

Chongqing Jianshe Vehicle System Co., Ltd.

2023 Annual Report

2024-014



April 30,2024

2023 Annual Report

I. Important Prompts, Table of Contents, and Definitions

The Board of Directors, The Supervisory Committee, the supervisors and senior executives of the Company guarantee that there are no significant omissions, fictitious or misleading statements carried in the Report and we will accept individual and joint responsibilities for the truthfulness, accuracy and completeness of the Report.

Mr.Fan Aijun, The Company leader, Mr. Tan Mingxian, Chief financial officer and the Ms.Niu Yanli, the person in charge of the accounting department (the person in charge of the accounting)hereby confirm the authenticity and completeness of the financial report enclosed in this Annual report.

Directors other than the followings presented the board meeting at which this report was examined:

Name of the director absented	Position	Reason foe not presenting the meeting	Name of consignee
Liu Wei	Independent Director	On business travel	Song Weiwei

Prospective statements carried in this report, such as business plans for future are not constituting any substantial commitment to the investors. Please be cautious to the risks. This report is prepared both in English and Chinese. When there is any conflict in understanding, the Chinese version shall prevail.

The company had concretely described the existed factors of risks of the company in the report, of which please refer to the contents in the Report of directors concerning the possible facing risk factors in the company's future development. The company's business plan and business goal of the year do not represent the 2023-annual earnings forecast made by the company, hence whether those can be realized depending on many factors such as the market circumstance and the extent of hard working of the management team, thus there is a large extent of uncertainty, please be aware of the investment risks.

The Company will not distribute cash dividend or bonus shares, neither capitalizing of common reserves for the report period.

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- I. Annual Report carrying personal signature and seal of the Chairman of the Board.
- II. Financial Statements with signatures of the legal representative, the financial officer, and accounting manager.
- III. Auditing Report of Chongqing Jianshe Vehicle System Co., Ltd. (TZYZ[2024]No.34454).
- IV. Special explanation (No. 34454-1 [2024]TZYZ) on the capital occupation of the controlling shareholder and other related parties of Chongqing Jianshe Vehicle System Co., Ltd.
- V. Auditing Report on Internal Control for Chongqing Jianshe Vehicle System Co., Ltd. (TZYZ[2024]No.34785).
- VI. Special statement on deposits, loans and other financial businesses involving related transactions of financial companies of Chongqing Jianshe Automotive Systems Co., Ltd. in 2023 (TZYZ [2024] No. 34454-2).
- VII. Special verification opinion on the deduction of operating income of Chongqing Jianshe Vehicle System Co., Ltd. (TZYZ[2024]No.34454-3).
- VIII. The original copies of all company documents and the originals of announcements publicly disclosed on the information disclosure medium designated by the CSRC during the reporting period.

Definition

Terms to be defined	Refers to	Definition
Company, the Company, Jianmo Stock, Jianshe Vehicle B	Refers to	Chongqing Jianshe Vehicle System Co., Ltd.
Shenjianmo	Refers to	Shenzhen North Jianshe Motorcycle Co., Ltd. (predecessor of the Company)
Jianmo B	Refers to	Chongqing Jianshe Motorcycle Co., Ltd. (predecessor of the Company)
Military Equipment Group (Southern Group)	Refers to	China Military Equipment Group Co., Ltd. (China Southern Industry Group Co., Ltd.)
Military Finance Co.	Refers to	Military Equipment Group Finance Co., Ltd.
Southern Motorcycle	Refers to	Chongqing Southern Motorcycle Co., Ltd.
Jianshe Industry	Refers to	Chongqing Jianshe Industry Co., Ltd. – former State-owned Jianshe Machinery Factory, Jianshe Industry (Group) Co., Ltd.
Jianshe Industry	Refers to	Jianshe Industry Group(Yunnan) Co., Ltd. (Stock Code:002265)
Jianshe Group	Refers to	Jianshe Industrial (Group) Co., Ltd.
Jianshe Mechanical and Electric	Refers to	Chongqing Jianshe Mechanical and Electric Co., Ltd.
HANON,KOREA HANON	Refers to	Korea Hanon System Co., Ltd.
Jianshe HANON	Refers to	Chongqing Jianshe HANON Automobile Termal Management System Co., Ltd.
China Jialing	Refers to	China Jialing Industry Co., Ltd. (Group)
Jinan Qingqi	Refers to	Jinan Qingqi Motorcycle Co., Ltd.
Changan Auto	Refers to	Chongqing Changan Automobile Co., Ltd.
Changan Industrial	Refers to	Chongqing Changan Industrial(Group) Co., Ltd.
Yunnan Xiyi	Refers to	Yunnan Xiyi Industrial Co., Ltd.
Luoyang Northern	Refers to	Luoyang Northern Enterprise Group Co., Ltd.
Dajiang Industrial	Refers to	Chongqing Dajiang Industrial Co., Ltd.
Vehicle air conditioner	Refers to	Chongqing Jianshe Automobile Air-conditioner Co., Ltd.
Import & Export Co.	Refers to	Chongqing Northern Jianshe Import & Export Co., Ltd.
Shanghai Jianshe	Refers to	Shanghai Jianshe Motorcycle Co., Ltd.
Chongqing Jianya	Refers to	Chongqing Jianshe YAMAHA Motorcycle Co., Ltd.
Zhuzhou Jianya	Refers to	Zhuzhou Jianshe YAMAHA Motorcycle Co., Ltd.
Pingshan Taikai	Refers to	Chongqing Pingshan Taikai Carburetor Co., Ltd.
South Air International	Refers to	South Air International Co., Ltd.
Minsheng Logistics	Refers to	Chongqing Changan Minsheng APLL Logistics Co., Ltd.
Chongqing Wanyou	Refers to	Wanyou Automobile Investment Co., Ltd.
Major asset restructuring	Refers to	In 2015,The company has made an agreement to sale the 100% stake of Jianshe Mechanical and Electric Company-the company's subsidiary funded by the liabilities and the motorcycle business related assets held by the company to Military Equipment Group.

II. Company Profile & Financial Highlights.

I . Company Information

Stock ID	Jianshe Vehicle B	Stock Code	200054
Modified stock ID (if any)	Jianmo B		
Stock Exchange Listed	Shenzhen Stock Exchange		
Company Name in Chinese	重庆建设汽车系统股份有限公司		
Short form of Company Name in Chinese (if any)	建车 B、建设股份		
Company Name in English	Chongqing Jianshe Vehicle System Co., Ltd		
Short form of Company Name in English (if any)	JSVS-B		
Legal representative	Fan Aijun		
Registered address	No.1 Jianshe Road, Huaxi Industrial Zone, Ba'nán District, Chongqing		
Postal code of the Registered Address	400054		
Historical change of the company's registered address	On July 19, 1995, the first registered address was: Room 1802, Electronic Technology Building, No.30 A, Shennan Middle Road, Shenzhen (office only); On September 29, 2000, the registered address was changed to: Room 416, Electronic Building, No.2072, Shennan Middle Road, Futian District, Shenzhen (office only); On July 26, 2002, the registered address was changed to: Room 1107, North Building, No.3003 Shennan Middle Road, Futian District, Shenzhen (office only); On March 11, 2003, the registered address was changed to: No.47, Xiejiawan Main Street, Jiulongpo District, Chongqing; On April 23, 2009, the registered address was changed to: No.1 Jianshe Road, Huaxi Industrial Zone, Ba'nán District, Chongqing.		
Office Address	No.1 Jianshe Road, Huaxi Industrial Zone, Ba'nán District, Chongqing		
Postal code of the office address	400054		
Internet Web Site	http://www.jianshe.com.cn		
E-mail	cqjsmc@jianshe.com.cn		

II.Contact person and contact manner

	Secretary of the Board	Representative of Stock Affairs
Name	Zhang Hushan	Li Wenling
Address	No.1 Jianshe Road, Huaxi Industrial Zone, Ba'nán District, Chongqing	No.1 Jianshe Road, Huaxi Industrial Zone, Ba'nán District, Chongqing
Tel.	023-66295333	023-66295333
Fax.	023-66295333	023-66295333
E-mail.	cqjsmc@jianshe.com.cn	cqjsmc@jianshe.com.cn

III. Information disclosure and placed

Internet website designated by CSRC for publishing the Annual report of the Company	http://www.szse.cn/
Newspapers selected by the Company for information disclosure	Securities Times, Hongkong Commercial daily and http://www.cninfo.com.cn
The place where the Annual report is prepared and placed	Secretarial office of the Board

IV.Changes in Registration

Unified social credit code	915000007474824231
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Changes in principal business activities since listing (if any)	From 1995 to 2015, the Company was mainly engaged in the production and sales of motorcycles. In 2015, the company implemented the major asset restructuring, stripped the main assets and liabilities involved in the motorcycle business, completed the structural adjustment of the main business. Since 2015, it has been mainly engaged in the production and sales of automotive air-conditioning compressors.
Changes in the controlling shareholder in the past (if any)	(a) The company was set up by Jianshe Group and China North Industries Corp Shenzhen Company in July 1995, of which the Jianshe Group was the company's controlling shareholder that holds 71.13% stake of the company. (b) On August 31, 2005, the 71.13% stake of the company held by Jianshe Group was transferred to Military Equipment Group in an agreement, thus the Military Equipment Group has become the company's controlling shareholder. © On March 2, 2016, according to Agreement of Share Transfer in Zero Price signed between Military Equipment Group and Jianshe Mechanical and Electric, Military Equipment Group shall transfer its 71.13% stake of the company to Jianshe Mechanical and Electric in zero price, thus the Jianshe Mechanical and Electric will become the company's controlling shareholder. (d) On December 20, 2018, according to the Stock Rights Transfer Agreement of State-owned Listed Company signed by Jianshe Mechanical and Electric and Military Equipment Group, Jianshe Mechanical and Electric will hold 71.13% of the company's equity, and the agreement will be transferred to Military Equipment Group, which will become the controlling shareholder of the company.

V. Other Relevant Information

CPAs engaged

Name of the CPAs	Baker Tilly China Certified Public Accountants (LLP)
Office address	A-1, A-5, No.68 Building, No.19 Chegongzhuang West Road, Haidian District, Beijing
Names of the Certified Public Accountants as the signatories	Liu Yulei, Liu Taiping

The sponsor performing persistent supervision duties engaged by the Company in the reporting period.

Applicable Not applicable

The Financial advisor performing persistent supervision duties engaged by the Company in the reporting period

Applicable Not applicable

VI. Summary of Accounting data and Financial index

Indicate by tick mark whether the Company needs to retroactively restate any of its accounting data.

Yes No

	2023	2022	Changed over last year (%)	2021
Operating revenue(Yuan)	464,078,962.46	474,114,098.08	-2.12%	680,118,967.08
Net profit attributable to the shareholders of the listed company (Yuan)	-69,331,287.64	-39,733,094.69	-74.49%	-25,998,962.72
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (Yuan)	-70,465,594.16	-82,240,752.84	14.32%	-29,668,201.39
Net Cash flow generated by business operation (Yuan)	2,538,223.61	12,409,599.09	-79.55%	21,432,367.47
Basic earning per share(Yuan/Share)	-0.581	-0.333	-74.47%	-0.22
Diluted gains per share(Yuan/Share)	-0.581	-0.333	-74.47%	-0.22
Net asset earning ratio (%)	-89.60%	-30.52%	-60.20%	-16.10%
	End of 2023	End of 2022	Changed over last year (%)	End of 2021

Gross assets (Yuan)	872,186,552.37	896,911,569.17	-2.76%	1,041,336,478.97
Net assets attributable to shareholders of the listed company (Yuan)	43,673,039.41	111,091,284.68	-60.69%	149,303,592.84

The lower of the company's net profit before and after the deduction of non-recurring gains and losses in the last three fiscal years is negative, and the auditor's report of the previous year shows that the Company's going concern ability is uncertain.

Yes No

The lower of the net profit before and after the deduction of the non-recurring gains and losses is negative.

Yes No

Items	2023	2022	Remarks
Operating income (Yuan)	464,078,962.46	474,114,098.08	RMB 118,660 for sales materials income; RMB 542,800 for Artificial support income; RMB 9,900 for Power energy Income and RMB 2,927,500 for other income.
Amount of operating income deduction (yuan)	4,666,753.00	3,852,161.44	RMB 118,660 for sales materials income; RMB 542,800 for Artificial support income; RMB 9,900 for Power energy Income and RMB 2,927,500 for other income.
Operating income after deduction(Yuan)	459,412,209.46	470,261,936.64	RMB 118,660 for sales materials income; RMB 542,800 for Artificial support income; RMB 9,900 for Power energy Income and RMB 2,927,500 for other income.

VII. The differences between domestic and international accounting standards

1. Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)

Applicable Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under either IAS (International Accounting Standards) or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

2. Difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles)

Applicable Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under either foreign accounting rules or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

VIII. Main Financial Index by Quarters

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	95,871,501.13	120,716,182.63	116,986,662.54	130,504,616.16

Net profit attributable to the shareholders of the listed company	-26,718,192.49	-16,592,485.66	-11,394,368.52	-14,626,240.97
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	-27,582,654.93	-16,972,159.89	-11,894,368.52	-14,016,410.82
Net Cash flow generated by business operation	-16,520,111.28	37,298,889.64	24,162,803.07	-42,403,360.82

Whether significant variances exist between the above financial index or the index with its sum and the financial index of the quarterly report as well as semi-annual report index disclosed by the Company.

Yes No

IX. Items and amount of non-current gains and losses

Applicable Not applicable

In RMB

Items	Amount (2023)	Amount (20212)	Amount (2021)	Note
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-413,963.91	40,420,431.93	1,566,473.14	
Government subsidies recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	1,104,494.20	205,826.00	1,583,305.16	
Switch back of provision for depreciation of account receivable and contractual assets which were singly taken depreciation test	365,922.51	714,393.28	200,000.00	
Operating income and expenses other than the aforesaid items	77,853.72	167,143.72	319,460.37	
Other gains/losses in compliance with the definition of non-recurring gain/loss		999,863.22		
Total	1,134,306.52	42,507,658.15	3,669,238.67	--

Details of other gains/losses items that meets the definition of non-recurring gains/losses:

Applicable Not applicable

There are no other gains/losses items that meet the definition of non-recurring gains/losses in the Company.

Explain the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public - -- Extraordinary Profit/loss

Applicable Not applicable

The Company does not have any non-recurring profit(gain)/loss listed under theQ&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary (non-recurring) Profit(gain)/lossdefined as recurring profit(gain)/loss

Section III Management Discussion and Analysis

I. Industry of the Company during the reporting period

The Company shall comply with the disclosure requirement of Jewelry-related industries in the “Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 3- Industry Disclosure”

1. Overall situation of automobile industry

In 2023, the international political, economic, and security environment continued to be turbulent, and the challenge brought by external uncertainty and internal development model transformation became more complex. China has been injected impetus into economic development by deepening reforms, expanding domestic demand, actively promoting a new round of high-level opening-up, and continuously deepening structural adjustment and internal and external balance. The government has introduced a series of policies to stimulate consumption, including policies to stabilize the growth of the automobile industry, support the expansion of automobile consumption, and promote the high-quality development of the automobile aftermarket, which have effectively promoted the further improvement of the quality and efficiency of the development of the automobile industry. According to the statistics of the China Association of Automobile Manufacturers, the production and sales of automobiles in 2023 was 30.161 million units and 30.094 million units respectively, an increase of 11.6% and 12% YOY respectively, which was a record high. Among them, the production and sales of new energy vehicles reached 9.587 million units and 9.495 million units, up 35.8% and 37.9% YOY respectively, with the market share reached 31.6%. Driven by the continuous and substantial growth of new energy vehicles, the annual production and sales of the passenger car market reached 26.124 million units and 26.063 million units, up 9.6% and 10.6% YOY respectively, yet the market share of traditional fuel vehicles shrank further.

2. Analysis of automobile air conditioning compressor industry

The automotive air conditioning compressor industry is closely following the development of the automobile industry. At present, the oversupply of the domestic automobile market is further highlighted, the pace of traditional car companies to transform old models and launch new models is becoming faster and faster, the development cycle of new models has been shortened from about 4 to 5 years to 1 to 3 years, the old car modification cycle has been shortened from 6 to 24 months to 4 to 15 months, the speed and quantity of new energy products on the market are getting faster and faster, and the window period for the electrification transformation of vehicle enterprises has been further compressed. The rapid iteration of the vehicle industry has triggered the incandescent competition in the supply chain, forcing auto parts companies to accelerate product technology iteration, quality optimization, cost extreme control, and service upgrades.

The automotive air conditioning system is mainly composed of four parts: compressor, condenser, flow restrictor (expansion device), and evaporator. The compressor is the heart of the automotive air conditioning system and the power source for the refrigerant to circulate in the system. The air-conditioning system of traditional fuel vehicles is work by the air-conditioning compressor driven by the automobile engine, and the

main domestic products are swash plate type, scroll type, rotary vane type and other technologies. The air-conditioning system of new energy vehicles is work by the air-conditioning compressor driven by the drive motor. As the scroll compressor has high efficiency, high speed bearing capacity and high-speed motor matching, it is the most ideal electric drive air-conditioning compressor. With the rapid development of the new energy vehicle industry, the application of scroll compressor has broad prospects.

3. The development of the Company

The Company's automotive air-conditioning compressor products are mainly rotary vane technology, which the Company has been introducing, digesting, absorbing and innovating independently for more than 20 years. From the perspective of industry development trends, the rotary blade technology will face a ceiling. In the face of industry transformation and adjustment, the Company will closely follow the development of the industry, stabilize the scale of traditional fuel compressor products, and vigorously carry out the research and development and market expansion of new technology products such as electric scroll products in the meantime.

According to the "14th Five-Year Plan", the Company will focus on the main business, center on the development of the new energy industry, and fully realize the layout and development arrangement of the new energy electric compressor industry. From 2022 to 2023, the Company had carried out a total investment of 42,875,700 yuan in fixed assets in the new energy industry, and completed the construction of the electric compressor dynamic and static plate production line, controller production line, assembly line and experimental capacity building, laying the foundation for the large-scale breakthrough of electric compressor. At present, the Company's automotive air conditioning compressor production capacity is 3.5 million units, of which the electric compressor production capacity is 500,000 units.

II. Main Business the Company is Engaged in During the Report Period

The Company shall comply with the disclosure requirements of automobile manufacturing-related industries in the Guideline No.3 for Self-regulation of Listed Companies of Shenzhen Stock Exchange-Industry Information Disclosure.

In 2023, in the face of the complex business environment and development pressure, the Company continued to increase investment in science and technology development, carried out in-depth market expansion, adopted multiple measures to make steady progress, achieved the production of 1.187 million units of automotive air conditioning compressors-a YOY increase of 28.5%, completed the sales of 1.183 million units-a YOY decrease of 1.25%, and realized the operating income of 464 million yuan-a YOY decrease of 2.08%.

(A) Accelerate scientific and technological innovation and promote the transformation of achievements

First, the research and development of electric compressors has achieved landmark results, the PSW formal mass production signed for Changan CPA project, the 18CC and 27CC second-generation scroll electric compressors have completed design optimization, and the 45CC electric compressor research and development has entered the design freezing stage. Secondly, it continued to carry out the research on the core key

technologies of electric driven, and the key technologies of the inner flow-path system of the scroll compressor, the research on the optimization of the pump body foundation and other topics have achieved phased results, and the research and application project of the key technology of the intelligent and efficient vehicle thermal management system controller has passed the project performance evaluation by the Chongqing Science and Technology Bureau. Thirdly, the Company continuously launched scientific and technological innovation achievements, 3 topics were included in the key core technology research projects of the CSGC, 1 project won the third prize of the Science and Technology Progress Award of the CSGC, and 2 product achievements were included in the 2023 Innovation Guidance Catalogue of Chongqing, which was awarded the first batch of Chongqing modern manufacturing inspection and testing public service platforms.

(B) Strengthen market tackling and consolidate market scale

First, relying on the Changan CPA platform, the electric compressor has obtained 4 mainstream projects such as Changan C318 and Changan Kaicheng P201RE, and successfully obtained designated projects including the JAC, Xinyuan and Kaiyi. 18 expansion achievements were obtained throughout the year, including 2 supply qualifications, and realized the extension for customer group from the low-speed logistics vehicle market to the new energy mainstream market. Second, 14 achievements were achieved in the fixed-displacement compressor in respective to fixed-displacement transformed to variable displacement project, the second supplier project, the continuation project, and the commercial vehicle expansion project, and obtained 3 designated supply qualifications and entered the Nissan platform. Third, the offline market added 7 new dealers annually, with realized sales of 135,100 units, a YOY increase of 12%. Pingshan Taikai realized the sales of carburetor of 246,000 sets, and realized the sales of the EFI system of 6,300 sets.

(C) Strengthen management benchmarking and improve management efficiency

First, the 91.7% of the 24 key tasks in the world-class value creation action work list were completed, and two first prizes and three second prizes were awarded by CSGC and Chongqing Management Innovation Achievements. Second, the 26 tasks of the special action to improve quality and efficiency were carried out solidly, and saved the annual value of 20.38 million yuan, of which the procurement cost was reduced by 2.2% YOY. Thirdly, the Company continued to promote the "quality improvement activities", the key quality problems of electric compressors have been continuously solved, and the internal quality loss rate and zero-kilometer failure rate of electric compressors have been controlled within the annual target. Fourth, the core engineering capacity of electric compressors has been built, and Chang'an CPA general assembly line, the dynamic and static plate processing line, and the controller assembly line have formed mass production capacity, and the 27CC product process has been optimized. Fifth, we have promoted lean management, maintained the lean evaluation of the CSGC to the B-level, and implemented the "N+3" model of production plan to further improve the efficiency of production organization. Sixth, it strengthened the construction of the electric compressor supply chain, sought and developed sources through multiple channels, enhanced the quality

selection, promoted the collaborative development of suppliers, and continuously strengthened the new energy supply chain system.

(D) Strict risk prevention and control and improvement of security capabilities

Firstly, it improved the emergency plan for major risks, strengthened process supervision, and completed the internal control self-assessment of all levels of enterprises. Secondly, it promoted the two-way integration of compliance management and business work, enhanced the management of contract performance and dispute response, and ensured that the Company's overall legal compliance risks were controllable. Thirdly, it solidly promoted the Company's safety work plan, vigorously carried out the self-inspection and evaluation of the standardized management of security and safety, implemented the strengthening plan of safety management for the year and carried out the 2023 action plan for special investigation and rectification of major accidents and hidden dangers to ensure safety control, reduce environmental pollution risk points, and prevent environmental emergencies.

Vehicle manufacturing, production and operation during the reporting period

Applicable Not applicable

Production and operation of auto parts during the reporting period

Applicable Not applicable

	Output			Sales volume		
	This reporting period	Same period last year	Increase or decrease compared with last year	This reporting period	Same period last year	Increase or decrease compared with last year
By part category						
Automotive air conditioner compressor	1187026	923758	28.50%	1183079	1198092	-1.25%
According to the vehicle supporting						
Automotive air conditioner compressor				1047945	1077417	-2.74%
According to after-sales service						
Automotive air conditioner compressor				135134	120675	11.98%
Other						
Domestic	559220	567218	-1.41%	504933	613338	-17.67%
Overseas	627806	356540	76.08%	678146	584754	15.97%

Explanation of the reasons for the year-on-year change of more than 30%

Applicable Not applicable

Parts sales mode:

The Company is mainly engaged in the production of automotive air conditioning compressors, through the sale of products to automobile manufacturers or to the after-sales service market to realize the product sales,

There are no major changes in the Company's sales model or sales channels during the year. The detailed partition by customer segment is into the three scenarios:

Major customers. The cooperation method is mainly based on the production needs of customers, the Company ships the goods to the designated or cooperative third-party logistics company, and the third-party logistics company is responsible for warehousing and distribution services. Every month, the customer issues a credit notice according to the actual consumption of the production plan, and the salesperson confirms the sales according to the customer's credit notice and combined with the customer's consumption, contract unit price and other information.

Customers who pay first and then receive goods. According to the customer's needs, after the customer pays and the confirmation of receipt of the payment, the sales business personnel will deliver the goods according to the unit price of the sales contract and the quantity required by the customer, and issue an invoice notice to confirm the sales.

Aftermarket customers. The sales staff will ship the goods to the customer according to the contract and customer needs, and after arriving at the time node agreed in the contract, the sales staff will issue an invoice notice to confirm the sales according to the contract unit price and the shipping quantity agreed with the customer.

The company conducts auto finance business

Applicable Not applicable

The company conducts new energy vehicle related business

Applicable Not applicable

The production and operation information of new energy whole-vehicle and spare parts

In RMB

Product Category	Capacity status	Production	Sales	Sales revenue
Electric compressor for automotive air conditioning	350,000 units	27,223 units	11058	9,166,507.00

III. Analysis On core Competitiveness

The Company shall comply with the disclosure requirements of automobile manufacturing-related industries in the Guideline No.3 for Self-regulation of Listed Companies of Shenzhen Stock Exchange-Industry Information Disclosure.

Product pedigree construction: On the basis of introducing the world's advanced technology, the Company actively carries out independent innovation. After years of development, the product pedigree and technical system are becoming increasingly complete; Including rotary vane compressor, swash plate fixed-displacement and variable-displacement and electric compressor with complete intellectual property rights, forming five product platforms of "rotary vane iron/aluminum, piston fixed/variable-displacement and electric compressor"; The products cover 18CC to 480CC displacement.

Innovation platform construction: The Company has built a "1+3+1" scientific and technological innovation platform (national post-doctoral workstation+Chongqing Enterprise Technology Center, Chongqing Automobile Thermal Management System Engineering Technology Research Center, Chongqing Automobile Air

Conditioning Compressor Key Laboratory+Chongqing Jiulongpo Innovation Center), which provides a strong platform support for the transformation and upgrading of automobile thermal management products, the development of applied basic research and innovative research on key technologies, the cultivation of scientific and technological talents, and technological industrialization. The Company has established a Industry-University-Research platform with China Automotive Engineering Research Institute, Shanghai Jiaotong University and Chongqing Jiaotong University, mainly to study the working mechanism of compressors and noise optimization of compressors, and to tackle key technical bottlenecks.

R&D capacity building: The Company has the largest and most functional experimental testing center for automotive air-conditioning compressors in Southwest China. It has imported more than 50 sets of advanced equipment for reliability test, system test, performance test and NVH test from abroad, and has strong basic research capabilities, product development and design capabilities, simulation and analysis capabilities and trial production and processing capabilities. In recent years, the Company has won more than 20 science and technology awards at or above the provincial and ministerial level, applied for more than 250 patents of various types, including more than 50 invention patents, and obtained nearly 30 authorized invention patents.

Manufacturing capacity building: it has the domestic first-class high-precision parts manufacturing base and Chongqing municipal digital workshop. It possesses more than 40 parts machining production lines, more than 260 sets high-precision and high-quality processing equipment, and 9 product assembly lines. The equipment is with a total value of more than RMB 650 million, and more than 80% of which are imported from Japan, the United States, Germany, Switzerland, South Korea and other countries. The machining and assembly accuracy are all micron-level, and MARPOSS online detection is widely used, so its machining accuracy and assembly automation degree are at the leading level in China.

Quality capacity building: The Company always adheres to the tenet of "Quality first, customer oriented", and is committed to running quality work through all aspects of the Company, and constantly improving product quality, service quality and quality-price ratio. The Company has always continuously improved its management ability, actively assumed social responsibilities, Passed the certification of the IATF16949 certified by the international authoritative certification body DNV, the certifications of ISO45001 and ISO14001 management system, and the Changan Automobile QCA quality certification system, GM QSB+ quality management standard, and Nissan GK on-site management method have been introduced.

Talent team building: The Company has 66 scientific and technical personnel, including 940 R&D personnel among 10,000 employees, of which 84.85% have bachelor degree or above, and 14.29% have senior professional titles. Introduced 9 mature talents of R & D, It has a national postdoctoral workstation with 7 postdoctoral fellows.

IV. Main business analysis

1. General

During the year, the Company's main product, automotive air conditioning compressors, completed the production of 1,187,000 units-a YOY increase of 28.50%, completed the sales of 1,183,100 units-a YOY decrease of 1.25%, and realized the revenue of 464 million yuan, a decrease of 2.12% over the previous year.

From the perspective of sales area: the domestic sales were 504,900 units, a YOY decrease of 17.67%, with sales revenue of 242 million yuan-a YOY decrease of 15.32%, and the domestic sales revenue accounted for 52.20% of the total operating income. The foreign trade sales were 678,100 units, a YOY increase of 15.97%, realized the sales revenue of 222 million yuan, an increase of 17.96% YOY, which accounted for 47.80% of the total operating income.

From the perspective of sales model: the vehicle supporting model achieved sales of 1,047,900 units, a YOY decrease of 2.74%, and realized the revenue of 370 million yuan, a YOY decrease of 2.27%, which accounted for 79.77% of the total operating income. The after-sales service market model achieved sales of 135,100 units, a YOY increase of 11.98%, and achieved the revenue of 36 million yuan, an increase of 22.65% YOY, which accounted for 7.80% of the total operating income.

From the perspective of customer structure: The total sales to the Company's top five customers was 337 million yuan, accounting for 72.67% of the Company's operating income.

2. Revenue and cost

(1) Component of Business Income

In RMB

	2023		2022		Changes
	Amount	Proportion	Amount	Proportion	
Total operating revenue	464,078,962.46	100%	474,114,098.08	100%	-2.12%
On Industry					
Auto and Motorcycle parts	459,412,209.46	98.99%	470,261,936.64	99.19%	-2.31%
Other	4,666,753.00	1.01%	3,852,161.44	0.81%	21.15%
On products					
Auto and Motorcycle parts	459,412,209.46	98.99%	470,261,936.64	99.19%	-2.31%
Other	4,666,753.00	1.01%	3,852,161.44	0.81%	21.15%
On Area					
Domestic	242,244,364.87	52.20%	286,054,392.55	60.33%	-15.32%
Overseas	221,834,597.59	47.80%	188,059,705.53	39.67%	17.96%
Sub-sale model					
Vehicle supporting mode of vehicle air conditioning compressor	370,177,360.21	79.77%	378,774,852.60	79.89%	-2.27%
Vehicle air conditioning compressor after-	36,213,291.50	7.80%	29,526,845.35	6.23%	22.65%

sales service market model					
Other business and product market models	57,688,310.75	12.43%	65,812,400.13	13.88%	-12.34%

(2) Situation of Industry, Product and District Occupying the Company's Business Income and Operating Profit with Profit over 10%

Applicable Not applicable

In RMB

	Turnover	Operation cost	Gross profit rate(%)	Increase/decrease of revenue in the same period of the previous year(%)	Increase/decrease of business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
On Industry						
Auto and Motorcycle parts	459,412,209.46	427,333,668.74	6.98%	-2.31%	-4.74%	2.37%
On products						
Auto and Motorcycle parts	459,412,209.46	427,333,668.74	6.98%	-2.31%	-4.74%	2.37%
On Area						
Domestic	242,328,765.74	212,916,225.64	12.14%	-15.29%	-19.56%	4.67%
Overseas	221,750,196.72	214,417,443.10	3.31%	17.91%	15.45%	2.06%
Sub-sale model						
Vehicle supporting mode of vehicle air conditioning compressor	370,177,360.21	355,012,235.70	4.10%	-2.27%	-1.33%	-0.91%
Vehicle air conditioning compressor after-sales service market model	57,688,310.75	41,293,632.04	28.42%	-12.34%	-32.38%	21.21%

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest on year's scope of period-end.

Applicable Not applicable

(3) Whether the Company's Physical Sales Income Exceeded Service Income

Yes No

Classification	Items	Unit	2023	2022	Changes
Vehicle air conditioner	Sales	Ten thousand sets	118.31	119.81	-1.25%
	Production	Ten thousand sets	118.70	92.38	28.50%
	Stock	Ten thousand sets	25.59	25.38	0.82%

Explanation for a year-on-year change of over 30%

Applicable Not applicable

(4) Degree of Performance of the Significant Sales Contract Signed up to this Report Period

Applicable Not applicable

(5) Component of business cost

Industry Category

In RMB

Industry	Items	2023		2022		Increase/Decrease (%)
		Amount	Proportion in the operating costs (%)	Amount	Proportion in the operating costs (%)	
Industry	Direct material	309,080,311.27	72.33%	354,704,487.88	78.75%	-12.86%
Industry	Fuel and energy	13,027,157.90	3.05%	9,888,828.55	2.20%	31.74%
Industry	Staff salary	26,802,488.43	6.27%	27,582,981.67	6.12%	-2.83%
Industry	Manufacturing cost	56,775,515.99	13.29%	53,725,630.15	11.93%	5.68%

(6) Whether Changes Occurred in Consolidation Scope in the Report Period

Yes No

(7) Relevant Situation of Significant Changes or Adjustment of the Business, Product or Service in the Company's Report Period

Applicable Not applicable

(8) Situation of Main Customers and Main Supplier

Information of Main Customers

Total sales amount to top 5 customers (Yuan)	337,265,292.37
Proportion of sales to top 5 customers in the annual sales(%)	72.67%
Proportion of the sales volume to the top five customers in the total sales to the related parties in the year	12.26%

Information of the Company's top 5 customers

No	Name	Amount(RMB)	Proportion(%)
1	Customers1	212,890,518.36	45.87%
2	Customers 2	56,882,709.47	12.26%
3	Customers 3	30,766,200.92	6.63%
4	Customers 4	24,544,486.17	5.29%
5	Customers 5	12,181,377.45	2.62%
Total	--	337,265,292.37	72.67%

Other explanation :

Applicable Not applicable

Chongqing Changan Automobile Co., Ltd. The company's controlling shareholder, Military Equipment Group, holds 40.70% of its shares), one of the top five customers, and its affiliated enterprises have an associated relationship with the Company. The Company and its transactions, as routine related transactions, have been submitted to the 2023 First provisional General Meeting of Shareholders for review and approval.

The company's directors, supervisors, senior managers, key technical personnel and shareholders holding more than 5% (not including the Military Group) do not direct or indirect interests in the major suppliers of the above-said suppliers.

Principal suppliers

Total purchase of top 5 Suppliers (Yuan)	168,113,743.29
Percentage of total purchase of top 5 suppliers In total annual purchase(%)	43.42%
Proportion of purchase amount from the top 5 suppliers in the total purchase amount from the related parties in the year	0.00%

Information about the top 5 suppliers

No	Name	Amount (Yuan)	Proportion
1	Suppliers 1	78,303,481.80	20.22%
2	Suppliers 2	25,516,034.65	6.59%
3	Suppliers 3	22,753,535.65	5.88%
4	Suppliers 4	22,095,216.42	5.71%
5	Suppliers 5	19,445,474.77	5.02%
Total	--	168,113,743.29	43.42%

Other explanation :

Applicable Not applicable

The company's directors, supervisors, senior managers, key technical personnel and shareholders holding more than 5% do not direct or indirect interests in the major suppliers of the above-said suppliers.

3. Expenses

In RMB

	2023	2022	Increase/Decrease(%)	Note
Sale expenses	14,232,724.26	15,239,315.12	-6.61%	
Administration expenses	52,350,776.53	47,721,110.67	9.70%	
Financial expenses	18,729,472.71	17,472,245.88	7.20%	
R & D expenses	27,227,617.00	30,598,868.69	-11.02%	

4. R& D Investment

Applicable Not applicable

Name of main R&D project	Project purpose	Project progress	Goal to be achieved	Expected impact on the future development of the Company
Technical direction of traditional compressor	Improve product performance and tackle with the upgrading and development of automobile technology; consolidate the vitality of products, deal with the upgrading of automobile consumption; consolidate product	Continuously carrying out technological upgrades, continuously reducing design costs, and completing market projects as planned	Improve refrigeration efficiency; optimize noise; and optimize manufacturing costs.	Improve the competitiveness of fix-displacement compressors and stabilize the scale position of the industry

	competitiveness and solve key technical problems.			
Technical direction of electric compressor	Independently controllable controller, achieving vertical integration of product technology	The 27CC products achieve mass production targets, the 36CC products achieve small batch production, and the 45CC products achieve design finalization.	Improve the product pedigree of new energy compressors	Enhance product competitiveness and achieve large-scale breakthroughs in new energy compressors
Technical direction of thermal management system	Upgrade the product horizontal integration, focusing on system matching and heat pump technology.	Construction and simulation of the technical architecture of heat pump air conditioning system, and establishment of enterprise thermal management system enterprise standards.	Establish the technical capability of matching testing of air conditioning systems.	With electric compressors as the core, build heat pump air conditioning system integration capabilities.
Direction of EFI system	Cultivation and development of EFI systems	The EFI system achieve recognition by market customers and achieve mass sales.	Develop new products such as EFI systems and gasoline pumps to promote scale growth	Improve the competitiveness of the Company.

Company's research and development personnel situation

	2023	2022	Increase /decrease
Number of Research and Development persons (persons)	66	70	-5.71%
Proportion of Research and Development persons	9.40%	9.00%	0.40%
Academic structure of R&D personnel			
Bachelor	51	52	-1.92%
Master	5	5	0.00%
College	10	13	-30.77%
Age composition of R&D personnel			
Under 30 years old	27	23	17.39%
30-40 years old	15	17	-11.76%
Over 40 years old	24	30	-20.00%

The Company's R & D investment situation

	2023	2022	Increase /decrease
Amount of Research and Development Investment (Yuan)	27,227,617.00	30,598,868.69	-11.02%
Proportion of Research and Development Investment of Operation Revenue	5.87%	6.45%	-0.58%
Amount of Research and Development Investment Capitalization (Yuan)	0.00	0.00	0.00%
Proportion of Capitalization Research and Development Investment of Research and Development Investment	0.00%	0.00%	0.00%

Reasons and influence of significant changes in R&D personnel composition of the Company

√Applicable □Not applicable

The change in the educational background and age structure of R&D personnel was due to the fact that in order to optimize the multi-level talent structure allocation and strengthen the construction of the scientific and technological team, the Company's Automotive Thermal Management System Research Institute strengthened the introduction of professional and technical talents in 2023 and continued to recruit college graduates to promote the technical talent reserve.

The Reason of the Prominent Change in Total Amount of Research and Development Input Occupying the Business Income Year on Year

Applicable Not applicable

Reasons for the drastic change of capitalization rate of R&D investment and its rationality explanation

Applicable Not applicable

5. Cash Flow

In RMB

Items	2023	2022	Increase/Decrease(%)
Subtotal of cash inflow received from operation activities	449,078,096.98	477,842,991.85	-6.02%
Subtotal of cash outflow received from operation activities	446,539,873.37	465,433,392.76	-4.06%
Net cash flow arising from operating activities	2,538,223.61	12,409,599.09	-79.55%
Subtotal of cash inflow received from investing activities	159,773.95	153,543,148.36	-99.90%
Subtotal of cash outflow for investment activities	18,995,468.32	26,166,782.57	-27.41%
Net cash flow arising from investment activities	-18,835,694.37	127,376,365.79	-114.79%
Subtotal cash inflow received from financing activities	781,612,717.55	732,591,828.08	6.69%
Subtotal cash outflow for financing activities	807,190,167.73	726,114,182.90	11.17%
Net cash flow arising from financing activities	-25,577,450.18	6,477,645.18	-494.86%
Net increase in cash and cash equivalents	-41,878,663.83	146,256,010.86	-128.63%

Notes to the year-on-year change of the relevant data

Applicable Not applicable

The decrease in net cash flow from operating activities was due to the lower product sales and lower revenue during the year.

The decrease in the subtotal cash inflow from investing activities was mainly due to the significant increase in cash inflow from investing activities due to the transfer of assets such as the 106 plant in the previous year.

The decrease in the subtotal cash outflow from investment activities was mainly due to the decrease in investment in fixed assets (the technical transformation project of Pingshan Taikai motorcycle fuel pump production line was not feasible due to changes in the external market and was not implemented in the current year).

The decrease in net cash flow from fund-raising activities was due to the structural adjustment of fund-raising.

The decrease in net increase in cash and cash equivalents was mainly due to the decrease in net cash flow from above-said operating activities, the decrease in net cash flow from investing activities and the decrease in net cash flow from financing activities.

Reasons for the significant difference between the net cash flow generated by the Company's operating activities during the reporting period and the net profit of this year

Applicable Not applicable

V. Main business analysis

Applicable Not applicable

In RMB

	Amount	Proportion in total profit	Explanation of cause	Sustainable (yes or no)
Investment income	11,095,359.95	15.92%	The operating income of the Company's joint venture Jianshe HANON	Yes
Change in fair value, profit and loss.	0.00	0.00%		No
Impairment of assets	-490,947.61	0.70%		No
Non-operating income	79,114.42	0.11%		No
Non-operating expenses	1,260.70	0.00%		No
Income from asset disposal	-413,963.91	0.59%		No
Credit impairment losses	331,504.85	0.48%		No

VI. Condition of Asset and Liabilities

1. Condition of Asset Causing Significant Change

In RMB

	End of 2023		End of 2022		Proportion increase/decrease	Notes to the significant change
	Amount	Proportion in the total assets(%)	Amount	Proportion in the total assets(%)		
Monetary fund	137,195,899.72	15.73%	179,954,522.99	20.06%	-4.33%	
Accounts receivable	125,956,261.01	14.44%	113,710,214.72	12.68%	1.76%	
Contract assets		0.00%			0.00%	
Inventories	130,309,955.62	14.94%	131,860,572.93	14.70%	0.24%	
Real estate investment		0.00%			0.00%	
Long-term equity investment	221,207,680.99	25.36%	210,112,321.04	23.43%	1.93%	
Fixed assets	188,907,962.58	21.66%	202,039,143.80	22.53%	-0.87%	

Construction in process	15,244,362.53	1.75%	989,429.96	0.11%	1.64%	
Right to use assets		0.00%			0.00%	
Short-term loans	540,993,500.00	62.03%	546,603,500.00	60.94%	1.09%	
Contract liabilities	2,058,111.01	0.24%	3,441,205.38	0.38%	-0.14%	

Overseas assets account for a relatively high proportion.

Applicable Not applicable

2. Asset and Liabilities Measured by Fair Value

Applicable Not applicable

3. Restricted asset rights as of the end of this Reporting Period

Items	Ending balance			
	Book balance	Book value	Restricted type	Restricted situation
Monetary fund	9,080,029.50	9,080,029.50	Pledg	Bank acceptance bill security deposit
Fixed assets	41,102,080.06	24,295,232.36	Pledg	Loans Mortgage
Total	50,182,109.56	33,375,261.86	--	--

Connect the table:

Items	Beginning balance(
	Book balance	Book value	Restricted type	Restricted situation
Monetary fund	9,959,988.94	9,959,988.94	Pledg	Bank acceptance bill security deposit
Financing receivable	7,820,000.00	7,820,000.00	Pledg	Bank acceptance bill Mortgage
Total	17,779,988.94	17,779,988.94	--	--

VII. Investment situation

1. General

Applicable Not applicable

Investments made in the Reporting Period (\Yuan)	Investments made in the prior year (Yuan)	Increase/Decrease(%)
13,061,400.00	29,867,100.00	-56.27%

2. Condition of Acquiring Significant Share Right Investment during the Report Period

Applicable Not applicable

3.Situation of the Significant Non-equity Investment Undergoing in the Report Period

√ Applicable □ Not applicable

In RMB

Project name	Investment method	Fixed investments or not	Industry involved in investment projects	Investment amount in this reporting period	Accrued Actual Investment Amount up to the End of Reporting Period	Capital Source	Project schedule	Anticipated income	Accrued Realized Income up to the End of Reporting Period	Reasons for not Reaching the Planned Schedule and Anticipated Income	Disclosure date	Disclosure Index
Construction project of dynamic and static disk production line of electric compressor	Self-built	Yes	Automotive air conditioner compressor industry	6,981,800.00	6,981,800.00	Self funds	100.00 %	0.00	0.00	The construction of the project has been completed, saving 1,018,200 yuan	January 17,2023	See on www.cninfo.com.cn company announcement on Announcement No.: 2023-001
Sporadic fixed assets investment	Self-built	Yes	Automotive air conditioner compressor industry	6,079,600.00	6,079,600.00	Self funds	100.00 %	0.00	0.00	The construction of the project has been completed, saving 670,400 yuan	January 17,2023	See on www.cninfo.com.cn company announcement on Announcement No.: 2023-001
Total	--	--	--	13,061,400.00	13,061,400.00	--	--	0.00	0.00	--	--	--

4.Investment of Financial Asset**(1) Securities investment**

Applicable Not applicable

No such cases in the Reporting Period

(2) Investment in Derivatives

Applicable Not applicable

No such cases in the Reporting Period

5.Application of the raised capital

Applicable Not applicable

No such cases in the Reporting Period

VIII. Sales of major assets and equity**1.Situation of Significant Asset Sale**

Applicable Not applicable

No such cases in the Reporting Period

2.Sales of major equity

Applicable Not applicable

IX. Analysis of the Main Share Holding Companies and Share Participating Companies

√ Applicable □ Not applicable

Situation of Main Subsidiaries and the Joint-stock Company with over 10% net profit influencing to the Company

In RMB

Company Name	Company type	Sectors engaged in	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net Profit
Air Conditioner Co.	Subsidiaries	Production and sales of automotive air conditioners	16000	736,446,201.62	136,174,763.65	407,426,284.81	-63,362,878.98	-63,410,056.00
Pingshan Taikai	Shareholding company	Production and sales of motorcycles and parts	8355	91,871,607.66	84,291,366.13	51,413,680.94	50,465.89	67,686.15
Jianshe HANON	Shareholding company	Production and sales of Automobile Thermal Energy Management system	42000	519,521,882.39	439,298,643.18	277,217,202.96	24,512,822.23	22,190,719.89

Acquirement and disposal of subsidiaries in the Reporting period

□ Applicable √ Not applicable

Note

The wholly-owned subsidiary Automotive Air Conditioning is mainly engaged in the production and sales of fixed-displacement compressors for automotive air conditioners. With the increase of market share of new energy vehicles, the fixed-displacement compressor market has further declined. In 2023, 1.1831 million air-conditioning compressors were sold, with a year-on-year decrease of 1.25%, and the operating income was RMB 407.43 million, with a year-on-year decrease of 0.66%.

The wholly-owned subsidiary Pingshan Taikai is mainly engaged in the production and sales of carburetor and parts for engines. In 2023, In 2023, a number of 247,800 carburetors was sold, a YOY increase of 4.26%, and 7,500 sets of EFI systems were sold. The operating income from that was 51.61 million yuan, a YOY decrease of 15.39%.

The joint venture Jianshe HANON is mainly engaged in the production and sales of variable displacement compressors. In 2023, it sold 557,300 units of variable displacement compressors, a YOY increase of 14.36%, and achieved the operating income of 277.22 million yuan, a YOY increase of 8.9%.

X. Structured vehicle controlled by the Company

Applicable Not applicable

XI. Prospect for future development of the Company

(I) Overall development trend of the industry and opportunities and challenges faced by the Company

From the perspective of the development environment of the industry, the internal and external environment faced by the automotive industry is still complex and severe. Firstly, the international political disputes and military conflicts have erupted at many points, and the foreign trade market is facing more uncertainties and large downward pressure. Secondly, the domestic macroeconomic environment still faces challenges such as insufficient effective demand, intensified competition, and downward prices. However, the favorable factors supporting the high-quality development of the automotive industry continue to accumulate and increase, which will effectively improve the development environment of the automotive industry.

From the perspective of the operation trend of the industry, the development opportunities and challenges coexist in 2024, but the opportunities outweigh the challenges, and the favorable conditions are stronger than the unfavorable factors. It's expected that the automobile market will continue to maintain a steady and positive development trend in 2024 and will reach 31 million units, a slight increase of about 3% YOY. The production and sales of new energy vehicles will be expected to be about 11.5 million units, a YOY increase of about 20% and the production and sales of traditional fuel vehicles will decrease by 1.1 million units, a YOY decrease of about 5.3%.

From the perspective of the Company's development, the Company is facing a complex business environment and development pressure. The traditional automotive air-conditioning compressor products have been impacted by the transformation of the industry, and the sales scale has continued to shrink. The core competitiveness of new energy electric compressors is yet not enough, and it has not formed a scale effect in the mainstream passenger car market. However, with the official mass production of Changan Automobile CPA project, the market for new energy electric compressors has achieved a breakthrough, laying the foundation for the Company's transformation and development.

(II) Company development plans

The Company will unswervingly strengthen the construction of scientific and technological innovation enterprise, strive to build a new energy vehicle thermal management system and a full range of compressor product layout business structure, and vigorously implement the "three-year revitalization plan" and the three-step development strategy. Through the products revitalization, the integration of the Company's industrial layout optimization will be fully completed, and the new energy industry will become a new pillar backbone. Through market revitalization, the Company's internal resource integration will be fully implemented, and the market mechanism will achieve new results. Through management revitalization, the operation of the listed company will be fundamentally improved, and endogenous development will emerge with new vitality.

Through talent revitalization, the Company's competitive advantage will be reconstructed, and the value creation will gather new momentum.

(III) Company's production and operation arrangement in 2024

The year of 2024 is the first year of the implementation of the "three-year revitalization plan", and the Company will fully implement the business idea of "one rise, one stability and one decline", and vigorously implement the "271" business strategy, that is to achieve two goals, to carry out resource integration at the capital level and improve the anti-risk ability of the listed company. It will fully complete the business target in 2024 at the operation level, achieve the operating income of 584 million yuan, and complete the sales of 1.5 million units of automotive air-conditioning compressors, including 200,000 new energy electric compressors. The Company will vigorously implement the seven special actions of capital operation of the listed company, product tackling, market tackling, cost reduction, engineering capacity improvement, three systems reform and in-depth joint venture cooperation, basically forming an enterprise model of new energy industry operation + joint venture control upon the initial completion of transformation and upgrading.

Make every effort to promote product tackling. The first is to focus on promoting the Company's "266" scientific and technological transformation action plan, reshaping the scientific and technological innovation system, and achieve the system efficiency evaluation results ranking in the forefront of the group company. The second is to fully promoted the solidification, optimization and marketization of electric platform products, accelerate the solution of outstanding problems in the current period, complete the performance optimization of 27CC and 34CC platform products, and build product technical competitiveness. The third is to solidly promote lean research and development, optimize the organizational structure, personnel structure, and project management, further promote the design and cost reduction work, and build product market competitiveness. The fourth is to coordinate and promote the iterative reserve of product technology, complete the development of COM-PTC controller integration technology, R1234yf refrigerant scroll electric compressor heat pump adaptability technology research, and new refrigerant (R290) heat pump electric compressor forward-looking technology research.

Make every effort to promote the market tackling. First, for the electric compressor, we will grasp the increment of existing projects such as Chang'an, Ruichi, and Geely, and promote the increase volume of new projects such as Kaiyi and Xinyuan, so as to obtain increase in existed and strengthen the increment. Second, for the fixed-displacement compressor, it will consolidate the existing projects such as Peugeot and Great Wall, continue to stabilize the sales scale, and accelerate the increase volume in new projects such as the conversion project, the second-supplier project, and the Peugeot project. The third is to reshape the market customer structure, the electric compressor will take the markets or projects such as Dongfeng Nissan as the main expansion target, and the fixed displacement compressor will take Chery, offline, overseas and other markets as the main expansion target. The market concentration will be effectively reduced, and the customer structure will be significantly improved.

Make every effort to improve the engineering capabilities. The first is to improve the technological capabilities, completely solve the engineering problems such as electric compressor running-in and assembly operation efficiency, and enable the dynamic and static disc machine processing line, the electric compressor assembly line, and the controller line will be running stable at full production, and the manufacturing cost of a single unit will be greatly reduced with the supply chain is stable, reliable and controllable. The second is to improve the level of product quality, the quality cost rate will decrease by 0.5 percentage points YOY, the FTT of assembly line of fixed displacement products will be increased to 93.6%, the FTT of the electric 27CC production line will be increased to 85%, the FTT of the 34CC production line will be increased to 90%, and the first-time yieldpass rate of electric products will be increased to 95%. The third is to improve the level of equipment management, strengthen the preventive maintenance of equipment, reduce the average time to repair failures, and improve the overall OEE level of equipment.

Make every effort to reduce costs and control costs. The first is to adhere to the rigidity of the budget, decompose the goals layer by layer, implement responsibilities layer by layer, and form a target performance management system that everyone picks up the heavy burden and everyone has indicators on their heads. The second is to increase the potential of cost tapping, carry out in-depth value-saving actions, aim at the weaknesses of cost management, focus on key improvement areas, refine measurement standards, and control the procurement cost of the whole product line within the annual predetermined target. The third is to strictly control various expenses, so that "no budget no spending, there is budget but no overspending", increase the monitoring of costs and expenses, period expenses, etc., to ensure that the "three" expenses will be matched with the economies of scale. Fourth, we will strictly abide by the boundaries of the two gold controls, strictly control accounts receivable, determine production by sales, determine the procurement by production, and clean up the backlog of idle and inefficient and ineffective inventory in a timely manner.

Make every effort to promote the reform of the three systems. The first is to deepen the reform of the personnel system, implement the competitive employment for the last-grade position in the evaluation of cadres, strengthen the exit of middle-level leaders, improve the evaluation system of core talents, non-administrative and post-cadres, and build a positive dynamic adjustment mechanism. The second is to deepen the reform of the distribution system, build a multi-level income distribution model, optimize the medium and long-term incentives, strengthen project co-investment management, improve the scientific research team's income dividends of new product achievement transformation and improve the scientific and technological personnel remuneration cashing system, and the remuneration distribution will be more inclined to the core backbone. The third is to deepen the reform of the employment system, assess job needs, integrate functions and responsibilities, flatten the establishment of institutions, and establish a normalized exit mechanism in accordance with the law.

Focus on preventing and resolving risks and hidden dangers. First, the Company will continue to improve the internal control system. It will further improve the Company's risk management level, strengthen risk

identification and risk control before, during and after the event. It will further consolidate the compliance management responsibilities to ensure 100% coverage of the "three reviews" of legal compliance, and effectively prevent the Company's legal compliance risks. The second is to strictly implement safety production control. It will carry out a three-year difficulties-tackling action to strengthen and consolidate the overall safety system, continue to promote the rectification of major accidents and hidden dangers, and effectively curb the occurrence of accidents, promote the standardization of team safety standards, and earnestly implement the responsibility and measures for safe production to teams and individuals. It will carry out a three-year special action for ecological and environmental protection to reduce environmental pollution risk points and prevent environmental emergencies.

The above financial budget, business plan, and business goals do not represent the Company's profit forecast for the future years, and whether it can be achieved depends on various factors such as changes in market conditions and the efforts of the business team. As there is great uncertainty, investors are advised to pay attention to it.

XII.Particulars about researches, visits and interviews received in this reporting period

√ Applicable □ Not applicable

Reception time	Place of reception	Way of reception	Types of visitors received	Visitors received	Main contents discussed and information provided	Index of Basic Information on the Investigation and Survey
February 2,2023	The Company	By phone	Individual	Mr.Zhang	Q: The Company's annual performance forecast shows that the performance is declining, in the face of the current performance, does the Company's controlling shareholder have a plan to promote the B-share reform? A: The Company does not know the controlling shareholder's plan for the Company's B-share reform.	Register of visitors for investors of the company
March 21,2023	The Company	By phone	Individual	Mr.Chen	Q: The State-owned Assets Supervision and Administration Commission (SASAC) issued the "Work Plan for Improving the Quality of Listed Companies Controlled by Central Enterprises" to encourage and support central enterprises to become stronger, better and bigger.As a listed company of central enterprises, the Company should seize policy opportunities and promote B-share reform. A: The Company will conscientiously implement the requirements of the State-owned Assets Supervision and Administration Commission and the CSGC on the quality improvement of listed companies, unswervingly promote the "three major battles" of product innovation, reform and adjustment, and losses turnaround and profits increase, and strive to promote the high-quality development of the listed company.	Register of visitors for investors of the company
March 22,2023	The Company	By phone	Individual	Mr.Chen	Q: What is the relationship between the Company and the Construction company? A: Both are controlled by one party.	Register of visitors for investors of the company
May 12,2023	The Company	Online communication on the online platform	Individual	Individual	Q: After the Company's 4:1 share reduction, the total share capital is too small, and many institutional investors are reluctant to participate in the investment, hoping that the Company can increase capital and expand shares. A: At present, the Company is steadily promoting production and operation in accordance with the 14th Five-Year Plan, if there is a capital increase and share expansion plan, it will be announced in time, please continue to pay attention to the Company's information disclosure.	Jianche B 2022 Annual Performance Presentation Investor Activity Record Form, published on Shenzhen Stock Exchange Investor Relations Interactive Platform (Interactive Platform) on May 15, 2023
May 12,2023	The Company	Online communication on the online platform	Individual	Individual	Q: In recent years, the performance has not been idea, it is recommended that the Company expand new business on the basis of the current main business, and improve the Company's development ability and profitability. A: The company is actively expanding new businesses and accelerating transformation and upgrading and high-quality development.	Jianche B 2022 Annual Performance Presentation Investor Activity Record Form, published on Shenzhen Stock Exchange Investor Relations Interactive Platform (Interactive Platform) on May 15, 2023

May 12,2023	The Company	Online communication on the online platform	Individual	Individual	Q: A number of B-share listed companies have achieved B-share reform, why has there been no progress in the Company's B-share reform? We hope that the Company will promote the work of converting B share to A share as soon as possible. A: The Company is actively exploring the work of converting B share to A share in accordance with the relevant national policies.	Jianche B 2022 Annual Performance Presentation Investor Activity Record Form, published on Shenzhen Stock Exchange Investor Relations Interactive Platform (Interactive Platform) on May 15, 2023
May 12,2023	The Company	Online communication on the online platform	Individual	Individual	Q: The Company has been losing money for many years, is it expected to turn losses into profits this year? If achieve the expected revenue of 570 million yuan in the annual report, what is the expected profit? A: According to the 14th Five Year Plan, the Company vigorously implements the "136" strategy and develops in line with expectations during the transformation and upgrading process towards the new energy thermal management industry. Please refer to the Company's regular reports for specific details.	Jianche B 2022 Annual Performance Presentation Investor Activity Record Form, published on Shenzhen Stock Exchange Investor Relations Interactive Platform (Interactive Platform) on May 15, 2023
May 12,2023	The Company	Online communication on the online platform	Individual	Individual	Q: Does Han'ang Construction currently have the ability to deliver thermal management systems based on its recent business performance and future profit forecast? A: Han'ang Construction completed its revenue and profit targets by exceeding the budget in the first quarter of 2023, and it's expected to achieve its annual profit target according to the budget or beyond the budget this year.	Jianche B 2022 Annual Performance Presentation Investor Activity Record Form, published on Shenzhen Stock Exchange Investor Relations Interactive Platform (Interactive Platform) on May 15, 2023
May 12,2023	The Company	Online communication on the online platform	Individual	Individual	Q: Now that the Company's business situation, financial situation, and survival are all problems, how to build a world-class scientific and technological innovation company? A: The Company is promoting the "266" scientific and technological innovation action, implementing the product innovation battle, and striving to build a world-class scientific and technological innovation enterprise through the construction of scientific and technological innovation ecological mechanism, the introduction of high-level talents, the promotion of digital transformation of R&D, and the continuous improvement of R&D investment intensity.	Jianche B 2022 Annual Performance Presentation Investor Activity Record Form, published on Shenzhen Stock Exchange Investor Relations Interactive Platform (Interactive Platform) on May 15, 2023
May 12,2023	The Company	Online communication on the online platform	Individual	Individual	Q: Last year, the Company's new energy compressor production and sales were very low, is it because it has not yet formed its own core competitiveness? Is the bottleneck problem naturally existing? Is it possible for sales to reach 100,000 units this year? A: The Company unwaveringly transforms and upgrades to the new energy thermal management industry, and has built a new energy product series platform through the vigorous implementation of product innovation. The	Jianche B 2022 Annual Performance Presentation Investor Activity Record Form, published on Shenzhen Stock Exchange Investor Relations Interactive Platform

					Company is fully committed to the market boost, and it's expected that the sales of new energy electric compressors will exceed 100,000 units.	(Interactive Platform) on May 15, 2023
November 17,2023	Location of collective reception activities	Online communication on the online platform	Individual	Individual	A total number of 38 of questions raised by investors and the Company's replies were disclosed on the investor relations interactive platform of the Shenzhen Stock Exchange (E-platform)	Jianche B participated in the Collective Reception Day for investors of listed companies in Chongqing, published on the Investor Relations Interactive Platform of Shenzhen Stock Exchange on November 20, 2023 (Interactive Platform)

XIII. The implementation of the action plan of "Double improvement of quality and return".

Whether the Company has disclosed the action plan of "Double improvement of quality and return".

Yes No

IV. Corporate Governance

I. Basic state of corporate governance

In accordance with the Guidelines for the Governance of Listed Companies and other laws and regulations, the company has continuously improved its governance mechanism and established an effective governance structure, with clear rights and obligations of shareholders, directors, supervisors and senior executives, which can ensure that shareholders fully exercise their legal rights, ensure that the Board of Directors is responsible to the company and shareholders, and ensure the transparency of major information disclosure, legal operation and honesty and trustworthiness of the company. There is no significant difference between the actual situation of corporate governance and the normative documents on governance of listing companies issued by China Securities Regulatory Commission.

In 2023, the board of directors and the board office of the Company won the "2023 Excellent Practice Case of Board of Directors of Listed Companies" and "2023 Excellent Practice Case of Board Office of Listed Companies" respectively in the evaluation by the China Association of Listed Companies.

Does there exist any difference in compliance with the corporate governance , the PRC Company Law and the relevant provisions of CSRC,

Yes No

There exist no difference in compliance with the corporate governance , the PRC Company Law and the relevant provisions of CSRC.

II. Independence of the Company relative to controlling shareholder and the actual controller in ensuring the Company's assets, personnel, finance, organization and businesses

The Company is completely separate from the holding shareholder in aspects of business, asset, finance, and organization. It has its independent business operation.

Business: The Company has independent and complete development, purchase, production and marketing system. The Company is capable to perform business operation independently.

Personnel: The Company established independent functional department responsible for labor, personnel and wage management and formed labor, personnel and wage management system.

Asset: The Company's assets are independent and complete. The assets are registered, booked, accounted, and administrated independently.

Organization: The Company has established an organizational structure that is independent of its controlling shareholder. The organs of the Company are able to exercise their functions independently.

Finance: The Company has set up independent finance department, formed independent financial accounting system, established and perfected financial control system and internal control measures, opened independent bank accounts and paid taxes independently.

III. Competition situations of the industry

Applicable Not Applicable

IV. Annual General Meeting and Extraordinary Shareholders' Meetings in the Reportin

1. Annual General Meeting

Sessions	Type	Investor participation ratio	Meeting Date	Disclosure date	Disclosure index
The First Extraordinary shareholders' General meeting in 2023	Extraordinary shareholders' General meeting	74.45%	February 24,2023	February 25,2023	It was reviewed and approved: 1.Proposal on 2023 Annual Investment Plan. 2.Proposal on the financing plan for 2023. 3.Proposal on the expected provision of guarantees for Subsidiaries in 2023.4.Proposal on expected routine related party transactions in 2023.
2022 Shareholders' general meeting	Annual General Meeting	76.24%	May 26,2023	May 27,2023	It was reviewed and approved: 1. The Work Report of the Board of Directors for 2022.2. The Work Report of Supervisors committee 2022.3. Annual Report for 2022 and its summary. 4. Profit distribution plan for 2022.5. Proposal on the general election of the board of directors.6.Proposal on the general election of the Board of Supervisors.
The Second Extraordinary shareholders' General meeting in 2023	Extraordinary shareholders' General meeting	74.57%	December 22,2023	December 23,2023	It was reviewed and approved: . 1. Proposal on the change of accounting firm. 2. Proposal on amending the Articles of Association 3. Proposal on amending the Rules of Procedure of the General Meeting of Shareholders. 4. Proposal on amending the Rules of Procedure of the Board of Directors. 5. Proposal on formulating the "Independent Director System".

2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

Applicable Not applicable

V. Information about Directors, Supervisors and Senior Executives

1. Basic situation

Name	Sex	Age	Positions	Office status	Starting date of tenure	Expiry date of tenure	Shares held at the year-begin(share)	Amount of shares increased at the reporting	Amount of shares decreased at the reporting	Other changes increase /decrease	Shares held at the year-end(share)	Reason
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							period(s hare)	period(s hare)				
Fan Aijun	Male	52	Chairman	In office	October 27,2023	May 29,2026	0	0	0	0	0	Not applicable
Fan Aijun	Male	52	Director	In office	February 3,2021	May 29,2026	0	0	0	0	0	Not applicable
Fan Aijun	Male	52	GM	Dimission	January 18,2021	October 27,2023	0	0	0	0	0	Not applicable
Zhou Chaodong	Male	44	Director	In office	February 2,2024	May 29,2026	0	0	0	0	0	Not applicable
Zhou Chaodong	Male	44	GM	In office	December 22,2023	May 29,2026	0	0	0	0	0	Not applicable
Dong Qihong	Male	59	Director	In office	April 11,2019	May 29,2026	0	0	0	0	0	Not applicable
Qiao Guoan	Male	59	Director	In office	May 26,2023	May 29,2026	0	0	0	0	0	Not applicable
Qiao Guoan	Male	59	Supervisor	Dimission	April 11,2019	May 26,2023	0	0	0	0	0	Not applicable
Shi Qingong	Male	51	Director	In office	May 28,2021	May 29,2026	0	0	0	0	0	Not applicable
Gu Xiaozhou	Male	36	Director	In office	May 26,2023	May 29,2026	0	0	0	0	0	Not applicable
Li Jiaming	Male	58	Independent Director	In office	May 22,2020	May 29,2026	0	0	0	0	0	Not applicable
Xie Fei	Male	59	Independent Director	In office	May 22,2020	May 29,2026	0	0	0	0	0	Not applicable
Liu Wei	Male	59	Independent Director	In office	May 22,2020	May 29,2026	0	0	0	0	0	Not applicable
Song Weiwei	Female	48	Independent Director	In office	May 22,2020	May 29,2026	0	0	0	0	0	Not applicable
Lu Xianyun	Male	59	Chairman of the supervisory committee	In office	November 27,2020	May 29,2026	0	0	0	0	0	Not applicable
Zhang Lungang	Male	56	Supervisor	In office	April 11,2019	May 29,2026	0	0	0	0	0	Not applicable
Liao Jian	Male	52	Employee supervisor	In office	March 3,2021	May 29,2026	0	0	0	0	0	Not applicable
Su Qiang	Male	37	Employee supervisor	In office	November 29,2021	May 29,2026	0	0	0	0	0	Not applicable

Xu Wanming	Male	52	Secretary of the Commission for Discipline Inspection	In office	August 29,2022		0	0	0	0	0	Not applicable
Tan Mingxian	Male	50	Chief accountant	In office	March 25,2019	May 29,2026	0	0	0	0	0	Not applicable
Li Yongjiang	Male	42	Deputy GM	In office	December 5,2021	May 29,2026	0	0	0	0	0	Not applicable
Zhou Yongqiang	Male	51	Deputy GM	In office	June 26,2022	May 29,2026	0	0	0	0	0	Not applicable
Zhang Hushan	Male	36	Secretary of the Board	In office	May 17,2018	May 29,2026	0	0	0	0	0	Not applicable
Yan Xuechuan	Male	60	Chairman	Dismission	November 13,2020	October 27,2023	0	0	0	0	0	Not applicable
Yan Xuechuan	Male	60	Director	Dismission	October 11,2018	October 27,2023	0	0	0	0	0	Not applicable
Hao Lin	Male	60	Director	Dismission	April 29,2008	May 26,2023	0	0	0	0	0	Not applicable
Total	--	--	--	--	--	--	0	0	0	0	0	--

During the reporting period, whether there is dismissal of directors and supervisors and decruitment of senior executives

Yes No

During the reporting period, The company has the resignation of directors and supervisors and the dismissal of Senior executives personnel during their term of office. For details, please refer to the following "Changes in the company's directors, supervisors and senior management personnel"

.Changes of directors, supervisors and senior executives

√ Applicable □ Not applicable

Name	Positions	Types	Date	Reason
Fan Aijun	Chairman	Elected	October 27,2023	Elected as Chairman by the Board of Directors
Fan Aijun	GM	Dismiss	October 27,2023	Job changes
Zhou Chaodong	GM	Appointed	December 22,2023	Appointment by the Board of Directors
Yan Xuechuan	Director, Chairman	Dimission	October 27,2023	Retire at the age and resign from the position
Qiao Guoan	Director	Elected	May 26,2023	General election of directors, elected as director
Qiao Gluoan	Supervisor	Leave office at the end of your term	May 26,2023	The supervisor's term of office has expired and he/she has resigned
Gu Xiaozhou	Director	Elected	May 26,2023	General election of directors, elected as director
Hao Lin	Director	Leave office at the end of your term	May 26,2023	The director's term expires and he/she leaves office

II. Status of service

Working experiences of current directors, supervisors, and executives

Situation by the end of 2023:

Fan Aijun, male, was born in July 1971, postgraduate degree of business management, engineer. He had served as workshop technician, office secretary, deputy director of general administration, and deputy chief of staff of Construction Group; he had served as vice general manager of Pan India Construction Co., Ltd, section chief of overseas business section of Chongqing Jianya, deputy chief, and section chief of matching section, and section chief of matching section of automobile division of the company; he had served as vice general manager, and general manager of automotive air-conditioner compressor division, and he had served as vice general manager of the company; currently, he serves as deputy party secretary of Jianshe Mechanical and Electric Company, and he is the general manager, director and CFO of the company. Currently, he serves as Secretary of party committee and Chairman of the Company.

Zhou Chaodong, male, born in January 1979, holds a bachelor's degree in automobile and tractor from Shenyang Institute of Technology, and is a senior engineer. He used to be the chief designer, minister and deputy director of the MF platform of the technology center of Chongqing Qingshan Transmission Branch, the executive deputy director of the technology center of Chongqing Qingshan Transmission Branch, the assistant to the general manager of Chongqing Qingshan Transmission Branch, and the deputy general manager of Chongqing Qingshan Industrial Co., Ltd. He is currently the director, general manager and deputy secretary of the party committee of the Company.

Dong Qihong, male, was born in September 1964, bachelor degree in economic management, senior engineer. He was Former Secretary of Youth League Committee of Qingshan Machinery Factory, Deputy Director of

Motorcycle Parts Branch; Deputy Minister and Minister of Personnel and Labor Department of Chongqing Qingshan Industrial Co., Ltd., Deputy Secretary of Party Committee, Secretary of Discipline Inspection Committee, Chairman of Worker Union, Deputy General Manager, Director, Secretary of Party Committee of Chongqing Qingshan Industrial Co., Ltd; he had served as Deputy General Manager and General Manager of Chongqing Qingshan Transmission Branch of China South Industrial Automobile Co., Ltd; General Manager of Chongqing Qingshan Industrial Co., Ltd .; Deputy Director and Director of Audit and Risk Department of China South Industries Group Corporation; Chairman and Secretary of Party Committee of Baoding Tianwei Group Co., Ltd.; Inspector of Audit and Risk Department, Inspector of Supervision Department, Inspector of Discipline Inspection and Supervision Department of China South Industries Group Corporation; Supervisor of South Asset Management Company; Chairman of Chang'an Automobile Supervisory Committee; and he was Director of Construction Mechatronics. Currently, he is the director of China Jialing, director of Luoyang North, director of Jinan Qingqi and Dajing Industrial and director of the Company.

Qiao Guoan, male, was born in May 1964, holding a bachelor's degree in systems engineering and a senior engineer title. He used to be Chief of Technology Section, Chief of Integrated Management Section of Chief Engineer's Office, Deputy Chief of Science and Technology Department, Minister of Science and Technology Quality Department of 861 plant, Assistant General Manager, Deputy General Manager and Chief Engineer, Director, General Manager, Deputy Secretary of the Party Committee of Hunan Yunjian Group Co., Ltd; and Supervisor of Jianshe Mechanical and Electric . He is currently the supervisor of Yunnan Xiyi Industry Co., Ltd. and the supervisor of Jianshe Industry and the supervisor of the Company. Currently, he serves as director of of the Company.

Shi Qingong, male, born in July 1972, master's degree in software engineering, Senior Accountant. He used to be the Leading Accountant of Accounting Section, Director of Enterprise Management Section, Director of Asset Management Department, Director of Investment and Financing Management Department and Deputy Director of Financial Settlement Center, Director of Financial Audit Department, Assistant to General Manager, Financial Director of Lida Optoelectronics Dongguan Xujin Optoelectronics Co., Ltd., Director, Chief Accountant, General Manager, Member and Deputy Secretary of the Party Committee of Hunan South China Optoelectronics Co., Ltd. He is currently the Director of Luoyang North, Jinan Qingqi and the Company.

Gu Xiaozhou, male, born in January 1987, holds a bachelor's degree in business administration from Huazhong University of Science and Technology. He used to be the manager of Shenzhen Zhongzhenxing Technology Development Co., Ltd. He is currently the general manager of Shenzhen Baimai Investment Co., Ltd. and a director of the Company.

Li Jiaming: male, was born in 1965, with a doctoral degree and a professor title. He was former Head of the Teaching and Research Section of the Department of Economics II, Yuzhou University; deputy director of the accounting department of Chongqing University School of Business Administration, deputy director of the Disciplinary Supervision Office of Chongqing University, deputy director, director of the Audit Office of

Chongqing University, General Manager of Chongqing University Science and Technology Enterprise Group, Director of MPAcc Center of School of Economics and Management of Chongqing University, and Executive Deputy Dean of Chongqing University of Science and Technology of Dazi City, he served concurrently as independent director of Chongqing Yu Development Co., Ltd, Guangxi Liugong Machinery Co., Ltd. and Chongqing Jianshe Motorcycle Company. Currently, he is the chairman of Chongqing University Asset Management Co., Ltd and an independent director of the Company.

Xie Fei: Male, born in 1964, doctor degree, professor title, visiting scholar at Australian National University, and research student at Ritsumeikan University in Japan. He was a member of the Standing Committee of the Youth League Committee of Chongqing University, a teacher and director of Chongqing Industrial Management Institute, and a teacher and director of Chongqing Institute of Technology. Currently, he is Dean of the School of Economics and Finance of Chongqing University of Technology, concurrently serves as Educational Inspector of Chongqing Municipal People's Government, Executive Director of Chongqing Finance Society, Executive Director of Chongqing Macroeconomics, Decision Consulting Expert of Chongqing Development and Reform Commission, Leader of Applied Economics and Asset Appraisal of Chongqing University of Technology, and he is an independent director of Chongqing Yuxin Pingrui Electronics Co., Ltd and an independent director of the Company.

Liu Wei: Male, born in 1964, post-doctorate and professor of new product development at Manchester University of Technology, UK. Served as a lecturer, associate professor, assistant to the department head of the

First Department of Mechanical Engineering of Chongqing University, professor of the School of Mechanical Engineering of Chongqing University, deputy director of the research institute, and concurrently served as

Chongqing Changan Automobile Co., Ltd., Chongqing Science and Technology Venture Capital Co., Ltd. Co., Ltd., Chongqing Angel Investment Guidance Fund Co., Ltd., Chongqing Zaisheng Technology Co., Ltd., Chongqing Electromechanical Co., Ltd., Chongqing Fuling Electric Power Industry Co., Ltd., Chongqing

Three Gorges Paint Co., Ltd., and Chongqing Zhengchuan Pharmaceutical Packaging Materials Co., Ltd. are independent Director, outside director of Chongqing Iron and Steel (Group) Co., Ltd. He is currently a professor, doctoral supervisor, deputy director of the research center, and department head of the School of

Economics and Business Administration of Chongqing University, and concurrently serves as an independent director of Kunming Yunnei Power Co., Ltd. and the company.

Song Weiwei: female, born in 1975, master degree, professor of financial management and certified public accountant. She served concurrently as the chairman of Chongqing University of Technology Weigan Technology Co., Ltd. Currently, she serves as professor at the School of Accounting of Chongqing University of Technology, concurrently serving as independent director of Chongqing Chuanyi Automation Co., Ltd, SPIC Yuanda Environmental Protection Co., Ltd, Chongqing Three Gorges Paint Co., Ltd and the Company.

Lu Xianyun, male, Han nationality, was born in November 1964. He has a postgraduate degree in business

administration and has the title of researcher-level senior engineer. He served as Minister of Manufacturing Department, Assistant to General Manager and Minister of Human Resources, and Deputy General Manager of Qingshan Plant, and once served as Deputy General Manager, Secretary of the Party Committee, Secretary of the Disciplinary Committee, Chairman of the Labor Union, and Director of Chongqing Qingshan Industrial Co., Ltd, and he was Secretary of the Party Committee of, Secretary of the Commission for Discipline Inspection, Chairman of the Labor Union in Chongqing Qingshan Transmission Branch. Currently, he is a supervisor of Yunnan Xiyi and the chairman of the Company's board of supervisors.

Zhang Lungang, male, was born in January 1967, university degree in financial management, senior accountant title. He was Former financial chief accountant of 5003 Factory; Deputy division chief of the Financial Department of Southwest Ordnance Bureau; Financial Manager of Chongqing Wanyou Kang'nian Hotel; Division Chief of the Financial Department, Division Chief of Financial Audit Department, Division Chief of Asset Management Department of Southwest Ordnance Bureau; Deputy General Manager, Chief Accountant of Dajiang Industrial Group Corporation; Deputy General Manager of Chongqing Jiangtong Machinery; Director, Chief Accountant and Secretary of the Party Committee of Chongqing Chang'an Industry (Group) Co., Ltd .; Chairman of the Supervisory Board of Chengdu Jinlin Industrial Manufacturing Co., Ltd; Supervisor and Chairman of the Supervisory Board of Chengdu Lingchuan Special Industry Co., Ltd.; Supervisor of the Supervisory Board of Sichuan Huaqing Machinery Co., Ltd .; and Chairman of the Supervisory Committee of Construction Mechatronics. He is currently the Chairman of the Supervisory Committee of Construction Mechatronics, and Supervisor of Yunnan Xiyi Industry Co., Ltd. and the Supervisor of the Company'.

Liao Jian, male, born in April 1971, college degree in accounting, Assistant Accountant. He used to be the Director of Accounting Office of Finance Department of Jianshe Group, Director of Securities Office of Asset Operation Department, Deputy Director, Deputy Director and Director of Finance Department of Jianmo B, Deputy General Manager (concurrently) of Vehicle Air Conditioning, Director of Jianshe Electromechanical Finance Department, Executive and Deputy General Manager of Pingshan Taikai, and Deputy Director (presiding) of Audit Risk Department of Jianche B. He is currently the Director of Audit Risk Department and Employee Supervisor of the Company.

Su Qiang, male, born in November 1986, graduated from North University of China, majoring in Mechanical and Electronic Engineering, Political Engineer. He used to be the Technician in the Casting Room of the Company's Equipment Preservation Section, participating in post-job training in Chongqing Municipal Committee of the Communist Youth League, Communist Youth League officer and organization officer in the Party-mass Work Department of the Company, Marketing Planner and Engine Salesman in the Joint Venture Business Department of the Company, and Deputy Head of the Purchase Management Division in the Production Management Department of Zhuzhou Jianshe Yamaha Motorcycle Co., Ltd. He is currently the Deputy Secretary of the Communist Youth League Committee, the Deputy Secretary of the Party Branch ,the Deputy Director of the

Party-mass Work Department and Employee Supervisor of the Company.

Xu Wanming, male, born in August 1971, bachelor's degree in economics from Chongqing Institute of Technology, title of senior engineer. He used to be deputy director of the organization department of the Party Committee and secretary of the party branch, deputy director of the supervision department of committee for discipline inspection and secretary of the joint party branch of discipline inspection and audit, director of human resources department and secretary of the party branch (during which he served as deputy director of the human resources section of the human resources department of CSGC) in Chang'an Industry and secretary of committee for discipline inspection of Sichuan Jian'an Industry Co., Ltd. He is currently the secretary of committee for discipline inspection of the Company.

Mr. Tan Mingxian, male, was born in May 1973, bachelor degree in accounting, senior accountant, Chinese Certified Tax Agent, Certified Management Accountant (CMA). He had served as Supervisor, Deputy Minister and Minister of Finance Department of Chongqing Wangjiang Industrial Co., Ltd.; served as Chief Accountant of Sichuan Xiguang Industrial Group Co., Ltd; severed as Deputy Minister of Finance Department of Chongqing Chang'an Industrial Group Co., Ltd.; severed as Deputy Chief Accountant of Chongqing Wangjiang Industrial Co., Ltd; he was a supervisor of supervisory board of China Jialing, Jianmo B, Jinan Qingqi, and Luoyang North; he had served as Office Director of Southern Motorcycle Supervisory Affairs Office; severed as Chief Financial Officer of Chongqing Southern Motorcycle Technology R&D Co., Ltd. Currently, he is the chief accountant of Construction Electromechanical; he is a director of the Company. he served as Chief accountant of the Company.

Li Yongjiang, male, was born in November 1981, holding bachelor degree in mechanical engineering and automation and the senior engineer title. He used to be Deputy Section Chief of the Engine Group of Construction Group; Chief of Workshop Room 54, Deputy Chief of Machine Shop of Manufacturing Department, Director of Precision Management Office of Jianmo B Engine Business Department; Practice Section Chief of Chongqing Jianya casting section; Deputy Director of the Jianmo B press welding workshop; Deputy Minister of the production management department; Deputy Minister of the construction machinery manufacturing management department; Deputy Division Chief of the manufacturing department of Chang'an Automobile Yubei Factory (Concurrent Post). He is currently the Vice Chairman of the Company's worker union, Minister of the party and mass work department, and Employee Supervisor. he served as Deputy General Manager of the Company.

Zhou Yongqiang, male, born in December 1972, bachelor's degree in management engineering from Chongqing Institute of Industrial Management, title of senior economist. He used to be the director of investment management section and the deputy director of investment management section in China Jialing Group, the assistant director of planning department, the deputy director and director of enterprise development department in China Jialing; General manager of Chongqing Jiufang Foundry Co., Ltd.; Assistant to general manager and director of development planning department, secretary of board of directors and deputy general manager of China Jialing; Director of Jianshe Mechanical & Electrical Equipment, Chongqing Jialing Industrial

Co., Ltd. and Jinan Qingqi; Director of motorcycle reform and development section, southwest region department of Southern Group; Director of Luoyang North and the Company. He is currently the deputy general manager of the Company.

Mr. Zhang Hushan, male, was born in August 1987, bachelor degree, political engineer title. He had served as the operation administrator in the company's business planning department and secretary of the league branch of the business cooperation group (during the period of 2011.08~2013.02, worked in the capital operation department of China South Industries Group Corporation); served as the general affairs officer of the company office, and he was the member of the Youth League Committee and the secretary of the league branch of the second group; he had served as deputy minister of the Business Planning Department and deputy minister of the Automotive Air Conditioning Business Planning Department. Currently, he is the deputy minister of the company's business planning department (the secretary-general office) and the deputy director of the secretary-general office; and he is the secretary of the Board of the Company.

Office taking in shareholder companies

√Applicable □Not applicable

Names of the persons in office	Names of the shareholders	Titles engaged in the shareholders	Sharing date of office term	Expiry date of office term	Does he /she receive remuneration or allowance from the shareholder
Dong Qihong	Luoyang North	Director	October 10,2018		Yes
Dong Qihong	Jinan Qingqi	Director	December 3,2018		Yes
Dong Qihong	Dajiang Industrial	Director	November 29,2021		Yes
Shi Qingong	Luoyang North	Director	April 16,2021		Yes
Shi Qingong	Jinan Qingqi	Director	April 6,2021		Yes
Lu Xianyun	Jianshe Industry	Supervisor	November 10,2020		Yes
Lu Xianyun	Chongqing Wanyou	Director	December 19,2022		Yes
Qiao Guoan	Jianshe Industry	Supervisor	January 3,2018	January 11,2023	Yes
Zhang Lungang	Jianshe Industry	Chairman of the board of supervisors	November 6,2017	January 11,2023	Yes
Zhang Lungang	Yunnan Xiyi Industry Co., Ltd.	Supervisor	November 6,2017	April 6,2023	Yes
Zhang Lungang	Jianshe Industry	Director	May 20,2023		Yes
Zhang Lungang	Chongqing Hongyu Precision Industry Co., Ltd.	Director	November 15,2021		Yes
Zhang Lungang	Anhui Military Industry Group Holding Co., Ltd.	Director	August 24,2023	August 23,2026	Yes

Offices taken in other organizations

√Applicable □Not applicable

Names	Name of the parties	Positions	Job started	Job ended	Take remunerations from the party
Li Jiaming	Chongqing University Assets Management Co., Ltd.	GM	November 21,2021	July 24,2023	Yes
Li Jiaming	School of Economics and Business Administration, Chongqing University	Professor	July 24,2023		Yes
Xie Fei	Chongqing University of Technology School of Economics and Finance	Professor	January 4,2016		Yes
Liu Wei	Chongqing University of School of Economics and Business Administration	Professor, Ph.D, Associate Director of the research center, Head of the Department of Business Management, Ph.D	April 2,2001		Yes
Song Weiwei	Accounting School of CQUT	Professor	July 3,2000		Yes
Gu Xiaozhou	Shenzhen Baimai Investment Co.,Ltd.	GM	January 5,2015		Yes
Hao Lin	Chongqing Tongkang Technology Co., Ltd.	Chairman	July 1,1999		Yes

Punishments to the current and leaving board directors, supervisors and senior managers during the report period by securities regulators in the recent three years

□ Applicable √Not applicable

III. Remuneration to directors, supervisors and senior executives

Decision-making procedures, basis for determination and actual payment of the remuneration to directors , supervisors and senior executives

The Board of Directors follows the market rules and reflects the characteristics of enterprise, and implements an annual salary system for the members of the managers, which consists of basic annual salary and performance annual salary. By signing employment contracts and performance contracts, stipulating responsibilities, rights and obligations, conducting strict employment management and objective assessment, and smoothing the exit mechanism, it will build a professional and specialized management team.

During the implementation, the Board of Directors decides the salary structure and level of managers in accordance with the Salary Management Measures and the Performance Management Measures. The basic annual salary is the annual basic income, which is mainly determined according to the relative value of the positions of managers, the responsibilities and risks they undertake, work experience, ability to hold positions and other factors. The annual salary of performance is the annual floating income, which is linked to the annual performance assessment results, reflects the situation of managers' completion of the annual business plan and objectives, and is determined according to the completion of the Company's main financial indexes and individual performance assessment results.

Remuneration of directors, supervisors, and executives in the report period

In RMB 10,000

Name	Sex	Age	Positions	Office status	Total remuneration	Remuneration actually
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					received from the shareholder	receives at the end of the reporting period
Fan Aijun	Male	52	Chairman	In office	37.6	No
Zhou Chaodong	Male	44	Director, GM	In office	4.38	No
Dong Qihong	Male	59	Director	In office	23.72	Yes
Qiao Guoan	Male	59	Director	In office	37.42	Yes
Shi Qingong	Male	51	Director	In office	24.08	Yes
Gu Xiaozhou	Male	36	Director	In office	0	Yes
Li Jiaming	Male	58	Independent Director	In office	3.57	No
Xie Fei	Male	59	Independent Director	In office	3.57	No
Liu Wei	Male	59	Independent Director	In office	3.57	No
Song Weiwei	Female	48	Independent Director	In office	3.57	No
Lu Xianyun	Male	59	Chairman of the supervisory committee	In office	40.05	Yes
Zhang Lungang	Male	56	Supervisor	In office	38.66	Yes
Liao Jian	Male	52	Employee Supervisor	In office	16.22	No
Su Qiang	Male	37	Employee Supervisor	In office	17.38	No
Xu Wanming	Male	52	Secretary of the Commission for Discipline Inspection	In office	36.68	No
Tan Mingxian	Male	50	Chief accountant	In office	32.32	No
Li Yongjiang	Male	42	Deputy GM	In office	36.32	No
Zhou Yongqiang	Male	51	Deputy GM	In office	35.88	No
Zhang Hushan	Male	36	Secretary of the Board, general manager assistant	In office	20.4	No
Yan Xuechuan	Male	60	Chairman	Dimission	24.99	No
Hao Lin	Male	60	Director	Dimission	0	Yes
Total	--	--	--	--	440.38	--

Other note

Applicable Not applicable

VI. Performance of directors' duties during the reporting period

1. Information of the board meetings during the reporting period

Session	Convening date	Disclosure date	Meeting resolution
The 19th meeting of the Ninth Board of Directors	January 16,2023	January 17,2023	It was reviewed and approved: Proposal on 2023 Annual Investment Plan; Proposal on the 2023 Annual Financing Plan; Proposal on Estimated External Guarantee in 2023; Proposal on Estimated Daily Related Party Transactions in 2023; Proposal on amending the "Compliance Management Measures", Proposal on convening the first extraordinary general meeting of shareholders in 2023.
The 20th meeting of the Ninth Board of Directors	April 27,2023	April 29,2023	It was reviewed and approved: 2022 Annual Report on the Work by the Board of Directors, 2022 Annual Report on the Work by the General Manager, Full Text and Summary of the 2022 Annual Report, 2022 Annual Profit Distribution Plan, 2022 Internal Control Evaluation Report, Risk Assessment Report on CSGC Finance Co., Ltd., Proposal on the 2023 Annual Audit Plan, 2023 First Quarter Report of the Company, Proposal on the General Election of the Board of Directors, and Proposal on Convening the 2022 Annual General Meeting of Shareholders.
The 1st meeting of the tenth Board of Directors	May 26,2023	May 27,2023	It was reviewed and approved: roposal on the election of the chairman of the 10th session of the board of directors, Proposal on the appointment of the general manager, Proposal on the election of members and chairman of the strategy committee of the 10th board of directors, Proposal on the election of members and chairman of the audit committee of the 10th board of directors, Proposal on the election of members and chairman of the nomination committee of the 10th board of directors, and Proposal on the election of members and chairman of the remuneration and assessment committee of the 10th board of directors.
The 2nd meeting of the tenth Board of Directors	July 27,2023	July 29,2023	It was reviewed and approved: Full text and summary of the 2023 semi-annual report, the risk assessment report on CSGC Finance Co., Ltd.
The 3rd meeting of the tenth Board of Directors	October 27,2023	October 31,2023	Listened to the report: Report on Mr. Yan Xuechuan's resignation from his positions as Chairman and Director. Reviewed and approved: Proposal on the election of Mr. Fan Aijun as the chairman of the 10th session of the Board of Directors, Proposal on the election of Mr. Fan Aijun as a member and chairman of the Strategy Committee of the 10th session of the Board of Directors, Proposal on the dismissal of Mr. Fan Aijun as General Manager, Report for the third quarter of 2023, Proposal on change of accounting firm, Proposal on amending the Working Rules of the Audit Committee, Proposal on amending the Working Rules of the Nomination Committee, Proposal on amending the "Working Rules of the Remuneration and Appraisal Committee" and Proposal on amending the "Measures for the Administration of Remuneration".

The 4th meeting of the tenth Board of Directors	November 30,2023	December 1,2023	It was reviewed and approved: Proposal on Amending the Articles of Association of the Company; Proposal on Amending the Rules of Procedure for General Shareholders' Meeting; Proposal on Amending the Rules of Procedure of the Board of Directors; Proposal on Formulating the Independent Director System; Proposal on Amending the Management Measures for Authorization by the Board of Directors; Proposal on convening the second extraordinary general meeting of shareholders for the year 2023.
The 5th meeting of the tenth Board of Directors	December 22,2023	December 23,2023	It was reviewed and approved: Proposal on Appointing Mr. Zhou Chaodong as the General Manager; Proposal on Nominating Mr. Zhou Chaodong as a Director Candidate for the 10th Board of Directors.

2. Attendance of directors at the board meetings and the general meeting of shareholders

Attendance of directors at the board meetings and the general meeting of shareholders							
Name of director	Number of board meetings attended during the reporting period	Number of board meetings attended in person	Number of board meetings attended by means of communication	Number of board meetings attended by proxy	Number of board meetings absent from	Whether to attend the board meeting in person twice in a row	General meetings of shareholders attended
Fan Aijun	7	6	1	0	0	No	3
Dong Qihong	7	6	1	0	0	No	3
Qiao Guoan	5	4	1	0	0	No	2
Shi Qingong	7	6	1	0	0	No	3
Gu Xiaozhou	5	3	1	1	0	No	2
Li Jiaming	7	6	1	0	0	No	3
Xie Fei	7	6	1	0	0	No	3
Li Wei	7	5	1	1	0	No	3
Song Weiwei	7	6	1	0	0	No	3
Yan Xuechuan	4	4	0	0	0	No	2
Hao Lin	2	2	0	0	0	No	0

Explanation of absent the Board Meeting for the second time in a row

Not applicable

3. Directors' objections to related matters of the Company

Whether the director raises any objection to the relevant matters of the Company

Yes No

During the reporting period, the directors did not raise any objection to the relevant matters of the Company.

4. Other descriptions of directors' performance of duties

Whether the directors' suggestions on the Company have been adopted

Yes No

The director's statement on whether the relevant suggestions of the Company have been adopted or not

In 2023, the Company's directors learned about the its production and operation through field visits, consulting the Company's information and listening to reporting, and paid attention to the development of the automobile industry, important customers, key suppliers, major competitors and other related situations. In their respective professional fields, they have put forward professional opinions and management suggestions on the Company's product structure adjustment, new product research and development, market expansion, risk prevention and control, and quality improvement of subsidiaries. The Company's management listened to and adopted the suggestions of the directors and implemented them in specific work.

VII. Situation of special committees under the Board of Directors during the reporting period

Committee name	Member information	Number of meetings convened	Convening date	Meeting content	Put forward important opinions and suggestions	Other information of duty performance	Details of objections (if any)
Audit Committee	4: Chairman of committee: Song Weiwei Member : Li Jiaming, Xie Fei, Dong Qihong	4	January 10, 2023	<ol style="list-style-type: none"> 1. Review the 2022 annual accounting report prepared by the Company's finance department and put forward opinions. 2. Review the overall audit strategy and specific audit plan of the 2022 financial report submitted by Dahua Certified Public Accountants (LLP) and put forward opinions. 3. Review the Company's expected routine related party transactions in 2023 and put forward opinions. 	<ol style="list-style-type: none"> 1. It is agreed to submit the 2022 annual accounting statement prepared by the Company's Finance Department to the accounting firm for preliminary review. 2. It is agreed that the accounting firm should implement the audit procedures according to the above audit strategy and specific plan. 3. It is agreed to submit the <i>Proposal on Estimated Daily Related Party Transactions of the Company in 2023</i> to the Board of Directors for consideration. 	Negotiate with the accounting firm to determine the time schedule of the annual financial report audit, pay attention to the progress of the audit many times during the audit, and urge the accounting firm to submit the audit report within the agreed time limit.	
			April 4, 2023	<ol style="list-style-type: none"> 1. Review the Company's 2022 annual accounting report and the first draft of the audit report and put forward opinions. 2. Review the 2022 internal control evaluation report and put forward opinions. 3. Summarize the Company's audit work by the accounting firm in 2022. 4. Review "The Company's 2023 Audit Plan" and put forward opinions. 5. Evaluate on the risk assessment of CSGC Finance Co., Ltd. and put forward opinions. 	<ol style="list-style-type: none"> 1. Agreed to submit the 2022 annual audit report issued by Dahua Certified Public Accountants to the Board of Directors for consideration. 2. Agreed to submit the 2022 annual internal control evaluation report to the Board of Directors for deliberation. 3. Recognized the audit work of Dahua Certified Public Accountants in 2022. 4. Agreed to submit the Company's 2023 annual audit plan to the board of directors for consideration. 5. Considered that the risk of the deposit and loan financial business carried out by the Company and the 		

				CSGCFinance Company is controllable, and it's agreed to submit it to the board of directors for deliberation.		
		July 17,2023	<ol style="list-style-type: none"> 1. Review the Company's 2023 semi-annual accounting report and put forward opinions. 2. Review the Company's routine related party transactions in the first half of the year and put forward opinions. 3. Review the capital transactions between the Company and related parties during the reporting period and put forward opinions. 4. Carry out semi-annual risk assessment and put forward opinions on the CSGCFinance Company. 	<ol style="list-style-type: none"> 1. Agreed to submit the Company's 2023 semi-annual accounting report to the board of directors for deliberation. 2. Recognized the Company's routine related party transactions in the first half of the year and agreed to submit it to the board of directors for deliberation. 3. Considered that the Company does not have non-operating capital occupation except for the operating capital transactions with related parties. 4. Considered that the risk of the Company's deposit and loan finance business with the CSGCFinance Company is controllable. 		
		October 16,2023	<ol style="list-style-type: none"> 1. Review the Company's accounting report for the third quarter of 2023 and put forward opinions. 2. Review the Company's change of accounting firm and put forward opinions. 	<ol style="list-style-type: none"> 1. Agreed to submit the Company's accounting report for the third quarter of 2023 to the board of directors for deliberation. 2. Agreed the change to appoint Baker Tilly International Accounting Firm (LLP) as the Company's financial report and internal control audit 		

					agency for the year 2023, with a term of one year and a total audit fee of 550,000 yuan. Agreed to submit it to the Company's board of directors for review.		
Strategy Committee	4: Chairman of the Committee : Yan Xuechuan, Member : Qiao Guoan, Shi Gongqing, Liu WEI	2	January 10,2023	1. Study the Company's 2023 investment plan and put forward opinions. 2. Study the Company's 2023 financing plan and put forward opinions. 3. Study the Company's estimated external guarantee matters in 2023 and put forward opinions.	Agreed to submit the 2023 investment plan, the 2023 financing plan, and the 2023 expected external guarantees to the board of directors for deliberation.		
			April 4,2023	1. Study and propose the Company's overall business objective for 2023. 2. Put forward opinions on the profit distribution plan for 2022.	1. Recommended that the Company's sales target for automotive air conditioning compressor products in 2023 is 1.4 million units, including 100,000 new energy electric compressors, and the operating income is 570 million yuan. 2. Proposed that notto distribute or implement the conversion of provident fund to share capital for the year.		
Nomination Committee	4: Chairman of the Committee : Li Jiaming, Member : Liu Wei, Song Weiwei, Fan Aijun	4	April 19,2023	Proposal on the general election of the 10th board of directors	Considered that the director candidates meet the qualifications and have the ability to perform the duties, and agreed to submit it to the board of directors for deliberation.		
			May 11,2023	1. Nominate the chairman of the 10th board of directors 2. Nominate the candidate for general manager	Considered the candidate is qualified and capable of performing the duties, and agreed to submit it to the Board of Directors for consideration		
			October 16,2023	Regarding the qualification review of candidate for the chairman	Considered that Fan Aijun, as a candidate for chairman, meets the qualifications and has the ability to perform the duties, and agreed to		

					submit it to the board of directors for deliberation.		
			December 15, 2023	Qualification review of Zhou Chaodong-proposed to serve as director and general manager.	Considered that Zhou Chaodong, as a candidate for director and general manager, meets the qualifications and has the ability to perform the duties, and agreed to submit it to the board of directors for deliberation.		
Remuneration and Assessment Committee	4: Chairman of the Committee: Xie Fei, Member: Liu Wei, Li Jiaming, Dong Qihong	2	February 10, 2023	<p>Review the performance of duties by the Company's directors and senior management in 2021, and carry out annual performance evaluation.</p> <p>1. Study the "Supplementary Agreement on the Implementation of the Tenure System and Contractual Management of Managerial Members" and put forward opinions.</p> <p>2. Evaluate the 2022 performance of managerial members, and put forward the assessment results and recommendations for appointment (or dismissal).</p> <p>3. Study the assessment indicators of the Company's general manager, chief accountant and deputy general manager of the "2023 Annual Performance Contract", and put forward opinions</p>	<p>1. Agreed to the signing of the Supplementary Agreement on the Implementation of the Tenure System and Contractual Management for Managerial Members by members of the Company's management team.</p> <p>2. Agreed with the 2022 annual performance evaluation results and recommendations for the appointment (or dismissal) of the Company's management members.</p> <p>3. Agreed to the evaluation indicators of the 2023 Annual Performance Contract for the general manager, chief accountant, and deputy general manager of the Company</p>		
			April 4, 2023	<p>Review the performance of duties by the Company's directors and senior management in 2022, and carry out annual performance evaluation.</p>	<p>In 2022, there was a total number of 19 of directors (including independent directors) and senior management personnel (including those who have resigned) received remuneration in the Company. According to the completion of the Company's main financial indicators and the business objective in 2022, and combined with the completion of the above personnel's work indicators and the</p>		

					assessment of their business capabilities, it's considered that the remuneration level of the Company's directors and senior management for the year is in line with the provisions of the Company's "Senior Management Evaluation and Reward and Incentive System", and agreed to the Company's total remuneration payment of 3,780,400 yuan.		
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VIII.The working status of the board of supervisors

The board of supervisors finds out whether the company has risks during the monitoring activities during the reporting period

Yes No

Meeting session	Date of convening	Attending supervisors	Name of Proposal in the meeting	Resolution Status	The search index of the meeting resolution disclosure website	The disclosure date of the information published in the meeting resolution
The 19th Meeting of the 9th Term of Supervisory Committee	January 16,2023	Chairman of the Supervisory Board Lu Xianyun, Supervisors Zhang Lungang and Qiao Guoan, and Employee Supervisors Liao Jian and Su Qiang.	Proposal 1: Proposal on Investment Plan for 2023 Proposal 2: Proposal on the 2023 Financing Plan Proposal 3: Proposal on Estimated Guarantees Providing for Subsidiaries in 2023 Proposal 4: Proposal on Expected Routine Related Party Transactions for 2023 Proposal 5: Proposal on Amending the Compliance Management Measures	All the 5 proposals in the meeting were deliberated and passed, and the voting results all were 5 in favor, 0 against, and 0 abstention.	(www.cninfo.com.cn) , Announcement No.:2023-002	January 17,2023

The 20th Meeting of the 9th Term of Supervisory Committee	April 27,2023	Chairman of the Supervisory Board Lu Xianyun, Supervisors Zhang Lungang and Qiao Guoan, and Employee Supervisors Liao Jian and Su Qiang.	<p>Proposal 1: 2022 Annual Report on the Work by the Board of Directors</p> <p>Proposal 2: 2022 Annual Report on the Work by the Board of Supervisors</p> <p>Proposal 3: 2022 General Manager's Work Report</p> <p>Motion 4: Full text and summary of the 2022 Annual Report</p> <p>Proposal 5: 2022 Profit Distribution Plan</p> <p>Proposal 6: 2022 Annual Internal Control Evaluation Report</p> <p>Proposal 7: Risk Assessment Report on CSGC Finance Co., Ltd</p> <p>Proposal 8: Proposal on the 2023 Annual Audit Plan</p> <p>Proposal 9: The Company's Q1 2023 Report</p> <p>Proposal 10: Proposal on the General Election of the Board of Directors</p> <p>Proposal 11: Proposal on the General Election of the Supervisory Board</p>	All the 11 proposals in the meeting were deliberated and passed, and the voting results all were 5 in favor, 0 against, and 0 abstention.	(www.cninfo.com.cn), Announcement No.:2023-014	April 29,2023
The 1st Meeting of the 10th Term of Supervisory Committee	May 26,2023	Chairman of the Supervisory Board Lu Xianyun, Supervisors Zhang Lungang and Qiao Guoan, and Employee Supervisors Liao Jian and Su Qiang.	<p>Proposal 1: Proposal on the election of the chairman of the board of directors of the 10th board of directors of the Company</p> <p>Proposal 2: Proposal on the appointment of the general manager by the board of directors of the Company</p> <p>Proposal 3: Proposal on the election of members and chairmen of the strategy committee of the board of directors of the Company</p> <p>Proposal 4: Proposal on the election of members and chairman of the audit committee of the board of directors of the Company</p> <p>Proposal 5: Proposal on the election of members and chairman of the nomination committee of the board of directors of the Company</p> <p>Proposal 6: Proposal on the election of members and chairman of the remuneration and assessment committee of the board of directors of the Company</p> <p>Proposal 7: Proposal on electing Mr. Lu Xianyun as the chairman of the 10th board of supervisors of the Company</p>	All the 7 proposals in the meeting were deliberated and passed, and the voting results all were 4 in favor, 0 against, and 0 abstention.	(www.cninfo.com.cn), Announcement No.:2023-048	May 27,2023
The 2nd Meeting of the 10th Term of Supervisory Committee	July 27,2023	Chairman of the Supervisory Board Lu Xianyun, Supervisors Zhang Lungang, and Employee Supervisors Liao Jian and Su Qiang.	<p>Proposal 1: Full text and summary of the 2023 semiannual report</p> <p>Proposal 2: Risk Assessment Report on CSGC Finance Co., Ltd</p>	All the 2 proposals in the meeting were deliberated and passed, and the voting results all were 4 in favor, 0 against, and 0 abstention.	(www.cninfo.com.cn), Announcement No.:2023-052	July 29,2023

The 3rd Meeting of the 10th Term of Supervisory Committee	October 27,2023	Chairman of the Supervisory Board Lu Xianyun, Supervisors Zhang Lungang, and Employee Supervisors Liao Jian and Su Qiang.	<p>Proposal 1: Report on Mr. Yan Xuechuan's Resignation from Chairman and Director Positions</p> <p>Proposal 2: Proposal on electing Mr. Fan Aijun as the Chairman of the 10th Board of Directors</p> <p>Proposal 3: Proposal on the Election of Mr. Fan Aijun as a Member and Chairman of the Strategy Committee of the 10th Board of Directors</p> <p>Proposal 4: Proposal on the Dismissal of Mr. Fan Aijun as General Manager by the Board of Directors</p> <p>Proposal 5: The Third quarter report for 2023</p> <p>Proposal 6: Proposal on Changing the Accounting Firm</p> <p>Proposal 7: Proposal on Amending the Work Rules of the Audit Committee</p> <p>Proposal 8: Proposal on Amending the Working Rules of the Nomination Committee</p> <p>Proposal 9: Proposal on Revising the Work Rules of the Remuneration and Assessment Committee</p> <p>Proposal 10: Proposal on Amending the Remuneration Management Measures</p>	All the 10 proposals in the meeting were deliberated and passed, and the voting results all were 4 in favor, 0 against, and 0 abstention.	(www.cninfo.com.cn), Announcement No.:2023-061	October 21,2023
The 4th Meeting of the 10th Term of Supervisory Committee	November 30,2023	Chairman of the Supervisory Board Lu Xianyun, Supervisors Zhang Lungang, and Employee Supervisors Liao Jian and Su Qiang.	<p>Proposal 1: Proposal on Amending the Company's Articles of Association</p> <p>Proposal 2: Proposal on Amending the Rules of Procedure of the General Meeting of Shareholders</p> <p>Proposal 3: Proposal on Amending the Rules of Procedure of the Board of Directors</p> <p>Proposal 4: Proposal on Formulating the Independent Director System</p> <p>Proposal 5: Proposal on Amending the Management Measures for Authorization of the Board of Directors</p>	All the 5 proposals in the meeting were deliberated and passed, and the voting results all were 4 in favor, 0 against, and 0 abstention.	(www.cninfo.com.cn), Announcement No.:2023-071	December 1,2023
The 5th Meeting of the 10th Term of Supervisory Committee	December 22,2023	Chairman of the Supervisory Board Lu Xianyun, Supervisors Zhang Lungang, and Employee Supervisors Liao Jian and Su Qiang.	<p>Proposal 1: Proposal on Appointing Mr. Zhou Chaodong as the General Manager by the Board of Directors</p> <p>Proposal 2: Proposal on Nominating Mr. Zhou Chaodong as a Director Candidate for the 10th Board of Directors by the Board of Directors</p>	All the 2 proposals in the meeting were deliberated and passed, and the voting results all were 4 in favor, 0 against, and 0 abstention.	(www.cninfo.com.cn), Announcement No.:2023-083	December 23,2023

Brief Opinion of the Supervisory Board on the Risks Related to the Company

The supervisory board has no objection to the supervisory matters during the reporting period.

IX. Particulars about employees.

1. Staff jobs, education, job title number and proportion refer to the following pie chart:

Number of in-service staff of the parent company (person)	142
Number of in-service staff of the main subsidiaries (person)	571
Total number of the in-service staff (person)	713
Total number of staff receiving remuneration in the current period (person)	713
The number of the parent company and the main subsidiary's retired staffs who need to bear the cost (person)	162
Professional	
Classified according by Professions	Number of persons (person)
Production	402
Sales	31
Technical	168
Financial	10
Administrative	102
Total	713
Education	
Classified according by Professions	Number of persons (person)
Mid-school or below	262
Colleges or above	204
Universities or above	232
Postgraduate or above	15
Total	713

2. Remuneration policies

The mode of piecework wage for production personnel was carried out. Sales commissions are employed to sales personnel. Some technicians implement the agreed salary model; The rest of the staff implement the broadband salary model.

3. Training plan

In 2023, 196 training sessions were organized throughout the year, with a total of 3,415 person-time and a total learning time of 31,663 hours, fully completing the Company's annual training plan. In the year, 340 person-time production operation employees completed on-the-job (job transfer) training and assessment, and they were issued certificates of qualification for on-the-job operations. It provided an online learning platform and offered multi-disciplinary self-learning courses for company employees. As of the end of the year, the per capita learning hours have reached 56.

In 2023, the directors, supervisors, and senior executives participated in a total of 61 training sessions organized by the State owned Assets Supervision and Administration Commission, Shenzhen Stock Exchange,

Chongqing Securities Regulatory Bureau, and Listed Company Association on the topics of the 20th National Congress, registration system reform, improving the quality of state-owned listed companies, independent director system, standardized operation of the board of directors, follow-up training for independent directors, insider information prevention, and asset impairment.

4. Outsourcing situation

Applicable Not applicable

X. Specification of profit distribution and capitalizing of common reserves

Formulation, implementation or adjustment of the profit distribution policy, especially the cash dividend policy during the reporting period

Applicable Not applicable

According to the Notice on Further Implementing Cash Dividends of Listed Companies (JJF [2012] No.37) issued by China Securities Regulatory Commission, on July 26, 2012, the Seventh Meeting of the Sixth Board of Directors of the Company supplemented and revised the profit distribution policy in the Articles of Association, in which specific policies such as the form of profit distribution, the specific conditions and proportion of dividend distribution, and the principle of using undistributed profits were defined, and submitted it to the First Provisional General Meeting of Shareholders in 2012 held on August 30, 2012 for review and approval. The Board of Directors of the Company prepares a profit distribution plan every year, which conforms to the provisions of the Articles of Association of the Company, and independent directors have expressed their consent. The profit distribution plan reviewed and approved by the General Meeting of Shareholders of the Company has been implemented by the Board of Directors.

Special description of cash dividend policy	
Whether it meets the requirements of the Articles of Association or the resolution of the general meeting of shareholders:	Yes
Whether the dividend standard and proportion are explicit and clear:	Yes
Whether the relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors have performed their duties and played their due role:	Yes
If a company does not distribute cash dividends, it should disclose the specific reasons and the measures it intends to take to enhance the level of investor returns:	Yes
Whether the minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests have been fully protected:	Yes
Whether the cash dividend policy is adjusted or changed, and whether the conditions and procedures are compliant and transparent:	Yes

During the reporting period, the Company made a profit and the profit available to shareholders of the parent company was positive, but no cash dividend distribution plan was put forward.

Applicable Not applicable

Profit distribution and capitalization of capital reserve during the reporting period

Applicable Not applicable

The Company will not distribute cash dividend or bonus shares, neither capitalizing of common reserves for the report period.

XI. Implementation of the Company's stock incentive plan, employee stock ownership plan or other employee incentives

Applicable Not applicable

During the reporting period, the Company has no stock incentive plan, employee stock ownership plan or other employee incentives that have not been implemented.

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

1. Construction and implementation of internal control

In 2023, with the goal of "strengthening internal control, preventing risks, and promoting compliance", the Company organized the construction and supervision of the internal control system, established and improved a risk management oriented internal control system, and laid a solid foundation for the Company's transformation, upgrading, and high-quality development, promoting the Company's sustained and healthy development.

1. Construction of internal control system

(1) The Company has established a governance structure consisting of general shareholders' meeting, board of directors, supervisory board, management team, and various business institutions, clarifying the rights and obligations of each level. We have established the Company's articles of association, rules of procedure for various governance entities, authorization management measures, major matter reporting system, and various business management systems, and strictly implemented them. It has been clarified that the main leaders shall play the primary responsibility of internal control management, further strengthen the constraint and supervision of power operation, and continuously improve the internal control mechanism and system of the enterprise.

(2) The audit committee under the Company's board of directors is responsible for supervising and evaluating the Company's internal control and risk management. The audit risk department inspects and supervises the establishment and implementation of the Company's internal control system, as well as the authenticity and completeness of the Company's financial information. The finance department is responsible for the construction of the internal control system, the asset management department is responsible for compliance management, and the Company's board of directors is responsible for the implementation and effectiveness of the Company's internal control system. In 2023, the Company did not have any material deficiencies in internal control over financial reporting, nor did it discover any material deficiencies in internal control over non-financial reporting.

The Company currently has 20 internal control personnel, including 4 full-time internal control personnel (2 with intermediate professional titles and 2 with junior professional titles). According to the Company's performance management measures and relevant regulations, the Company conducts a comprehensive evaluation of employee performance at the end of the year. The annual evaluation of internal control personnel is: excellent.

(3) Construction and implementation of internal control system.

In 2023, the Company's board of directors completed the general election, and the new board of directors has been carrying out its duties normally; At the beginning of the year, the board of directors prepared and issued the "2023 Annual Work Plan by Board of Directors ", further enhancing the standardization and effectiveness of the Company's board of directors' work and ensuring the smooth and efficient operation of the board of directors; We have revised and improved eight corporate governance documents, including the Articles of Association, Rules of Procedure of the Board of Directors, and Working Rules of Each Special Committee. We have also revised the "Five Lists and One Table" list and the implementation methods of the "Three Major and One Large" decision-making system, making the operating mechanism of the board of directors more perfect and the decision-making and management execution of the board of directors more effective.

In order to establish a sound compliance management system and effectively prevent compliance risks, in accordance with the Central Enterprise Compliance Management Measures of the State owned Assets Supervision and Administration Commission and the Compliance Management Measures of CSGC Co., Ltd., and in combination with the actual situation of the Company, the Measures for Compliance Management was formulated in February 2023, which improved the Company's compliance management capability and level.

The Company has revised the Financial Risk Management Measures and sorted out the risk points of various business sectors from eight aspects: fund compliance risk, liquidity risk, debt risk, creditor's right risk, commercial credit risk, tax risk, and overseas financial risk. The Company has determined the "Financial Risk Prevention and Control List" and "Financial Risk Hidden Danger Data base Table" and continuously tracked them to ensure the achievement of risk prevention and control goals.

The Company strengthened the comprehensive sorting of various business activities and control points, revised and improved relevant systems and processes, and ensured the effectiveness of the Company's internal control system. In 2023, 88 management systems were revised and improved, including internal control systems in key areas such as compliance management, financial risk, personnel performance, procurement bidding, production management, risk management, asset disposal, and new product research and development. The current management system of the Company has been effectively implemented.

(4) Monitoring of major risk assessment.

Strengthen daily monitoring of major and important risks, coordinate responsible units to formulate response measures according to control objectives, and implement improvements. The Company conducted an annual comprehensive risk management assessment, implemented relevant responsible units, formulated major (important) risk prevention and measures, and formed the Company's Comprehensive Risk Management Report; By setting monitoring thresholds for major risks and combined with actual situations, it regularly assessed quarterly adjustments and continuously promoted the level evaluation and risk control work of the risk customer, solidly carried out quarterly risk monitoring, and ensured that the key areas did not have risk exploded.

(5) Information management and control situation.

The Company has sound organizational guarantee and capital investment guarantee, and the designated information technology professionals are responsible for the Company's information construction and security operation and maintenance, with a relatively complete information management system. In terms of digital transformation, the Company has made significant progress in both the construction of digital design platform and the construction of manufacturing digital platform. The digital level of product design has been improved, and the manufacturing MES system has been put into operation. In terms of business risk prevention and control, according to the risk areas determined by the Company, the corresponding risk prevention and control projects are matched, and the corresponding risk indicator data tables are automatically generated. The relevant system functions have been officially launched and operated, and the risk information platform has been put into trial operation, providing strong support for risk prevention and control in the Company's production and operation activities.

The Company strengthened daily network technology monitoring in accordance with the network information security management requirements of CSGC and Chongqing City, and did a good job in internal information system and external website security supervision and inspection, as well as security protection work. The Company's information system operated safely and effectively.

(6) The management and control of overseas enterprises.

The Company has no overseas enterprises.

2. Supervision and evaluation of the internal control system

(1) The effectiveness of the Company's internal control is audited by an external auditor every year, and the board of directors issues a self-evaluation report on the Company's internal control.

(2) Supervision and evaluation of the internal control system.

The Audit Risk Department of the Company took the lead in organizing the key personnel of various departments to carry out the 2023 internal control self-evaluation from January 4, 2024 to February 22, 2024, and submitted the 2023 Internal Control Evaluation Report to the Board of Directors.

2.Details of major internal control defects found during the reporting period

Yes No

XIII. Management and control of the Company's subsidiaries during the reporting period

Company name	Integration plan	Integration progress	Problems encountered in integration	Measures taken for solution	Solution progress	Subsequent planned solution
N/A	N/A	N/A	N/A	N/A	N/A	N/A

XIV.Internal control self-evaluation report or internal control audit report

1.Self-evaluation report on internal control

Disclosure date of appraisal report on internal control	April 30,2024
Disclosure index of	Juchao Website: (http://www.cninfo.com.cn) , Announcement No.:2024-015

appraisal report on internal control		
Proportion of total unit assets covered by appraisal in the total assets of the consolidated financial statements of the company		100.00%
Proportion of total unit incomes covered by appraisal in the total business incomes of the consolidated financial statements of the company		100.00%
Standards of Defects Evaluation		
Category	Financial Report	Non-financial Report
Qualitative standard	<p>General defects: ① Minor financial loss; ② Minor misstatement or omission of statement in terms of financial statement; ③ Minor damage of reputation caused by its negative influence in some regions.</p> <p>Serious defects: ① Bring some financial loss to company; ② Cause moderate misstatement or omission of statement in terms of financial statement; ③ Serious damage of reputation caused by its comparatively large-scale influence in some regions.</p> <p>Significant defects: ① Bring significant financial loss to company; ② Significant misstatement or omission of statement in terms of financial statement; ③ The significantly negative influence has attracted large-scale attention by the public and unrecoverable losses have been brought to company.</p>	<p>Indicator 1: General defects in company's daily operation. It's almost impossible that some specific business fails to operate normally. Other business activities and achievement of business goals will not be affected. Serious defects: It's reasonably possible that normal operations of some business may be influenced but it will not affect the sustainable operation of our company. Significant defects: it's reasonably possible that operation capacity of some business may be lost and it will endanger the company's sustainable operation.</p> <p>Indicator 2: Financial loss. General defects: It's almost impossible that minor financial losses may be led to company. Serious defects: It's reasonably possible that moderate financial losses may be led to company. Significant defects: It's possible that significant financial losses may be led to company.</p> <p>Indicator 3: Reputation of company. General defects: It's almost impossible that the negative information popular in some regions will be caused, which may further affect company's reputation. Serious defects: It's reasonably possible that the negative information popular in some regions will be caused, which may lead moderate influence to company's reputation. Significant defects: It's reasonably possible that the negative information popular in some regions will be caused, which may lead significant influence to company's reputation.</p>
Quantitative criteria	<p>Indicator: The proportion of misstatement in the overall assets. General defects: It's almost impossible that the amount of misstatement accounting for 0.05% of the overall assets or less will occur. Serious defects: It's reasonably impossible that the amount of misstatement accounting 0.05% to 1% of the overall assets will occur. Significant defects: It's reasonably possible that the amount of misstatement accounting for 1% of the overall assets or more will occur.</p>	<p>Indicator: The proportion of financial losses in the overall assets. General defects: It's almost impossible that the amount of financial losses accounting for 0.05% of overall assets or less will occur. Serious defects: It's reasonably possible that the amount of financial losses accounting for 0.05% to 1% of the overall assets will occur. Significant defects: It's reasonably possible that the amount of financial losses accounting for 1% of the overall assets or more will occur.</p>
Number of major defects in financial reporting (a)		0
Number of major defects in non financial reporting (a)		0
Number of important defects in financial reporting (a)		0
Number of important defects in non financial		0

reporting (a)	
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2. Internal Control audit report

Applicable Not applicable

Review opinions in the internal control audit report	
We acknowledge that Chongqing Jianshe Vehicle System Co., Ltd. has been conducting effective internal control in all material aspects complying with “Fundamental Rules of Enterprise Internal Control” .On December 31,2023.	
Disclosure date of audit report of internal control	Disclosure
Index of audit report of internal control (full-text)	April 30,2024
Internal audit report’s opinion	Juchao Website: (http://www.cninfo.com.cn) , Announcement No.:2024-029
Type of audit report on internal control	Unqualified auditor’s report
Whether there is significant defect in non-financial report	No

Has the CPAs issued a qualified auditor’s report of internal control .

Yes No

Does the internal control audit report issued by the CPAs agree with the self-assessment report of the Board of Directors

Yes No

XV. Rectification of self-examination problems in special governance actions of listed companies

According to the Notice on Well Ensuring the Special Self-examination of Listed Company Governance (YZJF [2020] No.367) issued by Chongqing Supervision Bureau of China Securities Regulatory Commission, the Company carried out self-examination according to the List of Special Self-examination of Listed Company Governance issued by the government service platform of China Securities Regulatory Commission, and has completed rectification for the existing problems. For details, please refer to the 2021 Annual Report.

V. Environmental & Social Responsibility

I. Significant environmental issues

Whether the Company or any of its subsidiaries is identified as a key polluter by the environment authorities

Yes No

Policies and industry standards related to environmental protection

Environmental Protection Law of People's Republic of China, Water Pollution Prevention Law of People's Republic of China, Air Pollution Prevention Law of People's Republic of China, Noise Pollution Prevention Law of People's Republic of China, Solid Waste Pollution Prevention Law of People's Republic of China and Soil Pollution Prevention Law of People's Republic of China.

Environmental protection administrative license

Three synchronizations for construction projects shall be conducted as required to obtain acceptance approval, and pollution discharge permits shall be applied in accordance with regulations.

Industrial emission standards and the specific situation of the pollutant emission involved in the production and business activities

Company or subsidiary name	Main pollutant and specific pollutant Typeame	Main pollutant and specific pollutant name	Emission way	Emission port number	Emission port distribution condition	Emission concentration (mg/Nm ³)	Implemented pollutant emission standards	Total emission	Verified total emission(Tons)	Excessive emission condition
Chongqing Jianshe Vehicle System Co., Ltd.	Main pollutants of wastewater, Petroleum category	Main pollutants of wastewater: COD, ammonia nitrogen, total phosphorus, PH; particular pollutants: Petroleum category	Indirect discharge: it is discharged into Zhongliangshan sewage treatment plant after reaching the Grade III standard of the <i>Integrated Wastewater Discharge Standard</i>	1	Total wastewater discharge outlet	COD: 147mg/L; petroleum: 0.83mg/L; ammonia nitrogen: 14.2mg/L; Total phosphorus: 4.54mg/L; PH: 6.9-7.0	Grade III Standard of the <i>Integrated Wastewater Discharge Standard</i>	Simplified management of pollutant discharge permits, no total amount required	Simplified management of pollutant discharge permits, no total amount required	N/A
Chongqing Jianshe Vehicle System Co., Ltd.	Waste gas: Main pollutants	Waste gas: Main pollutants: SO ₂ , nitrogen oxides, particulate matter; characteristic pollutants: N/A	Direct emission: The treatment meets the <i>Integrated Emission Standard of Air Pollutants</i>	1	Exhaust gas outlet of melting furnace	Nitrogen oxide: 14mg/m ³ ; Particulate matter: 5.8mg/m ³ ; SO ₂ : 3mg/m ³	Limit value of main urban area of the <i>Integrated Emission Standard of Air Pollutants</i>	Simplified management of pollutant discharge permits, no total amount required	Simplified management of pollutant discharge permits, no total amount required	N/A
Vehicle air conditioner	Main pollutants of wastewater, total zinc	Main pollutants of wastewater: COD, ammonia nitrogen, total phosphorus, PH particular pollutants: total zinc	Indirect discharge: it is discharged into Zhongliangshan sewage treatment plant after reaching the Grade III standard of the <i>Integrated Wastewater Discharge Standard</i>	1	Total wastewater discharge outlet	COD: 345mg/L petroleum: 0.79mg/l ammonia nitrogen: 12.3mg/L Total phosphorus: 2.04mg/L PH: 7.5-7.6 Total zinc: 0.01mg/L	Grade III Standard of the <i>Integrated Wastewater Discharge Standard</i>	Simplified management of pollutant discharge permits, no total amount required	Simplified management of pollutant discharge permits, no total amount required	N/A

Vehicle air conditioner	Waste gas: Main pollutants: hydrogen chloride, xylene	Waste gas: Main pollutants: nitrogen oxides, particulate matter; characteristic pollutants: hydrogen chloride, xylene	Direct emission: The treatment meets the <i>Integrated Emission Standard of Air Pollutants</i>	6	Outlet of phosphating production line 1, outlet of phosphating production line 2, outlet of tin plating production line, surface treatment line, outlet of shot peening workshop and outlet of PTFE production line	Nitrogen oxide: 3mg/m ³ , particulate matter: 6.7mg/m ³	Limit value of main urban area of the <i>Integrated Emission Standard of Air Pollutants</i>	Simplified management of pollutant discharge permits, no total amount required	Simplified management of pollutant discharge permits, no total amount required	N/A
Chongqing Pingshan Taikai Carburetor Co., Ltd	Main pollutants of wastewater	Main pollutants of wastewater: PH, COD, BOD ₅ , suspended solids, petroleum, animal and vegetable oils, ammonia nitrogen.	Direct discharge: it reaches the first-class standard of <i>Integrated Wastewater Discharge Standard</i> after treatment and is discharged into Huangxi River.	1	Total waste water outlet	PH: 7.6-7.9; COD: 86; BOD ₅ : 16.4; suspended matter: 12; petroleum: 0.06mg/L; animal and vegetable oil: 0.15 mg/L; ammonia nitrogen: 12.7mg/L	Grade I standard of <i>Integrated Wastewater Discharge Standard</i>	Implement registration for filing, fill in the pollutant discharge registration form, do not need to apply for a pollutant discharge permit, with total amount not required	Implement registration for filing, fill in the pollutant discharge registration form, do not need to apply for a pollutant discharge permit, with total amount not required	N/A

Chongqing Pingshan Taikai Carburetor Co., Ltd	Waste gas: Main pollutants:	Main pollutants: nitrogen oxides, sulfur dioxide and particulate matter.	Direct discharge: it meets the Integrated Atmospheric Discharge Standard after treatment	1	Exhaust port of die casting machine	Nitrogen oxide:3L, particulate matter:8.3 mg/m3, sulfur dioxide:3L; The data with "L" indicates that the concentration of the pollutant is lower than the method detection limit, and the detection limit is 3 mg/m3.	Limits on Main Urban Area in <i>Comprehensive Atmospheric Emission Standard</i>	Implement registration for filing, fill in the pollutant discharge registration form, do not need to apply for a pollutant discharge permit, with total amount not required	Implement registration for filing, fill in the pollutant discharge registration form, do not need to apply for a pollutant discharge permit, with total amount not required	N/A
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The treatment of the pollutants

Wastewater: The Company and its subsidiary vehicle air-conditioning company have respectively built a wastewater treatment station. The wastewater station is operating steadily, equipment maintenance is carried out regularly, and the treatment effect is good, and the discharge of pollutants from the total discharge outlet of the wastewater has continued and steadily reached the standard.

Exhaust gas: the acid mist produced by phosphating, tinning and surface treatment is absorbed by the spray tower to reach the standard. The exhaust gas at the outlet of the shot blasting workshop is washed and filtered with the particle absorption device to reach the standard. The exhaust gas of the PTFE production line is equipped with activated carbon adsorption + light Catalytic oxidation treatment to reach the standard. The melting furnace uses the clean energy-natural gas, which reaches the standard at directly discharge. The pollution control facilities are operating well and the operation records are complete.

Emergency plan for emergency environmental incidents

In order to establish a sound emergency response mechanism for environmental pollution incidents, improve the Company's ability to respond to sudden environmental pollution incidents involving public crises, prevent environmental emergencies from polluting the public environment (atmosphere and water), maintain social stability, protect the life, health and property safety of enterprises and the surrounding public, protect the environment, and to promote the comprehensive, coordinated and sustainable development of society, the Company and its wholly-owned subsidiary vehicle air-conditioning company have prepared the "Emergency Plan for Emergent Environmental Incidents", which has been reviewed and approved by experts and thus it's been implemented.

Environmental self-monitoring program

The environmental protection administrative department did not require the Company to carry out self-monitoring, and in 2023, it commissioned a monitoring unit with national CMA qualification to monitor the wastewater, organized exhaust gas, unorganized waste gas and noise discharged by the Company and its subsidiaries automotive air conditioning company and Pingshan Taikai company.

According to the monitoring results shown in the Monitoring Reports(No. WT230Zi [2023] Huiyuan(Jian)) and (No. WT229Zi [2023] Huiyuan (Jian))issued in March 2023 and the monitoring results shown in the Monitoring Report (No. WT406Zi [2023] Yu Jiu (Jian)) issued in October 2023, the emissions of wastewater, organized exhaust gas, fugitive waste gas and noise generated by the Company and its subsidiaries-automotive air conditioning company and Pingshan Taikai company all complied with the relevant emission standards.

Investment in environmental governance and protection and the relevant payment of environmental protection tax

In 2023, the taxable pollutant type of the Company and the vehicle air conditioning company was air pollutants, and the actual total amount of environmental protection tax paid was 10,000 yuan. Pingshan Taikai paid a total of 6,584.4 yuan.

Measures taken to reduce its carbon emissions during the reporting period and their effects

Applicable Not applicable

First, vigorously develop the thermal management industry of new energy vehicles, and realize large-scale market sales of new energy electric compressor products. Second, vigorously develop the green low-carbon parts industry, adapt to the requirements of emission upgrading, and actively develop and cultivate the low-carbon competitiveness of new products. Third, strengthen the green design of products, implement the green design through the whole life cycle of products, strengthen the tracking of carbon footprint of products, select green low-carbon materials and green low-carbon suppliers, and adopt modular and detachable design, and green recycling packaging. Fourth, strengthen the low-carbon manufacturing of products, carry out low-carbon technological reform, integrate or simplify processes, tap potential opportunities for carbon reduction, and carry out upgrading of equipment in terms of information, automation, digitalization and intelligence. Fifth, adjust the energy consumption structure, continuously increase the proportion of electric energy use through the electrification transformation of equipment, promote the transformation of equipment and facilities and process optimization, and reduce carbon dioxide emissions per unit output. Sixth, scientifically arrange production plans, carry out energy conservation monitoring and energy design, and take energy evaluation as one of KPI indicators for control. Seventh, the implementation of photovoltaic power generation projects and the frequency conversion transformation of air compressor were carried out to further improve the efficiency of energy conservation and carbon reduction.

Administrative penalties for environmental problems during the reporting period

Company or subsidiary name	Reason of punishment	Violation of regulations	Punishment result	Impact on the production and operation of listed companies	Company's rectification measures
Chongqing Jianshe Vehicle System Co., Ltd.	Not applicable	No violation and punishment	Not applicable	Not applicable	Not applicable
Vehicle air conditioner	Not applicable	No violation and punishment	Not applicable	Not applicable	Not applicable
Chongqing Pingshan Taikai Carburetor Co., Ltd	Not applicable	No violation and punishment	Not applicable	Not applicable	Not applicable

Other environmental information that should be disclosed

For environmental disclosure information, please refer to the Company's extranet <http://www.jianshe.com.cn>.

Other Environmental Related Information

See the foregoing for details.

II. Social responsibilities

(1) Protection of shareholders' equity

The company always insists on fair treatment to all investors, protects the legitimate rights and interests of shareholders, especially small and medium shareholders, and actively creates conditions to attract small and medium shareholders to participate in major decisions of the company. During the reporting period, the Board of Directors convened 3 general meetings of shareholders by providing on-site voting and online voting, and the shares held by shareholders participating in voting accounted for more than 74.45% of the total shares of the company.

The Company strictly follows the principles of information disclosure and publishes regular reports and

temporary announcements in a true, accurate, complete and timely manner. There is no selective information disclosure and private disclosure or disclosure of undisclosed material information. Also, the Company seriously replies or receives investors' calls and visits and maintains good management of investor relations.

(II) Protection of employee rights and interests

The Company respects and safeguards employees' rights and interests, and is committed to promoting employees' all-round development, realizing the common promotion of employees' personal value and enterprise value, and striving to benefit the majority of employees from the achievements of enterprise reform and development. First, adhere to the democratic management system. Set up employee directors and employee supervisors to participate in the Company's decision-making and supervision, establish a democratic management system with employee congresses as the basic form, and support employees to participate in enterprise management. In 2023, the Company held one employee representative meeting, one model worker symposium and 2 employee representative symposiums, and widely listened to employees' opinions and suggestions on the Company's development, and implemented or replied to 59 items one by one. Second, continue to make factory affairs public.

Utilizing the collaborative office platform of Construction Co., Ltd. and OA, it timely disclosed the information that employees should know, and publicly disclosed 157 major issues related to their immediate interests throughout the year. Thirdly, it attached importance to the basic guarantee of employees. The Company paid the "insurances and housing fund" for its employees on time, with a cumulative payment of 25,780,400 yuan throughout the year. It purchased 686 major disease insurances for employees and paid an insurance premium of 20,600 yuan. The Company improved the Company's assistance and condolence system, providing 73 visits to employees in need, sick and hospitalized employees, and employee relatives throughout the year; Caring for female employees and children, it carried out activities such as condolences, autumn education assistance, and reading companionship to assist by 446 person-time; The Company carried out summer cooling activities and holiday condolences for 2052 person-time. The cumulative amount of condolences was 851,200 yuan. Fourthly, the Company was cared about the physical health of employees. It strengthened the occupational health management, conducted emergency rescue knowledge training and occupational health promotions, and regularly conducted occupational hazard factor testing in the workplace. A number of 349 personnel who may exposure to harmful substances was organized to undergo occupational health examinations on duty and off duty, as well as it distributed cool drinks and heatstroke prevention drugs, with a total payment of 66,000 yuan. Fifthly, the Company attached importance to employee growth and talent cultivation. A number of 196 training sessions were organized throughout the year, with a total of 3415 person-time training and a total of 31,663 hours of training; It strengthened the cultivation and utilization of young cadres, the proportion of "80s generation" full-time employees in the Company's middle-level leadership has increased to 19.15%, continuously improving the comprehensive quality of the cadre team. In 2023, a number

of 60 person-time of external training for middle-level cadres was organized, including 17 person-time participating in class for research work-with a total of 3,900 class hours.

(III) Protection of rights and interests of suppliers, customers and consumers

First, adhere to fairness, justice and good faith in market transactions, strictly abide by all laws, regulations, regulatory provisions and international rules, adhere to equal consultation, achieve mutual benefit and win-win, strictly abide by contract terms, fulfill transaction promises and fulfill contractual obligations. Promote the informatization of procurement management, deepen the use of the electronic procurement platform of Norincogroup-eBuy, and fully realize the openness, centralization and electronization of tendering procurement. Second, improve and upgrade the product quality, adhere to the value orientation of "Quality First", vigorously carry forward the "Artisan Spirit" and continue to pursue quality excellence.

In 2023, the Company has continued to promote the "quality improvement activity", continued to solve key quality problems of electric compressors, and control the internal quality loss rate and zero-kilometer failure rate of electric compressors within the annual target.

(IV) Environmental protection and sustainable development

The Company aims at green development, establishes employees' awareness of environmental protection, actively fulfills environmental responsibility and practices the concept of low-carbon life. First, vigorously develop the thermal management industry of new energy vehicles, and realize large-scale market sales of new energy electric compressor products. Second, vigorously develop the green low-carbon parts industry, adapt to the requirements of emission upgrading, and actively develop and cultivate the low-carbon competitiveness of new products. Third, strengthen the green design of products, implement the green design through the whole life cycle of products, strengthen the tracking of carbon footprint of products, select green low-carbon materials and green low-carbon suppliers, and adopt modular and detachable design, and green recycling packaging. Fourth, strengthen the low-carbon manufacturing of products, carry out low-carbon technological reform, integrate or simplify processes, tap potential opportunities for carbon reduction, and carry out upgrading of equipment in terms of information, automation, digitalization and intelligence. Fifth, adjust the energy consumption structure, continuously increase the proportion of electric energy use through the electrification transformation of equipment, promote the transformation of equipment and facilities and process optimization, and reduce carbon dioxide emissions per unit output. Sixth, scientifically arrange production plans, carry out energy conservation monitoring and energy design, and take energy evaluation as one of KPI indicators for control. Seventh, it continued to promote the Company's participation in the standardization construction of environmental management in Chongqing's "Five Whole and Four Regulations".

(V) Public relations and social welfare undertakings

In 2023, the Company actively participated in activities such as consumption poverty alleviation of unsalable agricultural and sideline products, consumption assistance of central enterprises, and special consumption assistance in Yanshan County, Yunnan Province, and realized an assistance total of RMB 104,700.

The Company actively promoted the employment to solve poverty alleviation. In conjunction with the annual recruitment plan, the Company actively participated in activities such as national school recruitment, participated in 3 offline double selection job fairs of the school, and cooperated with recruitment platforms such as 51job, received more than 500 resumes throughout the year, screened and organized more than 60 interviews, and admitted a total of 20 college students and mature talents.

III. Consolidate and expand the achievements of poverty alleviation and rural revitalization

For details, please refer to "Public Relations and Social Welfare" in "II(5). Social Responsibility" in this section.

VI. Important Events

I. Commitments to fulfill the situation

1.The fulfilled commitments in the reporting period and under-fulfillment commitments by the end of the reporting period made by the company, shareholder, actual controller, acquirer, director, supervisor, senior management personnel and other related parities.

Applicable Not applicable

There is no commitment that has not been fulfilled by actual controller, shareholders, related parties, acquirers of the Company

2.The existence of the company's assets or projects earnings forecasts and earnings reporting period is still in the forecast period, the company has assets or projects meet the original profit forecast made and the reasons explained

Applicable Not applicable

II. Particulars about the non-operating occupation of funds by the controlling shareholder

Applicable Not applicable

No such cases in the reporting period.

III. Illegal provision of guarantees for external parties

Applicable Not applicable

No such cases in the reporting period.

IV. Explanation of the Board of Directors on the latest "Non-standard Audit Report"

Applicable Not applicable

V. Notes for “non-standard audit report” of CPAs firm during the Reporting Period by board of directors and supervisory board

Applicable Not applicable

VI. Explanation of the changes in accounting polices, accounting estimates or correction of significant accounting errors compared with the financial report of the previous year

Applicable Not applicable

No such cases in the reporting period.

VII.Explain change of the consolidation scope as compared with the financial reporting of last year.

Applicable Not applicable

No such cases in the reporting period.

VIII. Engagement/Disengagement of CPAs

CPAs currently engaged

Domestic CPA	Baker Tilly China Certified Public Accountants (LLP)
Reward for domestic CPA (RMB '0,000)	40
Successive years the domestic CPA has been providing service to the Company	1
Name of CPAs from the domestic CPA firm	Liu Zonglei, Liu Taiping
Continuous life of auditing service for domestic accounting firm	1 year, 1 year

Re-appointed accounting firms in this period

Yes No

Whether to hire an accounting firm during the audit

Yes No

Whether the change of accounting firm has fulfilled the examination and approval procedures

Yes No

Detailed explanation of the change of employment and change of the accounting firm

1. Annual audit accounting firm appointed for the year 2023: Baker Tilly China Certified Public Accountants (LLP)

2. Annual audit accounting firm appointed for 2022: Dahua Certified Public Accountants (LLP)

3. Reason for changing the accounting firm: According to the Administrative Measures for the Selection and Appointment of Accounting Firms by State-owned Enterprises and Listed Companies (No. 4[2023] Cai Kuai, hereinafter referred to as the "Selection and Appointment Measures") issued by the China Securities Regulatory Commission in conjunction with the Ministry of Finance and the State-owned Assets Supervision and Administration Commission (SASAC), the Company, as a state-controlled listed company, shall comply with the relevant provisions of the Selection and Appointment Measures on the selection of accounting firms for both state-owned enterprises and listed companies. In view of that, the selection and appointment of the Company's accounting firm in 2023 shall be coordinated and arranged by the CSGC, which performs the responsibilities of the investor. After the public bidding of the CSGC, Baker Tilly China Certified Public Accountants (LLP)

4. Communication between the former and successor accounting firm: The Company communicated with Dahua Certified Public Accountants in advance on the change of accounting firm. In accordance with the relevant provisions of the Chinese Certified Public Accountants Auditing Standard No. 1153-Communication between the Former CPA and the Successor CPA, the Company agreed that Baker Tilly China Certified Public Accountants (LLP) and Dahua Certified Public Accountants shall fully communicate, and the two parties had completed the relevant communication and cooperation work on the change of the accounting firm, and neither had raised any objection to the change of the accounting firm.

5. Procedures for changing the accounting firm: The Company's audit committee, independent directors and the board of directors have no objection to the change of the accounting firm, and on December 22, 2023, the "Proposal on Change of the Accounting Firm" that was deliberated and passed in the Company's second extraordinary general meeting of shareholders in 2023 agreed to appoint Baker Tilly International Accounting Firm (LLP) as the Company's 2023 financial accounting report and internal control audit institution for one year with an audit fee of RMB 550,000, of which the audit fee for financial accounting report is RMB 400,000 per year and the audit fee for internal control is RMB 150,000 per year.

For details, please refer to the Announcement on change of the accounting firm disclosed by the Company on October 31, 2023 on the Cninfo website, with the announcement number 2023-065.

Description of the CPAs, financial adviser or sponsor engaged for internal control auditing

Applicable Not applicable

Baker Tilly China Certified Public Accountants (LLP) is engaged the auditor of internal control system for the current year. With payment of RMB 150,000 for its service.

IX. Situation of Facing Listing Suspension and Listing Termination after the Disclosure of the Yearly Report

Applicable Not applicable

X. Relevant Matters of Bankruptcy Reorganization

Applicable Not applicable

No such cases in the reporting period.

XI. Matters of Important Lawsuit and Arbitration√ Applicable Not applicable

General information	Involved amount (RMB '0,000)	Provision	Progress	Decisions and effects	Execution of decisions	Disclosure date	Index to disclosed information
The Company's wholly-owned subsidiary, Vehicle Air Conditioning Company, filed a lawsuit in Chongqing No. 5 Intermediate People's Court against Ran Ping, Luo Fangqing, Zhang Ye, Changzhou Kangpurui Automobile Air Conditioning Co., Ltd, Chongqing Yuxian Sanji Auto Parts Co., Ltd, and Chongqing Dongdian Refrigeration Equipment Co., Ltd for infringement of technical secrets. After the Chongqing court filed the case, it was transferred to the Suzhou Intermediate People's Court due to jurisdictional issue, The case was filed in January 2021 at the Suzhou Intermediate People's Court.	100	No	Filed case number No. 305Min Chu05Su(2021) by Suzhou Intermediate People's Court	After many hearings and court sessions, in April 2023	Air conditioning has been appealed and the court has not yet opened	April 28,2020	www.cninfo.com.cn (Announcement No.:2020-024)
The case of Zhao Fujun suing Tan Xixiang and Chongqing Jianshe Vehicle System Co., Ltd. over a vehicle traffic accident dispute was filed in the Yicheng People's Court of Hubei Province in January 2024	60	No	On March 12, the case was heard in court (Case No.Min Chu 4971E 0684 (2023))	Not yet ruled	Not yet ruled		

XII. Situation of Punishment and Rectification Applicable Not applicable

No such cases in the reporting period.

XIII. Credit Condition of the Company and its Controlling Shareholders and Actual Controllers Applicable Not applicable**XIV. Material related transactions****1. Related transactions in connection with daily operation**√ Applicable Not applicable

Related parties	Relationship	Type of trade	Subjects of the	Principle of	Price of trade	Amount of trade(RMB	Ratio in similar	Trading	Whether	Way of payment	Market price of	Date of disclosure	Index of information
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			related transactions	pricing the related transactions		'0,000)	trades	limit approved(RMB '0,000)	over the approved limited or not (Y/N)		similar trade available		disclosure
Jianshe Industry	Under same control	Purchase of raw materials from the Related person	Energy	Market Price	150	205.32	0.48%	150	Yes	Cash	150	January 17,2023	www.cninfo.com.cn.Announcement No.:2023-005
China Changan Automobile Group Co., Ltd. And its affiliated Enterprises	Under same control	Sales of goods	Sale of finished parts and components	Market Price	15,000	5,688.27	12.26%	15,000	No	Cash and Bill	15,000	January 17,2023	www.cninfo.com.cn.Announcement No.:2023-005
Chongqing Jianya	Joint venture of controlling shareholder	Sales of goods	Spare parts sales	Market Price	1,500	889.87	1.92%	1,500	No	Cash	1,500	January 17,2023	www.cninfo.com.cn.Announcement No.:2023-005
Jianshe HANON	Joint venture	Sales of goods	Spare part sales	Market Price	200	447.03	0.96%	200	Yes	Cash	200	January 17,2023	www.cninfo.com.cn.Announcement No.:2023-005
Jianshe Mechanical and Electric	Under same control	Sell products and commodities to related persons	Operation cost	Market Price	50	0.26	0.00%	50	No	Cash	50	January 17,2023	www.cninfo.com.cn.Announcement No.:2023-005
Jianshe HANON	Joint venture	Sales of goods	Operation cost	Market Price	1,200	2.63	0.01%	1,200	No	Cash	1,200	January 17,2023	www.cninfo.com.cn.Announcement No.:2023-005

													nouncement No.:2023- 005
Jianshe Industry	Under same control	Sales of goods	Operatio n cost	Market Price	200	2.9	0.01%	200	No	Cash	200	January 17,2023	www.cninfo .com.cn.An nouncement No.:2023- 005
Chongqin g Jianya	Joint venture of controllin g sharehold er	Sales of goods	Spare parts sales	Market Price	0	54.28	0.12%	0	Yes	Cash	0	January 17,2023	
Jianshe Industry	Under same control	Sales of goods	Test fee	Market Price	50	31.26	2.18%	50	No	Cash	50	January 17,2023	www.cninfo .com.cn.An nouncement No.:2023- 005
Minsheng Logistics And its affiliated Enterprise	Joint venture of controllin g sharehold er	Services	Accepta nce of warehou sing services	Market Price	50	40.6	2.88%	50	No	Cash	50	January 17,2023	www.cninfo .com.cn.An nouncement No.:2023- 005
Southwes t Ordnance Chongqin g Institute of Environm ental Protection Co., Ltd.	Under same control	Services	Services	Market Price	150	0	0.00%	150	No	Cash	150	January 17,2023	www.cninfo .com.cn.An nouncement No.:2023- 005
Changan Automobi le Group Co., Ltd. And its affiliated	Under same control	Services	Accept mainten ance	Market Price	100	69.56	4.92%	100	No	Cash	100	January 17,2023	www.cninfo .com.cn.An nouncement No.:2023- 005

Enterprises													
Total	--	--	7,431.98	--	18,650	--	--	--	--	--	--	--	--
Details of any sales return of a large amount	None												
Give the actual situation in the report period where a forecast had been made for the total amounts of routine related-party transactions by type to occur in the current period(if any)	<p>1. The total amount of raw materials purchased by related persons is expected to be 1.5 million yuan, and the actual occurrence is 2,053,200 yuan, which is actually completed by 33.67% of the expected at the beginning of the year.</p> <p>2. "Sales of products and commodities to related persons" is expected to be in total of 181,500,000 yuan, the actual occurrence is 70.8524 million yuan, which is actually completed by -60.96% of the expected at the beginning of the year.</p> <p>3. "Accepting labor services provided by related persons" is expected to be in total of 3.5 million yuan, and the actual occurrence is 1,414,160 yuan, which actually completes the -59.60% of the expected at the beginning of the year.</p>												
Reason for any significant difference between the transaction price and the market reference price (if applicable)	Not applicable												

2. Related-party transactions arising from asset acquisition or sold

Applicable Not applicable

No such cases in the reporting period.

3. Related-party transitions with joint investments

Applicable Not applicable

No such cases in the reporting period.

4. Credits and liabilities with related parties

Applicable Not applicable

Does there exist non-operating current associated rights of credit and liabilities

Yes No

No such cases in the reporting period.

5. Transactions with related finance company, especially one that is controlled by the Company

Applicable Not applicable

Deposit business

Related party	Relationship	Maximum daily deposit limited (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	0.455%	16,689.71	225,115.79	229,073.72	12,731.77

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	3.65%-4.35%	41,150	47,249.35	47,150	41,249.35

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	56,000	47,699.35
Military Finance Company	Under same control	Other	56,000	0

6. Transactions between the financial company controlled by the Company and related parties

Applicable Not applicable

There is no deposit, loan, credit or other financial business between the financial company controlled by the Company and related parties.

7. Other significant related-party transactions

Applicable Not applicable

No such cases in the reporting period.

XV. Significant contracts and execution**1. Entrustments, contracting and leasing****(1) Entrustment**

Applicable Not applicable

No such cases in the reporting period.

(2) Contracting

Applicable Not applicable

No such cases in the reporting period.

(3) Leasing

Applicable Not applicable

No such cases in the reporting period.

2. Significant Guarantees

Applicable Not applicable

InRMB10,000

Guarantee of the Company for the controlling subsidiaries (Exclude controlled subsidiaries)										
Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guaranty (If any)	Counter-guarantee (If any)	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Total amount of approved external guarantee in the report period(A1)		0			Total actually amount of external guarantee in the report period(A2)			0		
Total amount of approved external guarantee at the end of the report period(A3)		0			Total actually amount of external guarantee at the end of the report period(A4)			0		
Guarantee of the company for its subsidiaries										
Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guaranty (If any)	Counter-guarantee (If any)	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Vehicle air conditioner	January 22,2022	2,600	April 20,2022	2,600	Joint liabilities			12 months	Yes	No
Vehicle air conditioner	January 22,2022	1,949	April 27,2022	1,949	Joint liabilities			12 months	Yes	No
Vehicle air conditioner	January 22,2022	1,250	May 10,2022	1,250	Joint liabilities			12 months	Yes	No
Vehicle air conditioner	January 22,2022	2,000	May 17,2022	2,000	Joint liabilities			12 months	Yes	No
Vehicle air conditioner	January 22,2022	1,460	May 23,2022	1,460	Joint liabilities			12 months	Yes	No
Vehicle air conditioner	January 22,2022	2,501.35	June 14,2022	2,501.35	Joint liabilities			12 months	Yes	No
Vehicle air conditioner	January 22,2022	1,750	June 29,2022	1,750	Joint liabilities			12 months	Yes	No
Vehicle air conditioner	January 17,2023	2,600	February 27,2023	2,600	Joint liabilities			6.73 months	Yes	No
Vehicle air conditioner	January 17,2023	2,501.35	March 3,2023	2,501.35	Joint liabilities			6.6 months	Yes	No
Vehicle air conditioner	January 17,2023	1,949	March 6,2023	1,949	Joint liabilities			6.5 months	Yes	No
Vehicle air conditioner	January 17,2023	1,300	March 8,2023	1,300	Joint liabilities			6.43 months	Yes	No
Vehicle air conditioner	January 17,2023	2,710	March 14,2023	2,710	Joint liabilities			6.23	Yes	No

								months		
Vehicle air conditioner	January 17,2023	900	June 17,2023	900	Joint liabilities			6.1 months	Yes	No
Vehicle air conditioner	January 17,2023	850	June 25,2023	850	Joint liabilities			12 months	No	No
Vehicle air conditioner	January 17,2023	3,000	September 19,2023	3,000	Joint liabilities			12 months	No	No
Vehicle air conditioner	January 17,2023	3,000	September 19,2023	3,000	Joint liabilities			12 months	No	No
Vehicle air conditioner	January 17,2023	900	December 28,2023	900	Joint liabilities			6.1 months	No	No
Vehicle air conditioner	January 17,2023	1,250	November 27,2023	1,250	Mortgage	Vehicle air conditioner land		3 months	No	No
Vehicle air conditioner	January 17,2023	4,221	September 11,2023	4,221	Mortgage	Vehicle air conditioner land		12 months	No	No
Vehicle air conditioner	January 17,2023	2,000	October 10,2023	2,000	Mortgage	Vehicle air conditioner land		12 months	No	No
Vehicle air conditioner	January 17,2023	3,500	October 19,2023	3,500	Mortgage	Vehicle air conditioner land		12 months	No	No
Vehicle air conditioner	January 17,2023	3,900	October 23,2023	3,900	Mortgage	Vehicle air conditioner land		12 months	No	No
Vehicle air conditioner	January 17,2023	3,818.35	October 25,2023	3,818.35	Mortgage	Vehicle air conditioner land		12 months	No	No
Vehicle air conditioner	January 17,2023	2,500	November 8,2023	2,500	Mortgage	Vehicle air conditioner land		12 months	No	No
Vehicle air conditioner	January 17,2023	2,500	November 14,2023	2,500	Mortgage	Vehicle air conditioner land		12 months	No	No
Vehicle air conditioner	January 17,2023	2,500	November 23,2023	2,500	Mortgage	Vehicle air conditioner land		12 months	No	No
Vehicle air conditioner	January 17,2023	2,010	November 27,2023	2,010	Mortgage	Vehicle air conditioner		12 months	No	No

					land					
Total of guarantee to subsidiaries approved in the report term (B1)			56,000		Total of guarantee to subsidiaries actually occurred in the report term (B2)			47,909.7		
Total of guarantee to subsidiaries approved as of the report term (B3)			56,000		Total of balance of guarantee actually provided to the subsidiaries as of end of report term (B4)			35,949.35		
Guarantee of the subsidiaries for its subsidiaries										
Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guaranty (If any)	Counter-guarantee (If any)	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Total of guarantee to subsidiaries approved in the report term (C1)			0		Total of guarantee to subsidiaries actually occurred in the report term (C2)			0		
Total of guarantee to subsidiaries approved as of the report term (C3)			0		Total of balance of guarantee actually provided to the subsidiaries as of end of report term (C4)			0		
The Company's total guarantee(i.e.total of the first three main items)										
Total guarantee quota approved in the reporting period (A1+B1+C1)			56,000		Total amount of guarantee actually incurred in the reporting period (A2+B2+C2)			47,909.7		
Total guarantee quota already approved at the end of the reporting period (A3+B3+C3)			56,000		Total balance of the actual guarantee at the end of the reporting period (A4+B4+C4)			35,949.35		
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+B4+C4) %								823.15%		
Including:										
Amount of guarantees provided for shareholders, the actual controller and their related parties (D)								0		
Amount of debt guarantees provided directly or indirectly for entities with a liability-to-asset ratio over 70% (E)								35,949.35		
Proportion of total amount of guarantee in net assets of the company exceed 50% (F)								33,741.81		
Total amount of the three kinds of guarantees above (D+E+F)								35,949.35		
Explanations about joint and several liability for repayment in respect of undue guarantee(if any)			None							
Explanation about external guarantee violating established procedure if any)			None							

3. Situation of Entrusting Others for Managing Spot Asset

(1) Situation of Entrusted Finance

Applicable Not applicable

Not-existent

(2) Situation of Entrusted Loans

Applicable Not applicable

Not-existent

4. Other significant contract

Applicable Not applicable

Not-existent

XVI. Explanation on other significant events

Applicable Not applicable

Name	Date of disclosure	Website for disclosure
Announcement on the election of the Board of Directors	April 29,2023	http://www.cninfo.com.cn .Announcement No.:2023-021
Announcement on the election of the Supervisory Board	April 29,2023	http://www.cninfo.com.cn .Announcement No.:2023-022
Announcement on Resolution of the first meeting of the 10th Board of Directors (Election of the chairman, appointment of the general manager, election of members and chairmen of the special committees)	May 27,2023	http://www.cninfo.com.cn .Announcement No.:2023-047
Announcement on the Resolution of the third Meeting of the 10th Supervisory Board (Election of the Chairman of the Supervisory Board)	May 27,2023	http://www.cninfo.com.cn .Announcement No.:2023-048
Announcement on the Resolution of the First Meeting of the 10th board of directors (Election of Chairman and Dismissal of General Manager)	October 31,2023	http://www.cninfo.com.cn .Announcement No.:2023-060
Announcement on the Resignation of the Chairman	October 31,2023	http://www.cninfo.com.cn .Announcement No.:2023-063
Announcement on Change of the Accounting Firm	October 31,2023	http://www.cninfo.com.cn .Announcement No.:2023-065
Announcement on Revising the Work Rules of the Audit Committee	October 31,2023	http://www.cninfo.com.cn .Announcement No.:2023-066
Announcement on Revising the Working Rules of the Nomination Committee	October 31,2023	http://www.cninfo.com.cn .Announcement No.:2023-067
Announcement on Revising the Work Rules of the Remuneration and Assessment Committee	October 31,2023	http://www.cninfo.com.cn .Announcement No.:2023-068
Announcement on Amending the Articles of Association of the Company	December 1,2023	http://www.cninfo.com.cn .Announcement No.:2023-073
Announcement on Amending the Rules of Procedure of General Shareholders' Meeting	December 1,2023	http://www.cninfo.com.cn .Announcement No.:2023-075
Announcement on Amending the Rules of Procedure of the Board of Directors	December 1,2023	http://www.cninfo.com.cn .Announcement No.:2023-077

Independent Director System	December 1,2023	http://www.cninfo.com.cn .Announcement No.:2023-079
Announcement on the Resolution of the fifth Meeting of the 10th board of directors (Appointment of General Manager)	December 23,2023	http://www.cninfo.com.cn .Announcement No.:2023-082

XVII. Significant event of subsidiary of the Company

Applicable Not applicable

Vehicle Air Conditioning Company, a wholly-owned subsidiary of the Company, provides lubricating oil service for air conditioning compressor assembly in the supporting business for customers of the main machinery factory. In view of this, the automotive air conditioning company applied to the Chongqing Municipal Bureau of Industry and Commerce to increase the "lubricating oil sales" item in its business scope, and completed the change registration and renewed its business license on April 14, 2023.

VII. Change of share capital and shareholding of Principal Shareholders

I. Changes in share capital

1. Changes in share capital

In Shares

	Before the change		Increase/decrease (+, -)					After the Change	
	Amount	Proportion	Share allotment	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Quantity	Proportion
I. Unlisted shares	89,375,000	74.87%	0	0.00	0.00	0.00	0.00	89,375,000	74.87%
1. Founder's stock	89,375,000	74.87%	0	0	0	0	0	89,375,000	74.87%
Including: State-owned shares	84,906,250	71.13%	0	0	0	0	0	84,906,250	71.13%
Shares held by domestic legal persons	1,750,000	1.46%	0	0	0	0	0	1,750,000	1.46%
Share held by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
Other	2,718,750	2.28%	0	0	0	0	0	2,718,750	2.28%
2. Raising legal person shares	0	0.00%	0	0	0	0	0	0	0.00%
3. Internal staff shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Preferred stock or other	0	0.00%	0	0	0	0	0	0	0.00%
II Listed shares	30,000,000	25.13%	0	0	0	0	0	30,000,000	25.13%
1. Common shares in RMB	0	0.00%	0	0	0	0	0	0	0.00%
2. Foreign shares in domestic market	30,000,000	25.13%	0	0	0	0	0	30,000,000	25.13%
3. Foreign shares in overseas market	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total of capital shares	119,375,000	100.00%	0	0	0	0	0	119,375,000	100.00%

Reasons for share changed

Applicable Not applicable

Approval of Change of Shares

Applicable Not applicable

Ownership transfer of share changes

Applicable Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

Applicable Not applicable

Other information necessary to disclose for the company or need to disclosed under requirement from security regulators

Applicable Not applicable

2.Self-defined Chapter

When the company was founded in 1995, North China Industrial Shenzhen Co., Ltd., one of the founders, held 17,875,000 shares of the company, accounting for 3.74% of the company's total share capital. According to the Civil Order of the Shenzhen Intermediate People's Court of Guangdong Province- [2006] Shenzhong Famin Two Bankruptcy Zi No. 21-4) on March 6th, 2007, it's ruled that the proprietary rights of the 3.74% stake (17,875,000 legal person shares) of the company held by North China Industrial Shenzhen Co., Ltd. belongs to the buyers Gu Zuocheng, Yangpu Xinyufeng Investment Co., Ltd. and Feng Yonghui. Thereinto, Gu Zuocheng held 8,875,000 shares; Yangpu Xinyufeng Investment Co., Ltd. held 7,000,000 shares; Feng Yonghui held 20,000 million shares.

On September 12, 2013, the company implemented a 4:1 share-shrunk. After the share-shrunk, Gu Zuocheng held 2,218,750 shares; Hengsheng Sun Group Co., Ltd. held 1,750,000 shares; Feng Yonghui held 500,000 shares.

Therefore, in the above "Changes in Shares" table, the number of shares that's filled in the "others" for the sponsors' shares is the total shares held by the natural persons Gu Zuocheng and Feng Yonghui, namely: 2,718,750 shares.

3. Change of shares with limited sales condition

Applicable Not applicable

II .Issuing and listing

1.Explanation of the Situation of the Security Issue(No Preferred Shares) in the Report Period

Applicable Not applicable

2.Change of asset and liability structure caused by change of total capital shares and structure

Applicable Not applicable

3.About the existing employees' shares

Applicable Not applicable

III.Shareholders and actual controlling shareholder

1. Number of shareholders and shareholding

In Shares

Total number of common shareholders at the end of the reporting period	6,786	Total shareholders at the end of the month from the date of disclosing the annual report	6,760	The total number of preferred shareholders voting rights restored at period-end(if any)(See Notes 8)	0	Total preferred shareholders at the end of the month from the date of disclosing the annual report(if any)(See Notes 8)	0	
Particulars about shares held above 5% by shareholders or top ten shareholders (Excluding shares lent through refinancing)								
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period -end	Changes in reporting period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
China Military Equipment Group Co., Ltd.	State-owned legal person	71.13%	84,906,250	0	84,906,250.00	0	Not applicable	0
Gu Zuocheng	Domestic natural person	1.89%	2,261,000	0	2,218,750.00	42,250	Not applicable	0
Anhui Hengsheng Investment Development Co., Ltd.	Domestic non-state-owned legal person	1.47%	1,750,000	0	1,750,000.00	0	Not applicable	0
Xu Yuanhui	Domestic natural person	0.84%	999,999	32000	0	999,999	Not applicable	0
Liu Dan	Domestic natural person	0.74%	879,376	-1000	0	879,376	Not applicable	0
Chen Xinqiang	Domestic natural person	0.51%	612,400	0	0	612,400	Not applicable	0
CORE PACIFIC-YAMAICHI INTERNATIONAL (H.K.) LIMITED	Overseas Legal person	0.51%	605,650	0	0	605,650	Not applicable	0
Feng Yonghui	Domestic natural person	0.42%	500,000	0	500,000	0	Not applicable	0
Li Jianping	Domestic natural person	0.37%	439,050	16550	0	439,050	Not applicable	0
Chen Houping	Domestic natural person	0.36%	424,000	200	0	424,000	Not applicable	0

Strategic investor or general legal person becoming top-10 ordinary shareholder due to rights issue (if any) (See Note 3)	Not applicable		
Related or acting-in-concert parties among shareholders above	There isn't any associated relationship between the sponsoring shareholder and the other shareholders among the top-10 list. None of them are regarded as 'Acting in concert' in accordance with 'The rules of information disclosure on change of shareholding.' Foreign shareholders are unknown for their condition of 'Associated relationship' and 'Acting in concert'.		
Above shareholders entrusting or entrusted with voting rights, or waiving voting rights	Not applicable		
Top 10 shareholders including the special account for repurchase (if any) (see note 10)	Not applicable		
Top 10 holders of unconditional shares			
Name of the shareholder	Amount of unconditional shares held at end of period	Category of shares	
		Category of shares	Amount
Xu Yuanhui	999,999	Foreign shares placed in domestic exchange	999,999
Liu Dan	879,376	Foreign shares placed in domestic exchange	879,376
Chen Xinqiang	612,400	Foreign shares placed in domestic exchange	612,400
CORE PACIFIC-YAMAICHI INTERNATIONAL (H.K.) LIMITED	605,650	Foreign shares placed in domestic exchange	605,650
Li Jianping	439,050	Foreign shares placed in domestic exchange	439,050
Chen Houping	424,000	Foreign shares placed in domestic exchange	424,000
Lv Gang	418,099	Foreign shares placed in domestic exchange	418,099
Zhang Long	414,252	Foreign shares placed in domestic exchange	414,252
Liu Guosheng	345,575	Foreign shares placed in domestic exchange	345,575
Jiang Guangsen	314,799	Foreign shares placed in domestic exchange	314,799
Action-in-concert among top 10 non-restricted current share holders, top 10 non-restricted current share holders and top 10 shareholders	There is no affiliated relationship between the top ten non-restricted tradable shareholders and the controlling shareholder China Military Equipment Group Co., Ltd. nor do they belong to the consistent actors stipulated in the Administrative Measures for the Acquisition of Listed Companies; it is unknown to the company whether there is an affiliated relationship between the top ten non-restricted tradable shareholders as well as between the top ten non-restricted tradable shareholders and the other top ten shareholders, or whether they are		

	included in the consistent actors stipulated in the Administrative Measures for the Acquisition of Listed Companies.
Top 10 ordinary shareholders conducting securities margin trading (if any) (see note 4)	Not applicable

Lending of shares by the top ten shareholders participating in refinancing business

Applicable Not applicable

The top ten shareholders have changed from the previous period

Applicable Not applicable

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period.

Yes No

The top ten common shareholders or top ten common shareholders with un-restrict shares held of the Company have no buy –back agreement dealing in reporting period.

2. Controlling shareholder

Nature of Controlling Shareholders: Central State-owned Holdings

Type of Controlling Shareholders: Legal person

Name of the Controlling shareholder	Legal representative /Leader	Date of incorporation	Organization code	Principal business activities
China Military Equipment Group Co., Ltd.	Xu Xianping	June 29,1999	91110000710924929L	Investment, operation and management of state-owned assets: research and development, production, guarantee and service of weapons and equipment; Research and development, manufacturing, sales and comprehensive services of vehicles, electrical equipment, photoelectric information and products and their equipment, mechanical equipment, engineering and construction machinery, chemical materials (except hazardous chemicals), fire fighting equipment, medical and environmental protection equipment, metal and nonmetal materials and their products.
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	As of December 31, 2023, Shares held and controlled by other domestic and overseas listed companies directly or indirectly: 40.70% by Chongqing Changan Automobile Co., Ltd.(Stock code:000625); 2. 45.40 by Baoding Tianwei Baobian Electric Co., ltd(Stock code: 600550).; 3. .41.03% by Jiangling Motors Corporation, Ltd (Stock code:000550) ; 4. 37.40% by Hunan Tianyan Machinery Co., Ltd(Stock code: 600698) ; 5.49.94% by Haerbin Automobile Power Co., Ltd.(Stock code: 600178); 6.42.00 by Costar Group Co., Ltd.(Stock Code 002189) ; 7. 71.77% by Jianshe Industry(Yunnan) Co., Ltd(Stock code:002265) ; 8. 8. 25.44% by Chongqing Minsheng Logistic Co., Ltd(Stock code:1292.HK) ; 9.70.35% by Hubei Huangqiang High-Tech Co., Ltd.(Stock; 688151) ;10.30.03% by Anhui Great Well Military Industry Co., Ltd.(Stock code:601606).			

Change of holding shareholder

Applicable Not applicable

No such cases in the reporting period.

3. Information about the controlling shareholder of the Company

Actual controller nature: Central state owned Assets Management t

Actual controller type: Legal person

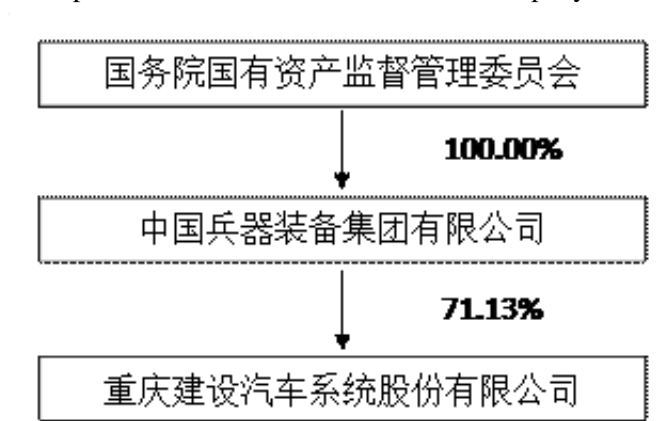
Name of the controlling shareholder	Legal representative/person in charge	Date of establishment	Organization code	Principal business activities
State-owned Assets Supervision and administration Commission of the State Council	Director of SASAC		Not applicable	Not applicable
Situation of domestic and abroad holding listed companies	Not applicable			

Changes of the actual controller in the reporting period

Applicable Not applicable

No Changes of the actual controller in the reporting period

Block Diagram of the ownership and control relations between the company and the actual controller



The actual controller controls the company by means of trust or managing the assets in other way

Applicable Not applicable

4.The cumulative number of shares pledged by the controlling shareholder or the largest shareholder of the company and its person acting in concert accounts for 80% of the number of shares held by the company

Applicable Not applicable

5.Particulars about other legal person shareholders with over 10% share held

Applicable Not applicable

6.Situation of Share Limitation Reduction of Controlling Shareholders, Actual Controllers, Restructuring Party and Other Commitment Subjects

Applicable Not applicable

IV. Specific implementation of share repurchase during the reporting period

Progress in implementation of share repurchase

Applicable Not applicable

Implementation progress of reducing repurchased shares by centralized bidding

Applicable Not applicable

VIII. Situation of the Preferred Shares

Applicable Not applicable

The Company had no preferred shares in the reporting period.

IX. Corporate Bond

Applicable Not applicable

CHONGQING JIANSHE VEHICLE SYSTEM CO., LTD.

AUDITOR'S REPORT

Baker Tilly China [2024] No.34454-4

Auditor's Report

Baker Tilly China [2024] No. 34454-4

To all shareholders of Chongqing Jianshe Vehicle System Co., Ltd.:

I . Opinion

We have audited the accompanying financial statements of *Chongqing Jianshe Vehicle System Co., Ltd.* (hereinafter referred as "the Company"), which comprise the consolidated and the parent company's balance sheets as at December 31, 2023, the consolidated and the parent company's income statement, the consolidated and the parent company's statements of cash flows, and the consolidated and the parent company's statements of changes in shareholder's equity for 2023, and the relevant notes to the financial statements.

In our opinion, the financial statements attached are prepared, in all significant respects, in accordance with the Accounting Standards for Business Enterprises, and fairly present the Company's consolidated and the parent company's financial positions as at December 31, 2023 and its consolidated and the parent company's operating results and cash flows for the year then ended.

II . Basis of opinion

We conducted our audit in accordance with Auditing Standards for Certified Public Accountants ("CSAs") in China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Auditor's Report (Continued)

Key Audit Matters	How our audit addressed the matter
Revenue recognition	
<p>The main business of the Company is the production and sales of automotive air-conditioning compressors, and provide supporting services for automobile OEMs. In 2023, the Company achieved the main business income of 459.41 million yuan, of which domestic sales revenue of 237.58 million yuan and foreign sales revenue of 221.83 million yuan. As revenue is one of the Company's key performance indicators, we have identified revenue recognition as a key audit matter.</p> <p>Index to Notes 3.29 Revenue and 6.32 Operating Income and Operating Costs of the financial statements.</p>	<p>The audit procedures we implement for revenue recognition mainly include:</p> <ol style="list-style-type: none"> 1. Understand and test the effectiveness of the design and operation of internal controls related to revenue recognition; 2. Understand the information technology application procedures and process related to revenue confirmation, and test the general control and application control of the relevant information system; 3. Understand and analyze the business environment related to the business, analyze the rationality of technical service income changes combine with the industry environment and the actual situation of the Company; 4. Select samples to inspect sales contracts, identify relevant clauses that can reliably estimate the results of labor service transactions, and evaluate the rationality of revenue recognition policies; 5. Implement substantial analysis procedure for operating income and gross profit margin according to monthly, type, etc., identify whether there is a significant or abnormal fluctuations, and find out the cause of fluctuations; 6. For the sales revenue recognized before or after the balance sheet date, sample and inspect the supporting evidence of the sales delivery note and customer acceptance note to evaluate whether the revenue has been recognized in an appropriate period; 7. Combined with the confirmation letter of Accounts receivable, select a portion of major customers to confirm the sales of the current period by sampling; 8. Check whether the information related to operating income is properly presented and disclosed.

IV. Other Information

The Management of the Company (hereinafter referred as “the Management”) shall be responsible for other information. The other information comprises the information covered in the 2023 Annual Report of the Company, but excludes the financial statements and our auditor's report.

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

In conjunction with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is significantly inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Auditor’s Report (Continued)

Based on the work we have performed, if we determine that there is a material misstatement of the other information, we are required to report that fact. However, we have no matters to report in this regard.

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's going-concern ability, disclosing the matters related to going concern, and using the going-concern assumption unless the Management intends to liquidate the Company or to cease operation, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing of the Company's financial reporting process.

Auditor's Report (Continued)

Baker Tilly China [2024] No. 34454-4

VI. Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Report (Continued)

Baker Tilly China [2024] No. 34454-4

(4) Conclude on the appropriateness of management's use of the going-concern assumption, Meanwhile, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention of the users of reports to the related disclosures in the financial statements, if such disclosures are inadequate, We should express an non-standard unqualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

(6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding the planned scope and timing of the audit, significant audit findings and other matters, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with professional ethics requirements related to our independence and communicate with governance about all relationships and other matters that might reasonably be considered to affect our independence, as well as relevant precautions, if applicable.

From the matters communicated with those charged with governance, we determine those matters that were of most important to the audit of the current period's Consolidated Financial Statements and therefore the key audit matters. We describe these matters in our audit reports unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our audit report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Baker Tilly China

Certified Public
Accountant of China:

Beijing, China
[month] [day] 2024

Certified Public
Accountant of China:

Consolidated Balance Sheet

For the year ended 31 December 2023

Prepared by: Chongqing Jianshe Vehicle System Co., Ltd.

Currency: CNY

Items	Notes	Closing Balance	Opening Balance
Current assets:		—	—
Currency funds	VI-1	137,195,899.72	179,954,522.99
Financial assets held for trading			
Derivative financial assets			
Notes receivable	VI-2	6,041,598.66	
Accounts receivable	VI-3	125,956,261.01	113,710,214.72
Receivables financing	VI-4	24,290,736.39	17,548,591.75
Prepayments	VI-5	2,651,180.08	4,024,366.02
Other receivables	VI-6	1,825,860.96	1,720,044.17
Including: Interest receivable			
Dividends receivable			
Inventories	VI-7	130,309,955.62	131,860,572.93
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	VI-8	1,981,210.62	1,468,399.16
Total current assets		430,252,703.06	450,286,711.74
Non-current assets :		—	—
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	VI-9	221,207,680.99	210,112,321.04
Other equity instrument investments			
Other non-current financial assets	VI-10		
Investment properties			
Fixed assets	VI-11	188,907,962.58	202,039,143.80
Construction in progress	VI-12	15,244,362.53	989,429.96
Bearer biological assets			

Oil and gas assets			
Right-of-use assets			
Intangible assets	VI-13	10,724,848.59	11,801,504.95
Development expenditures			
Goodwill			
Long-term prepaid expenses	VI-14	23,582.53	70,280.65
Deferred tax assets	VI-15	5,755,412.09	5,752,057.03
Other non-current assets	VI-16	70,000.00	15,860,120.00
Total non-current assets		441,933,849.31	446,624,857.43
Total assets		872,186,552.37	896,911,569.17

Legal Representative: Chief Financial Officer: Head of Accounting Department:

Consolidated Balance Sheet (Continued)

For the year ended 31 December 2023

Prepared by: Chongqing Jianshe Vehicle System Co., Ltd.

Currency: CNY

Items	Notes	Closing Balance	Opening Balance
Current liabilities:		—	—
Short-term borrowings	VI-18	540,993,500.00	546,603,500.00
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	VI-19	28,080,000.00	30,379,988.94
Accounts payable	VI-20	229,626,385.55	171,190,476.10
Receipts in advance			
Contract liabilities	VI-21	2,058,111.01	3,441,205.38
Employee benefits payable	VI-22	6,722,120.46	8,529,392.78
Tax and surcharge payable	VI-23	6,702,419.03	16,649,704.07
Other payables	VI-24	8,535,416.39	7,566,872.62
Including: Interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities	VI-25	5,152,509.50	447,356.63
Total current liabilities		827,870,461.94	784,808,496.52
Non-current liabilities:		—	—

Long-term borrowings			
Bonds payable			
Including: Preference shares			
Perpetual debts			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities	VI-15	643,051.02	1,011,787.97
Other non-current liabilities			
Total non-current liabilities		643,051.02	1,011,787.97
Total liabilities		828,513,512.96	785,820,284.49
Owners' equity (or Shareholders' equity):		—	—
Paid-in capital (or share capital)	VI-26	119,375,000.00	119,375,000.00
Other equity instruments			
Including: Preference shares			
Perpetual debts			
Capital reserve	VI-27	958,565,294.29	958,565,294.29
Less: Treasury shares			
Other comprehensive income	VI-28	9,800.00	9,800.00
Special reserve	VI-29	5,147,711.40	3,234,669.03
Surplus reserve	VI-30	125,686,000.00	125,686,000.00
Unappropriated profit	VI-31	-	-
		1,165,110,766.28	1,095,779,478.64
Total owners' equity (or shareholders' equity) attributable to the parent		43,673,039.41	111,091,284.68
*Non-controlling interests			
Total owners' equity (or shareholders' equity)		43,673,039.41	111,091,284.68
Total liabilities and owners' equity (or shareholders' equity)		872,186,552.37	896,911,569.17

Legal Representative: Chief Financial Officer: Head of Accounting Department:

Consolidated Income Statement

For the year ended 31 December 2023

Prepared by: Chongqing Jianshe Vehicle System Co., Ltd.

Currency: CNY

Items	Notes	Current Year	Prior Year
1. Total operating revenue		464,078,962.46	474,114,098.08

Including: Operating revenue	VI-32	464,078,962.46	474,114,098.08
2. Total operating costs		545,501,488.38	565,181,800.23
Including: Operating costs	VI-32	428,374,544.72	450,395,435.30
Taxes and surcharges	VI-33	4,586,353.16	3,754,824.57
Selling expenses	VI-34	14,232,724.26	15,239,315.12
Administrative expenses	VI-35	52,350,776.53	47,721,110.67
Research and development expenses	VI-36	27,227,617.00	30,598,868.69
Financial expenses	VI-37	18,729,472.71	17,472,245.88
Including: Interest expense	VI-37	20,877,409.62	20,216,911.43
Interest income	VI-37	1,692,490.51	1,640,888.48
Add: Other income	VI-38	1,118,557.63	1,205,689.22
Investment income (losses expressed with "-")	VI-39	11,095,359.95	8,128,052.32
Including: Investment income from associates and joint ventures		11,095,359.95	8,128,052.32
Gains from derecognition of financial assets measured at amortized costs			
Gains on hedge of a net position (losses expressed with "-")			
Gains from changes in fair value (losses expressed with "-")			
Credit impairment losses (losses expressed with "-")	VI-40	331,504.85	989,437.83
Assets impairment losses (losses expressed with "-")	VI-41	-490,947.61	
Gains on disposal of assets (losses expressed with "-")	VI-42	-413,963.91	40,420,431.93
3. Operating profit (loss expressed with "-")		-69,782,015.01	-40,324,090.85
Add: Non-operating income	VI-43	79,114.42	170,256.15
Less: Non-operating expenses	VI-44	1,260.70	3,112.43
4. Total profit (loss expressed with "-")		-69,704,161.29	-40,156,947.13
Less: Income tax expenses	VI-45	-372,873.65	-423,852.44
5. Net profit (net loss expressed with "-")		-69,331,287.64	-39,733,094.69
Including: net profit realized by the merged party before the combination			
A. Classified by continuing and discontinued operations			
Net profit from continuing operations (losses expressed with "-")		-69,331,287.64	-39,733,094.69
Net profit from discontinued operations (losses expressed with "-")			
B. Attributable to			
Shareholders of the parent (losses expressed with "-")		-69,331,287.64	-39,733,094.69
*Non-controlling interests (losses expressed with "-")			
6. Other comprehensive income, net of income tax			

Attributable to shareholders of the parent			
A. Items that will not be reclassified subsequently to profit or loss			
1. Remeasurement of defined benefit liability /(asset)			
2. Other comprehensive income that cannot be reclassified to profit or loss under equity method			
3. Equity instrument designated at fair value through other comprehensive income - Changes in fair value			
4. Own credit risk - Changes in fair value			
B. Items that may be reclassified subsequently to profit or loss			
1. Other comprehensive income that can be reclassified to profit or loss under equity method			
2. Gains or losses on changes in fair value of available-for-other debt investments			
3. Other comprehensive income from reclassification of financial assets			
4. Other debt investment credit impairment provisions			
5. Cash flow hedge reserve			
6. Translation differences of financial statements presented in foreign currencies			
7. Others			
*Attributable to non-controlling interests			
7. Total comprehensive income		-69,331,287.64	-39,733,094.69
Attributable to shareholders of the parent		-69,331,287.64	-39,733,094.69
*Attributable to non-controlling interests			
8. Earnings per share		—	—
Basic earnings per share		-0.58	-0.33
Diluted earnings per share		-0.58	-0.33

Legal Representative:
Department:

Chief Financial Officer:

Head of Accounting

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

Prepared by: Chongqing Jianshe Vehicle System Co., Ltd.

Currency: CNY

Items	Notes	Current Year	Prior Year
1. Cash flows from operating activities:		—	—
Cash received from sales of goods or rendering of services		408,545,122.71	455,186,338.69
Refunds of taxes and surcharges		22,896,090.58	10,282,411.62
Cash received relating to other operating activities	VI-46	17,636,883.69	12,374,241.54
Sub-total of cash inflows from operating activities		449,078,096.98	477,842,991.85
Cash paid for goods and services		311,855,716.29	320,316,578.74

Cash paid to and on behalf of employees		102,360,452.36	107,843,217.38
Cash paid for taxes and surcharges		9,080,289.02	15,295,146.76
Cash paid relating to other operating activities	VI-46	23,243,415.70	21,978,449.88
Sub-total of cash outflows from operating activities		446,539,873.37	465,433,392.76
Net cash flows from operating activities	VI-47	2,538,223.61	12,409,599.09
2. Cash flows from investing activities:		—	—
Cash received from disposal of investments			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		159,773.95	153,543,148.36
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			
Sub-total of cash inflows from investing activities		159,773.95	153,543,148.36
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		18,995,468.32	26,166,782.57
Cash paid for acquisition of investments			
Cash paid for obtaining subsidiaries and other business units			
Cash paid relating to other investing activities			
Sub-total of cash outflows from investing activities		18,995,468.32	26,166,782.57
Net cash flows from investing activities		-18,835,694.37	127,376,365.79
3. Cash flows from financing activities:		—	—
Cash received from capital contributions			
Including: Cash received from non-controlling shareholders' capital contributions to subsidiaries			
Cash received from borrowings		711,597,000.00	650,903,500.00
Cash received relating to other financing activities	VI-46	70,015,717.55	81,688,328.08
Sub-total of cash inflows from financing activities		781,612,717.55	732,591,828.08
Cash repayments of borrowings		717,207,000.00	597,760,000.00
Cash payments for distribution of dividends, profits, or for interest expenses		20,847,409.62	20,216,911.43
Including: Subsidiaries' cash payments for distribution of dividends or profits to non-controlling shareholders			
Cash paid relating to other financing activities	VI-46	69,135,758.11	108,137,271.47
Sub-total of cash outflows from financing activities		807,190,167.73	726,114,182.90
Net cash flows from financing activities		-25,577,450.18	6,477,645.18
4. Effect of foreign exchange rate		-3,742.89	-7,599.20

changes on cash and cash equivalents			
5. Net increase/ (decrease) in cash and cash equivalents	VI-47	-41,878,663.83	146,256,010.86
Add: Opening balance of cash and cash equivalents		169,994,534.05	23,738,523.19
6. Closing balance of cash and cash equivalents	VI-47	128,115,870.22	169,994,534.05

Legal Representative:
Department:

Chief Financial Officer:

Head of Accounting

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

Prepared by: Chongqing Jianshe Vehicle System Co., Ltd.

Currency: CNY

Items	Current Year													
	Shareholders' equity attributable to the parent											Non-control ling interests	Total sharehold ers' equity	
	Paid-in capital (Share capital)	Other equity instruments			Capital reserve	Less: Trea sury shar es	Other compreh ensive income	Special reserve	Surplus reserve	△ Gener al risk reser ve	Unappropri ated profit			Sub-total
Prefer ence shares		Perpet ual debts	Oth ers											
I. Closing balance of prior year	119,375,0 00.00				958,565,2 94.29		9,800.00	3,234,6 69.03	125,686,0 00.00		- 1,095,779,4 78.64	111,091,2 84.68		111,091,2 84.68
Add: changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Corrections of prior period errors	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Others														
II. Opening balance of current year	119,375,0 00.00	-	-	-	958,565,2 94.29	-	9,800.00	3,234,6 69.03	125,686,0 00.00	-	- 1,095,779,4 78.64	111,091,2 84.68	-	111,091,2 84.68
III. Changes in current year (decrease expressed with "-")								1,913,0 42.37			- 69,331,287. 64	- 67,418,24 5.27		- 67,418,24 5.27
(i) Total comprehensive income	—	—	—	—	—	—	—	—	—	—	- 69,331,287. 64	- 69,331,28 7.64		- 69,331,28 7.64
(ii) Contributions by and distributions to owners														
1. Capital contributions from owners		—	—	—		—	—	—	—	—	—			

2. Capital contributions from other equity instruments holders								—	—	—	—	—		
3. Share-based payments recognized in shareholders' equity			—	—	—			—	—	—	—	—		
4. Others			—	—	—									
(iii) Special reserve			—	—	—					1,913,042.37			1,913,042.37	1,913,042.37
1. Appropriation to special reserve	—	—	—	—	—	—	—	3,279,360.59	—	—	—	3,279,360.59	—	3,279,360.59
2. Use of special reserve	—	—	—	—	—	—	—	1,366,318.22	—	—	—	1,366,318.22	—	1,366,318.22
(iv) Profit distribution														
1. Appropriation to surplus reserve	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Including: Statutory surplus reserve	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Discretionary surplus reserve	—	—	—	—	—	—	—	—	—	—	—	—	—	—
#Reserve fund	—	—	—	—	—	—	—	—	—	—	—	—	—	—
#Enterprise development fund	—	—	—	—	—	—	—	—	—	—	—	—	—	—
#Profit returned for investment	—	—	—	—	—	—	—	—	—	—	—	—	—	—
△ 2. Appropriation to general risk reserve	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3. Distributions	—	—	—	—	—	—	—	—	—	—	—	—	—	—

to shareholders														
4. Others														
(v) Internal transfer of shareholders' equity														
1. Capitalization of capital reserve		—	—	—	—	—	—	—	—	—	—	—	—	
2. Capitalization of surplus reserve		—	—	—	—	—	—	—	—	—	—	—	—	
3. Making up losses from surplus reserve	—	—	—	—	—	—	—	—	—	—	—	—	—	
4. Transfer of changes in defined benefit plans to retained earnings	—	—	—	—	—	—	—	—	—	—	—	—	—	
5. Transfer of other comprehensive income to retained earnings	—	—	—	—	—	—	—	—	—	—	—	—	—	
6. Others														
IV. Closing balance of current year	119,375,000.00				958,565,294.29		9,800.00	5,147,711.40	125,686,000.00		-	1,165,110,766.28	43,673,039.41	43,673,039.41

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2023

Prepared by: Chongqing Jianshe Vehicle System Co., Ltd.

Currency: CNY

Items	Prior Year		
	Shareholders' equity attributable to the parent		Non-Total

	Paid-in capital (Share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	△General risk reserve	Unappropriated profit	Sub-total	controlling interests	shareholders' equity
		Preference shares	Perpetual debts	Others										
I. Closing balance of prior 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: changes in accounting policies														
Corrections of prior period errors														
Others														
II. Opening balance 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. Changes in current year (decrease expressed with "-")								1,520,786.53			- 39,733,094.69	- 38,212,308.16		- 38,212,308.16
(i) Total comprehensive income	—	—	—	—	—	—	—	—	—	—	- 39,733,094.69	- 39,733,094.69		- 39,733,094.69
(ii) Contributions by and distributions to owners														
1. Capital contributions from owners		—	—	—		—	—	—	—	—	—			
2. Capital contributions from other equity instruments holders						—	—	—	—	—	—			
3. Share-based payments recognized in shareholders' equity		—	—	—		—	—	—	—	—	—			

4. Others		—	—	—										
(iii) Special reserve		—	—	—				1,520,786.53				1,520,786.53		1,520,786.53
1. Appropriation to special reserve	—	—	—	—	—	—	—	2,673,873.52	—	—	—	2,673,873.52		2,673,873.52
2. Use of special reserve	—	—	—	—	—	—	—	1,153,086.99	—	—	—	1,153,086.99		1,153,086.99
(iv) Profit distribution														
1. Appropriation to surplus reserve	—	—	—	—	—	—	—	—		—			—	
Including: Statutory surplus reserve	—	—	—	—	—	—	—	—		—			—	
Discretionary surplus reserve	—	—	—	—	—	—	—	—		—			—	
#Reserve fund	—	—	—	—	—	—	—	—		—			—	
#Enterprise development fund	—	—	—	—	—	—	—	—		—			—	
#Profit returned for investment	—	—	—	—	—	—	—	—		—			—	
△ 2. Appropriation to general risk reserve	—	—	—	—	—	—	—	—	—				—	
3. Distributions to shareholders	—	—	—	—	—	—	—	—	—	—				
4. Others														
(v) Internal transfer of shareholders' equity														
1. Capitalization of capital reserve		—	—	—	—	—	—	—	—	—	—		—	
2.		—	—	—	—	—	—	—	—	—	—		—	

Capitalization of surplus reserve														
3. Making up losses from surplus reserve	—	—	—	—	—	—	—	—	—	—			—	
4. Transfer of changes in defined benefit plans to retained earnings	—	—	—	—	—	—		—	—	—			—	
5. Transfer of other comprehensive income to retained earnings	—	—	—	—	—	—		—	—	—			—	
6. Others														
IV. Closing balance 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

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

Balance Sheet

For the year ended 31 December 2023

Prepared by: Chongqing Jianshe Vehicle System Co., Ltd.

Currency: CNY

Items	Notes	Closing Balance	Opening Balance
Current assets:		—	—
Currency funds		10,047,508.93	19,632,308.54
Financial assets held for trading			
Derivative financial assets			
Notes receivable		1,846,226.16	
Accounts receivable	XVIII-1	4,014,658.51	3,266,890.00
Receivables financing		10,000,000.00	
Prepayments		1,690,146.39	2,796,181.98
Other receivables	XVIII-2	289,159.26	1,345,740.08
Including: Interest receivable			
Dividends receivable			
Inventories		3,873,607.68	3,992,120.63
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets			26,885.79
Total current assets		31,761,306.93	31,060,127.02
Non-current assets :		—	—
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	XVIII-3	420,253,124.94	409,157,764.99
Other equity instrument investments			
Other non-current financial assets			
Investment properties			
Fixed assets		24,979,453.65	27,476,448.18
Construction in progress			
Bearer biological assets			
Oil and gas assets			
Right-of-use assets			

Intangible assets			
Development expenditures			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets			
Other non-current assets			135,600.00
Total non-current assets		445,232,578.59	436,769,813.17
Total assets		476,993,885.52	467,829,940.19

Legal Representative:
Department:

Chief Financial Officer:

Head of Accounting

Balance Sheet (Continued)

For the year ended 31 December 2023

Prepared by: Chongqing Jianshe Vehicle System Co., Ltd.

Currency: CNY

Items	Notes	Closing Balance	Opening Balance
Current liabilities:		—	—
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		214,806,534.89	148,575,684.59
Receipts in advance			
Contract liabilities		159,365.82	177,064.96
Employee benefits payable		3,379,898.21	4,008,918.72
Tax and surcharge payable		6,177,907.09	15,529,178.05
Other payables		229,760,873.88	273,461,451.21
Including: Interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities		1,866,943.72	23,018.42
Total current liabilities		456,151,523.61	441,775,315.95
Non-current liabilities:		—	—
Long-term borrowings			
Bonds payable			
Including: Preference shares			
Perpetual debts			
Lease liabilities			

Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
Total liabilities		456,151,523.61	441,775,315.95
Owners' equity (or Shareholders' equity):		—	—
Paid-in capital (or share capital)		119,375,000.00	119,375,000.00
Other equity instruments			
Including: Preference shares			
Perpetual debts			
Capital reserve		958,565,294.29	958,565,294.29
Less: Treasury shares			
Other comprehensive income		9,800.00	9,800.00
Special reserve		286,543.15	430,254.50
Surplus reserve		125,686,000.00	125,686,000.00
Unappropriated profit		- 1,183,080,275.53	- 1,178,011,724.5 5
Total owners' equity (or shareholders' equity)		20,842,361.91	26,054,624.24
Total liabilities and owners' equity (or shareholders' equity)		476,993,885.52	467,829,940.19

Legal Representative: Chief Financial Officer: Head of Accounting Department:

Income Statement

For the year ended 31 December 2023

Prepared by: Chongqing Jianshe Vehicle System Co., Ltd.

Currency: CNY

Items	Notes	Current Year	Prior Year
1. Total operating revenue		318,886,528.02	255,751,276.44
Including: Operating revenue	XVIII-4	318,886,528.02	255,751,276.44
2. Total operating costs		335,564,149.49	286,818,016.69
Including: Operating costs	XVIII-4	312,846,255.11	259,112,698.56
Taxes and surcharges		416,635.91	565,321.94
Selling expenses		398,919.79	390,581.47
Administrative expenses		22,541,349.55	28,175,164.70
Research and development expenses		21,032.44	12,161.64

Financial expenses		-660,043.31	-1,437,911.62
Including: Interest expense			
Interest income		37,946.67	132,857.64
Add: Other income		523,708.73	990,023.53
Investment income (losses expressed with "-")	XVIII-5	11,095,359.95	8,128,052.32
Including: Investment income from associates and joint ventures		11,095,359.95	8,128,052.32
Gains from derecognition of financial assets measured at amortized costs			
Gains on hedge of a net position (losses expressed with "-")			
Gains from changes in fair value (losses expressed with "-")			
Credit impairment losses (losses expressed with "-")			
Assets impairment losses (losses expressed with "-")			
Gains on disposal of assets (losses expressed with "-")		-10,025.19	40,420,431.93
3. Operating profit (loss expressed with "-")		-5,068,577.98	18,471,767.53
Add: Non-operating income		27.00	138,583.14
Less: Non-operating expenses			
4. Total profit (loss expressed with "-")		-5,068,550.98	18,610,350.67
Less: Income tax expenses			
5. Net profit (net loss expressed with "-")		-5,068,550.98	18,610,350.67
Net profit from continuing operations (losses expressed with "-")		-5,068,550.98	18,610,350.67
Net profit from discontinued operations (losses expressed with "-")			
6. Other comprehensive income, net of income tax			
Attributable to shareholders of the parent			
A. Items that will not be reclassified subsequently to profit or loss			
1. Remeasurement of defined benefit liability /(asset)			
2. Other comprehensive income that cannot be reclassified to profit or loss under equity method			
3. Equity instrument designated at fair value through other comprehensive income - Changes in fair value			
4. Own credit risk - Changes in fair value			
B. Items that may be reclassified subsequently to profit or loss			
1. Other comprehensive income that can be reclassified to profit or loss under equity method			
2. Gains or losses on changes in fair value of available-for-other debt investments			
3. Other comprehensive income from reclassification of financial assets			

4. Other debt investment credit impairment provisions			
5. Cash flow hedge reserve			
6. Translation differences of financial statements presented in foreign currencies			
7. Others			
7. Total comprehensive income		-5,068,550.98	18,610,350.67
8. Earnings per share		—	—
Basic earnings per share			
Diluted earnings per share			

Legal Representative: Chief Financial Officer: Head of Accounting
Department:

Statement of Cash Flows

For the year ended 31 December 2023

Prepared by: Chongqing Jianshe Vehicle System Co., Ltd.

Currency: CNY

Items	Notes	Current Year	Prior Year
1. Cash flows from operating activities:		—	—
Cash received from sales of goods or rendering of services		162,918,445.15	144,583,207.21
Refunds of taxes and surcharges			
Cash received relating to other operating activities		6,276,486.09	6,939,605.77
Sub-total of cash inflows from operating activities		169,194,931.24	151,522,812.98
Cash paid for goods and services		138,120,225.13	149,508,190.51
Cash paid to and on behalf of employees		30,568,200.13	34,840,152.31
Cash paid for taxes and surcharges		2,160,306.98	9,780,875.37
Cash paid relating to other operating activities		8,084,841.09	7,407,611.52
Sub-total of cash outflows from operating activities		178,933,573.33	201,536,829.71
Net cash flows from operating activities		-9,738,642.09	-50,014,016.73
2. Cash flows from investing activities:		—	—
Cash received from disposal of investments			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			153,507,597.36
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			
Sub-total of cash inflows from investing activities			153,507,597.36
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		916,846.40	1,890,939.45
Cash paid for acquisition of investments			
Cash paid for obtaining subsidiaries and			

other business units			
Cash paid relating to other investing activities			
Sub-total of cash outflows from investing activities		916,846.40	1,890,939.45
Net cash flows from investing activities		-916,846.40	151,616,657.91
3. Cash flows from financing activities:		—	—
Cash received from capital contributions			
Including: Cash received from non-controlling shareholders' capital contributions to subsidiaries			
Cash received from borrowings			
Cash received relating to other financing activities		626,487,000.00	233,343,500.00
Sub-total of cash inflows from financing activities		626,487,000.00	233,343,500.00
Cash repayments of borrowings			
Cash payments for distribution of dividends, profits, or for interest expenses			
Including: Subsidiaries' cash payments for distribution of dividends or profits to non-controlling shareholders			
Cash paid relating to other financing activities		625,416,311.12	317,460,000.00
Sub-total of cash outflows from financing activities		625,416,311.12	317,460,000.00
Net cash flows from financing activities		1,070,688.88	-84,116,500.00
4. Effect of foreign exchange rate changes on cash and cash equivalents			
5. Net increase/ (decrease) in cash and cash equivalents		-9,584,799.61	17,486,141.18
Add: Opening balance of cash and cash equivalents		19,632,308.54	2,146,167.36
6. Closing balance of cash and cash equivalents		10,047,508.93	19,632,308.54

Legal Representative: Chief Financial Officer: Head of Accounting
Department:

Statement of Changes in Equity

For the year ended 31 December 2023

Prepared by: Chongqing Jianshe Vehicle System Co., Ltd.

Currency: CNY

Items	Current Year													
	Shareholders' equity attributable to the parent											Non-controlling interests	Total shareholders' equity	
	Paid-in capital (Share capital)	Other equity instruments			Capital reserve	Less : Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	△ General risk reserve	Unappropriated profit			Sub-total
Preference shares		Perpetual debts	Others											
I. Closing balance of prior 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		26,054,624.24
Add: changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Corrections of prior period errors	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Others														
II. Opening balance 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	-	26,054,624.24
III. Changes in current year (decrease expressed with "-")								-			-	-		-
(i) Total comprehensive income	—	—	—	—	—	—	—	143,711.35	—	—	5,068,550.98	5,212,262.33	—	5,212,262.33
(ii) Contributions by and distributions to owners														
1. Capital contributions from owners		—	—	—		—	—	—	—	—	—			

2. Capital contributions from other equity instruments holders															
3. Share-based payments recognized in shareholders' equity															
4. Others															
(iii) Special reserve															
1. Appropriation to special reserve															
2. Use of special reserve															
(iv) Profit distribution															
1. Appropriation to surplus reserve															
Including:															
Statutory surplus reserve															
Discretionary surplus reserve															
#Reserve fund															
#Enterprise development fund															
#Profit returned for investment															
△ 2. Appropriation to general risk reserve															
3. Distributions to shareholders															

4. Others														
(v) Internal transfer of shareholders' equity														
1. Capitalization of capital reserve		—	—	—		—	—	—	—	—		—		
2. Capitalization of surplus reserve		—	—	—	—	—	—	—	—	—		—		
3. Making up losses from surplus reserve	—	—	—	—	—	—	—	—	—	—		—		
4. Transfer of changes in defined benefit plans to retained earnings	—	—	—	—	—	—	—	—	—	—		—		
5. Transfer of other comprehensive income to retained earnings	—	—	—	—	—	—	—	—	—	—		—		
6. Others														
IV. Closing balance of current year	119,375,000.00				958,565,294.29		9,800.00	286,543.15	125,686,000.00		1,183,080,275.53	20,842,361.91		20,842,361.91

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

Statement of Changes in Equity (Continued)

For the year ended 31 December 2023

Prepared by: Chongqing Jianshe Vehicle System Co., Ltd.

Currency: CNY

Items	Prior Year											Non-contr ollin	Total shareholde rs' equity
	Shareholders' equity attributable to the parent										Sub- total		
	Paid-in capital	Other equity instruments	Capital reserve	Les s:	Other compreh	Special reserve	Surplus reserve	△	Unappropri ated profit				

	(Share capital)	Preference shares	Perpetual debts	Others		Treasury shares	Retained earnings			General risk reserve			Dividends	
I. Closing balance of prior 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		7,626,380.16
Add: changes in accounting policies														
Corrections of prior period errors														
Others														
II. Opening balance 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		7,626,380.16
III. Changes in current year (decrease expressed with "-")								-182,106.59			18,610,350.67	18,428,244.08		18,428,244.08
(i) Total comprehensive income	—	—	—	—	—	—	—	—	—	—	18,610,350.67	18,610,350.67		18,610,350.67
(ii) Contributions by and distributions to owners														
1. Capital contributions from owners		—	—	—		—	—	—	—	—	—			
2. Capital contributions from other equity instruments holders						—	—	—	—	—	—			
3. Share-based payments recognized in shareholders' equity		—	—	—		—	—	—	—	—	—			
4. Others		—	—	—										

(iii) Special reserve		—	—	—				182,106.59				182,106.59		-182,106.59
1. Appropriation to special reserve	—	—	—	—	—	—	—	118,560.72	—	—	—	118,560.72		118,560.72
2. Use of special reserve	—	—	—	—	—	—	—	300,667.31	—	—	—	300,667.31		-300,667.31
(iv) Profit distribution														
1. Appropriation to surplus reserve	—	—	—	—	—	—	—	—		—			—	
Including: Statutory surplus reserve	—	—	—	—	—	—	—	—		—			—	
Discretionary surplus reserve	—	—	—	—	—	—	—	—		—			—	
#Reserve fund	—	—	—	—	—	—	—	—		—			—	
#Enterprise development fund	—	—	—	—	—	—	—	—		—			—	
#Profit returned for investment	—	—	—	—	—	—	—	—		—			—	
△ 2. Appropriation to general risk reserve	—	—	—	—	—	—	—	—	—				—	
3. Distributions to shareholders	—	—	—	—	—	—	—	—	—	—				
4. Others														
(v) Internal transfer of shareholders' equity														
1. Capitalization of capital reserve		—	—	—		—	—	—	—	—	—		—	
2. Capitalization of surplus reserve		—	—	—	—	—	—	—		—	—		—	
3. Making up losses from surplus reserve	—	—	—	—	—	—	—	—		—			—	

4. Transfer of changes in defined benefit plans to retained earnings	—	—	—	—	—	—	—	—	—	—	—	—	—
5. Transfer of other comprehensive income to retained earnings	—	—	—	—	—	—	—	—	—	—	—	—	—
6. Others													
IV. Closing balance 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	26,054,624.24

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:

Chongqing Jianshe Vehicle System Co., Ltd.

Notes to the Financial Statements

For the Year Ended 31 December 2023

(Unless otherwise specified, the currency is CNY)

I. Basic Information of the Company

1. The Company's place of registration, organizational form and address of headquarters.

Chongqing Jianshe Vehicle System Co., Ltd. (hereinafter referred to as "Company", "the Company" or "Chongqing Jianche"), whose original name was Chongqing Jianshe Motorcycle Co., Ltd., was established in July 1995 by Jianshe Industry (Group) Co., Ltd. and China North Industries Shenzhen Corp. The unified social credit code/registration No. of the Company is 915000007474824231. The Company was listed on the Shenzhen Stock Exchange in July 1995.

On December 27, 2017, the Company announced that it had completed the relevant industrial and commercial registration procedures for the change of its full name in Chinese, and obtained the Notice of Approval of Change Registration from Chongqing Administration for Industry and Commerce (YGSWZBD [2017] No.1206-1), the renewed Business License and the approval documents of Shenzhen Stock Exchange. The Company name was changed from Chongqing Jianshe Motorcycle Co., Ltd. to Chongqing Jianshe Vehicle System Co., Ltd. The abbreviation of the Company was changed from "Jianmo B" to "Jianche B", and the Company stock code 200054 remained unchanged.

The former controlling shareholder, Chongqing Jianshe Mechanical & Electrical Equipment Co., Ltd. (hereinafter referred to as "Jianshe Mechanical & Electrical"), signed the Equity Transfer Agreement of State-owned Listed Companies with China South Industries Group Co., Ltd. (hereinafter referred to as "CSGC") on October 22, 2018, that is, Jianshe Mechanical & Electrical agreed to transfer 84,906,250 shares of its state-owned legal shares to CSGC, accounting for 71.13% of the total share capital of the Company, and the nature of the shares is the initiator legal shares.

The Company received the Jianchen Letter of Confirmation for Securities Transfer Registration issued by China Securities Depository and Clearing Co., Ltd., Shenzhen Branch on December 21, 2018, and the registration formalities for the equity transfer under this agreement have been completed at China Securities Depository and Clearing Co., Ltd., Shenzhen Branch. Chongqing Jianshe Mechanical & Electrical Equipment Co., Ltd. no longer holds the shares of the Company, and CSGC has become the controlling shareholder of the

Company, holding 84,906,250 shares of the Company, accounting for 71.13%. The shares are legal person shares of the sponsor.

As of December 31, 2023, the total share capital cumulatively issued by the Company was 119,375,000 shares. The registered capital was 119,375,000 yuan. Its place of registration is No.1 Jianshe Avenue, Huaxi Industrial Park, Banan District, Chongqing. The address of the headquarters is in Banan District, Chongqing. Legal representative: Fan Aijun.

2. The main business activities actually engaged by the Company

As of the date of approval for the financial statements, the main business activities of the Company and its subsidiaries include the research and development, processing, and manufacturing of motorcycles, automotive parts and accessories.

3. Name of controlling shareholder and actual controller

As of the date of approval for the financial statements, the controlling shareholder of the Company is CSGC, and the actual controller is the State-owned Assets Supervision and Administration Commission of the State Council.

4. This financial report was approved by the seventh meeting of the tenth Board of Directors of the Company on April 28, 2024.

5. The operating period of the Company is from July 19, 1995 to July 18, 2045.

II. Basis of Preparation of Financial Statements

1. Basis for the Preparation of the Financial Statements

The financial statements are prepared on a going concern basis. It is based on transactions actually occurring, in accordance with the relevant provisions of the latest Accounting Standards for Business Enterprises issued by the Ministry of Finance and its application guidelines, and is based on the significant accounting policies and accounting estimates described below.

2. Going Concern

The Company has assessed the going-concern ability for 12 months as of the end of the reporting period, and has no matter or situation bringing material doubt to the going-concern ability. Therefore, the financial statements are prepared on the basis of going-concern assumption.

The Company has taken the following measures to improve its ability to continue operations:

(1) Vigorously advance product development. Focus on solidifying, optimizing, and commercializing electric platform products to address current issues affecting electric products. This includes completing the performance optimization of 27CC and 34CC models to establish a competitive edge in product technology.

(2) Intensify efforts in market expansion. Accelerate the increase in sales volume of electric compressors by enhancing existing projects such as Changan CPA platform, Ruichi, and Geely Tangjun while also driving new projects like Changan A158, Changan KaiCheng G393, Kaiyi, and Xinyuan. Maintain consistent sales scale for constant-displacement compressors.

(3) Concentrate on enhancing engineering capabilities. Emphasize improving product quality by strengthening the effectiveness of the quality assurance system and implementing robust process monitoring to reduce quality losses. Strengthen production management by aligning with market order plans to ensure timely delivery through balanced production organization and optimized material distribution. Additionally, focus on advancing process technology capabilities while elevating workstation maturity levels.

(4) Prioritize cost reduction and expense control. Adhere strictly to budget constraints by cascading targets down through all levels of responsibility while intensifying monitoring efforts for cost and overhead expenses to ensure alignment with scale efficiency metrics. Enforce strict controls over receivables and payables management by linking sales with production activities as well as procurement processes to minimize inventory occupancy. Timely clearance of excess or inefficient inventory is essential along with reinforced control over accounts receivable processes.

Although the company has been incurring losses continuously, its production and operation are normal, and there is no significant uncertainty regarding its continuing operating ability. The board of directors of the company believes that the company will continue to operate and has based the preparation of this year's financial statements on the assumption of continued operations.

III. Significant Accounting Policies and Accounting Estimates

1. Statement on compliance with Accounting Standards for Business Enterprises

The Company's financial statements prepared on the basis of the above preparation are in line with the requirements of the latest Accounting Standards for Business Enterprises promulgated by the Ministry of Finance and its application guidelines, interpretations and other relevant provisions (collectively referred to as "Accounting Standards for Business Enterprises"), truly and completely reflect the Company's financial position, operating results and cash flow and other relevant information.

In addition, this financial report has been prepared with reference to the presentation and disclosure requirements of the "Rules for Information Disclosure and Reporting of Companies with Publicly Issued Securities No. 15 - General Provisions for Financial Reporting" (revised in 2023), issued by the China Securities Regulatory Commission.

2. Accounting Period

The financial year of the Company is calendar year from 1st January to 31st December.

3. Functional Currency

The Company's functional currency is CNY.

4. Report Items with Changes in Measurement Attributes in the Current Period and the Measurement Attributes Adopted in the Current Period

The measurement attributes used by the Company include historical cost, replacement cost, net realizable value, present value and fair value.

5. Determination Method and Selection Basis of Criterion of Materiality

Item	Criterion of Materiality
Important accounts receivable for single provision for bad debts	The Company recognizes accounts receivable that exceed 5% of the absolute value of the total profit as important accounts receivable.
Write-off of important accounts receivable	The Company recognizes accounts receivable with a single write off amount exceeding 5% of the absolute value of the total profit as important accounts receivable.
Important other receivables for single provision for bad debts	The Company recognizes other receivables that exceed 5% of the absolute value of the total profit as importance other receivables.
Important prepayments with an aging of over 1 year	The Company recognizes prepayments that with a single aging of more than 1 year and an amount exceeding 0.5% of the total assets as important prepayments with an aging of more than 1 year.
Important projects of construction in progress	The Company recognizes construction in progress projects with a single amount exceeding 0.5% of the total assets as important construction in progress projects.

Important accounts payable with an aging of over 1 year

The Company recognizes accounts payable that with a single aging of more than 1 year and an amount exceeding 0.5% of the total assets as important accounts payable with an aging of more than 1 year.

Important other payables with an aging of over 1 year

The Company recognizes other payables that with a single aging of more than 1 year and an amount exceeding 0.5% of the total assets as important other payables with an aging of more than 1 year.

6. Accounting Treatment Methods for Business Combinations under Common Control and Not Under Common Control

(1) Accounting Treatment Methods for Business Combinations under Common Control

The Company's assets and liabilities acquired in a business combination are measured at the Company's shares of the carrying amount of the consolidated party's ownership interest in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired by the Company and the carrying amount of the consideration paid for the merger (or the aggregate nominal value of shares issued) is adjusted against capital reserve; if capital reserve is not sufficient to cover the reduction, it is adjusted against retained earnings.

(2) Accounting Treatment Methods for Business Combination not under Common Control

The Company recognizes goodwill at the acquisition date for the difference between the cost of the combination and the share of the fair value of the acquiree's identifiable net assets acquired in the combination; if the cost of the combination is less than the share of the fair value of the acquiree's identifiable net assets acquired in the combination, the fair value of each of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination are first reviewed, and if, after the review, the cost of the combination is still less than the share of the fair value of the acquiree's identifiable net assets acquired in the combination, the difference is recognized in profit or loss for the current period.

Business combination not under common control through multiple transactions shall be processed in the following order:

① Adjust the initial investment cost of long-term equity investment. If the equity held before the purchase date is accounted for by the equity method, it shall be re-measured according to the fair value of the equity on the purchase date, and the difference between the

fair value and the carrying value shall be included in the current investment income; The equity held by the purchaser before the purchase date, which involves changes in other comprehensive income and other owner's equity under the equity method should be converted to the current income of the purchase date, except for other comprehensive income arising from changes in the net liabilities or net assets of the defined benefit plan and changes in the fair value of investments in other equity instruments held by the investee.

② Recognize goodwill (or the amount recorded into profit or loss for the current period). The initial investment cost of the long-term equity investment adjusted in the first step is compared with the fair value share of the identifiable net assets of the subsidiary on the purchase date, if the former is bigger than the latter, the difference will be recognized as goodwill; The former is less than the latter, the difference will be recorded in current profit or loss.

Disposal of equity through multiple transactions in stages until loss of control over subsidiaries

(1) The principle of determining whether each transaction in the process of step-by-step disposal of equity until the loss of control of the subsidiary belongs to "a package deal"

If the terms, conditions, and economic impact of various transactions related to the disposal of equity investments in subsidiaries are in accordance with the following conditions, generally indicates that multiple transactions should be accounted for as "a package deal":

- 1) These transactions were entered into simultaneously or considering mutual influence;
- 2) These transactions as a whole can achieve a complete commercial outcome;
- 3) The occurrence of a transaction depends on the occurrence of at least one other transaction;
- 4) A single transaction may not be economical when viewed separately, but it is economical when considered together with other transactions.

(2) The accounting treatment method for various transactions in the process of step-by-step disposal of equity until the loss of control over subsidiaries belongs to "a package deal"

If the disposal of equity investments in subsidiaries until the loss of control belongs to a package deal, each transaction should be accounted for as a disposal of subsidiaries and loss of control transaction; However, the difference between the disposal price and the net asset share of the subsidiary corresponding to the disposal investment before the loss of control should be recognized as other comprehensive income in the consolidated financial statements, and transferred to the current period's profit and loss when the loss of control occurs.

In the consolidated financial statements, the remaining equity should be remeasured at its fair value on the date of loss of control. The difference between the consideration obtained from the disposal of equity and the fair value of the remaining equity, minus the share of net assets that should have been continuously calculated from the date of purchase by the parent company based on the original shareholding ratio, is recognized as investment income in the current period of loss of control. Other comprehensive income related to equity investments in original subsidiary should be converted into current investment income or retained earnings when the loss of control occurs.

(3)The accounting treatment method for various transactions in the process of step-by-step disposal of equity until the loss of control over subsidiaries not belonging to "a package deal"

If the disposal of the investment in the subsidiary does not lose control, the difference between the disposal price and the share of the subsidiary's net assets corresponding to the disposal investment in the consolidated financial statements is included in the capital reserve (capital premium or equity premium), and if the capital premium is insufficient to be deducted, the retained earnings shall be adjusted.

If the disposal of investment in a subsidiary loses control, the remaining equity should be remeasured at its fair value on the date of loss of control in the consolidated financial statements. The difference between the consideration obtained from the disposal of equity and the fair value of the remaining equity, minus the share of net assets that should have been continuously calculated from the purchase date of the original subsidiary based on the original shareholding ratio, is recognized as investment income in the current period of loss of control. Other comprehensive income related to equity investments in existing subsidiaries should be converted into current investment income or retained earnings when control is lost.

7. The Criterion of Control and Preparation Method of Consolidated Financial Statements

The scope of consolidation of the financial statement shall be determined on the basis of control.

Control refers to the Company having the power over the invested party, enjoying variable returns through participating in related activities of the invested party, and having the ability to use the power over the invested party to influence its return amount. Related activities refer to activities that have a significant impact on the returns of the invested party. The relevant activities of the invested party should be judged based on specific circumstances, usually including the sale and purchase of goods or services, management of financial assets, purchase and disposal of assets, research and development activities, and financing activities.

The Company makes a judgment on whether to control the invested party based on comprehensive consideration of all relevant facts and circumstances indicates. If facts and circumstances indicate that there are changes to one or more of the elements in the above definition, the Company shall reassess whether it controls an investee.

The consolidated financial statements are based on the financial statements of the parent company and its subsidiaries, and are prepared by the Company in accordance with Accounting Standards for Enterprises No. 33- Consolidated Financial Statements, based on other relevant information.

8. Types of Joint Arrangements and Accounting Treatment for Joint Operations

(1) Identification and Classification of Joint Venture Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The joint arrangement has the following characteristics: ① Each participating parties is bound by the arrangement; ② Two or more participating parties exercise joint control over the arrangement. No party can independently control the arrangement, and any party with joint control over the arrangement can prevent other parties or a combination of parties from independently controlling the arrangement.

Joint control refers to the common control over a certain arrangement in accordance with relevant agreements, and the related activities of the arrangement must be unanimously agreed upon by the participating parties who share control.

Joint arrangements are divided into joint operations and joint ventures. A joint operation is a joint arrangement whereby the Company that has joint control of the arrangement and has rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement which the Company has joint control together with other parties only has rights to the net assets of the arrangement.

(2) Accounting Treatment of Joint Arrangements

The participant of the joint operation shall recognize the following items related to its share of interests in the joint operation, and carry out accounting treatment in accordance with the provisions of relevant accounting standards for enterprises: ① Its assets, including its share of any assets held jointly; ② Its liabilities, including its share of any liabilities incurred jointly; ③ Its revenue from the sale of its share of the output arising from the joint operation; ④ Its share of the revenue from the sale of the output by the joint operation; ⑤ Its expense, including its share of any expense incurred jointly.

The participants shall account for their investments in the joint venture in accordance with the provisions of Accounting Standards for Enterprises No. 2- Long term Equity

Investments..

9. Criteria for Determining Cash and Cash Equivalents

Cash and cash equivalents comprise the Company's cash on hand, demand deposits, and short-term (which means it has a short maturity of three months or less from the date of acquisition) highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

10. Foreign Currency Transactions and Translation to the Presentation Currency

(1) Reporting Foreign Currency Transactions

On initial recognition, foreign currency transactions are translated into CNY amounts using the spot exchange rate at the date of the transaction. At the balance sheet date, monetary items denominated in foreign currencies are translated using the spot exchange rate at the balance sheet date, and exchange differences arising from differences in exchange rates are recognized in profit or loss for the current period, except for exchange differences on the principal of and interest on special borrowings in foreign currencies related to the acquisition of assets eligible for capitalization; non-monetary items denominated in foreign currencies measured at historical cost are still translated using the spot exchange rate at the date of the transaction, without changing their amounts in CNY; non-monetary items measured at fair value in foreign currencies are translated using the spot exchange rate at the date when the fair value was determined, and the difference is recognized in profit or loss for the current period or in other comprehensive income.

11. Financial Instruments

(1) Recognition and Derecognition of Financial Instruments

The Company recognizes a financial asset or a financial liability when the Company becomes party to the contractual provisions of the instrument.

Buying and selling financial assets in a conventional manner, recognition and termination of recognition shall be based on the accounting of the transaction date. Buying and selling financial assets in a conventional manner refers to the collection or delivery of financial assets within the time limit specified by regulations or common practices, in accordance with the terms of the contract. The trading day refers to the date on which the Company promises to buy or sell financial assets.

If the following conditions are met, the recognition of financial assets (or a portion of financial assets, or a group of similar financial assets) shall be terminated, that is, transferred from their accounts and balance sheets:

①The right to receive cash flows from financial assets has expired;

②Transferred the right to receive cash flows from financial assets, or assumed the obligation to timely and fully pay the received cash flows to third parties under a "pass through agreement"; And (a) substantially transferred almost all the risks and rewards of ownership of the financial asset, or (b) relinquished control over the financial asset even though substantially neither transferred nor retained almost all the risks and rewards of ownership of the financial asset.

(2) Classification and Measurement of Financial Assets

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Subsequent measurement of financial assets depends on their classification.

The Company's classification of financial assets is based on the Company's business model of managing financial assets and the cash flow characteristics of financial assets.

①Financial Assets Measured at Amortized Cost

Financial assets are classified as financial assets measured at amortized cost if they simultaneously meet the following conditions: It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and its contractual cash flow characteristics are consistent with those of a basic lending arrangement, that is, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company applies effective interest method and subsequently measures this type of financial assets at amortized costs, a gain or loss arising from amortization or impairment is recognized in profit or loss.

②Debt Instrument Investments Measured at Fair Value Through Other Comprehensive Income

Financial assets are classified as financial assets measured at fair value through other comprehensive income if they simultaneously meet the following conditions: The contractual terms of the financial asset provide that the cash flow generated on a particular date is only the payment of the principal amount and the interest based on the outstanding principal amount. For such financial assets, fair value is used for subsequent measurement. The discount or premium is amortized using the effective interest method and recognized as interest income or expense. Except for impairment losses and exchange differences of foreign currency monetary financial assets recognized as profit or loss for the current period, changes

in the fair value of such financial assets are recognized as other comprehensive income until the financial asset is derecognized, and its cumulative gains or losses are transferred to the current period profit and loss. Interest income related to such financial assets is recognized as profit or loss for the current period.

③ Equity Instrument Investments Measured at Fair Value Through Other Comprehensive Income

The Company irrevocably chooses to designate particular investments in equity instruments that are not held for trading as financial assets measured at fair value through other comprehensive income. And only the dividends on such investments are recognized in profit or loss; changes in fair values of the investments are recognized in other comprehensive income. Upon derecognition of these financial assets, cumulative gains or losses presented in other comprehensive income will be subsequently transferred to retained earnings.

④ Financial Assets Measured at Fair Value Through Profit or Loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income in accordance with preceding paragraphs. In addition, the Company designates some financial assets as measured at fair value through profit or loss when doing so eliminates or significantly reduces accounting mismatches. the Company subsequently measures this type of financial assets at fair value; changes in fair values are recognized in profit or loss.

All affected related financial assets will be reclassified only when the Company changes its business model for managing financial assets.

For financial assets measured at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss, while transaction costs for other categories of financial assets are recognized in their initial recognition amount.

(3) Classification and Measurement of Financial Liabilities

At initial recognition, financial liabilities are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss.

Financial liabilities that meet one of the following conditions can be designated as financial liabilities measured at profit or loss at initial measurement: ① This designation can eliminate or significantly reduce accounting mismatch; ② Manage and evaluate financial liability portfolios or financial asset and financial liability portfolios based on fair value, in accordance with the Company's risk management or investment strategy outlined in formal written documents, and report to key management within the Company on this basis; ③ This financial liability contains embedded derivative that require separate splitting.

The Company determines the classification of financial liabilities at the time of initial recognition. For financial liabilities at fair value through profit or loss, related transaction costs are directly recorded in profit or loss; for other financial liabilities, related transaction costs are recorded in the amount initially recognized.

The subsequent measurement of financial liabilities depends on its classification:

① Financial Liabilities at Amortized Cost

For this type of financial liabilities, the effective interest rate method is adopted and subsequent measurement is carried out at amortized cost.

② Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss comprise financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss at initial recognition.

(4) Offset of Financial Assets

If the following conditions are met simultaneously, financial assets and financial liabilities shall be presented in the balance sheet at the net amount after offsetting each other: there is a legal right to offset the recognized amount, and such legal right is currently enforceable; Plan to settle on a net basis, or simultaneously realize the financial asset and settle the financial liability.

(5) Impairment of Financial Assets

Based on the expected credit losses, the Company recognizes an impairment loss on a financial asset measured at amortized cost, a debt instrument investment at fair value through other comprehensive income, or a financial guarantee contract. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate..

The Company considers all reasonable and evidence-based information, including forward-looking information, to estimate, individually or in combination, the expected credit losses of financial assets measured at amortized cost and financial assets (debt instruments) measured at fair value through other comprehensive income.

① General Model of Expected Credit Losses

If the credit risk on that financial asset has increased significantly since initial recognition, the Company shall measure the impairment loss for the financial asset at an amount equal to the lifetime expected credit losses; if the credit risk has not increased significantly since initial

recognition, the Company shall measure the impairment loss for the financial asset at an amount equal to the 12-month expected credit losses. The increase or reversal of the loss provision resulting from this shall be recognized as impairment loss or gain in the current period. The specific assessment of credit risk by the Company is detailed in Note 11, Risks Related to Financial Instruments.

Usually, if the overdue period exceeds 30 days, the Company considers that the credit risk of the financial instrument has significantly increased, unless there is conclusive evidence that the credit risk of the financial instrument has not significantly increased since initial recognition.

Specifically, the Company divides the process of credit impairment for financial instruments that have not suffered credit impairment at the time of purchase or origin into three stages, and different accounting treatments are used for the impairment of financial instruments at different stages:

First stage: Credit risk has not significantly increased since initial recognition

For financial instruments at this stage, the Company should measure the provision for losses based on the expected credit losses for the next 12 months, and calculate interest income based on their book balance (i.e. no impairment provisions deducted) and actual interest rate (if the instrument is a financial asset, the same below).

Second stage: Credit risk has significantly increased since initial recognition but credit impairment has not yet occurred

For financial instruments at this stage, the Company shall measure the provision for losses based on the expected credit losses of the instrument over its entire existence period, and calculate interest income based on its book balance and actual interest rate.

Third Stage: Credit impairment occurs after initial recognition

For financial instruments in this stage, the Company should measure the provision for losses based on the expected credit losses of the instrument over its entire lifespan, but the calculation of interest income is different from that of financial assets in the first two stages. For financial assets that have suffered credit impairment, the Company should calculate interest income based on their amortized cost (book balance minus provision for impairment, i.e. book value) and actual interest rate.

For financial assets that have experienced credit impairment at the time of purchase or generation, the Company should only recognize changes in expected credit losses over the entire existence period after initial recognition as loss provisions, and calculate interest income based on their amortized cost and the actual interest rate adjusted by credit.

②The Company chooses not to compare the credit risk of financial instruments with lower credit risk on the balance sheet date, but directly assumes the credit risk of the instrument has not significantly increased since initial recognition.

If the Company determines that the default risk of a financial instrument is low, the borrower has a strong ability to fulfill its contractual cash flow obligations in the short term, and even if there are adverse changes in the economic situation and operating environment over a long period of time, it may not necessarily reduce the borrower's ability to fulfill its contractual cash flow obligations, then the financial instrument can be considered to have lower credit risk.

③Accounts Receivable and Lease Receivables

The Company adopts a simplified model of expected credit loss for accounts receivable that do not contain significant financing components (including those that do not consider financing components in contracts which do not exceed one year) according to the Accounting Standards for Enterprises No. 14- Revenue, and always measures its loss provision based on the amount of expected credit loss throughout the entire existence period.

The Company has made an accounting policy choice to adopt a simplified model of expected credit loss for accounts receivable containing significant financing components and lease receivables regulated by Enterprise Accounting Standard No. 21- Leases, which measures loss provisions at an amount equivalent to the expected credit loss for the entire existence period.

④The Combination Categories, Determination Basis, Calculation Method, and Judgment Criteria for Bad Debt Provision

For those with objective evidence indicating impairment, and notes receivable, accounts receivable, other receivables, receivable financing, and long-term receivables applicable to individual evaluation, separate impairment tests shall be conducted to confirm expected credit losses and make individual impairment provisions. When the Company's accounts receivable meet the following conditions, the Company conducts a single evaluation to confirm the expected credit loss: ①The debtor is unable to pay off debts within a foreseeable period of time due to factors such as loss of contact, revocation, bankruptcy, insolvency, severe cash flow shortage, and serious natural disasters resulting in production stoppage; (2) Other conclusive evidence indicates that it is indeed impossible or unlikely to be recovered. For notes receivable, accounts receivable, other receivables, and receivable financing that do not have objective evidence of impairment, or when a single financial asset cannot assess expected credit losses at reasonable cost, the Company divides notes receivable, accounts receivable, other receivables, receivable financing, and long-term receivables into several combinations based on credit risk characteristics, and calculates expected credit losses on the basis of the

combination. The determination basis for different combinations is as follows:

Item	Determine Basis of the Combination
Portfolio 1	Bank acceptance bills
Portfolio 2	Commercial acceptance bills
Portfolio 3	Aging portfolio
Portfolio 4	Related parties within the scope of consolidation

The different combinations are determined on the following basis:

Portfolio 1: Bank acceptance bills, refer to historical credit loss experience, combined with current conditions and expectations for future economic conditions, have extremely low credit risk and no provision for bad debts is made.

Portfolio 2: Commercial acceptance bills, refer to historical credit loss experience, combined with current conditions and expectations for future economic conditions, prepare the comparison table of the aging of accounts receivable and the expected credit loss rate for the entire existence period, and calculate the expected credit loss.

Portfolio 3: With reference to the historical credit loss experience, combined with current conditions and expectations of future economic conditions, prepare a comparison table of the aging of accounts and the expected credit loss rate for the entire existence period, and calculate the expected credit loss.

Portfolio 4: With reference to the historical credit loss experience, combined with current conditions and expectations for future economic conditions, no provision for bad debts will be made for related party transactions within the scope of consolidation.

Comparison table between the Aging of credit risk portfolio of notes receivable, accounts receivable, other receivables, contract assets and the expected credit loss rate for the whole survival period:

Aging	Expected credit loss rate (%)
1 - 6 months (including 6 months)	
Within 6 months -1 year (including 1 year)	5
1 - 2 years (including 2 year)	10
2 - 3 years (including 3 year)	30
3 - 4 years (including 4 year)	50
4 - 5 years (including 5 year)	80
Over 5 years	100

(6) Transfers of Financial Assets

If the Company has transferred almost all the risks and rewards of ownership of financial assets to the transferee, the recognition of the financial asset shall be terminated; If almost all risks and rewards related to ownership of financial assets are retained, the recognition of the financial asset will not be terminated.

If the Company neither transfers nor retains almost all the risks and rewards related to the ownership of financial assets, it shall be dealt with in the following cases: if the Company give up control of the financial asset, it shall terminate the recognition of the financial asset and recognize the assets and liabilities generated by the financial asset; if the Company does not give up control of the financial asset, the relevant financial asset shall be recognized according to the extent to which it continues to be involved in the transferred financial asset, and the relevant liability shall be recognized accordingly..

For those the Company continue to be involved by providing financial guarantees for the transferred financial assets, the assets formed by further involvement shall be recognized based on the lower of the book value of the financial assets and the amount of financial guarantees. The financial guarantee amount refers to the highest amount of consideration received that will be required to be repaid.

12. Notes receivable

The determination method and accounting treatment method of expected credit loss of notes receivable

The Company has elected to use the simplified model of expected credit losses for notes receivable that do not have a significant financing component as defined in Accounting Standards for Business Enterprises No. 14 - Revenue (including situations where the financing component of contracts not exceeding one year is not considered under this standard), i.e. the provision for losses is always measured at the amount of expected credit losses throughout their lives and the resulting increase or reversal of the provision for losses is recorded as an impairment loss or gain in profit or loss for the current period.

For notes receivable with significant financing components, the Company has elected to use a simplified model of expected credit losses, whereby the provision for losses is always measured at the amount of expected credit losses over the entire life of the receivables. Please refer to Note III-11 "Financial Instruments" for details.

13. Accounts Receivable

The determination method and accounting treatment method of expected credit loss of accounts receivable

The Company has elected to use the simplified model of expected credit losses for receivables that do not have a significant financing component as defined in Accounting Standards for Business Enterprises No. 14 - Revenue (including situations where the financing component of contracts not exceeding one year is not considered under this standard), i.e. the provision for losses is always measured at the amount of expected credit losses throughout their lives and the resulting increase or reversal of the provision for losses is recorded as an impairment loss or gain in profit or loss for the current period.

For receivables with significant financing components, the Company has elected to use a simplified model of expected credit losses, whereby the provision for losses is always measured at the amount of expected credit losses over the entire life of the receivables. Please refer to Note III-11 "Financial Instruments" for details.

14. Receivables financing

The determination method and accounting treatment method of expected credit loss of receivables financing

The Company has elected to use the simplified model of expected credit losses for receivable financing that do not have a significant financing component as defined in Accounting Standards for Business Enterprises No. 14 - Revenue (including situations where the financing component of contracts not exceeding one year is not considered under this standard), i.e. the provision for losses is always measured at the amount of expected credit losses throughout their lives and the resulting increase or reversal of the provision for losses is recorded as an impairment loss or gain in profit or loss for the current period.

For receivable financing with significant financing components, the Company has elected to use a simplified model of expected credit losses, whereby the provision for losses is always measured at the amount of expected credit losses over the entire life of the receivables. Please refer to Note III-11 "Financial Instruments" for details.

15. Other receivables

For other receivables, the Company has elected to use a general model of expected credit losses. Please refer to Note III-11 "Financial Instruments" for details.

16. Inventories

(1) Classification of Inventories

Inventories refers to finished goods or commodities held by the Company for sale in its daily activities, products in the process of production, materials and supplies consumed in the

process of production or provision of services. It mainly include raw materials, revolving materials, goods in process, stock commodities, goods dispatched, etc.

(2) Cost Measurement for Inventories

Inventory is initially measured at cost upon acquisition, including purchase costs, processing costs and other costs. Inventory is valued using the weighted average method at the end of each month when it is dispatched.

(3) Inventory Counting

Inventory counting is performed using the perpetual inventory system.

(4) Amortization of Low-Cost Consumables and Packaging Materials

① Low-cost Consumables

Amortization based on the lump sum amortization method.

② Packaging Materials

Amortization based on the expected number of uses.

(5) Measurement of Net Realizable Value and Write-Down

After a comprehensive inspection of the inventory at the end of the period, the provision for inventory impairment shall be withdrawn or adjusted based on the lower of the cost and net realizable value of the inventory.. The net realizable value of inventories used directly for sale is determined in the normal course of production and operation at the estimated selling price of the inventory less estimated selling expenses and related taxes; the net realizable value of inventories subject to processing is determined in the normal course of production and operation at the estimated selling price of the finished goods produced less the estimated costs to be incurred to completion, estimated selling expenses and related taxes. The net realizable value of inventory held for the execution of sales contracts or labor contracts shall be calculated based on the contract price. If the quantity of inventory held exceeds the quantity ordered in the sales contract, the net realizable value of the excess inventory shall be calculated based on the general sales price. At the balance sheet date, the net realizable value of part of the same inventory for which there is a contractual price agreement and other parts for which there is no contractual price is determined separately and compared with its corresponding cost to determine the amount of provision for decline in value or reversal of inventory, respectively.

Provision for inventory impairment shall be made at the end of the period based on individual inventory items; But for inventory with a large quantity and low unit price, provision for inventory impairment shall be made according to the category of inventory; Inventory

related to product series produced and sold in the same region, with the same or similar end use or purpose, and difficult to measure separately from other items, shall be consolidated and provisioned for inventory impairment.

If the factors affecting the previous write-down of inventory value have disappeared, the amount of write-down shall be restored and reversed within the original provision for inventory impairment, and the reversed amount shall be recognized in the current period profit and loss.

17. Contract assets

(1) Determining and criteria for Recognizing contract assets

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the fulfillment of performance obligations and payments from customers. Consideration (other than receivables) that the Company is entitled to receive for goods transferred or services rendered to customers is presented as a contract asset.

(2) Determining and accounting for expected credit losses on contract assets

The Company has elected to use the simplified model of expected credit losses for contract asset that do not have a significant financing component as defined in Accounting Standards for Business Enterprises No. 14 - Revenue (including situations where the financing component of contracts not exceeding one year is not considered under this standard), i.e. the provision for losses is always measured at the amount of expected credit losses throughout their lives and the resulting increase or reversal of the provision for losses is recorded as an impairment loss or gain in profit or loss for the current period.

For contract asset with significant financing components, the Company has elected to use a simplified model of expected credit losses. Please refer to Note III-11 "Financial Instruments" for details.

18. Non-current Assets Held for Sale or Disposal Groups

(1) Determining and accounting for non-current asset held for sale or disposal groups

The Company classifies as held for sale those parts of the business (or non-current assets) that meet the following conditions: (1) they are ready for immediate sale in their present condition, in accordance with the practice for the sale of such assets or disposal groups in similar transactions; (2) it is highly probable that the sale will take place, a resolution has been reached on a plan of sale and firm purchase commitments (a definite purchase commitment is a legally binding purchase agreement between enterprise and other parties, which contains important terms such as transaction price, time and sufficiently severe penalties for breach of contract, making it highly unlikely that the agreement will be significantly adjusted or revoked)

have been obtained, and the sale is expected to be completed within one year. Approval has been obtained from the relevant authority or regulatory authority in accordance with the relevant regulations.

The Company adjusts the estimated net residual value of assets held for sale to reflect their fair value less costs to sell (but not exceeding the original carrying amount of the holding for sale). The difference between the original carrying amount and the adjusted estimated net residual value is charged to current profit or loss as an asset impairment loss, together with a provision for impairment of assets held for sale. For the amount of asset impairment loss recognized by the disposal group held for sale, the carrying amount of the goodwill in the disposal group shall be offset first, and then the carrying amount shall be offset proportionally according to the proportion of the carrying amount of the non-current assets in the disposal group that are subject to the provisions of the Accounting Standard for Business Enterprises No. 42 - Non-current Assets Held for Sale, Disposal Group and Termination of Operation.

If the net increase in the fair value less costs to sell of non-current assets held for sale at a subsequent balance sheet date, the amount previously written down should be restored and reversed within the amount of impairment loss on assets recognized after classification as held for sale, with the amount reversed charged to current profit or loss. Impairment losses recognized before classification as held for sale are not reversed. If the net amount of the fair value of the disposal group held for sale on the subsequent balance sheet date after deducting the sale expenses increases, the amount previously written down shall be restored, and the amount of asset impairment losses recognized by the non-current assets recognized in the Accounting Standard for Business Enterprises No. 42 - Non-current Assets Held for Sale, Disposal Group and Discontinued Operations shall be reversed after being classified into the category of held for sale, and the amount reversed shall be included in the profit or loss for the current period. The carrying amount of goodwill that has been deducted and the impairment loss of non-current assets that are subject to the measurement requirements of Accounting Standard for Business Enterprises No. 42 - Non-current Assets Held for Sale, Disposal Group and Discontinued Operations shall not be reversed before they are classified as held-for-sale. The subsequent reversal amount of asset impairment losses recognized by the disposal group held for sale shall be increased proportionally according to the proportion of the book value of the non-current assets in the disposal group that are subject to the measurement provisions of Accounting Standard for Business Enterprises No. 42 - Non-current Assets Held for Sale, Disposal Group and Termination of Operations, except for goodwill. If an enterprise loses control over a subsidiary as a result of, for example, the sale of its investment in the subsidiary, regardless of whether the enterprise retains part of its equity investment after the sale, it should classify the investment in the subsidiary as a whole as held for sale in the parent company's individual financial statements and all assets and liabilities of the subsidiary as held

for sale in the consolidated financial statements when the investment in the subsidiary to be sold meets the conditions for classification as held for sale.

(2) Recognition criteria and reporting methods for discontinued operation

Discontinued operation refers to distinguishable component that meets one of the following conditions, and has been disposed of or classified as held for sale: ①the component represents an independent main business or a separate main operating area; ②This component is part of a related plan to dispose of a independent main business or a separate main operating area; ③This component is a subsidiary acquired specifically for resale.

The definition of discontinued operation includes the following three meanings:

①Discontinued operation should be a separate component that can be distinguished by the enterprise. The operations and cash flows of this component can be clearly distinguished from other parts of the enterprise when operating and preparing financial statements.

②Discontinued operation should have a certain scale. Discontinued operations should represent an independent main business or a separate main operating area, or be part of a related plan to dispose of an independent main business or a separate main operating area.

③Discontinued operation shall meet certain time requirements. The components that meet the definition of discontinued operation should belong to one of the following two situations, the component has been disposed of before the balance sheet date, including sale and end of use (such as closure or scrapping, etc.); The component has been classified as held for sale before the balance sheet date.

19. Long-term Equity Investments

(1)Cost of Investments

①For business combinations formed under the same control, if the consolidating party pays Cash, transfers non-Cash assets, assumes debt or issues equity securities as consideration for the combination, its initial investment cost at the date of combination is based on the acquisition of the share of the ownership interest of the consolidated party in the book value of the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of a long-term equity investment and the carrying amount of the consideration paid for the combination or the aggregate nominal value of the shares issued is adjusted against capital reserve (capital premium or equity premium); if capital reserve is not sufficient to cover the reduction, retained earnings are adjusted.

For business combinations formed under the same control is achieved step by step, the initial investment cost of the investment shall be the share of the owner's equity of the merged party on the merger date calculated based on the shareholding ratio. The difference

between the initial investment cost and the book value of the original long-term equity investment plus the book value of the consideration for acquiring further shares on the merger date shall be adjusted for the capital reserve (capital premium or equity premium). If the capital reserve is insufficient to offset, the retained earnings shall be offset.

② For business combinations that are not formed under common control, the fair value of the consideration paid for the combination is used as the initial cost of its investment at the date of purchase.

③ Except for those formed by business combinations: if acquired by paying Cash, the initial cost of investment is based on the actual purchase price paid; if acquired by issuing equity securities, the initial cost of investment is based on the fair value of the equity securities issued; if invested by investors, the initial cost of investment is based on the value agreed in the investment contract or agreement (except where the value agreed in the contract or agreement is not fair).

(2) Subsequent Measurement and Recognition of Profit or Loss

Long-term equity investments over which the investee is able to exercise control are accounted for using the cost method; long-term equity investments over which there is joint control or significant influence are accounted for using the equity method.

When adopting the cost method, long-term equity investments is valued at the initial investment cost. Except for the actual payment made at the time of investment or the cash dividends or profits declared but not yet distributed included in the consideration, the cash dividends or profits declared to be distributed by the invested entity are recognized as current investment income, and the impairment of long-term investments is considered in accordance with relevant asset impairment policies..

When adopting the equity method, if the initial investment cost of long-term equity investments is greater than the share of fair value of identifiable net assets of the invested entity at the time of investment, it shall be classified as the initial investment cost of long-term equity investments; If the initial investment cost of long-term equity investments is less than the share of the fair value of the identifiable net assets of the invested entity at the time of investment, the difference shall be recorded into the current profit and loss, and the cost of long-term equity investments shall be adjusted accordingly.

When adopting the equity method, after obtaining the long-term equity investments, the investment profit and loss shall be recognized and the book value of the long-term equity investments shall be adjusted according to the share of the net profit and loss realized by the invested entity that should be enjoyed or shared. When recognizing the share of net profit and loss of the invested entity, it shall be based on the fair value of identifiable assets of the

invested entity at the time of acquisition of investment, and according to the accounting policy and accounting period of the Company, offset the part of internal trading profit and loss between the associated enterprise and the joint venture, which is attributable to the invested enterprise according to the shareholding ratio (however, if the loss of internal trading belongs to the asset impairment loss, it shall be fully recognized), and the net profit of the invested entity shall be recognized after adjustment. Calculate the portion to be distributed based on the profits or cash dividends declared by the invested entity, and correspondingly reduce the book value of long-term equity investments. The Company recognizes the net loss of the invested entity, with the book value of the long-term equity investments and other long-term equity that essentially constitute the net investment in the invested entity reduced to zero, unless the Company is obligated to bear additional losses. For other changes of owners' equity other than net profit and loss of the invested entity, the book value of long-term equity investments shall be adjusted and recorded into owners' equity.

(3) Determination of the Basis of Common Control, Significant Influence over the Investee

Control refers to having the power over the invested party, owning variable returns through participating in related activities of the invested party, and having the ability to use the power over the invested party to influence the amount of returns; Significant impact refers to the investor has the power to participate in decision-making over the financial and operating policies of the investee but does not control, or jointly control with other parties, the formulation of those policies.

(4) Disposal of Long-term Equity Investments

① Partial disposal of long-term equity investments in subsidiaries without losing control

When partially disposing of long-term equity investments in subsidiaries without losing control, the difference between the disposal price and the corresponding book value of the disposed investment should be recognized as current investment income.

② Loss of control over the subsidiary due to partial disposal of equity investment or other reasons

If partial disposal of equity investment or other reasons result in loss of control over a subsidiary, the book value of the long-term equity investment corresponding to the sold equity should be carried forward. The difference between the sale price and the book value of the disposed long-term equity investments shall be recognized as investment income (loss); Meanwhile, the remaining equity shall be recognized as long-term equity investments or other related financial assets at its book value. If the remaining equity after disposal can exercise common control or significant influence on the subsidiary, accounting treatment should be carried out in accordance with the relevant provisions on the conversion from cost method to

equity method.

(5) Impairment Testing Methodology and Provision for Impairment

Where there is objective evidence of impairment of investments in subsidiaries, associates and joint ventures at the balance sheet date, a provision for impairment is made for the difference between the carrying amount and the recoverable amount.

20. Investment Properties

(1) Investment properties comprise land use rights leased, land use rights held and intended for transfer upon appreciation and buildings leased.

(2) Investment properties are initially measured at cost, subsequently measured using the cost model, and depreciated or amortized using the same methods as those used for fixed assets and intangible assets. If, at the balance sheet date, there is an indication that an investment property is impaired, a corresponding provision for impairment is made for the difference between the carrying amount and the recoverable amount.

21. Fixed Assets

(1) Recognition Requirements, Valuation and Depreciation Methods for Fixed Assets

Fixed assets are tangible assets held for use in the production of goods, provision of services, rental or management of operations and have a useful life of more than one accounting year.

Fixed assets are recorded at actual cost at the time of acquisition and depreciated using the average of annual method from the month following the month in which they reach their intended serviceable condition.

(2) Depreciation Methods for Various Types of Fixed Assets

Projects	Depreciation method	Appreciable life (in years)	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 method	8-10	3	9.70-12.13
Other equipment	Straight-line method	5-10	3	9.10-19.40

(3) Impairment Test and Measurement of Impairment

Where there is an indication that a fixed asset is impaired at the balance sheet date, a corresponding provision for impairment is made for the difference between the carrying amount and the recoverable amount.

22. Construction in Progress

(1) Construction in progress is transferred to fixed assets at the actual cost of the construction when it reaches its intended usable state. If the project has reached its intended usable state but has not yet been completed, it is first transferred to fixed assets at its estimated value and then adjusted to its original provisional value at its actual cost after completion of the final account, but without adjusting the depreciation originally charged.

(2) If, at the balance sheet date, there is an indication that construction in progress is impaired, a provision for impairment is made for the difference between the carrying amount and the recoverable amount.

23. Intangible Assets

Intangible assets, including land use rights, patent rights and software, are initially measured at cost.

(1) Useful life and its determination basis, estimated situation, amortization method or review procedure

Intangible assets with finite useful lives are amortized systematically and reasonably over their useful lives in accordance with the expected realization of the economic benefits associated with the intangible asset, or, if the expected realization cannot be reliably determined, using the straight-line method. The specific useful lives are as follows.

Projects	Amortization Period (Years)
Land use rights	30-50
Patent rights	5
Software	5

Intangible assets with uncertain useful life are unamortized and the Company reviews the useful life of intangible assets in each accounting period. If it is still uncertain after re examination at the end of the period, impairment testing shall continue in each accounting period.

Intangible assets with a definite useful life and for which there is an indication of impairment at the balance sheet date are provided for at the difference between the carrying amount and the recoverable amount; intangible assets with an indefinite useful life and

intangible assets that have not yet reached a usable condition are tested annually for impairment, regardless of whether there is an indication of impairment.

(3) The scope of R&D expenditure collection and related accounting treatment methods

① Scope of R&D expenditure collection

1) Labor costs

Labor costs include wages and salaries, basic endowment insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund of the Company's R&D personnel,, as well as the labor costs of external R&D personnel. If R&D personnel serve multiple R&D projects simultaneously, the confirmation of labor costs is based on the working hours records of R&D personnel provided by the Company's management department, and is allocated proportionally between different R&D projects. For personnel directly engaged in R&D activities and external R&D personnel engaged in non R&D activities simultaneously, the Company allocates the actual labor costs incurred by R&D personnel in different positions between R&D expenses and production and operation expenses based on reasonable methods such as the proportion of actual working hours.

2) Material costs

Material costs refer to the actual expenses incurred by the Company for the implementation of R&D activities. Including: 1) Direct consumption of materials, fuel, and power costs; 2) The development and manufacturing costs of molds and process equipment used for intermediate testing and trial production of product, purchase fees for samples, prototypes, and general testing methods that do not constitute fixed assets,, and the inspection costs of trial production products; 3) Expenses for operation and maintenance, adjustment, inspection, testing and repair of instruments and equipment used in R&D activities.

3) Depreciation expenses

Depreciation expenses refer to the depreciation expenses of instruments, equipment, and buildings used for research and development activities. For instruments, equipment, and buildings used for research and development activities, as well as for non research and development activities, necessary records shall be kept of the usage. The actual depreciation expenses shall be allocated between research and development expenses and production and operation expenses in a reasonable way based on factors such as actual working hours and usage area.

4) Amortization expenses of intangible assets

The amortization expense of intangible assets refers to the amortization expense of software, intellectual property, and non patented technology used for R&D activities.

5) Design costs

Design costs refer to the expenses incurred in conceptualizing, developing and manufacturing of new products and processes, designing of processes, technical specifications, regulations, and operational characteristics, including related expenses incurred in creative design activities to obtain innovative, creative, and breakthrough products.

6) Outsourced R&D costs

Outsourced R&D expenses refer to the expenses incurred by the Company to entrust domestic and foreign institutions or individuals carry out R&D activities (the results of research and development activities are owned by the Company and closely related to the main business of the Company).

7) Other expenses

Other expenses refer to other expenses directly related to R&D activities, including technical book fees, translation fees, expert consultation fees, insurance fee for shigh-tech research and development, the cost of searching, demonstrating, evaluating, appraising, and accepting research and development achievements, Intellectual property application fees, registration fees, agency fees, conference fees, travel expenses, communication fees, etc.

② Accounting treatment of R&D expenditure

Expenditure on the research phase of internal research and development projects is charged to current profit or loss as incurred. Expenditure on the development phase of an internal research and development project is recognized as an intangible asset if both of the following conditions are met: (1) it is technically feasible to complete the intangible asset so that it can be used or sold; (2) there is an intention to complete the intangible asset and use it or sell it; (3) the intangible asset generates economic benefits in a manner that includes the ability to demonstrate that a market exists for the product produced using the intangible asset or that the intangible asset exists for itself and the usefulness of the intangible asset can be demonstrated if it is to be used internally; (4) there are sufficient technical, financial and other resources to support the completion of the development of the intangible asset and the ability to use or sell the intangible asset; and (5) the expenditure attributable to the development phase of the intangible asset can be measured reliably.

The Company's specific criteria for classifying research phase expenditure and development phase expenditure for internal research and development projects are:

Research stage: the stage of original planned investigation and research activities aimed

at acquiring and understanding new scientific or technological knowledge, etc.

Development stage: the stage in which research results or other knowledge are applied to a plan or design to produce new or substantially improved materials, devices, products, and other activities before commercial production or use.

24. Impairment of Long-term Assets

The Company should assess whether there are any signs of possible impairment of assets on the balance sheet date.

The goodwill and intangible assets with uncertain useful lives formed by business mergers shall be tested for impairment every year, regardless of whether there are signs of impairment.

The presence of the following signs indicates that assets may be impaired:

(1)The market value of the assets has declined significantly, with a significant increase compared to the expected decline over time or normal use; (2)The economic, technological or legal environment in which the enterprise operates and the market in which the assets are located change significantly in the current period or will change in the near future, thus adversely affecting the enterprise; (3)The market interest rate or the return on investment in other markets has increased in the current period, thus affecting the discount rate at which the enterprise calculates the present value of the expected future cash flow of assets, resulting in a significant decrease in the recoverable amount of assets; (4)The evidence to suggest that the assets have become outdated or the physical entities have been damaged; (5)The assets have been or will be idle, discontinued or planned to be disposed of in advance; (6)The evidence in the internal report of the Company shows that the economic performance of the asset has been or will be lower than expected, such as the net cash flow created by the asset or the realized operating profit (or loss) is far lower (or higher) than the expected amount; (7)Other signs indicating that the asset may have been impaired.

If there are signs of impairment of an asset, the recoverable amount shall be estimated.

The recoverable amount should be determined based on the higher of the net amount after deducting disposal expenses from the fair value of the asset and the present value of the expected future cash flows of the asset.

Disposal costs include legal expenses related to asset disposal, relevant taxes, handling fees, and direct expenses incurred to make the assets available for sale.

The present value of the estimated future cash flow of an asset shall be determined according to the estimated future cash flow generated during the continuous use of the asset and the final disposal of the asset, and discounted after selecting an appropriate discount rate. The present value of the estimated future cash flow of an asset shall take into account the

estimated future cash flow, useful life and discount rate of the asset.

If the measurement result of the estimated unrecoverable amount of an asset shows that the recoverable amount of the asset is lower than its book value, the book value of the asset shall be written down to the recoverable amount, and the written down amount shall be recognized as an asset impairment loss and recorded into the current profit and loss, and the corresponding asset impairment provision shall be made at the same time.

25. Long-term Prepaid Expenses

Long-term amortization is recorded in the accounts as incurred and is amortized evenly over the period of benefit or over a specified period. If an item of long-term amortization does not benefit subsequent accounting periods, the entire amortized value of the item is transferred to current profit or loss.

26. Contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the fulfillment of performance obligations and payments from customers. the Company's obligations to transfer goods or provide services to customers for consideration received or receivable from customers are presented as contract liabilities.

27. Employee Benefits

Employee benefits refer to multiform remuneration or compensation offered of the Company in order to get services provided by its employees or sever the labor relation. Employee compensation mainly includes short-term employee compensation, post-employment benefits, dismissal benefits and other long-term employee benefits. The benefits provided by the Company to employee spouses, children, dependents, deceased employee families and other beneficiaries also belong to employee benefits.

1. Short term compensation

During the accounting period which employees provide services, our company recognizes the actual short-term compensation as a liability and includes it in the current profit and loss or the cost of related assets. Among them, non-monetary benefits are measured at fair value.

2. Dismissal benefits

When the Company terminates the labor relationship with employees before the expiration of the labor contract, or proposes compensation to encourage employees to voluntarily accept layoffs. When the Company is unable to unilaterally withdraw the plan to terminate the employment relationship or propose layoffs, and when recognizing the costs and expenses related to restructuring involving the payment of termination benefits, the earlier of

the two, the liability arising from compensation for terminating the employment relationship with the employee shall be recognized and included in the current period's profit and loss.

3. Defined Contribution Plan

The Company's employees have participated in the social basic pension insurance organized and implemented by the local labor and social security department. The Company pays the pension insurance premiums to the local social basic pension insurance agency on a monthly basis based on the local prescribed social basic pension insurance payment base and proportion. After retirement, the local labor and social security department is responsible for paying the basic social pension to retired employees. During the accounting period in which employees provide services, the Company shall recognize the amount payable according to the above social security regulations as a liability and include it in the current profit and loss or related asset costs.

28. Estimated liabilities

(1)The Company recognizes a contingent obligation arising from external guarantees, litigation matters, product quality guarantees, loss-making contracts, etc. as a present obligation to the Company, when it is probable that an outflow of economic benefits will result from the performance of the obligation and the amount of the obligation can be measured reliably, as a projected liability.

(2)The Company initially measures the projected liability based on the best estimate of the expenditure required to settle the related present obligation and reviews the carrying amount of the projected liability at the balance sheet date.

29. Revenue

(1) Recognition of Revenue

The Company's revenue mainly includes sales revenue of automotive air conditioning products , etc.

The company has fulfilled its performance obligation under the contract, that is, it recognizes revenue when the customer obtains control of the relevant commodities. Acquiring control over relevant goods refers to being able to lead the use of the goods and obtain almost all economic benefits from them.

(2) Based on the relevant provisions of the revenue standard, the Company determines that the nature of the relevant performance obligations belongs to "performance obligations performed within a certain period of time" or "performance obligations performed at a certain point in time", and recognizes revenue according to the following principles

If our company meets one of the following conditions, it is considered to fulfill its performance obligations within a certain period of time:

① The customer obtains and consumes the economic benefits brought by the Company's performance at the same time as the Company fulfills its obligations.

② Customers are able to control the assets under construction during the Company's performance process.

③ The assets produced by the Company during the performance process have irreplaceable uses, and the Company has the right to receive payments for the accumulated performance completed to date throughout the entire contract period.

For performance obligations performed within a certain period of time, the Company recognizes revenue based on the progress of performance during that period, except for cases that the progress of performance cannot be reasonably determined. The Company considers the nature of the goods and adopts the output method or the input method to determine the appropriate performance schedule.

For performance obligations that are not fulfilled within a certain period of time but are fulfilled at a certain point in time, the Company recognizes revenue at the point when the customer obtains control of the relevant goods.

When determining whether the customer has obtained control over the product, the Company considers the following indications:

① The Company has the right to receive current payments for the product, which means that the customer has a current payment obligation for the product.

② The Company has transferred the legal ownership of the product to the customer, that is, the customer already has legal ownership of the product.

③ The Company has transferred the product to the customer, that is, the customer has physical possession of the product.

④ The Company has transferred the main risks and rewards of ownership of the product to the customer, that is, the customer has acquired the main risks and rewards of ownership of the product.

⑤ The customer has accepted the product.

⑥ Other signs indicating that the customer has obtained control over the product.

Specific policies for revenue recognition of the Company:

The recognition of revenue from sales of automotive air conditioners is divided by client group into three categories:

Large customers. The cooperation method is mainly based on the client's production demand, the Company will ship the goods to the designated or cooperative third-party logistics company, and the third-party logistics company is responsible for storage and distribution services. Each month, the client issues a pending notice according to the actual consumption of the production plan, and the sales clerk issues an invoicing notice according to the client's pending notice and in combination with the client's consumption, contract unit price and other information, and the finance department issues an invoice to confirm the sales revenue.

Client obtaining the goods after payment. According to the client's demand and relevant invoicing information, after the client pays and confirms the payment, the sales personnel will ship and issue invoicing notice according to the unit price of the sales contract and the quantity demanded by the client, and the Finance Department will issue an invoice to confirm the sales revenue.

Post-sales client. The sales operation personnel will ship the goods to the clients in accordance with the contract and the client's demand, and after reaching the time point agreed in the contract, issue the invoicing notice in accordance with the contract unit price and the shipping quantity agreed with the clients, and the Finance Department will issue the invoice to confirm the sales revenue.

(3) Measurement of Revenue

The Company shall measure revenue based on the transaction price allocated to each individual performance obligation. When determining the transaction price, the Company considers the impact of variable consideration, significant financing components present in the contract, non cash consideration, and consideration payable to customers.

(1) Variable Consideration

The Company determines the best estimate of the variable consideration based on the expected value or the most likely amount, provided that the transaction price including the variable consideration shall not exceed the amount of accumulated recognized revenue that is highly unlikely to be materially reversed at the time the relevant uncertainty is resolved. The Company shall also consider the possibility and proportion of revenue reversal when evaluating whether it is highly likely that the accumulated recognized revenue will not be significantly reversed.

(2) Significant Financing Components

If there are significant financing components in the contract, the Company shall determine the transaction price based on the assumed amount payable in cash when the customer obtains control of the goods. The difference between the transaction price and the contract consideration shall be amortized using the effective interest rate method during the contract period.

(3) Non-cash Consideration

If a customer pays non-cash consideration, the Company determines the transaction price based on the fair value of the non-cash consideration. If the fair value of non-cash consideration cannot be reasonably estimated, the Company indirectly determines the transaction price with reference to the separate selling price of the commodities it undertakes to transfer to the customer.

(4) Consideration Payable to Customers

At the point at which the relevant revenue is recognized and at the point at which the customer consideration is paid (or promised to be paid), the current revenue shall be written down, except where the customer consideration is payable to obtain other clearly distinguishable goods from the customer.

The consideration payable by the Company to customers is to obtain other clearly distinguishable goods from customers, and the purchased goods should be confirmed in a manner consistent with other purchases made by the Company. If the consideration payable by the Company to the customer exceeds the fair value of the identifiable goods obtained from the customer, the excess amount shall be offset against the transaction price. If the fair value of identifiable goods obtained from customers cannot be reasonably estimated, the enterprise shall offset the full amount of consideration payable to customers against the transaction price.

30. Contract Cost

Contract costs are divided into contract performance costs and contract acquisition costs.

Costs incurred by an enterprise of the Company to perform a contract are recognized as an asset as contract performance costs when the following conditions are simultaneously met:

(1) This cost is directly related to a current or anticipated contract that has been awarded and includes direct labor, direct materials, manufacturing overhead (or similar costs), costs explicitly attributable to the customer, and other costs incurred solely as a result of that contract;

(2) The cost increases the resources available to the enterprise to meet its performance obligations in the future;

(3)The cost is expected to be recovered.

Incremental costs incurred by the Company to acquire a contract that are expected to be recovered are recognized as an asset as the cost of acquiring the contract; however, the amortization of the asset over a period of not more than one year may be recognized in profit or loss as incurred.

Assets related to contract costs are amortized using the same basis as revenue recognition for the goods or services to which the assets relate.

If the carrying amount of an asset related to contract costs is more than the difference between the following two items, the Company makes a provision for impairment and recognizes an asset impairment loss for the excess:

(1)The residual consideration expected to be realized from the transfer of the goods or services associated with the asset;

(2)The estimated costs to be incurred for the transfer of the related goods or services.

If there is a subsequent reversal of the provision for impairment of the above assets, the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset at the date of the reversal, assuming that no provision for impairment was made.

31. Government Grants

(1)Government grants involve grants related to assets and grants related to income.

(2)Monetary government grants shall be measured at the amount received or expected to be received. Non-monetary government grants shall be measured at fair value, and otherwise measured at nominal amount if the fair value cannot be reliably obtained.

(3)The total amount method is adopted for government grants:

①Government grants related to assets are recognized as deferred income and are recognized in profit or loss over the useful life of the relevant assets in a reasonable and systematic manner. If the relevant assets are sold, transferred, scrapped or damaged before the end of their useful life, the undistributed deferred income balance shall be transferred to the profit or loss of the asset disposal period.

②Government grants related to income, used to compensate for related expenses or losses in future periods, are recognized as deferred income and are recognized in the current profit and loss during the period of recognition of related expenses;

(4) The net amount method is adopted for government grants:

①Government grants related to assets, offsetting the book value of related assets;

② Government grants related to income, used to compensate for related expenses or losses in future periods, are recognized as deferred income, and related costs are offset during the period of recognizing related expenses; Used to compensate for related expenses or losses that have already occurred, directly offsetting related costs.

(5) If the government grants comprise both grants related to assets and grants related to income, the Company shall treat them separately, and if they cannot be distinguished from each other, they shall be accounted for as government grants related to income as a whole.

(6) Government grants related to the daily operation of the Company shall be recognized in other income or by deducting related costs based on the nature of such economic business. Government grants unrelated to daily operation shall be recognized in non-operating revenue or expenses.

(7) The policy-based preferential loan interest discounts obtained by the Company shall be handled according to two different treatments based on whether the government allocates interest subsidy funds to the lending bank or directly allocates interest subsidy funds to the Company:

① If the finance department allocates discount interest funds to the lending bank, and the lending bank provides loans to the Company at preferential policy interest rates, the Company chooses to conduct accounting treatment according to the following methods:

1) The actual amount of the loan received shall be taken as the recorded value of the loan, and the relevant loan costs shall be calculated according to the loan principal and the policy-based preferential interest rate.

2) The fair value of the loan is taken as the recorded value of the loan and the borrowing cost is calculated according to the effective interest rate, and the difference between the amount actually received and the fair value of the loan is recognized as deferred income. Deferred income shall be amortized according to the effective interest rate method during the life of the loan to offset related borrowing costs.

(2) If the finance department directly allocates the discount interest funds to the Company, the Company will offset the relevant borrowing costs with the corresponding interest subsidy.

32. Deferred Tax Assets and Deferred Tax Liabilities

(1) Deferred income tax assets or deferred income tax liabilities are recognized on the basis of the difference between the carrying amount of the asset or liability and its tax basis (or, if the tax basis of an item not recognized as an asset or liability can be determined in accordance with the provisions of the Tax Law, the difference between that tax basis and its

carrying amount), calculated at the tax rate applicable to the period when the asset is expected to be recovered or the liability settled.

(2)Deferred income tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized. Deferred income tax assets not recognized in prior accounting periods are recognized to the extent that it is probable that sufficient taxable income will be available against which deductible temporary differences can be utilized in future periods at the balance sheet date.

(3)At the balance sheet date, the carrying amount of deferred tax assets is reviewed and the carrying amount of deferred tax assets is written down if it is more likely than not that sufficient taxable income will not be available in future periods to allow for the benefit of the deferred tax assets. To the extent that it is probable that sufficient taxable income will be available, the written down amount is reversed.

(4)The Company's current income tax and deferred income tax are recognized in profit or loss as income tax expense or benefit, except for income tax arising from: (a) business combinations; and (b) transactions or events recognized directly in owners' equity.

IV.Taxes

1. Major Taxes and Tax Rates

Tax	Basis of tax assessment	Tax rate
Value added tax (VAT)	Taxable income	13%, 9%, 6%
Urban maintenance and construction tax	Turnover tax payable	7%
Educational surtax	Turnover tax payable	3%
Local educational surtax	Turnover tax payable	2%
Enterprise income tax	Taxable income	25%, 15%

Notes to the income tax rates for different taxpayers:

Name of taxpayer	Income tax rate
Chongqing Jianshe Vehicle System Co., Ltd.	25%
Chongqing Jianshe Automobile A/C Co., Ltd.	15%
Chongqing Pingshan TK Carburetor Co., Ltd.	15%

2. Important Tax Preferential Policies and their basis

(1)**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.**

(2)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.

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

V.Changes in Accounting Policies, Accounting Estimates, and Correction of Errors

1. Changes in Accounting Policies

Since January 1, 2023, the Company has implemented the relevant provisions of "Accounting treatment for deferred income tax related to assets and liabilities arising from a single transaction is not applicable to initial recognition exemption" in Interpretation of Accounting Standards for Business Enterprises No. 16 (CK [2022] No.31) issued by the Ministry of Finance on December 13, 2022. For individual transactions that occur between the beginning of the earliest period in which this interpretation is first implemented and the date of implementation of this interpretation, adjustments shall be made in accordance with the provisions of this interpretation; For the taxable temporary differences and deductible temporary differences arising from the lease liabilities and right of use assets recognized at the beginning of the earliest period in which this interpretation is first applied in the financial statements, as well as expected liabilities and corresponding assets related to abandonment obligations recognized, the cumulative impact shall be adjusted to the initial retained earnings and other related financial statement items in the earliest period in accordance with this interpretation and the provisions of Enterprise Accounting Standard No.18 Income Tax. The change in accounting policy has no impact on the Company.

2. Changes of Accounting Estimates

None

3. Correction of Material Prior Period Errors

None

VI.Significant Items in Consolidated Financial Statements

Note: The beginning of the period refers to January 1, 2023, the end of the period refers to December 31, 2023, the previous period refers to 2022, and the current period refers to 2023.

1. Currency Funds

(1) List by category

Items	Balance as at December 31, 2023	Balance as at January 1, 2023
Cash on hand		
Bank deposits	798,135.29	3,097,932.48
Other cash balances	9,080,029.50	9,959,988.94
Deposits with financial company	127,317,734.93	166,896,601.57
<u>Total</u>	<u>137,195,899.72</u>	<u>179,954,522.99</u>

(2) At the end of the period, there were 9,080,029.50 yuan of restricted funds, such as mortgage, pledge and freezing.

2. Notes Receivable

(1) Classification of Notes Receivable

Items	Balance as at December 31, 2023	Balance as at January 1, 2023
Bank acceptance bills	6,041,598.66	
<u>Total</u>	<u>6,041,598.66</u>	

(2) There are no pledged notes receivable at the end of the period.

(3) Notes Receivable that has been Endorsed or Discounted but Not Yet Mature at Year End

Classification	Amount derecognized at year end	Amount not derecognized at year end
Bank acceptance bills		4,907,818.10
<u>Total</u>		<u>4,907,818.10</u>

(4) Allowance for Doubtful Accounts of Notes Receivable

Classification	Balance as at December 31, 2023					Balance as at January 1, 2023				
	Gross carrying amount		Allowance for doubtful accounts		Carrying amount	Gross carrying amount		Allowance for doubtful accounts		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)		Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Collectively Assessed for Impairment	6,041,598.66	100.00			6,041,598.66					
Including:										
Bank acceptance bills	6,041,598.66	100.00			6,041,598.66					
<u>Total</u>	<u>6,041,598.66</u>	--		--	<u>6,041,598.66</u>	--		--		

3. Accounts Receivable

(1) Disclosed Using Aging Analysis Method

Aging	Balance as at	Balance as at
	December 31, 2023	January 1, 2023
Within 1 year (including 1 year)	125,834,322.38	113,252,407.20

Including:1 - 6 months (inclusive)	124,323,905.20	112,999,606.01
Within 6 months -1 year	1,510,417.18	252,801.19
Subtotal within 1 year	125,834,322.38	113,252,407.20
1-2 years (including 2 year)	189,236.29	404,993.90
2-3 years (including 3 year)	9,768.26	299,630.17
3-4 years (including 4 year)	35,989.00	1,412,714.62
4-5 years (including 5 year)	1,267,753.05	10,530,065.63
Over 5 years	32,862,078.01	22,394,794.03
<u>Total</u>	<u>160,199,146.99</u>	<u>148,294,605.55</u>

(2) Classified and Disclosed Accounts receivable According to the Method of Provision for Allowance for Doubtful Accounts

Balance as at December 31, 2023

Classification	Gross carrying amount		Allowance for doubtful accounts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable that are individually assessed for impairment	27,688,627.26	17.28	27,688,627.26	100.00	
Accounts receivable that are collectively assessed for impairment	132,510,519.73	82.72	6,554,258.72	4.95	125,956,261.01
Including:					
Aging portfolio	132,510,519.73	82.72	6,554,258.72	4.95	125,956,261.01
<u>Total</u>	<u>160,199,146.99</u>	--	<u>34,242,885.98</u>	--	<u>125,956,261.01</u>

(Continued)

Balance as at January 1, 2023

Classification	Gross carrying amount		Allowance for doubtful accounts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable that are individually assessed for impairment	28,054,549.77	18.92	28,054,549.77	100.00	
Accounts receivable that are collectively assessed for impairment	120,240,055.78	81.08	6,529,841.06	5.43	113,710,214.72

Including:

Aging portfolio	120,240,055.78	81.08	6,529,841.06	5.43	113,710,214.72
<u>Total</u>	<u>148,294,605.55</u>	--	<u>34,584,390.83</u>	--	<u>113,710,214.72</u>

Accounts receivable that are Individually Assessed for Impairment

Debtor	Gross carrying amount	Balance as at December 31, 2023		Reason for recognition
		Allowance for doubtful accounts	Expected Credit Loss Rate (%)	
Chongqing Hyosow Autopart Co., Ltd.	12,723,992.31	12,723,992.31	100.00	Expected to be irrecoverable
Chongqing Bisu Yunbo Power Technology Co., Ltd.	5,217,475.35	5,217,475.35	100.00	Expected to be irrecoverable
Hafei Motor Co.,Ltd.	3,999,944.43	3,999,944.43	100.00	Expected to be irrecoverable
Hangzhou Fuyang Instrument General Factory Co., Ltd.	2,681,594.66	2,681,594.66	100.00	Expected to be irrecoverable
Chongqing Kaite Engine Technology Co., Ltd.	1,481,654.59	1,481,654.59	100.00	Expected to be irrecoverable
Hubei Meiyang Automobile Industry Co., Ltd.	1,225,666.00	1,225,666.00	100.00	Expected to be irrecoverable
Celis Automobile (Hubei) Co., LTD. Chongqing Branch	102,720.66	102,720.66	100.00	Expected to be irrecoverable
GAC GONOW Automobile Co., Ltd. Luqiao Company	75,821.20	75,821.20	100.00	Expected to be irrecoverable
GAC GONOW Automobile Co., Ltd.	67,998.51	67,998.51	100.00	Expected to be irrecoverable
BAIC Heibao (Weihai) Automobile Co., Ltd.	51,021.77	51,021.77	100.00	Expected to be irrecoverable
Dongying Ji 'ao Automobile Co., Ltd.	48,579.85	48,579.85	100.00	Expected to be irrecoverable
Sichuan Yema Automobile Co., Ltd.	12,157.93	12,157.93	100.00	Expected to be irrecoverable
<u>Total</u>	<u>27,688,627.26</u>	<u>27,688,627.26</u>	<u>100.00</u>	—

Accounts receivable that are Collectively Assessed for Impairment

Portfolio: Aging portfolio

Aging	Balance as at December 31, 2023			Balance as at January 1, 2023		
	Amount	Allowance for doubtful accounts	Proportion (%)	Amount	Allowance for doubtful accounts	Proportion (%)

1 - 6 months (inclusive)	124,323,905.20			112,999,606.01		
Within 6 months -1 year	1,510,417.18	75,520.85	5.00	252,801.19	12,640.05	5.00
1-2 years (including 2 year)	189,236.29	18,923.63	10.00	404,993.90	40,499.40	10.00
2-3 years (including 3 year)	9,768.26	2,930.48	30.00	104,647.32	31,394.20	30.00
3-4 years (including 4 year)	23,783.26	11,891.63	50.00	61,962.82	30,981.41	50.00
4-5 years (including 5 year)	42,087.05	33,669.64	80.00	8,592.69	6,874.15	80.00
Over 5 years	6,411,322.49	6,411,322.49	100.00	6,407,451.85	6,407,451.85	100.00
Total	<u>132,510,519.73</u>	<u>6,554,258.72</u>	--	<u>120,240,055.78</u>	<u>6,529,841.06</u>	--

(3) Provision for bad debts

Classification	Balance as at January		Change in 2023			Balance as at December 31, 2023
	1, 2023	Provision	Recovery or reversal	Charge-off	Other changes	
Accounts receivable that are individually assessed for impairment	28,054,549.77		365,922.51			27,688,627.26
Accounts receivable that are collectively assessed for impairment	6,529,841.06	24,417.66				6,554,258.72
Total	<u>34,584,390.83</u>	<u>24,417.66</u>	<u>365,922.51</u>			<u>34,242,885.98</u>

(4) There were no accounts receivable actually written off in 2023.

(5) Top Five of Accounts Receivable and Contract Assets According to Closing Balances, presented by debtor

Debtor name	Closing balance of accounts receivable	Ending balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion of total Accounts receivable and contract assets(%)	Allowance for doubtful accounts
Stellantis N.V.	59,587,562.74		59,587,562.74	37.20	

Chongqing Hyosow Autopart Co., Ltd.	12,723,992.31	12,723,992.31	7.94	12,723,992.31
Great Wall Motor Co., LTD.	9,766,212.63	9,766,212.63	6.10	
Chongqing Procurement branch				
Chengdu Henggao Mechanical Electronics Co., Ltd.	7,771,678.24	7,771,678.24	4.85	
Hebei Changan Automobile Co., Ltd.	5,761,875.20	5,761,875.20	3.60	
<u>Total</u>	<u>95,611,321.12</u>	<u>95,611,321.12</u>	=	<u>12,723,992.31</u>

4. Receivables Financing

(1) Classification of Receivables Financing

Classification	Balance as at	Balance as at
	December 31, 2023	January 1, 2023
Bank acceptance bills	24,290,736.39	17,548,591.75
<u>Total</u>	<u>24,290,736.39</u>	<u>17,548,591.75</u>

(2) There were no pledged receivables financing at the end of the period.

(3) Receivables Financing that has been Endorsed or Discounted but Not Yet Mature at Year End

Classification	Amount derecognized	Amount not derecognized
	at year end	at year end
Bank acceptance bills	78,563,756.36	
<u>Total</u>	<u>78,563,756.36</u>	

(4) Classified and Disclosed Receivables Financing According to the Method of Provision for Allowance for Doubtful Accounts

Classification	Balance as at December 31, 2023				Carrying amount
	Gross carrying amount		Allowance for doubtful accounts		
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable that are individually assessed for impairment					
Accounts receivable that are collectively assessed for impairment					
Including: Bank acceptance bills	24,290,736.39	100.00			24,290,736.39
<u>Total</u>	<u>24,290,736.39</u>	--	--	--	<u>24,290,736.39</u>

(Continued)

Balance as at January 1, 2023

Classification	Gross carrying amount		Allowance for doubtful accounts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable that are individually assessed for impairment					
Accounts receivable that are collectively assessed for impairment					
Including: Bank acceptance bills	17,548,591.75	100.00			17,548,591.75
<u>Total</u>	<u>17,548,591.75</u>	--	--	--	<u>17,548,591.75</u>

5. Prepayments

(1) Aging Analysis

Aging	Balance as at December 31, 2023		Balance as at January 1, 2023	
	Amount	Proportion (%)	Amount	Proportion (%)
	Within 1 year (including 1 year)	2,041,096.43	76.99	3,577,455.19
1-2 years (including 2 years)	406,928.95	15.35	90,007.50	2.24
2-3 years (including 3 years)	75,600.00	2.85	127,554.40	3.17
Over 3 years	127,554.70	4.81	229,348.93	5.70
<u>Total</u>	<u>2,651,180.08</u>	<u>100.00</u>	<u>4,024,366.02</u>	<u>100.00</u>

(2) Top Five Prepayments Classified by Debtors at Year End

Debtor name	Gross carrying amount	Proportion of total prepayments (%)
Asahi Trading (Shanghai) Co., Ltd.	351,200.00	13.25
Suzhou RUICHANG ELECTROMECHANICAL Engineering Co. LTD	335,400.00	12.65
Shenyang Huatai Mould Co., Ltd	328,480.00	12.39
Chongqing Jiantao Aluminum Co., Ltd.	294,700.00	11.12
Ningbo Dongda AUTO PARTS Co. LTD	274,581.35	10.36

<u>Total</u>	<u>1,584,361.35</u>	--
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6. Other Receivables

(1) Classification of Other Receivables

Items	Balance as at December 31, 2023	Balance as at January 1, 2023
Other receivables	1,825,860.96	1,720,044.17
<u>Total</u>	<u>1,825,860.96</u>	<u>1,720,044.17</u>

(2) Other Receivables

① Other Receivables Disclosed Using Aging Analysis Method

Aging	Balance as at December 31, 2023	Balance as at January 1, 2023
Within 1 year (including 1 year)	1,645,860.96	1,730,044.17
Including: 1 - 6 months (inclusive)	1,645,860.96	1,530,044.17
Within 6 months - 1 year		200,000.00
Subtotal within 1 year	1,645,860.96	1,730,044.17
1-2 years (including 2 year)	200,000.00	
2-3 years (including 3 year)		1,223,146.45
3-4 years (including 4 year)	1,223,146.45	255,723.62
4-5 years (including 5 year)	255,723.62	
Over 5 years	4,774,182.33	4,774,182.33
<u>Total</u>	<u>8,098,913.36</u>	<u>7,983,096.57</u>

② Classification of Other Receivables by the Mature of Payment

Nature of Payment	Balance as at December 31, 2023	Balance as at January 1, 2023
Reserves, security deposits, advance payment for social insurance premiums for employees, etc.	321,567.27	284,542.01
Current accounts	7,777,346.09	7,698,554.56
<u>Total</u>	<u>8,098,913.36</u>	<u>7,983,096.57</u>

③ Classified and Disclosed Other Receivables According to the Method of Provision for Allowance for Doubtful Accounts

Classification	Balance as at December 31, 2023				
	Gross carrying amount		Allowance for doubtful accounts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables that are individually assessed for impairment	2,531,179.2 4	31.25	2,531,179.2 4	100.00	
Other receivables that are collectively assessed for impairment	5,567,734.12	68.75	3,741,873.1 6	67.21	1,825,860.96
Including:					
Aging portfolio	5,567,734.12	68.75	3,741,873.1 6	67.21	1,825,860.96
Total	<u>8,098,913.3</u> <u>6</u>	--	<u>6,273,052.4</u> <u>0</u>	--	<u>1,825,860.96</u>

(Continued)

Amount

Classification	Balance as at January 1, 2023				
	Gross carrying amount		Allowance for doubtful accounts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables that are individually assessed for impairment	2,531,179 .24	31.71	2,531,179 .24	100.00	
Other receivables that are collectively assessed for impairment	5,451,917 .33	68.29	3,731,873 .16	68.45	1,720,044. 17

Including:

Aging portfolio	5,451,917	68.29	3,731,873	68.45	1,720,044.
	.33		.16		17
<u>Total</u>	<u>7,983,096</u>	--	<u>6,263,052</u>	--	<u>1,720,044.</u>
	<u>.57</u>		<u>.40</u>		<u>17</u>

Other receivables that are Individually Assessed for Impairment at Year End

Debtor	Balance as at December 31, 2023			Reason for recognition
	Carrying amount	Allowance for doubtful accounts	Expected Credit Loss Rate(%)	
Chongqing Jianshe Lijue Industrial Co., Ltd.	1,478,870.07	1,478,870.07	100.00	Expected to be irrecoverable
Temporary supplier	390,655.08	390,655.08	100.00	Expected to be irrecoverable
Ningbo Jianshe Motorcycle Co., Ltd	329,628.73	329,628.73	100.00	Expected to be irrecoverable
Chongqing Yiqun Industry and Trade Co., Ltd.	91,900.00	91,900.00	100.00	Expected to be irrecoverable
Wage security deposit for migrant workers in Chongqing Huachuang Science and Technology Complex Project	88,000.00	88,000.00	100.00	Expected to be irrecoverable
Chongqing Customs	78,825.36	78,825.36	100.00	Expected to be irrecoverable
Yangzhou Qionghua Coating Engineering Equipment Co., Ltd.	56,500.00	56,500.00	100.00	Expected to be irrecoverable
Chongqing Jinxiang Lifting Equipment Manufacturing Co., Ltd.	16,800.00	16,800.00	100.00	Expected to be irrecoverable
<u>Total</u>	<u>2,531,179.24</u>	<u>2,531,179.24</u>	<u>100.00</u>	—

Provision for bad debts made by Aging Portfolio

Aging	Balance as at December 31, 2023			Balance as at January 1, 2023		
	Book value	Provision for bad debts	Proportion of provision(%)	Book value	Provision for bad debts	Proportion of provision(%)
Within 1 year (including 1 year)	1,645,860.96			1,730,044.17		
Including: 1-6 months (inclusive)	1,645,860.96			1,530,044.17		
Within 6 months -1 year				200,000.00	10,000.00	5.00
					0	
Subtotal within 1 year	1,645,860.96			1,730,044.17	10,000.00	5.00
					0	
1-2 years (including 2 year)	200,000.00	20,000.00	10.00			
2-3 years (including 3 year)		0				
3-4 years (including 4 year)						
4-5 years (including 5 year)						
Over 5 years	3,721,873.16	3,721,873.16	100.00	3,721,873.16	3,721,873.16	100.00
	6					
<u>Total</u>	<u>5,567,734.12</u>	<u>3,741,873.16</u>	—	<u>5,451,917.33</u>	<u>3,731,873.16</u>	—

④ Allowance for Doubtful Accounts of Other Receivables According to the General Model of Expected Credit Losses

Allowance for doubtful accounts	Stage I	Stage II	Stage III	Total
	Expected credit losses over the next 12 months	Expected credit loss over the duration (without credit impairment)	Expected credit loss over the duration (credit impairment incurred)	
Balance as at January 1, 2023	3,731,873.16		2,531,179.24	6,263,052.40

Opening Balance is in the
Current Year

--Transfer into Stage II

--Transfer into Stage III			
--Reverse into Stage II			
--Reverse into Stage I			
Current-period Recognition	10,000.00		10,000.00
Current-period Reversals			
Current-period Charge-off			
Current-period Write-off			
Other Changes			
Balance as at December 31, 2023	3,741,873.16	2,531,179.24	6,273,052.40

⑤ Provision for bad debts

Classification	Balance as at January 1, 2023	Change in 2023			Balance as at December 31, 2023
		Provision	Recovery or reversal	Charge-off Other changes	
Accounts receivable that are individually assessed for impairment	2,531,179.24				2,531,179.24
Accounts receivable that are collectively assessed for impairment	3,731,873.16	10,000.00			3,741,873.16
Total	<u>6,263,052.40</u>	<u>10,000.00</u>			<u>6,273,052.40</u>

⑥ There were no other receivables actually written off in 2023.

⑦ Top Five Debtors According to Closing Balances

Debtor name	Gross carrying amount	Proportion of total other receivables (%)	Nature of receivables	Aging	Allowance for doubtful accounts
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Shenzhen Jianshe Motorcycle Co., Ltd.	3,013,664.00	37.21	Current accounts	Over 5 years	3,013,664.00
Chongqing Jianshe Lijue Industrial Co., Ltd.	1,478,870.07	18.26	Current accounts	Over 5 years	1,478,870.07
Ningbo Jianshe Chongqing Office	692,035.31	8.54	Current accounts	Over 5 years	692,035.31
Ningbo Construction Motorcycle Co. LTD	329,628.73	4.07	Current accounts	Over 5 years	329,628.73
Dongmu (Tianjin) Powder Metallurgy Co., Ltd	200,000.00	2.47	Current accounts	1-2 years	20,000.00
Total	<u>5,714,198.11</u>	--	--	--	<u>5,534,198.11</u>

⑧ There were no other receivables reported in the current period due to centralized management of funds.

7. Inventories

(1) Classification of Inventories

Items	Balance as at December 31, 2023			Balance as at January 1, 2023		
	Gross carrying amount	Write-down of inventories/ Write-down of contract performance cost	Carrying amount	Gross carrying amount	Write-down of inventories/ Write-down of contract performance cost	Carrying amount
Raw materials	29,186,743.44		29,186,743.44	23,279,997.14		23,279,997.14
Goods in process	10,784,112.39	42,930.77	10,741,181.62	9,357,445.63	42,930.77	9,314,514.86
Stock commodities	89,862,349.48	2,661,811.73	87,200,537.75	98,610,353.14	2,170,864.12	96,439,489.02
Revolving materials	4,475,512.86	1,294,020.05	3,181,492.81	4,120,591.96	1,294,020.05	2,826,571.91
Total	<u>134,308,718.17</u>	<u>3,998,762.55</u>	<u>130,309,955.62</u>	<u>135,368,387.87</u>	<u>3,507,814.94</u>	<u>131,860,572.93</u>

(2) Provision for inventory depreciation and provision for contract performance cost impairment

Items	Balance as at January 1, 2023	Increase in 2023		Decrease in 2023		Balance as at December 31, 2023
		Provision	Other	Release or Write-off	Other	
Goods in process	42,930.77					42,930.77
Stock Merchandis	2,170,864.12	490,947.61				2,661,811.73
Revolving materials	1,294,020.05					1,294,020.05
Total	<u>3,507,814.94</u>	<u>490,947.61</u>				<u>3,998,762.55</u>

8. Other Current Assets

Items	Balance as at December 31, 2023	Balance as at January 1, 2023
Input tax to be deducted	1,981,210.62	1,468,399.16
<u>Total</u>	<u>1,981,210.62</u>	<u>1,468,399.16</u>

9. Long-term Equity Investments

(1) Long-term Equity Investments

Investee	Balance as at January 1, 2023	Increase/decrease in Year 2023			
		Increase in investments	Decrease in investments	Investment gain or loss recognized under equity method	Adjustment in other comprehensive income
I. Joint ventures					
Chongqing Hanon					
Jianshe Thermal Systems Co., Ltd.	210,112,321.04			11,095,359.95	
<u>Subtotal</u>	<u>210,112,321.04</u>			<u>11,095,359.95</u>	
<u>Total</u>	<u>210,112,321.04</u>			<u>11,095,359.95</u>	

(Continued)

Investee	Other changes in equity	Increase/decrease in Year 2023			Balance as at December 31, 2023	Closing balance of impairment loss
		Cash dividends declared and profits to be distributed	Impairment loss	Others		
I. Joint ventures						
Chongqing Hanon						
Jianshe Thermal Systems Co., Ltd.					221,207.68	
					0.99	
<u>Subtotal</u>					<u>221,207.68</u>	
<u>Total</u>					<u>221,207.68</u>	
					<u>0.99</u>	

10. Other Non-current Financial Assets

Items	Balance as at December 31, 2023	Balance as at January 1, 2023
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Financial assets measured at fair value through the current profit or loss

Including: investment in Ningbo Jianshe Investment Company	1,140,915.04	1,140,915.04
Provision for impairment	1,140,915.04	1,140,915.04

Total

11. Fixed Assets

(1) Classification of Fixed Assets

Items	Balance as at December 31, 2023	Balance as at January 1, 2023
Fixed assets	188,907,962.58	202,039,143.80
<u>Total</u>	<u>188,907,962.58</u>	<u>202,039,143.80</u>

(2) Fixed Assets

① Situation of Fixed Assets

Items	Buildings and constructions	Machinery equipment	Transportation facilities	Other equipment	Total
I. Total gross carrying amount					
1. Balance as at January 1, 2023	103,844,073.80	625,135,240.34	5,898,095.03	20,453,739.44	<u>755,331,148.61</u>
2. Increase in current year	541,128.23	11,737,940.80	100,000.00	486,684.68	<u>12,865,753.71</u>
(1) Purchase	541,128.23	11,473,781.50	100,000.00	486,684.68	<u>12,601,594.41</u>
(2) Transfer-in of construction in progress		264,159.30			<u>264,159.30</u>
3. Decrease in current year		11,785,329.59	59,104.62	414,271.28	<u>12,258,705.49</u>
(1) Disposal or scrapping		11,785,329.59	59,104.62	414,271.28	<u>12,258,705.49</u>
4. Balance as at December 31, 2023	104,385,202.03	625,087,851.55	5,938,990.41	20,526,152.84	<u>755,938,196.83</u>

II. Accumulated
depreciation

1. Balance as at January 1, 2023	57,311,359.61	462,125,881.00	5,148,029.86	18,661,172.23	<u>543,246,442.70</u>
2. Increase in current year	3,110,179.02	21,593,525.21	98,949.30	475,457.90	<u>25,278,111.43</u>
(1) Provision	3,110,179.02	21,593,525.21	98,949.30	475,457.90	<u>25,278,111.43</u>
3. Decrease in current year		10,965,760.78	57,331.50	355,467.33	<u>11,378,559.61</u>
(1) Disposal or scrapping		10,965,760.78	57,331.50	355,467.33	<u>11,378,559.61</u>
4. Balance as at December 31, 2023	60,421,538.63	472,753,645.43	5,189,647.66	18,781,162.80	<u>557,145,994.52</u>

III. Total impairment loss

1. Balance as at January 1, 2023		10,045,562.11			<u>10,045,562.11</u>
2. Increase in current year					
3. Decrease in current year		161,322.38			<u>161,322.38</u>
(1) Disposal or scrapping		161,322.38			<u>161,322.38</u>
4. Balance as at December 31, 2023		9,884,239.73			<u>9,884,239.73</u>

IV. Total carrying amount

1. Book value as at December 31, 2023	43,963,663.40	142,449,966.39	749,342.75	1,744,990.04	<u>188,907,962.58</u>
2. Book value as at January 1, 2023	46,532,714.19	152,963,797.23	750,065.17	1,792,567.21	<u>202,039,143.80</u>

② There is no temporarily idle fixed assets in 2023.

③ There are no fixed assets leased through operating lease in 2023.

④ There are no fixed assets without a certificate of title in 2023.

12. Construction in Progress

(1) Classification of Fixed Assets

Items	Balance as at December 31, 2023	Balance as at January 1, 2023
Construction in Progress	15,244,362.53	989,429.96
<u>Total</u>	<u>15,244,362.53</u>	<u>989,429.96</u>

(2) Construction in Progress

① Situation of Fixed Assets

Items	Balance as at December 31, 2023			Balance as at January 1, 2023		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Production line project	14,996,87		14,996,8	524,783		524,78
	4.03		74.03	.95		3.95
Mold to be fixed	247,488.5		247,488.	395,619		395,61
	0		50	.46		9.46
Comprehensive performance test-bed				69,026.		69,026
				55		.55
<u>Total</u>	<u>15,244,36</u>		<u>15,244,3</u>	<u>989,429</u>		<u>989,42</u>
	<u>2.53</u>		<u>62.53</u>	<u>.96</u>		<u>9.96</u>

② Changes of Significant Construction in Progress in Current Year

Project name	Budget (ten thousand yuan)	Balance as at January 1, 2023	Increase in current year	Amount		Balance as at December 31, 2023
				transferred to fixed assets in current year	Other decrease in current year	

Production line project	2,552.56	524,783.95	14,472,090.08	14,996,874.03
<u>Total</u>	<u>2,552.56</u>	<u>524,783.95</u>	<u>14,472,090.08</u>	<u>14,996,874.03</u>

(Continued)

Proportion of accumulated investments to the budget (%)	Percentage of completion	Cumulative amount of capitalized interests	Including: Capitalized interests in current year	Interest capitalization rate for current year (%)	Sources of funds
58.75%	58.75%				Self-raised
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13. Intangible Assets

(1) Situation of Intangible Assets

Items	Land use right	Patent right	Software	Total
I. Total gross carrying amount				
1. Balance as at January 1, 2023	21,224,143.33	2,691,549.96	3,933,749.40	<u>27,849,442.69</u>
2. Increase in current year			780,530.97	<u>780,530.97</u>
(1) Purchase			780,530.97	<u>780,530.97</u>
3. Decrease in current year				
(1) Disposal				
4. Balance as at December 31, 2023	21,224,143.33	2,691,549.96	4,714,280.37	<u>28,629,973.66</u>
II. Accumulated amortization				
1. Balance as at January 1, 2023	12,863,535.82	1,108,285.29	2,076,116.63	<u>16,047,937.74</u>
2. Increase in current year	701,418.88	474,979.47	680,788.98	<u>1,857,187.33</u>
① Provision	701,418.88	474,979.47	680,788.98	<u>1,857,187.33</u>
3. Decrease in current year				
(1) Disposal				
4. Balance as at December 31, 2023	13,564,954.70	1,583,264.76	2,756,905.61	<u>17,905,125.07</u>
III. Total impairment loss				
1. Balance as at January 1, 2023				
2. Increase in current year				
① Provision				
3. Decrease in current year				
(1) Disposal				
4. Balance as at December 31, 2023				

IV. Total carrying amount

1. Book value as at December 31, 2023	7,659,188.63	1,108,285.20	1,957,374.76	<u>10,724,848.59</u>
2. Book value as at January 1, 2023	8,360,607.51	1,583,264.67	1,857,632.77	<u>11,801,504.95</u>

(2) There is no land use right without a certificate of title in this period

14. Long-term Prepaid Expenses

Items	Balance as at January 1, 2023	Increase in current year	Amortization in current year	Other decrease	Balance as at December 31, 2023
SlidDworks2018 three-year service charges	70,280.65		46,698.12		23,582.53
<u>Total</u>	<u>70,280.65</u>		<u>46,698.12</u>		<u>23,582.53</u>

15. Deferred Tax Assets and Deferred Tax Liabilities

(1) Deferred Tax Assets before Offset

Items	Balance as at December 31, 2023		Balance as at January 1, 2023	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Impairment loss for assets	4,852,465.88	727,869.89	4,522,840.65	678,426.10
Impairment loss for credit	33,516,948.02	5,027,542.20	33,873,448.97	5,073,630.93
<u>Total</u>	<u>38,369,413.90</u>	<u>5,755,412.09</u>	<u>38,396,289.62</u>	<u>5,752,057.03</u>

(2) Deferred Tax Liabilities before Offset

Items	Balance as at December 31, 2023		Balance as at January 1, 2023	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Asset evaluation increment from business combination not under common control	1,879,988.85	469,997.22	3,281,012.83	820,253.21
One-time before-tax deduction of the depreciation of fixed assets	1,153,692.01	173,053.80	1,276,898.41	191,534.76
<u>Total</u>	<u>3,033,680.86</u>	<u>643,051.02</u>	<u>4,557,911.24</u>	<u>1,011,787.97</u>

(3) Details of Unrecognized Deferred Tax Assets

Items	Balance as at December 31, 2023	Balance as at January 1, 2023
Deductible temporary differences	16,029,526.76	16,043,773.40
Deductible losses	421,361,571.01	321,263,266.35
<u>Total</u>	<u>437,391,097.77</u>	<u>337,307,039.75</u>

④ Deductible Losses Unrecognized for Deferred Tax Assets that will Expire in Following Years

Year	Balance as at December 31, 2023	Balance as at January 1, 2023	Notes
2024	98,193,562.96	104,612,349.02	
2025	63,729,976.97	63,729,976.97	
2026	62,309,195.92	62,309,195.92	
2027	90,611,744.44	90,611,744.44	
2028	106,517,090.72		
<u>Total</u>	<u>421,361,571.01</u>	<u>321,263,266.35</u>	

16. Other Non-current Assets

Items	Balance as at December 31, 2023			Balance as at January 1, 2023		Carrying amount
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	
Payment in advance for purchase of long-term assets	70,000.00		70,000.00	15,860,120.00		15,860,120.00
<u>Total</u>	<u>70,000.00</u>		<u>70,000.00</u>	<u>15,860,120.00</u>		<u>15,860,120.00</u>

17. Assets with Restricted Ownership or Use Rights

Items	Balance as at December 31, 2023			Type of restriction	Restricted situations
	Gross carrying amount	Carrying amount			
Monetary Capital	9,080,029.50	9,080,029.50		Pledge	Margin for bank acceptance bills
Fixed assets	41,102,080.06	24,295,232.36		Mortgage	Mortgage of loan
Intangible assets	12,031,346.49	7,274,522.82		Mortgage	Mortgage of loan
<u>Total</u>	<u>62,213,456.05</u>	<u>40,649,784.68</u>		--	--

(Continued)

Items	Balance as at January 1, 2023			Type of restriction	Restricted situations
	Gross carrying amount	Carrying amount			
Monetary Capital	9,959,988.94	9,959,988.94		Pledge	Margin for bank acceptance bills

Balance as at January 1, 2023

Items	Gross carrying amount	Carrying amount	Type of restriction	Restricted situations
Financing receivable	7,820,000.00	7,820,000.00	Pledge	Pledge of bank acceptance bills
<u>Total</u>	<u>17,779,988.94</u>	<u>17,779,988.94</u>	--	--

18. Short-term Borrowings

(1)Classification

Items	Balance as at December 31, 2023	Balance as at January 1, 2023
Credit borrowings	190,500,000.00	411,500,000.00
Guaranteed borrowings	68,500,000.00	135,103,500.00
Mortgage borrowings	281,993,500.00	
<u>Total</u>	<u>540,993,500.00</u>	<u>546,603,500.00</u>

(2)There is no overdue short-term loan at the end of this period

19. Notes Payable

Items	Balance as at December 31, 2023	Balance as at January 1, 2023
Bank acceptance bills	28,080,000.00	30,379,988.94
<u>Total</u>	<u>28,080,000.00</u>	<u>30,379,988.94</u>

20. Accounts Payable

(1)Presentation of accounts payable

Aging	Balance as at December 31, 2023	Balance as at January 1, 2023
Within 1 year (including 1 year)	224,163,444.91	167,925,916.80
1-2 years (including 2 year)	4,171,236.57	1,002,926.50
2-3 years (including 3 year)	431,930.74	936,903.59
Over 3 years	859,773.33	1,324,729.21
<u>Total</u>	<u>229,626,385.55</u>	<u>171,190,476.10</u>

(2)At the end of this period, there is no significant accounts payable with an account age of more than 1 year or overdue.

21. Contract Liabilities

(1)Situation of Contract liability

Items	Balance as at December 31, 2023	Balance as at January 1, 2023
Goods payment	2,058,111.01	3,441,205.38
<u>Total</u>	<u>2,058,111.01</u>	<u>3,441,205.38</u>

(2) There is no important contract liability with an account age of more than 1 year at the end of this period

22. Employee Benefits Payable

(1) Presentation of Employee Benefits Payable

Items	Balance as at January 1, 2023	Increase in current year	Decrease in current year	Balance as at December 31, 2023
I. Short-term employee benefits	5,443,402.41	89,228,674.05	89,498,868.08	5,173,208.38
II. Post-employment benefits – defined contribution plan	3,085,990.37	10,183,994.63	11,721,072.92	1,548,912.08
<u>Total</u>	<u>8,529,392.78</u>	<u>99,412,668.68</u>	<u>101,219,941.00</u>	<u>6,722,120.46</u>

(2) Presentation of Short-term Employee Benefits

Items	Balance as at January 1, 2023	Increase in current year	Decrease in current year	Balance as at December 31, 2023
I. Salaries, bonuses, allowances and subsidies	2,264,517.88	65,664,857.86	65,958,817.98	1,970,557.76
II. Welfare		5,056,349.07	5,056,349.07	
III. Social Insurance	1,233,775.80	8,901,180.53	9,036,211.38	1,098,744.95
Including: 1. Health insurance and maternity insurance	1,164,912.31	8,207,106.28	8,332,128.35	1,039,890.24
2. Work injury insurance	68,863.49	694,074.25	704,083.03	58,854.71
IV. Housing funds	477,137.46	7,571,515.00	7,667,565.00	381,087.46
V. Labor union funds and employee education funds	1,467,971.27	2,034,771.59	1,779,924.65	1,722,818.21
<u>Total</u>	<u>5,443,402.41</u>	<u>89,228,674.05</u>	<u>89,498,868.08</u>	<u>5,173,208.38</u>

(3) Presentation of Defined Contribution Plan

Items	Balance as at January 1, 2023	Increase in current year	Decrease in current year	Balance as at December 31, 2023
I. Basic Pensions	2,738,319.74	9,867,792.72	11,368,717.33	1,237,395.13
II. Unemployment insurance	347,670.63	316,201.91	352,355.59	311,516.95

<u>Total</u>	<u>3,085,990.37</u>	<u>10,183,994.63</u>	<u>11,721,072.92</u>	<u>1,548,912.08</u>
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23. Tax and Surcharge Payable

Items	Balance as at January 1, 2023	Balance as at December 31, 2023
VAT	241,971.57	896,389.23
Individual income tax	601,837.09	969,485.81
Urban maintenance and construction tax	1,339,222.53	3,182,393.81
House property tax	2,322,993.87	3,727,900.64
Land use tax		1,808,215.20
Educational surtax	956,587.53	2,035,831.03
Others	1,239,806.44	4,029,488.35
<u>Total</u>	<u>6,702,419.03</u>	<u>16,649,704.07</u>

24. Other Payables

(1)List of items

Items	Balance as at December 31, 2023	Balance as at January 1, 2023
Other Payables	8,535,416.39	7,566,872.62
<u>Total</u>	<u>8,535,416.39</u>	<u>7,566,872.62</u>

(3)Others Payables

① Other Payables Presented by Nature

Items	Balance as at December 31, 2023	Balance as at January 1, 2023
Deposit and security deposit	692,620.27	863,901.85
Employee-related expenses	3,519,234.93	3,806,031.38
Others	4,323,561.19	2,896,939.39
<u>Total</u>	<u>8,535,416.39</u>	<u>7,566,872.62</u>

② There is no significant other payables aged over one year at the end of the period.

25. Other Current Liabilities

Items	Balance as at December 31, 2023	Balance as at January 1, 2023
Taxes to be reversed	244,691.40	447,356.63

Bill of exchange not terminated at the end of the period	4,907,818.10	
<u>Total</u>	<u>5,152,509.50</u>	<u>447,356.63</u>

26. Share capital

Item	Balance as at January 1, 2023	Changes in 2023 (+,-)				Sub-total	Balance as at December 31, 2023
		New shares issued	Share donation	Conversion of capital reserves into share capital	Others		
I. Restricted shares	119,375,000.00						119,375,000.00
1.State shareholding							
2.Shareholding by state-owned legal persons	84,906,000.00						84,906,000.00
3.Other domestic holdings	4,469,000.00						4,469,000.00
Among them:							
domestic legal person shares	1,750,000.00						1,750,000.00
Shares held by domestic natural persons	2,719,000.00						2,719,000.00
4.Overseas shareholdings							
II. Unrestricted tradable shares	30,000,000.00						30,000,000.00
1. Domestically listed foreign shares	30,000,000.00						30,000,000.00
<u>Total shares</u>	<u>119,375,000.00</u>						<u>119,375,000.00</u>

27. Capital Reserve

Items	Balance as at January 1, 2023	Increase in current year	Decrease in current year	Balance as at December 31, 2023
I. Capital (or share) premiums	702,032,741.07			702,032,741.07
II. Other capital reserve	256,532,553.22			256,532,553.22
<u>Total</u>	<u>958,565,294.29</u>			<u>958,565,294.29</u>

28. Other Comprehensive Income

Item	Balance as at January 1, 2023	Year 2023						Balance as at December 31, 2023
		Amount before income tax in 2023	Less: amount previously included in other comprehensive income and currently transferred to the profit or loss	Less: financial assets included in other comprehensive income in prior period and re-measured at retained earnings in the current period	Less: income tax expenses	Amount after tax attributable to the parent company	Amount after tax attributable to minority shareholders	
I. Other comprehensive income that cannot be reclassified into profit or loss	9,800.00						9,800.00	
1. Other comprehensive income that cannot be transferred to profit or loss under the equity method	9,800.00						9,800.00	
Total	9,800.00						9,800.00	

29. Special Reserve

Items	Balance as at January 1, 2023	Increase in current year	Decrease in current year	Balance as at December 31, 2023
Work safety expenses	3,234,669.03	3,279,360.59	1,366,318.22	5,147,711.40
Total	3,234,669.03	3,279,360.59	1,366,318.22	5,147,711.40

30. Surplus Reserve

Items	Balance as at January 1, 2023	Increase in current year	Decrease in current year	Balance as at December 31, 2023
Statutory surplus reserve	56,724,000.00			56,724,000.00
Discretionary surplus reserve	68,962,000.00			68,962,000.00
Total	125,686,000.00			125,686,000.00

31. Unappropriated Profit

Item	Year 2023	Year 2022
Undistributed profits at the end of prior period before adjustment	-1,095,779,478.64	-1,056,046,383.95
Total adjustment to undistributed profits at the beginning of the period ("+" for increase and "-" for decrease)		

Item	Year 2023	Year 2022
Undistributed profits at the beginning of the period after adjustment	-1,095,779,478.64	-1,056,046,383.95
Plus: net profit attributable to owners of the parent company in the current period	-69,331,287.64	-39,733,094.69
Less: withdrawal of statutory surplus reserves		
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk reserves		
Common stock dividends payable		
Common stock dividends transferred to share capital		
<u>Undistributed profits at the end of the period</u>	<u>-1,165,110,766.28</u>	<u>-1,095,779,478.64</u>

32. Operating Revenue and Operating Costs

(1) Operating Revenue and Operating Cost

Items	Year 2023		Year 2022	
	Revenue	Costs	Revenue	Costs
Principal operating activities	459,412,209.46	427,333,668.74	470,261,936.64	448,590,807.18
Other operating activities	4,666,753.00	1,040,875.98	3,852,161.44	1,804,628.12
<u>Total</u>	<u>464,078,962.46</u>	<u>428,374,544.72</u>	<u>474,114,098.08</u>	<u>450,395,435.30</u>

(2) Statement of operating income deduction

Items	Year 2023	Specific deductions	Year 2022	Specific deductions
Amount of operating income	464,078,962.46		474,114,098.08	
Total amount of operating income deductible items	4,666,753.00		3,852,161.44	
Proportion of total amount of deductible items in operating income (%)	1.01		0.81	
I .Business income unrelated to the principal operating activities				

		Revenue from the sale of materials1,186 .60 thousand yuan; The income from labor support was 542.80 thousand yuan; Power energy revenue 9.90 thousand yuan; other income was 2,927.50 thousand yuan	Revenue from the sale of materials1,27 2.40 thousand yuan; The income from labor support was 1,236.40 thousand yuan; Power energy revenue 474.70 thousand yuan; other income was 868.70 thousand yuan
(1)Other business income beyond normal operations. Revenue generated from renting out fixed assets, intangible assets, packaging materials, selling materials, exchanging non-monetary assets with materials, operating entrusted management businesses, and other activities, as well as the income included in the main business income, but outside the normal operation of the listed company..	4,666,753.00	3,852,161.44	
Subtotal of business income unrelated to the principal operating activities	4,666,753.00	3,852,161.44	
Amount after deduction of operating income	459,412,209.46	470,261,936.64	

(3)Segment of operating revenue and operating cost

Classifications of Contracts	prime operating revenue	
	Revenue	Costs
Type of goods		
Automobile and motorcycle parts	459,412,209.46	427,333,668.74
Other business	4,666,753.00	1,040,875.98
<u>Total</u>	<u>464,078,962.46</u>	<u>428,374,544.72</u>
Classified by operating region		
Domestic	242,244,364.87	211,894,581.71
Export	221,834,597.59	216,479,963.01
<u>Total</u>	<u>464,078,962.46</u>	<u>428,374,544.72</u>

33. Taxes and surcharges

Item	Year 2023	Year 2022
Urban maintenance and construction tax	1,194,760.13	533,840.42
Educational surcharge	853,400.08	381,314.61
House property tax	880,522.45	860,544.46
Land use right	1,076,365.20	1,076,365.20
Stamp duty	564,783.99	323,275.85
Others	16,521.31	579,484.03
<u>Total</u>	<u>4,586,353.16</u>	<u>3,754,824.57</u>

34. Selling Expenses

Items	Year 2023	Year 2022
Employee compensation	6,699,763.41	6,827,653.20
Depreciation expenses	15,117.42	31,742.65
Office expenses	92,170.79	66,973.88
Advertising expenses	154,123.76	
Expenses for business trips	691,030.73	566,078.58
Handling charges	58,210.81	199,885.56
Sales and service fees	187,379.63	157,067.52
Repair charge	4,740,415.47	5,629,736.77
Warehousing and custodian fees	652,299.74	1,000,193.68
Other fees	942,212.50	759,983.28
<u>Total</u>	<u>14,232,724.26</u>	<u>15,239,315.12</u>

35. Administrative Expenses

Items	Year 2023	Year 2022
Employee compensation	33,768,905.69	26,516,905.13
Depreciation and amortization	5,417,274.22	5,117,551.67
Repair charge	1,444,260.68	4,416,563.67
Office expenses	851,449.26	714,345.12
Agency fee	759,313.26	912,850.26
Expenses for business trips	515,148.22	300,230.25
Membership fees of board of directors	472,617.11	392,640.06
Entertainment expenses	444,889.18	400,888.58

Insurance premiums and others	8,676,918.91	8,949,135.93
<u>Total</u>	<u>52,350,776.53</u>	<u>47,721,110.67</u>

36. Research and Development Expenses

Items	Year 2023	Year 2022
Employee compensation	18,837,891.18	23,830,773.15
Materials expenses	1,955,125.85	760,693.67
Expenses for business trips	422,363.03	241,075.43
Depreciation expenses	2,445,953.39	2,143,128.61
Amortization of intangible assets	346,580.58	268,527.48
Others	3,219,702.97	3,354,670.35
<u>Total</u>	<u>27,227,617.00</u>	<u>30,598,868.69</u>

37. Financial Expenses

Items	Year 2023	Year 2022
Interest expenses	20,877,409.62	20,216,911.43
Less: Interest income	1,692,490.51	1,640,888.48
Gains or losses on foreign exchange	20,246.31	139,891.22
Cash discount	-636,522.10	-1,314,322.50
Bank charges and others	160,829.39	70,654.21
<u>Total</u>	<u>18,729,472.71</u>	<u>17,472,245.88</u>

38. Other Income

Items	Year 2023	Year 2022
Government grants	1,104,494.20	205,826.00
Reduction or exemption of value-added tax, residual insurance fund, etc.	14,063.43	999,863.22
<u>Total</u>	<u>1,118,557.63</u>	<u>1,205,689.22</u>

Government grants included in other income

Items	Year 2023	Year 2022	Asset-related/ Income-related
Subsidy for technological innovation and industrial application projects		80,000.00	Income-related
major new product research and development costs		24,100.00	Income-related
Research and development investment subsidy		50,400.00	Income-related

Items	Year 2023	Year 2022	Asset-related/ Income-related
Subsidy for employment and talent center in Banan District	64,187.20	51,326.00	Income-related
Key talent allowances and reward subsidies	170,000.00		Income-related
Employment and Talent Center Unemployment Transfer Benefits in Jiulongpo District, Chongqing	345,307.00		Income-related
Rewards for scientific and technological innovation	25,000.00		Income-related
Key special funds for industrial and information technology in the city	500,000.00		Income-related
<u>Total</u>	<u>1,104,494.20</u>	<u>205,826.00</u>	Income-related

39. Investment Income

Sources for investment income	Year 2023	Year 2022
Income from long-term equity investments using equity method	11,095,359.95	8,128,052.32
<u>Total</u>	<u>11,095,359.95</u>	<u>8,128,052.32</u>

40. Credit Impairment Losses

Items	Year 2023	Year 2022
Impairment loss for accounts receivable	341,504.85	999,437.83
Impairment loss for other receivables	-10,000.00	-10,000.00
<u>Total</u>	<u>331,504.85</u>	<u>989,437.83</u>

41. Assets Impairment Losses

Items	Year 2023	Year 2022
Impairment loss for inventories and costs to fulfill a contract	-490,947.61	
<u>Total</u>	<u>-490,947.61</u>	

42. Gains on Disposal of Assets

Items	Year 2023	Year 2022
Gains or losses from disposal of non-current assets	-413,963.91	40,420,431.93
<u>Total</u>	<u>-413,963.91</u>	<u>40,420,431.93</u>

43. Non-operating Income

Items	Year 2023	Year 2022	Amount recognized in non-recurring profit or loss
Others	79,114.42	170,256.15	79,114.42
<u>Total</u>	<u>79,114.42</u>	<u>170,256.15</u>	<u>79,114.42</u>

44. Non-operating Expenses

Items	Year 2023	Year 2022	Amount recognized in non-recurring profit or loss
Losses on retirement of non-current assets		469.69	
Including: loss on disposal of fixed assets		469.69	
Administrative penalty and overdue payment	1,260.70	2,642.74	1,260.70
<u>Total</u>	<u>1,260.70</u>	<u>3,112.43</u>	<u>1,260.70</u>

45. Income Tax Expenses

(1) Income Tax Expenses

Items	Year 2023	Year 2022
Income tax expenses in current period	-781.64	-220,882.55
Deferred income taxes expenses	-372,092.01	-202,969.89
<u>Total</u>	<u>-372,873.65</u>	<u>-423,852.44</u>

(2) Reconciliation of Accounting Profit and Income Tax Expenses

Items	Year 2023
Total profit	-69,704,161.29
Income tax expenses calculated at the statutory / applicable tax rate	-17,426,040.32
Effects of different applicable tax rates on subsidiaries	6,323,458.63
Effects of adjustments of income taxes in previous periods	-781.64
Effects of non-taxable income	-2,773,839.99
Effects of non-deductible costs, expenses, and losses	62,317.37
Effects of utilizing deductible losses that are not previously recognized as deferred tax assets	-60,800.28
Effects of deductible temporary differences or deductible losses that are not recognized as deferred tax assets in current year	17,589,058.37
Others	-4,086,245.79
<u>Income tax expense</u>	<u>-372,873.65</u>

46. Other Comprehensive Income Items and Their Impact on Income Tax and transfer to Profit and Loss

Please refer to "VI. Notes to Main Items in the Consolidated Financial Statements (28) Other Comprehensive Income" for details.

47. Notes to the Statement of Cash Flows

(1) cash paid relating to operating activities

① Cash received from other operating activities

Item	Year 2023	Year 2022
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Item	Year 2023	Year 2022
Interest income	1,187,339.83	1,640,888.48
Government grants	1,104,494.20	205,826.00
Margin and deposit etc.	15,345,049.66	10,527,527.06
<u>Total</u>	<u>17,636,883.69</u>	<u>12,374,241.54</u>

② Cash paid for other operating activities

Item	Year 2023	Year 2022
Expenses from cash payment in the period	14,327,273.01	10,673,279.12
Margin and deposit etc.	8,916,142.69	11,305,170.76
<u>Total</u>	<u>23,243,415.70</u>	<u>21,978,449.88</u>

(2) Cash received relating to financing activities

① Cash received from other financing activities

Item	Year 2023	Year 2022
Bills, deposits and other related funds received	70,015,717.55	81,688,328.08
<u>Total</u>	<u>70,015,717.55</u>	<u>81,688,328.08</u>

② Cash paid for other financing activities

Item	Year 2023	Year 2022
Bills, deposits and other related funds paid	69,135,758.11	108,137,271.47
<u>Total</u>	<u>69,135,758.11</u>	<u>108,137,271.47</u>

③ Changes in liabilities arising from fund-raising activities

Item	Balance as at January 1, 2023	Increase in Year 2023		Decrease in Year 2023		Balance as at December 31, 2023
		Changes in cash	Changes in Non- cash	Changes in cash	Changes in Non- cash	
Short-term borrowing	546,603,500.00	711,597,000.00	20,847,409.62	738,054,409.62		540,993,500.00
<u>Total</u>	<u>546,603,500.00</u>	<u>711,597,000.00</u>	<u>20,847,409.62</u>	<u>738,054,409.62</u>		<u>540,993,500.00</u>

48. Supplementary Information to the Statement of Cash Flows

(1) Supplementary information to the statement of cash flows

Item	Year 2023	Year 2022
1. Net profit adjusted to cash flows from operating activities		
Net profit	-69,331,287.64	-39,733,094.69

Item	Year 2023	Year 2022
Plus: provision for asset impairment	490,947.61	
Losses from credit impairment	-331,504.85	-989,437.83
Depreciation of fixed assets, oil and gas assets and productive biological assets	25,278,111.43	26,220,968.81
Depreciation of right-of-use assets		
Amortization of intangible assets	1,857,187.33	1,779,134.09
Amortization of long-term deferred expenses	46,698.12	46,698.12
Losses from disposal of fixed assets, intangible assets and other long-term assets ("- for gains)	413,963.91	-40,420,431.93
Losses from write-off of fixed assets ("- for gains)		
Losses from changes in fair value ("- for gains)		
Financial expenses ("- for gains)	20,877,409.62	20,216,911.43
Investment loss ("- for income)	-11,095,359.95	-8,128,052.32
Decreases in deferred income tax assets ("- for increases)	-3,355.06	308,560.96
Increases in deferred income tax liabilities ("- for decreases)	-368,736.95	-511,530.85
Decreases in inventories ("- for increases)	1,059,669.70	74,859,032.86
Decreases in operating receivables ("- for increases)	-23,943,727.05	48,007,274.99
Increases in operating payables ("- for decreases)	57,588,207.39	-69,246,434.55
Others		
Net cash flows from operating activities	2,538,223.61	12,409,599.09
2. Significant investing and financing activities not involving cash receipts and payments		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets under financing lease		
3. Net changes in cash and cash equivalents		
Ending balance of cash	128,115,870.22	169,994,534.05
Less: beginning balance of cash	169,994,534.05	23,738,523.19
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	<u>-41,878,663.83</u>	<u>146,256,010.86</u>

(2) Breakdown of cash and cash equivalents

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
I. Cash	128,115,870.22	169,994,534.05
Including: cash on hand		
Unrestricted bank deposit	128,115,870.22	169,994,534.05
Other unrestricted monetary funds		
II. Cash equivalents		
Including: bond investments maturing within three months		
III. Ending balance of cash and cash equivalents	128,115,870.22	169,994,534.05
Including: cash and cash equivalents restricted for use by the parent company or subsidiaries of the Company		

49.Foreign Currency Monetary Items

(1)Foreign Currency Monetary Items

Items	Closing balance in foreign currency	Exchange rate	Closing balance in CNY (translated)
Monetary funds	1,734,427.00	0.0502	87,068.24
Including: Japanese Yen	1,734,427.00	0.0502	87,068.24

VII.Research and Development Expenses

1.Listed by the nature of the expenses

Item	Year 2023	Year 2022
Employee compensation	18,837,891.18	23,830,773.15
Materials expenses	1,955,125.85	760,693.67
Travel expenses	422,363.03	241,075.43
Depreciation expenses	2,445,953.39	2,143,128.61
Amortization of intangible assets	346,580.58	268,527.48
Others	3,219,702.97	3,354,670.35
<u>Total</u>	<u>27,227,617.00</u>	<u>30,598,868.69</u>
Including: Expensed R&D expenses	27,227,617.00	30,598,868.69
Capitalized R&D expenses		
<u>Total</u>	<u>27,227,617.00</u>	<u>30,598,868.69</u>

2.There are no R&D project development expenditures that meet the capitalization criteria in this period.

VIII.Changes in the Consolidation Scope

There was no change in the consolidation scope of the Company during the reporting period.

IX.Rights and Interests in Other Entities

1. Equity in the subsidiaries

(1) Structure of the Company

Name of subsidiaries	Principal place of business	Registered capital	Registered place	Business nature	Shareholding ratio (%)		Acquisition method
					Direct	Indirect	
Chongqing Jianshe Automobile A/C Co., Ltd.	Chongqing	16 million yuan	Chongqing	Production and sales of automobile air conditioners	100.00		Establishment by investment
Chongqing Pingshan TK Carburetor Co., Ltd.	Chongqing	83.55 million yuan	Chongqing	Production and sales of motorcycle accessories	100.00		Combination not under common control

2. Equity in joint venture arrangements or associates

(1) Significant joint ventures or associates

Name of joint venture or associate	Principal place of business	Registered place	Business nature	Shareholding ratio (%)		Method for accounting treatment
				Direct	Indirect	
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 financial information on significant joint ventures

Item	Balance as at	Balance as at
	December 31, 2023 / Year 2023	January 1, 2023 / Year 2022
	Chongqing Hanon Jianshe Thermal Systems Co., Ltd.	
Current assets	188,049,638.38	166,787,138.08
Including: cash and cash equivalents	124,294,005.60	55,135,317.36
Non-current assets	330,384,903.10	355,276,389.82
Total assets	518,434,541.48	522,063,527.90
Current liabilities	69,842,985.52	95,641,912.16
Non-current liabilities	9,292,912.78	9,313,692.45
Total liabilities	79,135,898.30	104,955,604.61
Minority equity		
Equity attributable to the shareholders of parent company	439,298,643.18	417,107,923.29
Share of net assets calculated at the shareholding ratio	219,649,321.59	208,553,961.65
Adjusted items		
- Goodwill		
- Unrealized profits of internal transactions		
- Others	1,558,359.40	1,558,359.39
Book value of the equity investment in joint ventures	221,207,680.99	210,112,321.04
Fair value of equity investment with public offer		

Item	Balance as at December 31, 2023 / Year 2023	Balance as at January 1, 2023 / Year 2022
	Chongqing Hanon Jianshe Thermal Systems Co., Ltd.	
Operating revenue	277,217,202.96	254,562,100.17
Financial expenses	1,244,259.32	4,586,867.43
Income tax expenses	3,945,140.60	1,799,442.01
Net profit	22,190,719.89	16,256,104.64
Net profit of discontinued operation		
Other comprehensive income		
Total comprehensive income	22,190,719.89	16,256,104.64
Dividends received from joint ventures in current period		

X. Government Grants

1. At the end of the reporting period, there were no government subsidies recognized based on the amount receivable.

2. Government subsidies recorded in current profits and losses

Item	Year 2023	Year 2022
Other income	1,104,494.20	205,826.00
<u>Total</u>	<u>1,104,494.20</u>	<u>205,826.00</u>

XI. Risks Associated with Financial Instruments

The Company's main financial instruments including bank loans, monetary funds, etc. The primary purpose of these financial instruments is to finance the Company's operations. The Company has a variety of other financial assets and liabilities arising directly from its operations, such as accounts receivable, other receivables, accounts payable, other payables, etc.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk.

1. Risks of Financial Instruments

(1) Book value of various financial assets on the balance sheet date

① December 31, 2023

Item	Financial assets measured at amortized cost	Financial Assets Measured at Fair Value Through Profit or Loss	Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total
Currency funds	137,195,899.72			137,195,899.72

Item	Financial assets measured at amortized cost	Financial Assets Measured at Fair Value Through Profit or Loss	Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total
Notes receivable	6,041,598.66			6,041,598.66
Accounts receivable	125,956,261.01			125,956,261.01
Receivables financing			24,290,736.39	24,290,736.39
Other receivables	1,825,860.96			1,825,860.96
Other non-current financial assets		-		-

② December 31, 2022

Item	Financial Assets Measured at Amortized Cost	Financial Assets Measured at Fair Value Through Profit or Loss	Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total
Currency funds	179,954,522.99			179,954,522.99
Notes receivable				
Accounts receivable	113,710,214.72			113,710,214.72
Receivables financing			17,548,591.75	17,548,591.75
Other receivables	1,720,044.17			1,720,044.17
Other non-current financial assets				

(2) Book value of various financial liabilities on the balance sheet date

① December 31, 2023

Item	Financial Liabilities Measured at Fair Value Through Profit or Loss	Other Financial Liabilities	Total
Short-term borrowings		540,993,500.00	540,993,500.00
Notes payable		28,080,000.00	28,080,000.00
Accounts payable		229,626,385.55	229,626,385.55
Other payables		8,535,416.39	8,535,416.39

② December 31, 2022

Item	Financial Liabilities Measured at Fair Value Through Profit or Loss	Other Financial Liabilities	Total
Short-term borrowings		546,603,500.00	546,603,500.00
Notes payable		30,379,988.94	30,379,988.94
Accounts payable		171,190,476.10	171,190,476.10
Other payables		7,566,872.62	7,566,872.62

1. Credit Risks

The company only conducts transactions with recognized and reputable third parties. According to the Company's policy, credit review is required for all customers who require credit transactions. In addition, the Company continuously monitors the balance of accounts receivable to ensure that do not face significant bad debt risks.

The other financial assets of the Company including monetary funds, other receivables, etc. The credit risk of these financial assets arises from counterparty defaults, and the maximum risk exposure is equal to the carrying amount of these instruments.

As the Company only deals with recognized and reputable third parties, no collateral is required. Credit risk is centrally managed according to customers. The Company does not hold any collateral or other credit enhancement for the balance of accounts receivable.

Criteria for Judging Significant Increase in Credit Risk

The Company assesses on each balance sheet date whether the credit risk of relevant financial instruments has significantly increased since initial recognition.

When determining whether credit risk has significantly increased since initial recognition, the Company considers obtaining reasonable and evidence-based information without unnecessary additional costs or efforts, including qualitative and quantitative analysis based on the historical data, external credit risk ratings, and forward-looking information. Based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics, the Company compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date to determine the changes in default risk during the expected lifespan of financial instruments.

When one or more of the following quantitative and qualitative criteria are triggered, the Company believes that the credit risk of financial instruments has significantly increased:

- The quantitative criterion mainly refers to the probability of default for the remaining duration at the reporting date has increased by more than a certain proportion compared to the initial recognition
- Qualitative criteria include significant adverse changes in the business or financial situation of the main debtor, list of early warning customers, etc

Definition of an asset with a credit impairment

To determine whether credit impairment has occurred, the definition criteria adopted by the Company are consistent with the internal credit risk management objectives for relevant financial instruments, while considering quantitative and qualitative indicators. When evaluating whether a debtor has experienced credit impairment, the Company mainly considers the following factors:

- The issuer or debtor has encountered significant financial difficulties;
- The debtor has violated the contract, such as default or overdue payment of interest or

principal;

- Creditors, due to economic or contractual considerations related to the debtor's financial difficulties, give concessions that the debtor will not make in any other circumstances;
- The debtor is likely to go bankrupt or undergo other financial restructuring;
- Financial difficulties of the issuer or debtor result in the disappearance of the active market for the financial asset;
- Purchase or generate a financial asset at a significant discount that reflects the fact of credit loss;

The credit impairment of financial assets may be caused by the combined effect of multiple events, and may not necessarily be a separately identifiable event.

Parameters for measuring expected credit losses

Depending on whether there is a significant increase in credit risk and whether credit impairment has occurred, the Company measures the impairment provisions for different assets at the expected credit losses of 12 months or the entire life. The key parameters of expected credit loss measurement include default probability, default loss rate and default risk exposure. The Company considers quantitative analysis and forward-looking information of historical statistical data (such as counterparty ratings, guarantee method and collateral types, repayment method, etc.) to establish default probability, default loss rate and default risk exposure models.

The relevant definitions are as follows:

- The probability of default refers to the likelihood that the debtor will be unable to fulfill its repayment obligations in the next 12 months or throughout the remaining period of existence. The default probability of the Company is adjusted based on the historical transfer rate model of accounts receivable, incorporating forward-looking information to reflect the default probability of debtors in the current macroeconomic environment;
- The default loss rate refers to the expected degree of loss arising from default exposure. The default loss rate varies depending on the type of counterparty, the method and priority of recovery, and the type of collateral. The default loss rate is the percentage of risk exposure loss at the time of default, calculated based on the next 12 months or the entire duration;
- Default risk exposure refers to the amount payable to the Company when a default occurs in the next 12 months or throughout the remaining existence period.

Forward looking information

The assessment of significantly increased credit risk and the calculation of expected credit losses both involve forward-looking information. Through historical data analysis, the Company identifies key economic indicators that affect the credit risk and expected credit losses of each business type.

2. Liquidity risk

The Company adopts a revolving liquidity planning tool to manage the risk of capital shortage. This instrument takes into account both the maturity date of its financial instruments and the expected cash flows generated by the Company's operations. The finance department ensures that the company has sufficient funds to repay its debts under all reasonable forecasts by monitoring cash balances, readily realizable financial assets, and rolling forecasts of cash flows over the next 12 months.

Maturity analysis of financial liabilities based on undiscounted contract cash flows:

Item	December 31, 2023			Total
	Within 1 year	1-3 years	Over 3 years	
Short-term borrowings	540,993,500.00			540,993,500.00
Notes payable	28,080,000.00			28,080,000.00
Accounts payable	229,626,385.55			229,626,385.55
Other payables	8,535,416.39			8,535,416.39

(Continued)

Item	December 31, 2022			Total
	Within 1 year	1-3 years	Over 3 years	
Short-term borrowings	546,603,500.00			546,603,500.00
Notes payable	30,379,988.94			30,379,988.94
Accounts payable	171,190,476.10			171,190,476.10
Other payables	7,566,872.62			7,566,872.62

3. Market risk

Market risk refers to the risk that the fair value of a financial instrument or future cash flow will fluctuate due to changes in market prices. Market risk mainly includes interest rate risk, foreign exchange risk, and other price risks, such as equity instrument investment price risk.

XII. Capital Management

The primary objectives of the Company's capital management are to ensure the Company's ability to continue operating and maintain a healthy capital ratios to support business development and maximise shareholder value.

The Company manages its capital structure and adjusts it in response to changes in

economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may adjust the profit distribution to shareholders, return capital to shareholders or issue new shares. The Company is not subject to external mandatory capital requirements. There have been no changes in capital management goals, policies or procedures for 2023 and 2022.

XIII. Disclosure of Fair Value

1. The fair value of assets and liabilities measured at fair value at the end of the period

Item	Fair value at the end of the period			Total
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	
I .Continuous fair value measurement				
1.Receivables financing			24,290,736.39	<u>24,290,736.39</u>
Total assets continuously measured at fair value			24,290,736.39	<u>24,290,736.39</u>

2. Continuous and non continuous third level fair value measurement items, using valuation techniques and qualitative and quantitative information of important parameters

The receivables financing of financial assets measured at fair value through other comprehensive income is the bank acceptance bill due within one year. Due to the short maturity of the bill, its fair value is approximately the par value of the bill.

XIV. Related parties and related transactions

1. Criteria for identifying related parties

If one party controls, jointly controls or exerts significant influence on the other party, and two or more parties are jointly controlled, jointly controlled or significantly influenced by the same party, they constitute related parties.

2. Basic Information of the Parent

Name of the parent	Registered address	Business nature	Registered capital	Proportion of shares held by the parent (%)	Proportion of voting rights held by the parent (%)
China South Industries Group Corporation	Beijing	State-owned assets investment	35.30 billion yuan	71.13	71.13

The ultimate controlling party of the Company is the State-owned Assets Supervision and Administration Commission of the State Council.

3. Subsidiaries of the Company

See Note IX-1 “Equity in the subsidiaries”.

4. Joint Ventures and Associates of the Company

See Note IX-2 “Equity in joint venture arrangements or associates”.

5. Other related parties

Other related party	Relationship with the Company
Chongqing Jianshe Mechanical & Electrical Equipment Co., Ltd.	Controlled by the same party
Chongqing Jianshe Industry (Group) Co., Ltd.	Controlled by the same party
China South Industries Group Finance Co., Ltd.	Controlled by the same party
Chongqing Changan Automobile Co., Ltd.	Controlled by the same party
Beijing Changan Automobile Company under Chongqing Changan Automobile Co., Ltd.	Controlled by the same party
Chongqing Lingyao Automobile Co., Ltd.	Joint venture of subsidiaries of CSGC
Hebei Changan Automobile Co., Ltd.	Controlled by the same party
Nanjing Changan Automobile Co., Ltd.	Controlled by the same party
Baoding Changan Bus Manufacturing Co., Ltd.	Controlled by the same party
Hefei Changan Automobile Co., Ltd.	Controlled by the same party
Chongqing Changan Automobile Customer Service Co., Ltd.	Controlled by the same party
Chongqing North Jianshe IMP. & EXP. Trade Co., Ltd.	Controlled by the same party
Hafei Motor Co., Ltd.	Controlled by the same party
South Air International Conditioning Co., Ltd.	Controlled by the same party
Southwest Ordnance Chongqing Environmental Protection Research Institute Co., Ltd.	Controlled by the same party
China Ordnance Equipment Group Commercial Factoring Co., Ltd.	Controlled by the same party
Chongqing Jianshe Yamaha Motorcycle Co., Ltd.	Joint venture of subsidiaries of CSGC

Other related party	Relationship with the Company
Changan Minsheng APLL Logistics Co., Ltd.	Joint venture of subsidiaries of CSGC
Chongqing Jianshe Lijue Industrial Co., Ltd.	Associates of subsidiaries of CSGC
Changan Minsheng APLL Logistics Co., Ltd.	Controlled by the same party
Baoding Changan Bus Manufacturing Co., Ltd.	Controlled by the same party
Hefei Changan Automobile Co., Ltd.	Controlled by the same party
Hebei Changan Automobile Co., Ltd.	Controlled by the same party
Nanjing Changan Automobile Co., Ltd.	Controlled by the same party
Chongqing Changan Automobile Co., Ltd.	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
Zhuzhou Jianshe Yamaha Motorcycle Co., Ltd.	Associates of subsidiaries of CSGC

6.Related party transactions

(1)Related transactions on purchase of goods and receiving of services

①Table of goods purchased/ services received

Related-party	Contents of related transaction	Year 2023	Year 2022
Chongqing Jianshe Industry (Group) Co., Ltd.	Inspection of parts and accessories	312,629.70	441,640.30
Changan Minsheng APLL Logistics Co., Ltd.	Warehousing services	405,957.33	448,659.50
Southwest Ordnance Chongqing Environmental Protection Research Institute Co., Ltd.	Inspection of parts and accessories		1,512,267.38
Chongqing Jianshe Industry (Group) Co., Ltd.	Materials	2,053,179.68	837,856.39
Baoding Changan Bus Manufacturing Co., Ltd.	Maintenance	876.89	139,252.59
Hefei Changan Automobile Co., Ltd.	Maintenance	69,527.90	90,432.89
Hebei Changan Automobile Co., Ltd.	Maintenance	104,728.23	
Nanjing Changan Automobile Co., Ltd.	Maintenance	33,594.70	33,762.40
Chongqing Changan Automobile Co., Ltd.	Maintenance	486,895.09	578,496.61
<u>Total</u>		<u>3,467,389.52</u>	<u>4,082,368.06</u>

②List of goods sold/services provided

Related-party	Contents of related transaction	Year 2023	Year 2022
Chongqing Changan Automobile Co., Ltd.	Auto and parts and accessories	26,479,514.47	43,720,572.99

Related-party	Contents of related transaction	Year 2023	Year 2022
Chongqing Lingyao Automobile Co., Ltd.	Auto and parts and accessories	60,388.32	4,636,556.72
Hefei Changan Automobile Co., Ltd.	Auto and parts and accessories	12,785,893.50	11,134,628.84
Nanjing Changan Automobile Co., Ltd.	Auto and parts and accessories	501,883.16	2,161,621.42
Baoding Changan Bus Manufacturing Co., Ltd.	Auto and parts and accessories	4,998,827.48	150,622.08
Hebei Changan Automobile Co., Ltd.	Auto and parts and accessories	12,036,323.46	121,469.92
Chongqing Changan Automobile Customer Service Co., Ltd.	Auto and parts and accessories	1,439.88	
Chongqing Jianshe Yamaha Motorcycle Co., Ltd.	Motorcycle parts	3,964,246.09	12,974,854.46
Chongqing Jianshe Yamaha Motorcycle Co., Ltd.	Labor Services	542,823.63	
Chongqing Jianshe Industry (Group) Co., Ltd.	Materials	29,005.80	21,617.53
Chongqing Jianshe Mechanical & Electrical Equipment Co., Ltd.	Materials	2,631.90	88,671.74
Chongqing Hanon Jianshe Thermal Systems Co., Ltd.	Materials	26,289.93	15,848.42
Chongqing Hanon Jianshe Thermal Systems Co., Ltd.	Auto parts and accessories	4,470,298.88	1,780,532.11
Changan Minsheng APLL Logistics Co., Ltd. and its affiliates	Auto parts and accessories	18,439.20	
<u>Total</u>		<u>65,918,005.70</u>	<u>76,806,996.23</u>

(2) Remuneration of key senior officers

Item	Year 2023	Year 2022
Remuneration of key senior officers	4,403,872.63	3,780,412.68

(3) Other related-party transactions

① Related-party deposits

Name of related parties	Balance as at January 1, 2023	Increase in 2023	Decrease in 2023	Balance as at December 31, 2023
China South Industries Group Finance Co., Ltd	166,896,601.5	2,214,792,896.	2,254,371,763.	127,317,734.
	7	63	27	93

Remark: the interest of related-party deposits received in 2023 totaled RMB 943,414.26.

7.Unsettled items of accounts receivable, accounts payable to related parties

① Receivables

Item name	Related party	Balance as at December 31, 2023		Balance as at January 1, 2023	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Chongqing Changan Automobile Co., Ltd.	4,071,362.45		7,072,474.5	3
Accounts receivable	Hafei Motor Co., Ltd.	3,999,944.43	3,999,944.	3,999,944.4	3,999,944.
Accounts receivable	Hefei Changan Automobile Co., Ltd.	4,017,199.05	43	2,846,630.1	3
Accounts receivable	Chongqing Hanon Jianshe Thermal Systems Co., Ltd.	3,281,571.27		2,290,479.2	8
Accounts receivable	Chongqing Jianshe Yamaha Motorcycle Co., Ltd.	2,124,935.30		769,838.66	2
Accounts receivable	Hebei Changan Automobile Co., Ltd.	5,761,875.20		189,172.54	22,436.51
Accounts receivable	Nanjing Changan Automobile Co., Ltd.	211,294.25		132,101.39	
Accounts receivable	Changan Minsheng APLL Logistics Co., Ltd.	20,836.30			
Receivables financing	Hebei Changan Automobile Co., Ltd.	1,070,000.00			
Receivables financing	Hefei Changan Automobile Co., Ltd.	1,201,784.82			
Receivables financing	Chongqing Changan Automobile Co., Ltd.	1,610,000.00		12,320,000.	00
Notes receivable	Chongqing Jianshe Yamaha Motorcycle Co., Ltd.	247,000.00		267,000.00	
Other receivables	Chongqing Jianshe Lijue Industrial Co., Ltd.	1,478,870.07	1,478,870.	1,478,870.0	1,478,870.
Other receivables	Chongqing Jianshe Industry (Group) Co., Ltd.		07	1,294,150.6	7
				6	07

② Payables

Item name	Related party	Balance as at December 31, 2023	Balance as at January 1, 2023
Accounts payable	China Ordnance Equipment Group Commercial Factoring Co., Ltd.	13,430,000.00	18,250,000.00
Accounts payable	Chongqing Hanon Jianshe Thermal Systems Co., Ltd.	996,427.96	526,575.70
Accounts payable	Chongqing Jianshe Yamaha Motorcycle Co., Ltd.		23,210.00
Accounts payable	Changan Minsheng APLL Logistics Co., Ltd.		20,895.96
Notes payable	China South Industries Group Finance Co., Ltd.	3,790,000.00	14,000,000.00
Other payables	Chongqing Jianshe Industry (Group) Co., Ltd.	1,105,662.69	341,525.92
Other payables	Luoyang North Enterprises Group Co., Ltd.	142,730.00	142,730.00
Other payables	Southwest Ordnance Chongqing Environmental Protection Research Institute Co., Ltd.		100,000.00
Other payables	Chongqing Jianshe Lijue Industrial Co., Ltd.		57,200.00
Other payables	Norendar International Co., Ltd.	25,000.00	25,000.00
Other payables	Chongqing Hanon Jianshe Thermal Systems Co., Ltd.		20,470.00
Contract liabilities	Chongqing Lingyao Automobile Co., Ltd.	7,588.38	223,940.62
Contract liabilities	Chongqing Hanon Jianshe Thermal Systems Co., Ltd.		14,617.55
Contract liabilities	Chongqing Changan Automobile Co., Ltd., Changan Automobile (Beijing) Company		2,799.75
Contract liabilities	Chongqing North Jianshe IMP. & EXP. Trade Co., Ltd.	698.20	698.20
Contract liabilities	Zhuzhou Jianshe Yamaha Motorcycle Co., Ltd.		553.11

XV.Commitments and contingencies

1.Significant commitments

The Company has no significant commitments to be disclosed.

2.Significant contingencies

The Company has no significant contingencies required to be disclosed.

XVI.Post balance sheet events

As at the reporting date of financial report, the Company has no major post balance sheet events required to be disclosed

XVII.Other significant events

1.Segment information

The Company has a single business, mainly the manufacture and sale of automotive air conditioners and their parts and carburetors, and the repair of automotive air conditioners and

their parts. The management manages this business as a whole and evaluates the operating results, therefore, no segment information is presented in the financial statements.

XVIII. Notes to Major Items in Financial Statements of the Parent

1. Accounts Receivable

(1) Accounts Receivable Disclosed Using Aging Analysis Method

Aging	Balance as at December 31, 2023	Balance as at January 1, 2023
Within 1 year (including 1 year)	4,014,658.51	3,266,890.00
Including: 1 - 6 months (inclusive)	4,014,658.51	
Within 6 months -1 year		3,266,890.00
Subtotal within 1 year	4,014,658.51	3,266,890.00
1-2 years (including 2 year)		
2-3 years (including 3 year)		
3-4 years (including 4 year)		
4-5 years (including 5 year)		
Over 5 years	1,291,496.94	1,291,496.94
<u>Total</u>	<u>5,306,155.45</u>	<u>4,558,386.94</u>

(2) Classified and Disclosed Accounts receivable According to the Method of Provision for Allowance for Doubtful Accounts

Classification	Balance as at December 31, 2023				Carrying amount
	Gross carrying amount		Allowance for doubtful accounts		
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable that are individually assessed for impairment					
Accounts receivable that are collectively assessed for impairment	5,306,155.45	100.00	1,291,496.94	24.34	4,014,658.51
Including:					
Aging portfolio	5,306,155.45	100.00	1,291,496.94	24.34	4,014,658.51
<u>Total</u>	<u>5,306,155.45</u>	<u>100.00</u>	<u>1,291,496.94</u>	<u>24.34</u>	<u>4,014,658.51</u>

(Continued)

Classification

Balance as at January 1, 2023

	Gross carrying amount		Allowance for doubtful accounts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable that are individually assessed for impairment					
Accounts receivable that are collectively assessed for impairment	4,558,386.94	100.00	1,291,496.94	28.33	3,266,890.00
Including:					
Aging portfolio	4,558,386.94	100.00	1,291,496.94	28.33	3,266,890.00
<u>Total</u>	<u>4,558,386.94</u>	<u>100.00</u>	<u>1,291,496.94</u>	<u>28.33</u>	<u>3,266,890.00</u>

Accounts receivable that are Collectively Assessed for Impairment:

Portfolio: Aging portfolio

Aging	Balance as at December 31, 2023		
	Amount	Allowance for doubtful accounts	Proportion (%)
Within 1 year (including 1 year)	4,014,658.51		
Including: 1 - 6 months (inclusive)	4,014,658.51		
Within 6 months -1 year			
Subtotal within 1 year	4,014,658.51		
1-2 years (including 2 year)			
2-3 years (including 3 year)			
3-4 years (including 4 year)			
4-5 years (including 5 year)			
Over 5 years	1,291,496.94	1,291,496.94	100.00
<u>Total</u>	<u>5,306,155.45</u>	<u>1,291,496.94</u>	<u>24.34</u>

(3) Provision for bad debts

Classification	Balance as at January 1, 2023	Provision	Change in 2023			Balance as at December 31, 2023
			Recovery or reversal	Charge-off	Other changes	
Accounts receivable that are individually assessed for impairment						
Accounts receivable that are collectively assessed for impairment	1,291,496.94					1,291,496.94
Including: Aging portfolio	1,291,496.94					1,291,496.94

Classification	Balance as at January 1, 2023	Change in 2023			Other changes	Balance as at December 31, 2023
		Provision	Recovery or reversal	Charge-off		
<u>Total</u>	<u>1,291,496.94</u>					<u>1,291,496.94</u>

(4) There were no accounts receivable actually written off in 2023.

(5) Top Five Debtors According to Closing Balances

Debtor name	Gross carrying amount	Proportion of total Accounts receivable (%)	Allowance for doubtful accounts
Chongqing Hanon Jianshe Thermal Systems Co., Ltd.	3,281,571.27	61.84	
Chongqing Jianshe Yamaha Motorcycle Co., Ltd.	732,703.66	13.81	
Wuhan Longchang Company Wujiao Marketing Department	473,539.96	8.92	473,539.96
Changzheng Machinery Factory of China Aerospace Science and Technology Corporation	395,296.04	7.45	395,296.04
Chongqing Chihai Machinery Manufacturing Co., Ltd	145,999.35	2.75	145,999.35
<u>Total</u>	<u>5,029,110.28</u>	<u>94.78</u>	<u>1,144,335.35</u>

2. Other Receivables

(1) Classification of Other Receivables

Items	Balance as at December 31, 2023	Balance as at January 1, 2023
Other receivables	289,159.26	1,345,740.08
<u>Total</u>	<u>289,159.26</u>	<u>1,345,740.08</u>

(2) Other Receivables

① Other Receivables Disclosed Using Aging Analysis Method

Aging	Balance as at December 31, 2023	Balance as at January 1, 2023
Within 1 year (including 1 year)	289,159.26	1,345,740.08
Including: 1 - 6 months (inclusive)	289,159.26	1,345,740.08
Within 6 months - 1 year		
Subtotal within 1 year	289,159.26	1,345,740.08
1-2 years (including 2 year)		

2-3 years (including 3 year)		1,223,146.45
3-4 years (including 4 year)	1,223,146.45	255,723.62
4-5 years (including 5 year)	255,723.62	
Over 5 years	4,203,627.25	4,203,627.25
<u>Total</u>	<u>5,971,656.58</u>	<u>7,028,237.40</u>

② Classification of Other Receivables by the Mature of Payment

Nature of Payment	Balance as at December 31, 2023	Balance as at January 1, 2023
Reserves, security deposits, advance payment for social insurance premiums for employees, etc.	181,567.27	51,589.42
Current accounts	5,790,089.31	6,976,647.98
<u>Total</u>	<u>5,971,656.58</u>	<u>7,028,237.40</u>

③ Classified and Disclosed Other Receivables According to the Method of Provision for Allowance for Doubtful Accounts

Classification	Balance as at December 31, 2023				Carrying amount
	Gross carrying amount		Allowance for doubtful accounts		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables that are individually assessed for impairment	1,960,624.16	32.83	1,960,624.16	100.00	
Other receivables that are collectively assessed for impairment	4,011,032.42	67.17	3,721,873.16	92.79	289,159.26
Including:					
Aging portfolio	4,011,032.42	67.17	3,721,873.16	92.79	289,159.26
<u>Total</u>	<u>5,971,656.58</u>	--	<u>5,682,497.32</u>	--	<u>289,159.26</u>

(Continued)

Classification	Balance as at January 1, 2023				Carrying amount
	Gross carrying amount		Allowance for doubtful accounts		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables that are individually assessed for impairment	1,960,624.16	27.90	1,960,624.16	100.00	
Other receivables that are collectively assessed for impairment	5,067,613.24	72.10	3,721,873.16	73.44	1,345,740.08
Including:					
Aging portfolio	5,067,613.24	72.10	3,721,873.16	73.44	1,345,740.08
<u>Total</u>	<u>7,028,237.40</u>	--	<u>5,682,497.32</u>	--	<u>1,345,740.08</u>

Other receivables that are Individually Assessed for Impairment at Year End

Debtor	Balance as at December 31, 2023			Reason for recognition
	Carrying amount	Allowance for doubtful accounts	Expected Credit Loss Rate(%)	
Chongqing Jinxiang Lifting Equipment Manufacturing Co., Ltd.	16,800.00	16,800.00	100.00	Expected to be irrecoverable
Yangzhou Qionghua Coating Engineering Equipment Co., Ltd.	56,500.00	56,500.00	100.00	Expected to be irrecoverable
Chongqing Customs	78,825.36	78,825.36	100.00	Expected to be irrecoverable
Chongqing Jianshe Lijue Industrial Co., Ltd.	1,478,870.07	1,478,870.07	100.00	Expected to be irrecoverable
Ningbo Jianshe Motorcycle Co. Ltd.	329,628.73	329,628.73	100.00	Expected to be irrecoverable
<u>Total</u>	<u>1,960,624.16</u>	<u>1,960,624.16</u>	<u>100.00</u>	—

Accounts receivable that are Collectively Assessed for Impairment:

Portfolio: Aging portfolio

Aging	Balance as at December 31, 2023	
	Amount	Allowance for doubtful accounts Proportion (%)
1 - 6 months (inclusive)	289,159.26	
Within 6 months -1 year		

1-2 years (including 2 year)			
2-3 years (including 3 year)			
3-4 years (including 4 year)			
4-5 years (including 5 year)			
Over 5 years	3,721,873.16	3,721,873.16	100.00
<u>Total</u>	<u>4,011,032.42</u>	<u>3,721,873.16</u>	--

④ Allowance for Doubtful Accounts of Other Receivables According to the General

Allowance for doubtful accounts	Stage I	Stage II	Stage III	Total
	Expected credit losses over the next 12 months	Expected credit loss over the duration (without credit impairment)	Expected credit loss over the duration (credit impairment incurred)	
Opening Balance	3,721,873.16		1,960,624.16	5,682,497.32
Opening Balance is in the Current Year				
--Transfer into Stage II				
--Transfer into Stage III				
--Reverse into Stage II				
--Reverse into Stage I				
Current-period Recognition				
Current-period Reversals				
Current-period Charge-off				
Current-period Write-off				
Other Changes				
Closing Balance	3,721,873.16		1,960,624.16	5,682,497.32

⑤ Provision for bad debts

Classification	Balance as at	Change in 2023			Balance as at	
	January 1, 2023	Provision	Recovery or reversal	Charge-off	Other changes	December 31, 2023
Accounts receivable that are individually assessed for impairment	1,960,624.16					1,960,624.16
Accounts receivable that are collectively assessed for impairment	3,721,873.16					3,721,873.16

Classification	Balance as at		Change in 2023			Balance as at December 31, 2023
	January 1, 2023	Provision	Recovery or reversal	Charge-off	Other changes	
<u>Total</u>	<u>5,682,497.32</u>					<u>5,682,497.32</u>

⑥ There were no other receivables actually written off in 2023.

⑦ Top Five Debtors According to Closing Balances

Debtor name	Gross carrying amount	Proportion of total other receivables (%)	Nature of receivables	Aging	Allowance for doubtful accounts
Shenzhen Jianshe Motorcycle Co., Ltd.	3,013,664.00	50.47	Current accounts	Over 5 years	3,013,664.00
Chongqing Jianshe Lijue Industrial Co., Ltd.	1,478,870.07	24.76	Current accounts	3-4 years	1,478,870.07
Ningbo Jianshe Chongqing Office	692,035.31	11.59	Current accounts	Over 5 years	692,035.31
Ningbo Jianshe Motorcycle Co., Ltd.	329,628.73	5.52	Current accounts	Over 5 years	329,628.73
Chongqing Customs	78,825.36	1.32	Current accounts	Over 5 years	78,825.36
<u>Total</u>	<u>5,593,023.47</u>	<u>93.66</u>	--	--	<u>5,593,023.47</u>

3. Long-term Equity Investments

Items	Balance as at December 31, 2023			Balance as at January 1, 2023		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Investment in subsidiaries	199,045,443.95		199,045,443 .95	199,045,443 .95		199,045,443 .95
Investments in associates and joint ventures	221,207,680.99		221,207,680.99	210,112,321 .04		210,112,321 .04
<u>Total</u>	<u>420,253,124.94</u>		<u>420,253,124</u> <u>.94</u>	<u>409,157,764</u> <u>.99</u>		<u>409,157,764</u> <u>.99</u>

(1) Investments in subsidiaries

Investee	Balance as at January 1, 2023	Increase in 2023	Decrease in 2023	Balance as at December 31, 2023	Provision for impairment in 2023	Balance of provision for impairment as at December 31, 2023
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		
<u>Total</u>	<u>199,045,443.95</u>			<u>199,045,443.95</u>		

(2) Investments in associates and joint ventures

Investee	Balance as at January 1, 2023	Increase or decrease in 2023	
		Additional investment	Reduced investment
I. Joint venture			
Chongqing Hanon Jianshe Thermal Systems Co., Ltd.	210,112,321.04		
<u>Subtotal</u>	<u>210,112,321.04</u>		
<u>Total</u>	<u>210,112,321.04</u>		

(Continued)

Other changes in equities	Increase/decrease in 2023		
	Cash dividends or profits declared to be distributed	Provision for impairment	Others
11,095,359.95			
<u>11,095,359.95</u>			
<u>11,095,359.95</u>			

(Continued)

Increase/decrease in 2022		Balance as at December 31, 2023	Balance of provision for impairment as at December 31, 2023
Provision for impairment	Others		
		221,207,680.99	
		<u>221,207,680.99</u>	
		<u>221,207,680.99</u>	

4. Operating Revenue and Operating Costs

(1) Operating revenue and operating costs

Items	Year 2023		Year 2022	
	Revenue	Costs	Revenue	Costs
Principal operating activities	318,399,972.24	312,801,655.04	255,276,559.90	259,099,923.72
Other operating activities	486,555.78	44,600.07	474,716.54	12,774.84
<u>Total</u>	<u>318,886,528.02</u>	<u>312,846,255.11</u>	<u>255,751,276.44</u>	<u>259,112,698.56</u>

(2) Segment of operating revenue and operating cost

Classifications of Contracts	prime operating revenue	
	Revenue	Costs
Type of goods		
Automobile and motorcycle parts	318,399,972.24	312,801,655.04
Classified by operating region		
Domestic	318,886,528.02	312,846,255.11
<u>Total</u>	<u>318,886,528.02</u>	<u>312,846,255.11</u>

5. Investment Income

Sources for investment income	Year 2023	Year 2022
Income from long-term equity investments using equity method	11,095,359.95	8,128,052.32
<u>Total</u>	<u>11,095,359.95</u>	<u>8,128,052.32</u>

XIX. supplementary Information

1. Breakdown of non-recurring profit or loss in 2023

Details of non-recurring profit and lossItem	Amount	Remark
Profit or loss from disposal of non-current assets, Including the write-off portion of the provision for asset impairment	-413,963.91	
Government grants included in current profits or losses, except for government grants closely related to the enterprise business, in accordance with the provisions of national policies, enjoyed in accordance with the determined standards and having a continuous impact on the profit or loss of the Company Except for effective hedging business related to the normal operation of the Company, the fair value gains and losses arising from the holding of financial assets and financial liabilities by non-financial enterprises, as well as the gains and losses arising from the disposal of financial assets and financial liabilities Expenses for using funds charged from non-financial enterprises and included in the current profit or loss	1,104,494.20	
Profit or loss from entrusting others to invest in or manage assets		
Profit or loss from outward entrusted loans		
Provisions for impairment of various assets due to any force majeure, such as the natural disaster		
Reversal of provision for impairment of receivables under single impairment test	365,922.51	
Gains from the difference between the investment costs of acquisition of subsidiaries, associates and joint ventures and share in the net fair value of the identifiable assets of the investee when investing		

Details of non-recurring profit and lossItem	Amount	Remark
Net profit or loss of the subsidiary from the business combination under common control for the period from the beginning of the period to the combination date		
Profit or loss from exchange of non-monetary assets		
Profits or losses from debt restructuring		
The one-time expenses incurred by the enterprise due to the discontinuation of related business activities, such as expenses for resettling employees, etc		
One-time impact on current profit and loss due to adjustment of laws and regulations such as taxation and accounting		
The one-time confirmation of share based payment fees due to cancellation or modification of equity incentive plans		
For cash settled share based payments, the gains and losses arising from changes in fair value of employee compensation payable after the vesting date		
Profit or loss from changes in fair value of investment property subsequently measured by adopting the fair value model		
Profit or loss from the part generating in the transaction where the transaction price is not fair and exceeding the fair value		
Profit or loss from contingencies irrelevant to the Company's normal business		
Revenue from trustee fee from the entrusted management		
Non-operating revenue and expenses other than the above-mentioned items	77,853.72	
Other items of profit or loss subject to the definition of non-recurring profit or loss		
Less: affected amount of income tax		
Affected minority equity (after tax)		
<u>Total</u>	<u>1,134,306.52</u>	

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

Profit in the reporting period	Weighted average Net return on assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	-89.60	-0.58	-0.58
Net profit attributable to common shareholders of the Company after deducting the non-recurring profit or loss	-91.06	-0.59	-0.59