

2023 Annual Report



重慶長安民生物流股份有限公司

Changan Minsheng APLL Logistics Co., Ltd.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01292)

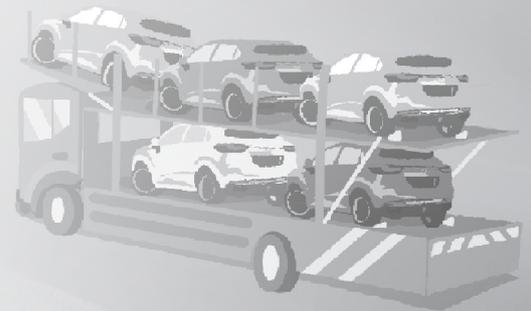


* For identification purpose only



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CORPORATE INFORMATION



Executive Directors

Xie Shikang (Chairman)
Wan Nianyong

Non-Executive Directors

Che Dexi
Chen Wenbo
Jin Jie
Dong Shaojie

Independent Non-Executive Directors

Li Ming
Man Wing Pong
Chen Jing

Supervisors

Wang Huaicheng (Chairman)
Ang Lai Fern
Yang Gang
Deng Li
Liu Shasha

General Manager

Wan Nianyong

Senior Management

Ren Fei
Chen Zhigang
Liao Jiahua
Liao Yannan
Chen Hongyu
Tang Zhong

Company Secretary

Yuan Quan

Audit and Risk Committee

Li Ming (Chairman)
Dong Shaojie
Man Wing Pong
Chen Jing

Remuneration Committee

Man Wing Pong (Chairman)
Dong Shaojie
Li Ming
Chen Jing

Nomination Committee

Xie Shikang (Chairman)
Dong Shaojie
Li Ming
Man Wing Pong
Chen Jing

Strategy and Investment Committee

Xie Shikang (Chairman)
Wan Nianyong
Li Ming
Man Wing Pong
Chen Jing

Authorised Representative

Xie Shikang
Chen Wenbo

Auditors

Grant Thornton Zhitong Certified Public Accountants LLP
5th Floor, Scitech Place, 22 Jianguomenwai Avenue,
Chaoyang District, Beijing, the PRC

Hong Kong Counsellor

Haiwen & Partners LLP
Suites 1101-1104, 11/F, One Exchange Square
8 Connaught Place, Central, Hong Kong

Principal Bankers

Industrial and Commercial Bank of China Limited, Chongqing Branch
China Merchants Bank Limited, Chongqing Branch
China Construction Bank Limited, Chongqing Branch

H-shares Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Hong Kong

Registered Office in the PRC

No. 1881 Jinkai Road, Yubei District,
Chongqing, the PRC

Office and Address of Correspondence

No. 1881 Jinkai Road, Yubei District,
Chongqing, the PRC
Zip Code: 401122

Head Office in Hong Kong

16/F, 144-151 Singa Commercial Centre
Connaught Road West, Hong Kong

Stock Code

01292

Website

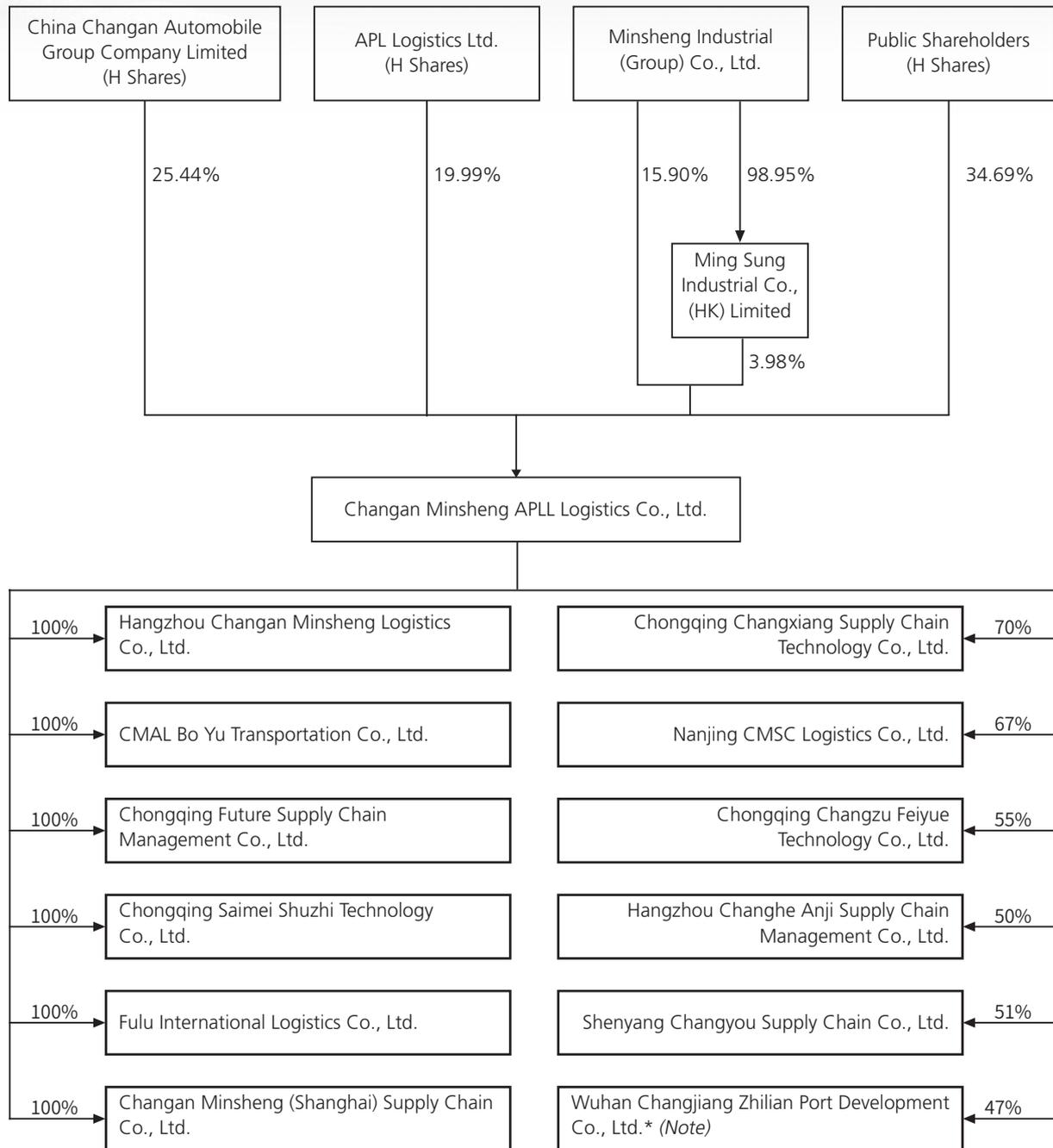
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GROUP'S SHAREHOLDING STRUCTURE

As at 31 December 2023, the Group's shareholding structure is as follows:



Note: The Company entered into an Acting-in-Concert Agreement with Wuhan Changxin Hengyuan Group Co., Ltd. on the general meeting of shareholders and Board meeting, and in respect of which the Company shall exert huge influence on Wuhan Changjiang Zhilian Port Development Co., Ltd. ("Changjiang Zhilian")



FINANCIAL SUMMARY



Results

Set out below is the summary of the consolidated results of Changan Minsheng APLL Logistics Co., Ltd. (the “Company”) and its subsidiaries (the “Group”) for the five years ended 31 December 2023 (as extracted from the Group’s audited consolidated and company income statement):

	As at 31 December				
	2023	2022	2021	2020	2019
	RMB yuan	RMB yuan	RMB yuan	RMB yuan	RMB yuan
Revenue	7,968,998,231.49	7,720,202,129.16	6,020,899,000.00	4,685,655,000.00	4,341,585,000.00
		(Note 3)			
Total profit/(loss)	75,008,581.99	68,292,726.82	58,843,000.00	23,241,000.00	-36,697,000.00
Income tax expense	17,045,642.33	21,777,052.53	16,734,000.00	9,451,000.00	7,840,000.00
Net profit/(loss) for the year	57,962,939.66	46,515,674.29	42,109,000.00	13,790,000.00	-44,537,000.00
Minority shareholders interest	1,516,074.74	8,033,866.12	12,961,000.00	13,369,000.00	11,430,000.00
Profit attributable to the shareholders of parent	56,446,864.92	38,481,808.17	29,148,000.00	421,000.00	-55,967,000.00
	RMB yuan	RMB yuan	RMB yuan	RMB yuan	RMB yuan
Earnings per share attributable to ordinary equity holders of the Company					
Basic and diluted-for profit for the year (Note 1)	0.35	0.24	0.18	0.00	(0.35)
Dividends per share	0.2	0.15	0.05	0	0
	(including tax)	(including tax)	(including tax)	(including tax)	(including tax)
	(Note 2)				

Note 1: Earnings per share attributable to ordinary equity holders of the Company is calculated by dividing the profit attributable to the owners of the Company for the years ended 31 December 2019, 2020, 2021, 2022 and 2023 by the weighted average number of shares in issue for the respective years ended 31 December 2019, 2020, 2021, 2022 and 2023 respectively, being 162,064,000, 162,064,000, 162,064,000, 162,064,000 and 162,064,000 shares.

Note 2: The Board recommends the payment of the final dividend for the year ended 31 December 2023, which is subject to approval of the Company’s shareholders at general meeting.

Note 3: This figure was adjusted according to China Accounting Standards for Business Enterprises.





FINANCIAL SUMMARY

Assets and Liabilities

Set out below is the summary of the Group's balance sheet for the five years ended 31 December 2023 (as extracted from the Group's audited consolidated and company balance sheets):

	As at 31 December				
	2023 RMB yuan	2022 RMB yuan	2021 RMB yuan	2020 RMB yuan	2019 RMB yuan
Non-current assets	1,504,504,826.98	1,341,713,302.42	1,259,073,000.00	1,225,005,000.00	1,285,021,000.00
Current assets	3,669,906,941.54	3,573,957,122.08	2,917,203,000.00	3,169,621,000.00	3,274,565,000.00
Total assets	5,174,411,768.52	4,915,670,424.50	4,176,276,000.00	4,394,626,000.00	4,559,586,000.00
Non-current liabilities	255,306,262.53	196,476,282.44	111,699,000.00	61,387,000.00	108,163,000.00
Current liabilities	2,729,541,661.34	2,557,320,801.14	1,968,504,000.00	2,292,740,000.00	2,412,669,000.00
Total liabilities	2,984,847,923.87	2,753,797,083.58	2,080,203,000.00	2,354,127,000.00	2,520,832,000.00
Minority shareholders interest	173,310,520.72	176,070,582.49	144,382,000.00	122,167,000.00	121,259,000.00
Profit attributable to the shareholders of parent	2,016,253,323.93	1,985,802,758.43	1,951,691,000.00	1,918,332,000.00	1,917,495,000.00
Total equity	2,189,563,844.65	2,161,873,340.92	2,096,073,000.00	2,040,499,000.00	2,038,754,000.00



CHAIRMAN'S STATEMENT



On behalf of the board (the “Board”) of directors (the “Director(s)”) of the Company, I am pleased to present the audited annual results of the Group for the year ended 31 December 2023 to all shareholders of the Company.

In 2023, the Company embarked on the first year of the post epidemic era. Benefiting from the continuous upward and healthy development of China's economy and the automobile industry, and thanks to the hard work and endeavours of members of the Board, management and all staff, the Company's operating revenue reached a record high and profit attributable to owners of the Company reached a six-year high. The Company continued to maintain a favourable development trend.

Annual Results

In 2023, the development of the domestic automobile market started with a downturn and then rose. With the policies adopted to restore and stabilise economic growth by the country, and combined with local subsidies for car purchases, promotional activities and other measures, the production volume and sales volume of cars in China hit a new record high, exceeding 30 million units for the first time. In 2023, the domestic automobile production volume and sales volume were 30.161 million vehicles and 30.094 million vehicles respectively, increased by 11.6% and 12% year-on-year, and the production volume and sales volume remained the world's largest. Under the overall favourable market environment of the automobile industry, Chongqing Changan Automobile Co., Ltd. (“Changan Automobile”), the Group's major customer, and its associates recorded a significant growth in the production volume and sales volume in 2023, which amounted to 2,583,215 vehicles and 2,553,052 vehicles respectively, representing a year-on-year increase of 12.39% and 8.82%.

In 2023, the Group's revenue reached RMB7,968,998,231.49, up by 3.22% as compared with RMB7,720,202,129.16 last year. The profit attributable to equity holders of the Company was up to RMB56,446,864.92, representing an increase of RMB17,965,056.75 as compared with RMB38,481,808.17 last year. The basic earnings per share was RMB0.35 (in 2022: RMB0.24).





Annual Review

In 2023, faced up to difficulties, the Company forged ahead and worked together to consistently promote high technology, high vitality, high efficiency, high brand, and high quality. The Company's transformation and upgrading and high-quality development made progress, achieving upward transformation and upgrading, stronger vitality, stronger organizational effectiveness, more prominent brand potential, and more solid development momentum. The Company made outstanding achievements in business performance, strategic planning, technological innovation, and reform and innovation. The Company's operating scale and the proportion of non-connected transactions reached record highs.

Awards

ORGANISER	AWARD
Dun & Bradstreet Group	<ul style="list-style-type: none"> ○ D-U-N-S Number
China Federation of Logistics & Purchasing	<ul style="list-style-type: none"> ○ Logistics Technology Innovation Cases ○ Recommended Brands in Logistics Technology and Equipment ○ KPI Benchmarking Enterprises for Automotive Finished Vehicle Logistics ○ KPI Benchmarking Enterprises for Automotive After-Sales Parts Logistics ○ Outstanding Innovation Cases in Automotive Logistics Industry
China Culture Administration Association	<ul style="list-style-type: none"> ○ Silver Award Endorsement Works of the Voice of the Most Beautiful Brand ○ First Prize of Enterprise Party Building Brand Innovation Achievement ○ Silver Award Endorsement Works of the Voice of the Most Beautiful Pioneers ○ Advanced Unit of Enterprise Happiness Index Construction in 2023 ○ Special Award for Outstanding Green Enterprise Cases
Chongqing Enterprise Management Modernisation Innovation Achievement Approval Committee	<ul style="list-style-type: none"> ○ First Class Achievements for Enterprise Management Modernisation Innovation Achievements in Chongqing in 2023
Changan Automobile	<ul style="list-style-type: none"> ○ 2023 Excellent Supplier
Changan Ford Automobile Co., Ltd. ("Changan Ford")	<ul style="list-style-type: none"> ○ 2023 Excellent Supplier



CHAIRMAN'S STATEMENT



In 2023, we succeeded in obtaining the after-sales business of Changan Mazda Automobile Co., Ltd. (“Changan Mazda”), spare parts business of Avita Technology (Chongqing) Co., Ltd., Changan Ford milk-run business and KD packaging business of Changan Automobile; we made a breakthrough in cooperation with high-end customers such as China National Vehicles Imp. & Exp. Co., Ltd., Contemporary Amperex Technology Co., Ltd., China Baowu Steel Group Corporation, Beijing Li Auto Automobile Co., Ltd., Beiqi Foton Motor Co., Ltd. and Sailun Group Co., Ltd. etc.; and we signed agreements on deeper cooperation with Chenzhi Technology Co., Ltd., Chengdu Huachuan Electric Co., Ltd. and Wuhan Steel Group Logistics Co., Ltd. etc.

Being customer-centric and expanding our business, we accelerated the transformation into a technology company with digitalization, intelligence, and green development to make the Company greener. Firstly, accelerating the “No. 1 Project” of digitisation: built digital scenarios and digital systems around the “Double 30” strategic goal of digitisation and the overall digitisation level is at the domain level; upgraded the independent low-code development platform CUDP; completed the construction of the Big Data Platform 1.0. Secondly, improving intelligence: completed the trial production and validation of the self-developed submerged top-raising AGV QD700, and mastered key technologies such as the design of the chassis of the rod-type AGV and precise positioning and navigation. Thirdly, accelerating green development: completed the online trial operation of the packaging product development platform, and completed the construction and trial use of the carbon footprint digital management platform.

The Company fully implements the New Development Concept and at the same time actively fulfils its social responsibilities by actively exploring and practising ESG. The Board and the management of the Company collaborate with each other to incorporate ESG sustainability into the daily operation and management of the Company. We insist on governing the enterprise in accordance with the law, regulating the internal control system and institutional construction, and actively practicing clean business practices, so as to build a solid foundation for the realisation of steady development. On the other hand, the Company continues to promote energy conservation, emission reduction and carbon reduction, coordinates the relationship between environmental protection and industrial development, and integrates green concepts into all aspects of storage, transportation, packaging and recycling to build a carbon-reducing ecosystem.





Outlook and Prospects

In 2024, the global economy will face various uncertainties such as geopolitical tensions, trade protectionism, global debt problems and rising inflation, while the domestic economy will face the triple pressures of insufficient effective demand, overcapacity and weak expectations. However, the basic trend of domestic economic recovery and long-term improvement will remain unchanged.

According to the forecast of the China Association of Automobile Manufacturers, the total sales volume of automobiles in China in 2024 is expected to reach 31.20-31.44 million vehicles, with a year-on-year growth of 4%-5%, while the export of automobiles is expected to hit 6.00-6.24 million vehicles, with a year-on-year growth of 25%-30%, and the total sales volume of new-energy cars is expected to reach 12.50 million vehicles, increased by 35% year-on-year. The stable and healthy development of the automobile industry will contribute to a steady and positive development of the automobile logistics industry. At the same time, the State has released a series of policies and measures to boost domestic demand and consumption, the demand for transportation of bulk commodities and industrial products may increase, and the output and sales volume of the Company's non-automobile logistics customers is also expected to grow. In addition, a number of state departments are promoting in-depth integration of the logistics industry with the manufacturing industry, and manufacturing enterprises are placing greater emphasis on a controllable, safe and stable supply chain of the industrial chain. Against this background, logistics enterprises will be encouraged to establish long-term strategic partnerships with manufacturing enterprises. Against the backdrop of the continuous development of the logistics scenarios with the extensive application of new technologies such as third generation identification technology, driverless driving, supply chain digitisation, XR technology and green packaging, the advantages of the Company are gradually emerging.

But at the same time, we must also see the challenges that we face. On the one hand, many logistics companies are strengthening their network and capacity resource layout, marching towards integrated supply chain logistics and automobile logistics, and the market competition is becoming increasingly fiercer. On the other hand, the auto industry is going through a period of change, and the negative impact of the price wars of major auto companies will gradually be transmitted to the supply chain, so the Company will face enormous pressure. However, with clear strategic focus and a solid growth strategy, we will increase operational efficiency and implement more stringent cost control measures to cope with the impact of unfavourable factors.

Going forward, we will spare no effort in meeting our customers' needs with our mission of "innovating logistics services, creating a better life". With unwavering confidence, boulder-rolling-up perseverance and dauntless spirit, we will strive in unity to advance the transformation and high-quality development of the Company and strive to create greater value for shareholders and the community.

I would like to express my thanks to my Board colleagues and all employees of the Company for their fruitful work and tireless efforts. At the same time, I would like to express my sincere gratitude to our shareholders and stakeholders for their long-time support and trust.

Xie Shikang
Chairman

Chongqing, the PRC
27 March 2024



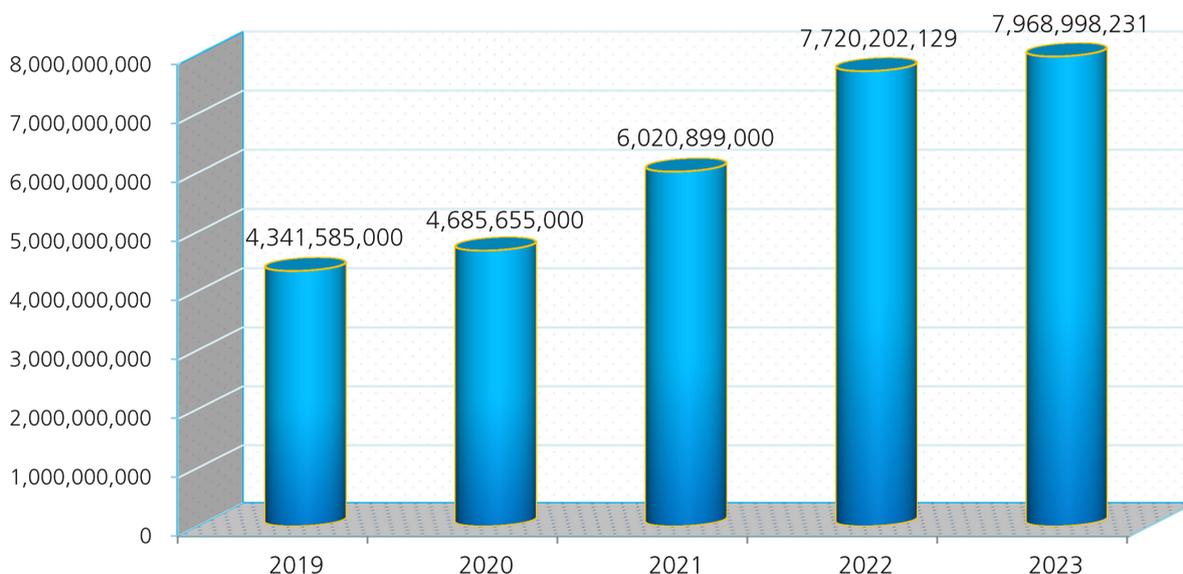


Business Review

The principal businesses of the Group are supply chain management services for automobiles and automobile raw materials, components and parts. Such services include finished vehicle transportation and related logistics services, automobile raw materials and components and parts supply chain management services, tires assembly and after-sales logistics service. Separately, the Group also provides non-automobile commodities transportation services to our customers. The Group's major customers include Changan Automobile, Changan Ford, Changan Mazda, Hebei Changan Automobile Co., Ltd., Nanjing Changan Automobile Co., Ltd., Baoding Changan Bus Manufacturing Co., Ltd. and Chongqing Changan International Sales and Services Co., Ltd., etc.

The revenue of the Group amounted to RMB7,968,998,231.49 for the year ended 31 December 2023, approximately 3.22% increase from RMB7,720,202,129.16 of last year.

Picture 1: Growth in revenue for the five years ended 31 December 2023
(unit:RMB yuan)



Supply Chain Management Services of Automobiles and Automobile Raw Materials, Components and Parts

1. Transportation of Finished Vehicles

During the reporting period, the Group's major customer recorded an increase in the sales volume, resulting in the corresponding growth in the demand of finished vehicles transportation from the Group. Therefore, for the year ended 31 December 2023, the revenue of the Group from finished vehicle transportation services was RMB3,898,671,826.86, up by approximately 4.84% from RMB3,718,608,688.16 of last year.

2. Supply Chain Management Services of Automobile Raw Materials & Components and Parts

During the reporting period, the increase in the sales volume of the Group's major customer led to the increase in the demand for supply chain management services of automobile raw materials and components and parts. As such, the revenue from supply chain management services of automobile raw materials & components and parts for the year ended 31 December 2023 was RMB2,408,300,157.96, up by approximately 10.32% from RMB2,182,928,439.00 of last year.





MANAGEMENT DISCUSSION AND ANALYSIS

Transportation of Non-automobile Commodities and Other Logistics Services

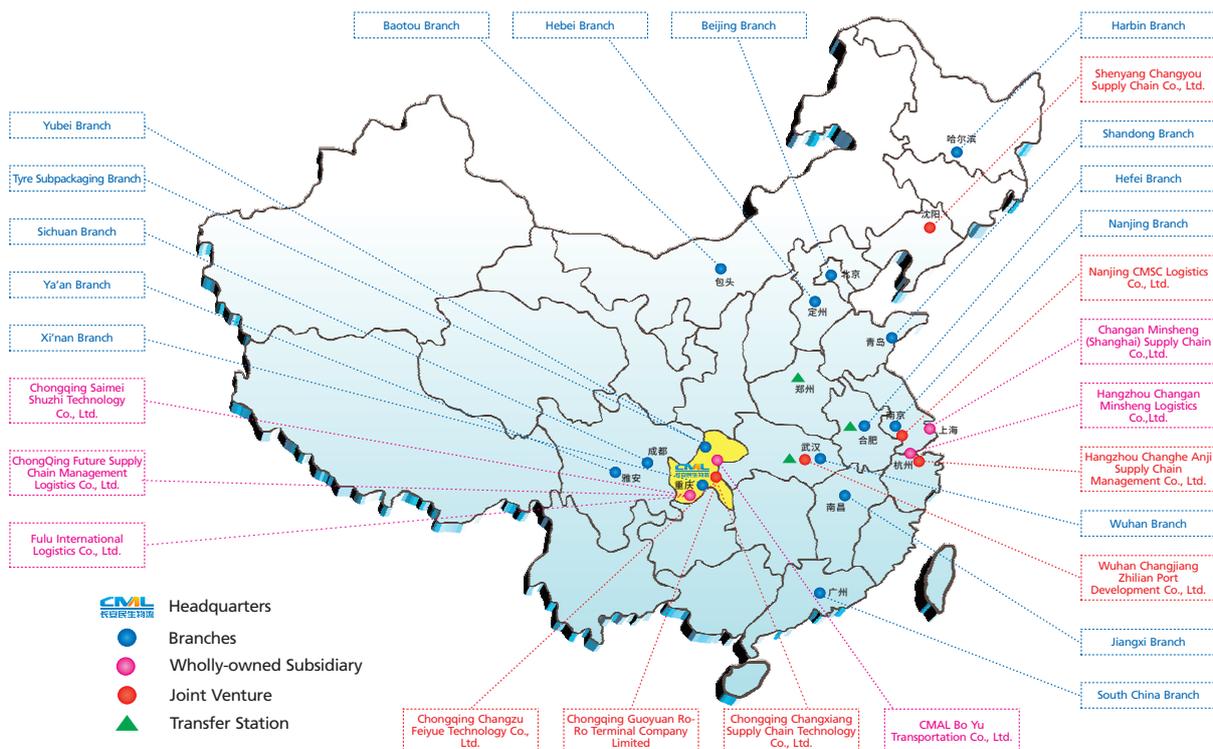
During the reporting period, the Group adjusted its business structure, which resulted in a significant decrease in the business volume of non-automobile commodities transportation. As such, the revenue of the Group from such logistics services was RMB424,107,662.09 for the year ended 31 December 2023, representing a decrease of approximately 41.21% from RMB721,363,230.00 of last year.

Automobile Components & Parts Packaging Sales and Tyres Sub-packaging

During the reporting period, the core customers of the Group increased in their demands for automotive parts packaging and tyre assembly services. For the year ended 31 December 2023, the revenue of the Group from automobile parts packages sales and tires assembly was RMB1,237,918,584.58, up by approximately 12.81% from RMB1,097,301,772.00 of last year.

Logistics Services Network

As at 31 December 2023, the Company had a total of 28 branches, subsidiaries, associated companies and representative offices, which are mainly located in East China, Central China, North China, South China and Southwest China (Picture 2). The continuous enhancement of service network enables the Group to provide logistics services to different parts of the country.



Picture 2: Location of the Company's existing branches, subsidiaries, associated companies and representative offices



MANAGEMENT DISCUSSION AND ANALYSIS



Financial Review

Cash Flow and Financial Resources

As at 31 December 2023, the Group's cash and cash equivalents was RMB849,334,512.98 (31 December 2022: RMB755,716,815.09), among which, RMB615,071,743.56 was attributed to the Company and RMB234,262,769.42 was attributed to the subsidiaries of the Group. As at 31 December 2023, the Group's total assets were RMB5,174,411,768.52 (31 December 2022: RMB4,915,670,424.50), current liabilities were RMB2,729,541,661.34 (31 December 2022: RMB2,557,320,801.14), the non-current liabilities were RMB255,306,262.53 (31 December 2022: RMB196,476,282.44), the equity attributable to owners of the Company was RMB2,016,253,323.93 (31 December 2022: RMB1,985,802,758.43) and the minority interests were RMB173,310,520.72 (31 December 2022: RMB176,070,582.49).

Cost of Operation and Gross Profit Margin

For the year ended 31 December 2023, the Group's cost of operations was RMB7,597,717,455.50 (2022: RMB7,322,219,482.10), up by approximately 3.76% from the previous financial year. Though the Group's emphasis on management and continuous strengthening of logistics and internal management cost control, it faced various adverse factors such as the rising transportation cost and labor cost, and tumbling logistics service price, resulting in the gross profit margin of the Group reduced to 4.66% (2022: 5.16%).

Selling Expenses

For the year ended 31 December 2023, the Group's selling expense was RMB50,946,651.73, representing approximately 0.64% of the Group's revenue during the period (2022: 0.66%).

During the year, the selling expenses included salaries, travelling, business and market promotion expenses incurred by the Group's sales and marketing department. Such expenses decreased by approximately 0.09% from the previous year.

Administrative Expenses

During the reporting year, the Group's administrative expenses decreased from RMB252,160,636.76 in 2022 to RMB214,717,665.51 in 2023, down by approximately 14.85% as compared with the corresponding period of previous year.

R&D Expenses

During the reporting year, the Group's R&D expenses increased from RMB13,290,961.52 in 2022 to RMB 26,803,369.07 in 2023, up approximately 101.67% as compared with the corresponding period of previous year.

Finance Expenses

The Group's finance expenses for the year amounted to RMB-3,225,090.68 (2022: RMB-12,394,485.77).

Taxation

During the reporting year, the income tax expense was RMB17,045,642.33 (2022: RMB21,777,052.53).

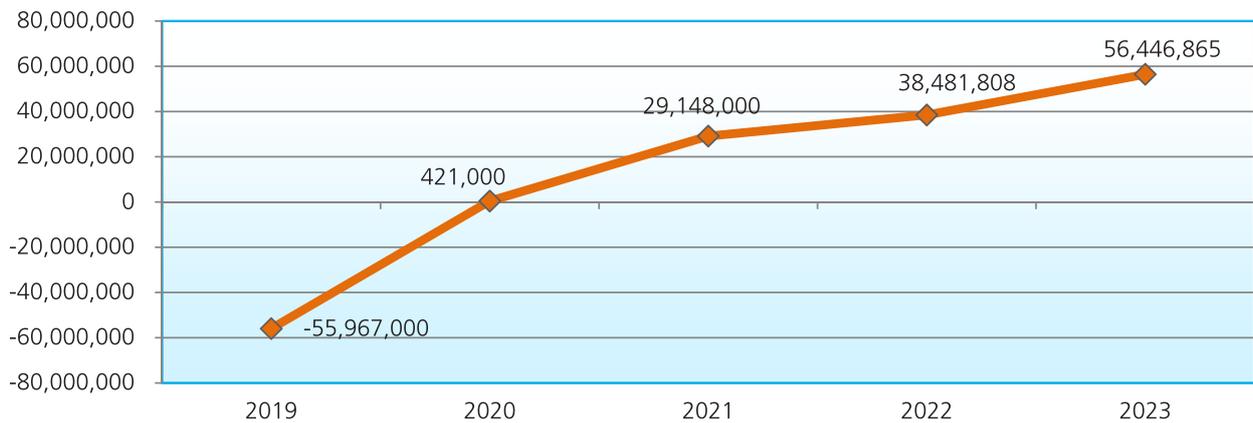




Profit Attributable to Equity Holders of the Company

During the year, the profit attributable to owners of the Company was RMB56,446,864.92, up by approximately RMB17,965,056.75 compared to RMB38,481,808.17 of the previous financial year.

Picture 3: Profit attributable to owners of the Company for the five years ended 31 December 2023
(Unit: RMB yuan)



Capital Structure

For the year ended 31 December 2023, there was no change in the Company's share capital.

Loans and Borrowings

As at 31 December 2023, the balance of current interest-bearing bank and other loans of the Group was RMB 158,298,328.28 (31 December 2022: RMB39,984,408.62). Please refer to note V. 23, 30 and 32 to the financial statements of this report for further details.

Gearing Ratio

As at 31 December 2023, the gearing ratio (net debt divided by the adjusted capital plus net debt) of the Group was approximately 57.68% (31 December 2022: 56.02%).

Pledge of Assets

As at 31 December 2023, the Group had pledged bank deposits of approximately RMB3,305,000 to secure bank acceptance bills.



MANAGEMENT DISCUSSION AND ANALYSIS



On 20 October 2020, the Company's subsidiary Shenyang Changyou Supply Chain Co., Ltd. (“**Shenyang Changyou**”) entered into the Finance Lease Arrangement (the “**Arrangement**”) with China South Industries Financial Leasing Co., Ltd. (“**Industries Leasing**”). Pursuant to the Arrangement, (1) Industries Leasing acquired the tyre assembly production line from Shanghai Hofmann Machinery Equipment Co., Ltd. at the consideration of RMB83,888,000, which became the leased asset of Shenyang Changyou; Industries Leasing acquired the AS/RS from Wuxi Lead Intelligent Equipment Co., Ltd. at the consideration of RMB20,880,000, which became the leased asset of Shenyang Changyou. (2) Shenyang Changyou rented the tyre subpackage production line and the AS/RS from Industries Leasing at a total rent of no more than RMB130,280,000 (with the annual interest rate of 5.3% and paid on a quarterly basis). The lease term is not more than 60 months. Shenyang Changyou shall also pay a lump sum payment of contract security deposit in the sum of RMB4,190,720 and handling fee in the sum of RMB523,840. At the same time, Shenyang Changyou pledged the expected accounts receivable not exceeding 1.2 times of the total rent to Industries Leasing. Upon the expiration of the lease term, Shenyang Changyou has an option to purchase the tyre assembly production line and the AS/RS from Industries Leasing at the nominal consideration of RMB1 each. For details, please refer to the Company's announcement dated 20 October 2020 and circular dated 14 December 2020.

Due to the continuous decline in lending rates of financial institutions, Shenyang Changyou returned all finance lease payments to Industries Leasing by commercial bank loan in order to reduce financing costs. On 28 September 2023, Shenyang Changyou and Industries Leasing cancelled the registration of the equipment finance lease, the registration of the mortgage and the registration of the pledge of relevant trade receivables under the Arrangement.

On 27 July 2022, Shenyang Changyou mortgaged its fixed assets – building and land to the Agricultural Bank of China Shenyang Branch, for the purpose of obtaining secured loans for a term from 27 July 2022 to 26 July 2025. Shenyang Changyou obtained a loan of RMB15,822,400 and RMB8,600,000 on 29 July 2022 and 29 September 2022 respectively. The ownership of the mortgaged assets is still vested in Shenyang Changyou and can be used normally. As at 31 December 2023, the original book value of the building was RMB53,263,525.74, with accumulated depreciation of RMB3,659,648.14 and book value of RMB49,603,877.6; the book value of the land was RMB12,709,087.28, with accumulated amortisation of RMB389,983.68 and book value of RMB12,319,103.60. The balance of the long-term loans is RMB22,232,443.04, of which RMB3,516,544.28 is due within one year.

On 29 July 2023, Shenyang Changyou mortgaged accounts receivable, fixed assets - machinery and equipment, and fixed assets - building and land to China Everbright Bank Corporation Chongqing Branch for obtaining secured loans for a period from 27 September 2023 to 20 September 2028. On 27 September 2023, Shenyang Changyou obtained a loan of RMB80,000,000. The ownership of the mortgaged assets is still vested in Shenyang Changyou and can be used normally. As at 31 December 2023, the book value of accounts receivable was RMB106,048,352.38; the original book value of machinery and equipment was RMB92,713,414.40, with accumulated depreciation of RMB14,839,304.89 and book value of RMB77,874,109.51; the original book value of the building was RMB53,263,525.74, with accumulated depreciation of RMB3,659,648.14 and book value of RMB49,603,877.6; the book value of the land was RMB12,709,087.28, with accumulated amortisation of RMB389,983.68 and book value of RMB12,319,103.60. The balance of the long-term loans amounts to RMB80,000,000, of which RMB15,000,000 is due within one year.

Contingent Liabilities

Other than disclosed in note XIII of the financial statements in this report, as at 31 December 2023, the Group did not have any significant contingent liabilities. For details of legal proceedings, please refer to the “Report of the Board”.





MANAGEMENT DISCUSSION AND ANALYSIS

Principal Risks and Uncertainties

The Group's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to our Group's businesses. The following are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to our Group or which may not be material at the moment but could turn out to be material in the future.

Market Risks

Market risk is the risk arising from the movement in market price that deteriorates profitability or affects the ability to meet business objectives. The management of our Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Liquidity Risk

Liquidity risk is the potential that our Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, our Group monitors cash flows and maintains an adequate level of cash and cash equivalent to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. Key functions in our Group are guided by their standard operating procedures, limits of authority and reporting framework. Our management will identify and assess key operational exposures regularly so that appropriate risk response can be taken.

Reliance Risk

For logistics industry, the alliance between automobile manufacturers and logistics services providers are common in the PRC market. It is typical that a substantial part of the logistics services will be provided by related entity(ies) within the group of companies. The Group is no exception and China Changan Automobile Group Company Limited ("China Changan") and its subsidiaries ("Changan Group") have been the Group's long-term client. As the Group is primarily engaged in automobile logistics and relies on the automobile production and sales of Changan Group, the fluctuation of Changan Group's automobile production and sales would undoubtedly impact on the business performance of the Group. Therefore, if Changan Group ceases to use or substantially reduces the use of the Group's logistics services and if the Group is not able to secure new customers with similar sales volume on terms acceptable to the Group, the business scale of the Group will be substantially reduced and the financial performance of the Group will be adversely affected.

Exchange Rate Risks

As the Group had limited transactions denominated in foreign currencies, there is no significant effect on the Group's existing operations.

Capital Commitment

As at 31 December 2023, the Group's capital expenditure at the balance sheet date but not yet incurred was as follows:

	2023 RMB yuan	2022 RMB yuan
Contracted, but not provided for:		
Plant and machinery	2,100,440.25	89,886,252.48
Capital contributions payable to equity investment	-	-
	<u>2,100,440.25</u>	<u>89,886,252.48</u>





Significant Purchase or Sale of Subsidiaries and Associated Companies

During the reporting period, there had been no significant purchase or sale of subsidiaries and associated companies of the Group.

Substantial Investment or Acquisition

1. On 29 July 2022, Shenyang Changyou, a non-wholly owned subsidiary of the Company, as Purchaser, entered into the Real Estate Purchase and Sale Agreement with Shenyang Changyou Auto Parts Co., Ltd. (“**Changyou Parts**”), as vendor, for the acquisition of certain land and property located in Dadong District, Shenyang, the PRC at a consideration of RMB68,522,400 after trading hours. The acquisition was completed. On 2 December 2022, Shenyang Changyou, as purchaser, entered into the Real Estate Purchase and Sale Agreement (Phase II) with Changyou Parts, as vendor, for the acquisition of certain land and property located in Dadong District, Shenyang, the PRC at an approximate consideration of RMB23,825,400 after trading hours. As the Acquisition is entered into by the same parties under the Real Estate Purchase and Sale Agreement within a 12-month period or are otherwise related, the Acquisition is required to be aggregated with the acquisition of land and property contemplated under the Real Estate Purchase and Sale Agreement pursuant to Rule 14.22 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the purpose of classifying the Transaction. The acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules. The acquisition shall be conditional upon the Company having obtained all necessary approval by its shareholders at general meeting. Please refer to announcements of the Company dated 29 July 2022 and 2 December 2022 for further details.

Given changes in the market conditions, on 30 August 2023, the Company had decided to terminate the major transaction in relation to the acquisition of land and property under the Real Estate Purchase and Sale Agreement (Phase II) with immediate effect. As of 30 August 2023, no payment had been made by Shenyang Changyou to Changyou Parts, and the parties would not make any claims against each other following the termination of the transaction. The termination of the Acquisition would not cause any material adverse effect to the ordinary operation of the Group, and would not prejudice the interests of the Company and its shareholders. Please refer to announcement of the Company dated 30 August 2023 for further details.

2. On 8 November 2023, Chongqing Future Supply Chain Management Co., Ltd. (“**Chongqing Future**”), a wholly-owned subsidiary of the Company, entered into a framework agreement with Deepal Automobile Technology Co., Ltd. (“**Deepal Automobile**”) relating to the trade services of purchase of finished vehicles from Deepal Automobile by Chongqing Future.

Considering that the business model of delivery centre was developed in response to the new marketing model of new energy vehicles and that such model is not yet mature, the Company may face uncontrollable operating risks. In order to protect the interests of all shareholders and based on prudent considerations, the Board decided to terminate the proposed transaction relating to the trade services of purchase of new energy vehicles. Accordingly, the Company terminated the said framework agreement, and neither party will make any claims against the other party. Please refer to the announcements of the Company dated 8 November 2023, 29 December 2023 and 18 January 2024, respectively, for further details.

Save as disclosed, the Group had no substantial investment or acquisition during the reporting period.





The Board are pleased to present the report of the Board for the year ended 31 December 2023.

Principal Activities and Business Review

The Group is principally engaged in supply chain management services for automobiles and automobile raw material, components and parts. Such services include finished vehicle transportation and related logistics services, automobile raw materials and components and parts supply chain management services, tires assembly, after sales logistics services, etc. Besides, the Group also provides non-automobile commodities transportation services.

Further discussion and analysis of these activities as required by Schedule 5 of the Companies Ordinance, Chapter 622 of the laws of Hong Kong, including a discussion of the principal risks and uncertainties the Group is facing and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 10 to 16 of this report. This discussion forms part of this Report of the Board.

Major Customers and Suppliers

During the reporting period, the Group's sales to its 5 largest customers in proportion to the Group's total sales are as follows:

	For the year ended 31 December
	2023
A Chongqing Changan Automobile Co., Ltd.	29%
B Changan Ford Automobile Company Limited	23%
C BMW Brilliance Automotive Ltd.	5%
D Hebei Changan Automobile Co., Ltd.	4%
E Hefei Changan Automobile Co., Ltd.	2%
Total of 5 largest customers	63%
	2022
A Chongqing Changan Automobile Co., Ltd.	27%
B Changan Ford Automobile Company Limited	23%
C BMW Brilliance Automotive Ltd.	4%
D Hebei Changan Automobile Co., Ltd.	4%
E Chongqing Changan New Energy Technology Co., Ltd.	3%
Total of 5 largest customers	61%

According to the Listing Rules, except for BMW Brilliance Automotive Ltd., all other 5 largest customers mentioned above are the connected persons of the Company.



REPORT OF THE BOARD



During the reporting period, the Group's purchases from the 5 largest suppliers in proportion to the Group's total purchases are as follows:

	For the year ended 31 December
	2023
A China Railway Special Cargo Logistics Co., Ltd. Chengdu Branch	11%
B Yuxinou Supply Chain Co., Ltd.	7%
C San Yang Ma (Chongqing) Logistics Co., Ltd.	4%
D MSC Mitsui (China) Limited Guangzhou Branch	3%
E Kunshan Liufeng Machinery Industry Co., Ltd.	3%
Total of 5 largest suppliers	<u>28%</u>
	2022
A China Railway Special Cargo Logistics Co., Ltd. Chengdu Branch	8%
B Qingdao Ririshun Supply Chain Co., Ltd.	6%
C Yingkou Yongxiang Logistics Co., Ltd.	3%
D Minsheng Logistics Company Limited	3%
E San Yang Ma (Chongqing) Logistics Co., Ltd.	2%
Total of 5 largest suppliers	<u>21%</u>

Among the 5 largest suppliers, Minsheng Logistics Company Limited is a connected person of the Company pursuant to the requirements of the Listing Rules.

Save as disclosed above, none of the Directors, their respective close associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interests in the 5 largest customers and 5 largest suppliers mentioned above.

Results

The results of the Group for the year ended 31 December 2023 are set out in the consolidated and company income statement.





Dividend Distribution Policy

On 7 December 2023, the Board reviewed and adjusted the dividend distribution policy, among which, including clarifying the dividend appropriation ratio into the policy, which the Board will follow in formulating the dividend distribution plan. The Policy aims to reward shareholders with reasonable dividend payout to the extent possible while maintaining adequate capital reserves for the current business operation and future growth.

- (1) When deciding to distribute profit, the Company should consider both reasonable returns to investors and its sustainable development, and the profit to be distributed should not exceed the accumulated distributable profits;
- (2) The Company may distribute profits by way of in cash, stocks, a combination of cash and stocks, or other means permitted by laws and regulations;
- (3) On the premise that the Company's distributable profits are positive, cash dividends is allowed;
- (4) If the above condition referred to in the previous paragraph numbered (3) is met, the Company will, in principle, distribute cash dividends once a year. The Board may propose to distribute mid-term cash dividends with reference to profitability and capital needs of the Company;
- (5) Cash dividends in every year shall be no less than 30% of the distributable profits realized in that year. The Shareholders and Directors may propose a profit distribution plan for the undistributed profits retained in previous years in accordance with the Articles of Association of the Company;
- (6) The profit distribution plan is proposed and drafted by the management team and the office of board of directors of the Company with reference to the provisions of the Articles of Association, profitability, capital needs and shareholder return plan, and is subject to approval by shareholders at a general meeting upon being approved by the Board.

The Board will continually review these policies and reserves the right in its sole and absolute discretion to update, amend and/or modify these policies from time to time.

Dividends

Based on the total number of shares in issue on the record date for implementation of the profit appropriation, the Board recommended the payment of a final dividend of RMB0.2 (including tax) (2022: RMB0.15 (including tax)) per share for the year ended 31 December 2023. The above proposal of profit appropriation is subject to consideration and approval at the 2023 annual general meeting (the "2023 AGM") of the Company. Subject to approval to the Board's proposal being obtained at the 2023 AGM, the final dividend is expected to be paid on or before 27 September 2024.

In accordance with the "Enterprise Income Tax Law of the People's Republic of China" and its implementation regulations which came into effect on 1 January 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company when distributing final dividends to them. Any H shares registered not under the name of an individual shareholder, including HKSCC Nominees Limited, other nominees, agents or trustees, or other organizations or groups, shall be deemed as shares held by non-resident enterprise shareholders. Therefore, on this basis, enterprise income tax shall be withheld from dividends payable to such shareholders. If holders of H shares intend to change its shareholder status, please enquire about the relevant procedures with your agents or trustees. The Company will strictly comply with the laws and/or the requirements of the relevant government authority, and withhold and pay enterprise income tax on behalf of the relevant shareholders based on the register of members for H shares of the Company.

Pursuant to the requirements of "Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax" (Cai Shui Zi No. [1994] 020) 《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》(財稅字[1994]020號), individual foreigners exempt from individual income tax on dividend and bonus from foreign-invested enterprises in the PRC. As the Company is a foreign-invested joint stock limited company, the individual shareholders who hold the H shares of the Company and whose names appear in the H-share registrar are not required to pay the individual income tax of PRC.



REPORT OF THE BOARD



The record date of the 2023 AGM, the last day for trading in the securities with entitlement, the ex-entitlement date and the last registration date of transfer of shares for the purpose of the 2023 final dividend and the period for the closure of register of members will be set out in the notice convening the 2023 AGM of the Company to be sent to the shareholders. The Company shall comply with the relevant rules and regulations to withhold and pay the enterprise income tax on behalf of the relevant Shareholders whose names are listed in the register of members of the share of the Company as of the record date for the purpose of the 2023 final dividend.

Share Capital

For the year ended 31 December 2023, there had been no change in the share capital of the Company. Details of the share capital of the Company are set out in note V. 37 to the financial statements.

Public Float

Based on the public information known to the Company and to the best knowledge of the Directors, as at the date of this report, the Company has met the public float requirement as stipulated under the Listing Rules.

Reserves

Details of changes in the Company's reserves during the reporting period are set out in the consolidated statement of changes in equity and in note V. 40 to the financial statements.

Property, Plant and Equipment

Details of changes in the Group's property, plant and equipment during the reporting period are set out in note V. 16 to the financial statements.

Financial Position

A summary which includes the Group's results and its assets and liabilities for the past five financial years is set out in the section headed "Financial Summary" of this report.





Subsidiaries

As at 31 December 2023, the Company had the following subsidiaries:

Wholly-Owned Subsidiaries

CMAL Bo Yu Transportation Co., Ltd. (“CMAL Bo Yu”)

It was incorporated on 3 November 2005 in the PRC with an address at No.111-5-1, Shengtai Road, Fusheng Prefecture, Jiangbei District, Chongqing City, the PRC and possesses the registered capital of RMB60,000,000 and the Company holds 100% of its equity interests. CMAL Bo Yu’s main business includes general freight, storage (storage of dangerous goods not included), logistics planning and consultation and telecommunication services in the PRC. Please refer to Note VII. 1 to the financial statements of this report for further details.

Chongqing Future

It was incorporated on 18 March 2009 in the PRC with an address at Logistics Distribution Plant, No.10, Huiliu Road, Beibu New District, Chongqing City, the PRC and has a registered capital of RMB30,000,000 and the Company holds 100% of its equity interests. Chongqing Future is mainly engaged in general freight, storage (storage of dangerous goods not included), loading and unloading, handling, distribution, package processing (excluding printing), packaging, automobile components and parts sub-packaging, processing (excluding engine processing) and sales, international freight forwarding services (excluding international shipping forwarding) and logistics information consultation and solution design, etc. Please refer to Note VII. 1 to the financial statements of this report for further details.

Chongqing Saimei Shuzhi Technology Co., Ltd. (“Chongqing Saimei”)

It was incorporated on 28 April 2011 in the PRC and on 28 June 2023 it was renamed as Chongqing Saimei Shuzhi Technology Co., Ltd. from Chongqing Changan Minsheng Fuyong Logistics Co., Ltd. with an address at Room 1-1, Building 15, No. 39 Xinggu Road, Hangu Town, High-tech Zone, Chongqing, the PRC changed from the previous address of No.26-11, Zongbao Road, Shapingba District, Chongqing City, the PRC. It had a registered capital of RMB5,000,000 and increased to RMB 50,000,000 since 5 November 2023 after completion of capital increase and 100% of its equity interests is held by the Company. Chongqing Saimei is mainly engaged in technology-related services, package containers leasing, intelligent sales and leasing businesses etc. Please refer to Note VII. 1 to the financial statements of this report for further details.

Fulu International Logistics Co., Ltd. (“Fulu International”)

It was established on 9 April 2014 in the PRC and was subsequently renamed as Fulu International Logistics Co., Ltd. from Chongqing Fulu Bonded Logistics Co., Ltd., with an address at No.88-7-108, Maya Road, Luohuang Prefecture, Jiangjin District, Chongqing City, the PRC and has a registered capital of RMB3,000,000 which was subsequently increased to RMB60,000,000. Fulu International mainly engages in storage services (excluding dangerous goods); loading and unloading, handling; freight forwarding; packaging, distribution; processing and selling automobile parts; import and export of cargos and technology; designing of logistics solution and provision of related information consultation, Non-Vessel Operating Common Carrier business, etc. Please refer to Note VII. 1 to the financial statements of this report for further details.

Hangzhou Changan Minsheng Logistics Co., Ltd. (“Hangzhou Changan Minsheng”)

It was incorporated on 17 May 2013 in the PRC with an address at No.599, Luyin Road, Qianjin Industrial Park (Jiangdong Benji Qukuai), Hangzhou City, Zhejiang Province, the PRC. After capital increase of RMB360,000,000 on 12 December 2016, its registered capital reaches to RMB610,000,000 and the Company holds 100% of its equity interests. Hangzhou Changan Minsheng is mainly engaged in dangerous goods road transportation, large objects transportation; freight stowage, forwarding and tally; domestic waterway freight forwarding; processing, producing, assembling, selling finished vehicles, automobile raw materials, parts and parts package materials; developing logistics software and providing logistics technology consultation. Please refer to Note VII. 1 to the financial statements of this report for further details.



REPORT OF THE BOARD



Changan Minsheng (Shanghai) Supply Chain Co., Ltd (“Shanghai Supply Chain”)

It was incorporated on 5 August 2014 in the PRC with an address at Room 208A, Building B, No.5, Shuntong Road, Lin-gang Special Area, Pilot Free Trade Zone, Shanghai City, the PRC. After capital increase of RMB 28,000,000 on 6 May 2015, its registered capital reaches to RMB30,000,000. The Company holds 100% of its equity interests. The main business of Shanghai Supply Chain is supply chain management, road transportation, import and export of goods and technology, exhibition and display services, development and design of computer software and hardware, storage (excluding dangerous goods), packaging, development of logistics software and information services. Please refer to Note VII. 1 to the financial statements of this report for further details.

Non-Wholly Owned Subsidiaries

Nanjing CMSC Logistics Co., Ltd. (“Nanjing CMSC”)

It was incorporated on 26 July 2007 in the PRC with an address at No.222, Qinshuiting West Road, Economic and Technological Development Zone, Jiangning District, Nanjing City, Jiangsu Province, the PRC with a registered capital of RMB100,000,000. The Company holds 67% of its equity interests and Sumitomo Corporation (“Sumitomo”) holds 33% of its equity interests. Nanjing CMSC is mainly engaged in general freight, domestic freight forwarding, provision of international freight forwarding for cargos transported via sea, air and land; import and export and related services, assembly and processing of automobile parts, leasing of machineries and vehicles, etc. Please refer to Note VII. 1 to the financial statements of this report for further details.

Chongqing Changzu Feiyue Technology Co., Ltd. (“Changzu Feiyue”)

Previously named Chongqing Changliang Logistics Technology Co., Ltd., it was incorporated on 16 May 2014 in the PRC with an address at Industrial Park Zone, Economic Development Zone, Shuangqiao District, Chongqing City (No.39-2, Checheng Road), the PRC and has a registered capital of RMB50,000,000. The Company holds 55% of equity interests of Changzu Feiyue, Chongqing Shuangqiao Economic & Technological Development Zone Investment Group, Co. Ltd.* holds 25% of its equity interests and Suzhou Zhongji Liangcai Technology Co., Ltd. holds the remaining 20% of its equity interests. Changzu Feiyue is mainly engaged in developing logistics technology, technical services and provision of technology consultation; producing, selling, renting and maintenance of containers; processing and selling of automobile parts; imports and exports; general freight; storage (excluding dangerous goods); international freight forwarding (excluding forwarding cargos transported by waterway and international freight forwarding by vessels); provision of packaging information consultation services, etc. Please refer to Note VII. 1 to the financial statements of this report for further details.

Shenyang Changyou Supply Chain Co. Ltd. (“Shenyang Changyou”)

It was incorporated on 6 November 2019 in the PRC with an address at No. 6, Dongyue Street No. 1, Shenyang City, Liaoning Province, the PRC and has a registered capital of RMB90,000,000. Each of the Company and Shenyang Changyou Automobile Supply Chain Co., Ltd. holds 51% and 49% of the equity of Shenyang Changyou. As at 31 December 2023, the actual capital contribution of the Company was RMB45.9 million and that of Shenyang Changyou Automotive Supply Chain Co., Ltd. was RMB20 million. according to proportion of the actual capital contribution, the shareholding by the Company in Shenyang Changyou is 69.65% and the shareholding by Shenyang Changyou Automotive Supply Chain Co., Ltd. in Shenyang is 30.35%. Shenyang Changyou is primarily engaged in production of automobile components and modules; storage (other than dangerous chemicals), distribution, packaging, assembly; transport of finished vehicles and ordinary freight; production, sale, leasing and maintenance of containers; provision of business information consulting services; logistics planning, management and consulting services; logistics equipment and facilities leasing, etc. Please refer to Note VII. 1 to the financial statements of this report for further details.





Chongqing Changxiang Supply Chain Technology Co., Ltd. (“Changxiang Supply Chain”)

It was incorporated on 24 March 2021 in the PRC with an address at No.2-4-401, Longgang Road, Guojiatuo Street, Jiangbei District, Chongqing, the PRC and has a registered capital of RMB20 million. The Company and FAW Logistics Co., Ltd. own 70% and 30% equity interest of Changxiang Supply Chain respectively. Changxiang Supply Chain is primarily engaged in road cargo transportation (excluding dangerous goods), city distribution and transportation (excluding dangerous goods), road cargo transport station operation, road cargo transportation (including dangerous goods and items that need to be approved according to law, and the specific items are subject to the approval documents or licenses of relevant departments); ordinary cargo storage, packaging, automobile sales, second-hand car brokerage, business agent service, motor vehicle refitting, car repair and maintenance, auto parts retail, domestic container freight forwarding agent service, second-hand car dealing, automotive decoration sales and other businesses. Please refer to Note VII. 1 to the financial statements of this report for further details.

Changjiang Zhilian

It was established on 3 November 2017 with the registered address at 1/F, Unit 1, Building 19-3-1, Jincheng Village, Dengnan Street, Hannan District, Wuhan, the PRC. In order to support the implementation of the Company’s strategy and enhance the Company’s capacity to provide finished vehicle logistic services across central China and market competitiveness, the Company on 30 July 2021 acquired part of equities of Changjiang Zhilian by way of capital increase. After the acquisition, the Company, Hubei Port Group Co., Ltd. (“**Hubei Port Group**”) and Wuhan Changxin Hengyuan Industrial Development Co., Ltd.* (“**Changxin Hengyuan**”) hold 47%, 34% and 19% of the equity of Changjiang Zhilian respectively. The business registration procedures of Changjiang Zhilian were completed on 30 July 2021 with a registered capital of RMB30 million. The Company entered into an Acting-in-Concert Agreement with Changxin Hengyuan and in respect of which the Company shall have large influence on Changjiang Zhilian. Changjiang Zhilian is primarily engaged in licensed business items, including port operation, port cargo handling services, road transport of goods (excluding dangerous goods), water transport of general cargo, road transport of goods (including dangerous goods), road transport of goods (Internet freight) and general business items, including general goods storage service (excluding dangerous goods and items that need to be licensed or approved), domestic container freight forwarding, domestic freight forwarding, international freight forwarding, non-vessel carrier business, road freight transport station operation, used automobiles brokerage, used automobiles dealing, house leasing, property management, machinery equipment leasing, non-residential property leasing, auto spare parts retail, new car sales and other services. Please refer to Note VII. 1 to the financial statements of this report for further details.

Wuhan Changsheng Gangtong Supply Chain Management Co., Ltd. (“Changsheng Gangtong”)

It was previously named Wuhan Changsheng Gangtong Automobile Logistics Co., Ltd., and was incorporated on 18 August 2010 in the PRC with an address at Jincheng Village, Dengnan Street, Hannan District, Wuhan City, Hubei Province, the PRC and has a registered capital of RMB23,070,000. On 22 May 2015, the Company acquired 60% of equity shares in Changsheng Gangtong. Hubei Hannan Port Logistics Co., Ltd. (the de facto controller of which is Hubei Port Group) and Wuhan Shengde Rixin Automobile Industrial Park Co., Ltd. (the de facto controller of which is Changxin Hengyuan) hold 20.4% and 19.6% of the equity interests in Changsheng Gangtong respectively. Changsheng Gangtong’s principal activities are port management, storage services, loading, unloading and handling, general freight transport, multimodal transport, cold chain transport, freight forwarding, freight forwarding by waterway and railway, international freight forwarding, etc.

Taking into account that the shareholders of Changjiang Zhilian and Changsheng Gangtong are the same and the integration of strategic and business resources, the shareholders of Changsheng Gangtong have agreed that Changjiang Zhilian absorb and merge with Changsheng Gangtong and that Changsheng Gangtong will be cancelled. Changsheng Gangtong was cancelled on 27 December 2023 and its business was taken over by Changjiang Zhilian. Please refer to Note VII. 1 to the financial statements of this report for further details.



REPORT OF THE BOARD



Capitalized Interests

For the year ended 31 December 2023, no interest had been capitalized by the Company.

Permitted Indemnity Provision

A permitted indemnity provision for the benefit of the Directors of the Company is currently in force and was in force throughout this year. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

Relationship with Stakeholders

The Group recognizes that employees are our valuable assets. Thus, our Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration packages of employees and makes necessary adjustments to conform to the market standard. The Group also understands that it is important to maintain good relationship with business partners and bank enterprises to achieve its long-term goals. During the reporting period, there was no material and significant dispute between the Group and its business partners or bank enterprises.

Retirement Plan

Details of the Company's retirement pension schemes, including defined contribution plans and defined benefit plans, are set out in note III. 23 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES "Employee benefits" to the financial statements.

Employees

As at 31 December 2023, the Group had 4,031 employees (31 December 2022: 4,397 employees), and the gender ratio in the workforce (including senior management) was male: female=2.19:1.

The breakdown of number of employees of the Group by functions is as follows:

	As at 31 December	
	2023	2022
Administration	239	219
Specialists	1,482	1,384
Operators	2,310	2,794
Total	<u>4,031</u>	<u>4,397</u>

Please refer to note V. 27 to the financial statements for a breakdown of the employee benefit expense.

Remuneration Policy

The salaries of the Company's employees are determined by reference to market rates, performances, qualification and experience of the relevant employees. Discretionary bonus may also be given based on the performance of individual staff during the year in order to award the employees for their contributions to the Company. Other employee benefits include pension insurance, medical insurance, unemployment insurance, personal injury insurance and housing fund, etc.





Training Programme

During the year, the Company has provided the staff with training regarding technology, security and management, etc.

Staff Quarters

During the year, the Company has not provided any staff quarters to the staff (2022: nil). Full time employees are entitled to participate in the government-sponsored housing fund. The Company contributes on a monthly basis to the fund at certain rates of the employees' basic salary.

Directors and Supervisors

The Directors of the sixth session of the Board and supervisors of the sixth session of the supervisory committee (the "Supervisory Committee") of the Company up to the date of this report were as follows:

Executive Directors	
Xie Shikang (Chairman)	(re-appointed on 30 June 2023)
Wan Nianyong	(re-appointed on 30 June 2023)
Non-executive Directors	
Che Dexi	(re-appointed on 30 June 2023)
Chen Wenbo	(re-appointed on 30 June 2023)
Jin Jie	(appointed on 30 June 2023)
Dong Shaojie	(re-appointed on 30 June 2023)
Independent non-executive Directors	
Li Ming	(appointed on 30 June 2023)
Man Wing Pong	(appointed on 30 June 2023)
Chen Jing	(appointed on 30 June 2023)
Supervisors	
Wang Huaicheng	(re-appointed on 30 June 2023)
Ang Lai Fern	(appointed on 30 June 2023)
Yang Gang	(re-appointed on 30 June 2023)
Deng Li	(re-appointed on 30 June 2023)
Liu Shasha	(re-appointed on 30 June 2023)

Members of each of the sixth session of the Board and the sixth session of the Supervisory Committee of the Company were elected and appointed on 30 June 2023. For further details, please refer to the circular dated 14 June 2023 and the announcement dated 30 June 2023 of the Company.

Confirmation of Independence

The Company has received the annual confirmation of independence from each of the independent non-executive Directors pursuant to the Listing Rules. The Company considers that the existing independent non-executive Directors are independent of the Company and connected persons of the Company.



REPORT OF THE BOARD



Service Contracts of Directors and Supervisors

Each of the Directors and supervisors of the Company has entered into a service contract with the Company. There is no unexpired period of any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' and Supervisors' Interests in Contracts

Save as disclosed in the section headed "Continuing Connected Transactions", there was no contract of significance to which the Company was a party and in which a Director or supervisor had a material interest, whether directly and indirectly, subsisting at the end of the year or at any time during the year.

Management Contract

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2023.

Directors, Supervisors and Senior Management

There are no relationships, including financial, business, family or other material/relevant relationships among members of the Board, the Supervisory Committee and the senior management of the Company except for their working relationships within the Company.

Highest Paid Individuals

During the year, the five individuals with the highest remuneration in the Group are all Directors and senior management of the Company. Details of the highest paid individuals are set out in note XV.4 to the financial statements of this report.

Remuneration of Directors and Supervisors

Details of the remuneration of Directors and supervisors are set out in note XV.3 to the financial statements of this report.

The remuneration provided to Directors and supervisors is determined on, among other things, the relevant experience and responsibility of, and time devoted to the Company by the Director or supervisor.

Interests of Directors, Chief Executive and Supervisors in Shares of the Company and Associated Corporations

As at 31 December 2023, none of the Directors, chief executive and the supervisors of the Company have any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of Laws of Hong Kong (the "SFO")) which (a) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (b) were required, pursuant to the Appendix C3 of Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") to the Listing Rules to be notified to the Company and the Stock Exchange.

As at 31 December 2023, the Directors, chief executive and the supervisors of the Company were not beneficially interested in the share capital of any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any interest, either direct or indirect, in any assets which have been, since 31 December 2023, made up, acquired, disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.





Substantial Shareholders and Parties Holding Interests and Short Positions in Shares and Underlying Shares of the Company

As at 31 December 2023, so far as is known to the Directors, chief executive and the supervisors of the Company, the following persons, other than a Director, supervisor, or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or are required, pursuant to Sections 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholders	Capacity	Number of Shares	Percentage of Domestic Shares (non-H Foreign Shares Included)	Percentage of H shares	Percentage of Total Registered Share Capital
China South Industries Group Co., Ltd. ("CSGC")	Interest of a controlled corporation	41,225,600(L) (H Shares)	-	31.75%	25.44%
China Changan	Beneficial owner	41,225,600(L) (H Shares)	-	31.75%	25.44%
Kintetsu World Express, Inc.	Interest of a controlled corporation	32,399,200(L) (H Shares)	-	24.96%	19.99%
APL Logistics Ltd. ("APL Logistics" or "APLL")	Beneficial owner	32,399,200(L) (H Shares)	-	24.96%	19.99%
Chongqing Luzuofu Equity Fund Management Co., Ltd.	Interest of a controlled corporation	32,219,200(L) (Domestic Shares and Non-H Foreign Shares)	100.00%	-	19.88%
Minsheng Industrial (Group) Co., Ltd. ("Minsheng Industrial") (note 1)	Beneficial owner	25,774,720(L) (Domestic Shares)	80.00%	-	15.90%
Minsheng Industrial	Interest of a controlled corporation	6,444,480(L) (Non-H Foreign Shares)	20.00%	-	3.98%
Ming Sung Industrial Co., (HK) Limited ("Ming Sung (HK)") (note 1)	Beneficial owner	6,444,480(L) (Non-H Foreign Shares)	20.00%	-	3.98%

Note 1: Ming Sung (HK) is the subsidiary of Minsheng Industrial.

Note 2: (L) – long position, (S) – short position, (P) - Lending Pool.

Save as disclosed in this report, as at 31 December 2023, so far as is known to the Directors and chief executive of the Company, there is no other person (other than the Directors, supervisors, or chief executive of the Company) who had interests or short positions in the provisions of Divisions 2 and 3 of Part XV of the SFO; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.





Share Appreciation Right Incentive Scheme

The original share appreciation rights incentive scheme which was set up by the Company on 6 June 2005 lapsed on 23 February 2016.

On 28 August 2020, the Board has considered and approved a Share Appreciation Rights Scheme (the “Scheme”). The Scheme has been approved by the State-owned Assets Supervision and Administration Commission (the “SASAC”) of the State Council of the PRC and the shareholders of the Company at the 2021 first extraordinary general meeting held on 27 April 2021. The Scheme became effective and was adopted by the Company before 1 January 2023. Please refer to the announcements of the Company dated 28 August 2020, 1 March 2021 and 27 April 2021, and the circular of the Company dated 12 April 2021 for further details. Unless otherwise defined, capitalized terms used in this report shall have the same meaning as those defined in the aforementioned announcement and circular.

The purpose of the Scheme is to establish a long-term incentive mechanism closely linking the interests of the management team with those of the Company and Shareholders and to bring them together in focusing on the long-term and sustainable development of the Company.

The Board set the date of 27 April 2021 as the date of grant (the “Date of Grant”) and HKD2.98 as the exercise price of the share appreciation right (“Share Appreciation Right(s)”). The closing price of the H Shares of the Company as stated in the daily quotation sheet of the Stock Exchange immediately before the Date of Grant was HKD2.668 per Share. The exercise price of the Share Appreciation Rights under the Scheme was determined based on the higher of: (1) the closing price of H Share of the Company as stated in the daily quotation sheet of the Stock Exchange on the Date of Grant; (2) the average closing price of H Share of the Company as stated in the daily quotation sheet of the Stock Exchange for five consecutive trading days prior to the Date of Grant; or (3) the par value of the H Share of the Company. The number of units of the Share Appreciation Rights (number of shares) to be granted under the Scheme shall not in aggregate exceed ten percent (10%) of the issued share capital of the Company as of the effective date of the Scheme.

On the Date of Grant, the Company granted Incentive Recipients Share Appreciation Rights with 4,861,400 underlying Shares to 29 Incentive Recipients, accounting for 3.00% of the total issued share capital of the Company. Incentive recipients (“Incentive Recipient”) are the individual(s) eligible to receive the Share Appreciation Rights to be granted by the Company under the Scheme, including Directors (External Directors and Supervisors are excluded), senior management, and key employees having immediate impact on the business performance and sustainable development of the Company, but shall not be a substantial shareholder or de facto controller holding over 5% of the Shares, or parents, spouses or children thereof. The number of underlying Shares of the Share Appreciation Rights to be granted to any single Incentive Recipient shall be no more than one percent (1%) of the total issued share capital of the Company. The maximum gains from the Share Appreciation Rights to be granted to any Director or member of senior managements under the Scheme shall not exceed 40% of their total annual remuneration (including expected benefits from Share Appreciation Rights) as at the grant of the Share Appreciation Rights. During the effective period, the actual gains to be received by each Incentive Recipient from the Share Appreciation Rights shall not exceed his or her total remuneration (equivalent to an aggregate of two-year remuneration and benefits from Share Appreciation Rights) as at the grant of the Share Appreciation Rights. Any excess shall be turned over to the discretion of the Company.

The Scheme shall remain valid for a period of five years from 27 April 2021. Vesting Period is a period of two years (24 months) commencing from the Date of Grant until the first Vesting Date, (i.e., no Share Appreciation Rights shall be exercised for a period of two years since the Date of Grant). The Share Appreciation Rights to be granted to the Incentive Recipients shall take effect by one third each year in the next three years upon the expiry of the Vesting Period. Each of the Vesting Dates shall be the second, third and fourth anniversary of the Date of Grant. The Vesting Date may be extended to the next trading day should the anniversaries fall to be on a non-trading day.

The Share Appreciation Rights granted by the Company on 27 April 2021 entered into the First Exercise Period on 27 April 2023. Pursuant to the audited financial report prepared by PKF Hong Kong Limited (“PKF”), the previous international auditor of the Company, the revenue of the Group for 2021 was RMB6.021 billion, the net profit for 2021 was RMB42,109,000 and the return on equity for 2021 was 2.01%. The return on equity for 2021 is lower than 75 percentile of the respective indicators of benchmark companies and the industry average. Thus, the effective conditions to the First Exercise Period under the Scheme were not met. The Board has considered and approved the “Proposal on the Unfulfillment of the Conditions to the First Exercise Period under the Share Appreciation Rights Scheme” at the 35th Meeting of the Fifth Board of Directors on 12 May 2023. The Board approved that a total number of 1,620,467 units (representing 1/3 of the total number of Share Appreciation Rights granted) of Share Appreciation Rights in the First Exercise Period shall be nullified. This nullification will not affect the remaining number of Share Appreciation Rights of 3,240,933 units to be effective in the Second Exercise Period and the Third Exercise Period under the Scheme. Please refer to the announcement of the Company dated 12 May 2023 for further details.





As at 31 December 2023, details of the Share Appreciation Rights were as follows:

Date of grant	Exercise price (HKD)	Vesting period	Exercisable period	Number of Share Appreciation Rights		
				Outstanding as at 1 January 2023	Lapse during the year	Outstanding as at 31 December 2023
27 April 2021	2.98	27 April 2021 to 27 April 2026	27 April 2023 to 27 April 2025	4,861,400	1,620,467	3,240,933

Note: The conditions to effect the H share appreciation rights in the First Effective Phase of 1,620,467 units in total (representing 1/3 of the H share appreciation rights) were not fulfilled. Therefore, those H share appreciation rights have been lapsed.

Competing Interests

Before the listing of the H shares on the Growth Enterprise Market (“GEM”) of the Stock Exchange, the Company’s substantial shareholders, APL Logistics, Minsheng Industrial, Ming Sung (HK) and Changan Industry Company (Group) Limited (“Changan Industry Company”), had all entered into non-competition undertakings with the Company in favor of the Company. Please further refer to the Prospectus of the Company for details of such undertakings.

Up to the date of this report, the non-competition undertakings given by Changan Industry Company are still effective. As at the end of 2011, the aggregate shareholding in the Company held by Minsheng Industrial and Ming Sung (HK) (together with their respective associates) fell below 20%, the non-competition undertakings signed between the Company and Minsheng Industrial and Ming Sung (HK) became ineffective. On 27 December 2023, the shareholding in the Company held by APL Logistics fell to 19.99%, the non-competition undertakings signed between the Company and APL Logistics became ineffective.

China Changan acquired all the shares in the Company held by Changan Industry Company on 9 March 2016. The obligations under the non-competition undertakings signed by Changan Industry Company were assumed by China Changan since 9 March 2016.

In March 2024, the Company received the confirmation regarding the above-mentioned non-competition undertakings from China Changan.

Save as disclosed above, during the reporting period, none of the Director(s) or substantial shareholder(s) of the Company had any interest in any business that competes or may compete with the Group.

Mergers & Acquisitions

No material mergers and acquisitions of the Group were carried out during the reporting period.





Continuing Connected Transactions

Set out below is information in relation to the continuing connected transactions of the Company which need to be reported pursuant to the Listing Rules during the year.

Background of the Continuing Connected Transactions

China Changan holds approximately 25.44% of the issued share capital of the Company and 17.98% of the equity interests of Changan Automobile. In addition, CSGC holds 100% equity interests in China Changan and 14.22% equity interests in Changan Automobile. China South Industries Assets Management Co., Ltd. (“SIAMC”, a wholly-owned subsidiary of CSGC) holds 4.60% equity interest in Changan Automobile. The ultimate shareholder of SIAMC is CSGC. The ultimate beneficial owner of CSGC is the SASAC of the State Council. China South Industries Group Finance Co., Ltd. (“Zhuangbei Finance”) is a member company of CSGC in that CSGC holds 22.90% equity interests and China Changan holds 13.27% equity interests. The ultimate beneficial owner of Zhuangbei Finance is CSGC. As at the date of this report, the Company holds approximately 0.81% equity interests in Zhuangbei Finance. Both of APL Logistics and Minsheng Industrial are the substantial shareholders of the Company, respectively holding approximately 19.99% and approximately 15.90% of the total issued share capital of the Company. Therefore, according to the Listing Rules, the transactions between the Group and each of China Changan, Changan Automobile, APL Logistics, Minsheng Industrial, Zhuangbei Finance and their respective associates become connected transactions of the Company.

As the Company and Sumitomo hold 67% and 33% of the registered capital of Nanjing CMSC respectively, and Sumitomo holds 49% of the registered capital of Nanjing Baogang Zhushang Metal Products Company Limited (“Baogang Zhushang”). Therefore, according to the Listing Rules, Baogang Zhushang is a connected person of the Company at the subsidiary level and the transactions between Nanjing CMSC and Baogang Zhushang contemplated under such framework agreement constitute continuing connected transactions of the Company.

On 4 November 2020, the Company entered into the following framework agreements, each for a term of three years commencing on 1 January 2021 and expiring on 31 December 2023 (both days inclusive):

- (1) the framework agreement with Changan Automobile, pursuant to which the Group shall provide logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, and supply chain management for automobile raw materials, components and parts) to Changan Automobile and its associates;
- (2) the framework agreement with China Changan, pursuant to which the Group shall provide logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, supply chain management for automobile raw materials, components and parts; and logistics services for non-automobile products, such as transformer, steel, optical product and specialty product) to China Changan and its associates;
- (3) the procurement framework agreement with Minsheng Industrial, pursuant to which the Group shall purchase logistics services from Minsheng Industrial and its associates;
- (4) the framework agreement with Zhuangbei Finance, pursuant to which Zhuangbei Finance shall provide the Group with settlements, deposit and loans, note discounting services;
- (5) the framework agreement with Minsheng Industrial, pursuant to which the Group shall provide logistics services to Minsheng Industrial and its associates;
- (6) the procurement framework agreement with China Changan, pursuant to which the Group shall purchase security and cleaning services and property leasing services from China Changan and its associates;
- (7) the framework agreement with APL Logistics, pursuant to which the Group shall (i) provide logistics services to APL Logistics and its associates and (ii) purchase logistics services from APL Logistics and its associates;
- (8) the framework agreement signed between Nanjing CMSC and Baogang Zhushang, pursuant to which Nanjing CMSC shall provide logistics services to Baogang Zhushang and its associates.

Please refer to the announcement dated 4 November 2020, the circular dated 12 December 2020, the announcement dated 21 October 2022 and the circular dated 4 January 2023 of the Company for further details.





Brief Description and Purpose of the Group's Continuing Connected Transactions

With respect to the logistics services provided by the Group to Changan Automobile and its associates

The Group has been in business contact with Changan Automobile from the establishment of the Company and has maintained a good relationship with Changan Automobile ever since. The Group is a major logistics services supplier of Changan Automobile and its associates. The Group's logistics services have been highly recognized by Changan Automobile and its associates. Provision of logistics services to Changan Automobile and its associates by the Group continues to occupy a major portion of the Group's business, thus contributing significantly to the overall revenue of the Group. The Company believes that it is essential to maintain the provision of logistics services by the Group to Changan Automobile and its associates to ensure source of revenue. The Company therefore is of the view that the Group should continue to provide comprehensive automobile logistics services for Changan Automobile and its associates to maximize the revenue of the Group.

With respect to the logistic services provided by the Group to China Changan and its associates

China Changan is essentially a large enterprise with businesses mainly ranging from parts and components to automobile retail. It has roughly 18 member companies engaging in parts production such as automobile engines, transmissions, power components, chassis, shock absorbers, supercharges, pistons and so on. The Group stepped up efforts in exploring the parts business of China Changan and its associates ever since China Changan became one of the substantial shareholders of the Company. Currently, the Group has established steady business contact with several member companies of China Changan, by providing logistics services such as automobile parts distribution, transportation, storage, etc. The Group anticipates that by leveraging on the current business relationship, the Group can establish more business contact with Changan Group and can tap into the market potentials presented by China Changan and its associates, thereby increasing business sources and maximizing revenue of the Group.

With respect to the logistic services provided to the Group by Minsheng Industrial and its associates

The Group is a third-party automobile logistics service provider for providing comprehensive logistics solution for our customers. However, the Group currently does not have any vessel or enough freight carriers to ensure an independent operation of business. Therefore, the Group needs to purchase logistics services from suppliers with sufficient transportation capacity and logistics facilities and equipment. Minsheng Industrial is fully equipped with ro-ro ships of various volumes and car transporters and has extensive, well established logistics network across the country. Therefore, Minsheng Industrial and its associates are competent in providing logistics services to the Group. In addition, Minsheng Industrial and its associates have been a credible and reliable business partner of the Group, and have been providing various logistics services such as waterway transportation of cars and car components and parts, finished vehicles transportation by road, customs clearance, container transportation, etc. for many years. As such, the Directors are of the view that the Group should continue to purchase logistics services from Minsheng Industrial and its associates to support the smooth running of the Group's primary business and tap on the strength of Minsheng Industrial's various resources to our advantage and provide our customers with quality services and maximize the revenue of the Group. The Directors are of the view that the transaction is in the interest of the Company and its Shareholders as a whole.

With respect to the transaction between the Group and Zhuangbei Finance

Zhuangbei Finance is a non-banking financial institution in the PRC as approved by the National Financial Regulatory Administration and is established with capital contribution from member companies of CSGC for purpose of centralizing capital management and optimizing capital efficiency within the CSGC. Zhuangbei Finance has been providing financial services for member companies of CSGC for years and is highly recognized for its financial management services. In addition, the major customers of the Group are member companies within CSGC and they all have maintained accounts with Zhuangbei Finance. It would reduce the time costs and finance cost if the Company deposits and conducts note discounting services with, and/or to obtain loan advancement from, Zhuangbei Finance. Moreover, Zhuangbei Finance offers more favourable terms and comparatively less finance fees and charges than those payable to external banks in the PRC.

With respect to the logistics services provided by the Group to Minsheng Industrial and its associates

Minsheng Industrial and its associates specialized in waterway transportation and has affluent resources such as ro-ro ships, vessels and vast waterway logistics network, enabling them to operate smoothly along the Yangtze River. However, in order to provide comprehensive logistics solution to its customer, like combined transportation by waterway plus road, occasionally, Minsheng Industrial and its associates find themselves in need of logistics services from the Group such as station management support and road transportation support. As a longstanding business partner of Minsheng Industrial, the Group's strength is in provision of comprehensive logistics solutions which could cater to the needs of Minsheng Industrial and its associates. The Directors are of the view that the Group should continue to do business with Minsheng Industrial and its associates in the hope that by combining the resources and strength from both parties, Minsheng Industrial and the Group will find common ground to cooperate to our mutual benefit.



REPORT OF THE BOARD



With respect to the security and cleaning services and property leasing services provided by China Changan and its associates to the Group

Changan Property, an associate of China Changan, is a first-class property management company in the country and a member of the China Property Management Institute and has extensive property management experience. The Group considers that procurement of security and cleaning services from China Changan and its associates, mainly from Changan Property, can provide assurance to the Group that it would be provided with comprehensive, standard and high-level security and cleaning services, thereby ensuring the smooth running of the daily operation of the business projects of the Group. As such, the Directors are of the view that it is in the interest of the Company and its Shareholders as a whole for the Group to continue to purchase security and cleaning services from China Changan and its associates.

China Changan and its associates have long been providing property leasing services for the Group and is rather familiar with the Group's requirement on the leased properties and will continue to respond quickly and in cost-efficient manner to any new requirement that the Group may have. Most warehouses and stations available from China Changan and its associates are geographically convenient for the Group to store car raw materials and finished vehicles. In addition, entering into property leasing transactions with China Changan would provide the Group with stability and substantially reduce the risks of possible shortage of suitable warehouses and stations and the wild fluctuation in rentals arising from the generally expected appreciation in the value of properties. Besides, the Group maintains the flexibility in leasing properties such as warehouses and stations from other independent parties. Therefore, the Directors are of the view that the Group should continue the property leasing transactions with China Changan and its associates as it is in the interest of the Company and its Shareholders as a whole.

With respect to the logistics services provided by the Group to APL Logistics and its associates

As a seasoned international logistics service provider with advanced logistics technology, APL Logistics has strengthened its footprint overseas with extensive branches reaching mainland China, America and India. APL Logistics and its associates have been providing supply chain management services for IT companies in Mainland China. The Group has strong logistics capacity in Mainland China and is also looking to explore overseas business to achieve further development. APL Logistics is the substantial shareholder of the Company and is open to cooperation with the Group. Cooperation with APL Logistics will not only help the Group to obtain various outsourced logistics business from APL Logistics to generate revenue but also will help the Group keep abreast of the cutting-edge international logistics technology, leading operation schema and time-tested management method to optimize the business operation of the Group. The Directors is of the view that the continuing connected transactions exempt from Shareholder's approval with APL Logistics and its associates are beneficial for the Group's development and is in the interests of the Company and its Shareholders as a whole.

With respect to the logistics services purchased by the Group from APL Logistics and its associates

The Group's customers, Changan Ford and Changan Automobile have business in overseas countries such as America, Mexico, Vietnam and Philippines. The Group needs to purchase international logistics services from qualified international logistics service providers with sufficient capacity and well-established logistics network. APL Logistics offers a comprehensive suite of services extending from international freight forwarding to both origin and destination services, including freight consolidation, warehousing and distribution management and operates in several international trade lines. The Company is of the view that APL Logistics and its associates are competent to provide comprehensive international logistics services for the Group and will help to ensure the Group's service quality. In addition, having APL Logistics and its associates to provide logistics services for the Group will give the Group with more choice in the selection of international logistics service providers. Therefore, the Directors is of the view that it is in the interests of the Company and its Shareholders as a whole.

With respect to the logistics services provided by Nanjing CMSC to Baogang Zhushang

Baogang Zhushang needs to purchase steel transportation services, etc. Nanjing CMSC has been providing steel transportation services for Baogang Zhushang for a considerable period of time and is recognized by Baogang Zhushang for its service quality. In addition, as the business with Baogang Zhushang is rather stable, the Directors are of the view that Nanjing CMSC should continue to provide logistics services to Baogang Zhushang to ensure a stable revenue source to maximize the revenue of the Group and is in the interests of the Company and its Shareholders as a whole.





Pricing of Continuing Connected Transactions

According to the framework agreements signed on 4 November 2020 between the Company and each of Changan Automobile, China Changan, APL Logistics and Minsheng Industrial and the framework agreement signed between Nanjing CMSC, the Company's holding subsidiary, and Baogang Zhushang, the prices of the transactions for the services provided by the Group to our customers under such framework agreements are determined in accordance with the principles and order of bidding price, internal compared price and cost-plus price. Please refer to the announcement of the Company dated 4 November 2020, the circular dated 12 December 2020, the announcement dated 21 October 2022 and the circular dated 4 January 2023 for further details.

According to the framework agreements signed on 4 November 2020 between the Company and each of Minsheng Industrial, China Changan, and APL Logistics, the prices of the transactions for the services purchased by the Group under such framework agreements are determined in accordance with the principle and order of bidding price and internal compared price. Please refer to the announcement of the Company dated 4 November 2020, the circular dated 12 December 2020, the announcement dated 21 October 2022 and the circular dated 4 January 2023 for further details.

According to the framework agreement signed on 4 November 2020 between the Company and Zhuangbei Finance in regard to settlements, deposits and loans, and note discounting services, the prices of the transaction under such framework agreement are set on normal commercial terms.

The transactions between the Company and the connected persons were on normal commercial terms or on terms no less favorable to the Company than those available from independent third parties under current local market conditions, and the relevant connected transactions were fair and reasonable and in the interests of the Company and its shareholders as a whole.





Total Consideration of the Continuing Connected Transactions

During the reporting period, the Group conducted continuing connected transactions with China Changan, Changan Automobile, APL Logistics, Minsheng Industrial, Zhuangbei Finance, and their respective associates, and Nanjing CMSC also entered into continuing connected transactions with Baogang Zhushang, which constitute related party transactions in accounting during the period. The details are set out in note XI to the financial statements of the report. During the reporting period, the Group had strictly complied with the disclosure requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2023, the total consideration paid to the Group by each of the relevant connected persons for the logistics services is as follows:

	For the year ended 31 December 2023	
	Actual Transaction Amount RMB yuan	Annual Caps or Revised Annual Caps RMB yuan
China Changan and its associates:		
- Logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, supply chain management for automobile raw materials, components and parts; and logistics services for non-automobile products, such as transformer, steel, optical product and specialty product)	197,864,540.68	210,000,000.00
Changan Automobile and its associates:		
- Logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, and supply chain management for automobile raw materials, components and parts)	5,378,349,713.19	7,000,000,000.00
Minsheng Industrial and its associates:		
- logistics services	145,185.47	11,000,000.00
APL Logistics and its associates:		
- logistics services	0	5,000,000.00
Baogang Zhushang:		
- logistics services	4,102,063.35	7,000,000.00

For the year ended 31 December 2023, the total consideration paid by the Group to each of the connected persons for the purchase of transportation services of automobiles and automobile raw materials, components and parts is as follows:

	For the year ended 31 December 2023	
	Actual Transaction Amount RMB yuan	Annual Caps or Revised Annual Caps RMB yuan
Minsheng Industrial and its associates:	248,401,480.53	450,000,000.00
APL Logistics and its associates:	0	5,000,000.00





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For the year ended 31 December 2023, the total consideration paid by the Group to each of the connected persons for the purchase of property leasing services is as follows:

	For the year ended 31 December 2023	
	Actual Transaction Amount RMB yuan	Annual Caps or Revised Annual Caps RMB yuan
China Changan and its associates:	4,834,279.35	8,620,000.00

For the year ended 31 December 2023, the total consideration paid by the Group to each of the connected persons for the purchase of security and cleaning services is as follows:

	For the year ended 31 December 2023	
	Actual Transaction Amount RMB yuan	Annual Caps or Revised Annual Caps RMB yuan
China Changan and its associates:	10,546,640.80	12,000,000.00

For the year ended 31 December 2023, the amount of transactions between the Group and Zhuangbei Finance are as follows:

	For the year ended 31 December 2023	
	Actual Transaction Amount RMB yuan	Annual Caps or Revised Annual Caps RMB yuan
The balance of the maximum amount of outstanding of deposit (including interest) on a daily basis	189,363,397.11	190,000,000.00

In March 2024, the Company received confirmation letters as required under Rule 14A.55 of the Listing Rules from Mr. Li Ming, Mr. Man Wing Pong and Ms. Chen Jing, the independent non-executive Directors of the Company, confirming that the continuing connected transactions of the Company for 2023 were:

1. in the ordinary and usual course of business of the Group;
2. on normal commercial terms or better; and
3. in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Further, the Company has engaged its external auditor to report on the Company's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. In accordance with Rule 14A.71 of the Listing Rules, the Board of the Company confirmed that the external auditor of the Company had made a confirmation statement on the issues mentioned in Rule 14A.56 of the Listing Rules. The external auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions set out above.





Related Party Transactions

Details of the significant related party transactions entered into by the Group during the twelve months ended 31 December 2023 are set out in note XI to the financial statements. None of these related party transactions constitutes a disclosable connected transaction as defined under the Listing Rules, except for the transactions described in this paragraph headed “Continuing Connected Transactions”, in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

Legal Proceedings

Litigation 1

The Company and Chongqing Supply and Marketing Automobile Trading Co., Ltd.* (“**SMAT**”) entered into a storage supervision agreement, which stipulates, among others, that the Company shall provide vehicle storage supervision services to SMAT, for a term of one year. The Company entrusted above business to Chongqing Yaohang Logistics Co., Ltd.* (“**Yaohang Logistics**”) which is responsible for storage supervision. In April 2022, a total of 105 vehicles was stolen. SMAT filed lawsuits with Chongqing Yubei District People’s Court (“**Yubei District Court**”). On 21 December 2022, Yubei District Court accepted the case of contract disputes and froze a total of over RMB30 million in the Company’s bank account.

The Company has engaged a law firm to represent the case. On 20 July 2023, the Yubei District Court opened a session and adjourned until it notifies the next session. The Company will keep up with the follow-up arrangements to actively respond to the lawsuit.

Yaohang Logistics has made a written commitment to the Company that it will undertake to bear all direct responsibilities and related direct expenses in the case, including but not limited to litigation fees and attorney fees.

After seeking legal advice from the Company’s external lawyers, the management believes that the Company will be less likely to eventually bear the liability for compensation, and the possibility of impairment of the assets/contingent liabilities is relatively small. The Company will keep the shareholders and potential investors of the Company informed of any further material development by way of announcement as and when appropriate. Please refer to the announcement of the Company dated 30 December 2022 for further details.





Litigation 2

The Company, as a logistics supplier of WM New Energy Automobile Sales (Shanghai) Co., Ltd. (“WM Auto”), provided vehicle transportation services to WM Auto. As WM Auto failed to duly pay the Company’s logistics service fees and in order to recover the money, the Company filed civil lawsuits as claimant with the Qingpu District People’s Court of Shanghai twice for an order that WM Auto pay a total of RMB58.4591 million of logistics service fees owed to the Company and capital occupation fees caused by overdue payment (case number: Qingpu District People’s Court of Shanghai (2022) Hu 0118 Min Chu No. 21525 and Qingpu District People’s Court of Shanghai (2022) Hu 0118 Min Chu No. 274). The Company applied to the court for property preservation and has frozen the above-mentioned arrears in full.

On 23 January 2023, the Company received the first-instance judgment on the Qingpu District People’s Court of Shanghai (2022) Hu 0118 Min Chu No. 21525 case, ordering WM Auto to pay RMB35.1974 million and capital occupation fees caused by overdue payment to the Company. WM Auto appealed to the Shanghai No. 2 Intermediate People’s Court which, on 3 July 2023, made a civil judgment ((2023) Hu 02 Min Zhong Zi No. 3957) of affirming the first-instance judgment, ordering WM Auto to pay logistics service fees of RMB35.1974 million and capital occupation fees caused by overdue payment to the Company. The Company applied to the court for enforcement procedure. On 5 September 2023, 20 September 2023 and 28 September 2023, the Company received a payment of RMB18,281,825.40, RMB3,485,300 and RMB13,430,276.51, respectively, for enforcement payment from the court, with a total amount of RMB35,197,401.91 from WM Auto.

On 6 February 2023, the Qingpu District People’s Court of Shanghai held a court hearing on the (2022) Hu 0118 Min Chu No. 274 case regarding the Company’s claims on WM Auto for payment of RMB24.351 million. On 4 July 2023, the Qingpu District People’s Court of Shanghai issued a judgment, ordering WM Auto to pay RMB23.451 million and capital occupation fees caused by overdue payment to the Company within ten days of the issuance of the judgment. WM Auto appealed to the Shanghai No. 2 Intermediate People’s Court which, on 28 September 2023, made a civil judgment ((2023) Hu 02 Min Zhong Zi No. 10251) of affirming the first-instance judgment, ordering WM Auto to pay logistics service fees of RMB24.351 million and capital occupation fees caused by overdue payment to the Company. The Company applied to the court for enforcement procedure on 8 October 2023 and received a sum of approximately RMB23.2173 million from the court, being enforced payment of the above-mentioned case. Please refer to the announcements of the Company dated 19 October 2023 and 16 November 2023 respectively for further details.





Litigation 3

On 18 August 2022, CMAL Bo Yu Transportation Co., Ltd. Tongnan Branch (“**Bo Yu Transportation Tongnan Branch**”), a wholly-owned subsidiary of the Company, entered into a cargo transportation agreement (the “**Agreement**”) with Zhongcun Materials Trading Yunnan Co., Ltd. (“**Zhongcun Materials Trading**”), a limited liability company incorporated in the People’s Republic of China (the “**PRC**”), to provide coal transportation services to it and payment under the Agreement shall be payable by Zhongcun Materials Trading to Bo Yu Transportation Tongnan Branch within 2 months after completion of the services contemplated under the Agreement and account checking between two parties. On 18 August 2022, Zhongcun Coal Mine (“**Zhongcun Coal Mine**”) of Qujing City, Yunnan Province, the PRC, the parent company of Zhongcun Material Trading, issued a letter of guarantee (the “**Guarantee**”) in favour of Bo Yu Transportation Tongnan Branch, stipulating that Zhongcun Coal Mine, as the guarantor, shall assume an irrevocable joint liability to Bo Yu Transportation Tongnan Branch for all debts due and owing by Zhongcun Materials Trading to Bo Yu Transportation Tongnan Branch arising out of the performance of the Agreement. The scope of the Guarantee includes, but is not limited to, the creditor’s rights, interest, penalties, and expenses for claiming the creditor’s rights (including but not limited to litigation fees, arbitration fees, attorney fees, etc.) and all other expenses payable.

After the signing of the Agreement, Bo Yu Transportation Tongnan Branch fulfilled all rights and obligations as agreed on or about 6 January 2023. However, despite repeated requests, Zhongcun Materials Trading failed to settle the transportation fees in full as agreed and owed, as of 13 November 2023, Bo Yu Transportation Tongnan Branch the sum of RMB38,791,900 being the transportation fees. On 8 September 2023, Bo Yu Transportation Tongnan Branch, Zhongcun Material Trading and Zhongcun Coal Mine reached a civil ruling ((2023) Yun 0302 Su Qian Tiao Que No. 438) under the ruling of the Qilin District People’s Court of Qujing City, Yunnan Province, the PRC (“**Qujing Court**”). It is agreed that Zhongcun Materials Trading will pay Bo Yu Transportation Tongnan Branch the outstanding transportation fees in the sum of RMB38,791,900 and capital occupation fees caused by overdue payment in the sum of RMB3,037,100, totaling RMB41,829,000 (the “**Debts**”) before 30 September 2023. Zhongcun Coal Mine shall assume joint liability for paying the Debts.

Since Zhongcun Materials Trading failed to pay the said sum of RMB41,829,000 being the outstanding transportation fees and capital occupation fees as stipulated in the civil ruling, Bo Yu Transportation Tongnan Branch applied to Qujing Court for enforcement after repeatedly urging Zhongcun Materials Trading and Zhongcun Coal Mine for payment of the Debts. On 6 November 2023, Qujing Court accepted the enforcement application of Bo Yu Transportation Tongnan Branch (case no.: (2023) Yun 0302 Zhi No. 6293), requesting Zhongcun Materials Trading to pay the Debts, and Zhongcun Coal Mine to assume joint liability for paying the Debts to Bo Yu Transportation Tongnan Branch. Please refer to the announcement of the Company dated 13 November 2023 for further details.

On 29 December 2023, Bo Yu Transportation Tongnan Branch received an enforcement payment of RMB597,500 transferred from the Qujing Court, and the debts owned by Zhongcun Materials Trading to Bo Yu Transportation Tongnan Branch was reduced from RMB38,791,900 to RMB38,194,400.

Currently, the Company is taking active measures to collect the Debts from Zhongcun Materials Trading and Zhongcun Coal Mine and will make further announcements to keep the shareholders and potential investors of the Company informed of any significant development on the litigation as and when appropriate.

Save as disclosed above, as at 31 December 2023, none of the members of the Group was involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against any member of the Group.





Designated Deposits

As at 31 December 2023, the Group had no designated deposits in any financial institutions in and out of the PRC or any overdue fixed deposit which could not be recovered.

Compliance with the relevant Laws and Regulations

As far as the Board and management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Environmental Policies and Performance

The Group is committed to the long-term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavors to comply with the laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and wastes reduction.

The Company is preparing the environmental, social and governance report (the “ESG report”) for the year ended 31 December 2023 in accordance with the Environmental, Social and Governance Reporting Guide in Appendix C2 of the Listing Rules. The Company will publish the ESG report on the Stock Exchange’s website and the Company’s website at the same time as the publication of the Company’s annual report of 2023.

Donation

During the year, the total amount of donation in cash made by the Company was RMB600,000 (2022: RMB600,000).

Purchase, Sale and Redemption of the Company’s Listed Securities

There was no purchase, redemption, sale or cancellation by the Group of the Company’s listed securities during the year ended 31 December 2023.

Pre-emptive Rights

There is no provision of pre-emptive rights in the Company’s Articles of Association requiring the Company to offer new shares proportionately to its existing shareholders.

Auditors

The consolidated financial statements of the Group set out in this report had been audited by Grant Thornton Zhitong Certified Public Accountants LLP, the Group’s auditor.



REPORT OF THE BOARD



Review of Final Results

The Audit and Risk Committee has reviewed the Group's audited consolidated results for the year ended 31 December 2023.

By the Order of the Board
Xie Shikang
Chairman

Chongqing, the PRC
27 March 2024





REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

Pursuant to the *Company Law of the People's Republic of China*, the relevant laws and regulations and the Articles of Association of the Company, the Supervisory Committee, under its fiduciary duty, took up an active role to work with diligence to protect the interests of the Company and its shareholders.

During the year, the Supervisory Committee carefully reviewed the Group's operation and development plans and made reasonable recommendations and suggestions to the Board, frequently examined the financial position of the Company and supervised the code of conduct of the Directors, the General Manager and other senior management. The Supervisory Committee exercised strict and effective supervision over whether the major policies and decisions made by the management of the Company were in compliance with the laws and regulations of the PRC and the Articles of Association of the Company and in the interests of its shareholders.

The Supervisory Committee considers that in 2023, the members of the Board, the General Manager and other senior management of the Company were able to strictly fulfil their fiduciary duties, to act diligently and to exercise their authority faithfully in the best interests of the Company, to carry out work pursuant to the Articles of Association of the Company in standard operation and gradually improve the internal control system. The transactions between the Company and related parties were carried out on fair and reasonable terms and in the interests of the shareholders as a whole. As of the date of this report, none of the Directors, the General Manager and other senior management had been found to have abused their authority, prejudiced the interests of the Company and its shareholders. None of them was found to be in breach of any laws and regulations or the Articles of Association of the Company.

The Supervisory Committee is confident in the Company's future development.

The Supervisory Committee has conscientiously reviewed and agreed with the report of the Board and the audited consolidated financial statements etc., which will be submitted by the Board to the 2023 AGM.

By order of the Supervisory Committee
Wang Huaicheng
Chairman

Chongqing, the PRC
27 March 2024



CORPORATE GOVERNANCE REPORT



The Board believes that the Company can enhance its corporate governance and transparency by adhering to strict corporate governance practices in the interest of the shareholders of the Company. Since 18 July 2013, the provisions of the Corporate Governance Code (the “Code”) set out in Appendix C1 of the Listing Rules have been adopted as the Company’s corporate governance standards, which coupled with the experience and circumstances of the Company, help to establish a favorable corporate governance structure of the Group.

Code Provision C.1.6 of Part 2 of the Code provides that independent non-executive Directors and other non-executive Directors should generally attend general meetings of the Company. Mr. Che Dexi did not attend the 2022 annual general meeting (the “2022 AGM”) due to work reasons. The non-attendance of Mr Che Dexi at the 2022 AGM did not affect the Company in answering queries from the shareholders nor Mr. Che Dexi’s ability to develop a balanced understanding of the views of the shareholders at the 2022 AGM as it is a practice of the Company to send the proposed resolutions to Directors and Supervisors prior to the meeting, and therefore Mr Che Dexi has an understanding of the matters considered at the 2022 AGM. The Company will strengthen its communication with Directors and make arrangements for the meetings in advance so that Directors will have sufficient time to make arrangements for their participation in the Company’s meetings.

Save as disclosed above, for the period from 1 January 2023 to 31 December 2023, the Company has complied with the code provisions set out in the Code throughout and adopted the recommended best practices as set out in the Code.

The following is a summary of key corporate governance practices of the Company:

Corporate Strategy

Under Code provision A.1.1 of Part 2 of the Code, the Board is required to establish the Company’s purpose, values and strategy, and ensure that these and the Company’s culture are aligned.

With “becoming world-class” as the goal, green, intelligent and digital technologies as the key, the “service leading strategy” as the cornerstone, and building “five high” (high technology, high vitality, high efficiency, high brand and high quality) as the direction, the Company is committed to transforming and upgrading from traditional logistics to a world-class green intelligent supply chain logistics technology company in 10 to 15 years by strengthening automobile logistics, expanding non-automobile logistics, and the logistics ecosystem, so that customers can trust us and entrust us with their business.

Corporate Governance Principles

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders’ value. The corporate governance principles of the Company emphasise a high-quality Board, sound internal controls, and transparency and accountability to all shareholders.

Securities Transactions by the Directors

Since the Transfer of Listing of the Shares to the main board of the Stock Exchange on 18 July 2013, the Company has adopted a code of conduct regarding Directors’ securities transactions on terms of the required standard of dealings (the “Code of Conduct”) prepared according to the Model Code. After making specific enquiries to all Directors, the Company confirms that the Directors have complied with the Code of Conduct during the period from 1 January 2023 to 31 December 2023.





Board

The sixth session of the Board of the Company was elected at the 2022 AGM held on 30 June 2023 and comprises nine Directors, including two executive Directors, four non-executive Directors and three independent non-executive Directors. The Board is of the view that the composition of the Board maintains a reasonable balance and can provide protection for the interests of the Company and the Shareholders as a whole. The non-executive Directors and the independent non-executive Directors of the Company fulfil their duties in formulating the Company's policies by providing constructive advice. There is no family or material relationship among the members of the Board. The names of the members of the sixth session of the Board are set out in the section headed "Report of the Directors" of this report.

The Company has 3 independent non-executive Directors, of whom one has appropriate professional qualification and financial management expertise. The Company received the relevant independence confirmation letter from each of the independent non-executive Directors in March 2024. There is no relationship between the members of the Board, the Supervisory Committee and other senior management in finance, business, family and other material or relevant aspects.

Election of Directors and Supervisors and Provision of information in respect of and by directors, supervisors and chief executives required under Rule 13.51B of the Listing Rules

Mr. Man Hin Wai Paul, Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun retired as Directors of the Company with effect from the conclusion of the 2022 AGM on 30 June 2023. Ms. Jin Jie retired as Supervisor of the Company with effect from the conclusion of the 2022 AGM on 30 June 2023.

Ms. Jin Jie was elected as a non-executive Director of the Company, and Mr. Li Ming, Mr. Wan Wing Pong and Ms. Chen Jing were elected as independent non-executive Directors of the Company for a term commencing from the date of the conclusion of the 2022 AGM on 30 June 2023 until the expiry of the sixth session of the Board. Ms. Ang Lai Fern was elected as a shareholder representative Supervisor of the Company for a term commencing from the conclusion of the 2022 AGM on 30 June 2023 until the conclusion of the sixth session of the Supervisory Committee. Please refer to the announcements dated 5 June 2023 and 30 June 2023 and the circular dated 14 June 2023 of the Company for further details.

With effect from 30 June 2023, Mr. Li Ming was appointed as the chairman and Mr. Dong Shaojie, Mr. Man Wing Pong and Ms. Chen Jing were appointed as the members of the sixth session of the Audit and Risk Committee.

With effect from 30 June 2023, Mr. Man Wing Pong was appointed as the chairman and Mr. Dong Shaojie, Mr. Li Ming and Ms. Chen Jing were appointed as the members of the sixth session of the Remuneration Committee.

With effect from 30 June 2023, Mr. Xie Shikang was appointed as the chairman and Mr. Dong Shaojie, Mr. Li Ming, Mr. Man Wing Pong and Ms. Chen Jing were appointed as the members of the sixth session of the Nomination Committee.

With effect from 30 June 2023, Mr. Xie Shikang was appointed as the chairman and Mr. Wan Nianyong, Mr. Li Ming, Mr. Man Wing Pong and Ms. Chen Jing were appointed as the members of the sixth session of the Strategy and Investment Committee. Please refer to the announcement of the Company dated 30 June 2023 for further details.





Directors' Attendance of Regular Meetings

The Board has held four regular meetings in 2023 to discuss and determine the Company's major strategies, key operational issues, financial matters and other matters set out in the Company's Articles of Association. Details of Directors' attendance records at the Board's regular meetings held during the year of 2023 are set out in the following table:

Director's name	Due attendance	Records for personal attendance	Records for attendance by alternate	Individual attendance rate
Executive Director				
Xie Shikang	4	4	0	100%
Wan Nianyong	4	4	0	100%
Non-executive Director				
Che Dexi	4	1	3	25%
Chen Wenbo	4	3	1	75%
Jin Jie (Note 2)	2	2	0	100%
Man Hin Wai Paul (Note 1)	2	1	1	50%
Dong Shaojie	4	4	0	100%
Independent non-executive Director				
Li Ming (Note 2)	2	2	0	100%
Man Wing Pong (Note 2)	2	2	0	100%
Chen Jing (Note 2)	2	2	0	100%
Chong Teck Sin (Note 1)	2	2	0	100%
Poon Chiu Kwok (Note 1)	2	2	0	100%
Jie Jing (Note 1)	2	2	0	100%
Zhang Yun (Note 1)	2	2	0	100%

Note 1: On 30 June 2023, Mr. Man Hin Wai Paul, Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun retired as Directors of the Company.

Note 2: On 30 June 2023, Ms. Jin Jie was elected as a non-executive Director of the Company, and Mr. Li Ming, Mr. Wan Wing Pong and Ms. Chen Jing were elected as independent non-executive Directors of the Company.





Composition of the Board

Directors (including non-executive Directors) are elected in general meetings of the Company with a term of 3 years and can be re-elected and re-appointed upon the expiry of the term.

The term of all the existing Directors will be ended upon the expiry of the sixth session of the Board. The Directors shall then retire but may be available for re-election.

On diversity, the Board consists of directors with different backgrounds that are able to provide the Company with professional advice on various aspects. Currently, the Board has two female directors. The independent non-executive Directors are independent of management of the Company and have adequate business and financial experience. They provide advice to the Board and the management on the strategic development of the Company and ensure the interests of shareholders and the Company as a whole by implementing measures.

According to the Listing Rules, the Company received the relevant written independence confirmation letter from each of the independent non-executive Directors for the year 2023. The Company confirmed that all the independent non-executive Directors are independent of the Company.

The Company has provided liability insurances for all Directors and supervisors.

Duties of Directors and Management

Pursuant to the regulations of the Articles of Association of the Company, the duties of Directors are: to be responsible for the convening of and reporting to the shareholders' meeting; to implement the resolutions passed by the shareholders' meeting; to determine the Company's business plans and investment proposals; to formulate the Company's preliminary and final annual financial budgets; to formulate the Company's profit distribution proposal and loss recovery proposal; to make plans for the Company's increasing or decreasing its registered capital and issuing bonds; to formulate plans for the Company's merger, division, changing of forms and dissolution; to decide on the Company's internal management structure; to appoint or remove the Company's general manager and secretary to the Board of Directors, and to engage or remove the Company's deputy general manager, person(s) in charge of the finance department and other senior management according to the nomination of the general manager, and to decide on their remuneration and payment method; to formulate the Company's basic management system; to formulate proposals for any amendment to the Company's Articles of Association; to formulate plans for the Company's acquisition or sale of major assets; in compliance with the relevant laws and regulations, to exercise the Company's right to finance and loan as well as mortgage, rent, contract for or transfer the Company's major assets and authorizing general manager and vice general managers to exercise the foregoing rights within certain scope; to propose at the shareholders' meeting the engagement or replacement of an accounting firm for the audit of the Company's accounts; to listen to the opinions of the Party Committee of the Company before making decisions on material issues of the Company; to exercise any other functions and powers conferred upon by the shareholders' meeting and the Articles of Association of the Company.

Pursuant to the regulations of the Articles of Association of the Company, the duties of management of the Company are: to operate and manage the Company as well as implement resolutions of the Board; to implement the Company's annual operation and investment plan; to make plans for the structuring of the Company's internal management departments; to formulate the Company's basic management system; to formulate regulations for the Company; to propose to appoint or remove vice general managers and CFO of the Company; to decide to appoint or remove management staff except those that shall be appointed or removed by the Board; to decide the rewards and punishments, promotions, pay raises, appointments, employment, removal and dismissal of the Company's employees; to represent the Company to handle major business as authorized by the Board; to exercise other functions and powers conferred upon by the Articles of Association of the Company and the Board.

During the year, the Directors and management strictly fulfilled their duties according to the requirements in the Articles of Association of the Company. The Board has reviewed its performance during the reporting period, obtained advice from senior management and considered the advice contained in the Report of the Supervisory Committee. The Board believes that it has effectively performed its responsibilities in the interests of the Company and shareholders in the year under review.





Board Diversity Policy

The Board has adopted the board diversity policy (the “**Board Diversity Policy**”) in compliance with the mandatory disclosure requirements under Rule 13.92 of the Listing Rules and paragraph J of Part 1 of the Code.

The Board Diversity Policy aims to set out the approach to achieve diversity on the Board and does not apply to diversity in relation to the employees of the Company, nor the board and the employees of any subsidiary of the Company. In reviewing and assessing the composition of the Board, the Nomination Committee will consider the benefits of all aspects of diversity, including without limitation, differences in the talents, skills, regional and industry experience, background, gender, age and other qualities of the members of the Board, in order to maintain an appropriate range and balance of talents, skills, experience and background on the Board. In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. The Nomination Committee will discuss and agree on the measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly. The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company’s business growth.

Chairman and General Manager

The Company’s chairman is Mr. Xie Shikang, and the general manager is Mr. Wan Nianyong. The chairman is responsible for setting the strategic direction of the Company and formulating the business strategies, while the general manager is responsible for overseeing the daily operations of the Company. The chairman is also responsible for the Board and ensuring the effective operation of the Board. The chairman encourages all the Directors (including the independent non-executive Directors) to be fully dedicated in carrying out their duties to the Board and its four committees.





Continuing Professional Development of Directors (Training for Directors)

Directors should participate in continuing professional development to develop and refresh their knowledge and skills. This is to ensure that they will remain well informed to make their contribution to the Board.

Below is a summary of the trainings received by the Directors for the period between 1 January 2023 and 31 December 2023 based on the records provided by the Directors and supervisors:

Name	Category of Continuing Professional Development
Directors	
Xie Shikang	A/B
Wan Nianyong	A/B
Che Dexi	A/B
Chen Wenbo	A/B
Jin Jie	A/B
Man Hin Wai Paul	A/B
Dong Shaojie	A/B
Li Ming	A/B
Man Wing Pong	A/B
Chen Jing	A/B
Chong Teck Sin	A/B
Poon Chiu Kwok	A/B
Jie Jing	A/B
Zhang Yun	A/B
Supervisors	
Wang Huaicheng	A/B
Ang Lai Fern	A/B
Yang Gang	A/B
Deng Li	A/B
Liu Shasha	A/B

A: reading seminar materials and other updated information regarding the amendments to the Listing Rules and other applicable regulations.

B: attending briefing and/or seminars.





Four Committees of the Board

The Company's audit and risk committee, remuneration committee, nomination committee and strategy and investment committee have laid down specific terms of reference, detailing the powers and responsibilities of these committees. All the committees shall report their decisions or submit their proposals to the Board within their authorities, and under certain circumstances, have to request for the Board's approval before taking any actions.

1. Audit and Risk Committee

The Company has set up an audit committee pursuant to the requirements of the Listing Rules and the "Guidelines for the Establishment of Audit Committees" published by Hong Kong Institute of Certified Public Accountants, and set out its duties, powers and functions with written terms of reference. With effect from 30 June 2023, the audit committee of the Company was renamed as the Audit and Risk Committee. The major duties of the Audit and Risk Committee are:

- (a) be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- (b) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit and Risk Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) develop and implement policy on engaging an external auditor to supply non-audit services, if any, to ensure that provisions of such services would not impair the independency and objectivity of the external auditors. For this purpose, 'external auditor' includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit and Risk Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (d) monitor integrity of the Company's financial statements and the annual report and accounts, half-year report and (if prepared for publication) quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit and Risk Committee should focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting;
- (e) regarding (d) above:
 - (i) members of the Audit and Risk Committee should liaise with the Board and senior management and the Audit and Risk Committee must meet, at least twice a year, with the Company's auditors; and
 - (ii) the Audit and Risk Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;
- (f) review the Company's financial controls, and review the Company's risk management and internal control systems;





CORPORATE GOVERNANCE REPORT

- (g) discuss the risk management and internal control systems with management to ensure that management has performed its duty to have an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (h) consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (i) where an internal audit function exists, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and review and monitor its effectiveness;
- (j) review the group's financial and accounting policies and practices;
- (k) review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- (l) ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (m) report to the Board on the matters on the corporate governance code contained in Appendix C1 of the Listing Rules;
- (n) review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management and internal control or other matters. The Committee should ensure that proper arrangements are in place for the fair and independent investigation of these matters and for appropriate follow-up action;
- (o) act as the key representative body for overseeing the Company's relations with the external auditor; and
- (p) study policies for risk management and compliance management of the Company, review the regulatory updates on risk management related issues and consider their material implications to the Company's risk appetite/tolerance and risk profiles, oversee the implementation of risk management policies and compliance with respective statutory rules and regulations;
- (q) monitor the establishment and enforcement of risk and compliance management systems, and the prevention and control of major risks, review and recommend for the Board's approval the Company's risk management framework, risk management system and corporate governance framework including their appropriateness, effectiveness and independence of risk management functions;
- (r) listen to reports on risk and compliance management, put forward to suggestions on how to improve risk and compliance management, and consider proposals in relation to risk and compliance management to be submitted to the Board for review and approval;
- (s) review and recommend for the Board's approval the Company's overall risk management strategies and risk appetite/tolerance, which shall take into account the business, financial, operational, compliance, and all the relevant risks faced by the Company and the prevailing and prospective market and economic conditions;
- (t) evaluate the risks of major investment and funding projects and issues concerning the operation of capital, and advise the Board on such decision-making;
- (u) review reports from the management and to make recommendations to the Board on the Company's risk management policies, which govern the identification, assessment, monitoring, and reporting of the major risks faced by the Company; and
- (v) consider other topics, as defined by the Board.



CORPORATE GOVERNANCE REPORT



The Audit and Risk Committee currently comprises Mr. Li Ming, Mr. Man Wing Pong and Ms. Chen Jing, who are all independent non-executive Directors, as well as Mr. Dong Shaojie, a non-executive Director, and Mr. Li Ming has the requisite financial experience.

During the year, the Audit and Risk Committee held 4 regular meetings and 1 extraordinary meeting.

The Audit and Risk Committee met on 23 March 2023 to review and discuss the Group's annual results, financial statements; principal accounting policies and internal audit matters for the year ended 31 December 2022, listened to the auditor's suggestions for the Company, and approved such reports.

The Audit and Risk Committee met on 18 May 2023 to review the income statement, cash flow statement and balance sheet of the Group for the three months ended 31 March 2023.

The Audit and Risk Committee met on 24 August 2023 to review the unaudited interim report of the Group for the six months ended 30 June 2023 and approved such report.

The Audit and Risk Committee met on 19 October 2023 to review the change in accounting policy and the change of auditors, etc.

The Audit and Risk Committee met on 24 November 2023 to review the income statement, cash flow statement and balance sheet of the Group for the nine months ended 30 September 2023.

Details of the Audit and Risk Committee members' attendance records at the regular meetings during the year are set out in the following table:

Members of the Audit and Risk Committee	Due attendance	Records for personal attendance	Records for attendance by alternate	Individual attendance rate
Chong Teck Sin	2	2	0	100%
Poon Chiu Kwok	2	2	0	100%
Jie Jing	2	2	0	100%
Zhang Yun	2	2	0	100%
Li Ming	2	2	0	100%
Dong Shaojie	2	2	0	100%
Man Wing Pong	2	2	0	100%
Chen Jing	2	2	0	100%





CORPORATE GOVERNANCE REPORT

In 2023, the Audit and Risk Committee has worked actively mainly on the following aspects:

- (a) reviewed the policies and systems on internal financial supervision & operation, compliance monitoring and risks management, for the purpose of ensuring the effectiveness of the policies and systems on internal financial supervision and operation, compliance monitoring and risks management;
- (b) monitored the accounts of the relevant reporting period and reviewed the financial statements and all the financial reporting materials which are set out in the report and took the view that all of these were in accordance with the requirements of Chinese Accountant Standard and Hong Kong Accountant Standard and complied with the relevant laws and regulations of PRC and the Listing Rules;
- (c) made in-depth communication and discussions with the Group's external auditors with regard to the 2023 conducted annual financial auditing nature and scope;
- (d) reviewed the amendments to the rules of the Audit and Risk Committee;
- (e) reviewed the changes in the standards for preparation of the financial statements of the Company; and
- (f) PKF and WUYIGE Certified Public Accountants LLP ("WUYIGE") resigned as the international auditor and the PRC auditor of the Company, respectively, with effect from 30 October 2023, since the changes in the standards for the preparation of the financial statements of the Company, the Board and WUYIGE had not reached a consensus on the audit fee in respect of the audit of the consolidated financial statements of the Group for the year ended 31 December 2023. Having considered factors such as the professional competence, audit experience, team staffing and audit fees, the Audit and Risk Committee made recommendations to the Board to appoint Grant Thornton Zhitong Certified Public Accountants LLP as the new auditor of the Company, with effect from 30 October 2023 to fill the vacancy prior to the convening of the general meeting of shareholders.





2. Remuneration Committee

The remuneration committee of the Company (the “**Remuneration Committee**”) currently comprises Mr. Man Wing Pong, Mr. Dong Shaojie, Mr. Li Ming and Ms. Chen Jing. Mr. Man Wing Pong, Mr. Li Ming and Ms. Chen Jing are independent non-executive Directors and Mr. Dong Shaojie is a non-executive Director. The Remuneration Committee is chaired by Mr. Man Wing Pong.

The major duties of the Remuneration Committee are:

- (a) make recommendations to the Board on the Company’s policy and structure for all directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives;
- (c) determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management. These should include stock appreciation stimulating plan, benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (d) make recommendations to the Board on the remuneration of non-executive directors;
- (e) consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (f) review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair, reasonable and not excessive;
- (g) review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (h) ensure that no director or any of his associates is involved in deciding his own remuneration;
- (i) review and/or approve matters relating to share schemes under Chapter 17 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including any grants of options or awards to directors or senior management, and to make disclosure and give explanation on the appropriateness to such material matters (if any) being approved in the corporate governance report; and
- (j) consider other topics, as authorized by the Board from time to time.





CORPORATE GOVERNANCE REPORT

During the year, the Remuneration Committee held one regular meeting and one extraordinary meeting.

Details of Remuneration Committee members' attendance records at the meeting during the year are set out in the following table:

Members of the Remuneration Committee	Due attendance	Records for personal attendance	Records for attendance by alternate	Individual attendance rate
Poon Chiu Kwok	1	1	0	100%
Jie Jing	1	1	0	100%
Zhang Yun	1	1	0	100%
Chong Teck Sin	1	1	0	100%
Man Wing Pong	N/A	N/A	N/A	N/A
Dong Shaojie	N/A	N/A	N/A	N/A
Li Ming	N/A	N/A	N/A	N/A
Chen Jing	N/A	N/A	N/A	N/A

In 2023, the Remuneration Committee has worked actively mainly on the following aspects:

- (a) Submitted suggestions to the Board on the remuneration policy and composition of the Directors and senior managements of the Company in 2023, and suggested the establishment of a normal and transparent remuneration system;
- (b) Analyzed and continuously refined the procedures of meetings of the Remuneration Committee;
- (c) Reviewed remuneration management measures, performance management measures and annual performance contract for management members of the Company; and
- (d) Reviewed the amendments to the rules of the Remuneration Committee.





3. Nomination Committee

The nomination committee of the Company (the “**Nomination Committee**”) currently comprises Mr. Xie Shikang, Mr. Dong Shaojie, Mr. Li Ming, Mr. Man Wing Pong and Ms. Chen Jing. The Nomination Committee is chaired by Mr. Xie Shikang, who is also the chairman of the Board, and comprises a majority of independent non-executive Directors.

The major duties of the Nomination Committee are:

- (a) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy;
- (b) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (c) assess the independence of independent non-executive Directors;
- (d) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the general manager; and
- (e) consider other topics, as authorized by the Board.

In identifying individuals suitably qualified to become Board members, the Nomination Committee will fully consider if his or her skills, experience and diversity of perspectives is appropriate to the requirements of the Group’s business and has a thorough knowledge regarding the candidate’s occupation, educational background, professional titles, specific working background, part-time jobs and other background information required under the Listing Rules, the Articles of Association of the Company and the relevant PRC authorities (if any). In addition, the Nomination Committee will also take into account the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity and comply with the Procedures for Shareholders to Nominate Candidate(s) for Election as Director(s) or Shareholders’ Representative Supervisor(s) established by the Company, and all of the applicable provisions of the Articles of Associations of the Company and the Listing Rules.





CORPORATE GOVERNANCE REPORT

During the year, the Nomination Committee of the Company held one regular meeting and one extraordinary meeting.

Details of Nomination Committee members' attendance records at the regular meetings during the year are set out in the following table:

Members of the Nomination Committee	Due attendance	Records for personal attendance	Records for attendance by alternate	Individual attendance rate
Xie Shikang	1	1	0	100%
Chong Teck Sin	1	1	0	100%
Poon Chiu Kwok	1	1	0	100%
Jie Jing	1	1	0	100%
Zhang Yun	1	1	0	100%
Dong Shaojie	N/A	N/A	N/A	N/A
Li Ming	N/A	N/A	N/A	N/A
Man Wing Pong	N/A	N/A	N/A	N/A
Chen Jing	N/A	N/A	N/A	N/A

In 2023, the Nomination Committee has worked actively mainly on the following aspects:

- (a) Examined and assessed the qualifications of the candidate(s) for Director(s) and supervisor(s);
- (b) Analyzed the framework, population and composition of the current Board of the Company;
- (c) Assessed and reviewed the independent non-executive Directors of the Company, ensuring their independency. The Company shall abide by relevant rules of the Articles of Association of the Company and Listing Rules in selection of the candidate(s) for non-executive Director(s), with reference to his/her character, experience and integrity and competence; and
- (d) Analyzed and continuously refined the procedures of meetings of the Nomination Committee.

The Board has adopted the director nomination policy in compliance with the mandatory disclosure requirement under paragraph E.(d)(iii) of Part 1 of the Code pursuant to which the Company should disclose its policy for nomination of directors in the summary of work performed by the Nomination Committee in its corporate governance report.





4. Strategy and Investment Committee

The strategy and investment committee of the Company (the “**Strategy and Investment Committee**”) currently comprises Mr. Xie Shikang, Mr. Wan Nianyong, Mr. Li Ming, Mr. Man Wing Pong and Ms. Chen Jing. The chairman of the Strategy and Investment Committee is Mr. Xie Shikang.

The Strategy and Investment Committee shall be responsible for the following duties:

- (a) study and advise on the Company’s development strategy and interim and long-term development plan;
- (b) study and advise on the annual business plan, total budget plan, yearly investment program and major investment program subject to the approval of the Board;
- (c) study and advise on major financing activities, the disposal of assets, and mergers and acquisitions subject to the approval of the Board;
- (d) study and advise on mortgages, pledges of major assets and the provision of security to external party subject to the approval of the Board;
- (e) assess and examine the implementation of the above stated activities; and
- (f) exercise other functions and powers conferred upon by the Board and relevant laws and regulations.

During the reporting period, the Strategy and Investment Committee held one regular meeting and discussed the development strategy and direction of the Company.

Details of Strategy and Investment Committee members’ attendance records at the meeting held during the year are set out in the following table:

Members of the Nomination Committee	Due attendance	Records for personal attendance	Records for attendance by alternate	Individual attendance rate
Xie Shikang	1	1	0	100%
Chong Teck Sin	1	1	0	100%
Jie Jing	1	1	0	100%
Zhang Yun	1	1	0	100%
Wan Nianyong	N/A	N/A	N/A	N/A
Li Ming	N/A	N/A	N/A	N/A
Man Wing Pong	N/A	N/A	N/A	N/A
Chen Jing	N/A	N/A	N/A	N/A





Corporate Governance Responsibility

The Board is responsible for performing the functions set out in the code provision C.3 of Part 2 of the Code.

The Board reviewed (i) the Company's corporate governance policies and practices; (ii) the training and continuous professional development of Directors and senior management; (iii) the Company's policies and practices on compliance with legal and regulatory requirements; (iv) the code of conduct applicable to the employees and Directors; and (v) the Company's compliance with the Code and disclosure in this corporate governance report. With respect to procedures and internal controls for the handling and dissemination of inside information, the Company is aware of its obligations under the Securities and Futures Ordinance and the Listing Rules and the overriding principle that inside information should be announced immediately if it is the subject of a decision; and that the Company's affairs be conducted with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012. The Company has been working on developing its own disclosure policy aiming at preventing selective disclosure of material non-public information and providing broad non-exclusive distribution of material information to the public. The Board will continue to review and improve the corporate governance practices and standards of the Company to ensure that their business and decision-making processes are regulated in a proper and prudent manner.

During the year of 2023, the Board reviewed the Company's status on compliance with the Code and other rules applicable according to the requirements of the Code, and approved the annual corporate governance report of the Company and its disclosure on the websites of the Stock Exchange and the Company.

Adoption of China Accounting Standards for Business Enterprises

Since the listing of the H shares of the Company on the Stock Exchange, the Company has been preparing its financial statements in accordance with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants.

Pursuant to the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) issued by the Stock Exchange in December 2010 and the related amendments to the Listing Rules, Mainland incorporated issuers listed in Hong Kong are allowed to prepare their financial statements using China Accounting Standards for Business Enterprises ("CASBE"), and Mainland accounting firms that have been approved by the Ministry of Finance (the "MOF") of the People's Republic of China (the "PRC") and the China Securities Regulatory Commission (the "CSRC") are eligible to provide auditing related services to the aforementioned issuers using CASBE.

In light of the above arrangements and in view of the fact that the Company mainly conducts its business in mainland China, in order to improve working efficiency of audit, the Board has resolved to align the preparation of its financial statements and disclose relevant financial information in accordance with CASBE commencing from the financial year ended 31 December 2023.

The Board is of the view that the alignment of the preparation of all of its financial statements in accordance with CASBE commencing from the financial year ended 31 December 2023 will not have a significant impact on the operating results and financial position of the Company and there is no material financial impact of the transition of the accounting standards of the Company on the Company's immediately preceding published information. Please refer to the announcement of the Company dated 30 October 2023 for further details.





Auditors and their Remuneration

PKF and WUYIGE were re-appointed as the 2023 international auditor and the 2023 PRC auditor of the Company respectively at the 2022 AGM held on 30 June 2023 to hold office till the conclusion of next annual general meeting of the Company.

PKF and WUYIGE resigned as the international auditor and the PRC auditor of the Company, respectively, with effect from 30 October 2023, since the above-mentioned changes in the standards for the preparation of the financial statements of the Company, the Board and WUYIGE had not reached a consensus on the audit fee in respect of the audit of the consolidated financial statements of the Group for the year ended 31 December 2023.

With the recommendation of the Audit and Risk Committee, the Board has resolved to appoint Grant Thornton Zhitong Certified Public Accountants LLP as the new auditor of the Company with effect from 30 October 2023 to fill the casual vacancy arising from the resignation of PKF and WUYIGE and to hold office until the conclusion of the next annual general meeting of the Company.

Grant Thornton Zhitong Certified Public Accountants LLP is a certified public accounting firm approved by the MOF and the CSRC and is qualified to adopt CASBE to provide auditing services for enterprises incorporated in mainland China and listed in Hong Kong. Please refer to the announcement of the Company dated 30 October 2023 for further details.

Save as disclosed above, for the three years ended 31 December 2023, the Company did not change its auditor.

The responsibilities of the external auditors in respect of their financial reporting are set out in the independent auditor's report attached to the Company's financial statements for the year ended 31 December 2023.

The remuneration of the auditors for the year ended 31 December 2023 are set out below:

Services provided	Fees (RMB)
Audit services	1,280,000
Non-audit services	270,000
Total	1,550,000

The Directors took the view that they have the responsibilities for preparing the account and have conducted a review of the effectiveness of the internal control system of the Group. The Audit and Risk Committee presented their opinions on the appointment of the auditors and approved the above-mentioned appointing arrangement.

Company Secretary

Due to reaching his retirement age, Mr. Huang Xuesong resigned as the company secretary of the Company (the "Company Secretary") with effect from 30 September 2023. Mr. Yuan Quan has been appointed as the Company Secretary with effect from 30 September 2023. Please refer to the announcement of the Company dated 4 October 2023 for further details.

During the year ended 31 December 2023, Mr. Yuan Quan has received no less than 15 hours of professional training in compliance with Rule 3.29 of the Listing Rules.





Rights of Shareholders

The Company's shareholders of ordinary shares shall enjoy the following rights:

- (1) the right to receive dividends and other distributions proportional to the number of shares held;
- (2) the right to attend shareholders' meeting of the Company, either in person or by proxy, and exercise their voting right;
- (3) the right to supervise, advise or inquire about the operating activities of the Company;
- (4) the right to transfer, bestow, or pledge the shares held according to the laws and regulations and the Articles of Association of the Company;
- (5) the right to be provided with relevant information in accordance with provisions of the Articles of Association of the Company, including:
 - (A) to obtain a copy of the Articles of Association of the Company, subject to payment of a reasonable charge;
 - (B) to inspect and to make duplicate copies, subject to payment of a reasonable charge, of the following:
 - (i) all parts of the register of shareholders;
 - (ii) personal profiles of the Company's Directors, supervisors, general manager and other senior managements including:
 - (a) their present and former names and aliases;
 - (b) their principal addresses (residence);
 - (c) their nationalities;
 - (d) their full-time and all other part-time occupations and duties;
 - (e) their identification documents and the numbers thereof.
 - (iii) report(s) on the Company's share capital;
 - (iv) report(s) showing the aggregate par value, number, maximum and minimum price paid with respect to each class of shares repurchased by the Company since the end of the last financial year, and the aggregate amount incurred by the Company for this purpose;
 - (v) minutes of shareholders' meetings; and
 - (vi) audited financial reports.
- (6) the right to receive distribution of the remaining assets proportionate to the number of shares held at the point of the Company's dissolution or liquidation;
- (7) other rights conferred by the laws and regulations and the Articles of Association of the Company.





Communications with Shareholders

The Company attaches great importance to the communication with shareholders and investors. The Company uses a number of channels to account for the performance and operations of the Company to shareholders, particularly periodic reports such as annual and interim reports. In addition to delivering circulars, notices and financial reports to our shareholders, the Company also publishes its corporate information on its website (<http://www.camsl.com>) by electronic means. The AGM provides a good opportunity for communication between the Board and the shareholders of the Company. The Company regards the AGM as an important event in the year and all Directors, supervisors, senior management and the Chairmen of the Audit and Risk Committee, the Remuneration Committee, the Nomination Committee and the Strategy and Investment Committee should make an effort to attend and answer questions raised by the shareholders. For the year ended 31 December 2023, in responding to investors' enquiries, the Company held conferences and/or conference calls.

The Company encourages the shareholders to be involved in the Company's affair and to discuss the corporate business and prospects directly at the AGM or EGM.

Shareholders individually or jointly holding 10% or more of the shares are conferred with the right to vote at the forthcoming EGM and can sign and submit one or more written requests of the same format and content to the Board to request the convening of an EGM, with the issues to be discussed clearly stated. The Board shall convene an EGM as soon as practicable upon receiving such written request(s). The number of the shares will be calculated as at the date of the submission of the written requests.

If the Board fails to send notification of the meeting within 30 days from the date of the receipt of such a request, the Supervisory Committee shall call and preside over the meeting in a timely manner; if the Supervisory Committee fails to do so as well, the shareholder(s), individually or jointly holding over 10% or more of the voting shares of the Company for more than 90 consecutive days may call the meeting within 4 months of the date of the receipt of such a request by the Board, and the procedures for calling the meeting shall mirror the procedures of the Board to call the meeting to the extent possible.

Enquiries may be made to the Board either by contacting the Company Secretary of the Company through office and address of correspondence (No. 1881 Jinkai Road, Yubei District, Chongqing, the PRC, Zip Code: 401122), directly through questions at the AGM or EGM, or by contacting the Board office of the Company (which is in charge of investor relations, email: dongshihui@camsl.com).

Dividend Policy

The Board has adopted the dividend policy (the "Dividend Policy") in compliance with the Code Provision F.1.1 in the Code as contained in Appendix C 1 of the Listing Rules.

The Dividend Policy aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value and does not have any pre-determined dividend payout ratio. The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the Articles of Association of the Company and all applicable laws and regulations and the following factors concerning the Group when considering the declaration and payment of dividends:

- (a) financial results;
- (b) cash flow situation;
- (c) business conditions and strategies;
- (d) future operations and earnings;
- (e) capital requirements and expenditure plans;
- (f) interests of shareholders;
- (g) any restrictions on payment of dividends; and
- (h) any other factors that the Board may consider relevant.





Shareholders' Communication Policy

Under new Paragraph L of Part 1 of the Code, the Board is required to conduct annual review of the shareholders' communication policy to ensure its effectiveness and make disclosure in Corporate Governance Report which is to be incorporated in annual report of the Company. In terms of communication methods with shareholders as disclosed above, the Board reviewed the implementation and effectiveness of the communication policy for the year ended 31 December 2023, and was satisfied with the results.

Anti-Corruption Policy

Under Code provision D.2.7 of Part 2 of the Code, the Board is required to establish an anti-corruption policy and system that promote and support anti-corruption laws and regulations.

The Board has adopted the anti-corruption policy (the "Anti-Corruption Policy") which sets out the principles and guidelines for the Company to promote and support anti-corruption laws and regulations. The Anti-Corruption Policy sets out the basic standard of conduct which applies to all directors, officers and employees of the Company and its wholly owned subsidiaries. It also provides guidance to all employees on acceptance of advantage and handling of conflict of interest when dealing with the Company's business. The Company also encourages and expects our business partners including suppliers, contractors and clients to abide by the principles of the Anti-Corruption Policy.

Whistleblowing Policy

Under Code provision D.2.6 of Part 2 of the Code, the Board is required to establish a whistleblowing policy and system for employees and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit and Risk Committee or any designated committee of the Company about possible improprieties in any matter related to the Company.

The Board has adopted the whistleblowing policy (the "Whistleblowing Policy") and has set the Discipline Inspection Commission which plays an important role in clean corporate governance and compliance management. The terms of reference for the Discipline Inspection Commission set out, among other matters, the reporting and investigation procedures for the employees of the Group and those who deal with the Company to raise concerns about possible improprieties in matters related to the Group.

The Whistleblowing Policy aims to enable the Company's employees and those who deal with the Company to raise concerns, in confidence and anonymity, with the Discipline Inspection Commission, about possible improprieties in matters related to the Company, in order to help detect and deter misconduct or malpractice or unethical acts in the Company.

The Whistleblowing Policy and the terms of reference for the Discipline Inspection Commission set out, among other matters, the reporting and investigation procedures for the employees of the Group and those who deal with the Company to raise concerns about possible improprieties in matters related to the Group.

Remuneration Policy

The salaries of Company's employees are determined by reference to market rates, performances, qualification and experience of the relevant employees. Discretionary bonus may also be given based on the performance of individual staff during the year in order to award the employees for their contributions to the Company. Other employee benefits include pension insurance, medical insurance, unemployment insurance, personal injury insurance and housing fund, etc.





Board Independence Evaluation Mechanism

Under Code provision B.1.4 of Part 1 of the Code, the Board is required to establish mechanism(s) to ensure independent views and input are available to the Board.

The Board has adopted the board independence evaluation mechanism (the “**Mechanism**”) which sets out the principles and guidelines for the Company to ensure independent view and input to be available to the Board.

Continuing improvement and development of the Board of the Company and its committee processes and procedures through Board independence evaluation provides a powerful and valuable feedback mechanism for improving Board effectiveness, maximising strengths, and identifying the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

The Mechanism is designed to ensure a strong independent element on the Board of the Company, which allows the Board to effectively exercise independent judgment to better safeguard shareholders’ interests.

Risk Management and Internal Control

The Company established an audit and legal affairs department to perform internal control assessment, risk management and internal audit. The Company’s internal control system was effective and the Company did not have any material operation risks.

(1) Constantly improve on the internal control system

The Company has revised and implemented the protocols in instructive documents such as the Internal Control Manual, the Internal Control Assessment Manual, the Internal Control Assessment Management Workflow, the Annual Risks Assessment Workflow, the Regular Risks Assessment Workflow, the Internal Audit Workflow and other internal control, risk management and internal audit related administrative rules and relevant work instructions to guide the relevant work regarding internal control, risk and audit management.

The Company persistently refines and improves the internal control system, vigorously builds a lean operation and management system to internalize, improve and computerize relevant work processes, and constantly complete the authorization system and internal management system. The Company has also identified risks and how to control them in the flow plan contained in those documents, and has effectively linked the risk control responsibility with individual job description to strengthen the internal control system.

(2) Conduct internal control assessment and risk management and supervision

The Company has conducted a series of assessment and supervision such as annual internal control assessment, internal control deficiency remedy, annual risk assessment, monthly risk status update, regular risk identification and control, special assessment and audit, accountability audit to examine the Company’s internal control and risk management status. The internal control deficiencies and risks identified were corrected and follow-up actions were taken to monitor the results. A sound system of internal controls is designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance.





(3) Continue to raise risk management and internal control awareness

The Company took various opportunities to provide training to officials, managers and employees regarding risk management, internal control, legal affairs and spread the concept of risk management and control, and lawful operation in an effort to integrate risk management and control into the everyday operation and management of the Company.

One of the duties of the Audit and Risk Committee of the Board is to review the adequacy and effectiveness of the Group's financial control, internal audit functions and risk management systems. The Audit and Risk Committee examined and reviewed the work of the audit and legal affairs department, the Group's external auditor and the regular reports on internal financial control, operation and compliance control, and risk management policies and systems for the financial year ended 31 December 2023.

As a result of the above review, the Board confirms, and management has also confirmed to the Board, that the Group's risk management and internal control systems are effective and adequate (including the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions are adequate) and have complied with the Code provisions on risk management and internal control throughout the reporting period and up to the date of this report.

General Meetings

On 19 January 2023, the executive Directors Mr. Xie Shikang and Mr. Chen Wenbo, the non-executive Directors Mr. Che Dexi and Mr. Man Hin Wai Paul, and the independent non-executive Directors Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun attended the EGM convened by the Company.

On 30 June 2023, the executive Directors Mr. Xie Shikang, Mr. Chen Wenbo and Mr. Wan Nianyong, the non-executive Directors Mr. Man Hin Wai Paul and Mr. Dong Shaojie, and the independent non-executive Directors Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun attended the 2022 AGM held by the Company.

On 19 February 2024, the executive Directors Mr. Xie Shikang and Mr. Wan Nianyong, the non-executive Directors Mr. Chen Wenbo and Mr. Dong Shaojie, and the independent non-executive Directors Mr. Li Ming, Mr. Man Wing Pong and Ms. Chen Jing attended the EGM convened by the Company.

Amendments of Articles of Association

According to the requirements of the SASAC of the State Council, it is necessary to specify in the articles of association that the Company shall implement the general counsel system, and to consider further improving the business scope of the Company, the amendments of the Articles of the Association of the Company were approved at the 2023 First EGM held on 19 January 2023 and the business registration procedures regarding the amendments were completed on 20 March 2023. Please refer to the circular dated 4 January 2023 and the constitutional document dated 23 March 2023 of the Company for further details.

According to the actual situation of the Company, the 2022 AGM of the Company held on 30 June 2023 approved the amendment of the Articles of Association of the Company, and the business registration procedures in relation to such amendments were completed in September 2023. Please refer to the circular of the Company dated 14 June 2023 and the constitutional documents dated 19 September 2023 of the Company for further details.





Executive Directors

Mr. Xie Shikang

Mr. Xie Shikang (謝世康), aged 54, professor-level senior economist, is secretary of the CPC Committee of the Company, chairman, executive director, chairman of Strategy and Investment Committee and Nomination Committee of the sixth session of the Board. Mr. Xie joined the Group since 2016. Mr. Xie graduated from Chongqing Normal University in 1992. His final academic degree obtained in 2006 was a postgraduate diploma in Master of Business Administration from Chongqing University School of Economics and Business Administration. From July 1992 to August 1998, Mr. Xie worked as secretary in China South Industry Group Corporation Southwest Division* and after that, he joined the former Changan Automobile (Group) Company Limited Liability* and served as deputy director of Corporate Office, deputy minister of the Customer Services Department, deputy general manager of the auto parts company, deputy general manager and Party branch secretary of Chongqing Changan Visteon Engine Control System Co., Ltd.*, a joint venture company. From 2009 to 2016, Mr. Xie worked in Changan Automobile (listed in Shenzhen Stock Exchange) as head of Office and Party branch secretary, press spokesperson, general manager of the High-end Limousine Sales Department, minister of the High-end Limousine Overall Development Department, head of the Strategic Planning Department and assistant general manager. Mr. Xie has extensive experience in strategic development planning, production and operation management and has been in a leadership position in leading enterprises in the automobile industry, thus he has enriched theoretical knowledge and working experiences in enterprise operation management and leading, development planning and customer services.

Mr. Wan Nianyong

Mr. Wan Nianyong (萬年勇), aged 48, professor-level senior engineer, is general manager and deputy secretary of the CPC Committee of the Company, executive director and member of Strategy and Investment Committee of the sixth session of the Board. Mr. Wan graduated from Shenyang Ligong University majoring in machinery electronic engineering and then obtained a master degree in project management from Chongqing University. Mr. Wan joined Changan Automobile in July 2000 and served in various positions including deputy head of the manufacture logistics department of Changan Automobile, general manager, secretary of the CPC Committee and project supervisor of Heibei Changan Automobile Co., Ltd., a subsidiary of Changan Automobile. Mr. Wan joined the Company in August 2018 and served as deputy general manager of the Company and the chairman of the Labour Union of the Company. Mr. Wan has extensive experience in enterprise production and operation and project management.





DIRTECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Non-executive Directors

Mr. Che Dexi

Mr. Che Dexi (車德西), aged 70, is non-executive director of the sixth session of the Board. Mr. Che graduated from Chongqing University in 1977, with a major in ironmaking at Metallurgy Department. From 1977 to 1986, Mr. Che Dexi worked in Ngawa Tibetan Autonomous Prefecture Qipangou Ironmaking Plant* (阿壩藏族自治州七盤溝煉鐵廠) and Science and Technology Commission of Ngawa Prefecture* (阿壩州科學技術委員會). From 1986 to 1993, Mr. Che served as director of Ngawa Prefecture Ironmaking Plant* (阿壩州煉鐵廠), director of Ngawa Prefecture Light Industry Bureau No. 2* (阿壩州工業二輕局), and director of Ngawa Prefecture Planned Economy Committee* (阿壩州計劃經濟委員會). From 1993 to 2003, Mr. Che served as general manager of Chengdu Branch of Sinotrans Changhang (Group), general manager of Chongqing Branch of Sinotrans Changhang (Group) and general manager of Sichuan Branch of Sinotrans Changhang (Group). Mr. Che joined Minsheng Shipping Co., Ltd. in December 2003, and was in many important positions in Minsheng Industrial (Group) Co., Ltd. and its subsidiaries, including the president assistant of Minsheng Industrial (Group) Co., Ltd., deputy general manager of Minsheng Shipping Limited Company* and general manager of Sichuan Minsheng International Freight Forwarding Co., Ltd., etc. Mr. Che is currently executive deputy general manager (in charge of work) in Minsheng Shipping Limited Company*. Mr. Che has extensive experience in the logistics industry and corporate management.

Mr. Chen Wenbo

Mr. Chen Wenbo (陳文波), aged 56, is non-executive director of the sixth session of the Board. Mr. Chen joined the Group in December 2018. Mr. Chen graduated from Kunming Engineering College (now known as Kunming University of Science and Technology) in July 1987, majoring in geology and mineral exploration at Geology Department. Mr. Chen obtained a master's degree in business administration in The Open University of Hong Kong in 2005. Mr. Chen joined Minsheng Shipping Limited Company* in December 1989 and assumed several important roles in Minsheng Shipping Limited Company* and its subsidiaries, including manager of the Intermodal Department of Minsheng International Freight Forwarding Co., Ltd.*, and general manager of Minsheng Logistics Limited Company*. Mr. Chen is director and deputy general manager of Minsheng Shipping Limited Company* and general manager of Minsheng Logistics Limited Company*. Mr. Chen has extensive experience in finished vehicle logistics and enterprise management.

Ms. Jin Jie

Ms. Jin Jie (金潔), aged 44, is non-executive director of the sixth session of the Board. Ms. Jin joined the Group in 2018. She graduated from Shanghai University of Finance and Economics in 2001 and is member of Associated Chartered Certified Accountant of the UK. Ms. Jin was appointed Corporate Finance Director of APLL Singapore since April 2018. In this role, her primary accountabilities include: consolidating group accounts, reengineered the group's financial system, reviewing and developing product costing structures, group strategy, driving the group's budget and forecast processes, operational risk, information system implementation and overseeing the departments staffing and recruitment activities. Prior to joining APLL, she was working for TNT International Express (headquarter in Amsterdam) from 2005 to 2018 as the Regional Financial Controller with coverage spanning across Asia Pacific to Middle East regions. During her decade long stay at TNT International Express, she was responsible for financial performance reporting, planning, forecasting and budgeting, etc. Ms. Jin is now based in Singapore.

Mr. Dong Shaojie

Mr. Dong Shaojie (董紹杰), aged 60, professor-level senior engineer, is non-executive Director, member of each of the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee of the sixth session of the Board. Mr. Dong graduated from Beijing Institute of Technology (former name: Beijing Engineering College) in 1986, with a major in metal materials and heat treatment. From July 1986 to November 2022, Mr. Dong worked at Yunnan Xiyi Industrial Co., Ltd (a company listed on the Shenzhen Stock Exchange), as chairman of the board and secretary of the party committee, deputy chief engineer, deputy general manager, secretary of the discipline inspection committee, and chairman of the labour union, etc. Mr. Dong has extensive experience in corporate management.





Independent Non-executive Directors

Mr. Li Ming

Mr. Li Ming (黎明), aged 60, a CPA in China, is independent non-executive director, chairman of the Audit and Risk Committee, member of each of the Remuneration Committee, the Nomination Committee and the Strategy and Investment Committee of the sixth session of the Board. Mr. Li is now a professor and postgraduate instructor of the Accounting School of Chongqing University of Technology. Mr. Li graduated from Chongqing Industrial School in 1980 majoring in industrial accounting and graduated from the Accounting Department of Southwestern University of Finance and Economics in 1989 with a master's degree majoring in accounting. Mr. Li used to serve as the deputy dean, secretary of the party branch and dean of the Accounting School of Chongqing University of Technology. At present, Mr. Li serves as an independent director in the following listed companies: Chongqing Port Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 600279), Huapont Life Sciences Co., Ltd. (listed on the Shenzhen Stock Exchange, stock code: 002004) and Seres Group Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 601127).

Mr. Man Wing Pong

Mr. Man Wing Pong (文永邦), aged 53, is independent non-executive director, chairman of the Remuneration Committee, member of each of the Audit and Risk Committee, the Nomination Committee and the Strategy and Investment Committee of the sixth session of the Board. Mr. Man joined the Group since June 2023. Mr. Man has over 20 years of experience in investment banking, asset management and corporate management. Mr. Man is currently the Chief Risk Officer of Silverstone Investments Limited and is licensed under the SFO as a responsible officer to carry out Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities. From April 2020 to June 2021, Mr. Man served at League Capital Limited as Managing Director. From January 2019 to February 2020, he worked at Mason Global Capital Limited as Director, Investment Banking. From September 2014 to April 2018, he worked at ABCI Capital Limited with his last position as Senior Vice President, Investment Banking Department. From June 2011 to September 2014, he worked at RHB OSK Capital Hong Kong Limited with his last position as Director, Corporate Finance. From October 2007 to June 2011, he worked at China Merchants Securities (HK) Co., Limited with his last position as Manager, Investment Banking Department. Since June 2022, Mr. Man has been serving as an independent non-executive director of BoardWare Intelligence Technology Limited, a company listed on the Main Board of Hong Kong Stock Exchange (stock code: 01204). Since February 2023, Mr. Man has been serving as a member of China Committee of the Hong Kong Securities and Investment Institute. Mr. Man is a fellow of CPA Australia, a fellow of Institute of Public Accountants, a fellow of Institute of Financial Accountants, a fellow of The Hong Kong Institute of Directors and a fellow of the Hong Kong Securities and Investment Institute. Mr. Man obtained a bachelor's degree of social science from The Chinese University of Hong Kong in 1993, obtained a master's degree of financial management from Rotterdam School of Management, Erasmus University in 2004, and obtained a postgraduate diploma in professional accountancy from Graduate School, The Chinese University of Hong Kong in 2018.

Ms. Chen Jing

Ms. Chen Jing (陳靜), aged 48, is independent non-executive director, member of each of the Audit and Risk Committee, the Remuneration Committee, the Nomination Committee and the Strategy and Investment Committee of the sixth session of the Board. Ms. Chen is now the principal of CO-EFFORT (Chongqing) Law Firm LLP. Ms. Chen obtained the degree of Bachelor of Laws from Xi'an Jiaotong University majoring in Economic Law in 1999 and the degree of Master of Laws from Chicago-Kent School of Law of Illinois Institute of Technology majoring in Advocacy in 2019. From 2009 to 2020, Ms. Chen served as the founding partner of Shanghai Hehua Lisheng (Chongqing) Law Firm, which had been merged into Grandall (Chongqing) Law Firm. From 2006 to 2009, Ms. Chen served as the director of Haobang Law Firm. From 1999 to 2006, Ms. Chen successively worked in the Zhuhai Waterway Bureau, the Legal Department of Loncin Group Co., Ltd. and Chongqing Dingsheng Law Firm. Ms. Chen is good at professional legal services in the logistics and shipping industries, especially in the field of maritime affairs.





DIRTECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Supervisors

Mr. Wang Huaicheng

Mr. Wang Huaicheng (王懷成), aged 58, senior engineer, is shareholder representative supervisor and chairman of the sixth session of the Supervisory Committee. Mr. Wang joined the Group since 2018. Mr. Wang holds a Master's degree in industrial engineering of Chongqing University. From August 1989 to January 2000, Mr. Wang worked at Pingshan Machinery Factory, a state-owned enterprise. From January 2000 to December 2000, Mr. Wang served as deputy head of one of the factories of Chongqing Dajiang Automobile General Factory. From January 2000 to August 2014, Mr. Wang served as deputy general manager, general manager and director of Chongqing Dajiang Industry Co., Ltd.*, and deputy general manager, general manager and director of Chongqing Dajiang Xinda Automobile Co., Ltd.* From August 2014 to October 2014, Mr. Wang served as chairman of the Supervisory Committee of Chongqing Changfeng Machinery Limited Liability Company*. From October 2014 to March 2016, Mr. Wang served as chairman of the Supervisory Committee of Hubei Huazhong Precision Instrument Factory*. From April 2016 to October 2017, Mr. Wang served as chairman of the Supervisory Committee of CDGM Glass Co., Ltd., supervisor of Chengdu Huachuan Electric Equipment Co., Ltd.* and supervisor of Yunnan Xiyi Industrial Co., Ltd. (a company listed on the SME board of the Shenzhen Stock Exchange, Stock Code: 002265). Mr. Wang is currently director of Henan Zhongyuan Special Steel Equipment Manufacturing Co., Ltd.* and Luoyang North Enterprises Group Co., Ltd.*

Ms. Ang Lai Fern

Ms. Ang Lai Fern (洪萊芬), aged 42, a member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants, is shareholder representative supervisor of the sixth session of the Supervisory Committee. Ms. Ang is now working as Senior Manager of Financial Accounting and Reporting in APLL Global Support Services (M) Sdn. Bhd. Ms. Ang graduated from University of Malaya with bachelor's degree in Accounting (First Class Honours) in 2005. From April 2005 to August 2010, Ms. Ang worked as Audit Associate, Senior Audit Associate and Assistant Manager of audit assurance department in Ernst & Young, Kuala Lumpur. From September 2010 to October 2014, Ms. Ang worked as Manager of Professional Standards and Practices department in Malaysian Institute of Accountants. Ms. Ang joined APLL in October 2014, working as Manager of Financial Accounting and Reporting in APLL Global Support Services (M) Sdn. Bhd.

Mr. Yang Gang

Mr. Yang Gang (楊剛), aged 48, senior accountant, is shareholder representative supervisor of the sixth session of the Supervisory Committee. Mr. Yang joined the Group since 2019. Mr. Yang graduated from Liaoning Technical University majoring in accounting. Mr. Yang joined Minsheng Industrial Limited Company* in July 2000 and since then has served in various important roles such as manager of the Financial Department in Guangzhou Branch of Minsheng Shipping Limited Company*, and manager of the Financial Department in Guangzhou Minsheng International Freight Co., Ltd.* (a subsidiary of Minsheng Shipping Limited Company*) and as deputy general manager of Sichuan Minsheng International Freight Co., Ltd.*(a subsidiary of Minsheng Shipping Limited Company*). Mr. Yang currently serves as director of Financial Department in Minsheng Shipping, supervisor of Sichuan Changhong Minsheng Co., Ltd.* (listed on National Equities Exchange and Quotations, Stock Code: 836237) and deputy general manager of Minsheng Logistics Sichuan Co., Ltd.* (a subsidiary of Minsheng Shipping). Mr. Yang has extensive experience in accounting and financial management.

Ms. Deng Li

Ms. Deng Li (鄧莉), aged 54, accountant, is employee representative supervisor of the sixth session of the Supervisory Committee. Ms. Deng graduated from Chongqing University with a master's degree. Ms. Deng worked in former Changan Automobile (Group) Company Liability Limited and was responsible for finance services including financial accounting, financial analysis and tax management. In July 2001, Ms. Deng joined the Company and has held various positions, such as manager and deputy director of the Finance Department. Ms. Deng is currently deputy director of the Audit and Legal Affairs Center of the Company, fully in charge of auditing and internal control, risk management and legal affairs. Ms. Deng has extensive experience in areas of finance management, tax management, auditing and legal affairs.



DIRTECTORS, SUPERVISORS AND SENIOR MANAGEMENT



Ms. Liu Shasha

Ms. Liu Shasha (劉莎莎), aged 42, is employee representative supervisor of the sixth session of the Supervisory Committee. Ms. Liu is deputy head and secretary of the Party Branch of Discipline Inspection and Supervision Department. Ms. Liu graduated from Chongqing Vocational and Technical University of Mechatronics, majoring in motorcycle manufacturing and maintenance. From June 2000 to August 2009, Ms. Liu worked at Jianshe Industry (Group) Co., Ltd. and Chongqing Jianshe Motorcycle Co., Ltd.. From August 2009 to September 2017, Ms. Liu served as Party discipline inspector in the Discipline Inspection Office of Chongqing Jianshe Motorcycle Co., Ltd. and Party discipline inspector in the Discipline Inspection Office of Chongqing Jianshe Electromechanical Co., Ltd.*(重慶建設機電有限責任公司). Ms. Liu joined the Company in September 2017 and since then has held various positions within the Company such as acting deputy manager of the Clean Practice Office of the Department of Party and Masses Work (Corporate Culture Center), acting deputy manager of Discipline Inspection and Supervision Department (Inspection Office), and manager of Discipline Inspection and Supervision Department. Ms. Liu currently serves as deputy head and secretary of the Party Branch of Discipline Inspection and Supervision Department. Ms. Liu has extensive experience in discipline inspection and supervision.

General Manager and Senior Management

Mr. Wan Nianyong

Mr. Wan Nianyong (萬年勇) is general manager of the Company. Please refer to the biography details of Mr. Wan in the Executive Directors column.

Mr. Ren Fei

Mr. Ren Fei (任飛), aged 50, accountant, is chief accountant and Board secretary of the Company. Mr. Ren graduated from Chongqing University of Technology in 1997 majoring in computerized accounting. He also obtained a master's degree from Beijing Institute of Technology, majoring in EMBA. From July 1997 to July 2004, Mr. Ren worked in the CSGC Southwest Division. From July 2004 to January 2012, Mr. Ren served as deputy head of Finance Department, deputy head of Financial Auditing Department, head of Financial Auditing Department of CSGC Southwest Division, and head of Finance Department of Southwest Ordnance Industry Corporation. From January 2012 to July 2020, Mr. Ren served as head of Financial Auditing Department, Chief Accountant and Director of Wanyou Automobile. Mr. Ren has extensive experience in finance, auditing and business management.

Mr. Chen Zhigang

Mr. Chen Zhigang (陳治剛), aged 60, economic engineer, is deputy general manager of the Company, holding an MBA. Mr. Chen joined Minsheng Industrial in 1992 and served as deputy director, director of Multi-Transportation Department, assistant general manager & deputy director of Multi-Transportation Department, deputy general manager of Minsheng International Cargo Transportation Agent Company Limited; deputy general manager & manager of Logistics Department of Minsheng Logistics Company Limited, etc. At the establishment of the Company, Mr. Chen served as deputy general manager of the Company and from 7 June 2011, Mr. Chen serves as deputy general manager of the Company again. Mr. Chen is in charge of Supply Chain Business Department of the Company and the supervision of two of the Company's subsidiaries, Shanghai Supply Chain and Hangzhou Changan Minsheng.



DIRTECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Liao Jiahua

Mr. Liao Jiahua (廖家華), aged 47, senior engineer, is deputy general manager of the Company. Mr. Liao graduated from Changchun University Of Science And Technology majoring in computer and application in 2000, and then graduated from Chongqing University majoring in industrial engineering with a master degree in 2019. From July 2000 to June 2016, Mr. Liao served as director of Network Security Division of Management Information Department of Changan Automobile, director of Information Technology Management Division of Management Information Department, director of Information Technology Management Department of the Management Innovation and IT Center. Ms. Liao joined the Company in June 2016 and since then has held various positions within the Company such as senior director of Information Department, head of Management Innovation and IT Center, Chief Digital Officer, senior director of Intelligent Logistics Promotion Center (Enterprise Technology Center), assistant to general manager, general counsel, secretary of the Party branch of Intelligent Logistics Promotion Center and spokesman. Mr. Liao has extensive experience in digital information, logistics sci-tech and corporate management.

Ms. Liao Yannan

Ms. Liao Yannan (廖雁南), aged 41, professor-level senior engineer, is deputy general manager of the Company. Ms. Liao graduated from Tsinghua University majoring in vehicle engineering in 2003 with a bachelor degree. In 2007, she graduated from Tsinghua University majoring mechanical engineering with a master degree, during which she studied at RWTH Aachen University in Germany, majoring in automatic system engineering from 2004 to 2005 with a master degree. From February 2007 to November 2007, Ms. Liao worked as application engineer at Bosch Technology Center (Suzhou) Co., Ltd. From November 2007 to August 2011, Ms. Liao worked in Technology and Management Information Department of China South Industries Automobile Co., Ltd. From August 2011 to May 2021, Ms. Liao served as head of Post-evaluation Division of Audit and Risk Department and head of Project Audit and Evaluation Division of the Audit and Risk Management Department (Supervisors Affairs Office), director of Comprehensive Audit Office of Audit Risk Control and Legal Department. Ms. Liao served as supervisor of Baoding Tongwei Electrical Equipment Co., Ltd.*, supervisor of China South Industries Group Information Center Co., Ltd.*, supervisor of China South Industries Financial Leasing Co., Ltd, -and supervisor of Fujian Chenguang Qiming Technology Co., Ltd.* Ms. Liao has extensive experience in audit management.

Ms. Chen Hongyu

Ms. Chen Hongyu (陳虹餘), aged 42, senior political worker*(高級政工師) is deputy secretary of the CPC Committee of the Company. Ms. Chen graduated from North University of China majoring in computer science and technology with a bachelor degree in 2004. From August 2004 to September 2022, Ms. Chen served as deputy manager of Corporate Management Department, deputy manager of Development and Planning Department, head of Administrative Office, head of Human Resources Department, and Party branch secretary of Chengdu Lingchuan Special Industries Co., Ltd. During her term, Ms. Chen participated Class for Advanced Studies of Postgraduate Curricula held by the School of Marxism Studies of Renmin University of China, majoring in ideological and political education and Class for Advanced Studies of Postgraduate Curricula held by the School of Labor and Human Resources of Renmin University of China, majoring in human resources management. Ms. Chen has extensive experience in the Party construction and human resources management.

Mr. Tang Zhong

Mr. Tang Zhong (唐忠), aged 41, is secretary of the Discipline Inspection Commission of the Company. Mr. Tang graduated from Shenyang Ligong University majoring in material forming and control engineering with a bachelor degree in 2006. Mr. Tang served as head of Party and Administrative Office, head of Discipline Inspection and Supervision Department, manager of Inspection Office. Mr. Tang has rich experience in administration, Party construction, discipline supervision and inspection.





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To all shareholders of Changan Minsheng APLL Logistics Co., Ltd. :

I. Opinion

We have audited the financial statements of Changan Minsheng APLL Logistics Co., Ltd. (hereinafter "the Company"), which comprise the consolidated and Company balance sheets as at 31 December 2023, and the consolidated and Company income statements, consolidated and Company cash flows statements and consolidated and Company statements of changes in equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and Company financial positions as at 31 December 2023, and their financial performance and their cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. 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 and have fulfilled our other ethical responsibilities in accordance with the China Code of Ethics for Certified Public Accountants. 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 for the current year. 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.

(I) Accuracy of revenue recognition

Relevant disclosures of information refer to Note III.26 and Note V.43 of the notes to the financial statements.

1. Descriptions of the matter

The Company mainly engages in transportation services for complete vehicles and automotive parts, as well as tire packaging and sales of packaging materials. In the year 2023, the Company achieved operating revenue of RMB 7.969 billion. Revenue recognition by the Company occurs when control of the goods has been transferred to the customer or services have been completed and accepted by the customer. Since operating revenue is one of the key performance indicators for the Company, there exists inherent risk that management of the Company (hereinafter "Management") may inappropriately recognize revenue to meet specific targets or expectations. Therefore, we identify revenue recognition as a key audit matter.





INDEPENDENT AUDITOR'S REPORT

2. Addressed in the context of our audit

The audit procedures that we have performed are mainly as follows:

- (1) Obtained understanding, evaluated and tested the effectiveness of key internal control design and operation related to revenue recognition.
- (2) Reviewed major logistics service or sales contracts, identified contract terms and conditions related to the transfer of control of services or goods, and assessed whether the specific methods of revenue recognition comply with the provisions of the Accounting Standards for Business Enterprises.
- (3) Performed analytical procedures on revenue and gross profit margin on a monthly basis, by product, customer, etc., to identify significant or abnormal fluctuations, and analyzed the reasons for the fluctuations.
- (4) Selected samples to examine supporting documents related to revenue recognition, including sales contracts, orders, sales invoices, shipping documents, etc.
- (5) Selected samples to send confirmations to key customers regarding sales figures for the current period.
- (6) Conducted cut-off testing on revenue recognized before and after the balance sheet date to evaluate whether revenue was recognized in the appropriate period.

(II) Provision for bad debts on accounts receivable

Relevant disclosures of information refer to Note III.11 and 33 and Note V.3 of the notes to the financial statements.

1. Descriptions of the matter

As of December 31, 2023, the Company had accounts receivable with book value of RMB 1.56 billion. An allowance for bad debts of RMB 93.00 million had been recognized, resulting in a net carrying amount of RMB 1.467 billion, representing 39.97% of current assets. The Company measures impairment provisions for expected credit losses on accounts receivable. Due to the significant amount of accounts receivable and the use of significant accounting estimates and professional judgment by the management in determining the provision for bad debts, we identified the recognition of the provision for bad debts on accounts receivable as a key audit matter.

2. Addressed in the context of our audit

The audit procedures that we have performed are mainly as follows:

- (1) Obtained understanding of and evaluated the effectiveness of internal controls related to the recognition of the provision for bad debts on accounts receivable.
- (2) For accounts receivable assessed on an individual basis, we reviewed management's assessment of expected credit losses based on factors such as the customer's financial condition, historical repayment records, and forecasts of future economic conditions.
- (3) For accounts receivable assessed based on the characteristics of credit risk characteristics, we reviewed management's rationale for the division of portfolios and the reasonableness of the expected credit loss rates. We selected samples to test the accuracy of historical credit loss data and recalculated the provision for bad debts on accounts receivable to ensure its accuracy.
- (4) Compared the provision for bad debts on accounts receivable from previous years with the actual bad debt amounts incurred. Additionally, we examined subsequent collections to evaluate the adequacy of the provision for expected credit losses on accounts receivable.
- (5) Selected samples of accounts receivable balances and sent confirmations to the respective debtors. We then reconciled the confirmation responses with the corresponding amounts recorded in the Company's books.
- (6) Reviewed the disclosure of the provision for bad debts on accounts receivable in the financial statements to ensure it is adequate and appropriate.



INDEPENDENT AUDITOR'S REPORT



IV. Other Information

Management of the Company is responsible for the other information. The other information comprises the information included in the Company's 2023 annual report, but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

VI. Auditor's Responsibilities 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 auditing standards 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 auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks 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, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.





INDEPENDENT AUDITOR'S REPORT

- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, 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, auditing standards require us to draw attention to users of the financial statements in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our 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, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient 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, among other matters, the planned scope and timing of the audit and significant audit findings, 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 relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton Zhitong Certified
Public Accountants LLP

Auditor signature and stamp: Zheng Jianli
(Engagement partner)

Auditor signature and stamp: Wang Lina

Beijing, the PRC

March 27, 2024



CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
 CONSOLIDATED AND COMPANY BALANCE SHEETS
 As at 31 December 2023 (RMB yuan)



Item	Notes	As at 31 December 2023		As at 31 December 2022	
		Consolidated	Company	Consolidated	Company
Current assets:					
Cash and bank balances	V.1	882,939,512.98	645,371,743.56	975,746,951.07	629,722,281.25
Notes receivable	V.2	36,533.43	36,533.43		
Accounts receivable	V.3	1,466,849,212.92	1,002,429,019.90	1,506,752,215.86	1,016,836,043.68
Receivable financing	V.4	776,739,880.82	742,845,558.72	608,818,797.05	591,794,617.37
Prepayments	V.5	12,126,101.53	7,154,545.81	72,431,447.99	41,503,726.28
Other receivables	V.6	89,026,316.09	71,415,940.99	89,122,491.79	97,603,471.35
Inventories	V.7	28,876,115.92	3,435,208.87	18,522,180.87	
Contract assets	V.8	245,138,987.01	132,313,200.30	285,418,606.82	217,083,977.16
Non-current assets due within one year	V.9			2,705,967.99	
Other current assets	V.10	168,174,280.84	152,329,029.32	14,438,462.64	5,036,696.96
Total current assets		3,669,906,941.54	2,757,330,780.90	3,573,957,122.08	2,599,580,814.05
Non-current assets:					
Long-term equity investments	V.11	87,353,330.93	1,086,535,783.85	89,411,803.24	1,043,594,256.17
Other equity instruments investment	V.12	71,580,000.00	71,580,000.00	72,000,000.00	72,000,000.00
Investment properties	V.13	33,544,833.04	33,544,833.04	36,001,265.62	36,001,265.62
Fixed assets	V.14	728,979,329.43	238,218,648.36	578,356,588.70	213,150,694.39
Construction in progress	V.15	9,149,679.44	3,057,518.15	14,727,509.26	12,311,811.08
Right-of-use assets	V.16	216,669,938.35	61,060,997.49	181,558,849.14	10,940,029.05
Intangible assets	V.17	273,459,834.67	126,233,857.94	273,616,279.18	126,383,994.77
Goodwill	V.18	5,016,185.42	2,222,222.00	5,016,185.42	2,222,222.00
Long-term deferred expenses	V.19	7,716,106.11	3,526,657.86	5,567,322.19	3,919,866.27
Deferred tax assets	V.20	63,796,465.44	52,489,373.41	68,204,503.20	57,853,337.47
Other non-current assets	V.21	7,239,124.15	7,239,124.15	17,252,996.47	16,802,996.47
Total non-current assets		1,504,504,826.98	1,685,709,016.25	1,341,713,302.42	1,595,180,473.29
TOTAL ASSETS		5,174,411,768.52	4,443,039,797.15	4,915,670,424.50	4,194,761,287.34

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CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
CONSOLIDATED AND COMPANY BALANCE SHEETS (CONTINUED)
As at 31 December 2023 (RMB yuan)

Item	Notes	As at 31 December 2023		As at 31 December 2022	
		Consolidated	Company	Consolidated	Company
Current Liabilities:					
Short-term loans	V.23	26,526,864.44			
Notes payable	V.24	532,579,693.95	505,288,280.58	503,501,890.28	508,471,433.49
Accounts payable	V.25	1,518,537,172.85	1,150,556,744.51	1,543,142,538.25	1,147,097,721.36
Contract liabilities	V.26	13,315,099.27	10,832,122.30	9,008,853.00	6,109,761.14
Employee benefits payable	V.27	158,152,027.89	117,903,409.40	133,055,258.61	98,504,980.84
Taxes payable	V.28	34,615,423.85	12,502,283.67	16,770,356.48	2,797,102.04
Other payables	V.29	313,506,475.20	779,591,479.22	306,391,343.76	638,440,204.66
Non-current liabilities due within one year	V.30	117,995,287.03	33,388,833.60	44,715,581.39	8,866,993.56
Other current liabilities	V.31	14,313,616.86	8,015,393.89	734,979.37	548,867.01
Total current liabilities		2,729,541,661.34	2,618,078,547.17	2,557,320,801.14	2,410,837,064.10
Non-current liabilities:					
Long-term loans	V.32	97,515,898.76		37,832,443.05	
Lease liabilities	V.33	137,552,585.90	26,393,269.25	139,711,399.80	2,450,737.92
Provisions	V.34	360,560.00			
Deferred income	V.35	13,141,084.85	11,312,247.07	12,443,112.39	10,501,313.52
Deferred tax liabilities	V.20	6,724,905.82	4,175,219.19	6,476,000.00	4,047,960.29
Other non-current liabilities	V.36	11,227.20	11,227.20	13,327.20	13,327.20
Total non-current liabilities		255,306,262.53	41,891,962.71	196,476,282.44	17,013,338.93
TOTAL LIABILITIES		2,984,847,923.87	2,659,970,509.88	2,753,797,083.58	2,427,850,403.03
Share capital	V.37	162,064,000.00	162,064,000.00	162,064,000.00	162,064,000.00
Capital reserve	V.38	67,113,845.09	75,152,769.98	66,907,278.00	75,150,257.00
Other comprehensive income	V.39	22,572,515.00	22,572,515.00	22,929,515.00	22,929,515.00
Specific reserve	V.40	10,251,350.13	60,947.25	11,479,081.74	2,895,359.25
Surplus reserve	V.41	85,867,093.00	85,867,093.00	85,867,093.00	85,867,093.00
Undistributed profits	V.42	1,668,384,520.71	1,437,351,962.04	1,636,555,790.69	1,418,004,660.06
Total shareholders' equity attributable to the parent		2,016,253,323.93	1,783,069,287.27	1,985,802,758.43	1,766,910,884.31
Minority interests		173,310,520.72		176,070,582.49	
Total shareholders' (or owners') equity		2,189,563,844.65	1,783,069,287.27	2,161,873,340.92	1,766,910,884.31
Total liabilities and shareholders' (or owners') equity		5,174,411,768.52	4,443,039,797.15	4,915,670,424.50	4,194,761,287.34

The financial statements of the Company and the notes thereto are signed by the following person:

Legal representative (Chairman): Mr. Xie Shikang

Principal in charge of accounting: Mr. Ren Fei

Director: Mr. Wan Nianyong

Head of accounting department: Mr. Yang Renchuan



CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
 CONSOLIDATED AND COMPANY INCOME STATEMENT
 For the year ended 31 December 2023 (RMB yuan)



Item	Notes	2023		2022	
		Consolidated	Company	Consolidated	Company
I. Revenue from operations	V.43	7,968,998,231.49	6,160,696,569.40	7,720,202,129.16	5,557,294,262.80
Less: Cost of operations	V.43	7,597,717,455.50	5,982,895,771.00	7,322,219,482.10	5,373,757,679.23
Taxes and surcharges	V.44	31,065,780.87	20,372,503.77	22,114,856.69	13,923,501.50
Selling expenses	V.45	50,946,651.73	18,571,767.73	50,990,632.87	23,053,082.10
Administrative expenses	V.46	214,717,665.51	116,286,318.44	252,160,636.76	161,316,352.93
Research and development expenses	V.47	26,803,369.07	3,874,542.73	13,290,961.52	8,839,109.09
Financial expense	V.48	-3,225,090.68	-4,221,926.31	-12,394,485.77	-9,549,811.96
Including: Interest expenses		14,853,022.71	6,531,087.69	7,800,957.27	5,115,079.76
Interest income		20,268,842.18	15,529,602.59	17,671,361.87	12,203,173.87
Add: Other income	V.49	18,703,748.11	9,683,609.26	11,728,115.41	7,705,715.45
Investment income					
("-" for loss)	V.50	-1,239,545.56	8,140,454.44	650,055.59	23,430,055.59
Including: Gains from investments in associates and joint ventures		-1,060,985.29	-1,060,985.29	-1,446,399.84	-1,446,399.84
Gain from derecognition of financial assets at amortized cost ("-" for loss)					
Credit impairment loss ("-" for loss)	V.51	7,605,998.41	8,835,198.19	-14,178,788.84	-12,487,127.56
Assets impairment loss ("-" for loss)	V.52	-1,179,826.31	-1,201,927.74	-3,869,741.94	-3,549,813.83
Gain from disposal of assets ("-" for loss)	V.53	282,776.04	208,710.78	385,456.49	146,040.00
II. Operating profit ("-" for loss)		75,145,550.18	48,583,636.97	66,535,141.70	1,199,219.56
Add: Non-operating income	V.54	3,105,350.39	2,340,028.70	7,792,757.99	4,644,098.38
Less: Non-operating expenses	V.55	3,242,318.58	1,404,005.83	6,035,172.87	5,329,312.74
III. Total profit ("-" for loss)		75,008,581.99	49,519,659.84	68,292,726.82	514,005.20
Less: Income tax expenses	V.56	17,045,642.33	5,554,222.96	21,777,052.53	7,876,313.73

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CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
CONSOLIDATED AND COMPANY INCOME STATEMENT (CONTINUED)
For the year ended 31 December 2023 (RMB yuan)

Item	Notes	2023		2022	
		Consolidated	Company	Consolidated	Company
IV. Net profit ("-" for net loss)		57,962,939.66	43,965,436.88	46,515,674.29	-7,362,308.53
(I) Classified by continuity of operations:					
Including: Net profit from continuing operations ("-" for net loss)		57,962,939.66	43,965,436.88	46,515,674.29	-7,362,308.53
Net profit from discontinued operations ("-" for net loss)					
(II) Classified by attribution to ownership:					
Including: Net profit attributable to shareholders of the parent ("-" for net loss)		56,446,864.92	43,965,436.88	38,481,808.17	-7,362,308.53
Net profit attributable to minority interests ("-" for net loss)		1,516,074.74		8,033,866.12	
V. Other comprehensive income - after tax		-357,000.00	-357,000.00	1,700,000.00	1,700,000.00
Other comprehensive income - after tax attributable to shareholders of the parent		-357,000.00	-357,000.00	1,700,000.00	1,700,000.00
(I) Other comprehensive income not reclassified into profit or loss subsequently		-357,000.00	-357,000.00	1,700,000.00	1,700,000.00
1. Changes in remeasurement of defined benefit plan					
2. Share of other comprehensive income of the equity method investments					
3. Changes in fair value of other equity instruments investment		-357,000.00	-357,000.00	1,700,000.00	1,700,000.00
4. Changes in fair value of the Company's own credit risks					
5. Others					
(II) Other comprehensive income that will be reclassified into profit or loss subsequently					
Other comprehensive income - after tax attributable to minority interests					
VI. Total comprehensive income		57,605,939.66	43,608,436.88	48,215,674.29	-5,662,308.53
Total comprehensive income attributable to shareholders of the parent		56,089,864.92	43,608,436.88	40,181,808.17	-5,662,308.53
Total comprehensive income attributable to minority interests		1,516,074.74		8,033,866.12	
VII. Earnings per share					
(I) Basic earnings per share		0.35		0.24	
(II) Diluted earnings per share		0.35		0.24	

Legal representative:

Principal in charge of accounting:

Head of accounting department:



CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
 CONSOLIDATED AND COMPANY CASH FLOWS STATEMENTS
 For the year ended 31 December 2023 (RMB yuan)



Item	Notes	2023		2022	
		Consolidated	Company	Consolidated	Company
I. Cash flows from operating activities:					
Cash received from sales of goods or rendering of services		11,127,380,231.35	8,324,381,305.11	8,919,424,969.95	6,415,144,143.73
Tax refund received		5,639,641.71	2,950,051.60	53,845,587.87	40,087,391.44
Other cash received relating to operating activities	V.57	195,076,030.16	1,972,655,612.17	133,599,398.53	1,605,593,100.92
Sub-total of cash inflows		11,328,095,903.22	10,299,986,968.88	9,106,869,956.35	8,060,824,636.09
Cash paid for goods and services		9,997,365,494.28	7,417,508,160.74	8,081,570,038.71	6,037,780,617.52
Cash paid to and on behalf of employees		724,531,009.73	507,514,945.00	640,569,410.03	468,156,095.02
Payments of all types of taxes		119,055,404.32	70,984,397.97	72,935,709.19	34,269,148.90
Other cash paid relating to operating activities	V.57	289,325,033.96	2,027,652,833.24	232,084,555.30	1,555,190,057.32
Sub-total of cash outflows		11,130,276,942.29	10,023,660,336.95	9,027,159,713.23	8,095,395,918.76
Net cash flows from operating activities		197,818,960.93	276,326,631.93	79,710,243.12	-34,571,282.67
II. Cash flows from investing activities:					
Cash received from disposal of investments					
Cash received from returns on investments		3,435,623.28	12,815,623.28	3,096,455.43	25,876,455.43
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		820,750.61	278,726.98	1,756,323.81	234,059.66
Cash received from disposal of subsidiaries and other business units					
Other cash received relating to investing activities	V.57			39,059,100.00	39,059,100.00
Sub-total of cash inflows		4,256,373.89	13,094,350.26	43,911,879.24	65,169,615.09
Cash paid to acquire fixed assets, intangible assets and other long-term assets		171,928,257.31	24,961,122.69	161,710,273.03	43,380,828.84
Cash paid to acquire investments		150,000,000.00	195,000,000.00	14,000.00	18,583,452.93
Cash paid to acquire subsidiaries and other business units				164,068.82	164,068.82
Other cash paid relating to investing activities	V.57			249,800.00	249,800.00
Sub-total of cash outflows		321,928,257.31	219,961,122.69	162,138,141.85	62,378,150.59
Net cash flows from investing activities		-317,671,883.42	-206,866,772.43	-118,226,262.61	2,791,464.50

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CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
CONSOLIDATED AND COMPANY CASH FLOWS STATEMENTS (CONTINUED)
For the year ended 31 December 2023 (RMB yuan)

Item	Notes	2023		2022	
		Consolidated	Company	Consolidated	Company
III. Cash flows from financing activities :					
Cash received from capital contribution				35,193,188.76	
Including: Cash received from investment by minority interests of subsidiaries				35,193,188.76	
Cash received from borrowings		573,362,267.00		50,422,400.00	
Cash received from bonds issuance					
Cash received relating to other financing activities	V.57	185,000,000.00	185,000,000.00	12,000,000.00	
Sub-total of cash inflows		758,362,267.00	185,000,000.00	97,615,588.76	
Cash repayments of amounts borrowed		455,786,232.58		18,621,121.71	
Cash payments for interest expenses and distribution of dividends or profits		34,786,472.02	23,085,217.82	24,939,810.95	7,749,836.78
Including: Dividend paid to minority interests of subsidiaries		4,620,000.00		11,220,000.00	
Other cash payments relating to financing activities	V.57	58,494,942.29	29,500,240.79	253,473,710.19	201,331,766.19
Sub-total of cash outflows		549,067,646.89	52,585,458.61	297,034,642.85	209,081,602.97
Net cash flows from financing activities		209,294,620.11	132,414,541.39	-199,419,054.09	-209,081,602.97
IV. Effect of foreign exchange rate changes on cash		4,176,000.27	3,505,197.40	1,333,273.17	1,305,394.19
V. Net increase in cash and cash equivalents		93,617,697.89	205,379,598.29	-236,601,800.41	-239,556,026.95
Add: Opening balance of cash and cash equivalent		755,716,815.09	409,692,145.27	992,318,615.50	649,248,172.22
VI. Closing balance of cash and cash equivalent		849,334,512.98	615,071,743.56	755,716,815.09	409,692,145.27

Legal representative:

Principal in charge of accounting:

Head of accounting department:



CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 For the year ended 31 December 2023 (RMB yuan)



2023										
Equity attributable to the shareholders of parent company										
Items	Share capital	Capital reserve	Treasury shares	comprehensive income	Other income	Special reserve	Surplus reserve	Undistributed profits	Minority interests	Total shareholders' equity
I. Balance at end of previous year	162,064,000.00	66,907,278.00		22,929,515.00	11,479,081.74	85,867,093.00	1,636,555,790.69	176,070,582.49		2,161,873,340.92
Add: Changes in accounting policies										
Correction of errors										
Business combination under common control										
Others										
II. Balance in beginning of year	162,064,000.00	66,907,278.00		22,929,515.00	11,479,081.74	85,867,093.00	1,636,555,790.69	176,070,582.49		2,161,873,340.92
III. Movement over the year										
(*) - for loss		206,567.09		-357,000.00	-1,227,731.61		31,828,730.02	-2,760,061.77		27,690,503.73
(I) Total comprehensive income							56,446,864.92	1,516,074.74		57,605,939.66
(II) Contributions from shareholders and reduction of capital		206,567.09								
1. Capital contribution from shareholders		204,054.11								
2. Increase in shareholders' equity resulted from share-based payments									-262,225.27	-55,658.18
3. Others		2,512.98							-262,225.27	-58,171.16
(III) Appropriation of profits										
1. Transfer to surplus reserve									-4,620,000.00	-29,238,134.90
2. Distributions to shareholders										
3. Others										
(IV) Transfer within shareholders' equity										
1. Capital reserve converting into share capital										
2. Surplus reserve converting into share capital										
3. Surplus reserve cover the deficit										
4. Other comprehensive income transfer to retained earnings										
5. Others										
(V) Specific reserve										
1. Appropriation for the year										
2. Used in the year										
(VI) Others										
IV. Balance at end of year	162,064,000.00	67,113,845.09		22,572,515.00	10,251,350.13		1,668,384,520.71	173,310,520.72		2,189,563,844.65

Legal representative: Head of accounting department:

Principal in charge of accounting:

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CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the year ended 31 December 2023 (RMB yuan)

2022										
Equity attributable to the shareholders of parent company										
Items	Share capital	Capital reserve	Treasury shares	comprehensive income	Other income	Special reserve	Surplus reserve	Undistributed profits	Minority interests	Total shareholders' equity
I. Balance at end of previous year	162,064,000.00	66,907,278.00		21,229,515.00	9,323,969.28	85,867,093.00	1,606,298,691.27	144,381,698.84	2,096,072,245.39	
Add: Changes in accounting policies										
Correction of errors										
Business combination under common control										
Others										
II. Balance in beginning of year	162,064,000.00	66,907,278.00		21,229,515.00	9,323,969.28	85,867,093.00	1,606,298,691.27	144,381,698.84	2,096,072,245.39	
III. Movement over the year										
(*) - for loss										
(I) Total comprehensive income				1,700,000.00	2,155,112.46		30,257,099.42	31,688,883.65	65,801,095.53	
(II) Contributions from shareholders and reduction of capital				1,700,000.00			38,481,808.17	8,033,866.12	48,215,674.29	
1. Capital contribution from shareholders									35,193,188.77	
2. Increase in shareholders' equity resulted from share-based payments									35,193,188.77	
3. Others										
(III) Appropriation of profits										
1. Transfer to surplus reserve										
2. Distributions to shareholders										
3. Others										
(IV) Transfer within shareholders' equity										
1. Capital reserve converting into share capital										
2. Surplus reserve converting into share capital										
3. Surplus reserve cover the deficit										
4. Other comprehensive income transfer to retained earnings										
5. Others										
(V) Specific reserve										
1. Appropriation for the year										
2. Used in the year										
(VI) Others										
IV. Balance at end of year	162,064,000.00	66,907,278.00		22,929,515.00	11,479,081.74	85,867,093.00	1,636,555,790.69	176,070,582.49	2,161,873,340.92	

Head of accounting department:

Principal in charge of accounting:



CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023 (RMB yuan)

Items	2023						Total shareholders' equity	
	Share capital	Capital reserve	Treasury shares	Less: Treasury shares	Other comprehensive income	Special reserve		Surplus reserve
I. Balance at end of previous year	162,064,000.00	75,150,257.00		22,929,515.00	2,895,359.25	85,867,093.00	1,418,004,660.06	1,766,910,884.31
Add: Changes in accounting policies								
Correction of errors								
Others								
II. Balance in beginning of year	162,064,000.00	75,150,257.00		22,929,515.00	2,895,359.25	85,867,093.00	1,418,004,660.06	1,766,910,884.31
III. Movement over the year ("-" for loss)		2,512.98		-357,000.00	-2,834,412.00		19,347,301.98	16,158,402.96
(I) Total comprehensive income							43,965,436.88	43,608,436.88
(II) Contributions from shareholders and reduction of capital		2,512.98						2,512.98
1. Capital contribution from shareholders								
2. Increase in shareholders' equity resulted from share-based payments								
3. Others		2,512.98						2,512.98
(III) Appropriation of profits								
1. Transfer to surplus reserve								
2. Distributions to shareholders								
3. Others								
(IV) Transfer within shareholders' equity								
1. Capital reserve converting into share capital								
2. Surplus reserve converting into share capital								
3. Surplus reserve cover the deficit								
4. Other comprehensive income transfer to retained earnings								
5. Others								
(V) Specific reserve								
1. Appropriation for the year								
2. Used in the year								
(VI) Others								
IV. Balance at end of year	162,064,000.00	75,152,769.98		22,572,515.00	60,947.25	85,867,093.00	1,437,351,962.04	1,783,069,287.27

Legal representative:

Principal in charge of accounting:

Head of accounting department:

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CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
COMPANY STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the year ended 31 December 2023 (RMB yuan)

Items	2022						Total shareholders' equity	
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve		Undistributed profits
I. Balance at end of previous year	162,064,000.00	75,150,257.00		21,229,515.00	1,103,290.76	85,867,093.00	1,433,591,677.34	1,779,005,833.10
Add: Changes in accounting policies								
Correction of errors								
Others								
II. Balance in beginning of year	162,064,000.00	75,150,257.00		21,229,515.00	1,103,290.76	85,867,093.00	1,433,591,677.34	1,779,005,833.10
III. Movement over the year ("-" for loss)				1,700,000.00	1,792,068.49		-15,587,017.28	-12,094,948.79
(I) Total comprehensive income				1,700,000.00			-7,362,308.53	-5,662,308.53
(II) Contributions from shareholders and reduction of capital								
1. Capital contribution from shareholders								
2. Increase in shareholders' equity resulted from share-based payments								
3. Others								
(III) Appropriation of profits								
1. Transfer to surplus reserve							-8,224,708.75	-8,224,708.75
2. Distributions to shareholders								
3. Others							-8,224,708.75	-8,224,708.75
(IV) Transfer within shareholders' equity								
1. Capital reserve converting into share capital								
2. Surplus reserve converting into share capital								
3. Surplus reserve cover the deficit								
4. Other comprehensive income transfer to retained earnings								
5. Others								
(V) Specific reserve					1,792,068.49			1,792,068.49
1. Appropriation for the year					5,107,578.23			5,107,578.23
2. Used in the year					-3,315,509.74			-3,315,509.74
(VI) Others								
IV. Balance at end of year	162,064,000.00	75,150,257.00		22,929,515.00	2,895,359.25	85,867,093.00	1,418,004,660.06	1,766,910,884.31

Legal representative: Head of accounting department:

Principal in charge of accounting:





I. Company information

Changan Minsheng APLL Logistics Co., Ltd. (the “Company” or “CMAL”) was established domestically on August 27, 2001. It became a Sino-foreign joint venture in 2002 and was restructured into a joint stock limited company on December 31, 2004. On February 23, 2006, the Company’s H-shares were listed and traded on the GEM Board of the Hong Kong Stock Exchange. On July 18, 2013, they were transferred from the GEM Board to the Main Board of the Hong Kong Stock Exchange. The place of registration is in Yubei District, Chongqing, China. As of December 31, 2023, the total number of shares of CMAL is 162,064,000.00 shares. The Company’s business term started on August 27, 2001, and has no fixed term.

The Company and its subsidiaries (collectively, the “Group”) are primarily engaged in providing whole vehicle transportation services, automotive raw materials and parts supply chain management services, transportation services for non-automotive goods, production and sales of packaging materials, as well as tire packaging, and tire sales.

The financial statements and accompanying notes were approved by the 10th Meeting of the Sixth Board of Directors of the Company on 27 March 2024.

II. Basis of preparation of financial statements

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and guidelines, interpretations and other related provisions promulgated by the Ministry of Finance (collectively, “Accounting Standards for Business Enterprises”).

The Group has previously adopted Hong Kong Financial Reporting Standards in preparing its financial statements for disclosure purposes as required by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Pursuant to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) issued by the Stock Exchange in December 2010, with effect from 2023, the Group shall prepare its financial statements using China Accounting Standards for Business Enterprises (“CASBE”) issued by the Ministry of Finance of the PRC and the relevant regulations for the purpose of information disclosure as required by the Stock Exchange.

The adoption of CASBE has had no material impact on the Company’s ownership interest at the beginning and end of the period and profit or loss for the period.

The consolidated financial statements have been prepared on going concern basis.

The Group adopts the accrual basis of accounting. The financial statements are prepared under the historical cost convention. In the event that impairment of assets occurs, a provision for impairment is made accordingly in accordance with the relevant regulations.

The new Hong Kong Companies Ordinance came into effect in 2015, and these financial statements have been adjusted in accordance with the requirements of the Hong Kong Companies Ordinance.

III. Significant accounting policies and accounting estimates

1. Statement of compliance with the Accounting Standards for Business Enterprises

The consolidated financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely reflect the consolidated and Company’s financial positions as of 31 December 2023, and their operating results and their cash flows for the year ended 31 December 2023 and other relevant information.





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2. Financial year

The financial year of the Group is from 1 January to 31 December of each calendar year.

3. Operating cycle

The Group's operating cycle is 12 months.

4. Functional currency

The financial statements of the Company and its domestic subsidiaries have been prepared in Renminbi ("RMB"). The currency used by the Group in preparing these financial statements is RMB.

5. Determination method and selection basis of materiality criteria

Item	Materiality criteria
Individually significant accounts receivable for provision for bad debts	Amount \geq 2.5 million
Significant construction in progress	Amount \geq 2.5 million
Significant investment activities	Amount \geq 2.5 million

6. Accounting treatment of business combinations not involving enterprises under common control

(1) Business combinations involving enterprises under common control

For a business combination involving enterprises under common control, assets acquired and liabilities assumed by acquirer in the business combination are measured at their carrying amounts of the acquiree in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the consideration paid for the combination and the carrying amount of the net assets acquired is adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess is adjusted to undistributed profits.

Business combinations involving entities under common control achieved in stages and involved multiple transactions

In the separate financial statements, initial investment cost is the acquirer's share of the carrying amount of the net assets of the acquiree in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the sum of carrying amount of investment prior to combination date and carrying amount of new considerations paid for the combination at the combination date is adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess is adjusted against undistributed profits.

In the consolidated financial statements, assets acquired and liabilities assumed by acquirer in a business combination are measured at their carrying amount as recorded 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 and the sum of carrying amount of investment prior to combination date and carrying amount of new considerations paid for the combination at the combination date is adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess is adjusted against undistributed profits. The profit or loss, other comprehensive income and changes in other owner's equity recognized by the acquirer during the period from the later of initial investment date and the date that the acquirer and acquiree both under common ultimate control to the combination date are offset the opening undistributed profits or profit for loss for the current period in the comparative statements.





(2) Business combinations not involving enterprises under common control

For business combinations involving enterprises not under common control, the consideration costs include acquisition-date fair values of the assets transferred, liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for control of the acquiree. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree are measured at their fair value.

Where the combination cost exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill, and subsequently measured on the basis of its costs less accumulated impairment provisions. Where the combination cost is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is credited in profit or loss for the current period after reassessment.

Business combinations involving entities not under common control achieved in stages and involved multiple transactions

The combination cost is the sum of the consideration paid at the acquisition date and the fair value of equity investment of the acquiree held prior to the acquisition date. The cost of equity investment of the acquiree held prior to the acquisition date is re-measured at the fair value at the acquisition date, the difference between the fair value and carrying value is recognized as profit or loss for the current period. Other comprehensive income and changes of other owners' equity from the equity interest held in the acquiree prior to the acquisition date are transferred to profit or loss for the current period, except for other comprehensive income resulted in the change of net liabilities or assets in the investee's re-measurement of defined benefit plan and investments in non-trading equity instruments originally designated as measured at fair value.

(3) Transaction costs for business combination

The overhead for the business combination, including the expenses for audit, legal services, valuation advisory, and other administrative expenses, are recorded in profit or loss for the current period when incurred. The transaction costs of equity or debt instruments issued as the considerations of business combination are included in the initial recognition amount of the equity or debt instruments.

7. Basis in determination of control and preparation of consolidated financial statements

(1) Basis in determination of control

The scope of consolidated financial statements is determined on the basis of control. Control exists when the Group has power over the investee; exposure, or rights to variable returns from its involvement with the investee and has the ability to affect its returns through its power over the investee. When changes in relevant facts and circumstances lead to changes in the elements involved in defining control, the Group will conduct a reassessment.

When determining whether to include a structured entity in the scope of consolidation, the Group assesses whether it controls the structured entity based on a comprehensive review of all facts and circumstances. This includes evaluating the purpose and design of the structured entity, identifying the types of variable returns, and assessing whether the Company bears part or all of the variable returns by participating in its related activities.

(2) Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared by the Group based on the financial statements of the Company and its subsidiaries and other relevant information. In preparation of consolidated financial statements, the accounting policies and accounting periods of the subsidiaries should be consistent with those established by the Group, and all significant intercompany accounts and transactions are eliminated.

Where a subsidiary or business was acquired during the reporting period, through a business combination involving enterprises under common control, the subsidiary or business is deemed to be included in the consolidated financial statements from the date they are controlled by the ultimate controlling party. Their operating results and cash flows are included in the consolidated income statement and consolidated cash flow statement respectively from the date they are controlled by the ultimate controlling party.





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Where a subsidiary or business has been acquired during the reporting period, through a business combination not involving enterprises under common control, the revenue, expenses and profit of the subsidiary or business after the acquisition date are included in the consolidated income statement, the cash flows after the acquisition date are included in consolidated cash flow statement.

The portion of a subsidiary's equity that is not attributable to the parent is treated as minority interests and presented separately in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to minority interests is presented in the consolidated income statement below the "net profit" line item as "minority interests". When the amount of loss for the current period attributable to minority interests of the subsidiary exceeds the minority interests' share of the opening equity of the subsidiary, the excess is still allocated against the minority interests.

(3) Acquiring minority interests of subsidiary

Where the Company acquires a minority interest from a subsidiary's minority shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the transaction is treated as equity transaction, and the book value of shareholder's equity attributed to the Company and to the minority interest is adjusted to reflect the change in the Company's interest in the subsidiaries. The difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to undistributed profits.

(4) Losing control over the subsidiary

When the Company loses control over subsidiary because of disposing part of equity investment or other reasons, the remaining part of the equity investment is re-measured at fair value at the date when losing control over the subsidiary. A gain or loss is recognized in profit or loss for the current period and is calculated by the aggregate of the consideration received in disposal and the fair value of remaining part of the equity investment deducting the share of carrying value of net assets in proportion to previous shareholding percentage in former subsidiary since acquisition date and the goodwill.

Other comprehensive income related to the former subsidiary is transferred to profit or loss for the current period when the control is lost, except for the comprehensive income arising from the movement of net liabilities or assets in the former subsidiary's re-measurement of defined benefit plan.

8. Joint arrangement classification and accounting treatment for joint operation

A joint arrangement is an arrangement of which two or more parties have joint control. The Group classifies joint arrangements into joint operations and joint ventures.

(1) Joint operations

A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognizes the following items in relation to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

- A. its solely-held assets, and its share of any liabilities incurred jointly;
- B. its solely-assumed liabilities, and its share of any liabilities incurred jointly;
- C. its revenue from the sale of its share of the output arising from the joint operation;
- D. its share of the revenue from the sale of the output by the joint operation; and
- E. its solely-incurred expenses, and its share of any expenses incurred jointly.





(2) Joint ventures

A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement.

The Group adopts equity method under long-term equity investment in accounting for its investment in joint venture.

9. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily drawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

10. Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Group at the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences between the spot exchange rate on balance sheet date and the spot exchange rate on initial recognition or on the previous balance sheet date are recognized in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognized in profit or loss for the current period or other comprehensive income according to the nature of non-monetary items.

11. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

(1) Recognition and derecognition of financial instruments

A financial asset or financial liability is recognized when the Group becomes a party to the contractual provisions of a financial instrument.

If one of the following conditions is met, the financial assets are derecognized:

- (i) The contractual rights to the cash flows from the financial asset expire;
- (ii) The financial asset has been transferred, and is in accordance with the following conditions for derecognition.

A financial liability (or part of it) is derecognized when its contractual obligation (or part of it) is discharged or cancelled or expires. If the Group (as a debtor) makes an agreement with the creditor to replace the current financial liability with assuming a new financial liability, and contractual provisions are different in substance, the current financial liability is derecognized and a new financial liability is recognized meanwhile.

If the financial assets are traded routinely, the financial assets are recognized and derecognized at the transaction date.

(2) Classification and measurement of financial assets

Upon initial recognition, the Group classifies the financial assets according to the business model for managing the financial assets and characteristics of the contractual cash flows as follows: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.





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Financial assets at amortized cost

Financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at fair value through other comprehensive income:

- The Group's business model for managing such financial assets is to collect contractual cash flows;
- The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such financial assets are measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss for the current period when the financial asset is derecognised, amortised using the effective interest method or with impairment recognised.

Financial assets measured at fair value through other comprehensive income

A financial asset is classified as measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- The Group's business model for managing such financial assets is achieved both by collecting collect contractual cash flows and selling such financial assets;
- The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such financial assets are subsequently measured at fair value. Interest calculated using the effective interest method, impairment losses or gains and foreign exchange gains and losses are recognised in profit or loss for the current period, and other gains or losses are recognised in other comprehensive income. On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from other comprehensive income to profit or loss.

Financial assets measured at fair value through profit or loss

The Group classifies the financial assets other than those measured at amortised cost and measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss. Upon initial recognition, the Group irrevocably designates certain financial assets that are required to be measured at amortised cost or at fair value through other comprehensive income as financial assets measured at fair value through profit or loss in order to eliminate or significantly reduce accounting mismatch.

Upon initial recognition, such financial assets are measured at fair value. Except for those held for hedging purposes, gains or losses (including interests and dividend income) arising from such financial assets are recognised in the profit or loss for the current period.

The business model for managing financial assets refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing financial assets on the basis of objective facts and specific business objectives for managing financial assets determined by key management personnel.

The Group assesses the characteristics of the contractual cash flows of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on a specific date are solely payments of principal and interest on the principal amount outstanding. The principal refers to the fair value of the financial assets at the initial recognition. Interest includes consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks, costs and profits. In addition, the Group evaluates the contractual terms that may result in a change in the time distribution or amount of contractual cash flows from a financial asset to determine whether it meets the requirements of the above contractual cash flow characteristics.





All affected financial assets are reclassified on the first day of the first reporting period following the change in the business model where the Group changes its business model for managing financial assets; otherwise, financial assets shall not be reclassified after initial recognition.

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss for the current period. For other categories of financial assets, relevant transaction costs are included in the amount initially recognised. Accounts receivable without significant financing component are initially recognised based on the transaction price expected to be entitled by the Group.

(3) Classification and measurement of financial liabilities

At initial recognition, financial liabilities of the Group are classified as financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortised cost. For financial liabilities not classified as measured at fair value through profit or loss, relevant transaction costs are included in the amount initially recognised.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss comprise held-for-trading financial liabilities and financial liabilities designated as measured at fair value through profit or loss upon initial recognition. Such financial liabilities are subsequently measured at fair value, and the gains or losses from the change in fair value and the dividend or interest expenses related to the financial liabilities are included in the profit or loss of the current period.

Financial liabilities measured at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, and the gains or losses arising from derecognition or amortisation are recognised in profit or loss for the current period.

Classification between financial liabilities and equity instruments

A financial liability is a liability if:

- (i) it has a contractual obligation to pay in cash or other financial assets to other parties.
- (ii) it has a contractual obligation to exchange financial assets or financial liabilities under potential adverse condition with other parties.
- (iii) it is a non-derivative instrument contract which will or may be settled with the entity's own equity instruments, and the entity will deliver a variable number of its own equity instruments according to such contract.
- (iv) it is a derivative instrument contract which will or may be settled with the entity's own equity instruments, except for a derivative instrument contract that exchanges a fixed amount of cash or other financial asset with a fixed number of its own equity instruments.

Equity instruments are any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Group cannot unconditionally avoid the performance of a contractual obligation by paying cash or delivering other financial assets, the contractual obligation meets the definition of financial liabilities.

Where a financial instrument must or may be settled with the Group's own equity instruments, the Group's own equity instruments used to settle such instrument should be considered as to whether it is as a substitute for cash or other financial assets or for the purpose of enabling the holder of the instrument to be entitled to the remaining interest in the assets of the issuer after deducting all of its liabilities. For the former, it is a financial liability of the Group; for the latter, it is the Group's own equity instruments.





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(4) Derivative financial instruments and embedded derivative instruments

The Group's derivative financial instruments include forward foreign exchange contracts, currency exchange rate swap contracts, interest rate swap contracts and foreign exchange option contracts, etc. They are initially measured at the fair value of the date a derivative contract entered into and subsequently measured at their fair value. Derivative financial instruments of positive fair value are recognized as assets; those of negative fair value are recognized as liabilities. Any gains or losses arising from changes in fair value which do not meet the requirements of hedge accounting are directly recognized to profit or loss for the current period.

For hybrid instrument with embedded derivative, where financial assets or liabilities not designated as fair value through profit or loss, the economic features and risks of the embedded derivative are not closely related to that of the host contract, and a similar instrument with the same terms as the embedded derivative would meet the definition of a derivative, then embedded derivative is separated from hybrid instrument and accounted for as a derivative. If embedded derivative is unable to measure separately either at acquisition or subsequently at balance sheet date, hybrid instrument as a whole is designated as financial assets or liabilities at fair value through profit or loss.

(5) Fair value of financial instruments

Determination of fair value of financial assets and financial liabilities refers to Note III.12.

(6) Impairment of financial assets

The Group makes provision for impairment based on expected credit losses (ECLs) on the following items:

- Financial assets at amortized cost;
- Receivables and debt instrument investments measured at fair value through other comprehensive income;
- Contract assets as defined in "Accounting Standards for Business Enterprises No. 14-Revenue"
- Lease receivables;
- Financial guarantee contract (Except those measured at fair value through profit or loss, the transfer of financial assets does not meet the conditions for derecognition or continuing involvement in transferred financial assets) .

Measurement of ECLs

ECLs are the weighted average of credit losses of financial instruments weighted by the risk of default. Credit losses refer to the difference between all contractual cash flows receivable according to the contract and discounted according to the original effective interest rate and all cash flows expected to be received, i.e. the present value of all cash shortages.

The Group takes into consideration of account reasonable and well-founded information such as past events, current conditions and forecasts of future economic conditions, and calculates the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to be received weighted by the risk of default.

The Group measures ECLs of financial instruments at different stages. If the credit risk of the financial instrument did not increase significantly upon initial recognition, it is at the first stage, and the Group makes provision for impairment based on the ECLs within the next 12 months; if the credit risk of a financial instrument increased significantly upon initial recognition but has not yet incurred credit impairment, it is at the second stage, and the Group makes provision for impairment based on the lifetime ECLs of the instrument; if the financial instrument incurred credit impairment upon initial recognition, it is at the third stage, and the Group makes provision for impairment based on the lifetime ECLs of the instrument.





For financial instruments with low credit risk on the balance sheet date, the Group assumes that the credit risk did not increase significantly upon initial recognition, and makes provision for impairment based on the ECLs within the next 12 months.

Lifetime ECLs represent the ECLs resulting from all possible default events over the expected life of a financial instrument. The 12-month ECLs are the ECLs resulting from possible default events on a financial instrument within 12 months (or a shorter period if the expected life of the financial instrument is less than 12 months) after the balance sheet date, and is a portion of lifetime ECLs.

The maximum period to be considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk, including renewal options.

For the financial instruments at the first and second stages and with low credit risks, the Group calculates the interest income based on the book balance and the effective interest rate before deducting the impairment provisions. For financial instruments at the third stage, interest income is calculated based on the amortised cost after deducting impairment provisions made from the book balance and the effective interest rate.

For accounts receivable, notes receivable, financing receivables, other receivables, contract assets, and other receivables, if the credit risk characteristics of a particular customer significantly differ from those of other customers in the portfolio, or if there is a significant change in the credit risk characteristics of that customer, the Group recognizes an individual bad debt for that receivable. In addition to individually recognizing bad debt, the Group segregates receivables based on credit risk characteristics and calculates provision for bad debts on a portfolio basis.

Bills receivable, accounts receivable and contract assets

For bills receivable, accounts receivable and contract assets, regardless of whether there is a significant financing component, the Group always makes provision for impairment at an amount equal to lifetime ECLs.

When the Group is unable to assess the information of ECLs for an individual financial asset at a reasonable cost, it classifies Bills receivable and accounts receivable into portfolios based on the credit risk characteristics, and calculates the ECLs on a portfolio basis. The basis for determining the portfolios is as follows:

A. Bills receivable

- Bills receivable portfolio 1: Bank acceptance bills
- Bills receivable portfolio 2: Commercial acceptance bills

B. Accounts receivable

- Accounts receivable portfolio 1: Receivable from general customers
- Accounts receivable portfolio 2: Receivable from related parties
- Accounts receivable portfolio 3: Receivable from related parties of the Group

C. Contract assets

- Contract assets portfolio 1: Logistics services not completed and settled

For note receivables and contract assets classified as a portfolio, the Group refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, to assess the exposures to default risk and the expected credit loss rate for the lifetime and calculate the ECLs.

For accounts receivable classified as a portfolio, the Group refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, to compile a matrix of accounts receivable aging / overdue days and expected credit loss rate for the lifetime and calculate the ECLs. The aging of accounts receivable is calculated from the date of recognition, while the overdue days are calculated from the expiration of the credit period.





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Other receivables

The Group classifies other receivables into portfolios based on the credit risk characteristics, and calculates the ECLs on a portfolio basis. The basis for determining the portfolios is as follows:

- Other receivables portfolio 1: Deposits and security deposits receivable
- Other receivables portfolio 2: Pay taxes and fees in lieu
- Other receivables portfolio 3: Receivables from staff petty cash borrowing
- Other receivables portfolio 4: Receivables from current accounts
- Other receivables portfolio 5: Withholding for purchase of goods
- Other receivables portfolio 6: Others

For other receivables divided into portfolio, the Group calculates the expected credit loss on the exposures to default risk and the expected credit loss rate within the future 12 months or the lifetime. For other receivables categorized by aging, the aging is calculated from the date of recognition.

Long-term receivables

The Group's long-term receivables include financing lease receivables, quality deposits receivable, construction receivables, installment receivables for sales of goods, and installment receivables for labor services.

The Group divides financial lease receivables, quality deposit receivables, construction receivables, installment receivables for sales of goods, and installment receivables for provision of services into several portfolios based on credit risk characteristics, and calculates the ECLs on a portfolio basis. The basis for determining the portfolios is as follows:

Debt investment and other debt investment

For debt investments and other debt investments, the Group calculates the expected credit loss on the exposures to default risk and the expected credit loss rate within the future 12 months or the lifetime, based on the nature of the investment and various types of counterparties and risk exposures.

Assessment of significant increase in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly upon initial recognition, the Group compares the risk of default of the financial instrument at the balance sheet date with that at the date of initial recognition to determine the relative change in risk of default within the expected lifetime of the financial instrument.

In determining whether the credit risk has increased significantly upon initial recognition, the Group considers reasonable and well-founded information, including forward-looking information, which can be obtained without unnecessary extra costs or efforts. Information considered by the Group includes:

- The debtor's failure to make payments of principal and interest on their contractually due dates;
- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if any) ;
- An actual or expected significant deterioration in the operating results of the debtor;
- Existing or expected changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group .





Depending on the nature of the financial instruments, the Group assesses whether there has been a significant increase in credit risk on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on their common credit risk characteristics, such as past due information and credit risk ratings.

If it is more than 30 days past due, the Group determines that the credit risk of financial instruments has increased significantly.

The Group believes that financial assets default in the following situations:

- It is unlikely that the borrower will pay its debts to the Group in full, and this assessment does not consider the Group's recourse actions such as the realization of mortgaged assets (if held) ; or
- Financial assets are more than 90 days past due.

Credit-impaired financial assets

At balance sheet date, the Group assesses whether financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- For economic or contractual reasons relating to the debtor's financial difficulty, the Group having granted to the debtor a concession that would not otherwise consider;
- It becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor.

Presentation of provisions for ECLs

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk upon initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss for the current period. For financial assets measured at amortised cost, the provision of impairment is deducted from the carrying amount of the financial assets presented in the balance sheet; for debt investments at fair value through other comprehensive income, the Group makes provisions of impairment in other comprehensive income without reducing the carrying amount of the financial asset.

Write-offs

The book balance of a financial asset is directly written off to the extent that there is no realistic prospect of recovery of the contractual cash flows of the financial asset (either partially or in full) . Such write-off constitutes derecognition of such financial asset. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

If a write-off of financial assets is later recovered, the recovery is credited to profit or loss in the period in which the recovery occurs.





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(7) Transfer of financial assets

Transfer of financial assets refers to the transference or deliverance of financial assets to the other party (the transferee) other than the issuer of financial assets.

The Group derecognizes a financial asset if it transfers substantially all the risks and rewards of ownership of the financial asset to the transferee. If substantially all the risks and rewards of ownership of the financial asset is retained, the financial asset is not derecognized.

The Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and the accounting treatment is shown as following: if the Group has forgone control over the financial asset, the financial assets is derecognized, and new assets and liabilities are recognized. If the Group retains control over the financial asset, the financial asset is recognized to the extent of its continuing involvement in the transferred financial asset, and an associated liability is recognized.

(8) Offset of financial assets and financial liabilities

If the Group owns the legitimate rights of offsetting the recognised financial assets and financial liabilities, which are enforceable currently, and the Group plans to realise the financial assets or to clear off the financial liabilities on a net amount basis or simultaneously, the net amount of financial assets and financial liabilities shall be presented in the balance sheet upon offsetting. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet without offsetting.

12. Fair value measurement

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group measures the related assets or liabilities at fair value assuming the assets or liabilities are exchanged in an orderly transaction in the principal market or, in the absence of a principal market, the most advantageous market. Principal market (or most advantageous market) is the market that the Group can normally enter into a transaction on measurement date. The Group adopts the presumptions that would be used by market participants in achieving the maximized economic value of the assets or liabilities.

For financial assets or financial liabilities in active markets, the Group uses the quoted prices in active markets as their fair value. If there is no active market, the Group uses valuation technique to determine their fair value.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs. If the observable inputs are not available or impractical, then unobservable inputs are used.

For assets and liabilities measured or disclosed at fair value in the financial statements, the level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs for the asset or liability.

At the balance sheet date, the Group revalues assets and liabilities being measured at fair value continuously in the financial statements to determine whether to change the levels of fair value measurement.





13. Inventories

(1) Classification of inventories

Inventories include raw materials, work in progress, finished goods, turnover materials and contract fulfillment costs.

(2) Method for calculating value of inventories

The Group values inventory at the actual cost upon acquisition. The cost of raw materials and finished goods are calculated using the first-in, first-out (FIFO) method when issued.

(3) Basis for determining the net realizable value and method for provision for decline in value of inventories

At balance sheet date, inventory is measured at the lower of cost and net realizable value. When the net realizable value is lower than the cost, an allowance for inventory impairment is recognized.

Net realizable value is the estimated selling price less estimated costs to be incurred upon completion, estimated selling expenses and related taxes. When determining the net realizable value of inventory, basis is relied on the actual evidence obtained while the objectives of inventories holding and the impact of post balance sheet date event are also considered.

When the factors causing the inventory impairment no longer exist at balance sheet date, the provision for decline in value of inventories previously made is reversed.

(4) Inventory system

The Group adopts perpetual inventory system.

(5) Amortization methods of low-value consumables

The Group adopts one-time write off when low-value consumables and packaging materials are taken for use.

The packaging materials used for turnover purposes are gradually expensed based on the estimated number of uses.

14. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries and equity investments in joint ventures and associates. An associate is an enterprise over which the Group has significant influence.

(1) Determination of initial investment cost

Long-term equity investment acquired through a business combination: For a business combination involving enterprises under common control, the initial investment cost of a long-term equity investment is the combining party's share of the carrying amount of the owners' equity of the combined party in the consolidated financial statements of the ultimate controlling party at the date of combination. For a business combination not involving enterprises under common control, the initial investment cost of a long-term equity investment is the cost of acquisition.

Long-term equity investment acquired other than through a business combination: For a long-term equity investment acquired by cash, the initial investment cost is the amount of cash paid. For a long-term equity investment acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued.





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(2) Subsequent measurement and recognition of profit or loss

Long-term equity investments in subsidiaries are accounted for using the cost method, unless the investment satisfies the conditions of held-for-sale. An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement.

For long-term equity investment which is accounted for using the cost method, investment income is recognized in profit or loss for the current period as the cash dividend or profit announced and distributed, except for those cash dividend or profit which have already included in the actual payment or consideration of offer when the investment was made.

For long-term equity investment which is accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair values of the investee's identifiable net assets, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair values of the investee's identifiable net assets, the difference is charged to profit or loss for the current period, and the carrying amount of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the investee's net profit or losses and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. The carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is attributable to the Group. The Group's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, is recognized in the capital reserve (other capital reserve), and the carrying amount of the long-term equity investment is adjusted accordingly. The Group recognizes its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto in conformity with the accounting policies and accounting periods of the Group.

When the Group becomes capable of exercising significant influence or joint control (but not sole control) over an investee due to additional investment or other reasons, the accounting is changed to the equity method and the initial investment cost on the date of change is the sum of the fair value of the previously-held equity investment and additional investment cost. If the original equity is classified as non-trading equity instrument investment measured at fair value through other comprehensive income, the relevant accumulative changes in fair value originally included in other comprehensive income will be transferred to retained earnings when changed to equity method accounting.

When the Group can no longer exercise joint control or significant influence over an investee due to partial disposal of equity investment or other reasons, the remaining equity investment on the date of losing joint control or significant influence is accounted for in accordance with Accounting Standard for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments and the difference between the fair value and the carrying amount at the date of the loss of joint control or significant influence is charged to profit or loss for the current period. When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized are accounted for on the same basis as if the Group directly disposes of the related assets or liabilities for the current period upon discontinuation of the equity method. Other movement of owner's equity related to previously-held equity investment is transferred in profit or loss for the current period.

When the Group can no longer exercise control over an investee due to partial disposal of equity investment or other reasons and the remaining equity investment after disposal can exercise joint control or significant influence over an investee, the remaining equity investment is accounted for under equity method and re-measured by equity method as if it has been acquired since date of acquisition. Where the remaining equity investment can no longer exercise joint control or significant influence over an investee, the remaining equity investment is accounted for in accordance with Accounting Standard for Business Enterprises No.22-Recognition and Measurement of Financial Instruments and the difference between the fair value and the carrying amount at the date of the loss of control is charged to profit or loss for the current period.

When the Group can no longer exercise control over an investee due to dilution of shareholding by issuance of new shares to other investors by the investee but the Group can still exercise joint control or significant influence on the investee, the difference between the Group's share of the increment of net assets in investee by the new shareholding percentage after new share issuance and the pro-rata portion of carrying value of long term equity investment for the decreased shareholding percentage is recognized in profit or loss in the current period. The remaining equity investment is accounted for equity method as if it was acquired since initial acquisition.





The unrealized profit or loss from internal transactions entered into between the Group and its associate or joint venture is offset according to the shareholding percentage held by the Group and the remaining portion is recognized as investment income or loss. However, the unrealized loss from internal transactions entered into between the Group and its investee is not offset if it belongs to impairment loss from assets transferred.

(3) Basis for determination of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. In assessing whether joint control of an arrangement exists, the Group firstly assesses whether all the parties or a group of the parties control the arrangement collectively. When all the parties or a group of the parties must act together unanimously in directing the relevant activities, then all the parties or a group of the parties are regarded as having joint control of an arrangement. Then assess whether decisions about the relevant activities require the unanimous consent of those parties that control the arrangement collectively. When more than one combination of the parties can control an arrangement collectively, joint control does not exist. Protective rights of any party are not considered when determining joint control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. When determining whether an investor can exercise significant influence over an investee, the effect of potential voting rights (for example, warrants, share options and convertible bonds) held by the investors or other parties that are currently exercisable or convertible shall be considered.

When the Group, directly or indirectly through subsidiaries, owns more than 20% (20% inclusive) but less than 50% of the voting shares of the investee, the Group has significant influence on the investee unless there is clear evidence to show that the Group cannot participate in the business and operation decisions of the investee, and accordingly cannot exercise any significant influence. When the Group owns less than 20% of the voting shares of the investee, the Group has no significant influence on the investee unless there is clear evidence to show that the Group can participate in the business and operation decisions of the investee, and accordingly can exercise a significant influence.

(4) Held-for-sale equity investment

Accounting for an entity investment in an associate or a joint venture that is classified wholly or partially as held-for-sale refers to Note III.14.

Any remaining equity investment not classified as held-for-sale is accounted for using the equity method.

When an equity investment in an associate or a joint venture previously classified as held-for-sale but no longer meets the criteria to be so classified, it is accounted for using the equity method retrospectively as from the date of its classification as held-for-sale.

(5) Method of impairment testing and impairment provision

For investment of subsidiaries, associates and joint ventures, refer to Note III. 21 for the method of asset impairment.

15. Investment properties

Investment properties refer to real estate held for earning rental income or for capital appreciation, or both. The investment properties of the Group include leased land use rights, land use rights held for appreciation and subsequent transfer, and leased buildings.

The investment properties of the Group are initially measured at cost and subsequently depreciated or amortized according to the relevant provisions for fixed assets or intangible assets.

For investment properties measured using the cost model, impairment is recognized according to the method as stated in Note III. 21.

The difference between the disposal proceeds, net of any related taxes and fees, and the carrying amount of investment properties sold, transferred, scrapped, or damaged is recognized in the profit or loss for the current period.





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16. Fixed assets

(1) Recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of services, for rental to others, or for administrative purposes and have useful lives more than one accounting year.

Fixed assets are only recognized when its related economic benefits are likely to flow to the Group and its cost can be reliably measured.

Fixed assets are initially measured at cost.

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when the economic benefits related to them are likely to flow into the Group and their costs can be measured reliably; the daily repair expenses of fixed assets that do not meet the criteria for subsequent expenditure of fixed assets capitalization shall be included in the current profit or loss or the cost of relevant assets according to the beneficiary at the time of occurrence. The carrying amount of the replaced part shall be derecognized.

(2) Depreciation methods

The cost of a fixed asset is depreciated using the straight-line method since the state of intended use, unless the fixed asset is derecognized or classified as held for sale. Not considering impairment provision, the estimated useful lives, residual rates and annual depreciation rates of each class of fixed assets are as follows:

Category	Useful life (years)	Residual rate %	Annual depreciation rate %
Housing and buildings	20-30	3%	4.85-3.23
Machinery and equipment	4-10	3%	24.25-19.40
Transport equipment	3-5	3%	32.33-19.40
Electronics and office equipment	4-8	3%	24.25-12.13

Among the above, depreciation rate of impaired fixed assets are determined after deduction of the cumulative amount of impairment provision.

(3) Impairment testing and the impairment provision of fixed assets refers to Note III. 21.

(4) The Group reviews the useful life, estimated net residual value and the depreciation method of fixed assets at the end of each financial year

Useful lives of fixed assets are adjusted if they are different with the initial estimates. Estimated net residual values are adjusted if they are different with the initial estimates.

(5) Disposal of fixed assets

When the fixed assets are disposed, or no economic benefit is expected to be generated through the use or disposal, the fixed assets shall be derecognised. The amount of the disposal income from the sale, transfer, scrapping or destruction of fixed assets after deducting its carrying value and relevant taxes is recorded into the current profit or loss.





17. Construction in progress

Construction in progress is recognized based on the actual construction cost, including all expenditures incurred for construction projects, capitalized borrowing costs for the construction in progress before it has reached the working condition for its intended use and other related expenses during the construction period.

Construction in progress is transferred to fixed assets when it has reached the working condition for its intended use.

Provision for impairment of construction in progress refers to Note III. 21.

18. Borrowing costs

(1) Recognition of borrowing costs capitalization

Borrowing costs are capitalized when they are directly attributable to the acquisition, construction or production of a qualifying asset and included in the cost of related assets. Other borrowing costs are recognized as expenses and recorded in profit or loss for the current period when incurred. Capitalization of such borrowing costs commenced only when all of the following conditions are satisfied:

- (i) Expenditures for the asset are being incurred, capital expenditure includes the expenditure in the form of cash payment, transfer of non-cash assets or interest bearing liabilities for the purpose of acquiring or constructing assets eligible for capitalization;
- (ii) Borrowing costs are being incurred; and
- (iii) Activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

(2) Borrowing costs capitalization period

Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale. Borrowing cost incurred after the qualifying assets became ready for their intended use or sale is recognized as an expense when incurred and recorded in profit or loss for the current period.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Borrowing costs continues to be capitalized during the normal suspension period.

(3) Borrowing costs capitalization rate and calculation of capitalization amount

For funds borrowed for a specific purpose, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing less any bank interest earned from depositing the borrowed funds before being used into banks or any investment income on the temporary investment of those funds. For funds borrowed for general purpose, the amount of interest to be capitalized on such borrowings is calculated by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. Capitalization rate is determined as calculating weighted average interest rate of general borrowings.

In the capitalization period, exchange differences of specific borrowings in foreign currency are fully capitalized. Exchange differences of general borrowings in foreign currency are recorded in profit or loss for the current period.





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19. Intangible assets

The Group's intangible assets include land use rights, software, patent right, and trademark.

Intangible asset is initially measured at cost and its useful life is determined on acquisition. An intangible asset with a finite useful life is amortized by a method which can reflect the expected realization of economic benefits related to the asset since the intangible asset is available for use. When the expected realization of economic benefits cannot be reliably determined, intangible asset is amortized under straight-line method. An intangible asset with an indefinite useful life is not amortized.

Amortization methods of intangible assets with finite useful life are shown as follows:

Category	Useful life (years)	Basis for determining useful life	Amortization method
Land use rights	30-50	Real estate title certificate	Straight line method
Software	3	Contract signed	Straight line method
Trademark rights	3	Trademark registration certificate	Straight line method
Patent rights	3	Patent certificate	Straight line method

The Group reviews the finite useful life of an intangible asset and the amortization method at the end of each financial year. Any change is accounted for as a change in accounting estimate.

If an intangible asset is expected no longer in generating future economic benefits to the Group at the balance sheet date, the carrying amount of the asset is charged to profit or loss for the current period.

Impairment method of intangible assets refers to Note III. 21.

20. Research and development expenditure

The research and development (R&D) expenditure of the Group comprises expenses directly related to the Group's R&D activities. These include salaries of R&D personnel, direct input costs, depreciation and amortization of equipment, design expenses, equipment debugging costs, amortization expenses of intangible assets, expenses for outsourcing R&D activities, and other related costs. Among these, the salaries of R&D personnel are allocated to R&D expenses based on project hours. Equipment, production lines, and facilities shared between R&D activities and other production operations are allocated to R&D expenses based on the proportion of hours used and the proportion of space utilized.

Expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase.

Expenditure on the research phase is recorded in profit or loss when incurred.

Expenditure on the development phase is capitalized only when the Group can satisfy all of the following conditions: it is technical feasible that the intangible asset can be used or sold upon completion; there is intention to complete the intangible asset for use or sale; the intangible asset can generate economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there is usage for the intangible asset; there is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset; the expenses attributable to the development stage of the intangible asset can be measured reliably. Expenditure on the development phase is recorded in profit or loss for the current period if the above conditions are not met.

Research and development projects of the Group will enter into the development phase when they meet the above conditions and pass the technical feasibility and economic feasibility studies and necessary approval of the project.





Capitalized expenditure on the development phase is presented as “development costs” in the balance sheet and is transferred to intangible assets when the project is completed to its intended use.

Capitalization conditions of specific research and development projects:

Research Phase: A phase of innovative and planned investigation and research activities aimed at acquiring and understanding new scientific or technological knowledge, among other things. Development Phase: In contrast to the research phase, the development phase should encompass work completed after the research phase, to a large extent meeting the basic conditions for forming a new product or technology. For instance, activities such as the design, construction, and testing of prototypes and models before production or use, as well as the design, construction, and operation of trial production facilities not yet at a commercially viable scale, all fall under development activities. Expenditures incurred during the development phase can only be recognized as intangible assets if they meet the following conditions:

- (i) Completion of the intangible asset to make it capable of being used or sold, with technological feasibility.
- (ii) Intent to complete the intangible asset and use or sell it, with the Group able to explain the purpose of developing the intangible asset.
- (iii) Ability of the intangible asset to generate economic benefits.
- (iv) Adequate technical, financial, and other resources to support the development of the intangible asset, and the ability to use or sell the intangible asset.
- (v) Expenditures attributable to the development phase of the intangible asset can be reliably measured.

Expenditures incurred that cannot be distinguished between the research and development phases will be recognized as expenses in the profit or loss for the current period.21. Impairment of assets

21. Impairment of Assets

The impairment of subsidiaries, associates and joint ventures in the long-term equity investments, Investment properties that adopt cost model for subsequent measurement, fixed assets, construction in progress, right-of-use assets, intangible assets and goodwill (excluding inventories, deferred tax assets and financial assets) are determined as follows:

At each balance sheet date, the Group determines whether there may be indication of impairment of the assets, if there is any, the Group will estimate the recoverable amount of the asset, and perform test for impairment. For goodwill arising from a business combination, intangible assets with indefinite useful life and intangible assets that have not reached the usable condition are tested for impairment annually regardless of whether such indication exists.

The recoverable amount of an asset is determined by the higher of the net amount after deducting the disposal costs from the asset's fair value and the present value of the asset's estimated future cash flow. The recoverable amount of asset is estimated on individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. The identification of the asset group is based on whether the cash flow generated from the asset group is independent of the major cash inflows from other assets or asset groups.

When the asset or asset group's recoverable amount is lower than its carrying amount, the Group reduces its carrying amount to its recoverable amount, the reduced amount is recorded in profit or loss for the current period and the provision for impairment of assets is recognized.

For tests of goodwill impairment, the carrying amount of goodwill arising from a business combination is allocated reasonably to the relevant asset group since the acquisition date. If the carrying value of goodwill is unable to be allocated to asset group, the carrying value of goodwill will be allocated to asset portfolio. Asset group or portfolio of asset group is asset group or portfolio of asset group which can be benefit from synergies of a business combination and is not greater than the reportable segment of the Group.





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In impairment testing, if indication of impairment exists in asset group or portfolio of asset group containing allocated goodwill, impairment test is first conducted on asset group or portfolio of asset group that does not contain goodwill, and corresponding recoverable amount is estimated and any impairment loss is recognized. Then asset group or portfolio of asset group containing goodwill is conducted impairment test by comparing its carrying amount and its recoverable amount. If the recoverable amount is less than the carrying amount, impairment loss of goodwill is recognized.

Once an impairment loss is recognized, it is not reversed in a subsequent period.

22. Long-term deferred expenses

Long-term deferred expenses are recorded at the actual cost, and amortized evenly over the expected benefit period. For the long-term deferred expense that cannot benefit in future accounting period, their amortized value is recognized in profit or loss for the current period.

23. Employee benefits

(1) Scope of employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

According to their liquidities, employee benefits are presented as "employee benefits payable" on the balance sheet.

(2) Short-term employee benefits

In the accounting period in which employees have rendered services, the Group recognized the employee wages, bonus, social security contributions according to regulations such as medical insurance, work injury insurance and maternity insurance as well as housing funds as liability, and charged to profit or loss for the current period or cost of relevant assets.

(3) Post-employment benefits

Post-employment benefit plan includes defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which a corporate pays fixed contributions into an escrow fund and will have no further obligation. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Defined contribution plans

Defined contribution plans include basic pension insurance, unemployment insurance and enterprise annuity plan.

Apart from basic pension insurance, the Group has established an enterprise annuity plan ("annuity plan") in accordance with relevant policies of the national enterprise annuity system. Employees can voluntarily participate in this annuity plan. Besides this, the Group has no other significant employee social security commitments.

In the accounting periods which employees rendered services, the amount of defined contribution plan is recognized as liability and charged to profit or loss for the current period or cost of relevant assets.





Defined benefit plans

For defined benefit plans, independent actuaries estimate the actuarial value at the balance sheet date to determine the cost of welfare by using the Projected Unit Credit method. The Group recognizes the following components of employee benefits cost arising from defined benefit plan:

- (i) service cost, comprising current service cost, past service cost and any gain or loss on settlement. Current service cost is the increase in the present value of the defined benefit plan obligation resulting from employee service in the current period. Past service cost is the increase or decrease in the present value of the defined benefit plan obligation for employee service in prior periods, resulting from a plan amendment.
- (ii) net interest on the defined benefit plan net liabilities or assets, including interest income on plan assets, interest cost on the defined benefit plan obligation and interest on the effect of the asset ceiling.
- (iii) changes as a result of remeasurement of the net defined benefit plan liabilities or assets.

Item (i) and (ii) above are recognized in profit or loss for the current period unless another Accounting Standard requires or permits the inclusion of the employee benefit costs in the cost of assets. Item (iii) is recognized in other comprehensive income and is not reclassified to profit or loss in subsequent period. On termination of defined benefit plans, other comprehensive income previously recognized is transferred to undistributed profits.

(4) Termination benefits

Termination benefits provided by the Group to employees are recognized as an employee benefits liability and charged to profit or loss for the current period at the earlier of the following dates: the Group cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; and when the Group recognizes costs or expenses related to the restructuring that involves the payment of termination benefits.

For early retirement arrangement, early retirement benefits are accounted for termination benefits, in which the salaries and social security contributions to be paid to and for the early retired employees from the off-duty date to the normal retirement date are charged to the profit or loss for the current period. Compensations after the normal retirement date (such as formal endowment insurance) are accounted for as post-employment benefits.

(5) Other long-term employee benefits

Other long-term employee benefits provided by the Group to the employees satisfied the conditions for classifying as a defined contributions plan; those benefits are accounted for in accordance with the above requirements relating to defined contribution plan. When the benefits satisfied a defined benefits plan, they are accounted for in accordance with the above requirements relating to defined benefits plan, but the movement of net liabilities or assets in re-measurement of defined benefit plan is recorded in profit or loss for the current period or cost of relevant assets.

24. Provisions

A provision is recognized as a liability when an obligation related to a contingency satisfied all of the following conditions:

- (1) The obligation is a present obligation of the Group;
- (2) It is probable that an outflow of economic benefits will be required to settle the obligation;
- (3) The amount of the obligation can be measured reliably.

Provisions are initially measured at the best estimate of the payment to settle the associated obligations and consider the relevant risk, uncertainty and time value of money. If the impact of time value of money is significant, the best estimate is determined as its present value of future cash outflow. The Group reviews the carrying amount of provisions at the balance sheet date and adjusts the carrying amount to reflect the best estimate.

If all or part of the expenses necessary for settling the provision is expected to be compensated by a third party, the amount of compensation is separately recognized as an asset when it is basically certain to be received. The recognized compensation amount shall not exceed the carrying value of the provision.





25. Share-based payments

(1) Types of share-based payments

Share-based payments can be distinguished into equity-settled and cash-settled share-based payment.

(2) Determination of fair value of equity instruments

If there exists an active market for options and other equity instruments granted by the Group, their fair value is determined on the price quotes in an active market. If an active market does not exist for options and other equity instruments granted by the Group, their fair value is determined by using an option pricing model. Selection of option pricing model considers the following factors: A) Exercise price of option; B) Validity period of option; C) Spot price of subject shares; D) Estimated volatility of share price; E) Estimated dividend of shares; F) Risk-free interest rate in the validity period of option.

(3) Basis for the best estimate of vested equity instruments

At each balance sheet date of the vesting period, the Group revises the number of equity instruments that will ultimately vest based on the best estimate of the latest number of eligible employees and other subsequent information. On vesting date, the number of expected vested equity instruments should be agreed with the actual number vested.

(4) Accounting treatment for implementation, modification, and termination of share-based payment

Equity-settled share-based payments are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each balance sheet date. No subsequent adjustment is made on the recognized relevant cost and expenses and owners' equity after the vesting date.

Cash-settled share-based payments are measured based on the value of shares or other equity instruments undertaken by the Group. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and a liability is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting a liability accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each balance sheet date. The fair value of the liability is remeasured at each balance sheet date and at the date of settlement, with any changes in fair value recognized in profit or loss for the current period.

Where the terms of an equity-settled share-based payment are modified, if the modification increases the fair value of the equity instruments granted, the incremental fair value is recognized as additional service obtained; if the modification increases the number of equity instruments granted, the incremental fair value is recognized as additional service received. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument both estimated as at the date of modification. If the modification of terms and conditions of share-based payment arrangement reduces the total fair value of the share-based payment or is not otherwise beneficial to the employee, the Group nevertheless continue to account for the services received as if that modification had not occurred, other than the Group cancels of some or all the equity instruments granted.

If a grant of equity instruments is cancelled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Group accounts for the cancellation as an acceleration of vesting and recognizes immediately the amount that otherwise would have been recognized over the remainder of the vesting period and the capital reserve is credited accordingly. When employees or other parties are permitted to choose to fulfill non-vesting conditions but have not fulfilled during the vesting period, the Group deems the granted equity instruments are cancelled.





26. Revenue

(1) General principle

The Group recognises revenue when it satisfies a performance obligation in the contract, i.e. when the customer obtains control of the relevant goods or services.

Where a contract has two or more performance obligations, the Group allocates the transaction price to each performance obligation based on the percentage of respective unit price of goods or services guaranteed by each performance obligation, and recognises as revenue based on the transaction price that is allocated to each performance obligation.

If one of the following conditions is fulfilled, the Group performs its performance obligation within a certain period; otherwise, it performs its performance obligation at a point of time:

- (i) when the customer simultaneously receives and consumes the benefits provided by the Group when the Group performs its obligations under the contract; or
- (ii) when the customer is able to control the goods in progress in the course of performance by the Group under the contract; or
- (iii) when the goods produced by the Group under the contract are irreplaceable and the Group has the right to payment for performance completed to date during the whole contract term.

For performance obligations performed within a certain period, the Group recognises revenue by measuring the progress towards complete of that performance obligation within that certain period. When the progress of performance cannot be reasonably determined, if the costs incurred by the Group are expected to be compensated, the revenue shall be recognised at the amount of costs incurred until the progress of performance can be reasonably determined.

For performance obligation performed at a point of time, the Group recognises revenue at the point of time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indications:

- (i) the Group has the current right to receive payment for the goods, which is when the customer has the current payment obligations for the goods;
- (ii) the Group has transferred the legal title of the goods to the customer, which is when the client possesses the legal title of the goods;
- (iii) the Group has transferred the physical possession of goods to the customer, which is when the customer obtains physical possession of the goods;
- (iv) the Group has transferred all of the substantial risks and rewards of ownership of the goods to the customer, which is when the customer obtain all of the substantial risks and rewards of ownership of the goods to the customer;
- (v) the customer has accepted the goods or services;
- (vi) other information indicates that the customer has obtained control of the goods.

The Group's right to consideration in exchange for goods or services that the Group has transferred to customers (which depends on factors other than the passage of time) as its contract assets, and contract assets are subject to impairment based on ECLs (refer to Note III. 11 (6)). The Group's unconditional right to receive consideration from customers (only depends on passage of time) is accounted for as accounts receivable. The Group's obligation to transfer goods or services to customers for which the Group has received or should receive consideration from customers is accounted for as contract liabilities.

Contract assets and contract liabilities under the same contract are presented on a net basis. Where the net amount has a debit balance, it is presented in "contract assets" or "other non-current assets" according to its liquidity. Where the net amount has a credit balance, it is presented in "contract liabilities" or "other non-current liabilities" according to its liquidity.





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(2) Specific revenue recognition

The specific method for revenue recognition is as follows:

Sales of goods: Revenue from the sale of goods is recognized at the point in time when control over the asset is transferred to the customer, typically upon delivery of the goods.

Rendering of services: Service revenue, including providing whole vehicle transportation services, automotive raw materials and parts supply chain management services, and transportation services for non-automotive goods, is recognized at the point in time when the customer takes receipt of the whole vehicle, automotive parts, or non-automotive goods. Since customers are unable to simultaneously obtain and consume the benefits provided by the Group's transportation services and supply chain management services upon performance, and the Group cannot control the goods at the time of service provision, and the Group also lacks the enforceable right to payment for services performed to date, the Group believes that control over services transfers to the customer at the point when the customer receives the services provided by the Group.

When another party is involved in providing goods or services to the customer, the Group determines whether its commitment is to perform (i.e., the Group is the principal) or to arrange for the goods or services to be provided by the other party (i.e., the Group is the agent). If the Group controls the goods or services before transferring them to the customer, then the Group is considered the principal.

If the Group's obligation is to arrange for another party to provide specific goods or services, then the Group acts as an agent. In this case, the Group does not control the specified goods or services provided by the other party before transferring them to the customer. When acting as an agent, the Group recognizes revenue for any fees or commissions expected to be entitled to. This amount is recognized as the net amount after deducting the amount payable to other related parties from the total consideration received or receivable, or as determined based on the established commission amount or percentage, etc.

27. Contract costs

Contract costs consist of incremental costs of obtaining a contract and contract fulfillment costs.

Incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission). The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if those costs are expected to be recoverable. Other expenses incurred by the Group other than the incremental costs that are expected to be recovered in obtaining a contract are recognized in profit or loss for the current period when incurred.

The Group recognizes as an assets the costs incurred in fulfilling a contract with a customer if those costs are not within the scope of another Standard (for example, Inventories) and meet all of the following criteria:

- (i) the costs relate directly to a contract or to an anticipated contract, including direct labour, direct materials, manufacturing costs (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract;
- (ii) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and
- (iii) the costs are expected to be recovered.





Assets recognised on incremental costs of obtaining a contract and contract fulfillment costs (hereinafter refer as “Contract assets”) are amortized on a systematic basis that is consistent to the revenue recognition of the related goods or services, and are charged to profit or loss for the current period. If the amortization period is not more than one year, it is recognized in the current period’s income statement when it occurs.

The Group recognises provision for impairment of assets when the carrying amount of contract asset is higher than the difference between the following two items:

- (i) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates;
- (ii) costs anticipated to be incurred for the transfer of goods or services.

As determined at contract inception, contract fulfillment costs that is recognised as an asset is presented as “inventories” if the amortization period is not more than one year or one operating cycle, or is presented as “other non-current assets” if the amortization period is more than 1 year or one operating cycle.

As determined at contract inception, incremental costs of obtaining a contract that is recognised as an asset is presented as “other current assets” if the amortization period is not more than one year or one operating cycle, or is presented as “other non-current assets” if the amortization period is more than 1 year or one operating cycle.

28. Government grants

Government grant is recognized when prescribed conditions are satisfied and the grant will be received.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value. If fair value cannot be reliably determined, it is measured at a nominal amount of RMB 1.

A government grant related to an asset is a grant obtained by the Group for purchase, construction or formation of long-term assets. The grant not related to an asset is classified as government grant related to income.

For government grant with unspecified purpose, the amount of grant used to form a long-term asset or related to an asset is regarded as government grant related to an asset, the remaining amount of grant is regarded as government grant related to income. If it is not possible to distinguish, the amount of grant is treated as government grant related to income.

A government grant related to an asset is recognized as deferred income and amortized to profit or loss over the useful life of the related asset on a reasonable and systematic basis. For a government grant related to income, if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period. If the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related expenses or losses are recognized. Government grants measured at nominal amounts are directly recognized in profit or loss for the period. The Group adopts same treatment for those transactions of similar government grants.

Government grants relating to daily activities, according to the substance of business transaction, it is recorded as other income or offset relevant expenditures. If it is not relating to daily activities, it is recorded as non-operating income.

Repayment of a government grant related to an asset, that initially deducted the carrying amount of the asset, is recognized by increasing the carrying amount of the asset; if there exists of the related deferred income balance, then the deferred income balance is reduced by the amount repayable, any excess is charged to profit or loss for the current period. Repayment of a government grant related to other situation, it is directly charged to profit or loss for the current period.

If policy-based subsidized loans are obtained and the government disburses the subsidy funds to the lending bank, the fair value of the loan is recognized as the borrowing value, and borrowing costs are calculated using the effective interest rate method. The difference between the actual amount received and the fair value of the loan is recognized as deferred income, which is amortized using the effective interest rate method over the term of the loan, offsetting borrowing costs. If the government disburses the subsidy funds directly to the Group, the subsidy offsets borrowing costs.





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29. Deferred tax assets and deferred tax liabilities

Income tax comprises of current tax and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to transactions or items recognized directly in equity and goodwill arising from a business combination.

Temporary differences arising from the difference between the carrying amount of an asset or liability and its tax base are recognized as deferred tax using the balance sheet liability method.

All the taxable temporary differences are recognized as deferred tax liabilities except for those incurred in the following transactions:

- (1) Initial recognition of goodwill or initial recognition of an asset or liability in a transaction which is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs (Except for individual transactions that result in equal taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities) ;
- (2) The taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group recognizes a deferred tax asset for the carry forward of deductible temporary differences, deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible losses and tax credits can be utilized, except for those incurred in the following transactions:

- (1) The transaction is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs (Except for individual transactions that result in equal temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities) ;
- (2) The deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, and their tax effect is reflected.

At the balance sheet date, the Group reviews the carrying amount of a deferred tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

On the balance sheet date, deferred tax assets and deferred tax liabilities are presented as a net amount after offsetting when they simultaneously meet the following conditions:

- (1) The legal right exists for the tax-paying entity within the Group to settle current income tax assets and current income tax liabilities on a net basis.
- (2) Deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the same tax-paying entity within the Group.





30. Leases

(1) Identification of leases

At inception of a contract, the Group, as a lessee or a lessor, shall assess whether the customer under the contract has the right to obtain substantially all of the economic benefits from use of the identified asset during the period of use and has to right to direct the use of the identified asset during the period of use. The Group considers the contract to be a lease or to include a lease if one of the parties to the contract conveys the right to control the use of one or more identified assets for a certain period of time in exchange for consideration.

(2) The Group acts as the lessee

At the commencement date, the Group recognizes the right-of-use assets and lease liabilities for all leases, except for simplified short-term leases and leases of low value assets.

For the accounting policy of the right-of-use assets, see Note III. 31.

Lease liabilities are initially measured at the present value of the outstanding lease payments at the commencement date of the lease using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be determined, the incremental borrowing rate shall be used as the discount rate. The lease payments include: fixed payments and in-substance fixed payments; if there are lease incentives, the relevant amount of lease incentives shall be deducted; variable lease payments depending on an index or a rate; the exercise price of the option provided that the lessee is reasonably certain that the option will be exercised; the amount to be paid to exercise the option to terminate the lease if the lease term reflects that the lessee will exercise the option to terminate the lease; and the amount expected to be payable based on the residual value of the security provided by the lessee. The interest expense of the lease liability in each period of the lease term shall be calculated in accordance with the fixed periodic interest rate and recorded into the profit or loss of the current period. The variable lease payment not included in the measurement of lease liabilities shall be recorded into the current profit or loss when actually incurred.

Short-term lease

A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less, except for a lease that contains a purchase option.

The Group will record the lease payment amount of short-term lease into the cost of relevant assets or current profit or loss in each period of the lease term according to the straight-line method.

Leases of low value assets

Leases of low value assets refer to lease of a single leased asset whose value is less than RMB 40,000 when it is a brand-new asset.

The Group will include the lease payment of the low-value asset lease into the cost of the relevant asset or current profit or loss in each period of the lease term according to the straight-line method.

For leases of low value assets, the Group chooses to adopt the above simplified treatment method according to the specific situation of each lease.

Lease modifications

A lessee shall account for a lease modification as a separate lease if both: (i) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and (ii) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

When lease modification that is not accounted for as a separate lease, on the day of the lease modification, the Group re-allocates the consideration in the modified lease, re-determines the lease term, and re-measures the present value of lease liability according to the revised lease payments and revised discount rate.





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For lease modifications that result in decrease in the lease scope or the lease term, the Group decreases the carrying amount of the right-of-use asset accordingly and recognizes in profit or loss of current period any gain or loss relating to the partial or full termination of the lease.

For all other lease modifications that result in remeasurement of lease liabilities, the Group makes a corresponding adjustment to the carrying amount of right-of-use asset.

(3) The Group acts as the lessor

When the Group acts as the lessor, the leases that substantially transfer all the risks and rewards related to the ownership of the assets are recognized as finance leases, and other leases other than finance leases are recognized as operating leases.

Finance leases

In the case of finance leases, the Group takes the net investments in the lease as the carrying amounts of finance lease receivables at the commencement date, and the net lease investments are the sum of the unguaranteed residual value and the present value of the lease payments receivable at the commencement date discounted at the implicit interest rate. The Group, as the lessor, calculates and recognizes interest income for each period of the lease term at a fixed periodic rate. The variable lease payments obtained by the Group as the lessor and not included in the measurement of the net lease investments shall be recorded into the current profit or loss when actually incurred.

The derecognition and impairment of finance lease receivable shall be accounted for in accordance with the provisions of the "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" and the "Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets".

Operating lease

For the rent in the operating lease, the Group shall recognize the profit or loss of the current period in accordance with the straight-line method during each period of the lease term. The initial direct costs incurred in connection with the operating lease shall be capitalized, allocated on the same basis as the recognition of rental income during the lease term and recorded into the current profit or loss in installments. The variable lease payments obtained in connection with the operating lease and not included in the lease payments shall be recorded into the current profit or loss when actually incurred.

Lease modifications

When an operating lease is modified, the Group will treat it as a new lease for accounting treatment from the effective date of the modification, and the amount of lease payments received in advance or receivable related to the lease before the modification will be regarded as the amount of new lease payments.

The Group will treat the finance lease modification as a separate lease if the following conditions are met: (i) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and (ii) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

If the finance lease modification is not accounted for as a separate lease, the Group will deal with the modified lease under the following circumstances: (i) If the modification takes effect on the commencement date of the lease, the lease will be classified as an operating lease, and the Group will treat it as a new lease from the effective date of the lease modification, and take the net investment in lease before the effective date of the lease modification as the carrying amount of the leased asset; (ii) If the modification takes effect on the commencement date of the lease, the lease will be classified as a finance lease, and the Group will conduct accounting treatment in accordance with the provisions of the "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" concerning the modification or renegotiation of the contract.





31. Right-of-use assets

(1) Criteria for the recognition of right-of-use assets

The Group's right-of-use assets refer to the Group's right to use the leased assets during the lease term as the lessee.

On the commencement date, the right-of-use assets shall be initially measured at cost. The cost includes: the initial measurement of the lease liability; for the amount of lease payments paid on or before the commencement date of the lease term, if there is a lease incentive, the relevant amount of lease incentive already enjoyed will be deducted; initial direct costs incurred by the Group as the lessee; the costs which the Group, as the lessee, expects to incur in dismantling and removing the leased assets, restoring the premises on which the leased assets are located or restoring the leased assets to the state agreed in the lease terms. The Group, as the lessee, shall recognise and measure the costs of demolition and restoration in accordance with the "Accounting Standards for Business Enterprises No.13 – Contingencies". Subsequent adjustments are made for any re-measurement of lease liabilities.

(2) Depreciation method of the right-of-use assets

The Group uses the straight line method of depreciation. Where the Group, as the lessee, can reasonably determine that it obtains the ownership of the leased assets upon expiration of the lease term, depreciation shall be accrued over the remaining useful life of the leased assets. Where it is impossible to reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, depreciation shall be accrued in the shorter period between the lease term and the remaining useful life of the leased asset.

(3) See Note III. 21 for the impairment test method of the right-of-use assets and the loss allowance.

32. Safety production costs and simple reproduction fee

According to relevant regulations, the Group accrues safety production costs in accordance with the "Management Measures for the Extraction and Use of Enterprise Safety Production Costs" (Caiqi (2022) No. 136). The amount to be accrued for the current year is determined based on the previous year's operating income and is extracted on a monthly average basis. Specifically:

(1) General freight transportation business: 1%;

(2) Passenger transportation business, pipeline transportation, hazardous goods, and other special freight transportation businesses: 1.5%.

When the Group, acting as a contractor or carrier, provides services to customers that fall within the scope specified in this regulation, and if the cost of purchased materials and services exceeds 85% of the revenue earned from customers, the Group can use the net amount obtained by deducting the relevant cost of purchased materials and services from the revenue as the basis for provisioning safety production costs.

Safety production costs, when extracted, are recorded as part of the cost of related products or as an expense in the profit or loss for the current period. Simultaneously, they are also recorded under the "special reserve" account.

When payment is made for safety production costs within the specified scope, if it is an expense, it is directly deducted from special reserve. If it is related to fixed assets, the expenditures incurred are initially accounted in "Construction in progress" and transfer to fixed assets when the safety project is completed and reaches the predetermined usable status and after that, the cost of fixed assets is deducted from special reserve and the same amount is recognised in accumulated depreciation. Such fixed assets will not accrue for depreciation in subsequent periods.





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33. Significant accounting judgments and estimates

The Group makes continuous evaluation on critical accounting estimates and key assumptions based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The followings are the critical accounting estimations and key assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Classification of financial assets

Significant judgements involved in determining the classification of financial assets include the analysis of business models and contractual cash flow characteristics.

Factors considered by the Group in determining the business model for a group of financial assets include how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how the relevant management personnel are compensated.

When the Group assesses whether the contractual cash flows of the financial assets are consistent with basic lending arrangements, the main judgements are described as below: whether the principal amount may change over the life of the financial asset (for example, if there are repayments of principal) ; whether the interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin and cost. For example, whether the amount repaid in advance reflects only the outstanding principal and interest thereon, as well as reasonable compensation paid for early termination of the contract.

Measurement of the ECLs of accounts receivable

The Group calculates the ECLs of accounts receivable using the exposure to default risk and ECL rate of accounts receivable, and determines the ECL rate based on default probability and default loss rate. When determining the ECL rate, the Group adjusts its historical data by referring to information such as historical credit loss experience as well as current situation and forward-looking information. When considering the forward-looking information, indicators used by the Group include the risk of economic downturn, external market environment, technology environment and changes in customers. The assumptions relating to the ECL calculation are monitored and reviewed by the Group on a regularly basis.

Goodwill impairment

The Group evaluates whether goodwill is impaired at least annually. This requires an estimate of the use-value of the asset group to which goodwill has been allocated. When estimating the value in use, the Group needs to estimate the future cash flows from the asset group and select the appropriate discount rate to calculate the present value of the future cash flows.

Deferred tax assets

To the extent that it is likely that there will be sufficient taxable profits to offset the losses, the Group recognizes deferred tax assets for all unused tax losses. This requires the management to use substantial judgment to estimate the time and amount of future taxable profits, together with tax planning strategies, to determine the amount of deferred tax assets that should be recognized.

Determination of fair value of unlisted equity investments

The fair value of unlisted equity investments is the discounted estimated future cash flows based on the current discount rate of projects with similar terms and risk characteristics. This valuation requires the Group to estimate the expected future cash flows and the applicable discount rate, which caused uncertainty. Under limited circumstances, if the information used to determine the fair value is insufficient, or the possible estimate of fair value has a diverse range, and the cost represents the best estimate of fair value within that range, then the cost can represent an appropriate estimate of fair value within the diverse range.





34. Changes in accounting policies and accounting estimates

(1) Changes in significant accounting policies

(i) Interpretation No. 16 of Accounting Standards for Business Enterprises

The Ministry of Finance issued the Interpretation No. 16 of Accounting Standards for Business Enterprises (Cai Kuai [2022] No. 31, hereinafter referred to as "Interpretation No. 16") in November 2022.

Interpretation No. 16 stipulates that for individual transactions that are not business combinations and do not affect either accounting profit or taxable income (or deductible losses) at the time of occurrence, and where the initial recognition of assets and liabilities results in equal taxable temporary differences and deductible temporary differences, the temporary differences arising from the initial recognition of assets and liabilities should be separately recognized as deferred tax liabilities and deferred tax assets, respectively, at the time of the transaction, in accordance with relevant provisions such as Accounting Standards for Business Enterprises No. 18 - Income Taxes. For such transactions occurring between the beginning of the earliest period reported in the financial statements and the effective date of this interpretation, the Group adjusts the cumulative impact amount of the earliest period reported in the financial statements, including retained earnings at the beginning of the earliest period and other related items, in accordance with the aforementioned provisions. The aforementioned accounting treatment becomes effective from January 1, 2023.

The adoption of Interpretation No. 16 did not have any significant impact on the financial position and operating results of the Group.

(2) Changes in significant accounting estimates

Nil





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IV. Taxation

1. Major taxes and their tax rates

Taxes	Tax basis	Statutory tax rate %
Value-added tax	VAT taxable amount	13, 9 or 6
Urban maintenance and construction tax	Actual turnover tax paid	7 or 1
Education surcharge	Actual turnover tax paid	3
Local education surcharge	Actual turnover tax paid	2
Enterprise income tax	Subject to taxable profit	25 or 15

Details are in below:

Entity	Income tax rate %
Changan Minsheng APLL Logistics Co., Ltd.	15.00
CMAL Boyu Transportation Co., Ltd. (重慶長安民生博宇運輸有限公司)	15.00
Fulu International Logistics Co., Ltd. (福路國際物流有限公司)	25.00
Chongqing Saimei Shuzhi Technology Co., Ltd. (重慶賽美數智科技有限公司)	25.00
Chongqing Changzu Feiyue Technology Co., Ltd. (重慶長足飛越科技有限公司)	15.00
Chongqing Future Supply Chain Management Co., Ltd. (重慶福集供應鏈管理有限公司)	25.00
Chongqing Changxiang Supply Chain Technology Co., Ltd. (重慶長享供應鏈科技有限公司)	15.00
Nanjing CMSC Logistics Co., Ltd. (南京長安民生住久物流有限公司)	25.00
Changan Minsheng (Shanghai) Supply Chain Co., Ltd. (長安民生(上海) 供應鏈有限公司)	25.00
Hangzhou Changan Minsheng Logistics Co., Ltd. (杭州長安民生物流有限公司)	25.00
Wuhan Changjiang Zhilian Port Development Co., Ltd. (武漢長江智聯港口發展有限公司)	25.00
Shenyang Changyou Supply Chain Co., Ltd. (沈陽長友供應鏈有限公司)	15.00

2. Tax incentives and approval documents

According to Announcement No. 23 of 2020 issued by the Ministry of Finance, the State Administration of Taxation, and the National Development and Reform Commission on "Announcement on the Continuation of Enterprise Income Tax Policies for the Development of the Western Region", from January 1, 2021, to December 31, 2030, enterprises in encouraged industries located in the western region are subject to a reduced enterprise income tax rate of 15%. The Company, CMAL Boyu Transportation Co., Ltd. and Chongqing Changxiang Supply Chain Technology Co., Ltd. are subject to a 15% enterprise income tax rate for calculating its payable enterprise income tax.

According to Announcement No. 13 of 2022 issued by the Ministry of Finance and the State Administration of Taxation on "Announcement on Further Implementation of Preferential Policies for Small and Micro Enterprises Income Tax", from January 1, 2022, to December 31, 2024, for small and micro enterprises with annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan, 25% of the portion exceeding 1 million yuan and up to 3 million yuan is deducted from the taxable income, and the enterprise income tax is levied at a rate of 20%. Fulu International Logistics Co., Ltd. enjoys the preferential income tax exemption policy for small and micro enterprises.





According to the “Administrative Measures for the Recognition of High-tech Enterprises” jointly promulgated by the Ministry of Science and Technology, the Ministry of Finance, and the State Administration of Taxation in April 2008, and the high-tech enterprises recognized in the “National Key Supported High-tech Fields”, technology service enterprises recognized as high-tech enterprises can be subject to a reduced enterprise income tax rate of 15% in accordance with the new “Enterprise Income Tax Law” and its “Implementation Regulations”, the “PRC Tax Collection and Administration Law”, and the “Implementation Rules of the PRC Tax Collection and Administration Law” implemented since January 1, 2008. Chongqing Changzu Feiyue Technology Co., Ltd. and Shenyang Changyou Supply Chain Co., Ltd. are classified as high-tech enterprises, with an enterprise income tax rate of 15%.

Other subsidiaries of the Company are subject to the enterprise income tax rate of 25%.

V. Notes to the consolidated financial statements

1. Cash and bank balances

Item	Closing balance	Beginning balance
Cash on hand	138,637.03	4,583.48
Cash at bank	702,050,146.27	775,022,178.81
Funds held in the finance company	177,445,729.68	195,990,052.80
Other monetary funds	3,305,000.00	4,730,135.98
Total	882,939,512.98	975,746,951.07

Note: At the end of the period, the Company had restricted funds totalling RMB30,300,000.00, including a bank acceptance deposit of RMB3,305,000.00.

2. Notes receivable

Category	Closing balance			Beginning balance		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Bank acceptance bills						
Commercial acceptance bills	36,570.00	36.57	36,533.43			
Total	36,570.00	36.57	36,533.43			

(1) Disclosure by method of provision for bad debts

Category	Closing balance					Carrying amount
	Book balance		Provision for bad debts			
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)		
Provision for bad debts on portfolio basis						
Including:						
Bank acceptance bills						
Commercial acceptance bills	36,570.00	100.00	36.57	0.10		36,533.43
Total	36,570.00	100.00	36.57	0.10		36,533.43





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Provision for bad debts on portfolio basis of notes receivable

Provision for bad debts on portfolio basis: Commercial acceptance bills

Item	Closing balance			Beginning balance		
	Notes receivable	Provision for bad debts	Expected credit loss rate (%)	Notes receivable	Provision for bad debts	Expected credit loss rate (%)
Commercial acceptance bills	36,570.00	36.57	0.10			

(2) Accrual, recovery or reversal of bad debt provision during the year

	Amount of provision for bad debts
Beginning balance	
Provision for the year	36.57
Recovered or reversal in the year	
Write-off in the year	
Closing balance	36.57

3. Accounts receivable

(1) by ageing

Ageing	Closing balance	Beginning balance
0-3 months	1,378,720,144.29	1,404,532,746.88
4-6 months	43,053,036.47	68,598,703.23
7-12 months	33,075,436.09	44,747,873.35
1-2 years	19,664,317.21	9,426,156.41
2-3 years	5,976,331.29	6,073,934.57
Over 3 years	79,297,037.89	75,028,316.06
Subtotal	1,559,786,303.24	1,608,407,730.50
Less: Provision for bad debts	92,937,090.32	101,655,514.64
Total	1,466,849,212.92	1,506,752,215.86





(2) Disclosure by method of provision for bad debts

Category	Book balance		Closing balance		Carrying amount
	Amount	Ratio (%)	Provision for bad debts Amount	Expected credit loss rate (%)	
Provision for bad debts on individual basis	38,194,467.44	2.45	622,569.82	1.63	37,571,897.62
Including:					
Zhongcun Trading Yunnan Co., Ltd. (中村物貿雲南有限公司)	38,194,467.44	2.45	622,569.82	1.63	37,571,897.62
Provision for bad debts on portfolio basis	1,521,591,835.80	97.55	92,314,520.50	6.07	1,429,277,315.30
Including:					
Receivable from general customers	594,659,454.82	38.12	46,531,219.28	7.82	548,128,235.54
Receivables from related party customers	926,932,380.98	59.43	45,783,301.22	4.94	881,149,079.76
Total	1,559,786,303.24	100.00	92,937,090.32	5.96	1,466,849,212.92

Continued:

Category	Book balance		Beginning balance		Carrying amount
	Amount	Ratio (%)	Provision for bad debts Amount	Expected credit loss rate (%)	
Provision for bad debts on individual basis	6,381,985.22	0.40	6,381,985.22	100.00	
Including:					
Zhongwu Jinxiang Pharmaceutical Logistics Co., Ltd. (中物金象醫藥物流有限公司)	6,381,985.22	0.40	6,381,985.22	100.00	
Provision for bad debts on portfolio basis	1,602,025,745.28	99.60	95,273,529.42	5.95	1,506,752,215.86
Including:					
Receivable from general customers	804,676,102.89	50.03	49,445,596.65	6.14	755,230,506.24
Receivables from related party customers	797,349,642.39	49.57	45,827,932.77	5.75	751,521,709.62
Total	1,608,407,730.50	100.00	101,655,514.64	6.40	1,506,752,215.86





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Provision for bad debts of accounts receivable on individual basis

Name	Book balance	Closing balance		Basis for accrual
		Provision for bad debts	Expected credit loss rate (%)	
Zhongcun Trading Yunnan Co., Ltd.	38,194,467.44	622,569.82	1.63	According to the litigation and collateral conditions

Continued:

Name	Book balance	Beginning balance		Basis for accrual
		Provision for bad debts	Expected credit loss rate (%)	
Zhongwu Jinxiang Pharmaceutical Logistics Co., Ltd.	6,381,985.22	6,381,985.22	100.00	Expected to be uncollectible

Provision for bad debts collectively based on groups

Provision for bad debts on portfolio basis: Receivable from general customers

Ageing	Closing balance			Beginning balance		
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Book balance	Provision for bad debts	Expected credit loss rate (%)
0-3 months	507,129,413.44	963,545.89	0.19	669,883,358.82	1,951,728.70	0.29
4-6 months	36,432,291.89	874,375.00	2.40	56,064,799.11	1,906,203.17	3.40
7-12 months	5,877,825.00	576,614.63	9.81	34,355,699.02	2,786,247.19	8.11
1-2 years	3,690,734.47	2,689,438.21	72.87	4,666,150.80	3,215,911.14	68.92
2-3 years	3,226,090.89	3,124,146.42	96.84	2,582,283.89	2,461,695.20	95.33
Over 3 years	38,303,099.13	38,303,099.13	100.00	37,123,811.25	37,123,811.25	100.00
Total	594,659,454.82	46,531,219.28	7.82	804,676,102.89	49,445,596.65	6.14





Provision for bad debts on portfolio basis: Receivables from related party customers

Ageing	Closing balance			Beginning balance		
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Book balance	Provision for bad debts	Expected credit loss rate (%)
0-3 months	871,590,730.85	871,590.73	0.10	734,649,388.06	1,175,439.02	0.16
4-6 months	6,620,744.58	15,227.71	0.23	12,533,904.12	30,081.37	0.24
7-12 months	4,236,351.72	1,020,537.13	24.09	4,010,189.11	952,419.91	23.75
1-2 years	740,374.67	437,043.17	59.03	4,760,005.61	2,636,567.11	55.39
2-3 years	2,750,240.40	2,444,963.72	88.90	3,491,650.68	3,128,920.55	89.61
Over 3 years	40,993,938.76	40,993,938.76	100.00	37,904,504.81	37,904,504.81	100.00
Total	926,932,380.98	45,783,301.22	4.94	797,349,642.39	45,827,932.77	5.75

(3) Accrual, recovery or reversal of bad debt provision during the year

	Amount of provision for bad debts
Beginning balance	101,655,514.64
Provision for the year	-2,336,439.10
Recovered or reversal in the year	6,381,985.22
Write-off in the year	
Transfer in the year	
Others	
Closing balance	92,937,090.32

Reversal or recovery of significant bad debts

Name of entity	Reason for reversal	Method of recovery	Basis for determining the provision for bad debts	Reversal or recovery amount
Zhongwu Jinxiang Pharmaceutical Logistics Co., Ltd.	Recovery	Cash collection	Expected to be uncollectible	6,381,985.22

(4) Accounts receivable and contract assets due from the top five debtors

Accounts receivable and contract assets due from the top five debtors as of December 31, 2023 was totaling RMB900,653,468.40, which accounted for 49.89% of total accounts receivable and contract assets, and the corresponding provision for bad debts was totaling RMB7,352,149.49.





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4. Receivables financing

Item	Closing balance	Beginning balance
Notes receivable	774,531,760.51	608,818,797.05
Chain notes receivable	2,208,120.31	
Subtotal	776,739,880.82	608,818,797.05
Less: Other comprehensive income-Changes in fair value		
Fair value at year end	776,739,880.82	608,818,797.05

Closing balance of notes receivable being endorsed or factored and not yet matured

Category	Amount derecognized at year end	Amount not derecognized at year end
Bank acceptance bills	205,968,725.88	13,870,694.23

5. Prepayments

(1) Prepayments by ageing

Ageing	Closing balance		Beginning balance	
	Amount	Ratio %	Amount	Ratio %
0-3 months	8,102,050.06	59.25	56,492,395.01	76.68
4-6 months	845,363.13	6.18	5,893,684.47	8.00
7-12 months	2,805,966.76	20.52	5,427,139.97	7.37
1-2 years	960,915.00	7.03	4,933,375.74	6.70
2-3 years	892,501.15	6.52	525,296.89	0.70
Over 3 years	67,843.90	0.50	404,096.94	0.55
Subtotal	13,674,640.00	100.00	73,675,989.02	100.00
Less: Provision for bad debts	1,548,538.47		1,244,541.03	
Total	12,126,101.53		72,431,447.99	

(2) Prepayments due from the top five debtors

Prepayments due from the top five debtors as at December 31, 2023 was totaling RMB6,146,387.40, which accounted for 50.69% of total prepayments.





6. Other receivables

Item	Closing balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	89,026,316.09	89,122,491.79
Total	89,026,316.09	89,122,491.79

(1) Other receivables

(i) By ageing

Ageing	Closing balance	Beginning balance
0 to 6 months	48,645,349.08	36,251,348.46
7-12 months	7,528,055.12	14,654,228.36
1-2 years	9,528,816.71	7,227,641.61
2-3 years	11,155,535.95	26,028,433.81
Over 3 years	15,828,214.35	7,508,105.33
Subtotal	92,685,971.21	91,669,757.57
Less: Provision for bad debts	3,659,655.12	2,547,265.78
Total	89,026,316.09	89,122,491.79

(ii) Disclosure by nature

Item	Closing balance			Beginning balance		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Security deposits, deposit	71,291,739.44	732,951.75	70,558,787.69	77,794,167.01	200,000.00	77,594,167.01
Current accounts	3,737,087.59	2,573,276.09	1,163,811.50	5,048,528.74	1,952,785.02	3,095,743.72
Pay taxes and fees in lieu	539,185.64	37,421.70	501,763.94	4,159,945.71	228,756.57	3,931,189.14
Staff petty cash borrowing	159,100.00		159,100.00	308,870.06		308,870.06
Withholding for purchase of goods	43,810.00	1,698.46	42,111.54	1,860,704.57	55,897.15	1,804,807.42
Others	16,915,048.54	314,307.12	16,600,741.42	2,497,541.48	109,827.04	2,387,714.44
Total	92,685,971.21	3,659,655.12	89,026,316.09	91,669,757.57	2,547,265.78	89,122,491.79





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(iii) Information of provision for bad debts

As at December 31, 2023, provision for bad debts on those in first stage:

Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debts	Carrying amount
Provision for bad debts on individual basis				
Provision for bad debts on portfolio basis				
Security deposits, deposit	71,291,739.44	1.03	732,951.75	70,558,787.69
Current accounts	1,210,723.98	3.87	46,912.48	1,163,811.50
Pay taxes and fees in lieu	539,185.64	6.94	37,421.70	501,763.94
Staff petty cash borrowing	159,100.00	0.00	0.00	159,100.00
Withholding for purchase of goods	43,810.00	3.88	1,698.46	42,111.54
Others	16,915,048.54	1.86	314,307.12	16,600,741.42
Total	90,159,607.60	1.26	1,133,291.51	89,026,316.09

Aa at December 31, 2023, the Company had no other receivables classified as second stage.

Provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debts	Carrying amount
Provision for bad debts on individual basis				
Including:				
Changan Ford Motor Co., Ltd.	1,006,404.45	100.00	1,006,404.45	
Hafei Automobile Co., Ltd.	710,859.16	100.00	710,859.16	
Insurance payout	809,100.00	100.00	809,100.00	
Total	2,526,363.61	100.00	2,526,363.61	





At December 31, 2022, provision for bad debts on those in first stage:

Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debts	Carrying amount
Provision for bad debts on individual basis				
Provision for bad debts on portfolio basis				
Security deposits, deposit	77,794,167.01	0.26	200,000.00	77,594,167.01
Current accounts	3,331,265.13	7.07	235,521.41	3,095,743.72
Pay taxes and fees in lieu	4,159,945.71	5.50	228,756.57	3,931,189.14
Withholding for purchase of goods	1,860,704.57	3.00	55,897.15	1,804,807.42
Staff petty cash borrowing	308,870.06	0.00		308,870.06
Others	2,497,541.48	4.40	109,827.04	2,387,714.44
Total	89,952,493.96	0.92	830,002.17	89,122,491.79

At December 31, 2022, the Company had no other receivables classified as second stage.

At December 31, 2022, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debts	Carrying amount
Provision for bad debts on individual basis				
Changan Ford Motor Co., Ltd.	1,006,404.45	100.00	1,006,404.45	
Hafei Automobile Co., Ltd.	710,859.16	100.00	710,859.16	
Total	1,717,263.61	100.00	1,717,263.61	





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(iv) Accrual, recovery or reversal of bad debt provision during the year

	First stage Expected credit loss within next 12 months	Second stage Expected credit loss for lifetime (no credit impairment occurred)	Third stage Expected credit loss for lifetime (credit impairment has occurred)	Total
Provision for bad debts				
Beginning balance	830,002.17		1,717,263.61	2,547,265.78
Movement of beginning balance during the period				
--Transfer to second stage				
--Transfer to third stage	809,100.00			809,100.00
--Reverse to second stage				
--Reverse to first stage				
Provision for the year	1,112,389.34		809,100.00	1,921,489.34
Reversal in the year				
Transfer in the year				
Write-off in the year				
Other movement				
Closing balance	1,133,291.51		2,526,363.61	3,659,655.12

(v) Other receivables due from the top five debtors

Name of entity	Nature	Other receivables Closing balance	Ageing	Proportion to total other receivables (%)	Provision for bad debts Closing balance
Company 1	Security deposits, deposits, others	11,541,281.28	0-6 months, 1-2 years, over 3 years	12.45	122,309.12
Company 2	Others	10,866,050.34	0-6 months	11.72	201,907.61
Company 3	Security deposits, deposit	8,000,000.00	0-6 months	8.63	82,248.15
Company 4	Security deposits, deposits, others	3,202,040.33	0-6 months, 1-2 years, over 3 years	3.45	33,227.69
Company 5	Others	3,158,000.00	2-3 years	3.41	58,680.40
Total		36,767,371.95		39.66	498,372.97





7. Inventories

Item	Book balance	Closing balance		Beginning balance		
		Provision for decline in value/ Provision for impairment of contract performance cost	Carrying amount	Book balance	Provision for decline in value/ Provision for impairment of contract performance cost	Carrying amount
Raw materials	1,460,127.97		1,460,127.97	6,295,885.92		6,295,885.92
Work in-progress	659,347.66		659,347.66	8,041,067.35		8,041,067.35
Finished goods	17,133,651.00		17,133,651.00	3,903,297.89		3,903,297.89
Reusable materials	1,048,261.40		1,048,261.40	281,929.71		281,929.71
Contract performance cost	8,574,727.89		8,574,727.89			
Total	28,876,115.92		28,876,115.92	18,522,180.87		18,522,180.87

8. Contract assets

Item	Book balance	Closing balance		Beginning balance		
		Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Logistics services not completed and settled	245,605,637.72	466,650.71	245,138,987.01	286,277,439.14	858,832.32	285,418,606.82
Subtotal	245,605,637.72	466,650.71	245,138,987.01	286,277,439.14	858,832.32	285,418,606.82
Less: Contract assets as presented as other non-current assets						
Total	245,605,637.72	466,650.71	245,138,987.01	286,277,439.14	858,832.32	285,418,606.82

(1) Information of impairment of contract assets

Category	Book balance		Closing balance		
	Amount	Ratio (%)	Provision for impairment		Carrying amount
			Amount	Expected credit loss rate (%)	
Provision for bad debts on individual basis					
Provision for bad debts on portfolio basis					
Including:					
Logistics services not completed and settled	245,605,637.72	100.00	466,650.71	0.19	245,138,987.01
Total	245,605,637.72	100.00	466,650.71	0.19	245,138,987.01





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(Continued)

Category	Book balance		Beginning balance		Carrying amount
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Provision for bad debts on individual basis					
Provision for bad debts on portfolio basis					
Including:					
Logistics services not completed and settled	286,277,439.14	100.00	858,832.32	0.30	285,418,606.82
Total	286,277,439.14	100.00	858,832.32	0.30	285,418,606.82

Provision for bad debts on portfolio basis:

Provision for bad debts on portfolio basis: Logistics services not completed and settled

Ageing	Closing balance			Beginning balance		
	Contract assets	Provision for impairment	Expected credit loss rate (%)	Contract assets	Provision for impairment	Expected credit loss rate (%)
Within 0-3 months	245,605,637.72	466,650.71	0.19	286,277,439.14	858,832.32	0.30
Total	245,605,637.72	466,650.71	0.19	286,277,439.14	858,832.32	0.30

(2) Additions, recoveries or reversals of provision for impairment of contract assets

Item	Provision for the year	Reversal in the year	Written-off in the year	Reason
Logistics services not completed and settled	-392,181.61			

9. Non-current assets due within one year

Item	Closing balance	Beginning balance
Long-term receivables due within one year		2,705,967.99





10. Other current assets

Item	Closing balance	Beginning balance
Prepaid value-added tax	6,136,982.19	214,826.23
Deductible input tax	7,899,678.84	11,611,364.43
VAT carry forward	127,263.49	3,860.95
Prepaid income tax	3,983,228.00	2,608,411.03
Certificates of deposit and interest	150,027,128.32	
Total	168,174,280.84	14,438,462.64

Note: Other debt investments are short-term certificates of deposit purchased by the Group at the end of the year, with an amount of RMB150 million.





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11. Long-term equity investment

Investee	Beginning balance (Carrying amount)	Beginning balance of provision for impairment	Movement in the year					Closing balance (Carrying amount)	Closing balance of provision for impairment			
			Additions in investment	Decrease in investment	Investment income/loss recognized under equity method	Adjustment of other comprehensive income	Changes of other equity			Announced distribution of cash dividend or profit	Provision for impairment	Other
(i) Joint ventures												
Hangzhou Changhe Anji Supply Chain Management Co., Ltd.	12,369,945.67				1,377,716.28						12,747,661.95	
(ii) Associates												
Chongqing Guoyuan RoRo Terminal Co., Ltd.	77,041,857.57				-2,438,701.57		2,512.98				74,605,668.98	
Total	89,411,803.24				-1,060,985.29		2,512.98		1,000,000.00		87,353,330.93	





12. Other equity instruments investment

Item	Closing balance	Beginning balance
China South Industries Group Finance Co., Ltd. (兵器裝備集團財務有限責任公司)	71,580,000.00	72,000,000.00

Note: Due to the strategic purpose of long-term holding planned by the Company, China South Industries Group Finance Co., Ltd. is designated by the Company as a financial asset measured at fair value through other comprehensive income, with changes recognized in other comprehensive income.

13. Investment properties

Item	Housing and buildings
I. Book value	
1. Beginning balance	49,223,928.04
2. Increase	
3. Decrease	
4. Closing balance	49,223,928.04
II. Accumulated depreciation and amortisation	
1. Beginning balance	8,194,022.13
2. Increase	1,436,555.53
(1) Amortisation for the year	1,436,555.53
3. Decrease	
4. Closing balance	9,630,577.66
III. Provision for impairment	
1. Beginning balance	5,028,640.29
2. Increase	1,019,877.05
(1) Provision	1,019,877.05
3. Decrease	
4. Closing balance	6,048,517.34
IV. Carrying amount	
1. Carrying value at year end	33,544,833.04
2. Carrying value at beginning of year	36,001,265.62

Note: As of December 31, 2023, Zhongshui Zhiyuan Asset Appraisal Co., Ltd. evaluated the fair value of the group's investment properties and issued an "Investment Property Fair Value Assessment Project Asset Appraisal Report". The appraisal report determined the appraisal value based on market approach, and some properties had a partial impairment of RMB1,019,877.05.





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14. Fixed assets

Item	Closing balance	Beginning balance
Fixed assets	728,808,090.70	578,152,242.25
Fixed assets for disposal	171,238.73	204,346.45
Total	728,979,329.43	578,356,588.70

(1) Fixed assets

(i) Details of fixed assets

Item	Housing and buildings	Machinery and equipment	Motor vehicles	Electronics and office equipment	Total
I. Book value:					
1.Beginning balance	821,229,374.45	262,244,084.75	179,675,742.19	82,127,267.35	1,345,276,468.74
2.Increase	1,886,816.67	237,074,393.99	5,818,915.77	9,335,127.10	254,115,253.53
(1) Purchase	1,463,435.74	201,321,302.96	3,225,499.97	4,755,879.72	210,766,118.39
(2) Transfer from construction in progress	423,380.93	35,753,091.03	2,593,415.80	4,579,247.38	43,349,135.14
3.Decrease	238,000.00	896,249.43	6,056,061.07	2,847,815.09	10,038,125.59
(1) Disposal or scrap	238,000.00	896,249.43	6,056,061.07	2,847,815.09	10,038,125.59
4.Closing balance	822,878,191.12	498,422,229.31	179,438,596.89	88,614,579.36	1,589,353,596.68
II. Accumulated depreciation					
1.Beginning balance	359,708,665.94	171,912,676.19	167,893,805.67	66,523,136.13	766,038,283.93
2.Increase	31,677,677.44	58,072,724.57	4,856,151.95	7,900,032.87	102,506,586.83
(1) Provision	31,677,677.44	58,072,724.57	4,856,151.95	7,900,032.87	102,506,586.83
3.Decrease	230,860.00	688,371.74	6,008,122.67	2,406,086.36	9,333,440.77
(1) Disposal or scrap	230,860.00	688,371.74	6,008,122.67	2,406,086.36	9,333,440.77
4.Closing balance	391,155,483.38	229,297,029.02	166,741,834.95	72,017,082.64	859,211,429.99
III. Provision for impairment					
1.Beginning balance			1,085,942.56		1,085,942.56
2.Increase		248,133.43			248,133.43
(1) Provision		248,133.43			248,133.43
3.Decrease					
(1) Disposal or scrap					
4.Closing balance		248,133.43	1,085,942.56		1,334,075.99
IV. Carrying amount					
1.Carrying value at year end	431,722,707.74	268,877,066.86	11,610,819.38	16,597,496.72	728,808,090.70
2.Carrying value at beginning of year	461,520,708.51	90,331,408.56	10,695,993.96	15,604,131.22	578,152,242.25





Note: 1. On July 27, 2022, the Company's subsidiary Shenyang Changyou Supply Chain Co., Ltd. mortgaged its fixed assets, including buildings and land, to the Shenyang branch of the Agricultural Bank of China to obtain mortgage loans. The mortgage period is from July 27, 2022, to July 26, 2025. Shenyang Changyou Supply Chain Co., Ltd. obtained loans of RMB 15,822,400.00 on July 29, 2022, and RMB 8,600,000.00 on September 29, 2022. The ownership of the mortgaged assets still belongs to Shenyang Changyou Supply Chain Co., Ltd., and they can be used normally. As of December 31, 2023, the book value of the building assets is RMB 53,263,525.74, accumulated depreciation is RMB 3,659,648.14, and the carrying amount is RMB 49,603,877.60. The book value of the land is RMB 12,709,087.28, accumulated amortization is RMB 389,983.68, and the carrying amount is RMB 12,319,103.60. The balance of long-term loans related to this mortgage is RMB 22,232,443.04, including long-term loans due within one year amounting to RMB 3,516,544.28.

2. On July 29, 2023, Shenyang Changyou Supply Chain Co., Ltd. mortgaged its accounts receivable, fixed assets (machinery and equipment, buildings, and land) to the Chongqing branch of China Everbright Bank to obtain mortgage loans. The mortgage period for all assets is from September 27, 2023, to September 20, 2028. Shenyang Changyou Supply Chain Co., Ltd. obtained a loan of RMB 80,000,000.00 on September 27, 2023. The ownership of the mortgaged assets still belongs to Shenyang Changyou Supply Chain Co., Ltd., and they can be used normally. As of December 31, 2023, the book value of accounts receivable is RMB 106,048,352.38, with impairments amounting to RMB 201,491.87, resulting in a carrying amount of RMB 105,846,860.51. The book value of machinery and equipment is RMB 92,713,414.40, accumulated depreciation is RMB 14,839,304.89, resulting in a carrying amount of RMB 77,874,109.51. The book value of buildings is RMB 53,263,525.74, accumulated depreciation is RMB 3,659,648.14, resulting in a carrying amount of RMB 49,603,877.60. The book value of land is RMB 12,709,087.28, accumulated amortization is RMB 389,983.68, resulting in a carrying amount of RMB 12,319,103.60. The balance of long-term loans related to this mortgage is RMB 80,000,000.00, including long-term loans due within one year amounting to RMB 15,000,000.00.

(ii) Fixed assets held under finance leases

Item	Carrying amount
Housing and buildings	170,604,105.62
Motor vehicles	15,947.12
Total	170,620,052.74

(2) Fixed assets for disposal

Item	Closing balance	Beginning balance	Reason for disposal
Machinery and equipment	3,877.08	4,275.27	Unused
Motor vehicles	139,985.50	113,133.27	Unused
Electronics and office equipment	26,885.59	29,218.94	Unused
Other equipment	490.56	422.65	Unused
Others	-	57,296.32	Unused
Total	171,238.73	204,346.45	

15. Construction in progress

Item	Closing balance	Beginning balance
Construction in progress	9,149,679.44	14,727,509.26
Construction materials		
Total	9,149,679.44	14,727,509.26





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(1) Construction in progress

(i) Information of construction in progress

Item	Closing balance		Net book value	Beginning balance		Net book value
	Book balance	Provision for impairment		Book balance	Provision for impairment	
New energy smart logistics project	2,928,085.36		2,928,085.36	11,221,630.10		11,221,630.10
RFID AUTOMATIC COLLECTION PROJECT	2,037,897.42		2,037,897.42	1,479,234.75		1,479,234.75
Category C warehouse project	1,241,740.24		1,241,740.24	98,359.29		98,359.29
DC SORTING GOODS TO PERSON AGV PROJECT	1,022,240.73		1,022,240.73			
VTC CHEYI CLOUD PLATFORM PROJECT	559,681.07		559,681.07	333,396.21		333,396.21
Network freight platform upgrade project	424,528.31		424,528.31	235,849.06		235,849.06
Internet Freight Platform Phase II Project	405,650.00		405,650.00			
TPMS ONLINE READING AND WRITING EQUIPMENT	240,265.50		240,265.50			
DC LIBRARY OPERATION PULL PROJECT	141,283.02		141,283.02			
Beijing Inland Storage i-WMS Promotion Project	72,455.33		72,455.33			
Intelligent vision scanning system for unmanned warehouse	51,769.91		51,769.91	290,283.19		290,283.19
Dedicated spoke design	18,875.00		18,875.00	18,875.00		18,875.00
Jianan i-WMS-SRM interface project	5,207.55		5,207.55	5,207.55		5,207.55
5G+ collaborative manufacturing project				794,690.24		794,690.24
Administration building expansion project				249,983.87		249,983.87
Total	9,149,679.44		9,149,679.44	14,727,509.26		14,727,509.26





(ii) Changes in significant construction in progress

Project item	Beginning balance	Increase	Transfer to fixed assets/ Intangible assets	Other decrease	Cumulative amount of interest capitalization	Including: interest capitalized in the period	Interest capitalization rate in the year %	Closing balance
New energy smart logistics project	11,221,630.10	30,616,516.70	38,910,061.44					2,928,085.36
RFID AUTOMATIC COLLECTION PROJECT	1,479,234.75	558,662.67						2,037,897.42
Category C warehouse project	98,359.29	1,143,380.95						1,241,740.24
DC SORTING GOODS TO PERSON AGV PROJECT		1,022,240.73						1,022,240.73
Total	12,799,224.14	33,340,801.05	38,910,061.44					7,229,963.75

Changes in significant construction in progress (Continued) :

Project item	Budget	Proportion of cumulative input to budget %	Progress %	Source of fund
New energy smart logistics project	60,772,700.00	68.84%	68.84%	Self-financing
RFID AUTOMATIC COLLECTION PROJECT	3,500,000.00	58.23%	58.23%	Self-financing
Category C warehouse project	5,500,000.00	22.58%	22.58%	Self-financing
DC SORTING GOODS TO PERSON AGV PROJECT	2,600,000.00	39.32%	39.32%	Self-financing
Total	72,372,700.00	-	-	-





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16. Right-of-use assets

Item	Housing and buildings	Machinery and equipment	Motor vehicles	Total
I. Book value:				
1.Beginning balance	107,081,061.80	102,171,292.52	3,063,775.73	212,316,130.05
2.Increase	199,619,423.12	11,610,983.88	616,185.11	211,846,592.11
(1) Additions by lease in	199,619,423.12	11,610,983.88	616,185.11	211,846,592.11
3.Decrease	19,852,402.66	94,971,292.52	342,283.55	115,165,978.73
(1) Disposal	19,852,402.66	94,971,292.52	342,283.55	115,165,978.73
4.Closing balance	286,848,082.26	18,810,983.88	3,337,677.29	308,996,743.43
II. Accumulated depreciation				
1.Beginning balance	19,047,231.15	10,264,268.32	1,445,781.44	30,757,280.91
2.Increase	65,647,301.74	4,585,721.03	1,228,608.73	71,461,631.50
(1) Provision	65,647,301.74	4,585,721.03	1,228,608.73	71,461,631.50
3.Decrease	3,258,944.35	6,462,021.20	171,141.78	9,892,107.33
(1) Disposal	3,258,944.35	6,462,021.20	171,141.78	9,892,107.33
4.Closing balance	81,435,588.54	8,387,968.15	2,503,248.39	92,326,805.08
III. Provision for impairment				
1.Beginning balance				
2.Increase				
3.Decrease				
4.Closing balance				
IV. Carrying amount				
1.Carrying value at year end	205,412,493.72	10,423,015.73	834,428.90	216,669,938.35
2.Carrying value at beginning of year	88,033,830.65	91,907,024.20	1,617,994.29	181,558,849.14

Note: The Company recognizes lease expenses related to short-term leases and leases of low-value assets. Please refer to Note V. 60 for details.





17. Intangible assets

(1) Details of intangible assets

Item	Land use rights	Software	Trademark	Patent	Total
I. Book value					
1.Beginning balance	326,080,059.82	140,264,454.56	107,000.00	48,928.19	466,500,442.57
2.Increase	1,708,261.59	28,207,190.77			29,915,452.36
(1) Purchase	1,708,261.59	27,957,466.79			29,665,728.38
(2) Other increase		249,723.98			249,723.98
3.Decrease		1,584,818.42			1,584,818.42
(1) Disposal		1,584,818.42			1,584,818.42
4.Closing balance	327,788,321.41	166,886,826.91	107,000.00	48,928.19	494,831,076.51
II. Accumulated amortisation					
1.Beginning balance	77,009,626.56	115,764,682.69	107,000.00	2,854.14	192,884,163.39
2.Increase	7,966,852.56	21,807,879.97		5,408.77	29,780,141.30
(1) Provision	7,966,852.56	21,807,879.97		5,408.77	29,780,141.30
3.Decrease	945,605.53	347,457.32			1,293,062.85
(1) Disposal	945,605.53	347,457.32			1,293,062.85
4.Closing balance	84,030,873.59	137,225,105.34	107,000.00	8,262.91	221,371,241.84
III. Provision for impairment					
1.Beginning balance					
2.Increase					
3.Decrease					
4.Closing balance					
IV. Carrying amount					
1.Carrying value at year end	243,757,447.82	29,661,721.57		40,665.28	273,459,834.67
2.Carrying value at beginning of year	249,070,433.26	24,499,771.87		46,074.05	273,616,279.18

Note: The details of the land use rights mortgaged by the Company can be found in Note V. 14(1).





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18. Goodwill

Investee or matters formed the goodwill	Beginning balance	Increase	Decrease	Closing balance
Vehicle transportation service unit	5,016,185.42			5,016,185.42

Note: Goodwill arising on consolidation of the Group has been allocated to the cash-generating unit group of the Finished Vehicle Transportation Services unit for impairment testing. The recoverable amount of the cash-generating unit is calculated by its projected future cash flows, which are based on the projected future cash flows within the next five years, and approved by the Group's senior management, and management performs impairment testing of goodwill based on cash flow projections.

The other key assumptions in the value in use calculation relate to the estimation of cash inflows/outflows, including budgeted revenue and gross margins, which are based on the historical performance of the existing cash generating units and management's expectations of market developments.

The key assumptions have incorporated market condition factors and the discount rates are consistent with external sources of information. In the opinion of the directors of the Group, as at 31 December 2023, the directors of the Group are of the opinion that the recoverable amount is significantly higher than the carrying amount and that any possible change in the key assumptions of the recoverable amount would not result in the carrying amount of the cash-generating unit exceeding its recoverable amount.

19. Long-term deferred expenses

Item	Beginning balance	Increase	Decrease		Closing balance
			Amortization	Other decrease	
Renovation costs	1,634,358.43	410,534.63	524,798.00		1,520,095.06
Overhaul repair expenses	2,632,997.80		303,437.85		2,329,559.95
Engineering improvement expenditures	1,286,868.47	1,149,824.33	400,231.78		2,036,461.02
Factory renovation expenses		2,107,869.37	292,456.80		1,815,412.57
Others	13,097.49	10,725.30	9,245.28		14,577.51
Total	5,567,322.19	3,678,953.63	1,530,169.71		7,716,106.11





20. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets and deferred tax liabilities before offsetting

Item	Closing balance		Beginning balance	
	Deductible or taxable timing differences	Deferred tax assets or liabilities	Deductible or taxable timing differences	Deferred tax assets or liabilities
Deferred tax assets:				
Lease liabilities	221,292,307.85	47,320,926.12	95,020,175.61	20,474,723.06
Deductible tax loss	196,631,634.00	29,745,742.45	228,698,346.35	34,643,212.16
Provision for bad debts	95,787,665.25	14,534,053.03	104,491,652.35	15,708,260.54
Assets depreciation and amortization differences	72,233,430.33	13,464,223.62	74,014,587.47	13,517,924.73
Deferred income	13,098,275.62	2,143,344.20	9,187,157.76	1,560,280.09
Provision for impairment of assets	8,657,426.36	1,304,361.72	7,769,956.77	1,313,245.29
Internal transactions	1,336,151.68	334,037.92	1,883,547.20	470,886.80
Accrued expenses	360,560.00	90,140.00	3,493,404.13	524,013.33
Subtotal	609,397,451.09	108,936,829.06	524,558,827.64	88,212,546.00
Deferred tax liabilities:				
Increase in asset appraisal value under business combination not under common control	9,356,411.65	2,339,102.91	9,719,794.92	2,429,948.73
Changes in fair value of receivables financing recognised in other comprehensive income	26,555,900.00	3,983,385.00	26,975,900.00	4,046,385.00
Right-of-use assets	219,208,558.68	45,542,781.53	104,259,250.54	20,007,709.07
Subtotal	255,120,870.33	51,865,269.44	140,954,945.46	26,484,042.80

(2) Deferred income tax assets or liabilities presented on a net basis after offsetting

Item	Offset amount of deferred tax assets and liabilities at year end	Closing balance of deferred tax assets or liabilities after offsetting	Offset amount of deferred tax assets and liabilities in prior year	Beginning balance of deferred tax assets or liabilities after offsetting
Deferred tax assets	45,140,363.62	63,796,465.44	20,008,042.80	68,204,503.20
Deferred tax liabilities	45,140,363.62	6,724,905.82	20,008,042.80	6,476,000.00





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(3) Deductible temporary differences and deductible tax losses of unrecognized deferred tax assets

Item	Closing balance	Beginning balance
Deductible temporary differences	1,549,472.91	159,127.50
Deductible tax loss	44,030,579.31	44,141,388.32
Total	45,580,052.22	44,300,515.82

(4) Deductible tax loss of unrecognized deferred income tax assets will expire in the following year

Year	Closing balance	Beginning balance	Note
2024			
2025		2,280,833.42	
2026			
2027		1,971,946.44	
2028			
2029			
2030	6,406,710.28	6,406,710.28	
2031	20,869,257.47	20,869,257.47	
2032	12,612,640.71	12,612,640.71	
2033	4,141,970.85		
Total	44,030,579.31	44,141,388.32	

21. Other non-current assets

Item	Closing balance			Beginning balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Prepaid building, Equipment payment	7,239,124.15		7,239,124.15	17,252,996.47		17,252,996.47





22. Ownership or using rights of assets subject to restriction

Item	Closing balance			Restricted situation
	Book balance	Carrying amount	Typs of restriction	
Cash and bank balances	3,305,000.00	3,305,000.00	Deposits for bank acceptance bills	Security deposits
Cash and bank balances	30,300,000.00	30,300,000.00	Frozen by court	Frozen
Accounts receivable	106,048,352.38	105,846,860.51	Loan pledge	Pledge
Fixed assets	145,976,940.14	127,477,987.11	Loan mortgage	Mortgage
Intangible assets	12,709,087.28	12,319,103.60	Loan mortgage	Mortgage
Total	298,339,379.80	279,248,951.22		

Continued:

Item	Beginning balance			Restricted situation
	Book balance	Carrying amount	Typs of restriction	
Cash and bank balances	4,730,135.98	4,730,135.98	Deposits for bank acceptance bills	Security deposits
Cash and bank balances	30,300,000.00	30,300,000.00	Frozen by court	Frozen
Cash and bank balances	185,000,000.00	185,000,000.00	Pledge of time deposit certificate	Pledge
Fixed assets	51,863,761.47	50,815,681.32	Loan mortgage	Mortgage
Intangible assets	11,000,825.69	10,888,304.09	Loan mortgage	Mortgage
Total	282,894,723.14	281,734,121.39		

23. Short-term loans

Item	Closing balance	Beginning balance
Unsecured loans	26,526,864.44	

24. Notes payable

Category	Closing balance	Beginning balance
Bank acceptance bills	532,579,693.95	503,501,890.28





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25. Accounts payable

Item	Closing balance	Beginning balance
0-3 months	1,477,535,445.25	1,419,733,879.46
4-6 months	18,571,697.85	55,343,230.26
7-12 months	7,678,455.48	35,936,840.17
1-2 years	9,934,813.68	17,414,657.63
2-3 years	2,731,544.61	12,660,413.57
Over 3 years	2,085,215.98	2,053,517.16
Total	1,518,537,172.85	1,543,142,538.25

Including significant accounts payable aging over 1 year

Item	Closing balance	Reasons for outstanding or not transferred
Hubei Xinghui New Energy Intelligent Vehicle Co., Ltd. (湖北星暉新能源智慧汽車有限公司)	1,925,000.00	Rolling settlement
Jiangsu Zhongcheng International Logistics Co., Ltd. (江蘇眾誠國際物流有限公司)	1,200,880.15	Rolling settlement
WM Motor Manufacturing Wenzhou Co., Ltd. (威馬汽車製造溫州有限公司)	2,229,357.80	Rolling settlement
Chongqing Fuhe Tongsheng International Logistics Co., Ltd. (重慶福合同盛國際物流有限公司)	1,302,477.39	Rolling settlement
Total	6,657,715.34	

26. Contract liabilities

Item	Closing balance	Beginning balance
Advance receipts of transportation and storage	14,570,042.13	9,745,210.01
Less: Contract liabilities included in other current liabilities	1,254,942.86	736,357.01
Total	13,315,099.27	9,008,853.00

27. Employee benefits payables

Item	Beginning balance	Increase	Decrease	Closing balance
Short-term employee benefits	130,046,446.61	671,686,687.32	646,368,521.15	155,364,612.78
Post-employment benefits -Defined contribution plans	491,880.24	64,991,195.49	65,212,592.38	270,483.35
Termination benefits	2,516,931.76	7,791,014.62	7,791,014.62	2,516,931.76
Total	133,055,258.61	744,468,897.43	719,372,128.15	158,152,027.89





(1) Short-term employee benefits

Item	Beginning balance	Increase	Decrease	Closing balance
Salaries, bonus and allowances	85,423,359.82	469,275,068.49	445,356,511.64	109,341,916.67
Staff welfare		39,110,787.32	39,110,787.32	
Social insurances	240,866.79	32,149,146.54	32,255,118.64	134,894.69
Including:				
1. Medical insurance	219,845.30	28,773,388.92	28,863,741.99	129,492.23
2. Work injury insurance	21,021.49	2,871,717.72	2,887,336.75	5,402.46
3. Maternity insurance		504,039.90	504,039.90	
Housing fund	17,078.00	61,330,947.33	61,246,406.30	101,619.03
Union funds and staff education	44,238,122.21	10,078,449.50	9,810,125.56	44,506,446.15
Other short-term employee benefits	127,019.79	59,742,288.14	58,589,571.69	1,279,736.24
Total	130,046,446.61	671,686,687.32	646,368,521.15	155,364,612.78

(2) Defined contribution plans

Item	Beginning balance	Increase	Decrease	Closing balance
Post-employment benefits				
Including: Basic pension insurance	151,772.08	53,572,835.26	53,483,819.10	240,788.24
Unemployment insurance	212,066.80	2,056,601.68	2,256,796.34	11,872.14
Corporate annuity plan		9,349,918.55	9,332,095.58	17,822.97
Others	128,041.36	11,840.00	139,881.36	
Total	491,880.24	64,991,195.49	65,212,592.38	270,483.35

(3) Termination benefits

Item	Beginning balance	Increase	Decrease	Closing balance
Termination benefits	2,516,931.76	7,791,014.62	7,791,014.62	2,516,931.76
Total	2,516,931.76	7,791,014.62	7,791,014.62	2,516,931.76





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28. Taxes payable

Taxation	Closing balance	Beginning balance
Value-added tax	18,732,166.92	6,061,704.18
Enterprise income tax	6,766,598.06	4,808,687.90
Individual income Tax	678,970.61	725,692.16
Urban maintenance and construction tax	624,655.91	456,838.10
Property tax	2,865,610.27	3,004,458.06
Education surcharge	308,366.48	167,205.20
Local education surcharges	85,631.29	60,831.69
Land use tax	563,119.93	683,528.36
Stamp duty	1,453,989.76	659,443.94
Deed duty	2,514,583.49	
Other taxes	21,731.13	141,966.89
Total	34,615,423.85	16,770,356.48

29. Other payables

Item	Closing balance	Beginning balance
Interest payable		
Dividends payable		
Other payables	313,506,475.20	306,391,343.76
Total	313,506,475.20	306,391,343.76

(1) Other payables

Item	Closing balance	Beginning balance
Current accounts	138,113,108.88	166,504,491.67
Warranty deposits	169,536,032.62	130,369,799.80
Paid on behalf	5,824,926.56	5,642,118.14
Intermediary service fees		3,558,897.66
Others	32,407.14	316,036.49
Total	313,506,475.20	306,391,343.76





30. Non-current liabilities due within one year

Item	Closing balance	Beginning balance
Long-term loans due within one year	34,255,565.08	2,151,965.57
Lease liabilities due within one year	83,739,721.95	42,563,615.82
Total	117,995,287.03	44,715,581.39

(1) Long-term loans due within one year

Item	Closing balance	Beginning balance
Mortgage loans	18,624,765.08	1,751,965.57
Unsecured loans	15,630,800.00	400,000.00
Total	34,255,565.08	2,151,965.57

31. Other current liabilities

Item	Closing balance	Beginning balance
Output VAT pending for transfer	1,254,942.86	734,979.37
Endorsed notes receivable not yet derecognised	13,058,674.00	
Total	14,313,616.86	734,979.37

32. Long term loans

Item	Closing balance	Range of interest rate	Beginning balance	Range of interest rate
Unsecured loans	29,430,800.00	3.65%-3.80%	16,000,000.00	3.65%-3.80%
Mortgage loans	22,256,219.40	3.65%-3.90%	23,984,408.62	3.85%-3.90%
Other conditions (mortgage + guaranteed loans, etc.)	80,084,444.44	3.80%		
Subtotal	131,771,463.84		39,984,408.62	
Less: Long-term loans due within one year	34,255,565.08		2,151,965.57	
Total	97,515,898.76		37,832,443.05	





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33. Lease liabilities

Item	Closing balance	Beginning balance
Lease payment	238,508,801.54	191,218,741.97
Less: Unrecognized financing expenses	17,216,493.69	8,943,726.35
Less: Lease liabilities due within one year	83,739,721.95	42,563,615.82
Total	137,552,585.90	139,711,399.80

Note: The interest expense for lease liabilities recognized in 2023 amounted to RMB10,255,300, which recorded under financial expenses - interest expenses at RMB10,255,300.

34. Provisions

Item	Closing balance	Beginning balance	Reason of formation
Pending litigations	360,560.00		Litigation pending
Total	360,560.00		

35. Deferred income

Item	Beginning balance	Increase	Decrease	Closing balance
Jiangjin District Finance Bureau standard pallet recycling public system construction project subsidy	119,734.63		119,734.63	
Hangzhou Qiantang New District Fixed assets investment subsidy	786,789.19		-110,294.31	897,083.50
Financial support for key modern logistics enterprises	205,000.00		41,000.00	164,000.00
2017-2018 Industrialization and Informatization Subsidy from Qiantang New District Finance Bureau	830,275.05		105,330.00	724,945.05
Supply chain system construction subsidy funds (supply chain system construction platform subsidy income)	2,101,875.19		400,759.18	1,701,116.01
Government subsidies for land purchase loan with China Merchants Bank	957,256.56		26,590.46	930,666.10
Ford after-sales parts D1, D2 site improvement project compensation	1,105,961.76		92,163.48	1,013,798.28
Liangjiang New Area Financial Subsidy	3,200,000.01		133,333.33	3,066,666.68
5G+ collaborative manufacturing project	3,136,220.00		536,220.00	2,600,000.00
Chongqing Municipal People's Government Port and Logistics Office supports port logistics development subsidies		2,000,000.00		2,000,000.00
Subsidy for BMW Brilliance Automotive Wheel Assembly Phase I Project Fixed assets		70,300.00	27,490.77	42,809.23
Total	12,443,112.39	2,070,300.00	1,372,327.54	13,141,084.85

Note: Government grants recorded as deferred income refer to Note VIII.





36. Other non-current liabilities

Item	Closing balance	Beginning balance
Party building funds	11,227.20	13,327.20
Total	11,227.20	13,327.20

37. Share capital

Item	Beginning balance	Movement in the year				Other	Subtotal	Closing balance
		Issue of new shares	Bonus shares	Provident fund Share transfer				
Total shares	162,064,000.00						162,064,000.00	

38. Capital reserve

Item	Beginning balance	Increase	Decrease	Closing balance
Capital premium	66,907,278.00	204,054.11		67,111,332.11
Other capital reserve		2,512.98		2,512.98
Total	66,907,278.00	206,567.09		67,113,845.09

Note: (i) The change in capital surplus amounted to RMB 204,054.11. For details, please refer to the Note VII. 1(4) .

(ii) The change in other capital reserves amounted to RMB 2,512.98. This change is attributed to the equity method accounting for the change in other equity of Chongqing Guoyuan RoRo Terminal Co., Ltd.

39. Other comprehensive income

Other comprehensive income attributable to the parent company in the balance sheet:

Item	Beginning balance (1)	Current year		Closing balance (4) =(1) +(2) -(3)
		Amount attributable to parent company after tax(2)	Less: Included in other comprehensive income in the previous period and transferred to retained earnings in the current period(3)	
I. Other comprehensive income not reclassified into profit or loss subsequently				
1. Remeasurement of changes in defined benefit plan				
2. Other comprehensive income not reclassified to profit or loss under equity method				
3. Changes in fair value of other equity instrument investments	22,929,515.00	-357,000.00		22,572,515.00
4. Changes in the fair value of the company's own credit risk				
II. Other comprehensive income that will be reclassified into profit or loss subsequently				
Total other comprehensive income	22,929,515.00	-357,000.00		22,572,515.00





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Other comprehensive income attributable to the parent company in the income statement:

Item	Amount before tax(1)	Current year		Less: Amount attributable to minority interests after tax(4)	Amount attributable to parent company after tax(5) =(1) -(2) -(3) -(4)
		Less: transferred to profit or loss in current year(2)	Less: Income tax expenses(3)		
I. Other comprehensive income not reclassified into profit or loss subsequently					
1. Remeasurement of changes in defined benefit plan					
2. Other comprehensive income not reclassified to profit or loss under equity method					
3. Changes in fair value of other equity instrument investments	-420,000.00		-63,000.00		-357,000.00
4. Changes in the fair value of the company's own credit risk					
II. Other comprehensive income that will be reclassified into profit or loss subsequently					
Total other comprehensive income	-420,000.00		-63,000.00		-357,000.00

Note: The after-tax net amount of other comprehensive income for the current period is RMB -357,000.00. Among which, the portion attributable to the shareholders of the parent company is RMB -357,000.00.

40. Special reserve

Item	Beginning balance	Increase	Decrease	Closing balance
Safety production fee	11,479,081.74	6,253,229.43	7,480,961.04	10,251,350.13

41. Surplus reserve

Item	Beginning balance	Increase	Decrease	Closing balance
Statutory surplus reserve	81,032,000.00			81,032,000.00
Discretionary surplus reserve	4,835,093.00			4,835,093.00
Total	85,867,093.00			85,867,093.00





42. Undistributed profits

Item	Current year	Prior year
Closing balance of undistributed profits of prior year before adjustment	1,636,555,790.69	1,606,298,691.27
Total adjustments of beginning undistributed profits		
Beginning balance of undistributed profits after adjustment	1,636,555,790.69	1,606,298,691.27
Add: Net profit attributable to parent company for the current year	56,446,864.92	38,481,808.17
Less: Appropriation of statutory surplus reserve		
Appropriation of discretionary surplus reserve		
Appropriation of general risk reserve		
Appropriation for dividends to ordinary shares	24,618,134.90	8,224,708.75
Appropriation for dividends to other equity holders		
Dividend to ordinary shares converted to share capital		
Closing balance of undistributed profits	1,668,384,520.71	1,636,555,790.69

Note: The resolution of the 2022 annual general meeting of the Company dated 30 June 2023 agreed to the final dividend distribution plan for the year of 2022 as follows: to distribute a final dividend of RMB0.15 per share (tax included) to all shareholders, which amounted to a total of RMB24,618,100.

43. Operating income and operating cost

(1) Operating income and operating cost

Item	Current year		Prior year	
	Revenue	Cost	Revenue	Cost
Primary operations	7,944,011,762.38	7,593,254,891.58	7,697,350,322.77	7,319,937,217.63
Other operations	24,986,469.11	4,462,563.92	22,851,806.39	2,282,264.47
Total	7,968,998,231.49	7,597,717,455.50	7,720,202,129.16	7,322,219,482.10

(2) Operating revenue and operating costs based on the timing of goods transfer

Item	Current year			
	Transportation service		Others	
	Revenue	Cost	Revenue	Cost
Primary operations				
Including: Recognized at a point in time	7,944,011,762.38	7,593,254,891.58		
Other operations				
Including: Recognized at a point in time			24,986,469.11	4,462,563.92
Total	7,944,011,762.38	7,593,254,891.58	24,986,469.11	4,462,563.92





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44. Taxes and surcharges

Item	Current year	Prior year
Property tax	9,333,403.82	7,780,816.04
Land use tax	5,975,434.17	5,753,962.43
Stamp duty	7,998,412.85	6,723,385.64
Urban maintenance and construction tax	4,258,072.43	899,795.71
Education surcharge	2,607,651.83	337,735.04
Local education surcharge	512,915.75	202,312.21
Vehicle and vessel use tax	76,985.18	44,040.20
Others	302,904.84	372,809.42
Total	31,065,780.87	22,114,856.69

45. Selling expenses

Item	Current year	Prior year
Employee's salary	42,209,498.94	39,494,136.23
Travel expenses	2,022,260.89	859,102.46
Depreciation and amortization	1,795,684.04	4,238,469.32
Business entertainment expenses	938,432.31	1,307,249.94
Advertising fee	623,814.29	1,817,610.84
Rental fees	526,289.12	470,035.69
Safety expenses	328,286.27	35,347.71
Utility bill	296,007.33	493,128.17
Office expenses	247,295.91	82,907.14
Low value consumables	148,418.84	55,455.37
Conference fees	132,749.45	267,019.74
Service charge	103,403.37	294,590.52
Communication fees	81,366.20	187,613.59
Repair fee	58,056.27	98,166.63
Others	1,435,088.50	1,289,799.52
Total	50,946,651.73	50,990,632.87





46. Administrative expenses

Item	Current year	Prior year
Employee's salary	147,509,440.11	184,356,723.52
Depreciation and amortization	24,384,801.00	24,413,680.28
Consulting service fees	4,521,729.22	14,694,941.03
Travel expenses	3,986,399.50	2,216,980.88
Rental fees	3,744,159.42	1,993,574.27
Repair fee	2,970,844.05	1,891,131.79
Business entertainment expenses	2,816,562.84	2,042,918.21
Utility bill	2,346,147.73	1,539,516.06
Board of Directors fees	2,104,913.65	2,044,261.22
Hiring intermediary agency fee	1,994,292.96	3,088,508.72
Communication fees	1,369,935.33	1,440,432.06
Low value consumables	1,203,991.13	797,071.76
Office expenses	1,022,964.02	736,538.35
Short-term rental expenses	915,131.95	1,414,759.74
Property insurance premium	528,124.39	725,595.37
Vehicle expenses	319,195.63	363,238.07
Security fees	273,132.42	722,809.22
Service charge	252,655.58	361,883.15
Conference fee	158,969.14	1,809,379.41
Disability employment security changes	149,223.69	415,214.46
Others	12,145,051.75	5,091,479.19
Total	214,717,665.51	252,160,636.76

47. Research and development expenses

Item	Current year	Prior year
Employee's salary	22,628,307.49	12,989,080.36
Depreciation and amortization	2,751,175.81	7,618.65
Material fee	517,648.36	184,936.41
Test trial production fee	482,849.40	
Rental fees	340,945.04	
Utility bill	12,194.16	
Low value consumables	4,550.44	90,393.09
Travel expenses	4,361.18	265.72
Others	61,337.19	18,667.29
Total	26,803,369.07	13,290,961.52





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48. Financial expenses

Item	Current year	Prior year
Interest expense	14,853,022.71	7,800,957.27
Less: Interest income	20,268,842.18	17,671,361.87
Exchange gain or loss	919,860.99	-4,900,808.60
Bank charges and others	1,270,867.80	2,376,727.43
Total	-3,225,090.68	-12,394,485.77

49. Other income

Item	Current year	Prior year
Government grants	18,703,748.11	11,433,633.52
Debt restructuring gains		294,481.89
Total	18,703,748.11	11,728,115.41

Note: Detail information of government grants refer to Note VIII. Government grants.

50. Investment income

Item	Current year	Prior year
Income from long-term equity investment by equity method	-1,060,985.29	-1,446,399.84
Dividends income from other equity instruments investment	2,435,623.28	2,096,455.43
Discount interest on derecognised notes	-2,614,183.55	
Total	-1,239,545.56	650,055.59

51. Credit impairment loss ("-" for loss)

Item	Current year	Prior year
Bad debts of notes receivable	-36.57	
Bad debts of accounts receivable	8,718,424.32	-14,230,773.55
Bad debts of other receivables	-1,112,389.34	51,984.71
Total	7,605,998.41	-14,178,788.84





52. Assets impairment loss ("-" for loss)

Item	Current year	Prior year
Impairment loss of prepayments	-303,997.44	-1,244,541.03
Impairment loss of investment properties	-1,019,877.05	-1,766,368.59
Impairment loss of contract assets	392,181.61	-858,832.32
Impairment loss of fixed assets	-248,133.43	
Total	-1,179,826.31	-3,869,741.94

53. Gains from disposal of assets ("-" for Loss)

Item	Current year	Prior year
Gain from disposal of fixed assets ("-" for Loss)	317,030.56	169,453.31
Others	-34,254.52	216,003.18
Total	282,776.04	385,456.49

54. Non-operating income

Item	Current year	Prior year	Amount included in non-recurring gains and losses
Insurance claims income	1,380,338.61	24,191.66	1,380,338.61
Gain from retirement of non-current assets	689,881.74	205,113.81	689,881.74
Penalty revenue	173,834.61	5,100,747.13	173,834.61
Compensation income of breach of contract	73,750.00	485,778.76	73,750.00
Income from various incentives	7,557.17		7,557.17
Others	779,988.26	1,976,926.63	779,988.26
Total	3,105,350.39	7,792,757.99	3,105,350.39

Note: Detail information of government grants refers to Note VIII.





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55. Non-operating expenses

Item	Current year	Prior year	Amount included in non-recurring gains and losses
Compensation expenses	1,402,704.31	262,598.96	1,402,704.31
Penalty expenses	305,484.08	1,816,744.16	305,484.08
Loss on damage and scrapping of non-current assets	75,446.13	68,194.05	75,446.13
Deficits in physical count	274,198.33	254,046.80	274,198.33
Donations	600,000.00		600,000.00
Others	584,485.73	3,633,588.90	584,485.73
Total	3,242,318.58	6,035,172.87	3,242,318.58

56. Income tax expenses

(1) Details of income tax expenses

Item	Current year	Prior year
Current income tax	12,325,698.75	27,315,643.03
Deferred income tax	4,719,943.58	-5,538,590.50
Total	17,045,642.33	21,777,052.53

(2) Reconciliation between income tax expenses and accounting profits

Item	Current year	Prior year
Profit before tax	75,008,581.99	68,292,726.82
Income tax expenses calculated at statutory (or applicable) tax rates (Profit before tax*15%)	11,251,287.30	10,243,909.02
Impact from tax preferential rate in certain subsidiaries	5,952,886.40	6,297,774.18
Adjustment for income tax in prior year	392,865.26	11,471,815.41
Gain or loss from investments in associates and joint ventures by equity method	-206,195.70	
Non-taxable income	-1,014,872.47	-3,731,468.31
Non-deductible costs, expenses and losses	1,322,639.72	324,186.86
Impact of changes in tax rate on beginning balance of deferred tax		
Utilization of tax losses in prior years that not recognized as deferred tax assets	-898,363.55	-9,627,011.50
Unrecognized tax losses and deductible temporary differences	5,326,535.80	6,458,892.22
Impact of super-deduction of research and development expenses	-4,941,706.42	
Others	-139,434.00	338,954.65
Income tax expenses	17,045,642.33	21,777,052.53





57. Notes to cash flows statement

(1) Other cash received relating to operating activities

Item	Current year	Prior year
Deposits interest income	20,268,842.18	5,732,040.54
Operating Rental income	4,021,864.81	5,622,334.67
Government grants income	16,151,634.15	1,972,289.00
Penalty revenue	173,834.61	33,834.19
Income from liquidated damages	73,750.00	46,650.00
Non-operating income related to other business activities	2,857,765.78	1,200,863.26
Receipts of operational Current accounts	41,296,119.56	82,918,984.87
Income from waste purchase and other operating activities	1,022,695.23	153,580.50
Security deposits received	40,047,720.74	10,755,553.48
Security deposits collected and returned	37,992,535.63	11,588,712.77
Other income	25,074,078.28	83,651.60
Others	6,095,189.19	13,490,903.65
Total	195,076,030.16	133,599,398.53

(2) Other cash paid relating to operating activities

Item	Current year	Prior year
Handling fee expenses (in financial expenses)	1,270,447.80	129,691.69
Pay cash for Selling expenses	10,587,042.71	1,991,951.49
Pay cash for administrative expenses	42,823,424.40	43,807,622.17
Penalty expenses	305,484.08	100.00
Liquidated damages expenses	1,402,704.31	
Non-operating expenses related to other business activities	1,534,130.19	9,180,772.99
Payment of operational Current accounts	115,962,944.84	117,099,554.09
Payment Deposits and security deposits	72,893,168.10	18,145,117.86
Security deposits refund	16,101,825.21	4,396,152.00
Others	26,443,862.32	37,333,593.01
Total	289,325,033.96	232,084,555.30





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(3) Other cash received relating to investing activities

Item	Current year	Prior year
Cash received from redeeming bank wealth management products		39,059,100.00
Total		39,059,100.00

(4) Other cash paid relating to investing activities

Item	Current year	Prior year
Others		249,800.00

(5) Other cash received relating to financing activities

Item	Current year	Prior year
Receive restricted cash and bank balances	185,000,000.00	12,000,000.00
Total	185,000,000.00	12,000,000.00

(6) Other cash paid relating to financing activities

Item	Current year	Prior year
Repayment of lease liabilities	46,590,555.93	51,514,695.63
Time deposit certificates for pledge, etc.	11,904,386.36	201,959,014.56
Total	58,494,942.29	253,473,710.19





58. Supplement to cash flow statement

(1) Supplement to cash flow statement

Supplement information	Current year	Prior year
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	57,962,939.66	46,515,674.29
Add: Assets impairment loss	1,179,826.31	3,869,741.94
Credit impairment loss	-7,605,998.41	14,178,788.84
Depreciation of Depreciation of fixed assets and investment properties	103,593,895.02	90,785,419.23
Depreciation of right-of-use assets	71,461,631.50	37,393,392.48
Amortization of intangible assets	29,780,141.30	23,147,537.25
Long-term prepaid expenses amortization	1,530,169.71	910,586.76
Losses on disposal of fixed assets, intangible assets and other long-term assets (Gain as in "-")	-282,776.04	-385,456.49
Loss on retirement of fixed assets (Gain as in "-")	-614,435.61	-136,919.76
Losses on changes in fair value (Gain as in "-")		
Financial expenses (Gain as in "-")	9,547,474.79	245,172.14
Investment losses (Gain as in "-")	1,239,545.56	-650,055.59
Decrease in deferred tax assets (Increase as in "-")	1,217,978.98	-24,558,793.26
Increase in deferred tax liabilities (Decrease as in "-")	311,905.82	18,944,893.05
Decrease in inventories (Increase as in "-")	-10,353,935.05	-15,705,471.63
Decrease in operating receivables (Increase as in "-")	-631,865,218.57	-916,943,992.41
Increase in operating payables (Decrease as in "-")	570,743,815.96	802,099,726.28
Others		
Net cash flows from operating activities	197,846,960.93	79,710,243.12
2. Significant investment or finance activities not involving cash:		
Conversion of debt into capital		
Convertible bonds mature within one year		
Additions to right-of-use assets		
3. Net increase / (decrease) in cash and cash equivalents:		
Cash and bank balance as at end of year	849,334,512.98	755,716,815.09
Less: cash and bank balance at beginning of year	755,716,815.09	992,318,615.50
Add: cash equivalents at end of year		
Less: cash equivalents at beginning of year		
Net increase in cash and cash equivalents	93,617,697.89	-236,601,800.41





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(2) Details of cash and cash equivalents

Item	Closing balance	Beginning balance
I. Cash		
Including: Cash on hand	138,637.03	4,583.48
Digital currency		
Cash at bank readily available for payment	849,195,875.95	755,712,231.61
Other monetary fund readily available for payment		
Cash at central bank available on demand		
Amounts due from banks		
Call loan to banks		
II. Cash equivalents		
Including: bonds investment mature within 3 months		
III. Cash and cash equivalents as at closing balance	849,334,512.98	755,716,815.09
Including: Restricted cash and cash equivalents held by the Company or subsidiaries of the Group		

(3) Cash and bank balances not belongs to cash equivalents

Item	Closing balance	Beginning balance	Reason that does not belong to cash and cash equivalents
Cash and bank balances	3,305,000.00	4,730,135.98	Deposits for bank acceptance bills
Cash and bank balances	30,300,000.00	30,300,000.00	Frozen by court
Cash and bank balances		185,000,000.00	Pledge of time deposit certificate
Total	33,605,000.00	220,030,135.98	

59. Items in foreign currencies

Item	Closing balance in foreign currency	Conversion rate	Closing balance translated into RMB
Cash and bank balances			
Including: US Dollar	6,014,804.33	7.0827	42,601,054.63
Japanese Yen	2,729.00	0.0502	137.00
Accounts receivable			
Including: US Dollar	381,875.70	7.0827	2,704,711.02
Accounts payable			
Including: US Dollar	4,890,269.40	7.0827	34,636,311.08
Other payables			
Including: US Dollar	23,119.56	7.0827	163,748.91





60. Leases

(1) As lessee

Item	Current year
Short-term rental expenses	5,618,681.44
Low value rental expenses	5,211,855.76
Variable lease payments not included in the measurement of lease liabilities	6,071,527.14
Total	16,902,064.34

(2) As lessor

Operating leases

(i) Rental income

Item	Current year
Rental income	6,458,447.78
Including: Income related to variable lease payments not included in lease receipts	

(ii) Total undiscounted lease payments to be received annually for each of the five accounting years following the balance sheet date, as well as the total undiscounted lease payments to be received for the remaining years.

Period after balance sheet date	Closing balance	Beginning balance
In first year	876,000.00	1,087,000.00
In second year	430,000.00	876,000.00
In third year	320,000.00	430,000.00
In fourth year	325,000.00	320,000.00
In fifth year		325,000.00
After 5 years		
Total	1,951,000.00	3,038,000.00





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VI. Research and development expenses

1. Research and development expenses

Item	Current year		Prior year	
	Expensed amount	Capitalised amount	Expensed amount	Capitalised amount
Employee's salary	22,628,307.49		12,989,080.36	
Depreciation and amortization	2,751,175.81		7,618.65	
Material fee	517,648.36		184,936.41	
Test trial production fee	482,849.40			
Rental fees	340,945.04			
Utility bill	12,194.16			
Low value consumables	4,550.44		90,393.09	
Travel expenses	4,361.18		265.72	
Others	61,337.19		18,667.29	
Total	26,803,369.07		13,290,961.52	





VII. Interests in other entities

1. Interests in subsidiaries

(1) Group structure

Name of subsidiary	Registered capital	Main operating location	Place of registration	Business nature	Movement in the year		Acquisition method
					Direct	Indirect	
CMAL Boyu Transportation Co., Ltd.	60,000,000.00	Chongqing	Chongqing	Logistics	100.00		1
Fulu International Logistics Co., Ltd.	11,500,000.00	Chongqing	Chongqing	Logistics	100.00		1
Chongqing Saimei Shuzhi Technology Co., Ltd.	50,000,000.00	Chongqing	Chongqing	Logistics	100.00		1
Chongqing Changzu Feiyue Technology Co., Ltd.	50,000,000.00	Chongqing	Chongqing	Sale of packaging materials	55.00		1
Chongqing Future Supply Chain Management Co., Ltd.	30,000,000.00	Chongqing	Chongqing	Logistics	100.00		1
Chongqing Changxiang Supply Chain Technology Co., Ltd.	20,000,000.00	Chongqing	Chongqing	Logistics	70.00		1
Nanjing CMSC Logistics Co., Ltd.	100,000,000.00	Nanjing	Nanjing	Logistics	67.00		1
Changan Minsheng (Shanghai) Supply Chain Co., Ltd.	30,000,000.00	Shanghai	Shanghai	Logistics	100.00		1
Hangzhou Changan Minsheng Logistics Co., Ltd.	610,000,000.00	Hangzhou	Hangzhou	Logistics and tire packaging	100.00		1
Wuhan Changjiang Zhilian Port Development Co., Ltd.	53,070,000.00	Wuhan	Wuhan	Logistics	55.12		3
Shenyang Changyou Supply Chain Co., Ltd.	65,900,000.00	Shenyang	Shenyang	Logistics and tire packaging	69.65		1

Note: Acquisition method: 1. Set up by investment, 2. Business combination under common control, 3. Business combination not under common control, 4. Other





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(2) Significant non-wholly-owned subsidiaries

Name of subsidiary	Minority shareholders shareholding %	Profit and loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders in this period	Balance of Minority interests at the end of the period
Chongqing Changzu Feiyue Technology Co., Ltd.	45.00	1,954,007.95		25,466,565.63
Nanjing CMSC Logistics Co., Ltd.	33.00	4,020,164.39	4,620,000.00	98,858,313.60

(3) Principal financial information of significant non-wholly owned subsidiaries

Name of subsidiary	Current assets	Non-current assets	Closing balance			
			Total assets	Current liabilities	Non-current liabilities	Total liabilities
Chongqing Changzu Feiyue Technology Co., Ltd.	74,851,075.51	108,791,985.15	183,643,060.66	104,952,705.83	22,097,986.78	127,050,692.61
Nanjing CMSC Logistics Co., Ltd.	365,825,288.98	150,135,002.74	515,960,291.72	158,013,282.06	58,376,362.39	216,389,644.45

Continued (1) :

Name of subsidiary	Current assets	Non-current assets	Beginning balance			
			Total assets	Current liabilities	Non-current liabilities	Total liabilities
Chongqing Changzu Feiyue Technology Co., Ltd.	56,708,951.45	43,960,456.64	100,669,408.09	32,392,264.00	15,719,734.63	48,111,998.63
Nanjing CMSC Logistics Co., Ltd.	365,687,058.29	59,095,312.30	424,782,370.59	119,836,917.13	5,679,495.52	125,516,412.65

Continued (2) :

Name of subsidiary	Operating income	Current year		
		Net profit	Total comprehensive income	Cash flows from operating activities
Chongqing Changzu Feiyue Technology Co., Ltd.	160,210,533.12	4,342,239.88	4,342,239.88	19,929,163.63
Nanjing CMSC Logistics Co., Ltd.	404,889,088.64	12,182,316.33	12,182,316.33	-69,046,426.20





Continued (3) :

Name of subsidiary	Opening income	Balance at the end of 2022		
		Net profit	Total comprehensive income	Cash flows from operating activities
Chongqing Changzu Feiyue Technology Co., Ltd.	96,356,123.64	2,876,566.17	2,876,566.17	12,660,921.45
Nanjing CMSC Logistics Co., Ltd.	408,092,059.23	27,307,930.33	27,307,930.33	23,445,510.88

(4) Transactions where there is a change in ownership interest of a subsidiary while still maintaining control over the subsidiary

(i) Change in ownership interest of a subsidiary

On December 27, 2023, the Company's subsidiary, Wuhan Changjiang Zhilian Port Development Co., Ltd. absorbed and merged with another subsidiary, Wuhan Changsheng Gangtong Supply Chain Management Co., Ltd. Upon completion of the merger, the ownership ratio of Wuhan Changjiang Zhilian Port Development Co., Ltd. changed from 47.00% to 55.12%. The minority shareholders of the merged subsidiary, Wuhan Changsheng Gangtong Supply Chain Management Co., Ltd., namely Hubei Hannang Port Logistics Co., Ltd. and Wuhan Shengde Rixin Automobile Industrial Park Co., Ltd., became minority shareholders of Wuhan Changjiang Zhilian Port Development Co., Ltd. The subsidiary Wuhan Changsheng Gangtong Supply Chain Management Co., Ltd. was deregistered on December 27, 2023. This transaction resulted in an increase in capital reserve of RMB204,054.11.

2. Changes in the scope of consolidation due to other reasons

Refer to Note VII. 1(4)

3. Interests in joint arrangement or associates

(1) Significant joint ventures or associates

Joint ventures or associates	Current assets	Non-current assets	Total assets	Shareholding (%)		Accounting treatment of investment
				Direct	Indirect	
I. Joint ventures						
Hangzhou Changhe Anji Supply Chain Management Co., Ltd.	Hangzhou	Hangzhou	Logistics	50		Equity method
II. Associates						
Chongqing Guoyuan RoRo Terminal Co., Ltd.	Chongqing	Chongqing	Logistics	31		Equity method





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(2) Main financial information of significant joint ventures

Item	Hangzhou Changhe Anji Supply Chain Management Co., Ltd.	
	Closing balance	Beginning balance
Current assets	60,050,163.96	67,556,046.87
Including: Cash and cash equivalents	25,513,183.74	3,670,167.58
Non-current assets	352,175.21	503,886.08
Total assets	60,402,339.17	68,059,932.95
Current liabilities	34,907,015.31	43,320,041.64
Non-current liabilities		
Total liabilities	34,907,015.31	43,320,041.64
Net assets	25,495,323.86	24,739,891.31
Including: Minority interests		
Owners' equity attributable to parent company	25,495,323.86	24,739,891.31
Share of net assets calculated based on shareholding ratio	12,747,661.95	12,369,945.67
Adjustments		
Carrying value of equity investment in joint ventures	12,747,661.95	12,369,945.67
Fair value of publicly quoted equity investments		

Continued:

Item	Hangzhou Changhe Anji Supply Chain Management Co., Ltd.	
	Current year	Prior year
Operating income	64,038,253.17	87,224,494.82
Financial expenses	-108,233.29	-796,694.31
Income tax expenses	1,016,129.79	473,243.26
Net profit	2,755,432.55	1,186,194.33
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	2,755,432.55	1,186,194.33
Dividends received from joint ventures in the current period	1,000,000.00	1,000,000.00





(3) Main financial information of significant associates

Item	Chongqing Guoyuan RoRo Terminal Co., Ltd.	
	Closing balance	Beginning balance
Current assets	15,341,672.53	24,142,439.95
Including: Cash and cash equivalents	7,368,276.31	16,418,859.78
Non-current assets	391,046,964.24	402,979,012.49
Total assets	406,388,636.77	427,121,452.44
Current liabilities	4,446,704.45	24,717,596.29
Non-current liabilities	176,575,335.32	169,204,945.60
Total liabilities	181,022,039.77	193,922,541.89
Net assets	225,366,597.00	233,198,910.55
Including: Minority interests		
Owners' equity attributable to parent company	225,366,597.00	233,198,910.55
Share of net assets calculated based on shareholding ratio	69,863,645.07	72,299,833.66
Adjustments	4,742,023.91	4,742,023.91
Including: Goodwill	4,742,023.91	4,742,023.91
Carrying value of equity investment in associates	74,605,668.98	77,041,857.57
Fair value of publicly quoted equity investments		

Continued:

Item	Chongqing Guoyuan RoRo Terminal Co., Ltd.	
	Current year	Prior year
Operating income	28,012,520.37	31,405,114.77
Net profit	-7,780,169.52	-6,549,829.77
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	-7,780,169.52	-6,549,829.77
Dividends received by the company from associates in the current period		





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VIII. Government grants

1. Government grants recorded in other receivables

Subsidy item	Closing balance	Reasons for failure to receive Government grants at the expected time
Tianjin Online Freight Platform Business Policy Return	330,000.00	Unpaid
Total	330,000.00	

2. Government grants recorded in deferred income

(1) Government grants recorded as deferred income and measured at gross amount method subsequently

Subsidy item	Category	Beginning balance	Additions during the year	Amount recognized in profit or loss in the year	Other changes	Closing balance	Item presented in profit or loss in the year	Related to assets/ Related to income
Jiangjin District Finance Bureau standard pallet recycling public system construction project subsidy	Financial allocation	119,734.63		119,734.63			Other income	Related to assets
Hangzhou Qiantang New District Fixed assets investment subsidy	Financial allocation	786,789.19		-110,294.31		897,083.50	Other income	Related to assets
Financial support for key modern logistics enterprises	Financial allocation	205,000.00		41,000.00		164,000.00	Other income	Related to income
2017-2018 Industrialization and Informatization Subsidy from Qiantang New District Finance Bureau	Financial allocation	830,275.05		105,330.00		724,945.05	Other income	Related to income
Supply chain system construction subsidy funds (supply chain system construction platform subsidy income)	Financial allocation	2,101,875.19		400,759.18		1,701,116.01	Other income	Related to income
Government subsidies for land purchase loan with China Merchants Bank	Financial allocation	957,256.56		26,590.46		930,666.10	Other income	Related to income
Ford after-sales parts D1, D2 site improvement project compensation	Financial allocation	1,105,961.76		92,163.48		1,013,798.28	Other income	Related to income
Liangjiang New Area Financial Subsidy	Financial allocation	3,200,000.01		133,333.33		3,066,666.68	Other income	Related to income
5G+ collaborative manufacturing project	Financial allocation	3,136,220.00			-536,220.00	2,600,000.00	Construction in progress	Related to income
Logistics market entity cultivation policy incentive funds	Financial allocation		2,000,000.00			2,000,000.00	Other income	Related to income
Subsidy for BMW Brilliance Automotive Wheel Assembly Phase I Project Fixed assets	Financial allocation		70,300.00	27,490.77		42,809.23	Other income	Related to assets
Total		12,443,112.39	2,070,300.00	836,107.54	-536,220.00	13,141,084.85		





3. Government grants recognized in income for the year by gross method

Subsidy item	Category	Amount recognised in profit or loss in prior year	Amount recognised in profit or loss in the year	Presented in income statement	Related to assets/ Related to income
Value-added tax super deduction	Financial allocation	3,633,255.01	2,819,614.86	Other income	Related to income
Factory rental subsidy from Finance Bureau of Chongqing Shuangqiao Economic and Technological Development Zone	Financial allocation		2,670,969.60	Other income	Related to income
Social Insurance Subsidy from Liangjiang New Area Social Insurance Management Center	Financial allocation	1,098,139.16	2,280,794.64	Other income	Related to income
Received funds from Chongqing Municipal Science and Technology Bureau (subsidy funds after acceptance of 69 projects)	Financial allocation		1,950,980.00	Other income	Related to income
Tianjin Online Freight Platform Business Policy Return	Financial allocation		1,480,000.00	Other income	Related to income
Customs operation subsidy for Chongqing Shuangqiao Economic and Technological Development Zone Development and Investment Group Co., Ltd.	Financial allocation		1,200,000.00	Other income	Related to income
Jiangjin District Comprehensive Bonded Area Management Committee Industrial Development Fund	Financial allocation		1,168,400.00	Other income	Related to assets
Chongqing Liangjiang New Area Social Insurance Management Center Youth Employment Internship Subsidy in 2023	Financial allocation	506,400.00	1,148,800.00	Other income	Related to income
Financial support funds for business	Financial allocation		629,300.00	Other income	Related to income
Job stabilization subsidy	Financial allocation	1,127,381.11	595,182.21	Other income	Related to income
Received enterprise development funds paid by the Finance Bureau of Tongnan District, Chongqing	Financial allocation		315,459.00	Other income	Related to income
Funding Award for the Postdoctoral Workstation of the Finance Bureau of Chongqing Shuangqiao Economic and Technological Development Zone	Financial allocation		280,000.00	Other income	Related to income
Collect incentive funds to encourage rapid growth of small and medium-sized enterprises	Financial allocation		200,000.00	Other income	Related to income
Steady growth reward	Financial allocation		200,000.00	Other income	Related to income
Refund of handling fee of individual income tax	Financial allocation	2,684.05	197,437.94	Other income	Related to income
Industrial support funds are allocated according to Yuliangjiang Property Industry (2023) No. 61	Financial allocation		170,000.00	Other income	Related to income
Six taxes and two fees Stamp duty income	Financial allocation		127,137.16	Other income	Related to income
Social security subsidies for college graduates	Financial allocation	151,945.58	112,938.76	Other income	Related to income
National high-tech enterprise subsidies	Financial allocation		100,000.00	Other income	Related to income

Continued...





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3. Government grants recognized in income for the year by gross method (Continued)

Subsidy item	Category	Amount recognised in profit or loss in prior year	Amount recognised in profit or loss in the year	Presented in income statement	Related to assets/ Related to income
Rewards for large taxpayers	Financial allocation		60,000.40	Other income	Related to income
One-time job expansion subsidy	Financial allocation	52,000.00	53,500.00	Other income	Related to income
Received labor bureau training subsidy	Financial allocation		21,000.00	Other income	Related to income
Social insurance subsidies for enterprises hiring college graduates	Financial allocation		17,461.00	Other income	Related to income
Recruiting retired soldiers reduces value-added tax discount	Financial allocation		15,750.00	Other income	Related to income
Government grants	Financial allocation	16,316.17	13,762.00	Other income	Related to income
Received one-time award for harmonious labor relations enterprise (Liangjiang New Area Labor and Security Supervision Brigade)	Financial allocation		10,000.00	Other income	Related to income
Received the science and technology enterprise treasury award from the Finance Bureau of Chongqing Liangjiang New Area	Financial allocation		10,000.00	Other income	Related to income
Chongqing science and technology subsidies	Financial allocation		10,000.00	Other income	Related to income
Science popularization project subsidy from Chongqing Dazu District Science and Technology Association	Financial allocation		5,000.00	Other income	Related to income
Employment subsidies paid by the government (Employment and Talent Center of Jiangbei District, Chongqing)	Financial allocation		2,353.00	Other income	Related to income
Received the first prize of the Chongqing Liangjiang New Area Management Committee's 2022 Liangjiang New Area Statistics Outstanding Collective Award	Financial allocation		1,000.00	Other income	Related to income
Received the second prize of the 2022 Liangjiang New Area Statistical Outstanding Collective Award	Financial allocation		800	Other income	Related to income
Subsidy from Chongqing Municipal People's Government Port and Logistics Office, Top 50 Logistics Enterprises in China (Yu Fu Ban Fa [2021] No. 78)	Financial allocation	1,000,000.00		Other income	Related to income
Financial support funds for business	Financial allocation	642,600.00		Non-operating income	Related to income
Others	Financial allocation	328,253.31		Other income	Related to income
Subsidy received from Chongqing Liangjiang New Area Finance Bureau for Industrial support funds according to Yuliangjiang Caiyu [2022] No. 302	Financial allocation	310,000.00		Other income	Related to income
2021 First batch of industry and credit fund subsidies from Qiantang Finance Bureau	Financial allocation	250,000.00		Other income	Related to income

Continued...





3. Government grants recognized in income for the year by gross method (Continued)

Subsidy item	Category	Amount recognised in profit or loss in prior year	Amount recognised in profit or loss in the year	Presented in income statement	Related to assets/ Related to income
Funding Award from Qiantang District Economic Informatization and Science and Technology Bureau	Financial allocation	210,000.00		Other income	Related to income
Subsidy received from Chongqing Liangjiang New Area Finance Bureau for stabilize the economy as output value (revenue) growth rewards	Financial allocation	200,000.00		Non-operating income	Related to income
Government subsidies for Internet + vocational skills training	Financial allocation	145,000.00		Other income	Related to income
Second quarter postdoctoral recruitment funding and full-time funding for workstation from Chongqing Human Resources and Social Security Bureau	Financial allocation	130,000.00		Other income	Related to income
Job center one-time job retention training subsidy	Financial allocation	93,000.00		Other income	Related to income
Received 2021 Supply Chain Innovation Promotion Fund from Qiantang Finance Bureau	Financial allocation	70,000.00		Non-operating income	Related to income
Received 2019 Small Progress Award Fund from the Bureau of Commerce	Financial allocation	50,000.00		Non-operating income	Related to income
Chongqing Liangjiang New Area Talent and Employment Management Center Subsidy	Financial allocation	29,001.12		Other income	Related to assets
Small and Medium Enterprises Relief Fund Subsidy from Qiantang District Government	Financial allocation	20,000.00		Other income	Related to income
Received job center internship training subsidy	Financial allocation	18,286.80		Non-operating income	Related to income
SME Reserve - Subsidies for College Students	Financial allocation	14,000.00		Other income	Related to income
Transportation Bureau e-pay epidemic prevention subsidy	Financial allocation	10,000.00		Other income	Related to income
Received subsidy from Chongqing Jiangbei District Employment and Talent Center	Financial allocation	10,000.00		Non-operating income	Related to income
Government Projects-Public-Logistics Information Center government grants	Financial allocation	7,864.00		Other income	Related to income
Employment subsidies for enterprises responding to the epidemic	Financial allocation	6,000.00		Other income	Related to income
Received one-time job expansion subsidy from Hangzhou Employment Management Service Center	Financial allocation	3,000.00		Non-operating income	Related to income
Total		10,135,126.31	17,867,640.57		





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IX. Financial instrument and risk management

The Company's main financial instruments include cash and bank balances, notes receivable, accounts receivable, receivables financing, other receivables, non-current assets due within one year, other current assets, other equity instruments investment, notes payable, accounts payable, other payables, short-term loans, non-current liabilities due within one year, long term loans and lease liabilities. Details of each financial instrument have been disclosed in the relevant notes. The risks associated with these financial instruments and the Company's risk management policies to mitigate these risks are described below. The Company's management manages and monitors these risk exposures to ensure that the above risks are controlled within the defined scope.

1. Risk management objectives and policies

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, and market risk (including interest rate risk and commodity price risk).

(1) Credit risk

Credit risk is the risk that a counterparty of financial assets will cause a financial loss for the Company by failing to discharge an obligation.

The Company managed the credit risk by groups. Credit risk mainly came from bank balances, notes receivable, accounts receivable and other receivables.

The bank deposits of our company are mainly held in state-owned banks and in financial institutions with good reputation and high credit ratings. The Company expects that there is no significant credit risks exist on the bank deposit.

For notes receivable, accounts receivable and other receivables, the Company makes relevant policies to control credit risk exposures. The Company assesses the quality of customers' credit rating and set their credit limits and credit period based on the customers' financial position, credit history and other factors such as current market condition. The Company monitors the debtors' credit records regularly and ensures its overall credit risk within controllable range by written reminders, shorten or cancel credit periods to the debtors with bad credit history.

The Company's debtors of account receivables are customers distributed in different industries and geographical area. The Company continuously performs credit assessment on the debtors and purchases credit guarantee insurance when necessary.

The maximum exposure to credit risk borne by the Company is the carrying amount of each financial asset in the balance sheet. The Company does not provide any other guarantee that may expose the Company to credit risk.

Accounts receivable due from the top five customers of the Company is amounted to RMB795,661,166.22, which accounted for 54.24% of total accounts receivable (2022: 52.71%); other receivables due from the top five customers of the Company is amounted to RMB 36,767,371.95, which accounted for 39.66% of total other receivables (2022: 21.28%).





2. Joint venture and associates of the Company

Details of significant joint ventures or associates refer to Note VII. 3.

(1) Liquidity risk

Liquidity risk is the risk that the Company is short of funds to deliver cash or other financial assets or meet settlement obligations.

To manage liquidity risk, the Company maintains cash and cash equivalents at a level that the management considers adequate and monitors them so as to meet its operation demand as well as to reduce the effect of cash flow fluctuations. The management is responsible for monitoring the usefulness of bank loans to ensure it complies with the covenants in loan agreements. Meanwhile, the management obtains the commitment from the principal financial institutions to provide enough surplus in reserve to satisfy the Company's short and long-term fund demands.

The Company finances working capital with funds arising from operation and bank and other borrowings. As at 31 December 2023, the available loan facilities for withdrawal by the Company is RMB 2,460.65 million (At 31 December 2022: RMB 2,211.79 million).

As at 31 December 2023, the analysis of due date of the Company's financial liabilities and off-balance sheet guarantees by remaining undiscounted contractual cash flows of are as follow (unit: RMB) :

Item	Closing balance			Total
	Within a year	1 to 3 years	Over 3 years	
Financial liabilities:				
Short-term loans	26,526,864.44			26,526,864.44
Notes payable	532,579,693.95			532,579,693.95
Accounts payable	1,518,537,172.85			1,518,537,172.85
Other payables	313,506,475.20			313,506,475.20
Non-current liabilities due within one year	117,995,287.03			117,995,287.03
Other current liabilities (not including deferred income)	14,313,616.86			14,313,616.86
Long term loans	34,255,565.08	72,515,898.77	25,000,000.00	131,771,463.85
Lease liabilities	83,739,721.95	18,140,010.20	35,672,853.75	137,552,585.90
Total	2,641,454,397.36	90,655,908.97	60,672,853.75	2,792,783,160.08





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As at 31 December 2022, the analysis of due date of the Company's financial liabilities and off-balance sheet guarantees by remaining undiscounted contractual cash flows of are as follow (unit: RMB) :

Item	Beginning balance			Total
	Within a year	1 to 3 years	Over 3 years	
Financial liabilities:				
Short-term loans				
Notes payable	503,501,890.28			503,501,890.28
Accounts payable	1,543,142,538.25			1,543,142,538.25
Other payables	306,391,343.76			306,391,343.76
Non-current liabilities due within one year	44,715,581.39			44,715,581.39
Other current liabilities				
(not including deferred income)	734,979.37			734,979.37
Long term loans	2,151,965.57	37,832,443.05		39,984,408.62
Lease liabilities	42,563,615.82	97,147,783.98		139,711,399.80
Total	2,443,201,914.44	134,980,227.03		2,578,182,141.47

The amounts of financial liabilities disclosed in above are undiscounted cash flow of contracts, so they may be difference with those presented in the balance sheet.

(2) Market risk

Market risk of financial instrument is the risk of fluctuation in the fair value or future cash flow due to changes of market price, including interest rate risk, foreign exchange rate risk and other pricing risk.

Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value or future cash flow of financial instrument due to the changes of market interest rate. Interest rate risk can come from the recognized interest-bearing financial instruments and unrecognized financial instruments (such as loan commitments).

Interest rate risk of the Company mainly arises from interest bearing borrowings, such as long-term bank loans and bonds payable. A financial liability with floating interest rates causes interest rate risks in cash flow to the Company; and a financial liability with fixed interest rates causes interest rate risks in fair value to the Company. The Company determines the proportion of bank loans with fixed and floating interest rate according to current market situation and maintains the appropriate combination of the instruments with fixed and floating interest rate by regular review and monitoring.

The Company pays close attention to the effect of interest rate changes on the Company's interest rate risk. The Company does not adopt any interest rate hedge, but the management is responsible for monitoring interest rate risk and will consider hedging on significant interest rate risk. Rising interest rates will increase the cost of new interest-bearing debts and the interest expenses of interest-bearing debts with floating interest rates that the Company has not paid in full, and will have a significant adverse impact on the Company's financial performance. The management will make timely adjustments based on the latest market conditions. These adjustments may be arrangements for interest rate swaps to reduce interest rate risk.





The interest-bearing financial instruments held by the Company are as follows (unit: RMB yuan):

Item	Closing balance	Beginning balance
Fixed interest rate financial instruments		
Financial liabilities	124,042,763.20	37,832,443.05
Including: Short-term loans	26,526,864.44	
Floating interest rate financial instruments		
Financial assets	882,939,512.98	975,746,951.07
Including: Cash and bank balances	882,939,512.98	975,746,951.07

For financial instruments held on the balance sheet date that expose the Company to fair value interest rate risk, the impact of net profit and shareholder's equity in the above sensitivity analysis assumes that the effect of remeasurement of financial instruments by the interest rate changes on the balance sheet date. For floating rate non-derivatives held on the balance sheet date that expose the Company to cash flow interest rate risk, the impact of net profit and shareholder's equity in the above sensitivity analysis is the estimated impact of interest expenses or revenue on an annual basis by the above interest rate changes. The analysis for the previous year is based on the same assumptions and methods.

Item	Base point increase/ (decrease)	At December 31, 2023	
		Increase/(decrease) in profit before tax/net profit	Shareholders' equity increases/(decreases)
RMB	-0.35%	-40,933.60	-34,793.56
RMB	0.35%	40,933.60	34,793.56

Foreign exchange rate risk

Foreign exchange rate risk is the risk of fluctuation of financial instrument fair value or future cash flow fluctuation due to the changes of foreign exchange rate. Foreign exchange rate risk can arise from financial instruments measured at foreign currencies other than the functional currency.

The main operations of the Company are within China and mainly settled in RMB. At as December 31, 2023, the RMB equivalent of the cash denominated in foreign currencies held by the Company was RMB 42,601,191.63, as detailed in Note V.59. The following illustrates the impact of exchange rate fluctuations on the Company's income statement and shareholders' equity.

Item	Base point increase/ (decrease)	At December 31, 2023	
		Increase/(decrease) in profit before tax/net profit	Shareholders' equity increases/(decreases)
RMB	-0.50%	-213,004.91	-181,054.17
RMB	0.50%	213,004.91	181,054.17

3. Capital management

The purpose of the Company's capital management policy is to ensure the Company is going concern so as to provide returns to the shareholders and benefit other stakeholders and maintain the optimal capital structure to reduce capital cost.

To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debts.

The Company monitors capital structure on the basis of asset-liability ratio (Total liabilities divided by total assets). As at 31 December 2023, the Company's asset-liability ratio is 57.68% (As at 31 December 2022: 56.02%).





CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB unless otherwise stated)

X. Fair value

The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1: unadjusted quoted prices in active market for identical assets or liabilities.

Level 2: inputs other than Level 1 inputs that are either directly (i.e. price) or indirectly (i.e. derived from the price) observable for underlying assets or liabilities.

Level 3: inputs that are unobservable for underlying assets or liabilities.

(1) Item and amount measured at fair value

As at December 31, 2023, assets and liabilities measured at fair value are shown as follows:

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
1. Receivables financing			776,739,880.82	776,739,880.82
2. Other equity instruments investment			71,580,000.00	71,580,000.00

(2) Quantitative information of important unobservable input values used in level 3 of fair value measurement

Content	Fair value at year end	Valuation techniques	Unobservable inputs	Range (weighted average)
Other equity instruments investment	71,580,000.00	Net assets value	Not applicable	N/A

(3) Reconciliation of fair value measurements categorized in Level 3 of the fair value hierarchy

Item (Current year)	Beginning balance	Transfer to Level 3	Transfer out of level 3	Total profit or loss for the current period		Closing balance	For assets held at the end of the reporting period, changes in unrealized gains or losses for the period included in profit or loss
				Recognised in profit or loss	Recognised in other comprehensive income		
Other equity instruments investment	26,975,900.00				-420,000.00	26,555,900.00	

(Continued)

Item (Current year)	Beginning balance	Transfer to Level 3	Transfer out of level 3	Total profit or loss for the prior period		Closing balance	For assets held at the end of the reporting period, changes in unrealized gains or losses for the period included in profit or loss
				Recognised in profit or loss	Recognised in other comprehensive income		
Other equity instruments investment	24,975,900.00				2,000,000.00	26,975,900.00	





XI. Related party and related party transactions

1. Information of shareholders

As of December 31, 2023, the shareholding of the Company is as follows: China Chang'an Automobile Group Co., Ltd. (hereinafter referred to as "China Chang'an") holds 25.44%, APL Logistics Co., Ltd. (hereinafter referred to as "APL Logistics") holds 19.99%, Minsheng Industrial (Group) Co., Ltd. (民生實業(集團)有限公司) (hereinafter referred to as "Minsheng Industrial") holds 15.90%, Ming Sung Industrial Co.,(HK) Limited (hereinafter referred to as "Ming Sung (HK)") holds 3.98%, and other shareholders hold 34.69%.

2. Subsidiaries of the Group

Details of subsidiaries refer to Note VII.1.

3. Joint ventures or associates of the Group

Details of joint ventures or associates refer to Note VII.3.

4. Other related parties of the Company

Name of related parties	Relationship with the Company
Chongqing Dajiang Jiexin Forging Co., Ltd. (重慶大江傑信鍛造有限公司)	Ultimately controlled by CSGC
Chengdu Lingchuan Automotive Fuel Tank Co., Ltd.(成都陵川車用油箱有限公司)	Ultimately controlled by CSGC
Hubei Huazhong Marelli Auto Lighting Co., Ltd. (湖北華中馬瑞利汽車照明有限公司)	Ultimately controlled by CSGC
Hubei Xiaogan Huazhong Auto Lighting Co., Ltd. (湖北孝感華中車燈有限公司)	Ultimately controlled by CSGC
Huazhong Pharmaceutical Co., Ltd (華中藥業股份有限公司)	Ultimately controlled by CSGC
Hubei No. 295 Technology Co., Ltd (湖北二九五科技有限公司)	Ultimately controlled by CSGC
Chongqing Jianshe Industry (Group) Co., Ltd (重慶建設工業(集團)有限責任公司)	Ultimately controlled by CSGC
Chongqing Jianshe Tongda Industrial Co., Ltd (重慶建設全達實業有限公司)	Ultimately controlled by CSGC
Chongqing Jianshe Transmission Technology Co., Ltd (重慶建設傳動科技有限公司)	Ultimately controlled by CSGC
Yangzhou Suken Yinhe Connecting Rod Co., Ltd (揚州蘇壘銀河連杆有限公司)	Ultimately controlled by CSGC
Yunnan Xiyi Industry Co., Ltd (雲南西儀工業股份有限公司)	Ultimately controlled by CSGC
Chengdu Jialing Huaxi Optical Precision Machinery Co., Ltd (成都嘉陵華西光學精密機械有限公司)	Ultimately controlled by CSGC
Nanyang Lida Optoelectronics Co., Ltd (南陽利達光電有限公司)	Ultimately controlled by CSGC
Chongqing Changjiang Electrical Industry Group Co., Ltd (重慶長江電工工業集團有限公司)	Ultimately controlled by CSGC
Chongqing Shangfang Auto Parts Co., Ltd. (重慶上方汽車配件有限責任公司)	Ultimately controlled by CSGC
Chengdu Wanyou Filter Co., Ltd (成都萬友濾機有限公司)	Ultimately controlled by CSGC
Chongqing Yihong Defense Technology Co., Ltd (重慶益弘防務科技有限公司)	Ultimately controlled by CSGC
China South Industries Group Finance Co., Ltd. (兵器裝備集團財務有限責任公司)	Ultimately controlled by CSGC
South Industrial Technology Trade Co., Ltd (南方工業科技貿易有限公司)	Ultimately controlled by CSGC
China South Industries Group Human Resources Development Center (中國兵器裝備集團人力資源開發中心)	Ultimately controlled by CSGC

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For the year ended 31 December 2023 (All amounts in RMB unless otherwise stated)

4. Other related parties of the Company (Continued)

Name of related parties	Relationship with the Company
China South Industries Group Financing Leases Co., Ltd. (中國兵器裝備集團融資租賃有限責任公司)	Ultimately controlled by CSGC
China South Industries Group Commercial Factoring Co., Ltd. (中國兵器裝備集團商業保理有限公司)	Ultimately controlled by CSGC
Changan Automobile Finance Co., Ltd (長安汽車金融有限公司)	Ultimately controlled by CSGC
Chongqing Hongyu Friction Products Co., Ltd (重慶紅宇摩擦製品有限公司)	Ultimately controlled by CSGC
Chongqing Jianshe Electromechanical Co., Ltd (重慶建設機電有限責任公司)	Ultimately controlled by CSGC
Chongqing Jianshe Car Air Conditioner Co., Ltd(重慶建設車用空調器有限責任公司)	Ultimately controlled by CSGC
Baoding Tianwei Shunda Transformer Co., Ltd (保定天威順達變壓器有限公司)	Ultimately controlled by CSGC
Chongqing Anbo Automobile Sales Co., Ltd (重慶安博汽車銷售有限公司)	Ultimately controlled by CSGC
Chongqing Changan Smart Industrial Technology Service Co., Ltd (重慶長安智慧工業技術服務有限公司)	Ultimately controlled by CSGC
Chongqing Changan Industry (Group) Co., Ltd (重慶長安工業(集團)有限責任公司)	Ultimately controlled by CSGC
Chongqing Changan Property Management Co., Ltd (重慶市長安物業管理有限公司)	Ultimately controlled by CSGC
Chongqing Changan Jianshe Engineering Co., Ltd (重慶長安建設工程有限公司)	Ultimately controlled by CSGC
China South Newspaper Office (中國兵器報社)	Ultimately controlled by CSGC
Chongqing Changfeng Jiquan Machinery Co., Ltd (重慶長風基銓機械有限公司)	Ultimately controlled by CSGC
Jiangling Holdings Limited (江鈴控股有限公司)	Ultimately controlled by CSGC
Jiangling Motors Corporation, Ltd. (江鈴汽車股份有限公司)	Ultimately controlled by CSGC
Chongqing Dajiang Industrial Group Xingchen Logistics Co., Ltd (重慶大江工業集團興辰物流有限責任公司)	Ultimately controlled by CSGC
Meji Storage And Transportation (Shanghai) Co., Ltd (美集儲運(上海)有限公司)	Ultimately controlled by APLL
Meji Logistics Transportation (China) Co., Ltd (美集物流運輸(中國)有限公司)	Ultimately controlled by APLL
Minsheng Industrial (Group) Co., Ltd (民生實業(集團)有限公司)	Ultimately controlled by Minsheng Industrial
Minsheng Logistics Co. Ltd (民生物流有限公司)	Ultimately controlled by Minsheng Industrial
Minsheng International Container Transport Co., Ltd (民生國際集裝箱運輸有限公司)	Ultimately controlled by Minsheng Industrial
Minsheng International Cargo Transport Agency Co., Ltd (民生國際貨物運輸代理有限公司)	Ultimately controlled by Minsheng Industrial
Tianjin Minsheng International Shipping Agency Co. Ltd (天津民生國際船務代理有限公司)	Ultimately controlled by Minsheng Industrial
Shanghai Minsheng Shipping Co., Ltd (上海民生輪船有限公司)	Ultimately controlled by Minsheng Industrial
Ming Sung Industrial Co.,(HK) Limited (香港民生實業有限責任公司)	Ultimately controlled by Minsheng Industrial
Guangzhou Minsheng International Cargo Transport Agency Co., Ltd (廣州民生國際貨物運輸代理有限公司)	Ultimately controlled by Minsheng Industrial
Chongqing Minsheng Customs Declaration Co., Ltd (重慶民生報關有限公司)	Ultimately controlled by Minsheng Industrial
Chongqing Minsheng Integrated Logistics Co., Ltd (重慶民生綜合物流有限公司)	Ultimately controlled by Minsheng Industrial
Sichuan Changhong Minsheng Logistics Co., Ltd (四川長虹民生物流股份有限公司)	Ultimately controlled by Minsheng Industrial
Minsheng Shipping Co., Ltd (民生輪船股份有限公司)	Ultimately controlled by Minsheng Industrial
Guangzhou Minsheng International Shipping Agency Co. Ltd (廣州民生國際船務代理有限公司)	Ultimately controlled by Minsheng Industrial
Ningbo Minsheng International Shipping Agency Co. Ltd (寧波民生國際船務代理有限公司)	Ultimately controlled by Minsheng Industrial

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4. Other related parties of the Company (Continued)

Name of related parties	Relationship with the Company
Shenzhen Minsheng Jiefukai Logistics Co., Ltd (深圳民生捷富凱物流有限公司)	Ultimately controlled by Minsheng Industrial
Chongqing Chehemei Technology Co., Ltd (重慶車和美科技有限公司)	Ultimately controlled by Changan Automobile
Nanjing Changan Automobile Co., Ltd (南京長安汽車有限公司)	Ultimately controlled by Changan Automobile
Chongqing Changan Special Automobile Co., Ltd (重慶長安專用汽車有限公司)	Ultimately controlled by Changan Automobile
Hefei Changan Yixing Technology Co., Ltd. (合肥長安宜行科技有限公司)	Ultimately controlled by Changan Automobile
Chongqing Changan Chelian Technology Co., Ltd (重慶長安車聯科技有限公司)	Ultimately controlled by Changan Automobile
Hefei Changan Automobile Co., Ltd (合肥長安汽車有限公司)	Ultimately controlled by Changan Automobile
Chongqing Changan Automobile International Sales Service Co., Ltd (重慶長安汽車國際銷售服務有限公司)	Ultimately controlled by Changan Automobile
Chongqing Changan Automobile Customer Service Co., Ltd (重慶長安汽車客戶服務有限公司)	Ultimately controlled by Changan Automobile
Changan Mazda Engine Co., Ltd (長安馬自達發動機有限公司)	Ultimately controlled by Changan Automobile
Chongqing Changan Kaicheng Automobile Technology Co., Ltd (重慶長安凱程汽車科技有限公司)	Ultimately controlled by Changan Automobile
Hebei Changan Automobile Co., Ltd (河北長安汽車有限公司)	Ultimately controlled by Changan Automobile
Baoding Changan Bus Manufacturing Co., Ltd (保定長安客車製造有限公司)	Ultimately controlled by Changan Automobile
Changan Mazda Automobile Co., Ltd (長安馬自達汽車有限公司)	Ultimately controlled by Changan Automobile
Chongqing Lingyao Automobile Co., Ltd (重慶鈴耀汽車有限公司)	Ultimately controlled by Changan Automobile
China Changan Automobile Group Co., Ltd (中國長安汽車集團有限公司)	Ultimately controlled by Changan Automobile
Chongqing Anyi Automobile Technical Service Co., Ltd (重慶安驛汽車技術服務有限公司)	Ultimately controlled by Changan Automobile
Changan Automobile (Group) Co., Ltd (長安汽車(集團)有限責任公司)	Ultimately controlled by Changan Automobile
Avita Technology (Chongqing) Co., Ltd (阿維塔科技(重慶)有限公司)	Ultimately controlled by Changan Automobile
Chongqing Changan Automobile Co., Ltd. Sales Company (重慶長安汽車股份有限公司銷售公司)	Ultimately controlled by Changan Automobile
Deepal Automobile Technology Co., Ltd (深藍汽車科技有限公司)	Ultimately controlled by Changan Automobile
Changan Ford Automobile Co., Ltd (長安福特汽車有限公司)	Ultimately controlled by Changan Automobile
Changan Ford New Energy Vehicle Sales And Service (Shenzhen) Co., Ltd (長安福特新能源汽車銷售服務(深圳)有限公司)	Ultimately controlled by Changan Automobile
Chongqing Ante Import And Export Trading Co., Ltd (重慶安特進出口貿易有限公司)	Ultimately controlled by Changan Automobile
Anhui Jian'an Chassis System Co., Ltd (安徽建安底盤系統有限責任公司)	Ultimately controlled by China Changan
Sichuan Jian'An Industrial Co., Ltd (四川建安工業有限責任公司)	Ultimately controlled by China Changan
Chengdu Qingshan Industrial Co., Ltd (成都青山實業有限責任公司)	Ultimately controlled by China Changan
Chongqing Qingshan Industrial Co., Ltd (重慶青山工業有限責任公司)	Ultimately controlled by China Changan
Southern Tianhe Chassis Systems Co., Ltd (南方天合底盤系統有限公司)	Ultimately controlled by China Changan
Hunan Tianyan Machinery Co., Ltd (湖南天雁機械有限責任公司)	Ultimately controlled by China Changan
Chengdu Ningjiang Zhaohe Auto Parts Co., Ltd (成都甯江昭和汽車零部件有限公司)	Ultimately controlled by China Changan
South Faurecia Auto Parts Co., Ltd (南方佛吉亞汽車部件有限公司)	Ultimately controlled by China Changan
Chengdu Huachuan Electric Co., Ltd (成都華川電裝有限責任公司)	Ultimately controlled by China Changan

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4. Other related parties of the Company (Continued)

Name of related parties	Relationship with the Company
Longchang Shanchuan Machinery Co., Ltd (隆昌山川機械有限責任公司)	Ultimately controlled by China Changan
Sichuan Ningjiang Shanchuan Machinery Co., Ltd (四川甯江山川機械有限責任公司)	Ultimately controlled by China Changan
Chongqing Wanyou Economic Development Co., Ltd (重慶萬友經濟發展有限責任公司)	Ultimately controlled by China Changan
Guizhou Wanfu Automobile Sales Service Co., Ltd (貴州萬福汽車銷售服務有限公司)	Ultimately controlled by China Changan
China Changan Automobile Group Tianjin Sales Co., Ltd (中國長安汽車集團天津銷售有限公司)	Ultimately controlled by China Changan
Dali Wanfu Automobile Sales Service Co., Ltd (大理萬福汽車銷售服務有限公司)	Ultimately controlled by China Changan
Chongqing Wanyou Ducheng Automobile Sales Service Co., Ltd (重慶萬友都成汽車銷售服務有限公司)	Ultimately controlled by China Changan
Dehong Wanfu Automobile Sales Service Co., Ltd (德宏萬福汽車銷售服務有限公司)	Ultimately controlled by China Changan
Chuxiong Wanfu Automobile Sales Service Co., Ltd (楚雄萬福汽車銷售服務有限公司)	Ultimately controlled by China Changan
Jiangsu Wanyou Automobile Sales Service Co., Ltd (江蘇萬友汽車銷售服務有限公司)	Ultimately controlled by China Changan
Chengdu Wanyou Auto Trade Service Co., Ltd (成都萬友汽貿服務有限公司)	Ultimately controlled by China Changan
Chengdu Wanxing Automobile Sales Service Co., Ltd (成都萬星汽車銷售服務有限公司)	Ultimately controlled by China Changan
Chongqing Wanyou Xingjian Automobile Sales Service Co., Ltd (重慶萬友行健汽車銷售服務有限公司)	Ultimately controlled by China Changan
Guizhou Wanyou Automobile Sales Service Co., Ltd (貴州萬友汽車銷售服務有限公司)	Ultimately controlled by China Changan
Yunnan Wanfu Automobile Sales Service Co., Ltd (雲南萬福汽車銷售服務有限公司)	Ultimately controlled by China Changan
Chongqing Anfu Automobile Marketing Co., Ltd (重慶安福汽車行銷有限公司)	Ultimately controlled by China Changan
Beijing North Changfu Auto Sales Co., Ltd (北京北方長福汽車銷售有限責任公司)	Ultimately controlled by China Changan
Chongqing Wanyou Longrui Automobile Sales Service Co., Ltd (重慶萬友龍瑞汽車銷售服務有限公司)	Ultimately controlled by China Changan
Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd (重慶萬友尊達汽車銷售服務有限公司)	Ultimately controlled by China Changan
Honghe Wanfu Automobile Sales Service Co., Ltd (紅河萬福汽車銷售服務有限公司)	Ultimately controlled by China Changan
Beijing Baiwang Changfu Automobile Sales Service Co., Ltd (北京百旺長福汽車銷售服務有限公司)	Ultimately controlled by China Changan
Chongqing Wanyou Chengxing Automobile Sales Service Co., Ltd (重慶萬友誠行汽車銷售服務有限公司)	Ultimately controlled by China Changan
Harbin Dongan Automobile Power Co., Ltd (哈爾濱東安汽車動力股份有限公司)	Ultimately controlled by China Changan
Harbin Dongan Automobile Engine Manufacturing Co., Ltd (哈爾濱東安汽車發動機製造有限公司)	Ultimately controlled by China Changan
South Air International Co.Ltd. (南方英特空調有限公司)	Ultimately controlled by China Changan
Chenzhi Technology Co., Ltd (辰致科技有限公司)	Ultimately controlled by China Changan
Mianyang Wanzhong Auto Parts Co., Ltd (綿陽萬眾汽配有限責任公司)	Ultimately controlled by China Changan
Faurecia (Chongqing) Auto Parts Co., Ltd (佛吉亞(重慶)汽車零部件有限公司)	Ultimately controlled by China Changan
Yunnan Wanyou Automobile Sales Service Co., Ltd (雲南萬友汽車銷售服務有限公司)	Ultimately controlled by China Changan
Hubei Hannang Logistics Co., Ltd (湖北漢南港物流有限公司)	Minority shareholder of Changjiang Zhilian
Wuhan Shengde Rixin Automobile Industrial Park Co., Ltd (武漢盛德日新汽車產業園有限公司)	Minority shareholder of Changjiang Zhilian
Nanjing Baosteel Zhushang Metal Products Co., Ltd (南京寶鋼住商金屬製品有限公司)	Minority shareholder of Nanjing CMSC





5. Related party transactions

(1) Purchase or sale with related parties

(i) Purchase of goods/receiving of services

Related party	Nature of transaction	Current year	Prior year
Minsheng Logistics Co., Ltd. (民生物流有限公司)	Vehicle transportation business	195,489,296.34	177,956,751.14
Changan Mazda Automobile Co., Ltd. (長安馬自達汽車有限公司)	Vehicle transportation business	450,745.29	334,313.29
Changan Ford Automobile Co., Ltd. (長安福特汽車有限公司)	Vehicle transportation business	4,276.99	1,072,896.13
Sichuan Changhong Minsheng Logistics Co., Ltd. (四川長虹民生物流股份有限公司)	Vehicle transportation business		6,890,112.48
Chongqing Changan Special Purpose Vehicle Co., Ltd. (重慶長安專用汽車有限公司)	Vehicle transportation business		971,681.41
Chongqing Minsheng Integrated Logistics Co., Ltd. (重慶民生綜合物流有限公司)	Automotive Raw materials and parts supply chain services	28,072,336.77	29,310,459.53
Minsheng International Cargo Transport Agency Co., Ltd. (民生國際貨物運輸代理有限公司)	Automotive Raw materials and parts supply chain services	14,279,195.61	13,308,162.50
Shanghai Minsheng Steamship Co., Ltd. (上海民生輪船有限公司)	Automotive Raw materials and parts supply chain services	5,843,616.17	11,516,794.45
Tianjin Minsheng International Shipping Agency Co., Ltd. (天津民生國際船務代理有限公司)	Automotive Raw materials and parts supply chain services	1,509,868.26	1,368,839.75
Hebei Changan Automobile Co., Ltd. (河北長安汽車有限公司)	Automotive Raw materials and parts supply chain services	1,101,281.94	1,537,371.70
Minsheng International Container Transport Co., Ltd. (民生國際集裝箱運輸有限公司)	Automotive Raw materials and parts supply chain services	998,015.85	3,310,438.79
Ningbo Minsheng International Shipping Agency Co., Ltd. (寧波民生國際船務代理有限公司)	Automotive Raw materials and parts supply chain services	834,754.36	
Guangzhou Minsheng International Cargo Transport Agency Co., Ltd. (廣州民生國際貨物運輸代理有限公司)	Automotive Raw materials and parts supply chain services	486,317.51	2,948,523.05
Changan Mazda Automobile Co., Ltd. (長安馬自達汽車有限公司)	Automotive Raw materials and parts supply chain services	260,796.03	
Changan Ford Motor Co., Ltd. (長安福特汽車有限公司)	Automotive Raw materials and parts supply chain services	48,656.00	
Hefei Changan Automobile Co., Ltd. (合肥長安汽車有限公司)	Automotive Raw materials and parts supply chain services	29,879.09	
Chongqing Minsheng Customs Declaration Co., Ltd. (重慶民生報關有限公司)	Automotive Raw materials and parts supply chain services	7,316.60	14,219.62
Guangzhou Minsheng International Shipping Agency Co., Ltd. (廣州民生國際船務代理有限公司)	Automotive Raw materials and parts supply chain services	2,438.00	3,138.00
Minsheng Logistics Co., Ltd. (民生物流有限公司)	Automotive Raw materials and parts supply chain services	875,964.41	1,710,489.64
Chongqing Lingyao Automobile Co., Ltd. (重慶鈴耀汽車有限公司)	Automotive Raw materials and parts supply chain services		226,265.92

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CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
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For the year ended 31 December 2023 (All amounts in RMB unless otherwise stated)

(i) Purchase of goods/receiving of services (Continued)

Related party	Nature of transaction	Current year	Prior year
China Ordnance News (中國兵器報社)	Others	406,134.72	
Hefei Changan Automobile Co., Ltd. (合肥長安汽車有限公司)	Others	74,133.49	
Southern Industrial Technology Trading Co., Ltd. (南方工業科技貿易有限公司)	Others	24,751.89	
Nanjing Changan Automobile Co., Ltd. (南京長安汽車有限公司)	Others	14,127.78	
Changan Ford Automobile Co., Ltd. (長安福特汽車有限公司)	Others	11,963.48	
Chongqing Anbo Automobile Sales Co., Ltd. (重慶安博汽車銷售有限公司)	Others	11,862.84	
Hefei Changan Yixing Technology Co., Ltd. (合肥長安宜行科技有限公司)	Others	9,398.23	
Ming Sung Industrial Co.,(HK) Limited (香港民生實業有限責任公司)	Others	2,360.65	
China South Industries Group Human Resources Development Center (中國兵器裝備集團人力資源開發中心)	Others	1,300.00	
Chongqing Changan Property Management Co., Ltd. (重慶市長安物業管理有限公司)	Others		62,371.71
Chongqing Changan Property Management Co., Ltd. (重慶市長安物業管理有限公司)	Security cleaning services	10,546,640.80	12,566,532.18





(ii) Sales of goods/rendering of services

Related party	Nature of transaction	Current year	Prior year
Chongqing Changan Automobile Co., Ltd. (重慶長安汽車股份有限公司)	Finished vehicles transport	1,954,476,673.24	1,842,330,794.80
Changan Ford Automobile Co., Ltd (長安福特汽車有限公司)	Finished vehicles transport	487,963,812.60	479,336,222.77
Deepal Automobile Technology Co., Ltd (深藍汽車科技有限公司)	Finished vehicles transport	414,831,683.59	234,804,541.09
Hebei Changan Automobile Co., Ltd. (河北長安汽車有限公司)	Finished vehicles transport	316,321,337.23	266,698,266.03
Changan Mazda Automobile Co., Ltd (長安馬自達汽車有限公司)	Finished vehicles transport	130,237,276.03	180,547,127.41
Hefei Changan Automobile Co., Ltd (合肥長安汽車有限公司)	Finished vehicles transport	30,380,358.79	37,295,367.39
China South Industries Group Financing Leases Co., Ltd. (中國兵器裝備集團融資租賃有限責任公司)	Finished vehicles transport	27,740,463.72	
Chongqing Changan Automobile International Sales Service Co., Ltd (重慶長安汽車國際銷售服務有限公司)	Finished vehicles transport	18,951,476.38	5,741,578.21
Baoding Changan Bus Manufacturing Co., Ltd (保定長安客車製造有限公司)	Finished vehicles transport	16,142,213.40	23,966,567.37
Chongqing Changan Chelian Technology Co., Ltd (重慶長安車聯科技有限公司)	Finished vehicles transport	1,509,731.92	567,905.66
Guizhou Wanyou Automobile Sales Service Co., Ltd (貴州萬友汽車銷售服務有限公司)	Finished vehicles transport	1,341,236.89	1,694,396.63
Avita Technology (Chongqing) Co., Ltd (阿維塔科技(重慶)有限公司)	Finished vehicles transport	1,224,108.19	391,366.13
Chongqing Changan Kaicheng Automobile Technology Co., Ltd (重慶長安凱程汽車科技有限公司)	Finished vehicles transport	703,941.60	245,498.56
Hefei Changan Yixing Technology Co., Ltd. (合肥長安宜行科技有限公司)	Finished vehicles transport	608,672.96	
Chongqing Changan Special Automobile Co., Ltd (重慶長安專用汽車有限公司)	Finished vehicles transport	489,716.98	
Chongqing Anbo Automobile Sales Co., Ltd (重慶安博汽車銷售有限公司)	Finished vehicles transport	306,991.51	392,592.46
Chongqing Wanyou Economic Development Co., Ltd (重慶萬友經濟發展有限責任公司)	Finished vehicles transport	344,963.98	27,254.70
Nanjing Changan Automobile Co., Ltd (南京長安汽車有限公司)	Finished vehicles transport	179,988.08	4,264,007.25
Yunnan Wanyou Automobile Sales Service Co., Ltd (雲南萬友汽車銷售服務有限公司)	Finished vehicles transport	127,358.49	231,132.08
Minsheng Logistics Co. Ltd (民生物流有限公司)	Finished vehicles transport	115,555.11	506,616.73
Guizhou Wanyou Automobile Sales Service Co., Ltd (貴州萬友汽車銷售服務有限公司)	Finished vehicles transport	67,358.49	
Chongqing Qingshan Industrial Co., Ltd (重慶青山工業有限責任公司)	Finished vehicles transport	49,811.25	
Chongqing Lingyao Automobile Co., Ltd (重慶鈴耀汽車有限公司)	Finished vehicles transport	46,479.54	
Chongqing Wanyou Xingjian Automobile Sales Service Co., Ltd (重慶萬友行健汽車銷售服務有限公司)	Finished vehicles transport	40,903.77	2,047.17
Changan Automobile Finance Co., Ltd (長安汽車金融有限公司)	Finished vehicles transport	40,603.77	279,415.09
Jiangsu Wanyou Automobile Sales Service Co., Ltd (江蘇萬友汽車銷售服務有限公司)	Finished vehicles transport	37,519.03	
Minsheng Shipping Co., Ltd (民生輪船股份有限公司)	Finished vehicles transport	28,677.15	
Chongqing Wanyou Chengxing Automobile Sales Service Co., Ltd (重慶萬友誠行汽車銷售服務有限公司)	Finished vehicles transport	10,965.09	
Chongqing Wanyou Ducheng Automobile Sales Service Co., Ltd (重慶萬友都成汽車銷售服務有限公司)	Finished vehicles transport	9,178.30	
Sichuan Ningjiang Shanchuan Machinery Co., Ltd (四川甯江山川機械有限責任公司)	Finished vehicles transport	2,529.25	
Chongqing Wanyou Xingjian Automobile Sales Service Co., Ltd (重慶萬友行健汽車銷售服務有限公司)	Finished vehicles transport	1,986.79	
South Air International Co.Ltd. (南方英特空調有限公司)	Finished vehicles transport	833.02	
Chengdu Huachuan Electric Co., Ltd (成都華川電裝有限責任公司)	Finished vehicles transport		103,119.27

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(ii) Sales of goods/rendering of services (Continued)

Related party	Nature of transaction	Current year	Prior year
Guizhou Wanfu Automobile Sales Service Co., Ltd (貴州萬福汽車銷售服務有限公司)	Finished vehicles transport		6,300.00
Chongqing Anfu Automobile Marketing Co., Ltd (重慶安福汽車行銷有限公司)	Finished vehicles transport		70,193.20
Sichuan Jian'An Industrial Co., Ltd (四川建安工業有限責任公司)	Auto parts packaging sales	18,935,112.53	13,794,804.78
Chengdu Huachuan Electric Co., Ltd (成都華川電裝有限責任公司)	Auto parts packaging sales	3,311,400.09	2,258,663.33
Chongqing Jianshe Transmission Technology Co., Ltd (重慶建設傳動科技有限公司)	Auto parts packaging sales	536,000.00	
Chengdu Lingchuan Automotive Fuel Tank Co., Ltd. (成都陵川車用油箱有限公司)	Auto parts packaging sales	33,750.00	
Changan Ford Automobile Co., Ltd (長安福特汽車有限公司)	Tire assembly	311,012,554.69	434,845,486.09
Changan Ford Automobile Co., Ltd (長安福特汽車有限公司)	Auto raw materials and parts supply chian services	852,740,088.57	884,080,559.08
Chongqing Changan Automobile Co., Ltd. (重慶長安汽車股份有限公司)	Auto raw materials and parts supply chian services	316,942,123.09	251,149,265.55
Changan Mazda Automobile Co., Ltd (長安馬自達汽車有限公司)	Auto raw materials and parts supply chian services	125,361,273.57	134,194,574.57
Hefei Changan Automobile Co., Ltd (合肥長安汽車有限公司)	Auto raw materials and parts supply chian services	111,766,778.96	84,693,845.11
Chongqing Qingshan Industrial Co., Ltd (重慶青山工業有限責任公司)	Auto raw materials and parts supply chian services	55,874,293.52	52,502,385.25
Chongqing Changan Automobile Customer Service Co., Ltd (重慶長安汽車客戶服務有限公司)	Auto raw materials and parts supply chian services	54,459,855.52	19,878,091.45
Nanjing Changan Automobile Co., Ltd (南京長安汽車有限公司)	Auto raw materials and parts supply chian services	51,753,168.20	14,424,980.76
Sichuan Jian'An Industrial Co., Ltd (四川建安工業有限責任公司)	Auto raw materials and parts supply chian services	51,293,072.54	54,793,548.36
Deepal Automobile Technology Co., Ltd (深藍汽車科技有限公司)	Auto raw materials and parts supply chian services	45,825,047.85	26,337,699.98
Jiangling Holdings Limited (江鈴控股有限公司)	Auto raw materials and parts supply chian services	35,547,241.13	9,159,115.01
Chongqing Changan Automobile Co., Ltd. Beijing Changan Automobile Company (重慶長安汽車股份有限公司北京長安汽車公司)	Auto raw materials and parts supply chian services	30,192,856.04	14,931,127.08
Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd (重慶萬友尊達汽車銷售服務有限公司)	Auto raw materials and parts supply chian services	24,037,532.62	937,300.36
Chengdu Huachuan Electric Co., Ltd (成都華川電裝有限責任公司)	Auto raw materials and parts supply chian services	21,057,626.47	21,790,798.92
Hebei Changan Automobile Co., Ltd (河北長安汽車有限公司)	Auto raw materials and parts supply chian services	19,574,545.83	10,301,087.82
Baoding Changan Bus Manufacturing Co., Ltd (保定長安客車製造有限公司)	Auto raw materials and parts supply chian services	16,308,693.98	26,967,837.22
Changan Ford Automobile Co., Ltd (長安福特汽車有限公司)	Auto raw materials and parts supply chian services	13,327,536.41	10,647,056.59
Jiangling Motors Corporation, Ltd. (江鈴汽車股份有限公司)	Auto raw materials and parts supply chian services	12,635,614.27	15,581,735.54
Anhui Jian'an Chassis System Co., Ltd (安徽建安底盤系統有限責任公司)	Auto raw materials and parts supply chian services	10,483,504.05	11,599,060.41
Chongqing Lingyao Automobile Co., Ltd (重慶鈴耀汽車有限公司)	Auto raw materials and parts supply chian services	6,826,484.66	3,505,605.86
Changan Mazda Engine Co., Ltd (長安馬自達發動機有限公司)	Auto raw materials and parts supply chian services	4,655,498.72	3,617,136.95
Sichuan Ningjiang Shanchuan Machinery Co., Ltd (四川甯江山川機械有限責任公司)	Auto raw materials and parts supply chian services	4,191,300.89	1,083,969.59

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(ii) Sales of goods/rendering of services (Continued)

Related party	Nature of transaction	Current year	Prior year
Nanjing Baosteel Zhushang Metal Products Co., Ltd (南京寶鋼住商金屬製品有限公司)	Auto raw materials and parts supply chian services	4,102,063.35	4,228,981.10
Chongqing Jianshe Transmission Technology Co., Ltd (重慶建設傳動科技有限公司)	Auto raw materials and parts supply chian services	3,754,285.45	
Hubei Huazhong Marelli Auto Lighting Co., Ltd. (湖北華中馬瑞利汽車照明有限公司)	Auto raw materials and parts supply chian services	3,146,544.67	1,702,743.56
Harbin Dongan Automobile Engine Manufacturing Co., Ltd (哈爾濱東安汽車發動機製造有限公司)	Auto raw materials and parts supply chian services	2,276,505.21	2,322,898.76
Chengdu Wanyou Filter Co., Ltd (成都萬友濾機有限公司)	Auto raw materials and parts supply chian services	2,249,711.08	1,242,170.17
South Air International Co.Ltd. (南方英特空調有限公司)	Auto raw materials and parts supply chian services	1,619,808.04	296,502.03
Hubei Xiaogan Huazhong Auto Lighting Co., Ltd. (湖北孝感華中車燈有限公司)	Auto raw materials and parts supply chian services	1,551,691.30	607,845.55
Chongqing Shangfang Auto Parts Co., Ltd (重慶上方汽車配件有限責任公司)	Auto raw materials and parts supply chian services	1,345,946.62	337,002.47
Faurecia (Chongqing) Auto Parts Co., Ltd (佛吉亞(重慶)汽車部件有限公司)	Auto raw materials and parts supply chian services	1,206,746.13	1,164,757.57
Chongqing Changan Special Automobile Co., Ltd (重慶長安專用汽車有限公司)	Auto raw materials and parts supply chian services	896,230.19	
Harbin Dongan Automobile Power Co., Ltd (哈爾濱東安汽車動力股份有限公司)	Auto raw materials and parts supply chian services	783,056.62	335,916.03
Chongqing Changan Automobile International Sales Service Co., Ltd (重慶長安汽車國際銷售服務有限公司)	Auto raw materials and parts supply chian services	762,966.50	8,000,724.94
Chongqing Jianshe Car Air Conditioner Co., Ltd (重慶建設車用空調器有限責任公司)	Auto raw materials and parts supply chian services	500,596.96	
Chongqing Jianshe Tongda Industrial Co., Ltd (重慶建設全達實業有限公司)	Auto raw materials and parts supply chian services	319,607.68	624,767.25
South Faurecia Auto Parts Co., Ltd (南方佛吉亞汽車部件有限公司)	Auto raw materials and parts supply chian services	257,600.46	502,475.84
Chengdu Ningjiang Zhaohu Auto Parts Co., Ltd (成都甯江昭合汽車零部件有限公司)	Auto raw materials and parts supply chian services	182,120.91	311,947.14
Chengdu Qingshan Industrial Co., Ltd (成都青山實業有限責任公司)	Auto raw materials and parts supply chian services	103,950.00	
Faurecia (Chongqing) Auto Parts Co., Ltd (佛吉亞(重慶)汽車零部件有限公司)	Auto raw materials and parts supply chian services	67,493.93	88,534.62
Longchang Shanchuan Machinery Co., Ltd (隆昌山川機械有限責任公司)	Auto raw materials and parts supply chian services	51,007.29	490,576.24
Chengdu Jialing Huaxi Optical Precision Machinery Co., Ltd (成都嘉陵華西光學精密機械有限公司)	Auto raw materials and parts supply chian services	44,397.28	
Mianyang Wanzhong Auto Parts Co., Ltd (綿陽萬眾汽配有限責任公司)	Auto raw materials and parts supply chian services	40,841.66	4,905.68
Nanyang Lida Optoelectronics Co., Ltd (南陽利達光電有限公司)	Auto raw materials and parts supply chian services	35,896.24	
Chongqing Jianshe Industry (Group) Co., Ltd (重慶建設工業(集團)有限責任公司)	Auto raw materials and parts supply chian services	30,535.00	
Hunan Tianyan Machinery Co., Ltd (湖南天雁機械有限責任公司)	Auto raw materials and parts supply chian services	24,659.88	
Chongqing Dajiang Jiexin Forging Co., Ltd (重慶大江傑信鍛造有限公司)	Auto raw materials and parts supply chian services	20,112.91	
Chongqing Hongyu Friction Products Co., Ltd (重慶紅宇摩擦製品有限公司)	Auto raw materials and parts supply chian services	15,982.75	
Chenzhi Technology Co., Ltd (辰致科技有限公司)	Auto raw materials and parts supply chian services	11,390.00	





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(ii) Sales of goods/rendering of services (Continued)

Related party	Nature of transaction	Current year	Prior year
China Changan Automobile Group Co., Ltd (中國長安汽車集團有限公司)	Auto raw materials and parts supply chian services	11,220.00	
Chengdu Lingchuan Automotive Fuel Tank Co., Ltd. (成都陵川車用油箱有限公司)	Auto raw materials and parts supply chian services	5,502.85	
Chongqing Yihong Defense Technology Co., Ltd (重慶益弘防務科技有限公司)	Auto raw materials and parts supply chian services	3,537.74	
Guizhou Wanfu Automobile Sales Service Co., Ltd (貴州萬福汽車銷售服務有限公司)	Auto raw materials and parts supply chian services	3,174.76	3,062.52
Dali Wanfu Automobile Sales Service Co., Ltd (大理萬福汽車銷售服務有限公司)	Auto raw materials and parts supply chian services	2,598.92	2,586.75
Chongqing Anfu Automobile Marketing Co., Ltd (重慶安福汽車行銷有限公司)	Auto raw materials and parts supply chian services	1,086.17	206.95
Minsheng International Container Transport Co., Ltd (民生國際集裝箱運輸有限公司)	Auto raw materials and parts supply chian services	953.21	12,357.52
Chengdu Wanyou Auto Trade Service Co., Ltd (成都萬友汽貿服務有限公司)	Auto raw materials and parts supply chian services	876.37	388.25
Dehong Wanfu Automobile Sales Service Co., Ltd (德宏萬福汽車銷售服務有限公司)	Auto raw materials and parts supply chian services	803.88	835.97
Hubei No. 295 Technology Co., Ltd (湖北二九五科技有限公司)	Auto raw materials and parts supply chian services	552.99	644,934.08
Yunnan Wanfu Automobile Sales Service Co., Ltd (雲南萬福汽車銷售服務有限公司)	Auto raw materials and parts supply chian services	420.14	678.27
China Changan Automobile Group Tianjin Sales Co., Ltd (中國長安汽車集團天津銷售有限公司)	Auto raw materials and parts supply chian services	218.66	460.99
Chuxiong Wanfu Automobile Sales Service Co., Ltd (楚雄萬福汽車銷售服務有限公司)	Auto raw materials and parts supply chian services	192.65	549.14
Chongqing Wanyou Longrui Automobile Sales Service Co., Ltd (重慶萬友龍瑞汽車銷售服務有限公司)	Auto raw materials and parts supply chian services	155.17	146.1
Beijing North Changfu Auto Sales Co., Ltd (北京北方長福汽車銷售有限責任公司)	Auto raw materials and parts supply chian services	96.41	140.39
Honghe Wanfu Automobile Sales Service Co., Ltd (紅河萬福汽車銷售服務有限公司)	Auto raw materials and parts supply chian services	18.43	44.17
Chengdu Wanxing Automobile Sales Service Co., Ltd (成都萬星汽車銷售服務有限公司)	Auto raw materials and parts supply chian services	11.93	481.97
Beijing Baiwang Changfu Automobile Sales Service Co., Ltd (北京百旺長福汽車銷售服務有限公司)	Auto raw materials and parts supply chian services		40.39
Guizhou Wanyou Automobile Sales Service Co., Ltd (貴州萬友汽車銷售服務有限公司)	Auto raw materials and parts supply chian services		5,288.99
Meji Storage & Transportation (Shanghai) Co., Ltd (美集儲運(上海)有限公司)	Auto raw materials and parts supply chian services		37,679.92
Minsheng Logistics Co. Ltd (民生物流有限公司)	Auto raw materials and parts supply chian services		5,528,822.34
Southern Tianhe Chassis Systems Co., Ltd (南方天合底盤系統有限公司)	Auto raw materials and parts supply chian services		4,489,443.43
Chongqing Minsheng Integrated Logistics Co., Ltd (重慶民生綜合物流有限公司)	Auto raw materials and parts supply chian services		160,105.00
Chongqing Jianshe Industry (Group) Co., Ltd (重慶建設工業(集團)有限責任公司)	Transport and storage		1,201,771.90
Yunnan Xiyi Industry Co., Ltd (雲南西儀工業股份有限公司)	Transport and storage		12,808.22
Chongqing Changan Property Management Co., Ltd (重慶市長安物業管理有限公司)	Lease	72,269.73	
Chongqing Changan Automobile International Sales Service Co., Ltd (重慶長安汽車國際銷售服務有限公司)	Lease	121,559.63	





(2) Rental with related party

The Company as tenant

Landlord	Type of assets leased	Rental expense recognized in current year	Rental expense recognized in prior year
Chongqing Minsheng Integrated Logistics Co., Ltd. (重慶民生綜合物流有限公司)	Factory building	498,980.57	
Changan Mazda Automobile Co., Ltd. (長安馬自達汽車有限公司)	Factory building	662,117.77	662,117.77
Changan Ford Automobile Co., Ltd. (長安福特汽車有限公司)	Factory building	2,583,604.62	
Hebei Changan Automobile Co., Ltd. (河北長安汽車有限公司)	Land	20,525.40	20,525.40
Chongqing Lingyao Automobile Co., Ltd. (重慶鈴耀汽車有限公司)	Site	1,636,136.32	734,644.15

Right-of-use assets newly added by the Company as a lessee in the current year:

Landlord	Type of assets leased	Increase	Increase in prior year
Chongqing Minsheng Integrated Logistics Co., Ltd. (重慶民生綜合物流有限公司)	Factory building	9,301,246.10	
Changan Ford Automobile Co., Ltd. (長安福特汽車有限公司)	Factory building	3,239,673.08	

Interest expenses of lease liabilities incurred by the Company as a lessee:

Landlord	Type of assets leased	Interest expense for this period	Interest expense in prior period
Chongqing Minsheng Integrated Logistics Co., Ltd. (重慶民生綜合物流有限公司)	Factory building	62,217.36	
Changan Mazda Automobile Co., Ltd. (長安馬自達汽車有限公司)	Factory building	17,739.48	45,415.65
Changan Ford Automobile Co., Ltd. (長安福特汽車有限公司)	Factory building	59,331.90	
Hebei Changan Automobile Co., Ltd. (河北長安汽車有限公司)	Land	540.38	1,385.02

(3) Remuneration of key management personnel

The Company has 18 key management personnel in the current period and 16 key management personnel in the previous period. The salary payment is shown in the table below:

Item	Current year	Prior year
Remuneration of key management personnel	10,137,315.37	6,859,761.36





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(4) Other related party transactions

Deposits with related party

Item	Amount of deposit	Deposit interest rate
China South Industries Group Finance Co., Ltd.	177,445,729.68	0.455%

Interest income

Item	Current year	Prior year
China South Industries Group Finance Co., Ltd.	3,249,960.82	2,262,375.32

Notes payable

Item	Closing balance	Beginning balance
China South Industries Group Finance Co., Ltd.		206,613,128.66

Dividend income

Item	Current year	Prior year
China South Industries Group Finance Co., Ltd.	2,435,623.28	2,096,455.43





6. Receivables and payables with related parties

(1) Receivables from related parties

Item	Related party	Closing balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Receivables	Changan Ford Automobile Co., Ltd (長安福特汽車有限公司)	244,143,109.73	698,985.29	127,022,990.19	2,039,086.73
Receivables	Chongqing Changan Automobile Co., Ltd. (重慶長安汽車股份有限公司)	240,898,321.99	5,626,936.99	343,313,613.55	5,219,285.43
Receivables	Deepal Automobile Technology Co., Ltd (深藍汽車科技有限公司)	141,631,739.67	635,142.20	91,073,186.28	
Receivables	Hebei Changan Automobile Co., Ltd (河北長安汽車有限公司)	62,909,799.84	62,937.30	30,825,689.34	30,855.56
Receivables	Changan Mazda Automobile Co., Ltd (長安馬自達汽車有限公司)	56,330,621.38	56,330.62	11,084,750.40	11,084.75
Receivables	Jiangling Holdings Limited (江鈴控股有限公司)	56,298,407.11	37,804,381.76	46,259,695.59	37,888,734.93
Receivables	Hefei Changan Automobile Co., Ltd (合肥長安汽車有限公司)	31,806,598.65	32,683.29	23,390,992.60	25,329.30
Receivables	Nanjing Changan Automobile Co., Ltd (南京長安汽車有限公司)	26,958,214.86	26,958.21	159,617.73	212.67
Receivables	Sichuan Jian'An Industrial Co., Ltd (四川建安工業有限責任公司)	19,304,925.02	23,118.52	13,211,844.55	11,669.60
Receivables	Chongqing Changan Automobile Customer Service Co., Ltd (重慶長安汽車客戶服務有限公司)	13,230,904.89	13,230.90	9,584,105.13	9,584.11
Receivables	Chongqing Changan Automobile Co., Ltd. Beijing Changan Automobile Company (重慶長安汽車股份有限公司北京長安汽車公司)	4,943,842.51	17,419.60	2,241,915.97	10,210.41
Receivables	Chongqing Qingshan Industrial Co., Ltd (重慶青山工業有限責任公司)	4,571,148.93	4,571.15	8,081,887.63	53,186.91
Receivables	Sichuan Ningjiang Shanchuan Machinery Co., Ltd (四川甯江山川機械有限責任公司)	3,551,424.50	474,446.44	1,163,087.17	1,062.63
Receivables	Shenzhen Minsheng Jiefukai Logistics Co., Ltd. (深圳民生捷富凱物流有限公司)	3,428,744.25	4,911.04	3,806,728.74	
Receivables	Chengdu Huachuan Electric Co., Ltd (成都華川電裝有限責任公司)	3,157,105.37	41,031.77	6,099,562.99	87,064.35
Receivables	Anhui Jian'an Chassis System Co., Ltd (安徽建安底盤系統有限責任公司)	3,069,004.01	3,069.01	3,629,305.24	3,629.31
Receivables	Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd (重慶萬友尊達汽車銷售服務有限公司)	3,060,432.18	3,060.44	239,235.17	
Receivables	Jiangling Motors Corporation, Ltd. (江鈴汽車股份有限公司)	2,945,188.79	2,945.19	7,469,762.16	7,469.76
Receivables	Hubei Huazhong Marelli Auto Lighting Co., Ltd. (湖北華中馬瑞利汽車照明有限公司)	2,407,660.38	77,756.59	147,499.16	58,847.08
Receivables	Faurecia (Chongqing) Auto Parts Co., Ltd (佛吉亞(重慶)汽車部件有限公司)	1,268,597.69	1,268.60	439,218.72	439.22
Receivables	Changan Mazda Engine Co., Ltd (長安馬自達發動機有限公司)	1,080,407.04	1,080.41	1,069,026.55	1,069.03
Receivables	Nanjing Baosteel Zhushang Metal Products Co., Ltd (南京寶鋼住商金屬製品有限公司)	951,065.47	951.07		
Receivables	Hangzhou Changhe Anji Supply Chain Management Co., Ltd (杭州長合安吉供應鏈管理有限公司)	835,182.13	835.18	9,047,176.35	
Receivables	Chengdu Wanyou Filter Co., Ltd. (成都萬友濾機有限公司)	712,232.25	68,579.77	483,311.37	3,294.07
Receivables	Chongqing Lingyao Automobile Co., Ltd. (重慶鈴耀汽車有限公司)	679,748.09	679.75	845,601.81	845.60
Receivables	Avita Technology (Chongqing) Co., Ltd (阿維塔科技(重慶)有限公司)	524,575.40	524.57	426,402.28	426.40

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CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023 (All amounts in RMB unless otherwise stated)

(1) Receivables from related parties (Continued)

Item	Related party	Closing balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Receivables	Hubei Xiaogan Huazhong Auto Lighting Co., Ltd. (湖北孝感華中車燈有限公司)	484,276.72	16,688.17	445,989.95	75,616.00
Receivables	Harbin Dongan Automobile Engine Manufacturing Co., Ltd (哈爾濱東安汽車發動機製造有限公司)	392,060.04	392.24	240,671.22	240.79
Receivables	Chongqing Shangfang Auto Parts Co., Ltd. (重慶上方汽車配件有限責任公司)	391,170.87	1,622.71	217,061.46	4,390.98
Receivables	Chongqing Changan Automobile International Sales and Service Co., Ltd. (重慶長安汽車國際銷售服務有限公司)	352,986.04	904.93	6,326,398.27	6,326.40
Receivables	South Air International Co.Ltd. (南方英特空調有限公司)	190,304.48	190.30	1,510.80	1.51
Receivables	Chongqing Changan Kaicheng Automobile Technology Co., Ltd (重慶長安凱程汽車科技有限公司)	182,692.77	182.69	45,283.07	45.28
Receivables	Chongqing Changan Chelian Technology Co., Ltd (重慶長安車聯科技有限公司)	147,587.00	147.59		
Receivables	Baoding Changan Bus Manufacturing Co., Ltd. (保定長安客車製造有限公司)	96,117.36	516.80	6,082,916.99	6,352.69
Receivables	Chongqing Dajiang Jiexin Forging Co., Ltd (重慶大江傑信鍛造有限公司)	63,614.23	58,474.48	65,643.19	58,476.04
Receivables	South Faurecia Auto Parts Co., Ltd (南方佛吉亞汽車部件有限公司)	59,205.70	59.21	65,984.93	65.98
Receivables	Chongqing Chehemei Technology Co., Ltd (重慶車和美科技有限公司)	51,604.00	51.60		
Receivables	Chongqing Jianshe Industry (Group) Co., Ltd (重慶建設工業(集團)有限責任公司)	50,000.00	50,000.00	215,780.00	67,407.04
Receivables	Changan Automobile Finance Co., Ltd (長安汽車金融有限公司)	46,000.00	46.00	62,700.00	62.70
Receivables	Chengdu Lingchuan Automotive Fuel Tank Co., Ltd. (成都陵川車用油箱有限公司)	43,970.52	43.97		
Receivables	Chongqing Jianshe Electromechanical Co., Ltd (重慶建設機電有限責任公司)	43,105.49	43,105.49	43,105.49	43,105.49
Receivables	Mianyang Wanzhong Auto Parts Co., Ltd (綿陽萬眾汽配有限責任公司)	42,683.99	925.19	800.00	0.80
Receivables	Chongqing Wanyou Chengxing Automobile Sales Service Co., Ltd (重慶萬友誠行汽車銷售服務有限公司)	20,562.18	20.56	7,187.00	
Receivables	Chongqing Changfeng Jiquan Machinery Co., Ltd. (重慶長風基鉗機械有限公司)	12,753.39	7,528.33	12,753.39	3,072.29
Receivables	Chenzhi Technology Co., Ltd (辰致科技有限公司)	12,415.10	12.42		
Receivables	China Changan Automobile Group Co., Ltd (中國長安汽車集團有限公司)	12,229.80	12.23		
Receivables	Chongqing Changjiang Electrical Industry Group Co., Ltd (重慶長江電工工業集團有限公司)	9,000.00	5,312.70	9,000.00	2,168.10
Receivables	South Faurecia Auto Parts Co., Ltd (南方佛吉亞汽車部件有限公司)	8,095.36	8.10	27,062.21	27.06
Receivables	Guizhou Wanyou Automobile Sales Service Co., Ltd (貴州萬友汽車銷售服務有限公司)	7,326.00	7.32	316,787.97	311.79
Receivables	Chongqing Jianshe Car Air Conditioner Co., Ltd (重慶建設車用空調器有限責任公司)	7,283.93	7.28	20,895.96	20.90
Receivables	Yangzhou Suken Yinhe Connecting Rod Co., Ltd (揚州蘇鑿銀河連杆有限公司)	4,754.40	2,806.52	4,754.40	1,145.33
Receivables	Minsheng International Container Transport Co., Ltd. (民生國際集裝箱運輸有限公司)	4,200.00	4,200.00	4,200.00	3,817.80

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(1) Receivables from related parties (Continued)

Item	Related party	Closing balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Receivables	Nanyang Lida Optoelectronics Co., Ltd (南陽利達光電有限公司)	3,000.00	3.00		
Receivables	China South Industries Group Commercial Factoring Co., Ltd. (中國兵器裝備集團商業保理有限公司)	1,195.26	1,195.26	1,195.26	1,086.49
Receivables	Guizhou Wanfu Automobile Sales Service Co., Ltd (貴州萬福汽車銷售服務有限公司)	662.00	0.87	203.00	0.20
Receivables	Changan Ford New Energy Vehicle Sales And Service (Shenzhen) Co., Ltd (長安福特新能源汽車銷售服務(深圳)有限公司)	394.00	358.15	394.00	232.58
Receivables	Chengdu Wanyou Auto Trade Service Co., Ltd (成都萬友汽貿服務有限公司)	277.00	0.41	126.01	0.13
Receivables	Dali Wanfu Automobile Sales Service Co., Ltd (大理萬福汽車銷售服務有限公司)	188.00	0.21	790.00	0.05
Receivables	Chongqing Anfu Automobile Marketing Co., Ltd (重慶安福汽車行銷有限公司)	88.00	0.09	10.90	0.00
Receivables	Chongqing Wanyou Longrui Automobile Sales Service Co., Ltd (重慶萬友龍瑞汽車銷售服務有限公司)	86.00	0.09	125.00	0.13
Receivables	Chuxiong Wanfu Automobile Sales Service Co., Ltd (楚雄萬福汽車銷售服務有限公司)	73.00	0.07		
Receivables	China Changan Automobile Group Tianjin Sales Co., Ltd (中國長安汽車集團天津銷售有限公司)	31.00	0.03	200.00	0.20
Receivables	Yunnan Wanfu Automobile Sales Service Co., Ltd (雲南萬福汽車銷售服務有限公司)	29.00	0.03		
Receivables	Baoding Tianwei Shunda Transformer Co., Ltd (保定天威順達變壓器有限公司)			3,000.00	3.00
Receivables	Chengdu Ningjiang Zhaohe Auto Parts Co., Ltd (成都甯江昭和汽車零部件有限公司)			152,231.07	75,801.61
Receivables	Chengdu Wanxing Automobile Sales Service Co., Ltd (成都萬星汽車銷售服務有限公司)			191.00	0.19
Receivables	Dehong Wanfu Automobile Sales and Service Co., Ltd. (德宏萬福汽車銷售服務有限公司)			150.00	0.15
Receivables	Faurecia (Chongqing) Auto Parts Co., Ltd (佛吉亞(重慶)汽車零部件有限公司)			18,249.86	18.25
Receivables	Harbin Dongan Automobile Power Co., Ltd (哈爾濱東安汽車動力股份有限公司)			33,713.00	33.71
Receivables	Hubei No. 295 Technology Co., Ltd (湖北二九五科技有限公司)			100.00	0.10
Receivables	Longchang Shanchuan Machinery Co., Ltd (隆昌山川機械有限責任公司)			95,270.00	95.27
Receivables	Southern Tianhe Chassis Systems Co., Ltd (南方天合底盤系統有限公司)			2,778,457.74	86,463.57
Receivables	Yunnan Xiyi Industry Co., Ltd (雲南西儀工業股份有限公司)			65,954.77	65.95
Receivables	Chongqing Yihong Defense Technology Co., Ltd (重慶益弘防務科技有限公司)			3,750.00	
Contract assets	Changan Ford Automobile Co., Ltd (長安福特汽車有限公司)	78,288,609.15	87,474.05	128,203,626.40	128,203.63
Contract assets	Changan Mazda Automobile Co., Ltd (長安馬自達汽車有限公司)	32,039,278.79	32,039.28	16,185,102.60	16,185.11
Contract assets	Nanjing Changan Automobile Co., Ltd (南京長安汽車有限公司)	12,438,398.59	12,438.40	12,438,398.59	12,438.40
Contract assets	Jiangling Motors Corporation, Ltd. (江鈴汽車股份有限公司)	8,494,667.54		1,128,861.28	1,128.86

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CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023 (All amounts in RMB unless otherwise stated)

(1) Receivables from related parties (Continued)

Item	Related party	Closing balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Contract assets	Hefei Changan Automobile Co., Ltd (合肥長安汽車有限公司)	6,841,075.18	6,841.08	16,309,543.74	16,309.54
Contract assets	China South Industries Group Financing Leases Co., Ltd. (中國兵器裝備集團融資租賃有限責任公司)	6,551,965.46	6,551.97		
Contract assets	Deepal Automobile Technology Co., Ltd (深藍汽車科技有限公司)	3,018,002.10	3,018.00	9,722,695.77	9,722.70
Contract assets	Chongqing Qingshan Industrial Co., Ltd (重慶青山工業有限責任公司)	2,968,626.64	2,968.63	3,945,586.45	3,945.59
Contract assets	Sichuan Jian'An Industrial Co., Ltd (四川建安工業有限責任公司)	2,725,526.01	2,725.52	3,122,959.25	3,122.96
Contract assets	Hebei Changan Automobile Co., Ltd (河北長安汽車有限公司)	1,666,050.40	1,666.05		
Contract assets	Changan Mazda Engine Co., Ltd (長安馬自達發動機有限公司)	1,214,707.30	1,214.71	611,904.20	611.90
Contract assets	Chongqing Changan Automobile Co., Ltd. Beijing Changan Automobile Company (重慶長安汽車股份有限公司北京長安汽車公司)	704,010.86	704.01		
Contract assets	Chengdu Huachuan Electric Co., Ltd (成都華川電裝有限責任公司)	537,541.36	537.54		
Contract assets	Chongqing Lingyao Automobile Co., Ltd. (重慶鈴耀汽車有限公司)	345,156.92	345.16	2,580,017.24	2,580.02
Contract assets	Guizhou Wanyou Automobile Sales Service Co., Ltd (貴州萬友汽車銷售服務有限公司)	119,000.00	119.00		
Contract assets	Baoding Changan Bus Manufacturing Co., Ltd. (保定長安客車製造有限公司)	108,586.53	108.59		
Contract assets	Chongqing Wanyou Economic Development Co., Ltd (重慶萬友經濟發展有限責任公司)	88,202.75	88.20		
Contract assets	Hefei Changan Yixing Technology Co., Ltd. (合肥長安宜行科技有限公司)	57,804.00	57.80		
Contract assets	Chongqing Jianshe Transmission Technology Co., Ltd (重慶建設傳動科技有限公司)	51,563.18	51.56		
Contract assets	South Faurecia Auto Parts Co., Ltd (南方佛吉亞汽車部件有限公司)	30,936.75	30.94	33,125.23	33.13
Contract assets	South Air International Co.Ltd. (南方英特空調有限公司)	22,500.01	22.50	565.88	0.57
Contract assets	Chongqing Anbo Automobile Sales Co., Ltd (重慶安博汽車銷售有限公司)	18,760.00	18.76		
Contract assets	Minsheng Shipping Co., Ltd. (民生輪船股份有限公司)	14,048.18	14.05		
Contract assets	Chongqing Jianshe Tongda Industrial Co., Ltd (重慶建設全達實業有限公司)	10,587.23	10.58		
Contract assets	Sichuan Ningjiang Shanchuan Machinery Co., Ltd (四川甯江山川機械有限責任公司)	8,760.00	8.76		
Contract assets	Chongqing Jianshe Car Air Conditioner Co., Ltd (重慶建設車用空調器有限責任公司)	7,283.93	7.28		
Contract assets	Nanyang Lida Optoelectronics Co., Ltd (南陽利達光電有限公司)	1,300.01	1.30		
Contract assets	Anhui Jian'an Chassis System Co., Ltd (安徽建安底盤系統有限責任公司)			103,890.17	103.89
Contract assets	Chengdu Ningjiang Zhaohe Auto Parts Co., Ltd (成都甯江昭合汽車零部件有限公司)			1,449.34	1.45

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(1) Receivables from related parties (Continued)

Item	Related party	Closing balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Contract assets	Harbin Dongan Automobile Engine Manufacturing Co., Ltd (哈爾濱東安汽車發動機製造有限公司)			133,145.70	133.15
Contract assets	Minsheng International Container Transport Co., Ltd. (民生國際集裝箱運輸有限公司)			64,200.00	64.20
Contract assets	South Faurecia Auto Parts Co., Ltd (南方佛吉亞汽車部件有限公司)			7,697.44	7.70
Contract assets	Chongqing Changan Automobile Co., Ltd. (重慶長安汽車股份有限公司)			95,249,162.40	95,249.16
Prepayments	Hefei Changan Automobile Co., Ltd (合肥長安汽車有限公司)	508,494.25			
Prepayments	Chongqing Changan Automobile Co., Ltd. (重慶長安汽車股份有限公司)	43,403.34	43,403.34	203,004.30	6,510.50
Prepayments	China South Industries Group Human Resources Development Center (中國兵器裝備集團人力資源開發中心)	18,600.00	14.88		
Prepayments	Chongqing Changan Automobile International Sales and Service Co., Ltd. (重慶長安汽車國際銷售服務有限公司)	12,540.00	12.66	2,080.00	
Prepayments	Chengdu Qingshan Industrial Co., Ltd (成都青山實業有限責任公司)			9,842.24	
Prepayments	Minsheng International Cargo Transport Agency Co., Ltd. (民生國際貨物運輸代理有限公司)			2,409,462.52	120,308.21
Prepayments	Minsheng International Container Transport Co., Ltd. (民生國際集裝箱運輸有限公司)			878,609.27	878,609.27
Prepayments	Sichuan Jian'An Industrial Co., Ltd (四川建安工業有限責任公司)			214,997.64	
Prepayments	Changan Ford Automobile Co., Ltd (長安福特汽車有限公司)			92,752.74	
Prepayments	Changan Mazda Automobile Co., Ltd (長安馬自達汽車有限公司)			441,411.84	
Prepayments	Chongqing Anfu Automobile Marketing Co., Ltd (重慶安福汽車行銷有限公司)			79,800.00	11,970.00
Prepayments	Chongqing Minsheng Customs Declaration Co., Ltd. (重慶民生報關有限公司)			7,316.60	
Prepayments	Chongqing Changan Industry (Group) Co., Ltd (重慶長安工業(集團)有限責任公司)			226.88	226.88
Other receivables	Changan Mazda Automobile Co., Ltd (長安馬自達汽車有限公司)	11,541,281.28	121,043.93	1,576,438.12	
Other receivables	Chongqing Changan Automobile Co., Ltd. (重慶長安汽車股份有限公司)	3,202,040.33	37,481.11	772,040.33	5,556.05
Other receivables	Wuhan Shengde Rixin Automobile Industrial Park Co., Ltd (武漢盛德日新汽車產業園有限公司)	3,158,000.00	226,112.80	3,158,000.00	129,162.20
Other receivables	Chongqing Lingyao Automobile Co., Ltd. (重慶鈴耀汽車有限公司)	3,100,000.00	90,730.00	3,100,000.00	88,990.00
Other receivables	Changan Ford Automobile Co., Ltd (長安福特汽車有限公司)	3,010,202.5	1,023,004.5	3,527,925.39	12,734.44
Other receivables	Nanjing Changan Automobile Co., Ltd (南京長安汽車有限公司)	700,000.00	2,870.00		
Other receivables	Hebei Changan Automobile Co., Ltd (河北長安汽車有限公司)	612,400.00	21,005.32	612,400.00	21,005.32
Other receivables	Chongqing Minsheng Integrated Logistics Co., Ltd (重慶民生綜合物流有限公司)	371,635.20	1,523.70		

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CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023 (All amounts in RMB unless otherwise stated)

(1) Receivables from related parties (Continued)

Item	Related party	Closing balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Other receivables	Shenzhen Minsheng Jiefukai Logistics Co., Ltd. (深圳民生捷富凱物流有限公司)	310,000.00	1,963.00	310,000.00	343.00
Other receivables	Baoding Changan Bus Manufacturing Co., Ltd. (保定長安客車製造有限公司)	304,000.00	10,427.20	304,000.00	10,427.20
Other receivables	Nanjing Baosteel Zhushang Metal Products Co., Ltd. (南京寶鋼住商金屬製品有限公司)	300,000.00	10,290.00	300,000.00	2,490.00
Other receivables	Changan Automobile Finance Co., Ltd. (長安汽車金融有限公司)	249,224.80	23,676.36		
Other receivables	Hangzhou Changhe Anji Supply Chain Management Co., Ltd. (杭州長合安吉供應鏈管理有限公司)	197,024.95	3,114.82	1,566,519.26	25,658.24
Other receivables	Chongqing Qingshan Industrial Co., Ltd. (重慶青山工業有限責任公司)	193,994.00	1,062.07	2,746,680.66	10,936.44
Other receivables	Shanghai Minsheng Steamship Co., Ltd. (上海民生輪船有限公司)	100,000.00	3,430.00	100,000.00	3,430.00
Other receivables	Sichuan Jian'An Industrial Co., Ltd. (四川建安工業有限責任公司)	100,000.00	3,430.00	100,000.00	3,430.00
Other receivables	Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. (重慶萬友尊達汽車銷售服務有限公司)	100,000.00	540.00	100,000.00	410.00
Other receivables	Hefei Changan Automobile Co., Ltd. (合肥長安汽車有限公司)	78,941.81	2,707.70	78,941.81	2,707.70
Other receivables	Chongqing Changan Automobile Co., Ltd. Beijing Changan Automobile Company (重慶長安汽車股份有限公司北京長安汽車公司)	50,000.00	1,715.00	50,000.00	1,715.00
Other receivables	Chongqing Ante Import And Export Trading Co., Ltd. (重慶安特進出口貿易有限公司)	43,982.23	4,516.98	43,982.23	43,982.23
Other receivables	Chongqing Changan Chelian Technology Co., Ltd. (重慶長安車聯科技有限公司)	10,000.00	1,027.00	10,000.00	830.00
Other receivables	Chongqing Changan Property Management Co., Ltd. (重慶市長安物業管理有限公司)	7,848.00			
Other receivables	Ming Sung Industrial Co.,(HK) Limited (香港民生實業有限責任公司)	7,142.43	733.53	9,503.08	9,503.08
Other receivables	Sichuan Ningjiang Shanchuan Machinery Co., Ltd. (四川甯江山川機械有限責任公司)	5,000.00	20.50		
Other receivables	Chongqing Changan Industry (Group) Co., Ltd. (重慶長安工業(集團)有限責任公司)	2,000.00	8.20	2,000.00	68.60
Other receivables	Huazhong Pharmaceutical Co., Ltd. (華中藥業股份有限公司)			5,000.00	20.50
Other receivables	Jiangling Motors Corporation, Ltd. (江鈴汽車股份有限公司)			300,000.00	1,230.00
Other receivables	Minsheng Logistics Co. Ltd. (民生物流有限公司)			2,800.00	11.48
Other receivables	China South Industries Group Financing Leases Co., Ltd. (中國兵器裝備集團融資租賃有限責任公司)			3,691,648.00	109,263.88
Other receivables	Chongqing Changan Automobile Co., Ltd. Beijing Changan Automobile Company (重慶長安汽車股份有限公司北京長安汽車公司)	50,000.00	205.00	50,000.00	1,715.00





(2) Payables to related party

Item	Related party	Closing balance	Beginning balance
Accounts payable	Minsheng Logistics Co., Ltd. (民生物流有限公司)	42,877,421.56	43,813,560.68
Accounts payable	Chongqing Minsheng Integrated Logistics Co., Ltd. (重慶民生綜合物流有限公司)	7,610,256.64	6,342,302.67
Accounts payable	Shenzhen Minsheng Jiefukai Logistics Co., Ltd. (深圳民生捷富凱物流有限公司)	2,917,415.26	7,128,939.79
Accounts payable	Chongqing Guoyuan RoRo Terminal Co., Ltd. (重慶果園滾裝碼頭有限公司)	2,595,137.80	2,848,564.00
Accounts payable	Deepal Automobile Technology Co., Ltd. (深藍汽車科技有限公司)	1,556,967.07	
Accounts payable	Minsheng International Cargo Transport Agency Co., Ltd. (民生國際貨物運輸代理有限公司)	1,544,689.47	128,187.50
Accounts payable	Sichuan Jian'an Industrial Co., Ltd. (四川建安工業有限責任公司)	1,350,634.64	
Accounts payable	Shanghai Minsheng Steamship Co., Ltd. (上海民生輪船有限公司)	1,333,847.06	2,751,665.34
Accounts payable	Changan Ford Automobile Co., Ltd. (長安福特汽車有限公司)	599,902.76	3,068,424.34
Accounts payable	Minsheng International Container Transport Co., Ltd. (民生國際集裝箱運輸有限公司)	195,970.19	
Accounts payable	Tianjin Minsheng International Shipping Agency Co., Ltd. (天津民生國際船務代理有限公司)	136,863.00	549,157.75
Accounts payable	Hebei Changan Automobile Co., Ltd. (河北長安汽車有限公司)	100,000.00	
Accounts payable	Guangzhou Minsheng International Cargo Transport Agency Co., Ltd. (廣州民生國際貨物運輸代理有限公司)	3,909.46	970,419.30
Accounts payable	Minsheng Shipping Co., Ltd. (民生輪船股份有限公司)	2,200.00	2,200.00
Accounts payable	Hubei Hannang Port Industrial Co., Ltd. (湖北漢南港實業有限公司)		1,657,197.30
Accounts payable	Jiangling Holdings Co., Ltd. (江鈴控股有限公司)		99,893.61
Accounts payable	Sichuan Changhong Minsheng Logistics Co., Ltd. (四川長虹民生物流股份有限公司)		2,425,835.55
Contract liabilities	Changan Ford Motor Co., Ltd. (長安福特汽車有限公司)	3,254,065.92	3,008,375.71
Contract liabilities	Chongqing Changan Automobile International Sales and Service Co., Ltd. (重慶長安汽車國際銷售服務有限公司)	159,479.00	778,509.09
Contract liabilities	Shenzhen Minsheng Jiefukai Logistics Co., Ltd. (深圳民生捷富凱物流有限公司)	127,713.58	127,713.58
Contract liabilities	Chongqing Changan Automobile Co., Ltd. (重慶長安汽車股份有限公司)	124,907.65	648,220.21
Contract liabilities	Chongqing Changan Automobile Customer Service Co., Ltd. (重慶長安汽車客戶服務有限公司)	72,355.07	72,355.07
Contract liabilities	Chongqing Qingshan Industrial Co., Ltd. (重慶青山工業有限責任公司)	62,787.62	62,787.61
Contract liabilities	Chengdu Huachuan Electrical Equipment Co., Ltd. (成都華川電裝有限責任公司)	35,315.11	35,315.11
Contract liabilities	Chongqing Lingyao Automobile Co., Ltd. (重慶鈴耀汽車有限公司)	13,531.03	29,399.48
Contract liabilities	Chongqing Shangfang Auto Parts Co., Ltd. (重慶上方汽車配件有限責任公司)	5,293.96	0.16
Contract liabilities	Chongqing Changan Automobile Co., Ltd. Sales Company (重慶長安汽車股份有限公司銷售公司)	2,230.09	2,230.09

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CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
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For the year ended 31 December 2023 (All amounts in RMB unless otherwise stated)

(2) Payables to related party (Continued)

Item	Related party	Closing balance	Beginning balance
Contract liabilities	China South Industries Group Commercial Factoring Co., Ltd. (中國兵器裝備集團商業保理有限公司)	1,057.73	1,057.73
Contract liabilities	Chongqing Anfu Automobile Marketing Co., Ltd. (重慶安福汽車行銷有限公司)	300.00	92,949.56
Contract liabilities	Beijing North Changfu Automobile Sales Co., Ltd. (北京北方長福汽車銷售有限責任公司)	46.90	46.90
Contract liabilities	Dehong Wanfu Automobile Sales and Service Co., Ltd. (德宏萬福汽車銷售服務有限公司)	18.58	18.58
Contract liabilities	Chongqing Wanyou Longrui Automobile Sales and Service Co., Ltd. (重慶萬友龍瑞汽車銷售服務有限公司)	16.81	16.81
Contract liabilities	Sichuan Ningjiang Shanchuan Machinery Co., Ltd. (四川甯江山川機械有限責任公司)	0.88	0.88
Contract liabilities	Chengdu Wanyou Filter Co., Ltd. (成都萬友濾機有限公司)	0.01	0.01
Contract liabilities	CSGC TRW Chassis Systems Co. Ltd (南方天合底盤系統有限公司)		32,984.79
Contract liabilities	Sichuan Jian'an Industrial Co., Ltd. (四川建安工業有限責任公司)		0.09
Contract liabilities	Chongqing Changan Property Management Co., Ltd. (重慶市長安物業管理有限公司)		1,061.95
Other payables	Jiangling Holdings Co., Ltd. (江鈴控股有限公司)	5,790,723.17	1,131,663.80
Other payables	Minsheng Logistics Co., Ltd. (民生物流有限公司)	3,028,611.00	3,028,611.00
Other payables	Chongqing Changan Automobile Co., Ltd. (重慶長安汽車股份有限公司)	2,559,859.06	1,902,687.43
Other payables	Shenzhen Minsheng Jiefukai Logistics Co., Ltd. (深圳民生捷富凱物流有限公司)	2,050,000.00	2,000,000.00
Other payables	Chongqing Lingyao Automobile Co., Ltd. (重慶鈴耀汽車有限公司)	1,636,136.32	734,644.15
Other payables	Chongqing Changan Property Management Co., Ltd. (重慶市長安物業管理有限公司)	1,546,004.17	2,999,591.73
Other payables	Chongqing Minsheng Integrated Logistics Co., Ltd. (重慶民生綜合物流有限公司)	1,083,738.26	753,738.26
Other payables	Minsheng Industrial (Group) Co., Ltd. (民生實業(集團)有限公司)	1,052,786.60	530,057.71
Other payables	Chongqing Changan Construction Engineering Co., Ltd. (重慶長安建設工程有限公司)	601,488.89	607,546.91
Other payables	China Ordnance News (中國兵器報社)	428,398.87	372,290.00
Other payables	Sichuan Jian'an Industrial Co., Ltd. (四川建安工業有限責任公司)	405,204.60	632,775.69
Other payables	Chongqing Changan Industrial (Group) Co., Ltd. (重慶長安工業(集團)有限責任公司)	280,628.31	280,628.31
Other payables	Hebei Changan Automobile Co., Ltd. (河北長安汽車有限公司)	256,385.44	213,303.03
Other payables	Hefei Changan Automobile Co., Ltd. (合肥長安汽車有限公司)	174,133.49	100,000.00
Other payables	Chongqing Anyi Automobile Technical Service Co., Ltd. (重慶安驛汽車技術服務有限公司)	131,157.60	
Other payables	China South Industries Group Corporation (中國兵器裝備集團有限公司)	110,362.74	21,530.46
Other payables	Shanghai Minsheng Steamship Co., Ltd. (上海民生輪船有限公司)	100,000.00	100,000.00
Other payables	Meiji Logistics and Transportation (China) Co., Ltd. (美集物流運輸(中國)有限公司)	89,838.41	89,838.41

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(2) Payables to related party (Continued)

Item	Related party	Closing balance	Beginning balance
Other payables	Chongqing Qingshan Industrial Co., Ltd. (重慶青山工業有限責任公司)	58,670.42	281,089.40
Other payables	Tianjin Minsheng International Shipping Agency Co., Ltd. (天津民生國際船務代理有限公司)	50,000.00	
Other payables	Chengdu Wanyou Auto Trade Service Co., Ltd. (成都萬友汽貿服務有限公司)	20,706.85	20,706.85
Other payables	Chongqing Changan Automobile Co., Ltd. Beijing Changan Automobile Company (重慶長安汽車股份有限公司北京長安汽車公司)	17,582.48	17,582.48
Other payables	Chongqing Changan Intelligent Industrial Technology Service Co., Ltd. (重慶長安智慧工業技術服務有限公司)	2,826.05	2,826.05
Other payables	Minsheng Shipping Co., Ltd. (民生輪船有限公司)	1,094.00	1,094.00
Other payables	Chongqing Wanyou Economic Development Co., Ltd. (重慶萬友經濟發展有限責任公司)	880.50	607.50
Other payables	South Air International Co.Ltd. (南方英特空調有限公司)	500.00	500.00
Other payables	Hubei Xiaogan Huazhong Auto Lighting Co., Ltd. (湖北孝感華中車燈有限公司)	150.00	150.00
Other payables	Baoding Changan Bus Manufacturing Co., Ltd. (保定長安客車製造有限公司)	50.00	50.00
Other payables	Chongqing Changfeng Jiquan Machinery Co., Ltd. (重慶長風基鉸機械有限公司)	40.00	40.00
Other payables	Changan Automobile (Group) Co., Ltd. (長安汽車(集團)有限責任公司)	12.00	
Other payables	China South Industries Group Financing Leases Co., Ltd. (中國兵器裝備集團融資租賃有限責任公司)		11,474,800.00
Other payables	Jiangling Motors Co., Ltd. (江鈴汽車股份有限公司)		300,000.00
Other payables	Nanjing Changan Automobile Co., Ltd. (南京長安汽車有限公司)		193,731.03
Other payables	Changan Mazda Engine Co., Ltd. (長安馬自達發動機有限公司)		46,442.21
Other payables	Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. (重慶萬友尊達汽車銷售服務有限公司)		2,700.00





CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB unless otherwise stated)

XII. Share-based payments

1. Information about share-based payments

The stock appreciation incentive plan (hereinafter referred to as the “Plan”) of the Company was approved by the shareholders’ meeting on August 28, 2020, and further revised and approved by the State-owned Assets Supervision and Administration Commission of the State Council of the People’s Republic of China. The main purpose is to provide incentives to directors and eligible employees, and it will expire on April 27, 2026. On April 27, 2021, the Company approved the issuance of 4,861,400 shares of underlying stock to 29 eligible employees, accounting for 3% of the total issued share capital of the Company, which is 162,064,000 shares. The holders of stock appreciation rights may exercise them in stages within two years from the date of grant. The rights granted to eligible employees shall become effective after one-third of the term expires in each of the following three years.

Exercise Price: Determined by the directors of the Company at HKD2.98. This is the closing price of the Company’s H-shares listed on the stock exchange on the grant date (i.e., April 27, 2021) as quoted in the daily quotation sheet of the stock exchange, which was HKD2.98.

The stock appreciation rights granted under this plan are expected to be assessed and exercised annually during the three accounting periods from 2021 to 2023. Performance appraisals and exercises will be conducted annually, with the Company’s business performance objectives serving as the vesting conditions.

The Company has granted stock appreciation rights and does not have any outstanding equity options or other equity instruments at the end of the year.

As of December 31, 2023, none of the stock appreciation rights granted under the plan have been exercised. The Company has not incurred any compensation expenses related to the stock appreciation rights. Consequently, there are no liabilities recorded on the balance sheet attributable to the stock appreciation rights.

XIII. Commitments and contingencies

1. Significant commitments

(1) Capital commitments

Capital commitments entered into but not recognized in the financial statements	Closing balance	Beginning balance
Commitment to purchase of long-term assets	2,100,440.25	89,886,252.48





2. Contingencies

(1) Important pending litigations

1. The Company signed a Warehousing Supervision Agreement (hereinafter referred to as the “Agreement”) with Chongqing Supply and Marketing Automobile Trade Co., Ltd. (hereinafter referred to as “Chongqing Supply and Marketing Automobile”). The Company provides warehousing supervision services for vehicles owned by Chongqing Supply and Marketing Automobile and entrusts Chongqing Yao Hang Logistics Co., Ltd. (hereinafter referred to as “Yao Hang Logistics”) to carry out warehousing supervision work. In April 2022, 105 commercial vehicles stored in the warehouse were stolen. Chongqing Supply and Marketing Automobile filed a lawsuit against the Company with the Yubei District People’s Court of Chongqing (hereinafter referred to as the “Yubei Court”) due to the vehicle supervision dispute, seeking compensation of RMB 30,046,400 for losses and funds occupation losses. The Yubei Court froze RMB 30,300,000 from the Company’s bank account in 2022. On October 28, 2023, the Yubei Court dismissed Chongqing Supply and Marketing Automobile’s lawsuit. On November 16, 2023, Chongqing Supply and Marketing Automobile filed an appeal. Yao Hang Logistics has made a written commitment to the Company, willing to bear all direct responsibilities and related direct expenses in the supervision contract dispute case, including but not limited to litigation costs and lawyer fees. The Company is unlikely to bear the final compensation responsibility, and the possibility of asset impairment/contingent liabilities is minimal. Therefore, no provision or contingent liabilities were recognized as of December 31, 2023.
2. On August 18, 2022, Tunngan Branch of Chongqing Chang’an Minsheng Boyu Transportation Co., Ltd., a subsidiary of Chang’an Minsheng Logistics (hereinafter referred to as “Boyu Tunngan Branch”), signed a goods transportation agreement with Zhongcun Trading Yunnan Co., Ltd. (hereinafter referred to as “Zhongcun Trading”) to provide coal transportation services. Boyu Tunngan Branch fulfilled all rights and obligations as agreed, but Zhongcun Trading did not fully pay the freight as agreed. On September 8, 2023, Boyu Tunngan Branch, Zhongcun Trading, and Zhongcun Coal Mine reached a civil ruling under the jurisdiction of the Qilin District People’s Court of Qujing City, Yunnan Province, China ((2023) Yun 0302 pre-litigation surety 438), stipulating that Zhongcun Trading should pay Boyu Tunngan Branch RMB 38,791,900 for transportation fees and RMB 3,037,100 for funds occupation fees before September 30, 2023, totaling RMB 41,829,000. Zhongcun Coal Mine assumes joint and several liability for the debt. On September 6, 2023, Boyu Tunngan Branch, Zhongcun Trading, and Zhongcun Coal Mine signed a coal pledging agreement, agreeing to pledge coal owned by Zhongcun Coal Mine to Boyu Tunngan Branch as collateral for the aforementioned debt. The quantity pledged is 130,000 tons, and Zhongcun Trading confirmed the price on September 5, 2023, as RMB 380 per ton. If Zhongcun Trading and Zhongcun Coal Mine fail to repay the debt by September 30, 2023, Boyu Tunngan Branch has the right to dispose of the collateral to repay the debt, and the proceeds enjoy priority repayment rights.

Due to Zhongcun Trading’s failure to pay the transportation fee and funds occupation fee as stipulated in the aforementioned civil ruling, totaling RMB 41,829,000, on November 6, 2023, the Qujing Court formally accepted Boyu Tunngan Branch’s application for execution (Case No. (2023) Yun 0302 Execution 6293), requiring Zhongcun Trading to repay the debt and Zhongcun Coal Mine to assume joint guarantee responsibility for repaying the debt to Boyu Tunngan Branch. Boyu Tunngan Branch obtained court orders to seal two land use rights owned by Zhongcun Coal Mine on November 27, 2023, and mining rights on December 20, 2023. As of December 31, 2023, Zhongcun Trading and Zhongcun Coal Mine have repaid RMB 597,500 of the outstanding debt, and the remaining debt of RMB 38,194,400 is under recovery. The Company expects to recover the outstanding debt through judicial auctions of pledged assets and asset seizures.





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XIV. Event after balance sheet date

1. Profit distribution subsequent to balance sheet date

Profit or dividend to be distributed	32,412,800.00
Profits or dividends declared and distributed upon review and approval	32,412,800.00

XV. Other significant matters

1. Segment reporting

The Company's directors, as the primary decision-makers in the Company's operations, believe that the Company's business activities are associated with various individual operational divisions. These divisions include providing transportation services for complete vehicles, supply chain management services for automotive raw materials, transportation services for spare parts and non-automotive goods, sales of packaging materials, and tire processing.

As all of the Company's assets are located within China and operations are conducted solely within China, no further disclosure is made regarding geographical segments based on operational divisions.

2. Audit fees

Item	2023 (RMB)	2022 (RMB)
Audit fees	1,280,000	1,580,000





3. Remuneration of Directors and Supervisors

During the year ended 31 December 2023, no emolument was paid to the directors or the supervisors (including the five highest paid individuals) as an inducement to join or upon joining the Company or as compensation for loss of office.

The remuneration of Directors and Supervisors in 2023 is set out as follows:

Name	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
Executive directors			
Xie Shikang	1,052,788.00	127,571.40	1,180,359.40
Wan Nianyong	1,052,788.00	127,571.40	1,180,359.40
Non-executive directors			
Che Dexi			
Chen Wenbo			
Jin Jie			
Dong Shaojie			
Supervisors			
Deng Li	388,800.00	121,598.40	510,398.40
Liu Shasha	282,000.00	117,860.40	399,860.40
Wang Huaicheng			
Ang Lai Fern			
Yang Gang			
Independent non-executive directors			
Chong Teck Sin	75,000.00		75,000.00
Poon Chiu Kwok	75,000.00		75,000.00
Jie Jing	75,000.00		75,000.00
Zhang Yun	75,000.00		75,000.00
Li Ming	50,000.00		50,000.00
Man Wing Pong	50,000.00		50,000.00
Chen Jing	50,000.00		50,000.00





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For the year ended 31 December 2023 (All amounts in RMB unless otherwise stated)

The remuneration of Directors and Supervisors in 2022 is set out as follows:

Name	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
Executive directors			
Xie Shikang	920,723.00	121,569.90	1,042,292.90
Wan Nianyong	920,723.00	121,569.90	1,042,292.90
Non-executive directors			
Che Dexi			
Man Hin Wai Paul			
Xia Lijun			
Dong Shaojie			
Supervisors			
Deng Li	388,800.00	115,013.40	503,813.40
Yang Xunping	202,500.00	57,100.00	259,600.00
Liu Shasha	141,000.00	34,800.00	175,800.00
Independent non-executive directors			
Chong Teck Sin	125,000.00		125,000.00
Poon Chiu Kwok	125,000.00		125,000.00
Jie Jing	125,000.00		125,000.00
Zhang Yun	125,000.00		125,000.00

4. Five highest-paid individuals

The five individuals with the highest emoluments during the year include two directors of the Group, whose emoluments are set out in Note XV.3. The emoluments of the remaining three individuals (who are not directors, supervisors or senior management) with the highest emoluments are set out below:

Category	2023	2022
Salaries, allowances and benefits in kind	993,391.20	1,120,000.00
Performance	1,533,300.00	1,080,000.00
Pension scheme contributions	427,058.70	210,000.00

The number of the highest paid individuals who are not directors, supervisors or senior management within the following ranges is as follows.

Category	Numbers	
	2023	2022
HKD 0-1,000,000.00	0	3
HKD 1,000,000.00-1,500,000.00	3	0





XVI. Notes to significant items of financial statements of parent company

1. Notes receivable

Category	Closing balance			Beginning balance		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Commercial acceptance bills	36,570.00	36.57	36,533.43			
Total	36,570.00	36.57	36,533.43			

(1) Disclosure by method of provision for bad debts

Category	Closing balance					Carrying amount
	Book balance		Provision for bad debts		Expected credit loss rate (%)	
	Amount	Ratio (%)	Amount			
Provision for bad debts on individual basis						
Provision for bad debts on portfolio basis						
Including:						
Bank acceptance bills						
Commercial acceptance bills	36,570.00	100.00	36.57	0.10		36,533.43
Total	36,570.00	100.00	36.57	0.10		36,533.43

Provision for bad debts on portfolio basis: Commercial acceptance bills

Item	Closing balance			Beginning balance		
	Notes receivable	Provision for bad debts	Expected credit loss rate (%)	Notes receivable	Provision for bad debts	Expected credit loss rate (%)
Commercial acceptance bills	36,570.00	36.57	0.10			

(2) Accrual, recovery or reversal of bad debt provision during the year

	Amount of provision for bad debts
Beginning balance	
Provision for the year	36.57
Recovered or reversal in the year	
Write-off in the year	
Closing balance	36.57





CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
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2. Accounts receivable

(1) By ageing

Ageing	Closing balance	Beginning balance
0-3 months	968,526,082.90	934,710,655.75
4-6 months	26,970,536.79	51,108,775.03
7-12 months	8,959,060.35	39,805,941.07
1-2 years	2,466,847.21	9,292,985.48
2-3 years	5,950,605.01	5,461,323.57
Over 3 years	77,644,850.88	73,919,692.25
Subtotal	1,090,517,983.14	1,114,299,373.15
Less: Provision for bad debts	88,088,963.24	97,463,329.47
Total	1,002,429,019.90	1,016,836,043.68

(2) Disclosure by method of provision for bad debts

Category	Book balance		Closing balance		Carrying amount
	Amount	Ratio (%)	Provision for bad debts Amount	Expected credit loss rate (%)	
Provision for bad debts on individual basis					
Provision for bad debts on portfolio basis	1,090,517,983.14	100.00	88,088,963.24	8.08	1,002,429,019.90
Including:					
Receivable from general customers	291,190,851.96	26.70	42,390,001.12	14.56	248,800,850.84
Receivables from related party customers	790,390,241.14	72.48	45,698,962.12	5.78	744,691,279.02
Receivables from Group's related party customers	8,936,890.04	0.82			8,936,890.04
Total	1,090,517,983.14	100.00	88,088,963.24	8.08	1,002,429,019.90





Continued:

Category	Book balance		Beginning balance		Carrying amount
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Provision for bad debts on individual basis	6,381,985.22	0.57	6,381,985.22	100.00	
Including:					
Zhongwu Jinxiang Pharmaceutical Logistics Co., Ltd.	6,381,985.22	0.57	6,381,985.22	100.00	
Provision for bad debts on portfolio basis	1,107,917,387.93	99.43	91,081,344.25	8.37	1,016,836,043.68
Including:					
Receivable from general customers	382,832,435.90	34.36	45,593,295.34	12.54	337,239,140.56
Receivables from related party customers	718,060,401.33	64.44	45,488,048.91	6.33	672,572,352.42
Receivables from Group's related party customers	7,024,550.70	0.63			7,024,550.70
Total	1,114,299,373.15	100.00	97,463,329.47	8.90	1,016,836,043.68

Provision for bad debts of accounts receivable on individual basis

Name	Book balance		Beginning balance		Basis for accrual
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Zhongwu Jinxiang Pharmaceutical Logistics Co., Ltd.	6,381,985.22	0.57	6,381,985.22	100.00	

Provision for bad debts collectively based on groups

Provision for bad debts on portfolio basis: Receivable from general customers

	Closing balance			Beginning balance		
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Book balance	Provision for bad debts	Expected credit loss rate (%)
0-3 months	224,535,847.36	426,618.11	0.19	267,602,511.12	744,886.16	0.28
4-6 months	20,349,792.30	488,395.02	2.40	42,808,124.65	1,455,476.24	3.40
7-12 months	4,722,708.63	463,297.72	9.81	29,827,419.93	2,410,055.53	8.08
1-2 years	1,731,226.94	1,261,545.07	72.87	4,609,519.87	3,129,403.04	67.89
2-3 years	3,200,364.61	3,099,233.08	96.84	1,969,672.89	1,838,286.93	93.33
Over 3 years	36,650,912.12	36,650,912.12	100.00	36,015,187.44	36,015,187.44	100.00
Total	291,190,851.96	42,390,001.12	14.56	382,832,435.90	45,593,295.34	12.54





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Provision for bad debts on portfolio basis: Receivables from related party customers

Ageing	Closing balance			Beginning balance		
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Book balance	Provision for bad debts	Expected credit loss rate (%)
0-3 months	735,053,345.50	735,053.35	0.10	660,083,593.93	1,056,133.75	0.16
4-6 months	6,620,744.49	15,227.71	0.23	8,300,650.38	19,921.56	0.24
7-12 months	4,236,351.72	1,020,537.13	24.09	3,596,535.92	854,177.28	23.75
1-2 years	735,620.27	434,236.65	59.03	4,683,465.61	2,594,171.60	55.39
2-3 years	2,750,240.40	2,499,968.52	90.90	3,491,650.68	3,059,139.91	87.61
Over 3 years	40,993,938.76	40,993,938.76	100.00	37,904,504.81	37,904,504.81	100.00
Total	790,390,241.14	45,698,962.12	5.78	718,060,401.33	45,488,048.91	6.33

Provision for bad debts on portfolio basis: Receivables from related party of the Group

Ageing	Closing balance			Beginning balance		
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Book balance	Provision for bad debts	Expected credit loss rate (%)
0-3 months	8,936,890.04			7,024,550.70		
Total	8,936,890.04			7,024,550.70		

(3) Accrual, recovery or reversal of bad debt provision during the year

	Amount of provision for bad debts
Beginning balance	97,463,329.47
Provision for the year	-2,992,381.01
Recovered or reversal in the year	6,381,985.22
Write-off in the year	
Transfer in the year	
Others	
Closing balance	88,088,963.24

Reversal or recovery of significant bad debts

Name of entity	Reason for reversal	Method of recovery	Basis for determining the provision for bad debts	Reversal or recovery amount
Zhongwu Jinxiang Pharmaceutical Logistics Co., Ltd.	Recovery	Cash collection	Expected to be uncollectible	6,381,985.22





(4) Accounts receivable and contract assets due from the top five debtors

Accounts receivable and contract assets due from the top five debtors as of December 31, 2023 was totaling RMB 737,996,839.45, which accounted for 60.34% of total accounts receivable and contract assets, and the corresponding provision for bad debts was totaling RMB 44,893,026.27.

3. Other receivables

Item	Closing balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	71,415,940.99	97,603,471.35
Total	71,415,940.99	97,603,471.35

(1) Other receivables

(i) By ageing

Ageing	Closing balance	Beginning balance
0-6 months	26,999,197.24	25,763,986.37
7-12 months	8,889,147.00	10,241,285.51
1-2 years	11,767,446.81	23,184,739.24
2-3 years	10,610,156.90	4,886,077.84
Over 3 years	16,100,932.46	35,932,483.93
Subtotal	74,366,880.41	100,008,572.89
Less: Provision for bad debts	2,950,939.42	2,405,101.54
Total	71,415,940.99	97,603,471.35

(ii) Disclosure by nature

Item	Closing balance			Beginning balance		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Current accounts	39,799,565.46	2,527,888.98	37,271,676.48	65,583,483.44	1,893,815.87	63,689,667.57
Security deposits, deposit	29,231,423.29	300,528.83	28,930,894.46	29,698,322.12	200,000.00	29,498,322.12
Staff petty cash borrowing	19,100.00	0.00	19,100.00	236,370.06		236,370.06
Pay taxes and fees in lieu	466,871.23	32,402.77	434,468.46	1,806,168.17	228,756.57	1,577,411.60
Withholding for purchase of goods				90,835.36		90,835.36
Others	4,849,920.43	90,118.84	4,759,801.59	2,593,393.74	82,529.10	2,510,864.64
Total	74,366,880.41	2,950,939.42	71,415,940.99	100,008,572.89	2,405,101.54	97,603,471.35





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(iii) Information of provision for bad debts

At December 31, 2023, provision for bad debts on those in first stage:

Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debts	Carrying amount
Provision for bad debts on individual basis				
Provision for bad debts on portfolio basis				
Current accounts	37,273,201.85		1,525.37	37,271,676.48
Security deposits, deposit	29,231,423.29	1.03	300,528.83	28,930,894.46
Pay taxes and fees in lieu	466,871.23	6.94	32,402.77	434,468.46
Staff petty cash borrowing	19,100.00			19,100.00
Others	4,849,920.43	1.86	90,118.84	4,759,801.59
Total	71,840,516.80	0.59	424,575.81	71,415,940.99

At December 31, 2023, the Company had no other receivables classified as second stage.

At December 31, 2023, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for the lifetime(%)	Provision for bad debts	Carrying amount
Provision for bad debts on individual basis				
Including:				
Changan Ford Motor Co., Ltd.	1,006,404.45	100.00	1,006,404.45	
Hafei Automobile Co., Ltd.	710,859.16	100.00	710,859.16	
Insurance payout	809,100.00	100.00	809,100.00	
Total	2,526,363.61	100.00	2,526,363.61	





At December 31, 2022, provision for bad debts on those in first stage:

Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debts	Carrying amount
Provision for bad debts on individual basis				
Provision for bad debts on portfolio basis				
Current accounts	63,866,219.83	0.28	176,552.26	63,689,667.57
Security deposits, deposit	29,698,322.12	0.67	200,000.00	29,498,322.12
Pay taxes and fees in lieu	1,806,168.17	12.67	228,756.57	1,577,411.60
Staff petty cash borrowing	236,370.06			236,370.06
Withholding for purchase of goods	90,835.36			90,835.36
Others	2,593,393.74	3.18	82,529.10	2,510,864.64
Total	98,291,309.28	0.70	687,837.93	97,603,471.35

At December 31, 2022, the Company had no other receivables classified as second stage.

At December 31, 2022, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for the lifetime(%)	Provision for bad debts	Carrying amount
Provision for bad debts on individual basis				
Changan Ford Motor Co., Ltd.	1,006,404.45	100.00	1,006,404.45	
Hafei Automobile Co., Ltd.	710,859.16	100.00	710,859.16	
Total	1,717,263.61	100.00	1,717,263.61	





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(iv) Accrual, recovery or reversal of bad debt provision during the year

	First stage Expected credit loss within next 12 months	Second stage Expected credit loss for lifetime (no credit impairment occurred)	Third stage Expected credit loss for lifetime (credit impairment has occurred)	Total
Provision for bad debts				
Beginning balance	687,837.93		1,717,263.61	2,405,101.54
Movement of beginning balance during the period				
- Transfer to second stage				
- Transfer to third stage	809,100.00			809,100.00
- Reverse to second stage				
- Reverse to first stage				
Provision for the year	545,837.88		809,100.00	1,354,937.88
Reversal in the year				
Transfer in the year				
Write-off in the year				
Other movement				
Closing balance	424,575.81		2,526,363.61	2,950,939.42

(v) Other receivables due from the top five debtors

Name of entity	Nature	Other receivables Closing balance	Ageing	Proportion to total other receivables (%)	Provision for bad debts Closing balance
Company 1	Current accounts	27,182,026.49	0-6 months, 2-3 years, over 3 years	27.18	
Company 2	Current accounts	4,108,007.95	0-6 months, 7-12 months, 1-2 years, over 3 years	4.11	
Company 3	Security deposits, deposit	3,100,000.00	2-3 years, over 3 years	3.10	31,871.16
Company 4	Security deposits, deposit	2,970,000.00	0-6 months, 7-12 months, 1-2 years, 2-3 years	2.97	30,534.63
Company 5	Security deposits, deposits, current accounts, etc.	4,306,014.50	0-6 months, 7-12 months, 1-2 years, 2-3 years, over 3 years	4.31	1,051,191.88
Total		41,666,048.94		41.67	1,113,597.67





4. Long-term equity investment

Item	Closing balance		Beginning balance	
	Book balance	Provision for impairment Carrying amount	Book balance	Provision for impairment Carrying amount
Investment in subsidiaries	999,182,452.93	999,182,452.93	954,182,452.93	954,182,452.93
Investment in joint ventures	12,747,661.95	12,747,661.95	12,369,945.67	12,369,945.67
Investment in associates	74,605,668.98	74,605,668.98	77,041,857.57	77,041,857.57
Total	1,086,535,783.85	1,086,535,783.85	1,043,594,256.17	1,043,594,256.17

(1) Investment in subsidiaries

InVestee	Beginning balance	Increase	Decrease	Closing balance	Provision for impairment in the year	Provision for impairment Closing balance
CMAL Boyu Transportation Co., Ltd.	60,000,000.00			60,000,000.00		
Fulu International Logistics Co., Ltd.	11,500,000.00			11,500,000.00		
Chongqing Saimei Shuzhi Technology Co., Ltd.	5,000,000.00	45,000,000.00		50,000,000.00		
Chongqing Changzu Feiyue Technology Co., Ltd.	28,469,452.93			28,469,452.93		
Chongqing Future Supply Chain Management Co., Ltd.	30,000,000.00			30,000,000.00		
Chongqing Changxiang Supply Chain Technology Co., Ltd.	14,000,000.00			14,000,000.00		
Nanjing CMSC Logistics Co., Ltd.	85,533,000.00			85,533,000.00		
Changan Minsheng (Shanghai) Supply Chain Co., Ltd.	30,000,000.00			30,000,000.00		
Hangzhou Changan Minsheng Logistics Co., Ltd.	610,000,000.00			610,000,000.00		
Wuhan Changsheng Gangtong Supply Chain Management Co., Ltd. (which was already cancelled)	19,680,000.00		19,680,000.00			
Wuhan Changjiang Zhilian Port Development Co., Ltd.	14,100,000.00	19,680,000.00		33,780,000.00		
Shenyang Changyou Supply Chain Co., Ltd.	45,900,000.00			45,900,000.00		
Total	954,182,452.93	64,680,000.00	19,680,000.00	999,182,452.93		





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(2) Investment in associates and joint ventures

Investee	Beginning balance	Additions in investment	Decrease in investment	Investment income/loss recognized under equity method	Adjustment of other comprehensive income	Movement in the year				Closing balance of provision for impairment	
						Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	Other		
(i) Associates											
Chongqing Guoyuan RoRo Terminal Co., Ltd.	77,041,857.57			-2,438,701.57		2,512.98				74,605,668.98	
(ii) Joint ventures											
Hangzhou Changhe Anji Supply Chain Management Co., Ltd.	12,369,945.67			1,377,716.28			1,000,000.00			12,747,661.95	
Total	89,411,803.24			-1,060,985.29		2,512.98	1,000,000.00			87,353,330.93	





5. Operating income and operating cost

(1) Operating income and operating cost

Item	Current year		Prior year	
	Revenue	Cost	Revenue	Cost
Primary operations	6,142,728,649.95	5,978,474,843.65	5,538,463,365.38	5,371,523,414.76
Other operations	17,967,919.45	4,420,927.35	18,830,897.42	2,234,264.47
Total	6,160,696,569.40	5,982,895,771.00	5,557,294,262.80	5,373,757,679.23

(2) Operating revenue and operating costs based on the timing of goods transfer

Item	Current year			
	Transportation service		Others	
	Revenue	Cost	Revenue	Cost
Primary operations				
Including: Recognized at a point in time	6,142,728,649.95	5,978,474,843.65		
Other operations				
Including: Recognized at a point in time			17,967,919.45	4,420,927.35
Total	6,142,728,649.95	5,978,474,843.65	17,967,919.45	4,420,927.35

6. Investment income

Item	Current year	Prior year
Income from long-term equity investment by cost method	9,380,000.00	22,780,000.00
Income from long-term equity investment by equity method	-1,060,985.29	-1,446,399.84
Dividends income from other equity instruments investment	2,435,623.28	2,096,455.43
Interest expenses for discounted acceptance bills derecognised	-2,614,183.55	
Total	8,140,454.44	23,430,055.59





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XVII. Supplement information

1. Schedule of non-recurring gains or losses

Item	Current year
Gain or loss on disposal of non-current assets, including the reversal of provisions for impairment of assets.	282,776.04
Government grants that are included in the profit and loss (except for government grants that are closely related to the company's normal business operations and that meet the national policy requirements and continue to enjoy a certain amount or quantitative basis according to certain standards)	18,703,748.11
Gain or loss on changes in fair value of or disposal of financial assets and financial liabilities, excluding those related to effective hedging transactions associated with the Company's normal operating activities	2,435,623.28
Capital occupation fees from non-financial enterprises recognised in current profit and loss	
Reversal of provision for impairment of receivables that are individually tested for impairment	6,381,985.22
Other non-operating income and expenses other than the above	-136,968.19
Total amount of non-recurring items	27,667,164.46
Less: effects of income tax on non-recurring items	3,878,234.93
Net amount of non-recurring items	23,788,929.53
Less: Non-recurring items attributable to the minority shareholders (after tax)	2,012,271.44
Non-recurring items attributable to the shareholders of the Company	21,776,658.09

2. Return on equity and earnings per share

Profit in reporting period	Weighted average net assets Rate of return%	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the shareholders of the Company	2.81	0.35	0.35
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	1.73	0.21	0.21

