521.58
Unemployment insurance premium	347,670.63	162,076.54	172,467.08	337,280.09
Total	3,085,990.37	5,261,740.06	6,146,928.76	2,200,801.67

40. Taxes payable

In RMB

Items	Closing balance	Opening balance
VAT	430,952.95	896,389.23
Individual income tax	344,061.20	969,485.81
Urban maintenance and construction tax	3,129,991.42	3,182,393.81
property tax	3,727,900.64	3,727,900.64
Land use tax	1,808,215.20	1,808,215.20
Other	6,027,889.07	6,065,319.38
Total	15,469,010.48	16,649,704.07

41.Other account payable

In RMB

Items	Closing balance	Opening balance
Other account payable	7,738,104.48	7,566,872.62
Total	7,738,104.48	7,566,872.62

（1) Interest payable

(2) Dividends payable

(3) Other accounts payable

(1) Other accounts payable listed by nature of the account

In RMB

Items	Closing balance	Opening balance
Cash deposit	859,120.26	863,901.85
Work-related injury payment	2,298,920.31	3,806,031.38
Other	4,580,063.91	2,896,939.39
Total	7,738,104.48	7,566,872.62

（2）Significant other payables for over 1 year

42. Liabilities classified as holding for sale

43. Non-current liabilities due within 1 year

44. Other current-liabilities

In RMB

Items	Closing balance	Opening balance
Taxes to be written off	242,761.83	447,356.63
Total	242,761.83	447,356.63

45. Long-term borrowing

(1) Category of long-term loan

46. Bonds payable

(1) Bonds payable

(2) Changes on bonds payable (not including other financial instrument classified as preferred stock and perpetual capital securities of financial liabilities)

(3) Note to conditions and time of share transfer of convertible bonds

(4) Note to other financial instrument classified as financial liabilities

47. Lease liability

48. Long-term payable

（2）Special payable

49. Long term payroll payable

(1) List of long term payroll payable

(2) Changes of defined benefit plans

50. Accrued liabilities

51. Deferred income

52. Other non-current liabilities

53. Share capital

In RMB

	Opening balance	Increase ("+") /decrease ("-") for the current year					Closing balance
		Issuance of new shares	Share donation	Share converted from public reserve funds	Others	Sub-total	
Total shares	119,375,000.00						119,375,000.00

54. Other equity instruments

(1) Basic information of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end

(2) Change list of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end

55. Capital reserves

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Capital premium	702,032,741.07			702,032,741.07
Other capital reserves	256,532,553.22			256,532,553.22
Total	958,565,294.29			958,565,294.29

56. Treasury stock

57. Other comprehensive income

In RMB

Items	Opening balance	Occurred current term						Closing balance
		Amount incurred before income tax	Less：Amount transferred into profit and loss in the current period that recognied into other comprehensive income in prior period	Less：Prior period included in other composite income transfer to retained income in the current period	Less：Income tax expenses	After-tax attribute to the parent company	After-tax attribute to minority shareholder	
1. Other comprehensive income that cannot be reclassified in the loss and gain in the future	9,800.00							9,800.00
Share of other combined income of invested units that cannot be reclassified into profit or loss under the equity method	9,800.00							9,800.00
Total of other comprehensive income	9,800.00							9,800.00

58. Special reserves

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Safety in production expenses	3,234,669.03	1,383,189.96	408,367.40	4,209,491.59
Total	3,234,669.03	1,383,189.96	408,367.40	4,209,491.59

59. Surplus reserves

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	56,724,000.00			56,724,000.00
Discretionary surplus reserves	68,962,000.00			68,962,000.00
Total	125,686,000.00			125,686,000.00

60. Retained profits

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Adjust the undistributed profits before and at the end of the period	-1,095,779,478.64	-1,056,046,383.95
Opening balance of retained profits after adjustments	-1,095,779,478.64	-1,056,046,383.95
Add: Net profit attributable to owners of the Parent company	-43,310,678.15	13,405,938.22
Closing retained profits	-1,139,090,156.79	-1,042,640,445.73

List of adjustment of opening retained profits:

1) RMB 000 opening retained profits was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.

2) RMB 000 opening retained profits was affected by changes on accounting policies.

3) RMB 000 opening retained profits was affected by correction of significant accounting errors.

4) RMB 000 opening retained profits was affected by changes in combination scope arising from same control.

5) RMB 000 opening retained profits was affected totally by other adjustments.

61. Operating income and operating costs

In RMB

Items	Amount of the Current Term		Amount of the Previous Term	
	Income	Cost	Income	Cost
Main business	215,091,241.85	203,268,422.15	232,565,591.25	219,733,002.10
Other business	1,496,441.91	719,749.44	6,565,871.59	5,526,678.32
Total	216,587,683.76	203,988,171.59	239,131,462.84	225,259,680.42

Information related to performance obligations

According to the contract, the company delivers the goods to the agreed place or the third-party logistics company. Each month, the customer issues a notice of account according to the actual consumption of the production. The sales clerk issues an invoice according to the customer's notice of account, combined with the customer's consumption, contract unit price, notice of account, etc. As the time point of control transfer, the sales revenue is recognized. The credit period given by the company to customers is determined according to the credit risk of customers, and there is no significant financing component.

Information related to the transaction price apportioned to the residual performance obligation:

The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet was 1,867,398.72 Yuan at the period-end, among which RMB 1,867,398.72 Yuan was expected to be recognized in 2023.

62.Taxes and surcharges

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Urban maintenance and construction tax	775,611.04	245,959.40
Educational surtax	553,895.55	143,725.97
House tax	289,175.34	478,172.10
Land royalties	538,182.60	793,990.27
vehicle ship royalties	4,020.00	1,560.00
Stamp duty	216,591.67	251,669.70
Other	169,250.34	346,795.04
Total	2,546,726.54	2,261,872.48

63. Selling expenses

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Repair cost	1,092,626.29	1,611,009.58
Transportation cost	79,977.51	86,409.23
Payroll Payable	3,159,579.47	3,594,883.83
Storage fee	264,418.16	506,651.05
Travel expenses	265,203.60	304,574.01
Sales service charge	79,794.66	139,057.96
Office expenses	55,793.43	39,298.63
Depreciation costs	8,418.24	22,937.66
Insurance expenses	485,126.25	601,638.39
Total	5,490,937.61	6,906,460.34

64. Administrative expenses

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Payroll Payable	17,497,009.35	4,379,995.60
Depreciation costs	1,902,323.31	1,645,374.54
Repair charges	862,196.50	2,294,828.04
Office expenses	417,798.58	351,766.45
Agency fee	708,881.91	709,223.40
Travel expenses	218,965.26	87,611.87
Amortization of intangible assets	755,303.31	755,303.31
Board of directors' expenses	159,810.97	92,548.84
Business entertainment	209,169.94	193,361.38
Sewage charge	776,302.26	746,227.70
Lawsuit fee	2,415.96	94,339.62
Insurance expenses	3,022,496.06	3,240,622.39
Total	26,532,673.41	14,591,203.14

65. R&D Expense

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Material cost	1,120,796.15	747,734.04
Payroll Payable	13,024,193.94	11,138,298.39
Depreciation costs	1,154,623.72	1,045,218.56
Amortization of intangible assets	134,263.74	134,263.74
Travel expenses	158,517.27	227,364.90
Other	1,042,476.69	1,455,596.88
Total	16,634,871.51	14,748,476.51

66. Financial expenses

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Interest expenses	10,828,945.23	9,877,903.63
Less: Interest income	670,585.23	546,885.24
Exchange gains and losses	41,201.08	-12,261.65
Commission Charge and others	-122,036.79	-901,896.09
Total	10,077,524.29	8,416,860.65

67.Other income

In RMB

Other sources of revenue	Amount of the Current Term	Amount of the Previous Term
Stable post subsidies		89,224.87
R & D Subsidies	600,000.00	37,900.00
Three generations of fees	15,385.63	19,274.04
Subsidies from the District-level Enterprise Technology Innovation Center of the Finance Bureau of Jiulongpo District, Chongqing City		80,000.00
Amount not to be paid		975,470.31
Group reward	195,000.00	
Total	810,385.63	1,201,869.22

68.Investment income

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Long-term equity investment income calculated by equity method	3,969,024.86	4,372,958.10
Total	3,969,024.86	4,372,958.10

Other note

69.Net exposure hedging income

70. Gains on the changes in the fair value

71. Credit impairment loss

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Loss of receivables	350,176.04	715,809.13
Total	350,176.04	715,809.13

72. Losses from asset impairment

73. Asset disposal income

In RMB

Source	Amount of the Current Term	Amount of the Previous Term
Total profits of non-current assets disposal	-10,025.19	39,860,952.30
Total	-10,025.19	39,860,952.30

74. Non-operating income

In RMB

Items	Amount of the Current Term	Amount of the Previous Term	Recorded in the amount of the non-recurring gains and losses
Other	79,114.42	135,599.04	79,114.42
Total	79,114.42	135,599.04	79,114.42

75. Non-operating expenses

In RMB

Items	Amount of the Current Term	Amount of the Previous Term	Carried to current contingent gain/loss
Other	1,260.70	2,505.21	1,260.70
Total	1,260.70	2,505.21	1,260.70

76. Income tax expense

(1) Lists of income tax expense

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Current income tax expense		781.64
Deferred income tax expense	-175,127.98	-175,127.98
Total	-175,127.98	-174,346.34

(2) Adjustment process of accounting profit and income tax expense

In RMB

Items	Amount of the Current Term
Total profit	-43,485,806.13
Income tax expenses	-175,127.98

77. Other comprehensive income

Refer to the note

78. Supplementary information to cash flow statement

(1) Other cash received relevant to operating activities

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Interest income	230,585.23	410,429.00
Government subsidy	600,000.00	737,900.00

Deposit, petty funds	5,087,254.29	6,778,717.37
Total	5,917,839.52	7,927,046.37

(2) Other cash paid related to operation

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Deposits, petty cash and allotment	3,098,455.31	5,339,666.87
Expenses paid in cash during the period	6,399,501.59	7,244,093.34
Total	9,497,956.90	12,583,760.21

(3) Other cash received related to investment

(4) Other cash paid related to investment

(5) Other cash received related to financing

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Interest		145,373.08
Collection of financing		17,010,000.00
Total		17,155,373.08

(6) Other cash paid relevant to financing activities

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Payment of due financing notes	33,830,011.06	117,420,000.00
Commission charge	57,849.36	22,081.48
Total	33,887,860.42	117,442,081.48

79. Supplementary information to cash flow statement

(1) Information of net profit to net cash flows

In RMB

Supplementary information	Amount of the Current Term	Amount of the Previous Term
1. Net profit adjusted to cash flows from operating activities		
Net profits	-43,310,678.15	13,405,938.22
Add：Provision for assets impairment	-350,176.04	-715,809.13
Depreciation of fixed assets, oil and gas assets and consumable biological	12,249,767.00	12,691,430.17

assets		
Depreciation of Use right assets		0.00
Amortization of intangible assets	889,567.05	820,536.71
Amortization of Long-term deferred expenses	23,349.06	23,349.06
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	10,025.19	-39,860,952.30
Fixed assets scrap loss		0.00
Loss on fair value changes		0.00
Financial cost	-10,828,945.23	9,877,903.63
Loss on investment	-3,969,024.86	-4,372,958.10
Decrease of deferred income tax assets		0.00
Increased of deferred income tax liabilities	-175,127.98	-175,127.98
Decrease of inventories	-9,876,343.99	31,747,487.89
Decease of operating receivables	-215,177,091.26	154,269,985.67
Increased of operating Payable	291,293,457.57	-146,322,551.34
Other		0.00
Net cash flows arising from operating activities	20,778,778.36	31,389,232.50
II. Significant investment and financing activities that without cash flows:		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Financing of fixed assets leased		
3．Movement of cash and cash equivalents：		
Ending balance of cash	64,636,658.94	64,871,780.20
Less: Beginning balance of cash equivalents	169,994,534.05	23,738,523.19
Add：End balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase of cash and cash equivalent	-105,357,875.11	41,133,257.01

(2) Net Cash paid of obtaining the subsidiary

(3) Net Cash receive of disposal of the subsidiary

(4) Component of cash and cash equivalents

In RMB

Items	Closing balance	Opening balance
I. Cash	64,636,658.94	169,994,534.05
Demand bank deposit	64,636,658.94	169,994,534.05

III. Balance of cash and cash equivalents at the period end	64,636,658.94	169,994,534.05

80. Note of statement of changes in the owner's equity

81. The assets with the ownership or use right restricted

In RMB

Items	Book value at the end of the reporting period	Cause of restriction
Monetary funds	34,790,000.00	Guarantee deposit, fixed deposit
Receivable financing	7,408,705.89	Pledge
Total	42,198,705.89	

82. Foreign currency monetary items

(1) Foreign currency monetary items

(2) Note to oversea entities including: for significant oversea entities, shall disclose main operating place, recording currency and selection basis, if there are changes into recording currency, shall also disclose the reason.

□ Applicable √Not applicable

83. Arbitrage

84. Government subsidies

（1）Government subsidies confirmed in current period

In RMB

Items	Amount	Project	Amount included in current profit and loss
Government subsidies related to the benefits	600,000.00	Other income	600,000.00

（2）Government subsidy return

□ Applicable √ Not applicable

85.Other

VIII. Changes of merge scope

1. Business merger not under same control

(1) Business merger not under same control in reporting period

(2) Combined cost and goodwill

(3) The identifiable assets and liabilities of acquiree at purchase date

(4) The profit or loss from equity held by the date before acquisition in accordance with the fair value measured again、

Whether there is a transaction that through multiple transaction step by step to realize enterprises merger and gaining the control during the reporting period
□ Yes √ No

(5) Note to merger could not be determined reasonable consideration or Identifiable assets, Fair value of liabilities of the acquiree at acquisition date or closing period of the merge

(6) Other note:

2. Business combination under the same control

(1) Business combination under the same control during the reporting period

(2) Combination cost

(3) The book value of the assets and liabilities of the merged party on the date of consolidation

3. Counter purchase

4. The disposal of subsidiary

Whether there is a single disposal of the investment to subsidiary and lost control

□ Yes √No

Whether there are multiple transactions step by step dispose the investment to subsidiary and lost control in reporting period

5. Changes in the merger scope for other reason

6. Other

IX. Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Name	Main operating place	Registration place	Nature of business	Proportion of shareholding		Way of gaining
				Directly	Indirectly	
Chongqing Jianshe Automobile A/C Co., Ltd.	Chongqing	Chongqing	Production and sales of automobile air conditioners	100.00%		Establishment by investment
Chongqing Pingshan TK Carburetor Co., Ltd.	Chongqing	Chongqing	Production and sales of motorcycle accessories	100.00%		Combination not under common control

(2) Significant not wholly owned subsidiary

(3) The main financial information of significant not wholly owned subsidiary

(4) Significant restrictions of using enterprise group assets and pay off enterprise group debt

(5) Provide financial support or other support for structure entities incorporate into the scope of consolidated financial statements

2. The transaction of the Company with its owner's equity share changed but still controlling the subsidiary

(1) Note to owner's equity share changed in subsidiary

(2) The transaction's influence to equity of minority shareholders and attributable to the owner's equity of the parent company

3. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

Name of joint venture or associate	Domicile of primary operation	Registered place	Business nature	Proportion of shareholding		Accounting treatment methods for the investments in joint ventures or associates
				Directly	Indirectly	
Chongqing Hanon Jianshe Thermal Systems Co., Ltd.	Chongqing	Chongqing	Assembly of variable displacement compressor and production of core components	50.00%		Equity method

（2）Major joint ventures and associates

In RMB

	Ending balance / Current amount	Beginning balance / Amount of the previous period
	Chongqing Hanon Jianshe Thermal Systems Co., Ltd.	Chongqing Hanon Jianshe Thermal Systems Co., Ltd.
Current assets	182,451,817.88	166,787,138.08
Including: cash and cash equivalents		
Non-current assets	342,211,198.69	355,276,389.82
Total assets	524,663,016.57	522,063,527.90
Current liabilities	99,765,106.75	95,641,912.16
Non-current liabilities		9,313,692.45
Total liabilities	99,800,549.73	104,955,604.61
Minority equity		

Equity attributable to the shareholders of parent company	424,862,466.84	417,107,923.29
Shares in net assets calculated according to the shareholding ratios	212,431,233.40	208,553,961.65
Adjustment events		
- Goodwill		
- Unrealized profits of internal transactions		
- Others		
The book values of equity investments in joint ventures	214,081,345.90	210,112,321.04
The fair values of equity investments in joint ventures with a public offer		
Operating income	125,985,275.40	254,562,100.17
Financial expenses	1,331,208.98	4,586,867.43
Income tax expenses	1,995,799.13	1,799,442.01
Net profit	7,938,049.72	16,256,104.64
Net profit from termination		
Other comprehensive income		
Total comprehensive income	7,938,049.72	16,256,104.64
Dividends received from joint ventures for the current year		

(3) Main financial information of significant associated enterprise

(4) Summary financial information of insignificant joint venture or associated enterprise

(5) Note to the significant restrictions of the ability of joint venture or associated enterprise transfer funds to the Company

(6) The excess loss of joint venture or associated enterprise

(7) The unrecognized commitment related to joint venture investment

(8) Contingent liabilities related to joint venture or associated enterprise investment

4. Significant common operation

5. Equity of structure entity not including in the scope of consolidated financial statements

6.Other

X. The risk related financial instruments

XI. The disclosure of the fair value

1. Closing fair value of assets and liabilities calculated by fair value

2. Market price recognition basis for consistent and inconsistent fair value measurement items at level 1

3. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 2

4. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 3

5. Sensitiveness analysis on unobservable parameters and adjustment information between opening and closing book value of consistent fair value measurement items at level 3

6. Explain the reason for conversion and the policy governing when the conversion happens if conversion happens among consistent fair value measurement items at different levels

7. Changes in the valuation technique in the current period and the reason for change

8. Fair value of financial assets and liabilities not measured at fair value

9. Other

XII. Related party and related Transaction

1. Information related to parent company of the Company

Name of the parent company	Registered place	Business nature	Registered capital	Shareholding ratio in the Company (%)	Voting ratio in the Company (%)
Military Equipment Group	Beijing	Investment in state-owned assets	3,530,000.00	71.13%	71.13%

2. Subsidiaries of the Company

See notes

3. Information on the joint ventures and associated enterprises of the Company

The details of significant joint venture and associated enterprise of the Company

4.Other related parties of the Company

Name of other related parties	Relationship with the Company
Jianshe Mechanical and Electric	Under the common control of the same party
Jianshe Industry	Under the common control of the same party
Military Finance Co.	Under the common control of the same party
Changan Auto	Under the common control of the same party
Changan Auto.Beijing Chanan Auto Company.	Under the common control of the same party
Chongqing Lingyao Auto	An Joint venture a subsidiary of a controlling shareholder
Hefei Changan	Under the common control of the same party
Nanjing Changan	Under the common control of the same party
Baoding Changan Bus Manufacturing Co., Ltd.	Under the common control of the same party
Heifei Changan Auto	Under the common control of the same party
Chongqing Changan Auto Customer service Co., Ltd.	Under the common control of the same party
Chongqing Northern Jianshe Import & Export Co., Ltd.	Under the common control of the same party
Hafei Motor	Under the common control of the same party
South Air International Conditioning Co., Ltd.	Under the common control of the same party
Southwest Ordnance Chongqing Environmental Protection Research Institute Co., Ltd.	China Ordnance Equipment Group Commercial Factoring Co., Ltd.
China Ordnance Equipment Group Commercial Factoring Co., Ltd.	China Ordnance Equipment Group Commercial Factoring Co., Ltd.
Chongqing Jianshe Yamaha Motorcycle Co., Ltd.	Joint venture of subsidiaries of CSGC
ChanganMinsheng APLL Logistics Co., Ltd.	Joint venture of subsidiaries of CSGC
Chongqing JiansheLijue Industrial Co., Ltd.	Associates of subsidiaries of CSGC
ChanganMinsheng APLL Logistics Co., Ltd. and its affiliates	Controlled by the same party
Chongqing Changan Automobile Co., Ltd. and its affiliates	Controlled by the same party
Luoyang North Enterprises Group Co., Ltd.	Controlled by the same party
Norendar International Co., Ltd.	Controlled by the same party
ZhuzhouJianshe Yamaha Motorcycle Co., Ltd.	Associates of subsidiaries of CSGC
Yan Xuechuan	Chairman
Fan Aijun	Director and General Manager
XuWanming	Secretary of the Discipline Inspection Commission
Dong Qihong	Director
Shi Qinggong	Director

Zhou Yongqiang	Deputy General Manager
Gu Xiaozhou	Director
Li Jiaming	Independent Director
XieFei	Independent Director
Song Weiwei	Independent Director
Liu Wei	Independent Director
Lu Xianyun	Chairman of the Board of Supervisors
Zhang Lungang	Supervisor
Qiao Guoan	Director
Liao Jian	Employee Supervisors
Su Qiang	Employee Supervisors
Tan Mingxian	Chief Accountant
Li Yongjiang	Deputy General Manager
Zhang Hushan	Secretary of the Board of Directors

5. List of related-party transactions

(1) Information on acquisition of goods and reception of labor service

Acquisition of goods and reception of labor service

In RMB

Related party	Content	Occurred current term	Trading limit approved	Over the trading limit or not	Occurred in previous term
Jianshe Industry	Purchase energy	863,000.00	1,500,000.00	No	406,077.69
Jianshe Industry	Part test	110,400.00	500,000.00	No	164,081.65
Changan Minsheng APLL Logistics Co., Ltd. and its affiliated enterprises	Warehousing services	181,700.00	500,000.00	No	868,668.74
Southwest Ordnance Chongqing Environmental Protection Research Institute Co., Ltd.	Service	0.00	1,500,000.00	No	731,490.58
Cbangan Group and its Subsidiaries	Acceptance of repairing service	47,600.00	1,000,000.00	No	311,859.53

Sales of goods and services

In RMB

Related parties	Subjects of the related transactions	Occurred current term	Occurred in previous term
Cbangan Group and its Subsidiaries	Sales of goods	31,246,100.00	38,242,501.11
Chongqing Yamaha Motorcycle Co., Ltd.	Selling parts	4,752,700.00	2,662,841.04

Minsheng Logistics	Selling parts	18,400.00	
Jianshe HANON	Selling parts	1,797,000.00	853,265.31
Jianshe Mechanical and Electric	Energy fee	2,600.00	83,764.33
Jianshe HANON	Energy fee	14,800.00	3,417,899.06
Jianshe Industry	Energy fee	14,500.00	622,894.71
Chongqing Jianya	Service	575,400.00	

(2) Related trusteeship/contract

(3) Information of related lease

(4) Related-party guarantee

(5) Inter-bank lending of capital of related parties:

(6) Related party asset transfer and debt restructuring

(7) Rewards for the key management personnel

(8) Other related transactions

Deposit business

Related party	Relationship	Maximum daily deposit limitd（Ten thousand yuan）	Deposit interest rate range	Beginning balance（Ten thousand yuan）	The amount incurred		Ending balance（Ten thousand yuan）
					Total deposit amount of the current period（Ten thousand yuan）	Total amount withdrawn in the current period（Ten thousand yuan）	
Military Finance Company	Under same control	30,000	0.35%	16,689.71	74922.52	85213.61	6398.64

Loan business

Related party	Relationship	Loan limit（Ten thousand yuan）	Loant interest rate range	Beginning balance（Ten thousand yuan）	The amount incurred		Ending balance（Ten thousand yuan）
					Total loan amount for the current period（Ten thousand yuan）	Total repayment amount of this period（Ten thousand yuan）	
Military Finance Company	Under same control	45,000	3.915-4.35%	41,150	5600	12421	34329

Credit extension or other financial services

Related party	Relationship	Business type	Total amount(Ten thousand yuan)	Actual amount incurred(Ten thousand yuan)
Military Finance Company	Under same control	Credit	45000	15000
Military Finance Company	Under same control	Other	45000	15000

6. Receivable and payables due with related parties

（1）Receivables

In RMB

Project	Related parties	At end of term		At beginning of term	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Baoding Changan Bus Manufacturing Co., Ltd.	2,664,923.58			
	Hefei Changan Automobile Co., Ltd.	4,872,284.73		2,846,630.18	
	Hebei Changan Automobile Co., Ltd.	3,265,788.81		189,172.54	22,436.51
	Nanjing Changan Automobile Co., Ltd.	216,787.16		132,101.39	
	Chongqing Changan Minsheng Logistic Co., Ltd.	20,836.30			
	Chongqing Changan Automobile Co., Ltd.	5,295,805.67		7,072,474.53	
	Hafei Motor Co., Ltd.	3,999,944.43	3,999,944.43	3,999,944.43	3,999,944.43
	Chongqing Jianshe Yamaha Motorcycle Co., Ltd.	757,124.97		769,838.66	
Receivables financing	Chongqing Changan Automobile Co., Ltd.	11,610,000.00		12,320,000.00	
	Hefei Changan Automobile Co., Ltd.	2,985,318.75			
	Hebei Changan Automobile Co., Ltd.	970,000.00			
Other receivables	Chongqing Jianshe Industry (Group) Co., Ltd.	791,875.14		1,294,150.66	
	Chongqing JiansheLijue Industrial Co., Ltd.	1,478,870.07	1,478,870.07	1,478,870.07	1,478,870.07

（2）Payables

In RMB

Project	Related Parties	At end of term	At beginning of term
Accounts payable	China Military Equipment Group Commercial Factoring Co., Ltd.	17,921,296.16	18,250,000.00
Note payable	China Military Equipment Group Finance Co., Ltd.	5,000,000.00	14,000,000.00
Other payable	Chongqing Jianshe Industry (Group) Co., Ltd.	2,560.40	341,525.92
	Luoyang North Enterprises Group Co., Ltd.	142,730.00	142,730.00
	Chongqing Jianshe Lijue Industrial Co., Ltd.	57,200.00	57,200.00
	Northern Engineering Design and Research	25,000.00	25,000.00

	Institute Co., Ltd		
	Chongqing HanonJianshe Thermal Systems Co., Ltd.	20,470.00	20,470.00
Contract liabilities	Chongqing Lingyao Automobile Co., Ltd.	223,940.62	223,940.62
	Chongqing Changan Automobile Co., Ltd., Changan Automobile (Beijing) Company	2,799.75	2,799.75

7. Related party commitment

8.Other

XIII. Stock payment

1. The Stock payment overall situation

□ Applicable √ Not applicable

2. The Stock payment settled by equity

□ Applicable √ Not applicable

3. The Stock payment settled by cash

□ Applicable √ Not applicable

4. Modification and termination of the stock payment

5.Other

XIV. Commitments

1.Significant commitments

2. Contingency

(1) Significant contingency at balance sheet date

(2) The Company have no significant contingency to disclose, also should be stated

There was no significant contingency in the Company.

3.Other

XV. Events after balance sheet date

1. Significant events had not adjusted

2. Profit distribution

3. Sales return

4. Notes of other significant events

XVI. Other significant events

1. The accounting errors correction in previous period

（1）Retrospective restatement

（2）Prospective application

2. Debt restructuring

3. Replacement of assets

(1) Non-monetary assets exchange

(2) Other assets replacement

4. Pension plan

5. Discontinuing operation

6. Segment information

(1) Recognition basis and accounting policies of reportable segment

(2) The financial information of reportable segment

(3) There was no reportable segment, or the total amount of assets and liabilities of each part of reportable segment, shall disclose the reason.

(4) Other notes

7. Other important transactions and events have an impact on investors' decision-making

8. Other

XVII. Notes of main items in the financial statements of the Parent Company

1. Accounts receivable

(1) Accounts receivable classified by category

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion %	Amount	Proportion %		Amount	Proportion %	Amount	Proportion %	
Of which										
Accrual of bad debt provisio	4,349,811.46	100.00%	1,291,496.94	29.69%	3,058,314.52	4,558,386.94	100.00%	1,291,496.94	28.33%	3,266,890.00

n by portfolio										
Of which										
Total	4,349,811.46	100.00%	1,291,496.94	29.69%	3,058,314.52	4,558,386.94	100.00%	1,291,496.94	28.33%	3,266,890.00

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of account receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:
□ Applicable √ Not applicable
Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year（Including 1 year）	3,058,314.52
Over 3 years	1,291,496.94
Over 5 years	1,291,496.94
Total	4,349,811.46

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision：

In RMB

Category	Opening balance	Amount of change in the curent period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by portfolio	1,291,496.94					1,291,496.94
Total	1,291,496.94					1,291,496.94

(3) The actual write-off accounts receivable

（4）The ending balance of other receivables owed by the imputation of the top five parties

In RMB

Name	Amount	Proportion(%)	Bad debt provision
Chongqing Jianshe HANON Automobile Termal Management System Co., Ltd	2,159,685.72	49.65%	
Chongqing Yamaha Motorcycle Co., Ltd	757,124.97	17.41%	
Wuhan Longchang Company Wujiao Market Department	473,539.96	10.89%	473,539.96
China Aerospace Science and Technology Corporation long March Machinery Factory	395,296.04	9.09%	395,296.04
Chongqing Chihai Machine Manufacturing Co.,Ltd	145,999.35	3.36%	145,999.35
Total	3,931,646.04	90.40%	

(5) Account receivable which terminate the recognition owning to the transfer of the financial assets

(6) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

2. Other accounts receivable

In RMB

Items	Closing balance	Opening balance
Other accounts receivable	1,534,570.26	1,345,740.08
Total	1,534,570.26	1,345,740.08

（1）Interest receivable

1) Category of interest receivable

2) Significant overdue interest

3）Bad-debt provision

□ Applicable √ Not applicable

(2) Dividend receivable

1) Dividend receivable

2) Significant dividend receivable aged over 1 year

3）Bad-debt provision

□ Applicable √ Not applicable

(3） Other accounts receivable

1) Other accounts receivable classified by the nature of accounts

In RMB

Nature	Closing book balance	Opening book balance
Petty cash	138,305.51	51,589.42
Current account	7,078,762.07	6,976,647.98
Total	7,217,067.58	7,028,237.40

2）Provision for bad debts

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	

Balance as at January 1, 2023	3,721,873.16		1,960,624.16	5,682,497.32
Balance as at January 1, 2023 in current				
Balance as at June 30,2023	3,721,873.16		1,960,624.16	5,682,497.32

Loss provision changes in current period, change in book balance with significant amount
□ Applicable √Not applicable
Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year(Including 1 year）	1,534,570.26
2-3 years	1,223,146.45
Over 3 years	4,459,350.87
3-4 years	255,723.62
Over 5 years	4,203,627.25
Total	7,217,067.58

3) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision：

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual single	1,960,624.16					1,960,624.16
Accrual portfolio	3,721,873.16					3,721,873.16
Total	5,682,497.32					5,682,497.32

4) The actual write-off accounts receivable

5) Top 5 of the closing balance of the other accounts receivable collected according to the arrears party

In RMB

Name	Nature	Year-end balance	Aging	Portion in total other receivables(%)	Bad debt provision of year-end balance
Shenzhen Jianshe Motorcycle Co., Ltd.	Current accounts	3,013,664.00	Over 5 years	41.76%	3,013,664.00
Chongqing JiansheLijue Industrial Co., Ltd.	Current accounts	1,478,870.07	2-4 years	20.49%	1,478,870.07
Chongqing Jianshe Industry (Group) Co., Ltd.	Current accounts	791,875.14	Within 1 year	10.97%	
Ningbo Jianshe Chongqing Office	Current accounts	692,035.31	Over 5 years	9.59%	692,035.31
Ningbo Jianshe Motorcycle Co., Ltd.	Current accounts	329,628.73	Over 5 years	4.57%	329,628.73

Total		6,306,073.25		87.38%	5,514,198.11

6) Accounts receivable involved with government subsidies

7) Other account receivable which terminate the recognition owning to the transfer of the financial assets

8) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivable

3. Long-term equity investment

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	199,045,443.95		199,045,443.95	199,045,443.95		199,045,443.95
Investments in associates and joint ventures	214,081,345.90		214,081,345.90	210,112,321.04		210,112,321.04
Total	413,126,789.85		413,126,789.85	409,157,764.99		409,157,764.99

（1） Investments in subsidiaries

In RMB

Investees	Opening balance	Increase /decrease				Closing balance	Closing balance of impairment provision
		Add investment	Decreased investment	Withdrawn impairment provision	Other		
Chongqing Jianshe Automobile A/C Co., Ltd.	160,000,000.00					160,000,000.00	
Chongqing Pingshan TK Carburetor Co., Ltd	39,045,443.95					39,045,443.95	
Total	199,045,443.95					199,045,443.95	

（2）Investments in associates and joint ventures

In RMB

Investee	Opening Balance	Increases/decreases in the current year								Closing balance	Balance of provision for impairment
		Additional investment	Decreased investment	Withdrawn impairment provision	Other comprehensive income	Changes in other equity	Declaration of cash dividends or profits	Impairment provision	Other		
1. Joint ventures											
Jianshe	210,112			3,969,0						214,081	

HANON	,321.04			24.86						,345.90	
Subtotal	210,112,321.04			3,969,024.86						214,081,345.90	
2. Associates											
Total	210,112,321.04			3,969,024.86						214,081,345.90	

(3) Other note

4. Operation income and operation cost

In RMB

Items	Occurred current term		Occurred in previous term	
	Income	Cost	Income	Cost
Major business turnover	148,167,978.93	149,841,973.33	121,003,695.74	125,811,724.28
Other business income	331,366.87		4,484,123.70	4,323,081.91
Total	148,499,345.80	149,841,973.33	125,487,819.44	130,134,806.19

Information related to performance obligations

According to the contract, the company delivers the goods to the agreed place or the third-party logistics company. Each month, the customer issues a notice of account according to the actual consumption of the production. The sales clerk issues an invoice according to the customer's notice of account, combined with the customer's consumption, contract unit price, notice of account, etc. As the time point of control transfer, the sales revenue is recognized. The credit period given by the company to customers is determined according to the credit risk of customers, and there is no significant financing component.

Information related to the transaction price apportioned to the residual performance obligation:

The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet was 141,666.71 Yuan at the period-end, among which RMB141,666.71 Yuan was expected to be recognized in 2023.

5. Investment income

In RMB

Items	Occurred current term	Occurred in previous term
Long-term equity investment income calculated by equity method	3,969,024.86	4,372,958.10
Total	3,969,024.86	4,372,958.10

6.Other

XVIII. Supplementary Information

1. Details of non-recurring gain/loss of the term

√ Applicable □ Not applicable

In RMB

Items	Amount	Notes

Non-current asset disposal gain/loss	-10,025.19	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	600,000.00	
Switch back of provision for depreciation of account receivable and contractual assets which were singly taken depreciation test	365,922.51	
Operating income and expenses other than the aforesaid items	77,853.72	
Other gains/losses in compliance with the definition of non-recurring gain/loss	210,385.63	
Total	1,244,136.67	--

Details of other profit and loss items that meet the non-recurring profit and loss definition

□ Applicable√ Not applicable

None

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

□ Applicable√ Not applicable

2. Rate of return on net assets and earnings per share

Profit of the report period	Net income on asset, weighted	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	-48.16%	-0.3628	-0.3628
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	-49.55%	-0.3732	-0.3732

3. Differences between accounting data under domestic and overseas accounting standards

（1）Simultaneously pursuant to both Chinese accounting standards and international accounting standards disclosed in the financial reports of differences in net income and net assets.

□ Applicable□√ Not applicable

（2） Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards.

□ Applicable□√ Not applicable

(3) .Explanation of the reasons for the differences in accounting data under domestic and foreign accountin g standards. If the data that has been audited by an overseas audit institution is adjusted for differences, th e name of the overseas institution should be indicated

4.Other