



WEIFU HIGH-TECHNOLOGY GROUP CO., LTD.

ANNUAL REPORT 2012

March 2013

Section I. Important Notice, Contents and Paraphrase

Board of Directors, Supervisory Committee, all directors, supervisors and senior executives of Weifu High-Technology Group Co., Ltd. (hereinafter referred to as the Company) hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

Chen Xuejun, Principal of the Company, Ou Jianbin, person in charge of accounting works and Ou Jianbin, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2012 Annual Report is authentic, accurate and complete.

Other directors attended the board meeting on auditing the report except for the following directors:

Name of absent director	Position of absent director	Reason for absence	Entrusted
Chen Yudong	Director	On business	Rudolf Maier

The Preplan Profit Distribution of the Company deliberated and approved by The Board is: Based on the total number of issued stock as of Dec 31,2012, Cash bonus of RMB 3 (tax inclusive) and 5 bonus stock(tax inclusive) per 10 stocks shall be paid to the shareholders.No capital reserve shall be converted into the registered capital and the remaining undistributed profits shall be incorporated into the next accounting year's profits.

Concerning the forward-looking statements with future planning involved in the Report, they do not constitute a substantial commitment for investors. Investors should be cautious with investment risks.

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Paraphrase

Items	Refers to	Contents
Company, The Company, Wei-fu High-technology	Refers to	Weifu High-Technology Group Co., Ltd.
Weifu Group	Refers to	Wuxi Weifu Group Co., Ltd.
Industry Group	Refers to	Wuxi Industry Development Group Co., Ltd.
Robert Bosch	Refers to	Robert Bosch Co., Ltd. ROBERT BOSCH GMBH
Bosch Automobile Diesel	Refers to	Bosch Automobile Diesel System Co., Ltd.
Weifu Automotive Diesel	Refers to	Wuxi Weifu Automotive Diesel System Co., Ltd.
Weifu Leader	Refers to	Wuxi Weifu Leader Catalytic Converter Co., Ltd.
Weifu Jinning	Refers to	Nanjing Weifu Jinning Co., Ltd.
Weifu Chang'an	Refers to	Wuxi Weifu Chang'an Co., Ltd.
Weifu Mashan	Refers to	Weifu Mashan Pump Glib Co., Ltd.
Weifu ITM	Refers to	Wuxi Weifu ITM Supercharging Technique Co., Ltd.
Weifu Tianli	Refers to	Ningbo Weifu Tianli Supercharging Technique Co., Ltd.
Weifu Jialin	Refers to	Chaoyang Weifu Jialin Machinery Manufacture Co., Ltd.
Weifu Schmidt	Refers to	Wuxi Weifu Schmidt Power System Spare Parts Co., Ltd.
Weifu International Trade	Refers to	Wuxi Weifu International Trade Co. Ltd.
Weifu Nano	Refers to	Jiangsu Weifu Nano Technology Co., Ltd.
Weifu Jida	Refers to	Wuxi Weifu Jida New Material Technology Development Co., Ltd.
Autocam	Refers to	Wuxi Weifu-Autocam Fine Machinery Co. Ltd.
Weifu Environment	Refers to	Wuxi Weifu Environment Catalyst Co.,Ltd.
Kunming Xitong	Refers to	Kunming Xitong Machinery Co., Ltd.
Weifu Tianshi	Refers to	Anhui Weifu Tianshi Machinery Co., Ltd.
Zhonglian Automobile Electronic	Refers to	Zhonglian Automobile Electronic Co., Ltd.
Yinlun Co.,Ltd	Refers to	Zhejiang Yinlun Machinery Co.,Ltd.
Wanliyang	Refers to	Zhejiang Wanliyang Transmission Co.,Ltd.
Jiangsu Hongbao	Refers to	Jiangsu Hongbao Hardware Co.,Ltd.
Wiscom Technology	Refers to	Jiangsu Wiscom Technology Co.,Ltd.
CSRC	Refers to	China Securities Regulatory Commission
SZ Stock Exchange	Refers to	Shenzhen Stock Exchange
Jiangsu Gongzheng	Refers to	Jiangsu Gongzheng Tianye Certified Public Accountants Co., Ltd.

Indication of major risks

Information Disclosure Media appointed by the Company are: “China Securities Journal”, “Securities Times”, “Hong Kong Commercial Daily” and Juchao website (www.cninfo.com.cn). All the information is based on disclosure from them. Investors are advised to pay attention to investment risks.

Section II Company profile

I. Company information

Short form of the stock	Weifu High- Tech, Su Weifu-B	Stock code	000581, 200581
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	无锡威孚高科技集团股份有限公司		
Short form of the Company (in Chinese)	威孚高科		
Foreign name of the Company(if applicable)	WEIFU HIGH-TECHNOLOGY GROUP CO.,LTD.		
Short form of foreign name of the Company(if applicable)	WFHT		
Legal representative	Chen Xuejun		
Registrations add.	No.5, Huashan Road, New District, Wuxi City		
Code for registrations add	214028		
Offices add.	No.107, Renmin West Road, Wuxi City		
Codes for office add.	214031		
Company's Internet Web Site	http://www.weifu.com.cn		
E-mail	Web @ weifu.com.cn		

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Zhou Weixing	Yan Guohong
Contact add.	No.107, Renmin West Road, Wuxi City	No.107, Renmin West Road, Wuxi City
Tel.	0510-82719579	0510-82719579
Fax.	0510-82751025	0510-82751025
E-mail	wfjt@public1.wx.js.cn	wfjt@public1.wx.js.cn

III. Information disclosure and preparation place

Newspaper appointed for information disclosure	<i>China Securities Journal; Securities Times; Hong Kong Commercial Daily</i>
Website for annual report publish appointed by CSRC	http://www.cninfo.com.cn
Preparation place for annual report	Office of the Board of Directors

IV. Registration changes of the Company

	Date for registration	Place for registration	Registration NO. for enterprise legal license	No. of taxation registration	Organization code
Initial registration	1988-10-27	No.107, Renmin West Road, Wuxi City	GuoJiZi No.: 1707	320208250456967	25045696-7
Registration at end of report period	2010-08-03	No.5, Huashan Road, New District, Wuxi City	320200000014926	320208250456967	25045696-7
Changes of main business since listing (if applicable)	No changes				
Previous changes for controlling shareholders (if applicable)	The company's controlling shareholder was Wuxi Weifu Group Co., Ltd. before 2009. The controlling shareholder changed to Industry Group from 31 st May 2009 because Wuxi Industry Development Group Co., Ltd. merged Weifu Group in 2009. Because both Weifu Group and Industry Group were wholly state-owned companies of Wuxi State-owned Assets Supervision & Administration Commission of State Council, which as actual controller had no changes.				

V. Other relevant information

CPA engaged by the Company

Name of CPA	Jiangsu Gongzheng Tianye Certified Public Accountants Co., Ltd.
Offices add. for CPA	No.28, Liangxi Road, Wuxi City
Signing Accountants	Bo Lingjing, Liu Darong

Sponsor engaged by the Company for performing continuous supervision duties in reporting period

√ Applicable □ Not applicable

Name of sponsor	Offices add. for sponsor	Name of sponsor deputy	Continuous supervision period
Everbright Securities Co., Ltd	No.1508, Xinzha Road, Jing'an District, Shanghai City	Zhang qiyang, Wen guangxia	2012-3-1-2013-12-31

Financial consultant engaged by the Company for performing continuous supervision duties in reporting period

□ Applicable √ Not applicable

Section III. Accounting data and summary of financial indexes

I. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

☐ Yes ☒ No

	2012	2011	Changes over last year (%)	2010
Operating income (RMB)	5,015,283,418.71	5,898,113,089.49	-14.97%	5,371,213,196.45
Net profit attributable to shareholders of the listed company(RMB)	889,326,939.46	1,204,617,075.56	-26.17%	1,340,291,115.79
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	852,679,760.32	1,166,866,705.09	-26.93%	1,324,606,432.23
Net cash flow arising from operating activities(RMB)	1,165,759,218.46	326,269,185.07	257.3%	536,171,852.08
Basic earnings per share (RMB/Share)	1.34	2.12	-36.79%	2.36
Diluted earnings per share (RMB/Share)	1.34	2.12	-36.79%	2.36
Return on Equity (%)	11.36%	26.27%	-14.91%	38.32%
	End of 2012	End of 2011	Changes over end of last year (%)	End of 2010
Total assets (RMB)	11,055,973,932.34	7,929,217,436.19	39.43%	6,761,622,809.90
Net assets attributable to shareholder of listed company (Owners' equity attributable to shareholder of listed company) (RMB)	8,655,980,755.24	5,064,060,401.35	70.93%	4,106,208,383.62

II. Difference of the accounting data under accounting rules in and out of China

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

Unit: RMB

	Net profit attributable to shareholders of listed company		Net assets attributable to shareholders of listed company	
	Amount in this period	Amount in last period	Amount at period-end	Amount at period-begin
Chinese GAAP	889,326,939.46	1,204,617,075.56	8,655,980,755.24	5,064,060,401.35
Items and amount adjusted by IAS				
IAS	889,326,939.46	1,204,617,075.56	8,655,980,755.24	5,064,060,401.35

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

Unit: RMB

	Net profit attributable to shareholders of listed company		Net assets attributable to shareholders of listed company	
	Amount in this period	Amount in last period	Amount at period-end	Amount at period-begin
Chinese GAAP	889,326,939.46	1,204,617,075.56	8,655,980,755.24	5,064,060,401.35
Items and amount adjusted by foreign accounting rules				

3. Reasons for the differences of accounting data under accounting rules in and out of China

III. Items and amounts of extraordinary profit (gains)/loss

Unit: RMB

Item	Amount in 2012	Amount in 2011	Amount in 2010	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	4,352,926.75	3,755,577.19	4,374,597.95	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	15,105,216.19	34,526,848.90	15,440,800.00	
Gains arising from investment cost, obtained from subsidiaries, affiliated enterprises and joint ventures, which is less than fair value of identifiable net assets, that deserves to enjoy in invested units while investment obtained		727,964.94	0.00	
Profit and loss of assets delegation on others' investment or management	24,750,377.29			
Switch-back of impairment of account receivable that practice impairment test independent	789,303.74	4,435,891.56	0.00	
Other non-operating income and expenditure except for the aforementioned items	-412,785.88	3,107,697.30	244,116.34	
Impact on income tax	6,429,913.94	7,019,338.38	3,065,636.67	
Impact on minority shareholders' equity (post-tax)	1,507,945.01	1,784,271.04	1,309,194.06	
Total	36,647,179.14	37,750,370.47	15,684,683.56	--

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

☐ Applicable ☒ Not applicable

Section IV. Report of the Board of Directors

I. Introduction

(I) General introduction

According to the data released by China Association of Automobile Manufactures in 2012, an aggregate of 19,310,000 automobiles have been sold across the nation, with a year-on-year increase of 4.3%, among which, the sales of business vehicles amounted to 3,810,000 with a year-on-year decrease of 5.49% which has recorded negative growth for two consecutive years since the highest historical sales record made in 2010. As to the sales of business vehicles, great decline of 28% appeared in heavy truck market, only recording sales of 630,000.

In front difficulty and challenge, the Company made active response and continued to implement its development strategy. Internal: focusing on efficiency enhancement, quality improvement and cost reduction based on product structure adjustment; external: based on the existing products, ensuring increase of market share occupied by major products; ensuring stable development of its three major business segments with strict control over external risks.

As at the end of 2012, the total assets of the Company was RMB11.056 billion, owners' equity attributable to parent company was RMB8.655 billion, operating income was RMB5.015 billion, net profit attributable to parent was RMB889 million and earnings per share was RMB1.34.

(II) Major works

1. Construct internal control system and strengthen risk control

According to the Basic Internal Control Standards for Enterprise and the relevant guidance issued by CSRC, the ministry of finance and other three authorities, the Company conducted internal control construction. By tests on the 16 specific business procedures, the Company formed the defect list and made reforms in respect of system construction and procedure enhancement, and formed the initial internal control manual, laying good foundation for standardizing internal control system.

2. Adopt standard cost management, to bring down costs and raise efficiency

In order to pursue the maximum interests of the Group, the Company strengthened supervision on prices of purchase, manufacture, sales, capital, cost, budget, investment as well we financing operation and eliminated management omission. Through enhancement in basic works such as materials consumption quota and working time quota and comparison analysis in respect of similar products, it gradually established standard product costs. Besides, it strengthened analysis on difference and adopted corresponding measures to increase management and decrease costs.

3. Raise capital application efficiency and increase the profitability

It managed the capital of the Group on a centralized basis, to realize reasonable and effective capital management.

4. Complete certification of ISO14001 environment management system and inspection & acceptance of clean production

Promotion team was established to make system diagnosis and training, and to implement standard for ISO14001 environment management system and clean production. The Company passed certification of ISO14001 environment management system and inspection & acceptance of clean production respectively in September and October.

5. Integrate suppliers and strengthen free-inspection for the internal suppliers

Improved standards on quality, price, cost, delivery and service evaluation of suppliers and raised management efficiency of suppliers. Strengthened PPAP management and random inspection during each procedure, to make sure that each business segment strictly followed the standard system applicable to suppliers for qualified quality. Besides, it further standardized and improved delivery inspection guidance, inspection items, inspection methods in relation to internal suppliers, to prevent repeat inspection.

II. Main business analysis

1. Introduction

In the reporting, the company's main business was automotive component and parts industry with no changes, mainly engaged in the development, manufactures and sales of automotive fuel injection system, automotive post-processing system and intake system of engine. The following table is the change of company's operating revenue, cost, and expenses etc.

In 10 thousand yuan

Item	2012	2011	Increase y-o-y (%)
Operating revenue	501,528.34	589,811.31	-14.97
Operating cost	377,347.76	431,462.80	-12.54
Sales tax and additions	3,183.29	3,300.37	-3.55
Sales expenses	19,064.35	22,688.72	-15.97
Administration expenses	44,454.40	42,794.55	3.88
Financial expenses	-7,549.49	2,634.82	-386.53
Loss of assets impairment	2,111.57	647.62	226.05
Investment income	39,621.93	49,794.19	-20.43
Operating profit	102,538.39	136,076.63	-24.65
Total profit	103,801.69	139,680.58	-25.69
Net profit attributable to owner of parent company	88,932.69	120,461.71	-26.17

Review and summarization on the progress of development strategy and operation plan disclosed in previous period during the reporting period

In 2012, due to the factors such as weak demands, macro-control policy in real estate industry and production capacity surplus, China experienced decline pressure for its economy. The internal driving force was insufficient to promise economic growth. As to automobile industry, after ten years rapid development, it faces difficulty from energy, environment and traffic, which leads to stable development from the original rapid development as to the growth pattern of PRC automobile industry. According to the data released by China Association of Automobile Manufactures in 2012, an aggregate of 19,310,000 automobiles have been sold across the nation, with a year-on-year increase of 4.33%. due to slowing down of economy growth and overall falling back of investment, consumption and export, sales performance for business vehicles was weaker than the same period of last year, recording negative growth for two consecutive years since the highest historical sales record made in 2010. particularly, market of heavy truck presented to be depressed for a long time, the sales of which was not such good as expected. Therefore, the Company recorded decrease of operating income and total profit, while its target, namely to be the leader in domestic automobile (power engineering) core spare parts field, has been promoted in a orderly manner.

Reasons for difference of actual operation performance has 20% lower or higher than profit forecast of the Year disclosed

☐ Applicable ☒ Not applicable

2. Revenue

Explanation

The company mainly engaged in automobile parts, and achieved operating revenue RMB 5.015 billion, decreasing 14.97% y-o-y.

Whether income from physical sales larger than income from labors or not

√ Yes □ No

Industries	Item	2012	2011	Increase/decrease y-o-y (%)
Fuel injection system—multiple-piston pump(10 thousand)	Sales volume	139	164	-15.24%
	Production volume	135	158	-14.56%
	Stock volume	11	15	-26.67%
Fuel injection system—injector(10 thousand)	Sales volume	552	793	-30.39%
	Production volume	505	795	-36.48%
	Stock volume	68	115	-40.87%
Post-processing system—purifier(10 thousand)	Sales volume	123	124	-0.81%
	Production volume	124	128	-3.13%
	Stock volume	26	25	4%
Intake system—turbocharger(10 thousand)	Sales volume	23	20	15%
	Production volume	24	20	20%
	Stock volume	5	4	25%

Reasons for y-o-y relevant data with over 30% changes

√Applicable □Not applicable

Mainly because heavy-duty commercial vehicles were deeply called back, making the market requirement of injector products decrease and the productions decreased.

Material orders in hands

□ Applicable √ Not applicable

Material changes or adjustment for products or services of the Company in reporting period

□ Applicable √ Not applicable

Major sales of the Company

Total top five clients in sales (RMB)	1,558,437,409.37
Proportion in total annual sales volume for top five clients (%)	31.06%

Information of top five clients of the Company

√Applicable □Not applicable

Serial	Name	Sales (RMB)	Proportion in total annual sales (%)
1	Client 1	321,618,959.96	6.41%
2	Client 2	316,155,564.30	6.3%
3	Client 3	313,187,405.34	6.24%
4	Client 4	313,056,704.89	6.24%
5	Client 5	294,418,774.88	5.87%
Total	—	1,558,437,409.37	31.06%

3. Cost

Industry classification

Unit: RMB

Industry classification	Item	2012		2011		Y-o-y changes (%)
		Amount	Ratio in operation cost (%)	Amount	Ratio in operation cost (%)	
Automobile parts	Direct material	2,650,613,999.10	77.03%	2,924,610,686.53	76.9%	-9.37%
Automobile parts	Labor cost	295,830,221.43	8.6%	323,574,375.89	8.51%	-8.57%
Automobile parts	Depreciation	107,988,731.56	3.14%	93,740,306.81	2.46%	15.2%
Automobile parts	Varieties of consumption	386,767,817.42	11.24%	461,385,067.13	12.13%	-16.17%

Product classification

Unit: RMB

Product classification	Item	2012		2011		Y-o-y changes (%)
		Amount	Ratio in operation cost (%)	Amount	Ratio in operation cost (%)	
Fuel injection system	Direct material	1,903,254,331.70	72.91%	2,139,558,229.74	72.66%	-11.04%
Fuel injection system	Labor cost	269,670,504.29	10.33%	301,343,503.93	10.23%	-10.51%
Fuel injection system	Depreciation	95,296,901.78	3.65%	84,220,001.21	2.86%	13.15%
Fuel injection system	Varieties of consumption	342,136,504.59	13.11%	419,295,004.82	14.24%	-18.4%
Intake system	Direct material	112,288,382.49	79.89%	99,193,593.06	81.7%	13.2%
Intake system	Labor cost	12,353,819.64	8.79%	10,431,149.57	8.59%	18.43%
Intake system	Depreciation	8,550,060.53	6.08%	5,832,892.35	4.8%	46.58%
Intake system	Varieties of consumption	7,355,389.59	5.23%	5,953,412.50	4.9%	23.55%
Post-processing system	Direct material	635,071,284.91	92%	685,858,863.73	93%	-7.4%
Post-processing system	Labor cost	13,805,897.50	2%	11,799,722.39	1.6%	17%
Post-processing system	Depreciation	4,141,769.25	0.6%	3,687,413.25	0.5%	12.32%
Post-processing system	Varieties of consumption	37,275,923.24	5.4%	36,136,649.81	4.9%	3.15%

Note

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	975,643,608.54
Proportion in total annual purchase amount for top five suppliers (%)	34.49%

Information of top five suppliers of the Company

√Applicable □Not applicable

Serial	Name	Sum of purchase (RMB)	Proportion in total annual sum of purchase (%)
1	supplier	513,309,658.45	18.15%
2	supplier	153,709,737.35	5.43%

3	supplier	114,276,420.15	4.04%
4	supplier	103,885,437.25	3.67%
5	supplier	90,462,355.34	3.2%
Total	——	975,643,608.54	34.49%

4. Expenses

In the reporting, the company's main expenses are as follows:

In 10 thousand yuan

Name	2012	2011	Increase y-o-y (%)
Sales expenses	19,064.35	22,688.72	-15.97
Administration expenses	44,454.40	42,794.55	3.88
Financial expenses	-7,549.49	2,634.82	-386.53

2012 annual financial expenses decreased greatly than 2011 annual's, mainly because interest income increased greatly with the increase of monetary fund, and then the decrease of bank borrowing caused the decrease of bank borrowing interest.

5. R&D expenses

During the reporting period, the engineer technology research organ of the Company allocated grant resources in developing the material projects of the Company. The successful operation of the experimental lab provided effective support for the successful development of material projects which received more effective management, helping the Company to obtain achievement phase by phase. In 2012, the R&D expenses of the Company were RMB162,340,900, accounting for 1.81% of the latest audited net profit and 3.24% of the latest audited operating income.

6. Cash flow

Unit: RMB

Item	2012	2011	Y-o-y changes (%)
Subtotal of cash in-flow from operation activity	6,442,560,329.86	6,336,458,986.39	1.67%
Subtotal of cash out-flow from operation activity	5,276,801,111.40	6,010,189,801.32	-12.2%
Net cash flow from operation activity	1,165,759,218.46	326,269,185.07	257.3%
Subtotal of cash in-flow from investment activity	259,135,006.84	610,520,363.79	-57.56%
Subtotal of cash out-flow from investment activity	1,916,823,809.13	573,783,796.77	234.07%
Net cash flow from investment activity	-1,657,688,802.29	36,736,567.02	-4,612.37%
Subtotal of cash in-flow from financing activity	3,517,125,210.00	1,111,434,604.61	216.45%
Subtotal of cash out-flow from financing activity	1,338,170,692.31	1,193,881,377.05	12.09%
Net cash flow from financing activity	2,178,954,517.69	-82,446,772.44	
Net increased amount of cash and cash equivalent	1,687,024,933.86	280,558,979.65	501.31%

Reasons for y-o-y relevant data with over 30% changes

√Applicable □Inapplicable

Net cash generated from operating activities: mainly because this annual loan receivable were collected in time.

Net cash flow from operation activity: mainly because the company increased the investments of financial products, non-public stock issue to SDEC and the affiliated business Bosch Automobile Diesel System in the year.

Net cash flow from financing activity: mainly because non-public offering raised proceeds was RMB 286,272,050,000 in the year and the bank borrowing decreased.

Reasons of major difference between the cash flow of operation activity in report period and net profit of the Company

☐Applicable ☒Not applicable

III. Composition of main business

Unit: RMB

	Operating revenue	Operating cost	Gross profit ratio (%)	Increase/decrease of operating revenue y-o-y (%)	Increase/decrease of operating cost y-o-y (%)	Increase/decrease of gross profit ratio y-o-y (%)
According to industries						
Automobile parts	4,651,387,384.54	3,441,200,769.51	26.02%	-13.01%	-9.52%	-2.85%
According to products						
Fuel injection system	3,667,499,333.27	2,637,702,014.93	28.08%	-15.29%	-11.2%	-3.32%
Intake system	153,580,378.18	113,203,879.68	26.29%	0.29%	18.47%	-11.31%
Post-processing system	830,307,673.09	690,294,874.90	16.86%	-3.92%	-6.4%	2.2%
According to region						
Domestic	4,362,027,051.97	3,158,670,288.49	27.59%	-14.17%	-10.85%	-2.7%
Oversea	289,360,332.57	282,530,481.02	2.36%	9.29%	8.56%	0.66%

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

☐ Applicable ☒ Not applicable

IV. Assets and liability analysis

1. Major changes of assets

Unit: RMB

	End of 2012		End of 2011		Ratio changes (%)	Notes of major changes
	Amount	Ratio in total assets (%)	Amount	Ratio in total assets (%)		
Monetary fund	2,600,714,219.36	23.52%	855,053,599.38	10.78%	12.74%	
Account receivable	1,036,392,701.40	9.37%	1,167,123,155.04	14.72%	-5.35%	
Inventory	759,505,087.10	6.87%	883,582,090.78	11.14%	-4.27%	
Investment real estate	3,881,346.30	0.04%	4,352,211.86	0.05%	-0.01%	
Long-term equity investment	2,192,275,239.86	19.83%	1,786,481,972.85	22.53%	-2.7%	
Fix assets	1,404,806,234.18	12.71%	1,357,509,509.59	17.12%	-4.41%	
Construction in progress	65,649,548.48	0.59%	98,288,407.69	1.24%	-0.65%	

2. Major changes of liability

Unit: RMB

	2012		2011		Ratio changes (%)	Notes of major changes
	Amount	Ratio in total assets (%)	Amount	Ratio in total assets (%)		
Short-term loans	70,000,000.00	0.63%	495,000,000.00	6.24%	-5.61%	

3. Assets and liabilities measured by fair value

Unit: RMB

Items	Amount at the beginning period	Changes of fair value gains/losses in this period	Accumulative changes of fair value reckoned into equity	Devaluation of withdrawing in the period	Amount of purchase in the period	Amount of sale in the period	Amount in the end of period
Financial assets							
1. Financial assets measured by fair value, and its changes are reckoned in current gains/losses(not including derivative financial asset)					0.00	0.00	
2. Derivative financial asset					0.00	0.00	
3. Financial assets available for sales	0.00	56,509,360.00			199,208,000.00	0.00	265,689,600.00
Subtotal of financial assets	0.00	56,509,360.00			0.00	0.00	265,689,600.00
Investment property					0.00	0.00	
Productive biological assets					0.00	0.00	
Others					0.00	0.00	
Aforementioned total	0.00	56,509,360.00			199,208,000.00	0.00	265,689,600.00
Financial liabilities	0.00	0.00			0.00	0.00	0.00

Whether the attribute of the company's major assets measurement has a lot changes in the reporting

☐ Yes ☒ No**V. Analysis on core competitiveness**

The Company is the important domestic supplier of automobile components, mainly providing diesel fuel injection system, vehicle post-processing system and engine intake system (booster). In recent years, the Company increased its ability to adapt to and satisfy market through optimization of product structure, consolidation of technical advantage, improvement of manufacture ability and promotion of management innovation, realizing steady expansion of economic scale and market share. During the reporting period, the core competitiveness has no change.

1. Advanced technical advantage. The Company is one of the major high-tech enterprises under the national torch plan and high-tech enterprise of Jiangsu province, focusing on technical research and owning "national technology center" and "postdoctor scientific research work station". In 2012, the R&D input accounted for 3.24% of its operating income. the Company takes the leading position as to its diesel fuel injection system

technology. As the PRC continues to promote the national emission regulation, the Company developed WAPS system products independently, pending for preparation of production capacity. The Company also developed high pressure variable pump mating with High pressure common rail system and started bulk supply. The Company has core technology in post-processing system and the ability to provide goods for downstream clients under centralized system. Besides, it launched new products such as SCR, POC and DOC meeting the national IV emission requirement in respect of diesel vehicles.

2. Complete set of product specification, complete industry chain and great production scale. Its diesel injection system products are vastly used in diesel engines with various power, mating for various trucks, buses, engineering machinery, Marine, generator set. the Company produced 1,350,000 set of diesel multi-cylinder pumps and 5,050,000 set of fuel injectors in 2012. the Company owns advanced post-processing system production lines, producing 1,240,000 set of purifiers in 2012. The supercharger products can satisfy needs from light and heavy business vehicles and certain passenger vehicles.

3. Stable customers and matured market. With years of development, the Company has established long-term stable partnership with many domestic main engine producers. Besides, the constant stable development of the PRC economy will drive forward the healthy development of its three major business segments.

VI. Investment analysis

1. Situation of foreign equity investment

(1) Situation of foreign investment

Situation of foreign investment		
Investment in 2012 (RMB)	Investment in 2011 (RMB)	Range of changing
773,023,000.00	156,668,800.00	393.41%
Situation of the invested company		
Name	Main business	Equity proportion in invested company for Listed company (%)
Bosch Automobile Diesel System Co., Ltd.	Electronic control diesel system products	34%
Wuxi Weifu Leader Catalytic Converter Co., Ltd.	Automobile post-processing system products	94.81%
Shanghai Diesel Engine Co., Ltd.	Diesel engines	2.72%

(2) Holding equity of financial enterprise

Name	Type	Initial investment cost(RMB)	Amount of stock-holding at the beginning of the period (Share)	Proportion of stock-holding at the beginning of the period (%)	Amount of stock-holding at the end of the period (Share)	Proportion of stock-holding at the end of the period (%)	Book value at the end of the period (RMB)	Gains and loss in the reporting (RMB)	Accounting subject	Source of stock
Guolian Securities Co., Ltd.	Securities company	12,000,000.00	18,000,000	1.2%	18,000,000	1.2%	12,000,000.00	540,000.00	Long-term stock right investment	Subscription
Nanjing Hengtai Insurance and Broker	Insurance company	1,000,000.00	1,000,000	1.85%	1,000,000	1.85%	1,000,000.00	55,000.00	Long-term stock right investment	Subscription

Co., Ltd.									nt	
Jiangsu HSBC Insurance Agents Limited	Insurance company	500,000.00	500,000	10%				340,000	Long-term stock right investment	Subscription
Total		13,500,000.00	19,500,000	--	19,000,000	--	13,000,000.00	935,000.00	--	--

(3) Situation of securities investment

Variety of securities	Code of securities	Short form of securities	Initial investment cost(RMB)	Amount of stock-holding at the beginning of the period (Share)	Proportion of stock-holding at the beginning of the period (%)	Amount of stock-holding at the end of the period (Share)	Proportion of stock-holding at the end of the period (%)	Book value at the end of the period (RMB)	Gains and loss in the reporting (RMB)	Accounting subject	Source of stock
Stock	600841	SDEC	199,208,000.00	14,800,000	2.72%	23,680,000	2.72%	265,689,600.00	740,000.00	Financial assets available for sales	Subscription
Total			199,208,000.00	14,800,000	--	23,680,000	--	265,689,600.00	740,000.00	--	--
Disclosure date of securities investment approval of Board report			2012-03-24								

Statement of holding other listed companies equity

The company approved participation in the subscription of SDEC non-public offering A share in 23rd Meeting of 6th Session of the Board, subscribing for SDEC non-public offering stocks 14.8 million shares at the price of RMB 13.46 per share, which proportion in total stocks after SDEC non-public offering stocks was 2.72%.The company committed no transfer after the subscription in 12 months, restricted period (2012-3-23-2013-3-22).

SDEC implemented the plan of annual profit distribution and converting capital reserve into share capital for 2011 on 4th June 2012.(sending cash of RMB 0.5(tax included) per every 10 shares, converting 6 shares per every 10 shares. In the reporting, the company held SDEC 23.68 million shares.

2. Trust financing, investment of derivatives and entrustment loan

(1) Trust financing

In 10 thousand yuan

Name of trustee	Amount of trust financing	Start date of trust financing	End date of trust financing	Determination method of reward	Amount of principal actual taking back	Actual income in the period	Actual income gained in the period	Whether by legal procedure	Amount of reserve for devaluation of withdrawing	Whether related trade	Related relationship
Bank,	149,600	2012-07-0	2012-12	Floating	35,100	2,850.49	4,072.61	Yes	0	No	

trust		4	-31	rate, maximized annualized ate of return agreed in contract							
Total	149,600	--	--	--	35,100	2,850.49	4,072.61	--	0	--	--
Overdue unreceived principal and accumulated earnings amount				0							
Lawsuit situation(if applicable)				N/A							

Explanation

(2) Investment of derivatives

Derivatives investment hold at period-end

☐ Applicable ☒ Not applicable

Explanation

(3) Entrustment loan

In 10 thousand yuan

Loan object	Whether the related party	Amount of loan	Interest rate of loan	Guarantor or collateral	Use of loan object's fund	Extension, overdue or lawsuit	Countermeasure for risks of extension, overdue or lawsuit
Total	--	0	--	--	--	--	--

Explanation

3. Application of raised proceeds**(1)Overall application of raised proceeds**

In 10 thousand yuan

Total raised proceeds	285,012.43
Total raised proceeds invested during the reporting period	162,075.74
Total accumulative raised proceeds invested	162,075.74
Total raised proceeds for new purposes during the reporting period	0
Total accumulative raised proceeds for new purposes	0
Proportion of the total accumulative raised proceeds for new purposes (%)	0%
General application of raised proceeds	
On 21 January 2012, the CSRC issued the reply on approving non-public issuance of Weifu High-technology Group Co., Ltd. (ZJXX(2012)No.109), pursuant to which, the Company was approved to issue new shares not exceeding 112,858,000 by non-public offering. On 10 February 2012, Jiangsu Gongzheng Tianye Certified Public Accountant issued capital verification report (SGW(2012)No.B006), stating that as at 10 February 2012, Weifu High-tech has already issued 112,858,000 RMB common shares (A-share) and raised capital proceeds of RMB2,866,028,910.00. after deduction of issuance expense of RMB15,904,657.07, the net raise proceeds was RMB2,850,124,252.93. as at the end of the reporting period, raise proceeds of RMB1,620,757,400 has been invested.	

(2) Situation of committed project of raised proceeds

In 10 thousand yuan

Committed investment projects & investment of raised fund	Projects changed or not (including changed partially)	Total committed investment of raised capitals	Total investment after adjustment (1)	Amount invested in this year	Amount of accumulated investment till the year-end (2)	Investment program till the year-end (3)=(2)/(1)	Predicted useable date of project	Profit realized in this year	Reach the predicted interest or not	Project feasibility was changed hugely or not
Investment project commitment										
R&D of WAPS, industrialization, productivity expansion of diesel common rail system parts	No	62,032	62,032	18,569.69	18,569.69	29.94%	2013-10-31	Not applicable	Not applicable	No
Construction project in industrial zone	No	57,750	57,750	1,929.57	1,929.57	3.34%	2013-10-31	Not applicable	Not applicable	No
Industrialization of tail treatment system	No	26,000	26,000	12,346.05	12,346.05	47.48%	2012-10-31	Not applicable	No	No
Research institution project	No	5,154	5,154	5,154	5,154	100%	2012-12-31	Not applicable	Not applicable	No
Battery material of engines and R&D of battery	No	10,000	10,000			0%	2012-12-31	No	No	No
Equity acquisition	No	34,381.5	34,381.5	34,381.5	34,381.5	100%		743.15		No
Liquid assets supplementation	No	90,000	89,694.93	89,694.93	89,694.93	100%				
Subtotal of commitment projects	--	285,317.5	285,012.43	162,075.74	162,075.74	--	--	743.15	--	--
Investment orientation for fund arising out of plan										
Total	--	285,317.5	285,012.43	162,075.74	162,075.74	--	--	743.15	--	--
Situation about not coming up to scheduled progress or expected revenue and the reason (In specific project)	<p>1. WAPS research development and industrial diesel common rail system components capacity enhancement project. Under the feasibility report of this project, the investment plan is intended to complete on 31 October 2013. as of 31 December 2012, the accumulative investment amounted to RMB185,696,900, representing investment progress of 29.94%. Reason for lag behind the progress included</p> <p>(1) the raised proceeds was not in place in time (the proceeds was expected to be in place in March 2011, while the actual cash time was February 2012);</p> <p>(2) upgrade of emission rules (national level III to national level IV) resulted in uncertainty in implementation of technology methods and intensity, which affected relevant works such as equipment choices;</p> <p>(3) investment planned for fixed assets of the project was RMB500 million, among which, imported equipments account for 65% and delivery of imported equipments were delayed. Thus, the Company will make investment based on predictable market needs.</p> <p>2. RMB19,295,700 had been invested for construction of industry park project as of 31 December 2012.</p>									

	<p>representing investment progress of 3.34%. Reason for lag behind the progress included</p> <p>(1)the relocation of governmental parcel was completed at the end of 2012. since electric power lines, telecommunication cables and river clean works haven't been completed, the construction can't be conducted on an overall basis.</p> <p>(2)municipal facilities haven't been in place, review on transfer-in of power supplied by external grid, variable power distribution scheme still need consideration and approval and are in the stage of initial design appraisal. The above reasons led to delayed implementation of this project as scheduled. Upon satisfaction of the construction conditions, the Company will accelerate construction and finish the industry park project.</p> <p>3. Automobile exhaust post-processing system product industrial project. Under the feasibility report of this project, the investment plan is intended to complete on 31 October 2012. as of 31 December 2012, the accumulative investment amounted to RMB123,460,500, representing investment progress of 47.48%. The Company planned to invest RMB30 million in the test center plan implemented by Weifu High-tech, and RMB17,281,800 has been input, representing investment progress of 57.61%. Weifu High-tech planned to invest RMB230 million in this project through increasing capital injection in Weifu Lida, and RMB106,178,700 has been invested, representing investment progress of 46.16%. Reason for lag behind the progress included</p> <p>(1) the raised proceeds was not in place in time;</p> <p>(2)there was uncertainty in implementation method of the national emission standard (national level IV), so the Company was prudent in investment;</p> <p>(3)in the original implementation plan, consequent expansion organization of production capacity resulting from upgrade of emission standards was not taken into account, such as expansion of production places. Therefore, during the implementation of this project, the Company would make reasonable adjustment to implementation methods and application of proceeds on the condition that the implementation project remained unchanged.</p> <p>4. Auto power battery materials and power battery research project. Under the feasibility report of this project, the date for reaching the condition for intended use was 31 December 2012. as of 31 December 2012, the accumulative investment was nil. Reasons included</p> <p>(1) the raised proceeds was not in place in time;</p> <p>(2)the Company followed the project in the last two years. In terms of project development in domestic and overseas market, power battery, as the core component of electric cars, had no material breakthrough in costs, service life and travel distance, which restricted development of pure electric cars. Countries such as the US focusing on promotion of pure electric cars are also changing their targets of developing pure electric cars. Domestic national policy in respect of subsidy for private purchase of electric cars has been stopped which led to slow sales performance. Thus, there was great uncertainty in development of power battery. Therefore, the Company was prudent for this project and continued to follow development of power battery and would make decisions if needed.</p>
Explanation on great changes of feasibility of project	Not applicable
Amount, usage and progress of using for fund raising out of the plan	Not applicable
Change of implementation place of investment project of raised capitals	Not applicable
	Not applicable
Regulation of implementation ways of investment project of raised capitals	<p>Applicable</p> <p>Jiangsu Gongzheng issued "Weifu High-Technology Group Co., Ltd. certified report of self-finance input raising and investment project in advance" "SGW[2012] No.: E1100", ended as 29th February 2012, the company actual investment amount by self-finance input raising and investment project in advance was RMB 299,120,000, including 1. R&D of WAPS, industrialization, productivity expansion of diesel common</p>

	rail system parts RMB 180,050,000; 2. Construction project in industrial zone RMB 16,620,000; 3. Industrialization of tail treatment system RMB 28,560,000; 4. Research institution project RMB 51,540,000; 5. Equity acquisition RMB 22,350,000. On 3 rd March 2012, the 2 nd Meeting of 7 th Session of the Board approved of “proposal of using raised capitals to replace the fund from advanced input raised capitals project”, which agreed to replace self-finance input raised capitals project in advance by raised capitals RMB 299,120,000.
Invested in pre-phases and replacement for raised fund projects	Not applicable
Temporarily supplement for the current capitals with idle raised capitals	Not applicable
Usage and trend of unused raised capitals	Usage of raised capitals had on changes in the reporting. On the storage and the usage of raised capitals, the company’s execution strictly based on related laws and regulations and three-party supervision protocol of raised capitals(four-party supervision protocol of raised capitals).
Questions or other situation while using raised capitals and in disclosure	N/A

(3)The changed project of raised proceeds

In 10 thousand yuan

Project after the change	Corresponding original committed project	Total amount invested after adjustment (1)	Virtual amount input in the reporting	Accumulation on virtual amount input dealine the end of the reporting (2)	Progress of the investment deadline the end of the reporting (%) (3)=(2)/(1)	Date of the project coming to scheduled usable state	Income achieved in the reporting	Whether it has come up to the scheduled income	Whether the feasibility of the project changed after the alteration
Total	--	0	0	0	--	--	0	--	--
Changing reason, decision procedure and statement of disclosure(In specific project)			There was no changed projects of raised proceeds in the reporting.						

4. Main subsidiaries and stock-jointly companies

Particular about main subsidiaries and stock-jointly companies

Company name	Type	Industries	Main products or service	Register capital	Total assets (RMB)	Net Assets (RMB)	Operating revenue (RMB)	Operating profit (RMB)	Net profit (RMB)
Wuxi Weifu Leader Catalytic Converter Co., Ltd.	Subsidiary	Automobile parts	Post-processing system productions	RMB 502,596,300	1,200,975,592.77	827,883,869.51	918,694,478.43	103,504,598.80	96,278,532.94
Nanjing Weifu Jinning Co.,	Subsidiary	Automobile parts	Fuel injection system	RMB 346,286,800	1,182,230,849.16	739,365,899.80	947,555,889.58	211,712,837.87	186,406,750.15

Ltd.			production s						
Bosch Automobile Diesel System Co., Ltd.	Joint-st ock compa ny	Automobil e parts	Fuel injection system production s	\$ 200 million	5,021,618,198.00	3,281,537,572. 00	4,038,152,4 95.00	546,243,2 37.00	459,599,504. 00
Zhonglian Automobile Electronic Co., Ltd.	Joint-st ock compa ny	Automobil e parts	Petrol system production s	RMB 600,620,0 00	1,888,422,971.27	1,869,420,319. 38	245,868,96 4.79	790,272,4 16.93	798,242,961. 60

Notes of main subsidiaries and stock-jointly companies

Bosch Automobile Diesel System Co., Ltd. gained net profit RMB 0.46 billion in 2012, decreasing 38.67% than RMB 0.75 billion in 2011, mainly because the market requirement of commercial vehicles decreased and the market of heavy duty trucks depressed.

Particular about subsidiaries obtained or disposed in report period

☐ Applicable ☒ Not applicable

5. The significant progress of non-raised proceeds investment

In 10 thousand yuan

Name of the project	Total investment amount	Investment amount in the annual	Accumulation of actual investment amount ended of the period-end	Progress of the project	Earnings of the project
Total	0	0	0	--	--
Statement of the significant progress of non-raised proceeds investment					

VII. Special purpose vehicle under the control of company

The company has no special purpose vehicle under the control of company

VIII. Prospects on future development

The Company operates business in auto components industry, producing and selling fuel injection system product, auto post-processing system products and auto intake system products.

1. Industry competition layout and development trend

The implementation of national IV emission regulations will promote enhancement of technology level of auto core components. The development of the industry will face division.

Benefits from reform, talent and urbanization will give strong support for continued, healthy and stable development of the PRC economy, and promote steady development of auto industry. Urbanization has been regarded as the important engine determining the future development and city group constitutes the important content of new urbanization. Development of city group requires increasing investment in urban rail traffic and infrastructure construction, so as to provide new opportunities for development of engineer machine, heavy truck and passenger bus markets. As to auto industry, the focus will transfer to quality instead of scale.

2. Operation plan for 2013

The macro economy continues to be complicated in 2013, with slow growth in general. accordingly, we will manage to make breakthrough, consolidate the established market, strictly control risks, actively promote strategic structure adjustment, hold every opportunity to develop, continue to improve its competitiveness and continue to implement its strategic development target. The working focuses will be as follows in 2013: strengthen internal

risk control, establish sound early warning system; strengthen internal system management, consolidate development basis, continue to promote development; emphasize on high efficiency and cost reduction, enhance cost control ability, raise core competitiveness; improve quality management and product quality, continue to increase quality control; consolidate existing market, explore new market and strive to make breakthrough in product and market strategy; take advantage of finance leverage and increase capital benefits.

3. Development strategy

To actively develop fuel injection system products, auto post-processing system products and engine intake system (supercharger) meeting the requirements of the national energy-saving and emission-reduction regulations. To hold independent development and external cooperation as the basic principles to realize future development strategy. To consolidate foundation, improve quality, expand market, strengthen actions and control risks based on the working principles of “pursuit for practice and efficiency”. Manage to realize the target of being the leader in domestic automobile (power engineering) core components field.

4. Potential risks in 2013

The auto industry faces difficulty from energy, environment and heavy traffic after ten years rapid development, which leads to stable development from the original rapid development as to the growth pattern of PRC automobile industry. Factors such as the domestic and overseas macro economic environment, auto industry policies, national emission standard level IV will bring great affects to the development of the Company.

IX.Explanation of the Board of Directors on the “Qualified Opinion” of the report made by the CPAs

Jiangsu Gongzheng Tianye Certified Public Accountants Co., Ltd. carried out standard unqualified audit opinion for the company.

X.Explanation on changes of accounting policy, accounting estimation and settlement method compared with the last year’s financial report

Compared with last year’s financial report, accounting policy, accounting estimation and settlement method has no changes.

XI. Particular about major accounting errors correction that needs retroactive re-statement in reporting period

No major accounting errors correction occurred in reporting period.

XII. Compare with last year’s financial report; explain changes in consolidation statement’s scope

Compare with last year’s financial report consolidation statement’s scope, one combined unit was decreased. Weifu Jida had cancelled in September 2011. Weifu Jida’s income statement and cash flow statement from the beginning of last period to cancellation date included to consolidation financial statement’s scope.

XIII. Profit and dividend distribution

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

In August, the Company made further detailed provision in respect of the clauses concerning cash dividend in the Articles of Association according to the Notice on Further Implementation of Cash Dividend of Listed Company (ZJF(2012)No.37) issued by the CSRC and the Notice on Further Implementation of Relevant Requirements for Cash Dividend of Listed Company issued by the securities regulatory bureau of Jiangsu based on its actual conditions. In detail, the Company expressly determined the dividend proportion and decision making system, which were considered and approved at the 5th meeting of the 7th board and the 2nd extraordinary general meeting of 2012. the Company will follow the relevant provisions of the Articles of Association to execute profit distribution policy with independent opinions issued by independent directors, so as to make sure the minority

shareholders have opportunity to express opinions and raise demands, thus to protect the legal interests of its shareholders, especially the minority shareholders. the profit distribution plan of the Company in the reporting period accorded with the relevant provisions as set out in the Articles of Association.

The profit distribution plan and capitalization of capital reserve plan of the Company in the reporting period accorded with the relevant provisions as set out in the Articles of Association.

The profit distribution plan and capitalization of capital reserve plan of the Company for the last three years (reporting period included)

The profit distribution plan for 2010: based on the total share capital of 567275995 shares as at the end of 2010, distribute cash dividend of RMB4.35 (tax included) for every 10 shares, and no capitalization of capital reserve. The plan has been implemented completely in August 2011.

The profit distribution plan for 2011: based on the total share capital of 680133995 shares as at the end of 2011, distribute cash dividend of RMB3 (tax included) for every 10 shares, and no capitalization of capital reserve. The plan has been implemented completely in July 2012.

The profit distribution plan for 2012: \Based on the total number of issued stock ,which is 680.133995 million ,as of Dec 31,2012, Cash bonus of RMB 3 (tax inclusive) and 5 bonus stock(tax inclusive) per 10 stocks shall be paid to the shareholders.No capital reserve shall be converted into the registered capital and the remaining undistributed profits shall be incorporated into the next accounting year's profits。 The plan has been considered and approved by the board, waiting for approval from the general meeting.

Cash dividend in latest three years

Unit: RMB

Year for bonus shares	Amount for cash bonus (tax included)	Net profit attributable to shareholders of listed company in consolidation statement for bonus year	Ratio in net profit attributable to shareholders of listed company contained in consolidation statement (%)
2012	204,040,198.50	889,326,939.46	22.94%
2011	204,040,198.50	1,204,617,075.56	16.94%
2010	246,765,057.83	1,340,291,115.79	18.41%

The Company gains profits in reporting period and the retained profit of parent company is positive but no plan of cash dividend proposed

☐ Applicable ☒ Not applicable

XIV. Social responsibility

More details of the company "social responsibility report 2012" could be found in Juchao Website, the identifiable information disclosure website by Shenzhen Stock Exchange. (www.cninfo.com.cn)

XV. In the report period, reception of research, communication and interview

Time	Place	Way	Type	Reception	Contents discussed and material provided
2012-03-02	Conference room of the Company	Spot research	Institution	China Merchants Securities	Analysis of the market in 2012
2012-03-07	Conference room of the Company	Spot research	Institution	CITIC Securities, Ping An Securities	Analysis of the market in 2012

2012-05-13	Conference room of the Company	Spot research	Institution	Guotai Junan Securities	Analysis of the market in 2012
2012-05-23	Conference room of the Company	Spot research	Institution	CITIC Securities, Ping An Securities	Analysis of the market in 2012
2012-07-13	Conference room of the Company	Spot research	Institution	Minsheng Securities	Analysis of the market in 2012
2012-07-16	Conference room of the Company	Spot research	Institution	Guodu Securities	Analysis of the market in 2012

Section V. Important Events

I. Significant lawsuits and arbitrations of the Company

☐ Applicable ☒ Not applicable

No lawsuit or arbitration of the company in the annual.

Questioned from media

☐ Applicable ☒ Not applicable

No media questioned for the Company in reporting period

II. Non-operational fund occupation of the listed company from controlling shareholder and its related parties

Shareholder or related person	Occupation date	Reasons	Amount at period-begin (in 10 thousand yuan)	Amount newly-increased in reporting period (in 10 thousand yuan)	Total amount repaid in reporting period (in 10 thousand yuan)	Amount at period-end (in 10 thousand yuan)	Estimated repayment way	Estimated repaid amount (in 10 thousand yuan)	Date for payment estimated (month)
Total			0	0	0	0	--	0	--
Ratio of total amount at period-end in net assets at period-end (%)									

III. Bankruptcy reorganization

No bankruptcy reorganization of the Company

IV.Trade of assets

1. Purchase of assets

The other party of transaction or final controller	Assets purchased	Purchase price(10 thousand yuan)	The progress Situation	Net profit contributed to the listed company from the purchase date to the end of the report period(10 thousand yuan) (applicable for enterprise merger under the uncommon control)	Net profit contributed to the listed company from the begin to the end of the report period(10 thousand yuan) (applicable for enterprise merger under the common control)	Ratio of net profit contributed to listed company in total net profit (%)	Related transaction or not	The related relationship(applicable for related transaction)	Date of disclosure	Index of disclosure
Wuxi Industry Development Group Co., Ltd	1.5% equity of Bosch Automobile Diesel System Co., Ltd hold	20,628.9	Ownership has transferred in total			0.43%	Yes	Substantialshareholder	2012-08-29	“Semi-Annual Report of 2012” published on Juchao Website
ROBERT BOSCH GMBH(1% equity of Bosch Automobile Diesel System Co., Ltd hold	13,752.6	Ownership has transferred in total			0.29%	Yes	2 nd largest shareholder	2012-08-29	“Semi-Annual Report of 2012” published on Juchao Website
Wuxi Industry Development Group Co., Ltd	The exclusive right to use ” 锡字 brand” was owned by Industry Group, (trade mark license: No. 225109) and exclusive use right of 42 pieces of figurative mark	1,615.57	Transfer amount RMB 15,155,700 was paid in advance to Industry Group, relevant procedure still in process				Yes	Substantialshareholder	2012-12-05	”Trademark of substantial shareholder transfer and related transaction”(No.: 2012-046) published on Juchao Website

Acquisition of assets

As approved at the 2nd extraordinary general meeting held on 24 December 2010, the Company issued shares to its substantial shareholders Wuxi Industry Development Group Co., Ltd. and ROBERT BOSCH GMBH by non-public offering. On 21 January 2012, the CSRC issued the approval on Non-public Offering by Weifu High-technology Group Co., Ltd. (ZJXX(2012)No.109), to approve the Company issue new shares not exceeding 112,858,000 by non-public offering. The investment project with the proceeds raised in the non-public offering was to acquire the 1.5% equity of RBCD held by Wuxi Industry Development Group Co., Ltd. and the 1% equity of RBCD held by ROBERT BOSCH GMBH. The purpose of this equity acquisition: to solve the related investment with Industry Group; to increase close cooperation with RBCD by increasing the shareholding in RBCD, thus to promise continued stable development and enhancement of profitability of the Company.

The Company held the 8th meeting of the 7th board on 3 December 2012, to consider and approve the proposal that the Company intended to acquire the “Xizipai” trademark license (the trademark registration No. 225109) and 42 graph trademarks licenses held by Industry Group with the evaluation price of RMB16, 155,700. the purpose of this related transaction of the Company was to change the existing situation that the trademarks under “Xizipai” series were separated with its products, to determine clear relation in respect of trademark property, thus to keep the completeness and independence of its assets. The Company improved its ability of continued operation, beneficial for its long term stable development.

2. Sales of assets

The other party of transaction or final controller	Assets sold	Sales date	Trading price (in 10 thousand yuan))	Net profit contributed to the listed Company from the begin of the reporting to the sales date(in 10 thousand yuan))	Gains/losses from sales (in 10 thousand yuan))	Ratio of net profit contributed by the sold assets for listed company in total profit (%)	Explanation on price setting	Related transaction or not	The related relationship(applicable for related transaction)	Assets rights concerned transferred ownership fully or not	Credit and liability concerned shifted fully or not	Date of disclosure	Index of disclosure
Wuxi Industry Development Group Co., Ltd	Equity of Wuxi Venture Capital Group Co., Ltd.	2012-9-14	397.62		97.62		Assessment price	Yes	Substantial shareholder	Yes	Yes		Not applicable

Overview of assets sold

3. Enterprise merger

In the reporting, the company has no enterprise merger.

V. Implementation of the company's equity incentive and the effects

No equity incentive plan formulated and implemented by the Company.

VI. Significant related transaction

1. Related transaction connected to routine operations

Related transaction parties	Related relationship	Related transaction type	Related transaction content	Pricing principle	Related transaction price	Related transaction amount (in 10 thousand yuan)	Proportion in the amount of the same transaction (%)	Related transaction settlement mode	Market price	Date of disclosure	Index of disclosure
Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.	Associated company	Procurement of merchandise and receiving labor service	Procurement of goods	Market price		7,341.94	2.6%	According to the contract		2012-04-18	"Prediction of Daily Related Transaction for year of 2012" (No.: 2012-027) and "Resolution Notice of Annual Shareholders General Meeting of 2011" published on Juchao Website
Bosch Diesel System	Associated company, controlling subsidiary of German Bosch Company	Procurement of merchandise and receiving labor service	Procurement of goods	Market price		15,370.97	5.43%	According to the contract		2012-04-18	"Prediction of Daily Related Transaction for year of 2012" (No.: 2012-027) and "Resolution Notice of Annual Shareholders General Meeting of 2011" published on Juchao Website
Wuxi Weifu Environment Protection Catalyst Co., Ltd.	Joint venture of Weifu Leader	Procurement of merchandise and receiving labor service	Procurement of goods	Market price		51,543.21	18.25%	According to the contract		2012-04-18	"Prediction of Daily Related Transaction for year of 2012" (No.: 2012-027) and "Resolution Notice of Annual Shareholders General Meeting of 2011" published on Juchao Website
Wuxi Weifu-Autocam Fine	Joint venture	Procurement of merchandise and receiving	Procurement of goods	Market price		1,527.91	0.54%	According to the contract		2012-04-18	"Prediction of Daily Related Transaction for year of 2012" (No.: 2012-027) and

Machinery Co. LTD		labor service									“Resolution Notice of Annual Shareholders Genral Meeting of 2011” published on Juchao Website
German Bosch Company	second largest shareholder of the Company	Procurement of merchandise and receiving labor service	Procurement of goods	Market price		3,573.01	1.27%	According to the contract		2012-04-18	”Prediction of Daily Related Transaction for year of 2012” (No.: 2012-027) and “Resolution Notice of Annual Shareholders Genral Meeting of 2011” published on Juchao Website
Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.	Associated company	Sales of goods	Sales of goods	Market price		1,619.97	0.32%	According to the contract		2012-04-18	”Prediction of Daily Related Transaction for year of 2012” (No.: 2012-027) and “Resolution Notice of Annual Shareholders Genral Meeting of 2011” published on Juchao Website
Bosch Diesel System	Associated company, Controlling subsidiary of German Bosch Company	Sales of goods	Sales of goods	Market price		32,167.83	6.41%	According to the contract		2012-04-18	”Prediction of Daily Related Transaction for year of 2012” (No.: 2012-027) and “Resolution Notice of Annual Shareholders Genral Meeting of 2011” published on Juchao Website
Wuxi Weifu Environment Protection Catalyst Co., Ltd.	Joint venture company of Weifu Leader	Sales of goods	Sales of goods	Market price		954.9	0.19%	According to the contract		2012-04-18	”Prediction of Daily Related Transaction for year of 2012” (No.: 2012-027) and “Resolution Notice of Annual Shareholders Genral Meeting of 2011” published on Juchao Website
Wuxi Weifu-Autocam Fine Machinery Co. LTD	Joint venture company	Sales of goods	Sales of goods	Market price		310.49	0.06%	According to the contract		2012-04-18	”Prediction of Daily Related Transaction for year of 2012” (No.: 2012-027) and “Resolution Notice of Annual Shareholders Genral Meeting

											of 2011” published on Juchao Website
German Bosch Company	second largest shareholder of the Company	Sales of goods	Sales of goods	Market price		1,489.89	0.3%	According to the contract		2012-04-18	”Prediction of Daily Related Transaction for year of 2012” (No.: 2012-027) and “Resolution Notice of Annual Shareholders Genral Meeting of 2011” published on Juchao Website
Bosch Diesel System	Associated company, Controlling subsidiary of German Bosch Company	Other	Technology service charge payable			681.77		According to the contract		2012-04-18	”Prediction of Daily Related Transaction for year of 2012” (No.: 2012-027) and “Resolution Notice of Annual Shareholders Genral Meeting of 2011” published on Juchao Website
Wuxi Weifu-Autocam Fine Machinery Co. LTD	Joint venture company	Other	Rental receivable			172.24		According to the contract		2012-04-18	”Prediction of Daily Related Transaction for year of 2012” (No.: 2012-027) and “Resolution Notice of Annual Shareholders Genral Meeting of 2011” published on Juchao Website
Wuxi Weifu Environment Protection Catalyst Co.,Ltd.	Joint venture of Weifu Leader	Other	Rental receivable			186.1		According to the contract		2012-04-18	”Prediction of Daily Related Transaction for year of 2012” (No.: 2012-027) and “Resolution Notice of Annual Shareholders Genral Meeting of 2011” published on Juchao Website
Wuxi Weifu Environment Protection Catalyst Co.,Ltd.	Joint venture of Weifu Leader	Other	Sales of fixed assets			37.65		According to the contract		2012-04-18	”Prediction of Daily Related Transaction for year of 2012” (No.: 2012-027) and “Resolution Notice of Annual Shareholders Genral Meeting of 2011” published on Juchao Website

Wuxi Industry Group	Substantial shareholder of the Company	Other	Land and trademark fee payable			626.15		According to the contract		2012-04-18	"Prediction of Daily Related Transaction for year of 2012" (No.: 2012-027) and "Resolution Notice of Annual Shareholders Genral Meeting of 2011" published on Juchao Website
German Bosch Company	2 nd -largest shareholder of the Company	Other	Technology royalties paid			1,793.05		According to the contract		2012-04-18	"Prediction of Daily Related Transaction for year of 2012" (No.: 2012-027) and "Resolution Notice of Annual Shareholders Genral Meeting of 2011" published on Juchao Website
Total						119,397.08	35.37%	--		--	--
Necessity and sustainable of related transaction as well as reasons of related transaction with related parties(not with other marketing dealers)						The above mentioned related transactions are the necessary trading which closely concerned with daily operation of the Company, Borad of the Company guarantee the above mentioned excercising in a fair value pricing and reasonable paymen/receive condition from point of protecting interest of investors, no interest of the listed company injured.					
Influence on independence of listed company from related transaction						Shows no influence on independence of the Company					
Report the actual implementation of the normal related transactions which were projected about their total amount by types during the reporting period(if applicable)						The total amount from daily related transaction in reporting period still in the predicted amount that approved in Annual Shareholders' Genral Meeting of 2011, the predicted amount of daily related transactions for year of 2012 at year-begin amounting as RMB 2,273,500,000 in total.					

2. Related transaction incurred by purchase or sales of assets

Related party	Relationship	Type of related transaction	Content of related transaction	Pricing principle	Book value of assets transfer (10 thousand yuan)	Assessment value of assets transfer (10 thousand yuan)	Market fair value (10 thousand yuan)	Transfer price (10 thousand yuan)	Clearing form for related transaction	Income from assets transfer (10 thousand yuan)	Disclosure date	Index of disclosure
Wuxi Industry Development Group Co., Ltd	Substantial shareholder	Equity acquisition	1.5% equity of Bosch Automobile Diesel System Co., Ltd hold	Appraisal value	4,373.28	20,628.9	20,628.9	20,628.9	According to agreement	445.89	2012-08-29	"Semi-annual report of 2012" published on Juchao Website

ROBERT BOSCH GMBH	Second largest shareholder	Equity acquisition	1% equity of Bosch Automobile Diesel System Co., Ltd hold	Appraisal value	2,915.52	13,752.6	13,752.6	13,752.6	According to agreement	297.26	2012-08-29	"Semi-annual report of 2012" published on Juchao Website
Wuxi Industry Development Group Co., Ltd	Substantial shareholder	Assets acquisition	The exclusive right to use "锡字 brand" was owned by Industry Group, (trade mark license: No. 225109) and exclusive use right of 42 pieces of figurative mark	Appraisal value	0	1,615.57	1,615.57	1,615.57	Appraisal value		2012-12-05	"Trademark of substantial shareholder transfer and related transaction"(No. : 2012-046) published on Juchao Website
Wuxi Industry Development Group Co., Ltd	Substantial shareholder	Equity sold	Equity of Wuxi Venture Capital GroupCo., Ltd.	Appraisal value	300	397.62	397.62	397.62	Appraisal value	97.62		Not applicable
Reason of major difference between the transfer price and book value or assessed value						Income approach predicted enterprise's value based on profitability of the enterprise						
Influence on the operation results and financial status of the Company						Firstly, solved the related investment with Industry Group; secondly, strengthen close cooperation with RBCD by higering equity ratio RBCD, promote the sustainable development of the Company and enhance profitability of the Company						

3. Significant related transaction from jointly investment outside

Same investors	Relationship	Pricing principle	Enterprise invested	Main business of invested enterprise	Register capital of invested enterprise	Total assets of invested enterprise(10 thousand yuan)	Net assets of invested enterprise(10 thousand yuan)	Net profit of invested enterprise(10 thousand yuan)
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4. Credits and liability of related party

Whether have non-operation related liabilities and credits relations or not

☐Yes ☒No

Related party	Relationship	Type	Reasons for occurring	Whether has non-operation fund occupation or not	Balance at period-begin (10 thousand yuan)	Amount in this period(10 thousand yuan)	Balance at period-end (10 thousand yuan)
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5. Other significant related transactions

Nil

Inquiry of disclosure website for relevant interim reports of material related transaction

Notice name	Dated for disclosed	Website for interim report disclosed
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VII. Significant contracts and its implementation**1. Trusteeship, contracting and lease****(1) Trusteeship**

Explanation on trust

In reporting period, the Company has no trusteeship event occurred, and either trusteeship occurred in previous period and last to this reporting period

Items generated over 10% gains/losses in total profit in reporting period for the Company

☐ Applicable ☒ Not applicable**(2) Contract**

Explanation on contract

In reporting period, the Company has no contract occurred, and either contract occurred in previous period and last to this reporting period

Items generated over 10% gains/losses in total profit in reporting period for the Company

☐ Applicable ☒ Not applicable**(3) Lease**

Explanation on lease

In reporting period, the Company has no lease occurred, and either lease occurred in previous period and last to this reporting period

Items generated over 10% gains/losses in total profit in reporting period for the Company

☐ Applicable ☒ Not applicable**2. Guarantees**

In ten thousand yuan

Particulars about the external guarantee of the Company (Barring the guarantee for the controlling subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party (Yes or no)
Guarantee of the Company for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party (Yes or no)
Total amount of guarantee of the Company(total of two abovementioned guarantee)								
Including:								

Explanation on guarantee with composite way

The Company has no guarantee occurred in reporting period

(1) Guarantee provided against regulations

In 10 thousand yuan

Guarantee name	Relationship with listed company	Amount guarantee against regulation (in 10 thousand yuan)	Ratio in net assets at period-end (%)	Guarantee type	Guarantee term	Amount guarantee against regulation ended before annual report (in 10 thousand yuan)	Ratio in net assets at period-end (%)	Predicted methods to relieve	Predicted amount relieve (in 10 thousand yuan)	Predicted date relieve(month)
Total		0	0%	--	--	0	0%	--	--	--

3. Other significant contract

Company entered into a contract	Name of counterpart	Book value of amount involved in contract (in 10 thousand yuan) (if applicable)	Appraisal value for assets involved in contract(in 10 thousand yuan) (if applicable)	Appraisal agency (if applicable)	Base date of assets evaluation (if applicable)	Pricing principle	Trading price (in 10 thousand yuan)	Whether constitute related transaction or not	Related relationship	Implementation ended as reporting period
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VIII. Implementation of commitments

1. Commitments from the Company or shareholders (with over 5% shares held) in or continued to reporting period

Commitments	Commitment party	Contents	Dated for commitment	Commitment term	Implementation
Share Merger Reform	Wuxi Industry Development Group Co., Ltd	Non-circulating shares of Weifu Hi-tech held by Weifu Group could not listed or transferred within 60 months since possessing of listing right. After the expiry of the commitment period, original non-circulating shares would be listed for sale in Shenzhen Stock Exchange, the proportion of sales volume to total share equity of Weifu Hi-tech could not exceed 5% within 12 months as well as 10% within 24 months, and sales price ought not to less than RMB 10 per share (the lowest impairment price of shares holding would be calculated ex-right at the same time if share price ought to ex-right according to regulation).	2006-04-05		The commitment was being fulfilled without holdings-reducing shares.
Commitments in report of acquisition or equity change					
Commitments in assets reorganization					
Commitments in initial public offering or refinancing	Wuxi Industry Development Group Co., Ltd and ROBERT BOSCH GMBH	The privately offering of the Company totally issue 112,858,000 A-shares to substantial shareholder Wuxi Industry Group and foreign strategy investor ROBERT BOSCH GMBH. The above said shares are listed for trading in Shenzhen Stock Exchange since 29 February 2012 with 36-month restriction			Implementing
other commitments to minority shareholders of the Company	Wuxi Industry Development Group Co., Ltd	In order to promote the listed company's steady and healthy development, fully mobilize senior executives so as to ensure to combine the interests of the governance and shareholders of the Company, Weifu Industry Group committed: after Weifu High-tech finishing Share Merger Reform, under related regulations of the state and Wuxi government in terms of governance encouragement system of listed company, the Group would the stock incentive plan for management level of Weifu High-tech.	2006-04-05		Implemented after related policy released
Completed on time or not	Yes				
Detail reasons for un-complement and further plan	Not-applicable				
Whether made a promise to horizontal competition and related transactions that resulted or not	No				

Solution term promised	Not-applicable
Solution way	Not-applicable
Complementation	Implementing

2. Concerning assts or project of the Company, which has profit forecast, and reporting period still in forecasting period, explain reasons of reaching the original profit forecast

Assets or project owes profit forecast	Date starting for forecast	Date ended for forecast	Forecast performance currently (in 10 thousand yuan)	Actual performance currently (in 10 thousand yuan)	Reasons failure to reached forecast (if applicable)	Disclosure date for original forecast	Index of original forecast
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IX. Appointment and non-reappointment (dismissal) of CPA

Accounting firm appointed

Name of domestic accounting firm	Jiangsu Gongzheng Tianye CPA Co., Ltd.
Remuneration for domestic accounting firm (in 10 thousand yuan)	150
Continuous life of auditing service for foreign accounting firm	21 years
Name of domestic CPA	Bo Lingjing, Liu Darong

Whether re-appointed accounting firms in this period or not

☐ Yes ☒ No

Appointment of internal control auditing accounting firm, financial consultant or sponsor

☒Applicable ☐Not applicable

Being deliberated in Annual Shareholders General Meeting of 2011, Jiangsu Gongzheng Tianye CPA Co., Ltd. was appointed as audit accounting firm for internal control of the Company for year of 2012. For supervision needs of targeted placement of 2012, Everbright Securities Co., Ltd. was the sponsor of the Company for duty of continues supervision.

X. Explanation from Supervisory Committee and Independent Directors (if applicable) for “Qualified Opinion” from the CPA

Not applicable

XI. Penalty and rectification

Name	Type	Reasons	Type of investigation and penalty	Conclusion (if applicable)	Disclosure date	Index of disclosure
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Explanation on rectification

Particular about directors, supervisors, senior executives and shareholders with over 5% shares held suspected illegal dealings of the stock of the Company and earnings of illegal dealings taken back by the Company that disclosed

☐Applicable ☒ Not applicable

XII. Suspension and delisting after disclosure of annual report

Not applicable

XIII. Other material events

Nil

XIV. Significant events of the subsidiaries

Nil

XV. Corporate bond offering

Nil

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Shares

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion (%)	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion (%)
I. Restricted shares	71,708,575	12.64%	112,858,000			-28,380,359	84,477,641	156,186,216	22.96%
2. State-owned corporate shares	71,658,199	12.63%	36,017,600			-28,363,800	7,653,800	79,311,999	11.66%
4. Foreign shares			76,840,400				76,840,400	76,840,400	11.3%
Including: Foreign corporate shares			76,840,400				76,840,400	76,840,400	11.3%
5. Senior executives' shares	50,376	0.01%				-16,559	-16,559	33,817	0.01%
II. Unrestricted shares	495,567,420	87.36%				28,380,359	28,380,359	523,947,779	77.04%
1. RMB Ordinary shares	380,647,420	67.1%				28,380,359	28,380,359	409,027,779	60.14%
2. Domestically listed foreign shares	114,920,000	20.26%						114,920,000	16.9%
III. Total shares	567,275,995	100%	112,858,000				112,858,000	680,133,995	100%

Reasons for share changed

On 21 January 2012, being approved by CSRC "Approval of Reply on Privately Offering of WEIFU HIGH-TECHNOLOGY GROUP CO.,LTD" (ZJXK [2012] No.109), the Company offering no more than 112,858,000 new shares in total.

Approval of share changed

☒Applicable ☐Not applicable

On 21 January 2012, being approved by CSRC "Approval of Reply on Privately Offering of WEIFU HIGH-TECHNOLOGY GROUP CO.,LTD" (ZJXK [2012] No.109), the Company offering no more than 112,858,000 new shares in total.

Ownership transfer of share changed

The privately offering of the Company totally issue 112,858,000 shares to two objects Wuxi Industry Development Group Co., Ltd. and ROBERT BOSCH GMBH (German Robert• Bosch Co., Ltd.), the shares have completed registration and trusteeship procedures in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on 17 February 2012. The above said shares are listed for trading in Shenzhen Stock Exchange since 29 February 2012 with 36-month restriction; listing date predicted as 1 March 2015 (postpone for non-trading day).

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

☒Applicable ☐ Not applicable

Share capital of the Company increase to 680,133,995 shares from 567,275,995 shares after privately offering.

As at end of reporting period, EPS diluted to 1.34 yuan from 1.57 yuan due to the privately offering; net assets per share increase to 12.73 yuan from 10.23 yuan.

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

Nil

II. Security offering and listing

1. Previous security offering in latest three years at period-end

Stock/derivative securities	Offering date	Offering price (or interest rate)	Circulation number	Listing date	Numbers approved for trading	End of trading date
Stock						
Privately offering	2012-02-07	25.395	112,858,000	2012-02-29	112,858,000	
Convertible corporate bond, separably-traded convertible bond and corporate bonds						
Warrant						

Explanation on security offering in previous three years

On 21 January 2012, being approved by CSRC “Approval of Reply on Privately Offering of WEIFU HIGH-TECHNOLOGY GROUP CO.,LTD” (ZJXK [2012] No.109), the Company offering no more than 112,858,000 new shares in total.

The privately offering of the Company totally issue 112,858,000 shares to two objects with offering price of 25.395 yuan per share for 2866.0289 million yuan collected. The above said shares are listed for trading in Shenzhen Stock Exchange since 29 February 2012 with 36-month restriction; listing date predicted as 1 March 2015.

2. Explanation on changes of total shares and shareholders structure as well as changes of structure of assets and liability

(1) New 112,858,000 shares increased after privately offering, share capital of the Company increase to 680,133,995 shares currently from original 567,275,995 shares before offering.

(2) After offering, net assets of the Company gains a sharply growth while asset-liability ratio declined correspondingly; quality of the assets improve along with the solvency upgrade, which enhancing the development speed of the Company.

3. Existing internal staff shares

Offering date of internal staff shares	Offering price for internal staff shares(RMB)	Circulation numbers of internal staff shares(Share)
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III. Particulars about shareholder and actual controller of the Company

1. Amount of shareholders of the Company and particulars about shares holding

Unit: Share

Total shareholders in reporting period		28,446	Total shareholders ended as the 5 th trading day before annual report disclosed				28693	
Particulars about shares held above 5% by shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held (%)	Total shareholders at the end of report period	Changes in report period	Amount of restrict shares held	Amount of un-restrict shares held	Number of share pledged/frozen	
							State of share	Amount
Wuxi Industry Development Group Co., Ltd	State-owned corporate	20%	136,039,599	36017600	79,311,999	56,727,600		
ROBERT BOSCH GMBH	Foreign corporate	14%	95,227,600	76840400	76,840,400	18,387,200		
China Construction Bank—Fuguo Tianbo Innovation Theme Stock	Domestic non-state-owned	2.83%	19,229,260			19,229,260		

Securities Investment Fund	corporate							
GAOLING FUND,L.P.	Foreign corporate	1.85%	12,555,715			12,555,715		
CCB—Yinhua Core Value Selected Securities Investment Fund	Domestic non-state-owned corporate	1.56%	10,600,399			10,600,399		
China Construction Bank – China Advantage Growth Stock Securities Investment Fund	Domestic non-state-owned corporate	1.42%	9,681,020			9,681,020		
DRAGON BILLION CHINA MASTER FUND	Foreign corporate	1.37%	9,298,922			9,298,922		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporate	1.35%	9,165,855			9,165,855		
ABC- Changsheng Tongde Theme Growth Stock Fund	Domestic non-state-owned corporate	1.29%	8,800,906			8,800,906		
BOCOM—Fullgoal Tianyi Value Security Investment Fund	Domestic non-state-owned corporate	1.16%	7,868,490			7,868,490		
Strategy investors or general corporate comes to top 10 shareholders by rights issued (if applicable)		On 21 January 2012, being approved by CSRC “Approval of Reply on Privately Offering of WEIFU HIGH-TECHNOLOGY GROUP CO.,LTD” (ZJXK [2012] No.109), the Company offering no more than 112,858,000 new shares in total. Among the shares, 36017600 shares offering to substantial shareholder Wuxi Industry Development Group Co., Ltd while 76840400 shares offering to strategy investor ROBERT BOSCH GMBH; the shares have completed registration and trusteeship procedures in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on 17 February 2012. The above said shares are listed for trading in Shenzhen Stock Exchange since 29 February 2012 with 36-month restriction; listing date predicted as 1 March 2015 (postpone for non-trading day).						
Explanation on associated relationship among the aforesaid shareholders		Among the top ten shareholders, the Company knew there has no associated relationship between Wuxi Industry Development Croup Co., Ltd., the substantial shareholder of the Company, and other shareholders; and they do not belong to the consistent actionist regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company. Fullgoal Tianbo Innovation Theme Stock Securities Investment Fund and Fullgoal Tianyi Value Securities Investment Fund shares same fund manager – Fullgoal Fund Management Co., Ltd.						
Particular about top ten shareholders with un-restrict shares held								
Shareholders’ name			Amount of un-restricted shares held at year-end	Type of shares				
				Type	Amount			
Wuxi Industry Development Group Co., Ltd			56,727,600	RMB common shares		56,727,600		
China Construction Bank—Fuguo Tianbo Innovation Theme Stock Securities Investment Fund			19,229,260	RMB common shares		19,229,260		
ROBERT BOSCH GMBH			18,387,200	Domestically foreign shares		18,387,200		
GAOLING FUND,L.P.			12,555,715	Domestically foreign shares		12,555,715		
CCB—Yinhua Core Value Selected Securities Investment			10,600,399	RMB common shares		10,600,399		

Fund			
China Construction Bank – China Advantage Growth Stock Securities Investment Fund	9,681,020	RMB common shares	9,681,020
DRAGON BILLION CHINA MASTER FUND	9,298,922	Domestically foreign shares	9,298,922
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	9,165,855	Domestically foreign shares	9,165,855
ABC- Changsheng Tongde Theme Growth Stock Fund	8,800,906	RMB common shares	8,800,906
BOC—Fullgoal Tianyi Value Security Investment Fund	7,868,490	RMB common shares	7,868,490
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	Among the top ten shareholders, the Company knew there has no associated relationship between Wuxi Industry Development Group Co., Ltd., the substantial shareholder of the Company, and other shareholders; and they do not belong to the consistent actionist regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company. Fullgoal Tianbo Innovation Theme Stock Securities Investment Fund and Fullgoal Tianyi Value Securities Investment Fund shares same fund manager – Fullgoal Fund Management Co., Ltd.		

2. Controlling shareholder of the Company

Corporation

Controlling shareholder	Legal rep./person in charge of unit	Date established	Organization code	Register capital	Main business
Wuxi Industry Development Group Co., Ltd	Jiang Guoxiong	1995-10-05	13600265-4	RMB 3,432,673,241.46	Authorizing the state-owned assets operation within a certain areas, investment management of significant project, investment and development of manufacturing and services and venture capital in high-tech achievement, entrust enterprise and management
Operation result, financial status, cash flow and future development strategy ect.	Not applicable				
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	Substantial shareholder of the Company—Industry Group is the controlling shareholder of Wuxi Taiji Industry Co., Ltd. (stock code: 600667)				

Changes of controlling shareholder in reporting period

☐ Applicable ☒ Not applicable

3. Actual controller of the Company

Corporation

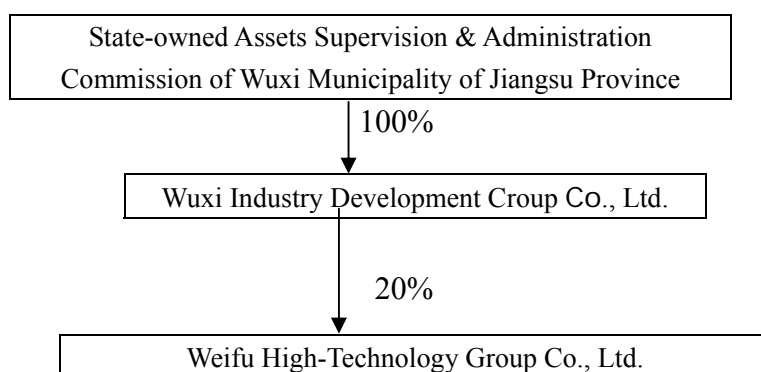
Actual controller	Legal rep./person in charge of unit	Date established	Organization code	Register capital	Main business
State-owned Assets Supervision & Administration Commission of Wuxi Municipality of Jiangsu Province					

Operation result, financial status, cash flow and future development strategy ect.	Not applicable
Equity of other domestic/foreign listed company controlled by actual controller in reporting period	Not applicable

Changes of actual controllers reporting period

☐Applicable ☒Not applicable

Property right and controlling relationship between the actual controller and the Company is as follow:



Actual controller controlling the Company by entrust or other assets management

☐Applicable ☒Not applicable

4. Particulars about other legal person shareholders with over 10% shares held

Corporate shareholders	Legal rep./person in charge of unit	Date established	Organization code	Register capital	Main business or management activity
ROBERT BOSCH GMBH	Heiko Carrie, Bettina Holzwarth	1886-11-15		EUR 1,200 million	Development, manufacture and sales of automotive equipment and engine equipment; engaged in electro-technical, electronic technology, machinery manufacturing and optical system as well as produce iron, metal and plastic products and similar commodity. The company engaged in vary trading business concerned with its business scope and established relevant company concerned with its business scope

IV. Share holding increasing plan proposed or implemented in reporting period from shareholder of the Company and its concerted action person

Shareholder/concerted action person	Shares holding plans to increased	Ratio of shares plans to increased (%)	Shares holding actually increased	Ratio of shares actually increased (%)	Initial disclosure date	Disclosure dated for end of shareholding increased
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Explanation on others

Section VII. Particulars about Directors, Supervisors and Senior Executives and Employees

I. Changes of shares held by directors, supervisors and senior executives

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period-beg in (Share)	Increasing shares held in this period (Share)	Decreasing shares held in this period (Share)	Shares held at period-end (Share)
Chen Xuejun	Chairman	Currently in office	M	45	2012-03-07	2015-03-06	3,169			3,169
Wang Xiaodong	Vice Chairman & GM	Currently in office	M	46	2012-03-07	2015-03-06	521			521
Rudolf Maier	Vice Chairman	Currently in office	M	55	2012-03-07	2015-03-06				
Ge Songping	Director	Currently in office	M	58	2012-03-07	2015-03-06	25,468			25,468
Hua Wanrong	Director	Currently in office	女	48	2012-03-07	2015-03-06				
Chen Yudong	Director	Currently in office	M	51	2012-03-07	2015-03-06				
Ou Jianbin	Director, Deputy General Manager and financing Charger	Currently in office	M	46	2012-03-07	2015-03-06				
Du Fangci	Independent Director	Currently in office	M	68	2012-03-07	2015-03-06				
Yu Xiaoli	Independent Director	Currently in office	F	49	2012-03-07	2015-03-06				
Xing Min	Independent Director	Currently in office	M	58	2012-03-07	2015-03-06				
Zhang Hongfa	Independent Director	Currently in office	M	48	2012-03-07	2015-03-06				
Shi Xingyuan	Chairman of the Supervisory Committee	Currently in office	M	50	2012-03-07	2015-03-06	1,782			1,782
Gao Guoyuan	Supervisor	Currently in office	M	58	2012-03-07	2015-03-06	10,297			10,297
Liu Jinjun	Supervisor	Currently in office	M	37	2012-03-07	2015-03-06				
Miu Yuming	Deputy GM	Currently in	M	49	2012-03-07	2015-03-06				

		office								
Wang Yawei	Deputy GM	Currently in office	M	57	2012-03-07	2015-03-06				
Xu Yunfeng	Deputy GM	Currently in office	M	41	2012-03-07	2015-03-06	2,000			2,000
Zhou Weixing	Secretary of Board	Currently in office	M	49	2012-03-07	2015-03-06	2,377			2,377
Wang Weiliang	Former Director	Office leaving	M	47	2012-03-07	2012-05-23	12,673			
Ma Huilan	Former Independent Director	Office leaving	F	61	2008-06-12	2012-03-07				
Han Jiangming	Former Chairman of the Supervisory Committee	Office leaving	M	61	2008-06-12	2012-03-07	11,405			
Yang Weiliang	Former Supervisor	Office leaving	M	60	2008-06-12	2012-03-07				
Sun Qiangxian	Former Deputy GM	Office leaving	F	58	2008-06-12	2012-03-07				
Total	--	--	--	--	--	--	69,692	0	0	45,614

II. Post-holding

Major working experience of directors, supervisors and senior executive at the present in latest five years

Mr. Chen Xuejun, born in May 1967, a university background and a senior economists. He worked for the Company in July of 1986. He has served as chairman of 4th and 5th Session of supervisory committee, deputy chairman of 6th Session of the Board and General Manager of the Company. Now he serves as Director of Board of Industry Group, substantial shareholder of the Company and also is the Chairman of 7th session of the Board and secretary of Party Committee.

Mr. Wang Xiaodong, born in November 1966, a university graduate, MBA and senior engineer. He worked in the Company in 1989 and has served successively as Division Chief of Products Development Department of the Company, deputy GM of Bosch Automotive Diesel System Co., Ltd. and supervisor of 6th Session of Supervisory Committee of the Company. Now he serves as deputy chairman of 7th session of the Board and GM of the Company.

Mr. Rudolf Maier, born in October 1957, a German citizenship with a doctor degree. He has served successively as chairman of commercial vehicle dept. diesel injection system, in German Bosch, chairman of German Bosch Diesel System China, deputy chairman of Bosch Automobile Diesel and Director of 5th and 6th Session of the Board. Now he serves as executive deputy chairman of technology research of German Bosch Diesel System and deputy Chairman of 7th session of the Board.

Mr. Ou Jianbin, born in June 1966, a senior collegel graduated and an accountant. He worked for the Company in July 1987, and served as Director and deputy GM of Weifu Jinning, Deputy GM and GM of Weifu Leader. Now he serves as Director of 7th session of the Board, standing deputy GM and CFO of the Company.

Mr. Ge Songping, born in November 1954, a senior college graduated and a senior accountant. He has served successively as deputy GM of Industry Group, sbstantial shareholder of the Company and secretary of discipline committee, Director of 5th and 6th Session of the Board. Now he serves as vice researcher of Industry Group, sbstantial shareholder of the Company and Director of 7th session of the Board.

Ms. Hua Wanrong, born in September 1964, graduate from University and a senior accountant. She has served

successively as director of investment development dept. of Industry Group, substantial shareholder of the Company; now she serves as director of financial management dept. of Industry Group and Director of 7th session of the Board of the Company.

Mr. Chen Yudong, born in September 1961, an America citizenship and a Doctor. He has served successively as senior deputy president of petrol system dept. of German Bosch, who in charge of business in mainland China, and also in charge of sales business of automobile products in China for German Bosch. Now he serves as President of Bosch (China) Investment Ltd. and Director of 7th session of the Board of the Company.

Mr. Du Fangci, born in November 1944 and graduate from University, a senior engineer. He has served successively as Division Chief of former Automobile Section of Machine Building Industry Ministry and Division Chief of State Bureau of Machine Building Industry, independent director of 6th Session of the Board. Now he serves as Consultant of China Association of Automobile Manufactures and Independent Director of 7th session of the Board of the Company.

Ms. Yu Xiaoli, born in January 1963, doctor from Zhejiang University and a professor. She serves as teaching assistant and professor/deputy professor in Zhejiang University since 1985; and served as independent director of 6th Session of the Board. Now she serves as Director of the institute of Zhejiang University Power Machinery and Vehicular Engineering Institute, Chairman of Zhejiang Bozong Automobile Technology Co., Ltd., Independent Director of Yinlun, Independent Director of Wanliyang and Independent Director of 7th session of the Board of the Company.

Mr. Xing Min, born in January 1954, graduate from University, MBA and a senior engineer. He has served successively as vice chief of Bureau of Retired Veteran Cadres of Machinery Dept., secretary of Party Committee of Administration Division and deputy director, director of Labor Division, secretary of Party Committee of China National Heavy Machinery Corporation (CHMC), GM and secretary of Party Committee of China National Machine Tools Corporation (CNMTC). Now he serves as vice chairman and secretary-general of China Internal Combustion Engine Industry Association (CICEIA) and Independent Director of 7th session of the Board of the Company.

Mr. Zhang Hongfa, born in September 1964, graduate from University, a senior accountant. He has worked in Jiangsu Institute of Certified Public Accountants since 1998. Now he serves as deputy secretary and standing director of Association, member of Expert Consultative Committee of Jiangsu Procuratorate, special auditor of Jiangsu Audit Office, vice director of professional consultant committee and director of inspection committee of Jiangsu Institute of CPA, Independent Director of Jiangsu Hongbao, Independent Director of Wiscom and Independent Director of 7th session of the Board of the Company.

Mr. Shi Xingyua, born in May 1962, a postgraduate and senior engineer. He worked in the Company in July 1984. He has served successively as director of GM office, GM assistant and deputy GM of the Company as well as director of 5th and 6th session of the Board, deputy secretary of party committee and chairman of labor union of the Company. Now he serves as chairman of supervisory committee of 7th session of the Board, deputy secretary of party committee and chairman of labor union of the Company.

Mr. Gao Guoyuan, born in March 1954, a senior college graduated, master degree and senior engineer. He worked for the Company in 1970. and has served successively as GM assistant and Director of 4th, 5th, and 6th Session of the Board and deputy GM of the Company. Now he serves as Supervisor of 7th session of Supervisory Committee.

Mr. Liu Jinjun, born in September 1975, graduate from University, a MSIE and engineer. He worked in the Company in August 1995. He has served successively as Manager of H&R administrative and technology sales manager of Weifu Auto Diesel. Now he serves as director of H&R and Supervisor of 7th session of Supervisory Committee.

Mr. Miao Yuming, born in April 1963, a university background, MBA and senior engineer. He worked in the Company in August 1983, and successively served as /director of sales dept. of the Company, assistant GM and deputy GM of the Company. Now he serves as deputy GM of the Company and deputy GM of Boshc Automobile Diesel.

Mr. Wang Yawei, born in May 1955, postgraduate degree, chief senior engineer. He successively served as deputy chief of production research institution of the Company, chief designer of technology center, chief engineer of the Company and deputy GM as well as director of engineering technology institution. Now he serves as deputy GM and

director of Engineering and Technology Research Institute of the Company.

Mr. Xu Yunfeng, born in November 1971, graduate from University, a Master and engineer. He worked in the Company in July 1994, and has successively served as vice director of product research institute of Technology Center of the Company, Manager, assistant GM and GM of sales dept. of Weifu Automobile Diesel. Now he serves as deputy GM of the Company.

Mr. Zhou Weixing, born in January 1963, graduate from University, a senior engineer. He worked in the Company in 1985. He successively served as representative of security affairs, director of security office and secretary of the 5th and 6th Session of the Board. Now he serves as secretary of the Board of 7th session of the Board.

Post-holding in shareholder's unit

√Applicable □Not applicable

Name	Name of shareholder's units	Position	Start dated of office term	End date of office term	Weather receiving remuneration from shareholder's units
Rudolf Maier	ROBERT BOSCH GMBH	Executive vice president of technology research of Diesel System	2011-01-01		Yes
Ge Songping	Wuxi Industry Development Group Co., Ltd	Vice researchor	2011-12-01		Yes
Hua Wanrong	Wuxi Industry Development Group Co., Ltd	Director of financial management dept.	2011-12-01		Yes
Chen Yudong	Bosch (China) Investment Ltd.	President	2011-01-01		Yes
Miu Yuming	Bosch Automobile Diesel System Co., Ltd	Deputy GM	2012-03-01		Yes

Post-holding in other unit

√Applicable □Not applicable

Name	Name of other units	Position	Start dated of office term	End date of office term	Weather receiving remuneration from other units
Du Fangci	CAAM	Consultant	2012-04-01		Yes
Yu Xiaoli	Zhejiang University Power Machinery and Vehicular Engineering Institute	Director	2000-01-01		Yes
Yu Xiaoli	Zhejiang Yintlun Machinery Co., Ltd.	Independent director	2011-07-21	2014-07-21	Yes
Yu Xiaoli	Zhejiang Wanliyang Transmission Co., Ltd.	Independent director	2011-09-01	2014-08-31	Yes
Yu Xiaoli	Zhejiang Bozong Automobile Technology Co., Ltd.	Chairman	2008-04-01		Yes
Xing Min	CICEIA	Vice chairman and secretary	2008-08-01		Yes
Zhang Hongfa	Jiangsu Institute of Certified Public Accountants	Vice secretary and standing director	1998-06-01		Yes
Zhang Hongfa	Jiangsu Hongbao Hardware Co., Ltd.	Independent director	2010-12-10	2013-12-09	Yes
Zhang Hongfa	Wiscom System Co., Ltd.	Independent director	2010-04-26	2013-04-25	Yes

Explanation on post-holding in other unit	The aforesaid are the independent directors of the Company
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III. Remuneration for directors, supervisors and senior executives

Decision-making procedures, determination bases and actual payment of remunerations of directors, supervisors and senior management

Decision-making procedure: the remuneration and examination committee recommend the remuneration proposal in respect of directors, supervisors and senior management according to the Remuneration and Remuneration Incentive Examination Plan approved at general meeting based on the completion of annual major targets, and shall be submitted to the board for approval and implementation.

Determination bases: Remuneration and Remuneration Incentive Examination Plan approved at general meeting.

Actual payment: the annual remuneration comprises of basic annual salary and performance-related remuneration. basic annual salary is determined according to specific positions and performance-related remuneration is directly related to economic benefits of the Company which is granted according to completion of each annual benefit target.

Remuneration of directors, supervisors and senior management of the Company during the reporting period

Remuneration for directors, supervisors and senior executives in reporting period

Name	Title	Sex	Age	Post-holding status	Total remuneration obtained from the Company (yuan)	Total remuneration obtained from shareholder's unit (yuan)	Remuneration actually obtained at period-end (yuan)
Chen Xuejun	Chairman	M	45	Currently in office	580,000.00		580,000.00
Wang Xiaodong	Vice Chairman, GM	M	46	Currently in office	580,000.00		580,000.00
Rudolf Maier	Vice Chairman	M	55	Currently in office			
Ge Songping	Director	M	58	Currently in office			
Hua Wanrong	Director	F	48	Currently in office			
Chen Yudong	Director	M	51	Currently in office			
Ou Jianbin	Director, standing vice GM and person in charge of finance	M	46	Currently in office	480,000.00		480,000.00
Du Fangci	Independent director	M	68	Currently in office	70,000.00		70,000.00
Yu Xiaoli	Independent director	F	49	Currently in office	70,000.00		70,000.00
Xing Min	Independent director	M	58	Currently in office	70,000.00		70,000.00
Zhang Hongfa	Independent director	M	48	Currently in office	70,000.00		70,000.00
Shi Xingyuan	Chairman of supervisory committee	M	50	Currently in office	480,000.00		480,000.00
Gao Guoyuan	Supervisor	M	58	Currently in office	480,000.00		480,000.00
Liu Jinjun	Supervisor	M	37	Currently in office	300,000.00		300,000.00
Miu Yuming	Deputy GM	M	49	Currently in office	480,000.00		480,000.00
Wang Yawei	Deputy GM	M	57	Currently in office	480,000.00		480,000.00

Xu Yunfeng	Deputy GM	M	41	Currently in office	480,000.00		480,000.00
Zhou Weixing	Secretary of the Board	M	49	Currently in office	280,000.00		280,000.00
Wang Weiliang	Former director	M	47	Leave office	140,000.00		140,000.00
Ma Huilan	Former independent director	F	61	Leave office			
Han Jiangmin	Former chairman of supervisory committee	M	61	Leave office	235,000.00		235,000.00
Yang Weiliang	Former supervisor	M	60	Leave office	140,000.00		140,000.00
Sun Qingxian	Former deputy GM	F	58	Leave office	140,000.00		140,000.00
Total	--	--	--	--	5,555,000.00	0.00	5,555,000.00

Delegated equity incentive for directors, supervisors and senior executives in reporting period

☐ Applicable ☒ Not applicable

IV. Post-leaving and dismissals for directors, supervisors and senior executives

Name	Title	Type	Date	Reasons
Wang Weiliang	Director	Demission	2012-05-23	Office leaving, and serves no senior executive of the Company any more
Ma Huilan	Independent director	Demission	2012-03-07	Office leaving while general election, serves no senior executive of the Company any more
Han Jiangming	Supervisor	Demission	2012-03-07	Office leaving while general election, serves no senior executive of the Company any more
Yang Weiliang	Supervisor	Demission	2012-03-07	Office leaving while general election, serves no senior executive of the Company any more
Sun Qingxian	Deputy GM	Demission	2012-03-07	Office leaving while general election, serves no senior executive of the Company any more

V. Changes of core technology team or key technicians in reporting period (not including directors, supervisors and senior executives)

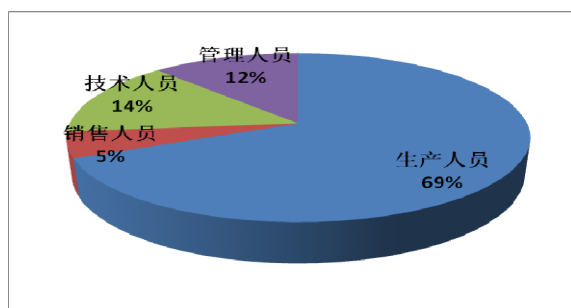
In reporting period, personnels, core technology team or key technicians (not including directors, supervisors and senior executives) who affects a lot in core competition of the Company has no changes and shows no influence on operation of the Company.

VI. Particulars of workforce

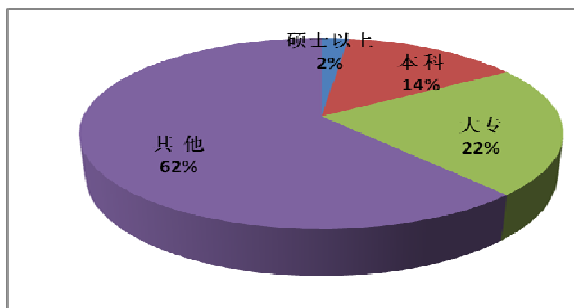
1. Ended as 31 December 2012, the Company owes 5,179 person on-post while 365 person leaved, the Company has no retired employees to bear the cost

Composition:

Staff composition



Education composition



2. Remuneration policy and training program of employees

(1) remuneration policy: the Company established sound Performance Management System, Remuneration Management System and Work Attendance Management System to strengthen personnel incentives and examinations. It improved the labor force balance test with “enhancement of efficiency” as the core, established performance-related appraisal system based on different levels of performance, and promoted implementation of performance and remuneration systems across the Company.

(2) Staff training: to satisfy needs for production and operation, the Company organized different types of internal employee training, which met the requirements of positions and employees themselves. The trainings were for all employees.

3. As at 31 December 2012, the labor force dispatched by the Company was 1893, with expenses of RMB80.96 million.

Section VIII. Corporate governance

I. Brief introduction of corporate governance

During the reporting period, the Company earnestly implemented the Basic Internal Control Standards for Enterprise and its guidances in strict accordance to the requirements of the Company Law, Securities Law, Listing Rules of Shenzhen Stock Exchange as well as Guidances on Standard Operation of Listed Company on Main Board, continued to improve and enhance legal person governance structure and internal control system, thus to standardize its operation. There was no difference between the actual governance and requirements provided in relevant documents of the CSRC.

1. General Meeting: the Company convenes general meeting in a strict accordance to the Company Law, Rules of General Meeting of Listed Company, Listing Rules of Shenzhen Stock Exchange, the Articles of Association as well as Working Procedures of General Meeting. Voting is made by spot meeting and network votes. Lawyers are invited to attend the meetings and meeting minutes are well recorded. All the shareholders, especially minority shareholders, are equally treated and fully exercise their rights.

2. Relationship between the controlling shareholders and the Company: the Company is independent from its controlling shareholders in respect of personnel, assets and finance, with independent organs and businesses. The board, supervisory committee and operation management organ of the Company operate independently. Controlling shareholders don't intervene in the Company's decisions and operating activities, whether directly or indirectly, without content from general meeting, and don't occupy the Company's capital for any non-operation purpose.

3. The Board: the directors can earnestly perform their duties according to the Listing Rules of Shenzhen Stock Exchange, the Articles of Association and the Working Procedures of the Board. They are familiar with related laws and rules, as well as the rights, obligations and duties for being a director. At present, the Board of the Company comprises of 11 directors, among which, 4 are independent directors which accounts for over one third of the board members. Number and constitution of the board accord with relevant laws and rules.

4. Performance of duties by independent directors: the independent directors can earnestly perform their duties, namely loyalty and diligence, according to the Articles of Association, the Working System of Independent Directors and Annual Work System of Independent Directors. They take active participation in meetings of the board and general meeting. Prior to the participation, they actively acquire the informations needed for making decisions, aiming to protect the interests of the Company and shareholders, especially the minority shareholders. Independent directors have no objection in relation to the relevant issues of the Company.

5. The supervisory committee: the supervisors can perform their duties of supervision according to the Company Law, the Articles of Association and Working Procedures of the Supervisory Committee. At present, the supervisory committee of the Company comprises of 3 supervisors, among which, 2 are employee representative supervisors which accounts for over one third of the committee members. Number and constitution of the committee accord with relevant laws and rules. For consideration of the entire shareholders, the supervisory committee earnestly perform their duties with legal working procedures and high efficient operation. They supervise the lawfulness of directors and senior management on their duty performance, pay constant attention to information disclosure, issue opinions on legal operation, finance, application of raised proceeds, fairness of related transaction, objectivity and truthfulness of the audit report issued by accounting firm, and issue audit opinion on periodic reports of the Company.

6. Information Disclosure and investor relation management: the Company can disclose relevant information on truthful, accurate, complete, prompt and fair basis in strict accordance to the Listing Rules of Shenzhen Stock Exchange, Guidance on Standardized Operation of Listed Company on Main Board of Shenzhen Stock Exchange, the Articles of Association, Information Disclosure Management System, Insider Information and Insider Management System, Accounting System in Respect of Material Mistake in Annual Report Information Disclosure as well as Investor Relation Management System. Investor relation is well managed, with focus on good communication between the Company and investors.

7. Related transaction: independent directors issue independent opinions on occurred related transactions; the supervisory committee makes inspection and supervision on occurred related transaction. The related transaction of the Company is fair and reasonable, with legal decision-making procedures and objective pricing bases and fair transaction price, without harm to the interests of the Company and its shareholders, especially the minority shareholders. All material transactions are entered into with contracts.

8. Internal control: the Company further implements the Basic Internal Control Standards for Enterprise and its guidance, and establishes internal control system in the headquarter and certain important subsidiaries. Aiming to

improve the management, the Company optimized its working procedures, improved internal control system, and identified and controlled operation risks. During the reporting period, the Company prepared the Working Plan for Implementing Internal Control Standards in 2012. for details, please refer to the announcement disclosed at website <http://www.cninfo.com.cn> on 31 March 2012.

Is there any difference between corporate governance and the requirements of the Company Law and relevant regulations of the CSRC

☐ Yes ☒ No

There is no difference between corporate governance and the requirements of the Company Law and relevant regulations of the CSRC

Progress of the special activity for corporate governance, establishment and implementation of insider information registration management system

The Company approved its Insider Information and Insider Management System on 14 February 2012, the details of which was disclosed at the website <http://www.cninfo.com.cn>.

II. In the report period, the Company held annual shareholders' general meeting and extraordinary shareholders' general meeting

1. Annual Shareholders' General Meeting in the report period

Session of meeting	Date	Name of meeting motion	Situation	Date of disclosure	Index of disclosure
Annual Shareholders General Meeting of 2011	2012-05-23	1. Report from the Board for year of 2011; 2. Report from Supervisory Committee for year of 2011; 3. Annual Report of 2011 and Summary; 4. Financial Result Report for year of 2011; 5. Profit Distribution Plan of 2011; 6. Prediction of Total daily Related transaction for year of 2012; 7. Re-engagement of auditing firm for year of 2012 and its remuneration; 8. Engagement of audit firms for internal control of 2012; 9. Allowance of independent directors; 10. Changes of Directors of the Company	All have been deliberated and passed	2012-05-24	"Resolution Notice of Annual Shareholders General Meeting of 2011"(No.: 2012-032) published on Juchao Website

2. Extraordinary shareholders' general meeting in the report period

Session of meeting	Date	Name of meeting motion	Situation	Date of disclosure	Index of disclosure
First Extraordinary Shareholders General Meeting of 2012	2012-03-07	1. Amendment of Article of Association; 2. Counter Guarantee for Stock Jointly company; 3. General Election of the Board for non independent director ; 3.1 Election of non independent director of 7 th session of the Board—Mr. Wang Weiliang; 3.2 Election of non independent director of 7 th session of the Board—Mr. Chen Xuejun; 3.3 Election of non independent director of 7 th session of the Board—Mr. Wang Xiaodong; 3.4 Election of non independent director of 7 th session of the Board—Mr. Ge Songping; 3.5 Election of non independent director of 7 th session of the Board—Ms. Hua Wanrong; 3.6 Election of non independent director of 7 th session of the Board—Mr. Rudolf Maier; 3.7 Election of non independent director of 7 th session of the	All have been deliberated and passed	2012-03-08	"Resolution Notice of First Extraordinary Shareholders General Meeting of 2012"(No.: 2012-014) published on Juchao Website

		Board—Mr. Chen Yudong; 4. General Election of the Board for independent director; 4.1 Election of independent director of 7 th session of the Board—Mr. Du Fangci; 4.2 Election of independent director of 7 th session of the Board—Ms. Yu Xiaoli; 4.3 Election of independent director of 7 th session of the Board—Mr. Xing Min; 4.4 Election of independent director of 7 th session of the Board—Mr. Zhang Hongfa; 5. General Election of the Supervisory Committee; 5.1 Election of non representative of employee supervisor—Mr. Gao Guoyuan			
Second Extraordinary Shareholders General Meeting of 2012	2012-08-27	1. Amendment of “Article of Association”	All have been deliberated and passed	2012-08-28	Resolution Notice of Second Extraordinary Shareholders General Meeting of 2012”(No.: 2012-040) published on Juchao Website

III. Responsibility performance of independent directors in report period

1. The attending of independent directors to Board meetings and shareholders' general meeting

The attending of independent directors						
Name of independent director	Times of Board meeting supposed to attend in the report period	Times of Presence	Times of attending by communication	Times of entrusted presence	Times of Absence	Whether absent the Meeting for the second time in a row or not
Du Fangci	11	5	6			No
Yu Xiaoli	11	5	6			No
Xing Min	9	4	5			No
Zhang Hongfa	9	4	5			No
Ma Huilan	2	1	1			No
Times attending shareholders' general meeting from independent directors		3				

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

Ma Huilan is the independent director of the 6th session of the Board, she leaved the post while general election for 7th session of the Board dated 7 March 2012

2. Objection for relevant events from independent directors

Whether independent directors come up with objection about company's relevant matters or not

☐ Yes ☒ No

Independent directors has no objections for relevant events in reporting period

3. Other explanation about responsibility performance of independent directors

Whether the opinions from independent directors have been adopted or not

☒ Yes ☐ No

Independent directors' explanation on adoption or not adoption of relevant recommendations of the Company

The independent directors earnestly performed their duties endowed by relevant laws, regulations, the Articles of Association and independent director system pursuant to the Company Law, Opinions on Establishing Independent Director System in Listed Company, the Articles of Association and relevant laws and regulations. They take active participation in meetings of the board and general meeting. Prior to the participation, they actively acquire the informations needed for making decisions. They considered each proposal in meetings and actively joined discussion and offered their recommendations. They issued independent opinions on significant issues. Diligent, loyal and responsible were their attitude when performing their duties, so as to fully exercise their influences as independent directors. They protected the interests of the Company and shareholders. Independent directors have no objection in relation to the relevant issues of the Company.

IV. Performance of subordinate committees of the Board in reporting period

Performance of vary committee of the Board in reproting period as:

1. Three meetings of Audit committee of the Board, deliberated the follwed: "Fianncial Result Report of 2011", "Annual Report of 2011 and its Summary", "Conclusion Report of auditing for year of 2011", "Engagement of audit institute for financial report of 2012", "Engagement of audit institute for internal control of the Compay of 2012" and "Semi-Annual Report of 2012 and its Summary";
2. One meeting of remuneration and appraisal committee of the Board, deliberate "Remuneration evaluation and payment for senior executive of 2011";
3. Two meetings of nomination committee of the Board, deliberated the "Approval opinion of engagement of senior executives" and "Changes of Directors of the Board";
4. One meeting of strategy committee of the Board, deliberate "Opertaion target for year of 2012"

V. Works from Supervisory Committee

Whether the Company has risks or not in reporting period that found in supervisory activity from supervisory committee

☐ Yes ☒ No

Supervisory committee has no objection about supervision events in reporting period

VI. Independence of the Company in aspect of business, personnel, assets, institute and finance relative to its controlling shareholder

During the reporting period, the Company continued to keep independent in business, personnel, asset, organ and finance, with complete set of business system and ability to conduct independent operation. 1. Business: the Company had independent production system, purchase and sale system and land use right. Industry property, trademark, non-patent technology and other intangible assets related to its production operation business were all owned by the Company. It was totally independent from controlling shareholders in business, with independent and complete business and ability to conduct business independently. 2. Personnel: the Company was independent in management of labor force, administration and salary. The general manager, deputy general manager, financial principal, marketing principal, secretary to the board and other senior management only took positions in the Company and received remuneration from the Company, and took no position in substantial shareholders. Directors and senior management of the Company were determined through legal procedures, no controlling shareholder intervened in engagement and dismissal of personnel which should be determined by the board and general meeting. 3. Asset: there was clear property relation between the Company and substantial shareholders. It had independent and complete production, supply and sales system. Industry property, trademark, non-patent technology and other intangible assets were all owned by the Company. 4. Organ: the Company had sound organ system and independent internal organs which were totally separated with controlling shareholders. There was no subordinate relation and normal operation can be promised. The Company set general meeting, the board and the supervisory committee and other decision-making and supervision organs. The production operation and administrative management (including labor force, finance, technology, etc) were totally independent from controlling shareholders. The office organ and production operation place were separated from controlling

shareholders, without joint operation. 5. Finance: the Company set independent finance department, and established independent accounting calculation system and finance management system. It had independent bank account and paid tax independently.

VII. Horizontal Competition

No horizontal competitions exist in the Company, controlling shareholders and actual controllers

VIII. Appraisal and incentive mechanism for senior executives

Engagement, examination and incentives of senior management are made according to relevant provisions in the Company Law and the Articles of Association. According to the Remuneration and Remuneration Incentive Examination Plan, the Company determined the annual remuneration of senior management which comprised of basic annual salary and performance-related remuneration. basic annual salary was determined according to specific positions and performance-related remuneration was directly related to economic benefits of the Company which was granted according to completion of each annual benefit target. Till now, the Company has not implemented equity incentive measures.

Section IX. Internal control

I. Construction of internal control

The internal control leader team chaired by chairman of the board is the leader organ responsible for internal control evaluation, and the internal control implementation team chaired by standing deputy general manager is responsible for preparation, organization and implementation of internal control evaluation working plan, and summarizes the evaluation results and prepares self-evaluation report. The board authorises the audit department or other department with the same function to take charge of the specific implementation of internal control evaluation. The Company forms internal control evaluation working team to make evaluation on the high risk fields and units within the evaluation scope. the internal control evaluation is conducted based on principle of comprehensiveness, importance, objectiveness and risk-orient. The detailed works are conducted based on principles of reinforced leadership, careful organization, strict evaluation and improved reforms. The Company engaged an external professional consultant Union Strength to provide assistance in internal control evaluation works, and Jiangsu Gongzheng Tianye Certified Public Accountants to review on design and operational effectiveness of the internal control system of the Company.

II. Statement of the Board on responsibility of internal control

The board and its entire members guarantee that there is no false recording, misleading statement or material omission in contents of this report, and take joint and severe responsibility for the truthfulness, accuracy and completeness of the contents. To establish sound internal control system and effectively implement the same is the responsibility of the board; the supervisory committee supervises the establishment and implementation of such internal control system; managers are responsible for normal operation of internal control system. The target of internal control is to promise legal operation, asset safety, truthful, accurate and complete financial reports and related information, enhancement of operation efficiency and effects, as well as realization of development strategy. Due to the limited nature of internal control, the Company thus only provided reasonable promises for the aforesaid targets.

III. Bases for construction of financial report internal control

Bases for construction of financial report internal control are the Basic Internal Control Standards for Enterprise and Internal Control Mating Guidance jointly issued by the ministry of finance and other four ministries.

IV. Self-evaluation report of internal control

Details of major defects in self-evaluation report that found in reporting period	
No major defect has been found in the report period.	
Date of self-evaluation report of internal control disclosed (full-text)	2013-03-28
Index of self-evaluation report of internal control disclosed(full-text)	"Self-evaluation report of internal control", more details found in Juchao website (www.cninfo.com.cn) appointed by Shenzhen Stock Exchange

V. Audit report of internal control

√ Applicable □ Not applicable

Auditing comments section for audit report of internal control	
Audit institute considers that: according to relevant regulations and "Basic Rules of Internal Control for Enterprises", Weifu High-Technology Co., Ltd., in all major aspects, keeps an efficiency of internal control of financial report dated 31 December 2012	
Disclosure date of audit report of internal control (full-text)	2013-03-28
Index of audit report of internal control (full-text)	"Audit report of internal control for year of 2012", more details found in Juchao website (www.cninfo.com.cn) appointed by Shenzhen Stock Exchange

Whether modified audit opinions carried out for the audit report of internal control from CPA or not

☐ Yes ☒ No

Whether audit report of internal control, issued by CPA, is in agreement with self-evaluation report, issued by the Board

☒ Yes ☐ No

VI. Establishment and enforcement of Accountability Mechanism for Major Errors in Annual Report

The “accountability mechanism for major errors in annual report disclosure” was deliberated and approved on 20 April 2010, relevant notice found in Juchao website (www.cninfo.com.cn). In reporting period, no major correction for accounting errors, supplementation for major missing information and correction of performance forecast been found.

Section X. Financial Report

I. Audit report

Type of audit opinion	Standard unqualified opinion
Signing date of audit report	2013-03-26
Name of audit institute	Jiangsu Gongzheng Tianye Certified Public Accountants Co., Ltd.
Document serial of audit report	SuGong W[2013]No.: A272

Auditor's Report

To all shareholders of Weifu High-Technology Group Co., Ltd.:

We have audited the Company's consolidated and parent Company's financial statements of Weifu High-Technology Group Co., Ltd ("Weifu High-Tech"), including balance sheet of 31 December 2012, and profit statement, and cash flow statement, and statement on changes of shareholders' equity for the year ended, and notes to the financial statements for the year ended.

I. Management's responsibility for the financial statements

Management of the Company is responsible for prepare and present financial statement of the Company, which including: (1) Prepare financial statements with fair presentation in line with Accounting Standards for Business Enterprises; (2) Designing, executed and maintaining necessary internal control in order to prevent fundamental miscarrying in financial statement from fraudulent or errors.

II. Auditor's responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We performed our audit in accordance with Chinese Certified Public Accountants' Auditing Standards. Those standards require us to comply with professional ethics, and to plan and perform our audit so as to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures of the financial statements. The selective audit procedures depend on auditor's judgment, including the evaluation of the risk of material misstatement of the consolidated financial statements due to frauds or errors. When evaluating risk, we consider internal control related to financial statements, in order to design auditing procedures, but not for the purpose of expressing an opinion on the internal control's effectiveness. An audit also includes assessing the appropriateness of the accounting policies adopted and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that we have obtained sufficient and appropriate audit evidences to provide a basis for our audit opinion.

III. Auditing opinion

In our opinion, in all material aspects, Weifu Hi-Tech's financial statements have been prepared in accordance with the Enterprises Accounting Standards and Enterprises Accounting System, and they fairly present the financial status of the consolidated and parent company's as of December 31, 2012, and its operation results and cash flows for the year ended.

Jiangsu Gongzheng Tianye CPA Co., Ltd.
Wuxi China

Chinese CPA
Chinese CPA
26 March 2013

Bo Lingjing
Liu Darong

(II) Financial statement

Unit in note of financial statement refers to CNY: RMB (Yuan)

1. Consolidated balance sheet

Prepared by Weifu High-Technology Group Co., Ltd

Unit: RMB

Item	Balance at period-end	Balance at period-begin
Current assets:		
Monetary fund	2,600,714,219.36	855,053,599.38
Settlement provisions		
Capital lent		
Transaction finance asset		
Notes receivable	898,720,248.22	1,227,018,757.27
Account receivable	1,036,392,701.40	1,167,123,155.04
Accounts paid in advance	143,500,001.15	183,407,859.04
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable	37,619,858.83	
Dividend receivable	107,616,777.91	
Other receivables	10,147,631.52	11,983,410.88
Purchase restituted finance asset		
Inventories	759,505,087.10	883,582,090.78
Non-current asset due within one year		
Other current assets	500,118,243.81	10,235,025.21
Total current assets	6,094,334,769.30	4,338,403,897.60
Non-current assets:		
Granted entrust loans and advances		
Financial assets available for sale	265,689,600.00	
Hold-to-maturity investment	649,000,000.00	
Long-term account receivable		
Long-term equity investment	2,192,275,239.86	1,786,481,972.85
Investment real estate	3,881,346.30	4,352,211.86
Fixed assets	1,404,806,234.18	1,357,509,509.59
Construction in process	65,649,548.48	98,288,407.69
Engineering material		
Disposal of fixed asset		
Productive biological assets		
Oil and gas asset		
Intangible assets	280,305,865.12	249,921,186.58

Expense on Research and Development		
Goodwill	1,784,086.79	1,784,086.79
Long-term expenses to be apportioned	12,227,687.75	9,144,280.20
Deferred income tax asset	86,019,554.56	83,331,883.03
Other non-current asset		
Total non-current asset	4,961,639,163.04	3,590,813,538.59
Total assets	11,055,973,932.34	7,929,217,436.19
Current liabilities:		
Short-term loans	70,000,000.00	495,000,000.00
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Transaction financial liabilities		
Notes payable	278,184,200.63	164,301,719.94
Accounts payable	1,133,511,331.25	1,297,893,239.74
Accounts received in advance	52,622,311.97	55,289,941.25
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	276,292,169.70	278,771,987.97
Taxes payable	27,471,710.92	77,737,123.74
Interest payable	220,500.00	930,000.00
Dividend payable		3,444,762.15
Other accounts payable	71,364,242.12	83,991,571.43
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Non-current liabilities due within 1 year		3,000,000.00
Other current liabilities	22,102,265.27	34,608,609.47
Total current liabilities	1,931,768,731.86	2,494,968,955.69
Non-current liabilities:		
Long-term loans		
Bonds payable		
Long-term account payable	16,790,909.00	18,840,000.00
Special accounts payable		
Projected liabilities		
Deferred income tax liabilities	12,551,182.40	2,689,975.40
Other non-current liabilities	133,879,108.31	72,330,000.00
Total non-current liabilities	163,221,199.71	93,859,975.40
Total liabilities	2,094,989,931.57	2,588,828,931.09
Owners' equity(or Shareholders' equity):		
Paid-in capital(or share capital)	680,133,995.00	567,275,995.00

Capital public reserve	3,689,694,029.52	895,918,416.59
Less: Inventory shares		
Reasonable reserve		
Surplus public reserve	340,066,997.50	283,637,997.50
Provision of general risk		
Retained profit	3,946,085,733.22	3,317,227,992.26
Balance difference of foreign currency translation		
Total owner's equity attributable to parent Company	8,655,980,755.24	5,064,060,401.35
Minority interests	305,003,245.53	276,328,103.75
Total owner's equity(or shareholders equity)	8,960,984,000.77	5,340,388,505.10
Total liabilities and owner's equity(or shareholders equity)	11,055,973,932.34	7,929,217,436.19

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

2. Balance sheet of parent company

Prepared by Weifu High-Technology Group Co., Ltd

Unit: RMB

Item	Balance at period-end	Balance at period-begin
Current assets:		
Monetary fund	1,566,564,504.46	189,135,416.49
Transaction finance asset		
Notes receivable	316,494,407.33	440,248,528.54
Account receivable	654,141,638.40	822,357,590.99
Accounts paid in advance	58,571,931.67	58,227,907.25
Interest receivable	31,963,747.72	
Dividend receivable	102,868,978.88	
Other receivables	23,509,170.62	167,045,153.49
Inventory	204,214,205.28	296,385,165.44
Non-current asset due within one year		
Other current assets	490,000,000.00	
Total current assets	3,448,328,584.36	1,973,399,762.20
Non-current assets:		
Financial assets available for sale	265,689,600.00	
Hold-to-maturity investment	649,000,000.00	
Long-term account receivable		
Long-term equity investment	3,174,930,767.12	2,576,168,955.22

Investment real estate		
Fixed assets	663,822,135.66	689,680,279.76
Construction in process	36,037,172.50	56,239,272.06
Engineering material		
Disposal of fixed asset		
Productive biological assets		
Oil and gas asset		
Intangible assets	183,908,044.23	187,843,427.92
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned		
Deferred income tax asset	49,794,919.70	47,881,534.77
Other non-current asset		
Total non-current asset	5,023,182,639.21	3,557,813,469.73
Total assets	8,471,511,223.57	5,531,213,231.93
Current liabilities:		
Short-term loans		465,000,000.00
Transaction financial liabilities		
Notes payable	96,780,000.00	85,000,000.00
Accounts payable	524,096,818.13	632,112,594.66
Accounts received in advance	7,612,539.20	8,150,899.35
Wage payable	180,177,025.37	175,803,158.72
Taxes payable	21,422,094.21	25,748,688.27
Interest payable		780,000.00
Dividend payable		
Other accounts payable	62,293,809.89	69,856,690.02
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	892,382,286.80	1,462,452,031.02
Non-current liabilities:		
Long-term loans		
Bonds payable		
Long-term account payable		
Special accounts payable		
Projected liabilities		
Deferred income tax liabilities	9,972,240.00	
Other non-current liabilities	115,759,108.31	56,830,000.00
Total non-current liabilities	125,731,348.31	56,830,000.00
Total liabilities	1,018,113,635.11	1,519,282,031.02
Owners' equity(or Shareholders' equity):		
Paid-in capital(or share capital)	680,133,995.00	567,275,995.00
Capital public reserve	3,717,757,419.50	923,981,806.57

Less: Inventory shares		
Reasonable reserve		
Surplus public reserve	340,066,997.50	283,637,997.50
Provision of general risk		
Retained profit	2,715,439,176.46	2,237,035,401.84
Balance difference of foreign currency translation		
Total owner's equity(or shareholders equity)	7,453,397,588.46	4,011,931,200.91
Total liabilities and owner's equity(or shareholders equity)	8,471,511,223.57	5,531,213,231.93

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

3. Consolidated profit statement

Prepared by Weifu High-Technology Group Co., Ltd

Unit: RMB

Item	Amount in this period	Amount in last period
I. Total operating income	5,015,283,418.71	5,898,113,089.49
Including: Operating income	5,015,283,418.71	5,898,113,089.49
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	4,386,118,820.24	5,035,288,701.55
Including: Operating cost	3,773,477,621.24	4,314,627,953.07
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Operating tax and extras	31,832,916.09	33,003,660.27
Sales expenses	190,643,487.97	226,887,211.67
Administration expenses	444,544,043.03	427,945,464.77
Financial expenses	-75,494,945.74	26,348,164.48
Losses of devaluation of asset	21,115,697.65	6,476,247.29
Add: Changing income of fair value(Loss is listed with "-")		
Investment income (Loss is listed with "-")	396,219,312.90	497,941,948.54
Including: Investment income on affiliated Company and joint venture	368,812,771.97	497,916,948.54
Exchange income (Loss is listed with "-")		
III. Operating profit (Loss is listed with "-")	1,025,383,911.37	1,360,766,336.48
Add: Non-operating income	20,505,678.63	43,504,340.10

Less: Non-operating expense	7,872,719.89	7,464,890.23
Including: Disposal loss of non-current asset	1,364,127.23	527,580.86
IV. Total Profit (Loss is listed with “-”)	1,038,016,870.11	1,396,805,786.35
Less: Income tax	103,779,577.90	141,294,928.46
V. Net profit (Net loss is listed with “-”)	934,237,292.21	1,255,510,857.89
Including: net profit realized for merged party before combination		
Net profit attributable to owner’s equity of parent Company	889,326,939.46	1,204,617,075.56
Minority shareholders’ gains and losses	44,910,352.75	50,893,782.33
VI. Earnings per share	--	--
i. Basic earnings per share	1.34	2.12
ii. Diluted earnings per share	1.34	2.12
VII. Other consolidated income	56,509,360.00	
VIII. Total consolidated income	990,746,652.21	1,255,510,857.89
Total consolidated income attributable to owners of parent Company	945,836,299.46	1,204,617,075.56
Total consolidated income attributable to minority shareholders	44,910,352.75	50,893,782.33

For combination under same control in this period, net profit realized for merged party before combination was : RMB

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

4. Profit statement of parent company

Prepared by Weifu High-Technology Group Co., Ltd

Unit: RMB

Item	Amount in this period	Amount in last period
I. Oration income	2,132,088,989.17	2,788,219,421.85
Less: Oration cost	1,782,615,888.55	2,212,560,781.97
Operating tax and extras	11,198,659.30	8,863,173.41
Sales expenses	100,733,250.93	123,385,639.56
Administration expenses	175,914,711.14	164,282,347.00
Financial expenses	-74,305,747.48	13,352,081.65
Losses of devaluation of asset	6,802,374.73	1,953,321.23
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)	630,849,457.36	753,513,412.15
Including: Investment income on affiliated Company and joint venture	324,586,557.36	442,582,074.71
II. Operating profit (Loss is listed with “-”)	759,979,309.36	1,017,335,489.18
Add: Non-operating income	9,925,274.63	33,522,956.65
Less: Non-operating expense	3,291,317.72	3,021,812.21
Including: Disposal loss of non-current asset	618,130.74	953.44
III. Total Profit (Loss is listed with “-”)	766,613,266.27	1,047,836,633.62
Less: Income tax	27,740,293.15	47,799,378.36

IV. Net profit (Net loss is listed with “-”)	738,872,973.12	1,000,037,255.26
V. Earnings per share	--	--
i. Basic earnings per share	1.12	1.76
ii. Diluted earnings per share	1.12	1.76
VI. Other consolidated income	56,509,360.00	
VII. Total consolidated income	795,382,333.12	1,000,037,255.26

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

5. Consolidated cash flow statement

Prepared by Weifu High-Technology Group Co., Ltd

Unit: RMB

Item	Amount in this period	Amount in last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	6,257,141,260.17	6,179,261,861.00
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Insured savings and net increase of investment		
Net increase of disposal of transaction financial asset		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received	44,379,611.51	42,845,986.04
Other cash received concerning operating activities	141,039,458.18	114,351,139.35
Subtotal of cash inflow arising from operating activities	6,442,560,329.86	6,336,458,986.39
Cash paid for purchasing commodities and receiving labor service	3,903,794,051.95	4,537,241,612.23
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	542,762,958.26	490,323,372.96
Taxes paid	451,789,302.20	540,546,746.70
Other cash paid concerning operating activities	378,454,798.99	442,078,069.43
Subtotal of cash outflow arising from operating activities	5,276,801,111.40	6,010,189,801.32
Net cash flows arising from operating activities	1,165,759,218.46	326,269,185.07
II. Cash flows arising from investing activities:		
Cash received from recovering investment	9,291,900.00	

Cash received from investment income	235,527,376.75	597,910,850.97
Net cash received from disposal of fixed, intangible and other long-term assets	14,315,716.80	12,609,512.82
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	259,134,993.55	610,520,363.79
Cash paid for purchasing fixed, intangible and other long-term assets	256,150,809.13	552,572,233.28
Cash paid for investment	1,660,673,000.00	21,211,563.49
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	1,916,823,809.13	573,783,796.77
Net cash flows arising from investing activities	-1,657,688,815.58	36,736,567.02
III. Cash flows arising from financing activities:		
Cash received from absorbing investment	2,862,720,552.93	9,954,090.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	12,596,300.00	9,954,090.00
Cash received from loans	646,000,000.00	1,101,480,514.61
Cash received from issuing bonds		
Other cash received concerning financing activities	8,404,657.07	
Subtotal of cash inflow from financing activities	3,517,125,210.00	1,111,434,604.61
Cash paid for settling debts	1,074,000,000.00	876,480,514.61
Cash paid for dividend and profit distributing or interest paying	255,426,930.95	317,400,862.44
Including: Dividend and profit of minority shareholder paid by subsidiaries	32,276,273.12	42,771,255.10
Other cash paid concerning financing activities	8,743,748.07	
Subtotal of cash outflow from financing activities	1,338,170,679.02	1,193,881,377.05
Net cash flows arising from financing activities	2,178,954,530.98	-82,446,772.44
IV. Influence on cash due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	1,687,024,933.86	280,558,979.65
Add: Balance of cash and cash equivalents at the period -begin	745,778,764.22	465,219,784.57
VI. Balance of cash and cash equivalents at the period -end	2,432,803,698.08	745,778,764.22

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

6. Cash flow statement of parent company

Prepared by Weifu High-Technology Group Co., Ltd

Unit: RMB

Item	Amount in this period	Amount in last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	2,778,522,440.94	2,835,762,966.41
Write-back of tax received		

Other cash received concerning operating activities	270,278,087.12	85,541,273.42
Subtotal of cash inflow arising from operating activities	3,048,800,528.06	2,921,304,239.83
Cash paid for purchasing commodities and receiving labor service	1,881,854,176.67	2,636,686,703.84
Cash paid to/for staff and workers	207,786,568.53	179,874,189.59
Taxes paid	135,099,550.27	174,390,851.86
Other cash paid concerning operating activities	161,194,834.36	251,643,819.28
Subtotal of cash outflow arising from operating activities	2,385,935,129.83	3,242,595,564.57
Net cash flows arising from operating activities	662,865,398.23	-321,291,324.74
II. Cash flows arising from investing activities:		
Cash received from recovering investment	1,340,000.00	
Cash received from investment income	515,364,899.46	900,735,529.77
Net cash received from disposal of fixed, intangible and other long-term assets	4,045,574.34	9,764,638.07
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	520,750,473.80	910,500,167.84
Cash paid for purchasing fixed, intangible and other long-term assets	64,864,314.72	314,127,091.63
Cash paid for investment	1,890,673,000.00	179,018,800.00
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	1,955,537,314.72	493,145,891.63
Net cash flows arising from investing activities	-1,434,786,840.92	417,354,276.21
III. Cash flows arising from financing activities:		
Cash received from absorbing investment	2,850,124,252.93	
Cash received from loans	570,000,000.00	1,041,480,514.61
Cash received from issuing bonds		
Other cash received concerning financing activities	8,404,657.07	
Subtotal of cash inflow from financing activities	3,428,528,910.00	1,041,480,514.61
Cash paid for settling debts	1,035,000,000.00	816,480,514.61
Cash paid for dividend and profit distributing or interest paying	220,773,699.76	274,096,700.68
Other cash paid concerning financing activities	8,404,657.07	
Subtotal of cash outflow from financing activities	1,264,178,356.83	1,090,577,215.29
Net cash flows arising from financing activities	2,164,350,553.17	-49,096,700.68
IV. Influence on cash due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	1,392,429,110.48	46,966,250.79
Add: Balance of cash and cash equivalents at the period -begin	132,135,416.49	85,169,165.70
VI. Balance of cash and cash equivalents at the period -end	1,524,564,526.97	132,135,416.49

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

7. Consolidated Statement on Changes of Owners' Equity

Prepared by Weifu High-Technology Group Co., Ltd

Unit: RMB

Amount in this period

Item	Amount in this period									
	Owners' equity attributable to the parent Company								Minority's equity	Total Owners' equity
	Paid-in capital(or share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk provision	Retained profit	Other		
I. Balance at the end of the last year	567,275,995.00	895,918,416.59			283,637,997.50		3,317,227,992.26		276,328,103.75	5,340,388,505.10
Add: Changes of accounting policy										
Error correction of the last period										
Other										
II. Balance at the beginning of this year	567,275,995.00	895,918,416.59			283,637,997.50		3,317,227,992.26		276,328,103.75	5,340,388,505.10
III. Increase/ Decrease in this year (Decrease is listed with "-")	112,858,000.00	2,793,775,612.93			56,429,000.00		628,857,740.96		28,675,141.78	3,620,595,495.67
(I) Net profit							889,326,939.46		44,910,352.75	934,237,292.21
(II) Other consolidated income		56,509,360.00								56,509,360.00
Subtotal of (I) and (II)		56,509,360.00					889,326,939.46		44,910,352.75	990,746,652.21
(III) Owners' devoted and decreased capital	112,858,000.00	2,737,266,252.93							12,596,300.00	2,862,720,552.93
1. Owners' devoted capital	112,858,000.00	2,737,266,252.93							12,596,300.00	2,862,720,552.93
2. Amount calculated into owners' equity paid in shares										
3. Other										

(IV) Profit distribution					56,429,000.00		-260,469,198.50		-28,831,510.97	-232,871,709.47
1. Withdrawal of surplus reserves					56,429,000.00		-56,429,000.00			
2. Withdrawal of general risk provisions										
3. Distribution for owners (or shareholders)							-204,040,198.50		-28,831,510.97	-232,871,709.47
4. Other										
(V) Carrying forward internal owners' equity										
1. Capital reserves converted to capital (share capital)										
2. Surplus reserves converted to capital (share capital)										
3. Remedying loss with surplus reserve										
4. Other										
(VI) Reasonable reserve										
1. Withdrawal in the report period				18,232,197.57					2,071,770.49	20,303,968.06
2. Usage in the report period				18,232,197.57					2,071,770.49	20,303,968.06
(VII) Others										
IV. Balance at the end of the report period	680,133,995.00	3,689,694,029.52			340,066,997.50		3,946,085,733.22		305,003,245.53	8,960,984,000.77

Amount at last year

Unit: RMB

Item	Amount at last year									
	Owners' equity attributable to the parent Company								Minority's equity	Total Owners' equity
	Paid-in capital(or share capital)	Capital reserves	Less: Treasury	Reasonable reserve	Surplus reserves	General risk	Retained profit	Other		

			Stock			provision				
I. Balance at the end of the last year	567,275,995.00	895,918,416.59			283,637,997.50		2,359,375,974.53		239,608,585.66	4,345,816,969.28
Add: Retroactive adjustment arising from combination under same control										
Add: Changes of accounting policy										
Error correction of the last period										
Other										
II. Balance at the beginning of this year	567,275,995.00	895,918,416.59			283,637,997.50		2,359,375,974.53		239,608,585.66	4,345,816,969.28
III. Increase/ Decrease in this year (Decrease is listed with “-”)							957,852,017.73		36,719,518.09	994,571,535.82
(I) Net profit							1,204,617,075.56		50,893,782.33	1,255,510,857.89
(II) Other consolidated income										
Subtotal of (I) and (II)							1,204,617,075.56		50,893,782.33	1,255,510,857.89
(III) Owners’ devoted and decreased capital									13,348,460.37	13,348,460.37
1. Owners’ devoted capital									13,348,460.37	13,348,460.37
2. Amount calculated into owners’ equity paid in shares										
3. Other										
(IV) Profit distribution							-246,765,057.83		-27,522,724.61	-274,287,782.44
1. Withdrawal of surplus reserves										
2. Withdrawal of general risk provisions										
3. Distribution for owners (or shareholders)							-246,765,057.83		-27,522,724.61	-274,287,782.44
4. Other										

(V) Carrying forward internal owners' equity										
1. Capital reserves converted to capital (share capital)										
2. Surplus reserves converted to capital (share capital)										
3. Remedying loss with surplus reserve										
4. Other										
(VI) Reasonable reserve										
1. Withdrawal in the report period										
2. Usage in the report period										
(VII) Others										
IV. Balance at the end of the report period	567,275,995.00	895,918,416.59			283,637,997.50		3,317,227,992.26		276,328,103.75	5,340,388,505.10

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

8. Statement on Changes of Owners' Equity of Parent Company

Prepared by Weifu High-Technology Group Co., Ltd

Unit: RMB

Amount in this period

Item	Amount in this period							
	Paid-in capital(or share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk provision	Retained profit	Total Owners' equity
I. Balance at the end of the last year	567,275,995.00	923,981,806.57			283,637,997.50		2,237,035,401.84	4,011,931,200.91
Add: Changes of accounting policy								
Error correction of the last period								

Other								
II. Balance at the beginning of this year	567,275,995.00	923,981,806.57			283,637,997.50		2,237,035,401.84	4,011,931,200.91
III. Increase/ Decrease in this year (Decrease is listed with “-”)	112,858,000.00	2,793,775,612.93			56,429,000.00		478,403,774.62	3,441,466,387.55
(I) Net profit							738,872,973.12	738,872,973.12
(II) Other consolidated income		56,509,360.00						56,509,360.00
Subtotal of (I) and (II)		56,509,360.00					738,872,973.12	795,382,333.12
(III) Owners’ devoted and decreased capital	112,858,000.00	2,737,266,252.93						2,850,124,252.93
1. Owners’ devoted capital	112,858,000.00	2,737,266,252.93						2,850,124,252.93
2. Amount calculated into Owners’ equity paid in shares								
3. Other								
(IV) Profit distribution					56,429,000.00		-260,469,198.50	-204,040,198.50
1. Withdrawal of surplus reserves					56,429,000.00		-56,429,000.00	
2. Withdrawal of general risk provisions								
3. Distribution for owners (or shareholders)							-204,040,198.50	-204,040,198.50
4. Others								
(V) Carrying forward internal owners’ equity								
1. Capital reserves converted to capital (share capital)								
2. Surplus reserves converted to capital (share capital)								
3. Remedying loss with surplus reserve								
4. Others								
(VI) Reasonable reserve								
1. Withdrawal in the report period				4,688,219.42				4,688,219.42
2. Usage in the report period				4,688,219.42				4,688,219.42
(VII) Others								
IV. Balance at the end of the report period	680,133,995.00	3,717,757,419.50			340,066,997.50		2,715,439,176.46	7,453,397,588.46

Amount at last year

Unit: RMB

Item	Amount at last year							
	Paid-in capital(or share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk provision	Retained profit	Total Owners' equity
I. Balance at the end of the last year	567,275,995.00	923,981,806.57			283,637,997.50		1,483,763,204.41	3,258,659,003.48
Add: Changes of accounting policy								
Error correction of the last period								
Other								
II. Balance at the beginning of this year	567,275,995.00	923,981,806.57			283,637,997.50		1,483,763,204.41	3,258,659,003.48
III. Increase/ Decrease in this year (Decrease is listed with "-")							753,272,197.43	753,272,197.43
(I) Net profit							1,000,037,255.26	1,000,037,255.26
(II) Other consolidated income								
Subtotal of (I) and (II)							1,000,037,255.26	1,000,037,255.26
(III) Owners' devoted and decreased capital								
1. Owners' devoted capital								
2. Amount calculated into Owners' equity paid in shares								
3. Other								
(IV) Profit distribution							-246,765,057.83	-246,765,057.83
1. Withdrawal of surplus reserves								
2. Withdrawal of general risk provisions								
3. Distribution for owners (or shareholders)							-246,765,057.83	-246,765,057.83

4. Others								
(V) Carrying forward internal owners' equity								
1. Capital reserves converted to capital (share capital)								
2. Surplus reserves converted to capital (share capital)								
3. Remedying loss with surplus reserve								
4. Others								
(VI) Reasonable reserve								
1. Withdrawal in the report period								
2. Usage in the report period								
(VII) Others								
IV. Balance at the end of the report period	567,275,995.00	923,981,806.57			283,637,997.50		2,237,035,401.84	4,011,931,200.91

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

III. Basic information of the Company

1. Historical origin of the Company

By the approval of STGS (1992) No. 130 issued by Jiangsu Economic Restructuring Committee, Weifu High-Technology Group Co., Ltd. (hereinafter referred to “the Company” or “Company”) was established as a company of limited liability with funds raised from targeted sources, and registered at Wuxi Administration for Industry & Commerce in October 1992. The original share capital of the Company totaled RMB 115.4355 million, including state-owned share capital amounting to RMB 92.4355 million, public corporate share capital amounting to RMB 8 million and inner employee share capital amounting to RMB 15 million.

In the year of 1994 and 1995, the Company was restructured and became a holding subsidiary of Wuxi Weifu Group Co., Ltd (hereinafter referred to as “Weifu Group”).

By the approval of Jiangsu ERC and Shenzhen Securities Administration Office in August 1995, the Company issued 68 million special ordinary shares (B-share) with value of RMB 1.00 for each, and the total value of those shares amounted to RMB 68 million. After the issuance, the Company’s total share capital increased to RMB 183.4355 million.

By the approval of CSRC in June 1998, the Company issued 120 million RMB ordinary shares (A-share) at Shenzhen Stock Exchange through on-line pricing and issuing. After the issuance, the total share capital of the Company amounted to RMB 303.4355 million.

In the middle of 1999, deliberated and approved by the Board and Shareholders’ General Meeting, the Company implemented the plan of granting 3 bonus shares for each 10 shares. After that, the total share capital of the Company amounted to RMB 394.46615 million, of which state-owned shares amounted to RMB 120.16615 million, public corporate shares RMB 10.4 million, foreign-funded shares (B-share) RMB 88.40 million, RMB ordinary shares (A-share) RMB 156 million and inner employee shares RMB 19.5 million.

In the year 2000, by the approval of the CSRC and based upon the total share capital of 303.4355 million shares after the issuance of A-share in June 1998, the Company allotted 3 shares for each 10 shares, with a price of RMB 10 for each allotted share. Actually 41.9 million shares was allotted, and the total share capital after the allotment increased to RMB 436.36615 million, of which state-owned corporate shares amounted to RMB 121.56615 million, public corporate shares RMB 10.4 million, foreign-funded shares (B-share) RMB 88.4 million and RMB ordinary shares (A-share) RMB 216 million.

In April 2005, Board of Directors of the Company has examined and approved 2004 Profit Pre-distribution Plan, and examined and approved by 2004 Shareholders’ General Meeting, the Company distributed 3 shares for each 10 shares to the whole shareholders totaling to 130,909,845 shares in 2005.

The Company registered at the Wuxi High and New Technology Development Zone and the registration number was 320200000014926. The Company belongs to the mechanical industry and mainly engages in the manufacture and sales of oil injection system and its accessories.

According to the Share Merger Reform Scheme of the Company that passed by related shareholders’ meeting of Share Merger Reform and SGZF [2006] No.61 Reply on Questions about State-owned Equity Management in Share Merger Reform of Weifu High-Technology Co., Ltd. issued by State-owned Assets Supervision & Administration Commission of Jiangsu Province, the Weifu Group etc. 8 non-circulating shareholders arranged pricing with granting 1.7 shares for each 10 shares to circulating A-share shareholders (totally granted 47,736,000 shares), so as to realize the originally non-circulating shares can be traded on market when satisfied certain conditions, the scheme has been implemented on April 5, 2006.

On 27 May 2009, Weifu Group satisfied the consideration arrangement by dispatching 0.5 shares for each 10 shares based on the number of circulating A shares as prior to Share Merger Reform, according to the aforesaid Share Merger Reform, with an aggregate of 14,039,979 shares dispatched. Subsequent to implementation of dispatch of consideration shares, Weifu Group then held 100,021,999 shares of the Company, representing 17.63% of the total share capital of the Company.

Pursuant to the document (XGZQ(2009)No.46) about “Approval for Merger of Wuxi Weifu Group Co., Ltd. by Wuxi Industry Development Group Co., Ltd.” issued by the State-owned Assets Supervision and Administration Commission of Wuxi City Government, Wuxi Industry Development Group Co., Ltd. (hereinafter referred to as Wuxi Industry Group) acquired Weifu Group. After the merger, Weifu Group was then revoked, and its assets and credits & debts were transferred to be under the name of Wuxi Industry Group. Accordingly, Wuxi Industry Group became the first largest shareholder of the Company since then.

In accordance with the resolutions of shareholders' meeting and provisions of amended constitution, and approved by [2012] No. 109 document of China Securities Regulatory Commission, in Feb., the Company issued RMB ordinary shares (A-share) of 112,858,000 shares to Wuxi Industry Groups and overseas strategic investor, ROBERT BOSCH GMBH (hereinafter referred to as Germany BOSCH), face value was RMB 1 yuan per share, added registered capital of RMB112,858,000 yuan, and the registered capital after change was RMB 680,133,995 yuan. Wuxi Industry Group is the first majority shareholder of the Company, and Germany BOSCH is the second majority shareholder of the Company.

2. Registered place, organization structure and head office of the Company

Registered place and head office of the Company: Wuxi, Jiangsu.

The Company sets up Shareholders' General Meeting, the Board of Directors and the Supervisory Committee.

The Company sets up Administration Department, Engineering Technology Research Institution, Human Resources Department, Office of the Board, Risk Management Department, Information Systems Department, Market & Strategy Plan Department, Party-masses Security Department, Finance Control Department, Project Purchase Department, MS Business Segment, AC Business Segment, and subsidiaries such as Wuxi Weifu Leader Catalytic Converter Co., Ltd. (referred to as Weifu Leader), Nanjing Weifu Jinning Co., Ltd. (referred to as Weifu Jinning), and Wuxi Weifu Diesel System Co., Ltd. (referred to as Weifu Diesel System).

3. Business nature and major operation activities of the Company

Operation scope of parent company: manufacture of engine fuel oil system products, fuel oil system testers and equipments; sales of energy-oriented machinery, hardware & electric materials, chemical products and raw materials (other than chemical dangerous). Auto spare parts, autos (other than autos under-9 seats); repair of engine, technological development and consultancy service of machinery industry; import and export business in respect of diversified commodities and technologies (other than those commodities and technologies limited or forbidden by the State for import and export) by self-operation and works as agent for such business

Major subsidiaries respectively activate in production and sales of engine accessories, auto spare parts, mufflers, and purifiers.

4. Relevant party offering approval reporting of financial statements and date thereof

Financial statements of the Company were approved by the Board of Directors for reporting dated 26 March 2013.

IV. Major Accounting Policies, Accounting Estimation and Previous Errors of the Company

1. Basis of preparation of financial statements

The financial statement were stated in compliance with Accounting Standard for Enterprises No.30-Presentation of Financial Statement, with recognitions and measurements made by reference to Accounting Standard for Enterprises and Application Instruments thereof promulgated by the Ministry of Finance dated 15 February 2006 in respect of the actual transactions and proceedings, on a basis of ongoing operation.

2. Statement on observation of Accounting Standard for Enterprises

Financial statements prepared by the Company were in accordance with requirements of Accounting Standard for Enterprises, which truly and completely reflected the financial information of the Company, such as financial position, operation achievements and cash flow.

3. Accounting period

The accounting period of the Company comprises of annual period and interim period, among which, the annual period commences from 1 January to 31 December, and interim period includes monthly, quarterly and half-year.

4. Currency used in book-keeping

The Company's reporting currency is the RMB Yuan.

5. Accounting treatment methods for business combination under and not under the same control

(1) Business combination under the same control

Business combination under the same control: consideration paid by acquirer for combination and net assets acquired by him shall all be measured with carrying value. Difference between carrying values of net assets and

combination consideration respectively obtained and paid by acquirer over total par value of shares in issue shall be used to adjust capital reserve; when capital reserve is insufficient for offset, then retained profit shall be adjusted. All direct related expenses arising from business combination, including auditing expenses paid for combination, evaluation expenses and law service expenses, shall be recorded in current gains and losses upon occurrence; while procedure charge and commission arising from issuance of equity securities or bonds in relation to business combination shall be accounted in initial measurement amount of shareholders' equity or liabilities.

(2) Business combination not under the same control

Business combination not under the same control: combination cost paid by acquirer and net recognizable assets obtained from combination shall be measured at fair value. In the event that difference between combination costs over fair value of net recognizable assets obtained from combination is positive, thus such difference shall be recognized as goodwill; if negative, and then shall be accounted in current gains and losses. All direct related expenses arising from business combination including auditing expenses paid for combination, evaluation expenses and law service expenses shall be recorded in business combination cost; while procedure charge and commission arising from issuance of equity securities or bonds in relation to business combination shall be accounted in initial measurement amount of shareholders' equity or liabilities.

6. Preparation method for consolidated statements

(1) Preparing method of consolidated financial statements

(1) Confirmation principle of consolidation scope

Preparation of the consolidation financial statement of the Company mainly complied with the consolidation scope recognized by Parent Company Theory, details consolidation scope as:

① More than half of the equity capital of the investee enterprise that owned by Parent company, directly/indirectly and jointly owned more than half of the equity capital by indirectly and directly included;

② Other investee enterprises control by Parent company including:

A. Holding more than half of voting right of the investee through agreement with other investors of the investee enterprises; ;

B. Having the rights of financial and operation strategy controlled according to Article of Association of Agreement;

C. Having the rights of appointment and dismissal on majority personnel's in Board or in similar power institution of the enterprise;

D. Having more than half of the rights to vote in Board or similar power institution of the enterprise.

(2) measures used in consolidation

① The Company consolidations permit since the day of actual control right obtained; cease consolidation since the day of control right lost. Consolidation financial statement based on the financial statement of the Company and other relevant information of vary subsidiaries that joint in the consolidation scope, adjusted long-term equity investment to subsidiaries according to equity method, off-setting the investment, transaction and contacts between the Company and vary subsidiaries that in the consolidation scope, consolidated for preparation after minority shareholders' gains/loss and minority shareholders' equity calculation.

② Concerning the different accounting policy or accounting period between the Company and subsidiaries, consolidating after adjustment on subsidiaries' financial statement based on the Company's accounting policy or accounting period.

③ Concerning the subsidiary obtained under combination with different control, adjusted several financial statement of the subsidiary based on the fair value of recognizable net assets on purchased day while financial statement consolidation; concerning the subsidiary obtained under combination with same control, considered current status of being control by ultimate controller for consolidation while financial statement consolidation.

(2) Disclosure of related accounting method for buy-and-resell or sell-and-repurchase of equities in the same subsidiary within two successive accounting years

Nil

7. Determination criteria of cash and cash equivalent

Cash equivalent represents such kind of investment featuring with short term (generally due within 3 months since purchase day), active liquidity, being easy for converting to cash with already-known amount, as well as tiny exposure to value change risks.

8. Foreign currency business and the conversion of foreign currency statement

(1) Foreign currency business

Foreign currency business is accounted with amount denominated in RMB as translated at the spot exchange rate as of the occurrence day of such business. The occurred foreign currency exchange business or transactions with

foreign currency exchange involved shall be translated at the effective exchange rate (i.e. exchange rate adopted by banks for such transactions) adopted by such transaction.

(2) Translation of foreign currency statement

As at balance sheet date, division between foreign currency monetary items and foreign currency non-monetary items are dealt with according to the following principles:

Foreign currency monetary items are translated at spot exchange rate as of balance sheet date, and then recorded in current gains and losses when happening during normal operation period; exchange gains and losses related to borrowings for purchasing fixed assets are disposed with principle of capitalization of borrowing expense. Monetary item represents the monetary capital, and assets or liabilities respectively received or paid at fixed or insurable amount, among other things, stock cash, bank deposit, account receivables, other receivables, long-term receivables, short-term loans, account payables, other payables, long-term loans, bond payables and long-term payables, etc.

Foreign currency non-monetary items are translated at spot exchange rate as of transaction date, with no change in its amount accounted in standard currency. Non-monetary items represent items except for monetary items.

As for foreign currency non-monetary items measured at fair value, translation is subject to the spot exchange rate as of the date when fair value is recognized. Difference between the accounted standard currency amount subsequent to translation and its original accounted standard currency amount is dealt with as movement in fair value (movement in exchange rate included), and then recorded in current gains and losses.

9. Financial instruments

Financial instruments including financial assets, financial liability and equity instrument.

(1) Classification of financial instruments

In terms of investment purposes and economic natures, the Company divides its financial assets into transactional financial assets, financial assets available for sale, account receivables and held-to-maturity investments, among which, transactional financial asset is measured at fair value and movement of its fair value is recorded in current gains and losses; financial asset available for sale is measured at fair value and movement of its fair value is recorded in shareholders' equity; account receivables and held-to-maturity investments are measured at amortized cost.

(2) Recognition basis and measurement method for financial instruments

In the case that when a company constitutes one party to financial instrument agreement, one item of financial asset or financial liability shall then be recognized.

In terms of economic nature, the Company divides its financial liabilities into two groups, namely financial liabilities at fair value through gains and losses and other financial liabilities at amortized cost.

(3) Recognition basis and measurement method for transfer of financial assets

That the Company grants or delivers financial assets to party other than the issuer of such financial assets equals transfer of financial assets. Financial assets transferred could be the entire or part of such financial assets. Two forms are listed as follows:

- ① Transfer of right for collecting cash flow of financial assets to another party;
- ② Transfer financial assets to another party, while the aforementioned right is retained, with obligation of paying such cash flow to final collector.

In the even that the Company has transferred almost all risks and remunerations arising from ownership of all or part financial assets to another party, accordingly, recognition for such entire or part financial assets shall be ceased. Gains and losses are determined by the received consideration less the carrying value of the transferred financial assets. Meanwhile, the original accumulated gains or losses of financial assets recognized in the owners' equity shall transferred to gains and losses; when all risks and remunerations attached to ownership are retained, recognition for such entire or part financial assets shall continue, and the consideration received shall be viewed as financial liabilities.

As for the financial assets which the Company has neither transferred nor retained all risks and remunerations attached to ownership of such financial assets, while control upon such financial assets still exists, recognition shall be conducted in light of the degree of its continuous involvement in the transferred financial assets. Accordingly, relevant liabilities shall be recognized.

(4) Recognition condition for termination of financial liability

Upon satisfaction of one of the following condition, financial assets will immediately experience discontinued recognition:

- ① Right entitled by contract in respect of collection of cash flow from such financial asset terminates.
- ② Such financial assets have been transferred and meet discontinued recognition condition for financial assets as regulated by Accounting Standard for Enterprise No.23-Transfer of Financial Assets.

Only when present obligations under financial liability have been released entirely or partly, could cease recognition of such financial liability or part thereof.

(5) Deciding of fair value of financial assets and financial liabilities

① In case of an active market, financial assets or financial liabilities which are respectively held and proposed to be undertaken by the Company are subject to the prevailing offer price of such market, and financial assets or financial liabilities which are respectively proposed to be held and undertaken by the Company are subject to the prevailing asked price of such market. In case of absence of such prevailing offer or asked prices, market quotation of the latest transaction or adjusted market quotation of the latest transaction shall be adopted, except that there is clear evidence showing that such market quotation is not fair value.

② In case of absence of an active market, the Company recognizes fair value by reference to valuation technology which includes reference to the price adopted by parties who are willing to make business and knowing conditions quite well in their latest transactions, reference to prevailing fair values of other financial instruments with similar essence, discount cash flow method and option pricing pattern.

(6) Impairment test method and impairment provision method for financial assets (not including account receivables)

The Company conducts inspection on carrying values of financial assets, except for transactional financial assets, as at balance sheet date. If there is objective evidence indicating that impairment has happened to financial assets, impairment reserve then shall be provided. Financial asset with great amount in single item is subject to separate impairment test. In case of any objective evidence indicating that impairment has happened to such financial asset, impairment loss shall be recognized and recorded in current gains and losses. As for the financial assets with no great amount in single item and those which prove to be not impaired after separate test, the Company will conduct impairment test on basis of credit portfolio which is determined in light of customers' credit records and historical bad debts, so as to recognize impairment loss.

Objective evidence indicating impairment happens to financial assets means the proceedings meeting the three characteristics: actually occurred subsequent to initial recognition of such financial assets, bring influence over the estimated future cash flow of such financial assets, and such influence could be reliably measured by the Company.

The followings are included in objective evidences indicating impairment happens to financial assets:

- A: Serious financial difficulty happens to issuer or debtor;
- B: Breach of terms of contract by debtor, such as breach or overdue in repaying interest or principal;
- C: Creditor makes concession for debtors who experience financial trouble in light of consideration for economy or laws;
- D: Debtor is very likely to experience bankrupt or financial reorganization;
- E: Financial assets are not able to be traded in active market since material financial difficulty happens to issuer;

F: It is unable to judge whether cash flow from certain asset in a group of financial assets has decreased, while it is finally found that the estimated future cash flow of such financial asset has actually decreased since its initial recognition and the decrease can be reliably measured by reference to the general valuation based on open data. For example, payment capacity of debtor of such financial assets portfolio gradually worsens, or unemployment in country or region where the debtor locates risen, price of guaranty falls greatly in the place where it locate, and the industry in which it belongs to is unpromising;

G: Material negative changes happen to technologies, markets, economy or law environment in which debtor operates, which leads to that equity instrument investor is not likely to be able to recover investment cost;

H: Fair value of equity instrument investment experiences severe or non-temporary falling;

I: Other objective evidence indicating impairment happens to financial assets.

In the event of impairment in financial asset at amortized cost, impairment loss is calculated based on the difference between carrying value and present value of estimated future cash flow discounted at effective interest rate.

After impairment loss is recognized for financial asset at amortized cost, if there is objective evidence indicating value of such financial asset has recovered, which is objectively related to proceedings occurred after recognition of such loss, the original impairment loss shall be reversed and recorded in current gains and losses. However, the carrying value subsequent to such reversal shall not exceed the amortized cost of such financial asset as at the reversal date on assumption that such impairment loss had not been provided.

For impairment in financial assets available for sale, the original accumulated loss through owners' equity directly arising from falling fair value shall be reversed to current gains and losses

(7)As for reclassification of un-matured held-to-maturity investments into financial assets available for sale, please explain the holding purposes or references for change of ability

Nil

10. Recognition standards and accrual method for bad debt provision for accounts receivable

(1) Bad debt provision for accounts receivable with single major amount

Determine basis or amount standards for single significant amount	The Company's account receivables with above RMB 1 million in single item is defined as account receivables with significant amount in single item. Such kind of account receivables are recognized as bad debts in case of impossible collection though with bankrupt properties or heritages of debtors due to their bankrupt or death, or in the even that debtors haven't implemented their repayment obligations over 3 years upon expiration and there are obvious evidences indicating impossible collection.
withdrawal method for account with single significant amount and withdrawal single item bad debt provision	As for account receivables with significant amount in single item which can not be directly recognized as bad debts, debt provision shall be provided according to the Company's policies by aged analysis method. 100% bad debt provision shall be provided for those account receivables with great amount in single item which can be directly recognized as bad debts

(2) Accounts whose bad debts provision was accrued by combination

Combination	Methods on withdrawal of bad debt provision based on combination	Basis for combination recognized
Age combination	Age analysis method	A combination classified by age as major risk characteristic, withdrawal bad debt provision by age analysis method

In combination, accounts whose bad debts provision was accrued by age analysis:

☒ applicable ☐ not-applicable

Account age	Rate for receivables (%)	Rate for other receivables (%)
Within 6 months	0%	0%
6 months to 1 year	10%	10%
1—2 years	20%	20%
2—3 years	40%	40%
Over 3 years	100%	100%
3—4 years	100%	100%
4—5 years	100%	100%
Over 5 years	100%	100%

In combination, withdrawal proportion of bad debt provision based on balance proportion:

☐ applicable ☒ not-applicable

In combination, withdrawal proportion of bad debt provision based on other methods:

☐ applicable ☒ not-applicable

(3) Accounts with single significant amount and bad debts provision accrued individually

Reasons for withdrawal single item bad debt provision	Account receivable meeting the following conditions: account receivable whose single amount is not significant, impossible collection though with bankrupt properties or heritages of debtors due to their bankrupt or death, debtors haven't implemented their repayment obligations over 3 years upon expiration and there are obvious evidences indicating impossible collection.
Withdrawal method for bad debt provision	100% for provision percentage for percentage of total accounts receivable outstanding and 100% for provision percentage for percentage of total other receivable outstanding

11. Inventories

(1) Classification of inventories

The Company's inventories are categorized into stock materials, product in process and stock goods ect.

(2) Pricing for delivered inventories

Pricing method: Other

A. Generally, stock materials are calculated at planned cost. Material cost difference is individually set according to classification of grant types. Pursuant to the difference between the planned cost of the received or delivered raw materials and the material cost the aforesaid cost should share after carrying forward at period-end, the Company adjusts the planned cost to effective cost; finished products are priced at effective costs, and carried forward to operating cost by weighted average method when being delivered;

B. Products in process are priced at effective costs, and carried forward to finished products at actually occurred cost;

C. Finished self-produced products are priced at effective costs, and carried forward to operating cost by weighted average method; external purchase goods (from import and export trades) are carried forward to sales cost by individual pricing method.

(3) Recognition evidence for net realizable value of inventories and withdrawal method for inventory impairment provision

Inventories as at period-end are priced at the lower of costs and net realizable values; at period end, on the basis of overall clearance about inventories, inventory impairment provision is withdrew for uncollectible part of costs of inventories which result from destroy of inventories, out-of-time of all and part inventories, or sales price lowering than cost. Inventory impairment provision for stock goods and quantity of raw materials is subject to the difference between costs of single inventory item over its net realizable value. As for other raw materials with large quantity and comparatively low unit prices, inventory impairment provision is withdrawn pursuant to categories.

As for inventories such as stock goods and materials available for direct sales, their net realizable values are determined by their estimated selling prices less estimated sales expenses and relevant taxes. For material inventories held for purpose of production, their net realizable values are determined by the estimated selling prices of finished products less estimated costs, estimated sales expenses and relevant taxes accumulated till completion of production. As for inventories held for implementation of sales contracts or service contracts, their net realizable values are calculated on the basis of contract prices. In the event that inventories held by a company exceed order amount as agreed in sales contracts, net realizable values of the surplus part are calculated on the basis of normal sale price.

(4) Inventory system

Inventory system: Perpetual Inventory System

Inventory system is perpetual inventory system.

(5) Amortization of low-value consumables and wrappage

low-value consumables

Amortization Method: one-off amortization

wrappage

Amortization Method: one-off amortization

12. Long-term equity investment

(1) Recognition of investment cost

Long-term equity investment mainly includes the equity investments made to subsidiaries, joint ventures and associates, and the equity investment which couldn't entitle the Company to conduct control, common control or

significant influence over the invested units and which have no quotation price in active market and whose fair value could not be able to measured surely. Initial investment cost of long-term equity investment of the Company is recognized by the following ways based on different acquisition ways: ①In situation of a long-term equity investment acquired through business combination under common control, the carrying value of the owners' equity of the acquired company as at the combination date is deemed as initial investment cost for this long-term equity investment; difference between acquisition cost and initial investment cost is used to adjust capital reserve. In case of insufficient capital reserve for offset, retained profit shall be then adjusted. ②In situation of a long-term equity investment acquired through business combination not under common control, the initial investment cost of long-term equity investment is determined at the fair value of assets involved at trading dated, equity instrument issued as well as liabilities occurred or undertaken. Realizable assets and liabilities undertaken by such assets (include contingent liabilities) of the party being combined as at the combination date are all measured at fair values, without consideration to amount of minority interests. The surplus of combination cost less fair value net realizable assets of the party being combined is recorded as goodwill, and the deficit is directly recognized in the consolidated statement of gains and losses. ③Long-term investments obtained through other ways: A. Initial investment cost of long-term equity investment obtained through cash payment is determined according to actual payment for purchase; B. Initial investment cost of long-term equity investment obtained through issuance of equity securities is determined at fair value of such securities; C. Initial investment cost of long-term equity investment injected by investor is determined at the agreed value in investment contract or agreement. In case of an unfair contract or agreement value, measurement shall be conducted at fair value; D. Initial investment cost of long-term equity investment (exchanged-in) obtained through exchange with non-monetary assets, which is of commercial nature, is determined at fair value of the assets exchanged-out; otherwise determined at carrying value of the assets exchanged-out if it is not of commercial nature; E. Initial investment cost of long-term equity investment obtained through debt reorganization is determined at fair value of such investment.

(2) Recognition method for subsequent measurement and gains and losses

①Investment to subsidiaries is calculated under cost method: it is referred to the equity investment made to subsidiaries held by the Company which can conduct control upon invested unit. If the Company holds over 50% equities of an entity or has control power in such entity though equity holding is fewer than 50%, such entity comprises a subsidiary of the Company. ②Investment to joint ventures or associates is calculated under equity method: it is referred to the equity investment made to joint ventures held by the Company which can conduct common control upon the joint venture with other joint parties; It is referred to the equity investment made to associates held by the Company which has material influence upon such associates. In the event that the Company holds equities of an entity from 20% to 50% and no essential control exists in such entity meanwhile or that though the Company holds equities of an entity fewer than 20% while it has material influence upon such entity, then the entity shall be deemed as a joint venture or associate of the Company. When recognizing its share in net gains and losses of the invested unit, the Company shall achieve recognition based on fair values of various realizable assets of such invested unit upon obtaining such investment after adjustment in net profit of such invested unit. In case of any inconsistency of the accounting policies and accounting periods adopted by invested unit and the Company, financial statements of such invested unit shall be subject to adjustment in compliance with accounting policies and accounting periods adopted by the Company, so as to recognize investment gains and losses on that basis. As for treatment for other movement of owners' equity other than net gains and losses of invested unit, carrying value of long-term equity investment shall be subject to adjustment which shall be then recorded in owners' equity. ③Long-term equity investment to entities where the Company has no control, common control or material influence: long-term equity investment which has no quotation in active market and whose fair value could not be reliably measured is calculated under cost method. Long-term equity investment which has quotation in active market or whose fair value could be reliably measured is presented under item of financial asset available for sale, and is measured at fair value, and fair value movement thereof shall be recorded in shareholders' equity.

(3) Reference for confirmation of common control and material influence in invested unit

Common control over invested unit means common control over certain economic activity pursuant to contract agreement, and only exists when investors who need to share control power on material financial and operation decisions related to such economic activity make unanimous agreement. That a party has material influence upon invested unit means that such party has power to join decision-making related to finance and operation decisions of the invested unit, while no ability of control or joint control with other parties upon establishment of such decisions.

(4) Impairment test method and withdrawal method for impairment provision

If any impairment indication is found in long-term equity investment by the Company in its period-end inspection, the recoverable amount shall be estimated. In case of such recoverable amount lowering than its carrying value, impairment provision shall be withdrawn for long-term investment by reference to the difference of the aforesaid

two items.

As for long-term equity investment which has no quotation in active market and whose fair value could not be reliably measured, its impairment loss is determined by reference to its carrying value less the amount recognized through discounting future cash flow at the prevailing market yield ratio of similar financial assets, and then recorded in current gains and losses.

As for long-term equity investment except for financial assets available for sale, its impairment provision will not be reversed during asset permanent period once it is withdrawn. Impairment loss of financial assets available for sale can be reversed through equities.

13. Investment real estate

Investment real estate is stated at cost. During which, the cost of externally purchased properties held-for-investment includes purchasing price, relevant taxes and surcharges and other expenses which are directly attributable to the asset. Cost of self construction of properties held for investment is composed of necessary expenses occurred for constructing those assets to a state expected to be available for use. Properties held for investment by investors are stated at the value agreed in an investment contract or agreement, but those under contract or agreement without fair value are stated at fair value.

The Company adopts cost methodology amid subsequent measurement of properties held for investment, while depreciation and amortization is calculated using the straight-line method according to their estimated useful lives.

The basis of provision for impairment of properties held for investment is referred to the provision for impairment of relevant fixed assets.

14. Fixed assets

(1) Recognition of fixed assets

Fixed assets refer to the buildings, machinery and equipment, transportation vehicle and other equipments related to operation with useful lives of more than one year and held for production of products, provision of labor, lease or operation. A fixed asset is recognized when it is Contingent that the relevant economic benefits flow into the enterprise and the cost of the fixed assets can be reliably measured.

(2) Basis of recognition and method of measurement of fixed assets by financing lease

The assets will be classified as fixed assets by financing lease if the Company satisfies one or more of the following conditions:①As stipulated in the lease agreement (or a reasonable judgment made pursuant to relevant conditions at the commencement date of the lease), the ownership of fixed assets by financing lease can be passed to the Company when the lease expires;②As the Company has a option to acquire the leased fixed assets and the agreed price of purchase is far below the fair value of leased fixed assets at the time of exercise of the option, it is certain that the Company will exercise the option at the commencement date of the lease;③Despite that the ownership of fixed assets is not transferable, the lease period represents 75% or more of the useful life of leased fixed assets;④The present value of the minimum lease payment by the Company at the commencement date of lease is equal to 90% or more of the fair value of leased fixed assets at the commencement date of lease. The present value of the minimum lease payment received by the lesser at the commencement date of lease is equal to 90% or more of the fair value of leased fixed assets at the commencement date of lease;⑤ Due to the special nature of the leased assets, those assets can be used only by the Company if without any substantial renovation;⑥The fixed assets by financing lease is carried at the lower of the fair value of the leased fixed assets at the commencement date of lease and the present value of the minimum lease payment.

(3) Depreciation of fixed assets

Classification	Depreciation time(Year)	Residual rate(%)	Annual depreciation rate(%)
House and Building	20-35	5%	2.71-4.75%
Machinery equipment	10	5%	9.5%
Electronic equipment	3-5	5%	19-31.67%
Transportation equipment	4-5	5%	19-23.75%
Other equipment	5-10	5%	9.5-19%

(4) Impairment testing of fixed assets and provision for impairment

At the end of the Reporting Period, the Company carries out a review on fixed assets. If the following conditions exist, the Company shall value the recoverable amount of fixed assets in order to determine whether there is any impairment of fixed assets. For fixed assets with recoverable amount falling below the carrying amount, the Company will make a provision for impairment loss on fixed asset equals to an amount of the difference between the recoverable amount and the carrying amount. Provision is made based on a single item basis, and based on a group of assets to which the assets belong to if it is hard to estimate the recoverable amount of the single assets. The impairment provision cannot be reversed in the period of duration of the assets once it is provided.

① There is a significant decrease in the market price of fixed assets. Such decrease is beyond any decrease to the large extent in the market price as time goes by or any expected decrease from normal use of fixed assets;

② Fixed assets are obsolete and damaged;

③ There is a significant negative change to the intended use of fixed assets, such as idleness or forthcoming idleness of the fixed assets, termination or restructuring of the operating business to which the fixed assets belong to and disposal of fixed assets earlier than the end of its useful life, thereby resulting in negative influence on the Company;

④ There is a significant current or recent change in the economic, technological and legal environment in which the Company operates and in the market in which fixed assets are, thereby resulting in negative influence on the Company;

⑤ There is a significant increase in the market interest rate or return on investment in other markets, posing a potential impact on the discount rate on the calculation of the present value of the estimated future cash flows, thereby resulting in significant decrease in recoverable amount of fixed assets;

⑥ There is evidence from internal reports of the enterprise that the economic benefits of the fixed assets have been lower or will be lower than expected, for example, the net cash flows or operating profits (or losses) of the fixed assets are far lower (or higher) than the expected amount;

⑦ Other circumstances showing an indication of impairment of fixed assets.

(5) Other explanation

Nil

15. Construction in process

(1) Classification of construction in progress

Calculated construction in process by items defined.

(2) Standard and timing of converting projects under construction into fixed assets

From the date on which the fixed assets built by the Company come into an expected usable state, the projects under construction are converted into fixed assets on the basis of the estimated value of project estimates or pricing or project actual costs, etc. Depreciation is calculated from the next month. Further adjustments are made to the difference of the original value of fixed assets after final accounting is completed upon completion of projects; however, the original depreciation is not adjusted.

(3) Method of impairment testing and impairment provision for construction in progress

The Company carries out a comprehensive inspection of projects under construction at the conclusion of each year. Where there is an indication of impairment, the recoverable amount is estimated and impairment is provided on the basis of the difference between the amount recoverable by a project and the carrying amount of such project. Impairment provision is not reversed during the period of duration of the assets once it is provided.

16. Borrowing costs

(1) Recognition of capitalization of borrowing costs

Borrowing costs comprise interest occurred, amortization of discounts or premiums, ancillary costs and exchange differences in connection with foreign currency borrowings. The borrowing costs of the Company, which incur from the special borrowings occupied by the fixed assets that need more than one year (including one year) for construction, development of investment properties or inventories or from general borrowings, are capitalized and recorded in relevant assets costs; other borrowing costs are recognized as expenses and recorded in the profit or loss in the period when they are occurred. Relevant borrowing costs start to be capitalized when all of the following three conditions are met:

① Capital expenditure has been occurred;

② Borrowing costs have been occurred;

③ Acquisition or construction necessary for the assets to come into an expected usable state has been carried out.

(2) Period of capitalization of borrowing costs

The borrowing costs in relation to acquisition or construction of fixed assets, investment properties and inventories, incurring before the assets reach an expected usable state or saleable state, are recorded in the costs of

the assets when the above conditions of capitalization are met. When acquisition or construction of fixed assets undergo abnormal suspension, and the suspension lasts for more than 3 months consecutively, then the capitalization of suspension borrowing ceases and will be recognized as current expenses, until the acquisition or construction of assets start again. When the expected usable state or saleable state is achieved, capitalization of borrowing costs ceases, and the borrowing costs incurring subsequently are directly recorded into financial expenses in the period when they are occurred.

(3) Capitalize cost suspension

When acquisition or construction of fixed assets undergo abnormal suspension, and the suspension lasts for more than 3 months consecutively, then the capitalization of suspension borrowing ceases and will be recognized as current expenses, until the acquisition or construction of assets start again. When the expected usable state or saleable state is achieved, capitalization of borrowing costs ceases, and the borrowing costs incurring subsequently are directly recorded into financial expenses in the period when they are occurred.

(4) Calculation of capitalized amounts of borrowing costs

In respect of the special borrowings borrowed for acquisition, construction or production and development of the assets qualified for capitalization, the amount of interests expenses of the special borrowings actually occurred in the period less interest income derived from unused borrowings deposited in banks or less investment income derived from provisional investment, are recognized.

With respect to the general borrowings occupied for acquisition, construction or production and development of the assets qualified for capitalization, the capitalized interest amount for general borrowings is calculated and recognized by multiplying a weighted average of the accumulated expenditure on the assets in excess of the expenditure on the some assets of the special borrowings, by a capitalization rate for general borrowings. The capitalization rate is determined by calculation of the weighted average interest rate of the general borrowings.

17. Biological assets

Nil

18. Oil/gas assets

Nil

19. Intangible assets

(1) Measurement of intangible assets

The intangible assets of the Company include land use rights etc.

The cost of a purchased intangible asset shall be determined by the expenditure actually occurred and other related costs.

The cost of an intangible asset contributed by an investor shall be determined in accordance with the value stipulated in the investment contract or agreement, except where the value stipulated in the contract or agreement is not fair.

The intangible assets acquired through exchange of non-monetary assets, which is commercial in substance, is carried at the fair value of the assets exchanged out; for those not commercial in substance, they are carried at the carrying amount of the assets exchanged out.

The intangible assets acquired through debt reorganization, are recognized at the fair value.

Expenditure in the research stage of the intangible assets with independent research and development should be included in the profit or loss for the current period in which they are occurred; expenditure in the development stage should be recognized as intangible assets (patent technologies and non-patent technologies) when all of the following conditions are met:

- ① It is technically feasible that the intangible assets are completed for the purpose of their uses or sales;
- ② The Company has an intention to complete the intangible assets for their uses or the sale;
- ③ Ways of creating economic benefits by intangible assets include proof of existing market of the products manufactured by use of intangible assets or the existing market of intangible assets and the proof of the use if the intangible assets are only for the Company's internal use;
- ④ The Company has sufficient technical and financial resources and other supporting resources to complete the research and development of such intangible assets and are capable of using or selling such intangible assets;
- ⑤ Expenditure occurred in the development stage of such intangible assets can be accurately calculated;
- ⑥ The cycle of the product produced with the intangible assets is above one year.

(2) Amortization and duration of intangible assets:

The land use rights of the Company are amortized evenly over the period of the grant since the date of commencement of the grant (the date of acquisition of the land use rights).

(2) Service life estimation for intangible assets with limited service life

Item	Service life expected	Basis
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(3) Determination basis for intangible assets with uncertain service life

Every period-end, re-checking the service life for intangible assets with uncertain service life

(4) Withdrawal of impairment of intangible assets

The Company tests impairment of the intangible assets with indefinite benefit years such as goodwill annually and estimates their recoverable amounts and impairment of the intangible asset is provided at the difference between the estimated recoverable amount and the carrying amount of such intangible assets.

A year-end review is conducted to other intangible assets. When there is an indication of impairment, the recoverable amount is estimated and impairment of the intangible asset is provided at the difference between the estimated recoverable amount and the carrying amount of such intangible assets. The impairment provision is not reversed during the duration of the assets once it is provided.

① The intangible assets have been replaced by other new technology so that there is a material adverse effect on their capacity to generate economic benefits for the Company;

② The market value has fallen substantially in the current period and is not expected to recover in the remaining amortization period;

③ The intangible assets have exceeded the term protected by laws but some of them can still be used;

④ Other circumstances sufficient to prove that impairment has been made actually.

(5) Divide the specific standards research stage and development stage**(6) Calculation of expenditure for internal R&D projects****20. Amortization of long-term prepaid expenses**

Long-term expenses to be amortized of the Company the expenses that are already charged and with the beneficial term of more than one year are evenly amortized over the beneficial term. For the long-term deferred expense items cannot benefit the subsequent accounting periods, the amortized value of such items is all recorded in the profit or loss during recognition.

21. Assets transfer with repurchase condition attached

Nil

22. Estimated liability

An obligation related to a contingency, such as guarantees provided to outsiders, pending litigations or arbitrations, product warranties, redundancy plans, onerous contracts, reconstructing, expected disposal of fixed assets, etc. shall be recognized as an estimated liability when all of the following conditions are satisfied:

(1) Recognition standards for estimated liability

① the obligation is a present obligation of the Company;

② it is Contingent that an outflow of economic benefits will be required to settle the obligation;

③ the amount of the obligation can be measured reliably.

(2) Measurement method for estimated liability

Measure on the basis of the best estimates of the expenses necessary for paying off the contingencies

On the balance sheet date, the carrying amount of estimated liabilities is reviewed. If there is obvious evidence that the carrying amount cannot actually reflect the current best estimates, then the carrying amount is adjusted according to the current best estimates.

23. Shares payment and equity instrument**(1) Category of shares payment**

Nil

(2) Recognition method for fair-value of equity instrument

Nil

(3) Basis of best estimation for vesting equity instrument

Nil

(4) Relevant accounting treatment for implementation, amendment and termination of shares payment plan

Nil

24. Shares of the Company repurchased

Nil

25. Revenue**(1) Detail judgement standards for recognition of selling goods revenue**

- ① the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ② the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- ③ the amount of revenue can be measured reliably;
- ④ it is Contingent that the associated economic benefits will flow into the Company;
- ⑤ related cost that occurred or to be occurred can be measured reliably.

The Company conducts domestic sales mainly under the pattern of early delivery and later receipt of payment. The detailed time point for revenue realization is as follows: under the pattern of early delivery and later receipt of payment, the Company delivers goods according to orders. On the accounting date as agreed with purchaser, the Company checks the goods that the purchaser has received and inspected during the period from previous accounting date to this accounting date. After such check between both parties, relevant risk or remuneration shall be transferred to the purchaser. The Company issues invoice to purchaser according to the variety, quantity and amount as recognized in the aforesaid check, and realizes sales revenue on the accounting date.

The Company realizes sales revenue in respect of export overseas sales on the following time point: upon examination by the custom, the Company realizes sales revenue according to the export date as set out on the custom clearance paper.

(2) Recognition of revenue of assets using right abalienation

Revenue from use by others of enterprise assets shall be recognized only when the associated economic benefit can flow into the Company, and the amount of revenue can be measured reliably.

(3) Basis of recognition of labor revenue providing

Revenue from the rendering of services shall be recognized only when all of the following conditions are satisfied: the amount of revenue and costs occurred or to be occurred for the transaction involving the rendering of services can be measured reliably; the associated economic benefits can flow into the Company; the stage of completion of the transaction can be measured reliably.

(4) Recognition basis and method of constuction progress completion while recognize revenue from labor service providing and from construction contract by percentage of completion method**26. Government Subsidies****(1) Category**

The government subsidy is divided into government subsidy related to profits and government subsidy related to assets.

(2) Accounting treatment

The government grants related to earnings are recognized as deferred earnings if they are used for compensating the relevant expenses or losses of the Company in subsequent periods, and are recorded in the profit or loss in the period of recognition of relevant expenses; if they are used to compensate the relevant expenses or losses occurred of the Company, they are directly recorded in the profit or loss.

Asset-related government grants are recognized as deferred income, and are allocated evenly over the useful life of related assets and are included in the current profit and loss. However, the government grants measured at the nominal amount is recorded directly in the profit or loss.

27. Deferred income tax assets and deferred income tax liabilities**(1) Basis of affirming the deferred income tax assets**

The Company takes the taxable income possibly used for deducting the deductible temporary differences to confirm the deferred income tax assets generated by deductible temporary differences

(2) Basis of affirming the deferred income tax liabilities

The Company affirms the currently and previously payable but unpaid taxable temporary differences as deferred income tax liabilities, but excluding goodwill, transaction formed by nonbusiness merger and the temporary difference affecting neither accounting profits nor taxable income during this transaction.

28. Operation leasing, financing leasing**(1) Accounting treatment of operation leasing**

Operating lease refers to other lease other than finance lease. The rental expenses of the operating leased assets are recognized as relevant assets costs or expenses over the lease term on a straight-line basis.

(2) Accounting treatment of financing leasing

Finance lease refers to a lease that has transferred in substance all the risks and rewards related to the ownership of an asset, no matter whether the ownership of it has been transferred eventually.

The finance lease assets are carried at the lower of the fair value of the leased assets and the present value of the minimum lease payments on the lease beginning date, and the minimum lease payments are recorded in long-term payables, with the difference as unrecognized finance expenses. The initial direct costs arising from finance lease of the Company are recorded in the value of the leased assets. Depreciation and impairment are provided for the finance lease assets according to the policies of the Company.

Where there is reasonable assurance that the ownership of the leased assets can be obtained when the lease term expires, depreciation is provided for the leased assets over the estimated useful life. Otherwise, depreciation is provided for the leased assets at the lower of the lease term and the estimated useful life of the leased assets.

The Company allocates the unrecognized financing expenses over the lease term by using the effective interest rate method and in accordance with the principles of borrowing costs.

On the balance sheet date, the Company lists the difference of the long-term payables related to finance lease less unrecognized financing expenses as finance lease payable and non-current liabilities due within one year respectively.

(3) Accounting treatment of sale and leaseback**29. Assets held for sales****(1) Recognition of assets held for sales**

Nil

(2) Accounting treatment of assets held for sales

Nil

30. Assets securitization

Nil

31. Hedge accounting

Nil

32. Changes of major accounting policies and accounting estimation

Whether there have changes of major accounting policies and accounting estimation in report period or not

☐ Yes ☒ No

(1) Changes in accounting policies

Whether has changes in accounting policies in report period

☐ Yes ☒ No

(2) Changes in accounting estimates

Whether has changes in accounting estimates in report period

☐ Yes ☒ No

33. Error correction of previous accounting

Whether has error correction of previous accounting occurred in this period

☐ Yes ☒ No

No error correction of previous been found

(1) Retrospective Restatement

Is there has errors of previous accounting adopt retrospective restatement in this period

☐ Yes ☒ No

(2) Prospective Application

Is there has errors of previous accounting adopt retrospective restatement in this period

☐ Yes ☒ No

34. Other major accounting policy, accounting estimation and preparation method for financial statement**(1) Goodwill**

In the business combination not under the same control, the difference of the merger cost in excess of the fair value of net identifiable assets of the acquired party is recognized as the goodwill.

Goodwill listed alone in financial statement, while conducting impairment testing, amortized book value of the goodwill to assets group or assets combination benefit from synergy effect of expected enterprise combination. If the recoverable amount of assets group or assets combination, that with goodwill amortized, lower its book value, than recognized as impairment losses correspondingly. Impairment losses should deducting book value of goodwill, amortized to assets group or assets combination, than deducting other book value of vary assets by proportion in line with ratio of book value of vary assets other than goodwill in such assets group or assets combination.

(2) Employees' remuneration

Employees' remuneration includes: employees' salaries, bonus, allowance and subsidies; welfare provision; social insurance such as pension insurance, unemployment insurance and work injury insurance etc.; housing reserve fund, labor union expenditures and staff education expenditures; benefits not in monetary value; compensation paid for the termination of employment contracts with employees; relevant expenditures relating to the provision of other services by employees.

In the accounting period in which employees provide service to the Company, payable employees' remuneration is recognized as liabilities. Other than the compensation for termination of the labor relationship with employees, the employees' remuneration is recorded in fixed assets costs, intangible assets costs, product costs or labor costs respectively according to the beneficiaries of the services provided by employees. The employees' remuneration other than the above is directly recorded in the profit or loss.

Prior to the expiry of the labor contracts of employees, the compensation for termination of the labor relationship with employees or encouraging employees to accept to be laid off is recognized as estimated liabilities and recorded in the profit or loss.

(3) Accounting for income tax

The Company applies the balance sheet liability method for accounting of income tax. Current income tax and deferred income tax is recorded in the profit or loss as income tax expenses or gains, but the income tax arising from the following conditions is excluded:

- 1) Business combination;
- 2) The transaction events directly recognized in the owner's equity.

(V) Taxation**1. Major taxes and tax rates**

Tax	Basis	Tax rate
VAT	Sale of goods	Tax rate for sale of goods is 17%; rate for exported commodities is stipulated by the state with declaration of export tax rebate, rate of tax may be "exempted, credited and refunded"
Operation tax	Revenue from lease	5%
City maintaining & construction tax	Turnover tax payable	7%
Corporation income tax	Taxable income	15% for the parent company
Educational surtax	Turnover tax payable	5%

The income tax rates applicable to each branch company or plant

The Company and its subsidiaries Weifu Jinning, Weifu Diesel System, Weifu Leader and Ningbo Weifu Tianli Pressurized Technology Co., Ltd.(Weifu Tianli for short) are all high-tech enterprises, and enjoy a preferential tax rate of 15% according to relevant state regulations on income taxation.

The income tax of Wuxi Weifu Mashan Oil Pump and Oil Nozzle Co., Ltd. (hereinafter referred to as “Weifu Mashan”), Wuxi Weifu Chang’an Fuel Co., Ltd. (hereinafter referred to as “Weifu Chang’an”), Wuxi Weifu International Trade Co., Ltd. (hereinafter referred to as “Weifu International Trade”), Jiangsu Weifu Nano Technology Co., Ltd. (hereinafter referred to as “Weifu Nano”), Wuxi Weifu ITM Booster Technology Co., Ltd.(former Wuxi Weifu ITM Information Machinery Development Co., Ltd. ; hereinafter referred to as “Weifu ITM”), Wuxi Weifu Schmitter Power System Parts and Components Co., Ltd. (hereinafter referred to as “Weifu Schmitter”), Chaoyang Weifu Jialin Machinery Manufactures Co., Ltd. (hereinafter referred to as “Weifu Jialin”), Kunming Xitong Machinery Co., Ltd. (hereinafter referred to as “Kunming Xitong”) and Anhui Weifu Tianshi Machinery Co., Ltd. (hereinafter referred to as “Weifu Tianshi”) is 25%.

2. Tax preference and approvals

No.	Enterprise	Certification Sercial of Hi-Tech Enterprise	Issuring or (receiving) dated	Expiration
1	Parent company	GF201132000279	2011-9-9	3-year
2	Nanjing Jinning	GF201132000048	2011-9-9	3-year
3	Weifu Diesel System	GF201132000112	2011-9-9	3-year
4	Weifu Leader	GF201132000006	2011-9-9	3-year
5	Weifu Tianli	GF201133100022	2011-9-6	3-year

3. other explanation

Nil

(VI) Enterprise consolidation and consolidated financial statements**1. Subsidiary****(1) Subsidiaries acquired by means of establishment or investment**

Unit: RMB

Name	Type	Registration place	Business nature	Registered capital	Business scope	Investment amount actual at period-end	Balance of other items materially forming net investment to subsidiary	Holding proportion (%)	Voting right proportion (%)	Statement combined or not	Minority interest	Amount in minority interest used for writing down minority gain and loss	The balance after the parent company's owner's equity writing down the excess of the current loss undertaken by minority shareholders of the subsidiary over the share enjoyed by minority shareholders in the original owner's equity of the subsidiary
Weifu Mashan	Wholly-owned subsidiary	Wuxi	Manufacturing	45,000,049.36	Accessories and matching parts of internal combustion engine	48,693,380.51		100%	100%	Yes			
Weifu Chang'an	Wholly-owned subsidiary	Wuxi	Manufacturing	60,000,000.00	Accessories and matching parts of internal combustion engine	70,902,037.30		100%	100%	Yes			
Weifu Nano	Controlling subsidiary	Wuxi	Manufacturing	30,000,000.00	Nano material	24,000,000.00		80%	80%	Yes	5,803,953.63		
Weifu Diesel System	Wholly-owned subsidiary	Wuxi	Manufacturing	300,000,000.00	Accessories and matching	260,187,500.00		100%	100%	Yes			

					parts of internal combustion engine								
Weifu Schmitter	Controlling subsidiary	Wuxi	Manufacturing	18,000,000.00	Accessories and matching parts of internal combustion engine	8,100,000.00		45%	45%	Yes	2,878,069.05		
Weifu Tianshi	Controlling subsidiary	Qianjiang	Manufacturing	10,000,000.00	Accessories and matching parts of internal combustion engine	5,200,000.00		52%	52%	Yes	2,899,619.11		

Other explanation on subsidiary obtained by establishment or investment:

(2) Subsidiaries acquired by business combination under the common control

Unit: RMB

Name of subsidiary	Type of subsidiary	Registered place	Business nature	Registered capital	Business scope	Actual investment amount at period-end	Balance of other items which actually constitutes net investment in subsidiaries	Holding proportion%	Voting proportion %	Consolidated statement Yes/No	Minority interests	Amount in minority interest available to offset minority gains and losses	Balance between the owners' equity in parent offsetting the current losses attributable to minority shareholders of subsidiaries over the share of beginning
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													owner's equity in such subsidiaries by the minority shareholders
Weifu Jinning	Controlling subsidiary	Nanjing	Manufac turing	346,286,825.80	Accessorie s and matching parts of internal combustio n engine	178,639,593.52		80%	80%	Yes	147,516,179.95		
Weifu Leader	Controlling subsidiary	Wuxi	Manufac turing	502,596,300.00	Cleaner, muffler	460,113,855.00		94.81%	94.81%	Yes	42,972,724.86		
Weifu International Trade	Controlling subsidiary	Wuxi	Trading	30,000,000.00	Internation al trade	30,999,996.22		100%	100%	Yes			

Other explanation on subsidiary obtained by enterprise merger under same control:

(3) Subsidiaries acquired by business combination not under the common control

Unit: RMB

Name of subsidiary	Type of subsidiary	Registered place	Business nature	Registered capital	Business scope	Actual investment amount at period-end	Balance of other items which actually constitutes net investment in subsidiaries	Holding proportion%	Voting proportion%	Consolidated statement Yes/No	Minority interests	Amount in minority interest available to offset minority gains and losses	Balance between the owners' equity in parent offsetting the current losses attributable to minority shareholders of subsidiaries over the share of beginning
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													owner's equity in such subsidiaries by the minority shareholders
Weifu ITM	Wholly-owned subsidiary	Wuxi	Manufacturing	160,000,000.00	Accessories and matching parts of internal combustion engine	167,000,000.00		100%	100%	Yes			
Weifu Tianli	Controlling subsidiary	Ningbo	Manufacturing	104,690,000.00	Accessories and matching parts of internal combustion engine	90,229,100.00		51%	51%	Yes	94,989,866.00		
Weifu Jialin	Controlling subsidiary	Chaoyang	Manufacturing	8,000,000.00	Accessories and matching parts of internal combustion engine	4,685,868.73		51%	51%	Yes	5,231,710.38		
Kunming Xitong	Controlling subsidiary	Kunming	Manufacturing	4,000,000.00	Accessories and matching parts of internal combustion engine	5,471,793.17		70%	70%	Yes	2,354,122.55		

Other explanation on subsidiary obtained by enterprise merger not under the same control:

2. Special purposes entity or operation entity where controlling right is formed under entrusted operation or leasing

Unit: RMB

Name	Main business contact with the Company	Balance of main assets and liability at period-end recognized in consolidated statement
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Other explanation for special purposes entity or operation entity where controlling right is formed under entrusted operation or leasing:

3. Explanation for changes in consolidation scope

Explanation for changes in consolidation scope:

Weifu Jida, was cancelled in September 2011, the profit statement and cash flow statement from period-begin of last period to conciliation date was consolidated into consolidation financial statement range

√ Applicable □ Not applicable

Comparing with last year, units increased in this year (period), reasons are:

Comparing with last year, one unit decreased in this year (period), reasons are:

Weifu Jida: was cancelled in September 2011, the profit statement and cash flow statement from period-begin of last period to conciliation date was consolidated into consolidation financial statement range

4. Entities newly included in consolidate scope during the reporting period and entities ceasing to be included in consolidate scope during the reporting period

Subsidiaries, special purposes entities, operation entity where controlling right is formed under entrusted operation or leasing newly included in consolidation scope during the period

Unit: RMB

Name	Net assets as at period-end	Net profit for the period
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Subsidiaries, special purposes entities, operation entity where controlling right is formed under entrusted operation or leasing ceasing to be included in consolidation scope during the period

Unit: RMB

Name	Net assets as at the disposal date	Net profit from the year-begin to the disposal date
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Other explanation on entities newly included in consolidation scope and entities ceasing to be included in consolidation scope:

5. Business combination under the common control during the reporting period

Unit: RMB

Party to be consolidated	Basis for determination of business combination under the common control	Actual controller under the common control	Consolidated income for the period from the period-begin to consolidation date	Consolidated net profit from this period to consolidation date	Consolidated operating activities cash flow from this period to consolidation date
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Other explanation for business combination under the common control:

6. Business combination not under the common control during the reporting period

Unit: RMB

Party to be consolidated	Amount of goodwill	Calculation method for goodwill
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Other explanation for business combination not under the common control:

7. Loss of subsidiaries due to disposal of equity interests without controlling rights during the reporting period

Subsidiary	Disposal date	Recognition method for gains and losses
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Other explanation for loss of subsidiaries due to disposal of equity interests without controlling rights

8. Counter purchase occurred during the reporting period

Backdoor	Basis for determination of counter purchase	Determination method for consolidated costs	Calculation method for goodwill recognized in consolidation or recorded in
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			current gains and losses
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Other explanation for counter purchase:

9. Absorption consolidation occurred during the reporting period

Unit: RMB

Types of absorption consolidation	Major assets consolidated		Major liabilities consolidated	
Absorption consolidation under common control	Item	Amount	Item	Amount
Absorption consolidation not under common control	Item	Amount	Item	Amount

Other explanation for absorption consolidation:

10. Translation exchange rates for items in major statements of overseas operating entities

Nil

VII. Notes to major items in consolidated financial statements

1. Monetary capital

Unit: RMB

Item	Amount at period-end			Amount at period-beginning		
	Amount in foreign currency	Converting rate	Amount in RMB	Amount in foreign currency	Converting rate	Amount in RMB
Cash:	--	--	481,336.46	--	--	425,963.50
RMB	--	--	481,336.46	--	--	425,963.50
Bank savings:	--	--	2,432,322,361.62	--	--	745,352,800.72
RMB	--	--	2,432,271,102.98	--	--	740,740,138.08
EUR	2,427.47	8.32%	20,190.73	560,896.20	8.16%	4,578,315.24
USD	4,942.79	6.29%	31,067.91	5,451.19	6.3%	34,347.40
Other monetary fund:	--	--	167,910,521.28	--	--	109,274,835.16
RMB	--	--	167,910,521.28	--	--	109,274,835.16
Total	--	--	2,600,714,219.36	--	--	855,053,599.38

Separate explanation is required for accounts with restricted application purposes, deposited overseas and of potential recovery risks arising from pledge, mortgage or frozen:

Item	2012-12-31	2011-12-31
Bank acceptance bill, L/C and other collateral	167,910,521.28	109,274,835.16

2. Transactional financial assets

(1) Transactional financial assets

Unit: RMB

Item	Fair value as at period-end	Fair value as at period-begin
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(2) Realization of restricted transactional financial assets

Unit: RMB

Item	Other significant restrictions on restriction conditions for sale or realization	Amount as at period-end
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(3) Explanation for hedge instruments and related hedge transactions**3. Notes receivables****(1) Classification of notes receivables**

Unit: RMB

Types	Amount at period-end	Amount at period-beginning
Commercial acceptance bill	43,360,000.00	48,430,000.00
Bank acceptance bill	855,360,248.22	1,178,588,757.27
Total	898,720,248.22	1,227,018,757.27

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

Unit: RMB

Issuer	Issue date	Expiring date	Amount	Notes
Anhui Jianghuai Automobile Co., Ltd.		2013-03-31	21,530,000.00	Total of multiple notes
Dongfeng Cummins Engine Co., Ltd.		2013-03-31	20,500,000.00	Total of multiple notes
Weichai Power Co., Ltd.		2013-03-31	20,000,000.00	Total of multiple notes
Xuzhou Langchi Automobile Sales Service Co., Ltd.		2013-03-31	7,850,000.00	Total of multiple notes
Wuhan Dongge Automobile Sales Co., Ltd.		2013-04-30	6,500,000.00	Total of multiple notes
Total	--	--	76,380,000.00	--

(3) Transfer of notes to notes receivable due to the issuer's impossibility to perform its obligations, and un-matured notes endorsed to others by the Company as at the period-end

Notes transfer to account receivable due to weak performance of drawer

Unit: RMB

Issuer	Issue date	Expiring date	Amount	Notes
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Explanation:

Un-matured notes endorsed to others by the Company

Unit: RMB

Issuer	Issue date	Expiring date	Amount	Notes
Zhejiang Jirun Automobile Co., Ltd.		2013-06-30	40,000,000.00	Total of multiple notes
Anhui Jianghui Automobile Co., Ltd.		2013-06-30	36,600,000.00	Total of multiple notes
Shanghai Maple Automobile Co., Ltd.		2013-06-30	20,000,000.00	Total of multiple notes
Zhejiang Geely Automobile Co., Ltd.		2013-06-30	15,000,000.00	Total of multiple notes
Taizhou Geely Antong Engine Manufacture Co., Ltd.		2013-06-30	12,000,000.00	Total of multiple notes
Total	--	--	123,600,000.00	--

Explanation:

Explanation for commercial acceptance notes discounted or pledged:

Among the note receivable in period-end, RMB 79,588,800 bank acceptance bill was pledged for issuing of note payable

4. Dividend receivables

Unit: RMB

Item	Amount at period-beginning	Increase in this period	Decrease in this period	Amount at period-end	Reasons of unrevoked	Depreciation for relevant account or not
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Dividend receivables aging within 1 year	0.00	107,616,777.91		107,616,777.91		No
Including:	--	--	--	--	--	--
Bosch Diesel System		107,616,777.91		107,616,777.91		No
Including:	--	--	--	--	--	--
Total		107,616,777.91		107,616,777.91	--	--

Explanation:

5. Interests receivables

(1) Interests receivables

Unit: RMB

Item	Amount at period-beginning	Increase in this period	Decrease in this period	Amount at period-end
Interest of bank savings	0.00	37,619,858.83		37,619,858.83
Total		37,619,858.83		37,619,858.83

(2) Overdue interests

Unit: RMB

Loan provider	Times overdue (days)	Overdue interests
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(3) Explanation for interests' receivables

6. Account receivables

(1) Classified by categories

Unit: RMB

Categories	Amount at period-end				Amount at period-beginning			
	Book balance		Bad debt reserve		Book balance		Bad debt reserve	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Account receivable with single significant amount and withdrawal bad debt provision separately	6,919,976.11	0.65%	6,919,976.11	100%	6,919,976.11	0.58%	6,919,976.11	100%
Account receivable of bad debt provision withdrawal by combination								
At book aging	1,043,935,964.74	98.55%	7,543,263.34	0.72%	1,172,628,088.90	98.63%	5,504,933.86	0.47%
Subtotal of group	1,043,935,964.74	98.55%	7,543,263.34	0.72%	1,172,628,088.90	98.63%	5,504,933.86	0.47%
Account receivable with single minor amount but withdrawal bad debt provision	8,449,350.69	0.8%	8,449,350.69	100%	9,402,820.72	0.79%	9,402,820.72	100%

singelly								
Total	1,059,305,291.54	--	22,912,590.14	--	1,188,950,885.73	--	21,827,730.69	--

Explanation for category of account receivables:

Other accounts receivable with amount in single item above RMB 1 million indicated other accounts receivable with significant amount in single item from which provision for bad debt was still drawn based on account age analysis method, as no objective evidence showed that the potential depreciation would exceed provision for bad debt drawn by age analysis.

√ Applicable □ Not applicable

Unit: RMB

Content of account receivable	Book balance	Bad debt reserve	Accrual proportion (%)	Reasons
Liuzhou Special Diesel Plant	1,612,018.00	1,612,018.00	100%	The account was too old to collect
Shaoyang Shenfeng Power Manufacture Co., ltd	1,589,871.23	1,589,871.23	100%	Old account, uncollectible after lawsuit
Changchai Wanzhou Diesel Co., ltd	1,500,000.00	1,500,000.00	100%	The account was too old to collect
Yuejin Light-Vehicle Co., Ltd.	1,218,086.88	1,218,086.88	100%	The account was too old to collect
Henan Agricultural Machinery Co	1,000,000.00	1,000,000.00	100%	Old account, uncollectible after lawsuit
Total	6,919,976.11	6,919,976.11	--	--

Account receivable provided for bad debt reserve under aging analysis method in the groups:

√ Applicable □ Non-applicable

Unit: RMB

账龄	Amount at period-end			Amount at period-beginning		
	Book balance		Bad debt reserve	Book balance		Bad debt reserve
	Amount	Proportion (%)		Amount	Proportion (%)	
within 1 year						
Including:	--	--	--	--	--	--
Within 6 months	1,013,297,599.82	97.07%		1,141,043,177.04	97.31%	
6 months to 1 year	14,021,801.93	1.34%	1,402,180.20	22,677,232.78	1.93%	2,267,723.28
Subtotal of within 1 year	1,027,319,401.75	98.41%	1,402,180.20	1,163,720,409.82	99.24%	2,267,723.28
1-2 years	12,213,147.26	1.17%	2,442,629.46	4,756,969.14	0.41%	951,393.83
2-3 years	1,174,936.75	0.11%	469,974.70	3,108,155.32	0.26%	1,243,262.13
Over 3 years	3,228,478.98	0.31%	3,228,478.98	1,042,554.62	0.09%	1,042,554.62
Total	1,043,935,964.74	--	7,543,263.34	1,172,628,088.90	--	5,504,933.86

Account receivables provided for bad debt reserve under balance percentage method in the groups:

□ Applicable√ Non-applicable

Account receivables provided for bad debt reserve under other method in the groups:

□ Applicable√ Non-applicable

Account receivable with single minor amount but withdrawal bad debt provision separately as at period-end

√ Applicable □ Non-applicable

Unit: RMB

Contents of account receivables	Book balance	Bad debt reserve	Provision proportion (%)	Reason for provision
Changchai Wanzhou Diesel Co., Ltd	837,472.95	837,472.95	100%	The account was too old to collect
Hubei Duoling Power Machinery Co., Ltd	775,624.61	775,624.61	100%	The account was too old to collect
Henan Xinxiang Internal Combustion Engine Plant	753,754.25	753,754.25	100%	The account was too old to collect
Yunnan Jinma Diesel General Plant	579,210.11	579,210.11	100%	The account was too old to collect
Dongfeng Nanchong Automobile Co., Ltd	569,974.38	569,974.38	100%	The account was too old to collect
Guangxi Liuzhou Zhongxin Engine Co., Ltd	474,895.94	474,895.94	100%	The account was too old to collect
Zhejiang Agriculture Machinery Accessory Co., Ltd	457,800.00	457,800.00	100%	The account was too old to collect
Jiangmen Zhongyu Material Supplying Co., Ltd	411,734.00	411,734.00	100%	The account was too old to collect
Changchai Group Jintan Diesel General Plant	375,035.52	375,035.52	100%	The account was too old to collect
Fujian Longma Agriculture-Vehicle Manufacture Co., Ltd	365,169.92	365,169.92	100%	The account was too old to collect
Kunming Zhongantong Jimao Co., Ltd	328,425.01	328,425.01	100%	The account was too old to collect
Beijing Pingyang Road Communication Equipment Co., Ltd	308,588.58	308,588.58	100%	The account was too old to collect
Other clients	2,211,665.42	2,211,665.42	100%	The account was too old to collect
Total	8,449,350.69	8,449,350.69	--	--

(2) Reversal or recovery of account receivables during the reporting period

Unit: RMB

Contents of account receivables	Reason for reversal of recovery	Basis for determination of original bad debt reserve	Accumulated provision of bad debt reserve before reversal or recovery	Amounts reversed or recovered
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Provision for bad debt reserve for account receivable with single significant or minor amount but tested for impairment separately as at period-end:

Unit: RMB

Contents of account receivables	Book balance	Bad debt amount	Provision proportion (%)	Reasons
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Explanation for account receivable with single minor amount while the risks of the group categorized with similar risk characteristics are relative significant:

(3) Account receivables actually written-off during the reporting period

Unit: RMB

Name of unit	Nature of account receivables	Time of write-off	Amount written off	Reason for write-off	Whether arising from related transactions
Other clients (28 in total)	Amount for goods		569,417.00	The account was too old to collect	No
Total	--	--	569,417.00	--	--

Explanation for write-off of account receivables:

(4) Account receivables due from the shareholders holding 5% or above voting shares of the Company during the reporting period

Unit: RMB

Name of the company	Amount at period-end		Amount at period-beginning	
	Book balance	Bad debt provision accrual	Book balance	Bad debt provision accrual

(5) Top 5 account receivable

Unit: RMB

Name of the company	Relationship with the Company	Amount	Terms	Proportion in total account receivables (%)
Client 1	Client	98,593,558.06	Within 1 year	9.31%
Client 2	Client	82,963,336.33	Within 1 year	7.83%
Client 3	Client	82,529,155.14	Within 1 year	7.79%
Client 4	Client	68,963,421.91	Within 1 year	6.51%
Client 5	Client	65,927,497.71	Within 1 year	6.22%
Total	--	398,976,969.15	--	37.66%

(6) Account receivables due from related parties

Unit: RMB

Name of the company	Relationship with the Company	Amount	Proportion in total account receivables (%)
Bosch Automobile Diesel System Co., Ltd	Associated company	53,027,656.44	5.01%
Wuxi Weifu-Autocam Fine Machinery Co. LTD	Joint venture	1,865,602.94	0.18%
Total	--	54,893,259.38	5.19%

(7) Account receivables derecognized

Unit: RMB

Item	De-recognition amount	Gains or losses related to derecognizing
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(8) As for securities with account receivables as target subject, list the assets and liabilities arising from further involvement

Unit: RMB

Item	Amount at period-end
Assets:	
Liabilities:	

7. Other receivables**(1) Disclosure of other receivables by classification**

Unit: RMB

Categories	Amount at period-end				Amount at period-beginning			
	Book balance		Bad debt reserve		Book balance		Bad debt reserve	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivable with single significant amount and withdrawal bad debt provision separately	2,000,000.00	13.57%	2,000,000.00	100%	2,000,000.00	12.08%	2,000,000.00	100%
Other receivable of bad debt provision withdrawal by combination								
By age	10,342,752.74	70.15%	195,121.22	1.89%	12,152,541.53	73.42%	169,130.65	1.39%
Subtotal of group	10,342,752.74	70.15%	195,121.22	1.89%	12,152,541.53	73.42%	169,130.65	1.39%
Other receivable with single minor amount while withdrawal bad debt provision separately	2,400,000.00	16.28%	2,400,000.00	100%	2,400,000.00	14.5%	2,400,000.00	100%
Total	14,742,752.74	--	4,595,121.22	--	16,552,541.53	--	4,569,130.65	--

Explanation for category of other receivables:

Other accounts receivable with amount in single item above RMB 1 million indicated other accounts receivable with significant amount in single item from which provision for bad debt was still drawn based on account age analysis method, as no objective evidence showed that the potential depreciation would exceed provision for bad debt drawn by age analysis.

Other receivable with single significant amount and withdrawal bad debt provision separately

√ Applicable □ Non-applicable

Unit: RMB

Contents of other receivables	Book balance	Bad debt provision	Provision proportion	Reason for provision
Jiangsu Techniques and Technology Center	2,000,000.00	2,000,000.00	100%	The account was too old to collect
Total	2,000,000.00	2,000,000.00	--	--

Other receivable provided for bad debt reserve under aging analysis method in the groups:

√ Applicable □ Non-applicable

Unit: RMB

Aging	Amount at period-end			Amount at period-beginning		
	Book balance		Bad debt reserve	Book balance		Bad debt reserve
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year						
Including:						
Within 6 months	9,504,648.34	91.9%		11,420,349.73	93.97%	
6 months to 1 year	428,887.90	4.15%	42,888.80	271,263.60	2.23%	27,126.36
Subtotal of within 1 year	9,933,536.24	96.05%	42,888.80	11,691,613.33	96.2%	27,126.36
1-2 years	219,151.51	2.12%	43,830.30	392,729.88	3.23%	78,545.97
2-3 years	136,104.79	1.31%	54,441.92	7,900.00	0.07%	3,160.00
Over 3 years	53,960.20	0.52%	53,960.20	60,298.32	0.5%	60,298.32
Total	10,342,752.74	--	195,121.22	12,152,541.53	--	169,130.65

Other receivables provided for bad debt reserve under balance percentage method in the groups:

□ Applicable √ Non-applicable

Other receivables provided for bad debt reserve under other method in the groups:

☐ Applicable ☒ Non-applicable

Other receivable with single minor amount but withdrawal bad debt provision separately as at period-end

☒ Applicable ☐ Non-applicable

Unit: RMB

Contents of other receivables	Book balance	Bad debt reserve	Provision proportion(%)	Reason for provision
Nanjing University	600,000.00	600,000.00	100%	The account was too old to collect
Southeast University	600,000.00	600,000.00	100%	The account was too old to collect
Nanjing University of Science and Technology	600,000.00	600,000.00	100%	The account was too old to collect
Nanjing University of Technology	600,000.00	600,000.00	100%	The account was too old to collect
Total	2,400,000.00	2,400,000.00	--	--

(2) Reversal or recovery of other receivables during the reporting period

Unit: RMB

Contents of other receivables	Reason for reversal of recovery	Basis for determination of original bad debt reserve	Accumulated provision of bad debt reserve before reversal or recovery	Amounts reversed or recovered
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Provision for bad debt reserve for other receivable with single significant or minor amount but tested for impairment separately as at period-end:

Unit: RMB

Contents of account receivables	Book balance	Bad debt amount	Provision proportion (%)	Reasons
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Explanation for other receivable with single minor amount while the risks of the group categorized with similar risk characteristics are relative significant:

(3) Other receivables actually written-off during the reporting period

Unit: RMB

Name of unit	Nature of other receivables	Time of write-off	Amount written off	Reason for write-off	Whether arising from related transactions
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Explanation for write-off of other receivables:

(4) Other receivables due from the shareholders holding 5% or above voting shares of the Company during the reporting period

Unit: RMB

Name	Amount at period-end		Amount at period-beginning	
	Book balance	Withdrawal bad debt	Book balance	Withdrawal bad debt

(5) Nature or content of other receivables with significant amount

Unit: RMB

Name of the company	Amount	Nature or content of account	Proportion in total other receivables (%)
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Explanation:

(6) Top 5 other receivable

Unit: RMB

Name of the company	Relationship with the Company	Amount	Terms	Proportion in total other account receivables (%)
Ningbo Jiangbei High-Tech Industry Park Development Construction Co., Ltd.	Non-related party	3,573,720.00	Within 1 year	24.24%
Jiangsu Techniques and Technology Center	Non-related party	2,000,000.00	Over 3 years	13.57%
Nanjing University	Non-related party	600,000.00	Over 3 years	4.07%
Southeast University	Non-related party	600,000.00	Over 3 years	4.07%
Nanjing University of Science and Technology	Non-related party	600,000.00	Over 3 years	4.07%
Nanjing University of Technology	Non-related party	600,000.00	Over 3 years	4.07%
Total	--	7,973,720.00	--	54.09%

(7) Other receivables due from related parties

Unit: RMB

Name of the company	Relationship with the Company	Amount	Proportion in total other receivables (%)
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(8) Other receivables derecognized

Unit: RMB

Item	De-recognition amount	Gains or losses related to de-recognition
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(9) As for securities with other receivables as target subject, list the assets and liabilities arising from further involvement

Unit: RMB

Item	Amount at period-end
Assets:	
Liabilities:	

8. Payment in advance**(1) Analysis of payments in advance by aging**

Unit: RMB

Age	Amount at period-end		Amount at period-beginning	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	115,255,800.11	80.32%	171,369,448.54	93.44%
1-2 years	25,033,154.09	17.44%	10,928,451.50	5.96%
2-3 years	2,222,191.42	1.55%	734,482.92	0.4%
Over 3 years	988,855.53	0.69%	375,476.08	0.2%
Total	143,500,001.15	--	183,407,859.04	--

Explanation for aging analysis of payments in advance:

(2) Top 5 of payments in advance

Unit: RMB

Name of the company	Relationship with the Company	Amount	Time	Reason for unsettlement
Wuxi Industry Group	Related party	15,155,700.00	2012-12-26	Account of trademark transfer paid in advance, relevant change procedure still in process
Ningbo International Tendering Co., Ltd.	Non-related party	11,155,167.63	2012-04-25	Account of equipment paid in advance without delivery
Chiron-Werke GmbH & Co. KG	Non-related party	6,169,317.67	2012-10-31	Account of equipment paid in advance without delivery
HORIBA Europ Company	Non-related party	5,831,784.00	2012-10-31	Account of equipment paid in advance without delivery
Jiangsu Daming Metal Products Co., Ltd.	Non-related party	4,104,443.65	2012-12-30	Account of goods paid in advance without delivery
Total	--	42,416,412.95	--	--

Explanation for major units paid in advance:

(3) Shareholders holding 5% or above voting shares of the Company in payments in advance during the reporting period

Unit: RMB

Name of the company	Amount at period-end		Amount at period-beginning	
	Book balance	Bad debt provision accrual	Book balance	Bad debt provision accrual
Wuxi Industry Group	15,155,700.00	0.00	0.00	0.00
Total	15,155,700.00	0.00	0.00	0.00

(4) Explanation for payment in advance

Account of trademark transfer paid in advance to Wuxi Industry Group, relevant change procedure still in process

9. Inventory

(1) Classification

Unit: RMB

Item	Amount at period-end			Amount at period-beginning		
	Book balance	Depreciation provision	Book value	Book balance	Depreciation provision	Book value
Raw materials	203,211,848.70	42,999,026.35	160,368,472.68	194,619,066.60	44,694,662.30	149,924,404.30
Product in process	144,838,941.60	3,702,985.07	141,135,956.53	154,676,188.96	4,220,541.89	150,455,647.07
Stock products	517,654,963.46	59,498,655.24	458,000,657.89	638,730,126.78	55,528,087.37	583,202,039.41
Total	865,705,753.76	106,200,666.66	759,505,087.10	988,025,382.34	104,443,291.56	883,582,090.78

(2) Inventory impairment provision

Unit: RMB

Kinds of inventories	Book-balance as at period-begin	Provision for this period	Decrease during this year		Book-balance as at period-end
			Reversal	Written-off	
Raw materials	44,694,662.30	3,834,850.06		5,530,486.01	42,999,026.35
Product in process	4,220,541.89	852,592.76		1,370,149.58	3,702,985.07
Stock products	55,528,087.37	13,178,298.83		9,207,730.96	59,498,655.24
Total	104,443,291.56	17,865,741.65		16,108,366.55	106,200,666.66

(3) Particular about inventory impairment provision

Item	Provision basis	Reason for reversal during the year	Proportion of the reversal amount during the year in the period-end balance of the inventory(%)
Raw materials	Compared cost of inventory at period-end with its net realizable value by single item comparison method and withdrew provision for price drop according to the balance between the net realizable value and cost. As the country improved standard for vehicle exhaust emission, the Company had correspondingly withdrawn provision for devaluation for products and relevant raw materials failing to meet new standard.	Written-off mainly due to sales outside	2.72%
Stock products	Compared cost of inventory at period-end with its net realizable value by single item comparison method and withdrew provision for price drop according to the balance between the net realizable value and cost. As the country improved standard for vehicle exhaust emission, the Company had correspondingly withdrawn provision for devaluation for products and relevant raw materials failing to meet new standard.	Written-off mainly due to sales outside	1.78%
Product in process	Compared cost of inventory at period-end with its net realizable value by single item comparison method and withdrew provision for price drop according to the balance between the net realizable value and cost. As the country improved standard for vehicle exhaust emission, the Company had correspondingly withdrawn provision for devaluation for products and relevant raw materials failing to meet new standard.	Written-off mainly due to sales outside	0.96%

Explanation on inventory

10. Other current assets

Unit: RMB

Item	Amount at period-end	Amount at period-beginning
Entrust financing products	490,000,000.00	
Receivable export tax rebates	9,913,435.88	10,199,548.21
Other	204,807.93	35,477.00
Total	500,118,243.81	10,235,025.21

Explanation on other current assets

11. Financial assets available for sale**(1) Particular about financial assets available for sale**

Unit: RMB

Item	Fair value as at period-end	Fair value as at period-begin
Equity instrument available for sale	265,689,600.00	
Total	265,689,600.00	

For financial assets available for sale that re-category from investment held to maturity, re-category amounting as 0 yuan, and takes 0% of the investment held to maturity before re-category.

Explanation on financial assets available for sale

In March 2012, privately offering shares of SDEC was purchased by the Company with restriction of one year.

(2) Long-term debt investment in financial assets available for sales

Unit: RMB

Bond	Type	Book value	Initial investment cost	Expired dated	Balance at period-begin	Interest	Interest receivable or received accumulative	Balance at period-end
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Explanation on long-term debt investment in financial assets available for sales

12. Held-to-maturity investment

(1) Particular about held-to-maturity investment

Unit: RMB

Item	Book balance at period-end	Book balance at period-begin
Entrust financing products	649,000,000.00	
Total	649,000,000.00	

Explanation on held-to-maturity investment

(2) Held-to-maturity investment that sold in report period but not expired

Unit: RMB

Item	Amount	Proportion in amount before sold (%)
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Explanation on held-to-maturity investment that sold in report period but not expired

13. Long-term account receivable

Unit: RMB

Type	Amount at period-end	Amount at period-beginning
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14. Investment for affiliated enterprise and joint ventures

Unit: RMB

Invested company	Equity proportion held by the Company (%)	Proportion of voting rights in invested company (%)	Total assets at period-end	Total liability at period-end	Total net assets at period-end	Total operation revenue in this period	Net profit in this period
I. Joint venture							
Wuxi Weifu-Autocam Fine Machinery Co. LTD	50%	50%	192,913,400.89	62,712,697.11	130,200,703.78	170,406,173.73	28,420,327.67
Wuxi Weifu Environment Protection	49%	49%	904,733,665.96	426,636,228.41	478,097,437.55	1,030,379,983.13	85,714,300.95

Catalyst Co.,Ltd.							
II. Associated company							
Bosch Diesel System	34%	34%	5,021,618,198.00	1,740,080,626.00	3,281,537,572.00	4,038,152,495.00	459,599,504.00
Zhonglian Automobile Electronic Co., Ltd	20%	20%	1,888,422,971.27	19,002,651.89	1,869,420,319.38	245,868,964.79	798,242,961.60
Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.	20%	20%	275,627,694.65	102,972,075.82	172,655,618.83	220,627,114.13	33,118,547.57

Explanation on major accounting policy and accounting estimation in joint venture and affiliated enterprises difference from the policy and estimation of the Company:

15. Long-term equity investment

(1) Details of long-term equity investment

Unit: RMB

Invested company	Calculation method	Investment cost	Balance at period-begin	Increase/decrease(+,-)	Balance at period-end	Proportion of share holding in invested company (%)	Proportion of voting rights in invested company (%)	Explanation on the incongruity in share holding proportion and voting proportion in invested company	Impairment provision	Impairment provision of accruing this year	Cash bonus this year
Wuxi Weifu-Autocam Fine Machinery Co. LTD	Equity method	37,842,087.00	64,679,626.18	1,925,163.84	66,604,790.02	50%	50%				12,285,000.00
Wuxi Weifu Environment Protection Catalyst Co.,Ltd.	Equity method	24,500,000.00	192,267,736.93	42,000,007.47	234,267,744.40	49%	49%				
Bosch Diesel System	Equity method	893,372,014.77	992,138,362.74	387,020,556.81	1,379,158,919.55	34%	34%				107,616,777.91
Zhonglian Automobile Electronic Co., Ltd	Equity method	120,124,000.00	398,088,504.09	-22,797,174.26	375,291,329.83	20%	20%				182,445,766.58
Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.	Equity method	2,000,000.00	29,397,006.55	4,615,449.51	34,012,456.06	20%	20%				2,040,000.00

Wuxi ITM Engine Co., Ltd.	Equity method	4,000,000.00	3,970,736.36	-3,970,736.36							
Guolian Securities Co., Ltd.	Cost method	12,000,000.00	12,000,000.00		12,000,000.00	1.2%	1.2%				540,000.00
Guangxi Liufa Co., Ltd.	Cost method	1,600,000.00	1,600,000.00		1,600,000.00	1.22%	1.22%		1,600,000.00		
Financial Company of Changchai Group Co., Ltd.	Cost method	800,000.00	800,000.00		800,000.00				800,000.00		
H&J Vanguard Investment Co., Ltd.	Cost method	33,000,000.00	33,000,000.00		33,000,000.00	11.72%	11.72%		33,000,000.00		
Nanjing Hengtai Insurance and Broker Co., Ltd.	Cost method	1,000,000.00	1,000,000.00		1,000,000.00	1.85%	1.85%		1,000,000.00		55,000.00
Jiangsu HSBC Insurance Agents Limited	Cost method	500,000.00	500,000.00	-500,000.00						-500,000.00	
Yangdong Co., Ltd.	Cost method	2,355,900.00	2,355,900.00		2,355,900.00	1.18%	1.18%		2,355,900.00	-200,000.00	
Henan Gushi Weining Oil Pump & Nozzle Co., Ltd..	Cost method	2,033,106.95	2,033,106.95		2,033,106.95				2,033,106.95		
Yangdong Co., Ltd.(Weifu Jinning)	Cost method	200,000.00	200,000.00	-200,000.00		1.41%	1.41%				
Wuxi Venture Capital GroupCo., Ltd.	Cost method	3,000,000.00	3,000,000.00	-3,000,000.00		13.44%	13.44%				
Beijing Foton Environmental Engine Co., Ltd.	Cost method	86,940,000.00	86,940,000.00		86,940,000.00	1.43%	1.43%		11,000,000.00		

Wuxi Xidong Technological Industry Park Co., Ltd.	Cost method	5,000,000.00	5,000,000.00		5,000,000.00	18.52%	18.52%				
Shanghai IMS Automotive Electronic System Co., Ltd.	Cost method	10,000,000.00	10,000,000.00		10,000,000.00						
Total	--	1,240,267,108.72	1,838,970,979.80	405,093,267.01	2,244,064,246.81	--	--	--	51,789,006.95	-700,000.00	304,982,544.49

(2) Limited ability for capital transfer to investment enterprise

Unit: RMB

Long-term equity investment that has limited ability of capital transfer to investment enterprise	Restriction reasons	un-recognized investment losses accumulative in period
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Explanation on long-term equity investment:

- ① Wuxi ITM Engine Co., Ltd: This company was cancelled in 2012, and Weifu ITM took back the corresponding investment funds.
- ② Bosch Diesel System: The registered capital is 0.2 billion US dollars, the Company invested 60 million US dollars, taking the proportion of 30% of the registered capital, Weifu Jinning invested 3 million dollars, taking the proportion of 1.5% of the registered capital. This year, the Company accepted 1.5% stock rights of BOSCH Diesel Systems transferred by Wuxi Industry Group Co., Ltd. and 1% stock rights of BOSCH Diesel Systems transferred by ROBERT BOSCH GMBH, and then the shareholding ratio of the Company changed to 32.50%.
- ③ Wuxi Venture Capital Group Co., Ltd.: Weifu Lida would hold the stock rights that Wuxi Venture Capital Group Co., Ltd. transferred to Wuxi Industry Group in accordance with the agreement signed between Weifu Lida and Wuxi Industry Group.

16. Investment real estate**(1) Investment real estate measured by cost**

Unit: RMB

Item	Book balance at period-begin	Increase during the period	Decrease during the period	Book balance at period-end
I. Total original book value	24,091,482.75			24,091,482.75
1. Houses and buildings	24,091,482.75			24,091,482.75
II. Accumulated depreciation and accumulated amortization	19,739,270.89	470,865.56		20,210,136.45
1. Houses and buildings	19,739,270.89	470,865.56		20,210,136.45
III. Total net book value of investment real estate	4,352,211.86			3,881,346.30
1. Houses and buildings	4,352,211.86			3,881,346.30
V. Total book value of investment real estate	4,352,211.86			3,881,346.30

Unit: RMB

	This period
Depreciation and amortization amount in this period	470,865.56

(2) Investment real estate measured by fair value

Unit: RMB

Item	Fair value as at period-begin	Increase during this period			Decrease during this period		Fair value as at period-end
		Purchase	Self-use real estate or transfer from inventory	Gains/losses of fair value changed	Disposal	Transfer to self-use real estate	

Explain the investment real estate that changing measurement mold in report period, and the investment real estate without property certificate done as well as the reasons for property certificate un-finished and predicted the time to obtained that certificates

17. Fixed assets**(1) Particular about fixed assets**

Unit: RMB

Item	Book balance at period-begin	Increase in this term	Decrease in this term	Book balance at period-end
I. total of book balance:	2,481,605,688.27	211,535,741.44	69,749,866.72	2,623,391,562.99
Including: House & buildings	749,973,347.43	5,108,041.00	645,124.00	754,436,264.43
Machinery equipment	1,473,891,164.69	177,270,325.77	61,955,763.45	1,589,205,727.01

Transportation tools	21,927,716.47	4,195,753.64		3,234,801.06	22,888,669.05
Other equipment	235,813,459.68	24,961,621.03		3,914,178.21	256,860,902.50
--	Book balance at period-begin	Increase during this period	Accrual in this period	Decrease during this period	Book balance at period-end
II. total of accumulated depreciation:	1,019,856,548.30		151,385,374.18	55,313,528.19	1,115,928,394.29
Including: House & buildings	171,270,118.39		23,070,005.17	79,168.64	194,260,954.92
Machinery equipment	710,619,710.46		111,383,250.73	49,042,113.49	772,960,847.70
Transportation tools	14,250,686.49		2,354,059.83	2,544,220.12	14,060,526.20
Other equipment	123,716,032.96		14,578,058.45	3,648,025.94	134,646,065.47
--	Book balance at period-begin	--			Book balance at period-end
III. total net value of fixed assets	1,461,749,139.97	--			1,507,463,168.70
Including: House & buildings	578,703,229.04	--			560,175,309.51
Machinery equipment	763,271,454.23	--			816,244,879.31
Transportation tools	7,677,029.98	--			8,828,142.85
Other equipment	112,097,426.72	--			122,214,837.03
IV. total of impairment provision	104,239,630.38	--			102,656,934.52
Including: House & buildings	0.00	--			0.00
Machinery equipment	95,817,866.87	--			94,235,450.08
Transportation tools	134,401.36	--			134,401.36
Other equipment	8,287,362.15	--			8,287,083.08
V. total book value of fixed assets	1,357,509,509.59	--			1,404,806,234.18
Including: House & buildings	578,703,229.04	--			560,175,309.51
Machinery equipment	667,453,587.36	--			722,009,429.23
Transportation tools	7,542,628.62	--			8,693,741.49
Other equipment	103,810,064.57	--			113,927,753.95

Depreciation in this period amounting to 151,385,374.18 yuan; original price transfer from construction in progress to fixed assets amounting as 185,892,844.67 yuan

(2) Temporary idle fixed assets

Unit: RMB

Item	Original book value	Depreciation accumulative	Impairment provision	Net book value	Note
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(3) Fixed assets leasing-in by financing lease

Unit: RMB

Item	Original book value	Depreciation accumulative	Net book value
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(4) Fixed assets leasing-out by operational lease

Unit: RMB

Type	Book value at period-end
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(5) Fixed assets held for sale in period-end

Unit: RMB

Item	Book value	Fair value	Disposal expense predicted	Disposal date predicted
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(6) Fixed assets with un-completed property certificates

Item	Reasons for un-completed certificate	Times expected for certificate completed
Plant and office building of Weifu Chang'an	Still in process of relevant property procedures	2013
Property of test center of Parent company	Newly built plant, in process of relevant property procedures	2013
Plant and office building of Weifu Jinning	Newly built plant, in process of relevant property procedures	2013

Explanation on fixed assets:

No fixed assets leasing-in by financing lease at period-end

No fixed assets mortgaged at period-end

18. Construction in process**(1) Constuction in process**

Unit: RMB

Item	Amount at period-end			Amount at period-beginning		
	Book balance	Provision reserve	Book value	Book balance	Provision reserve	Book value
R& D as well as industrialization of WAPS and capacity promotion for parts of diesel common rail system	705,837.58		705,837.58	35,734,087.26		35,734,087.26
Construction of industry zone district	4,352,455.56		4,352,455.56	7,652,729.49		7,652,729.49
Industrialization of auto tail-gas treatment system products	13,265,410.92		13,265,410.92	5,609,392.60		5,609,392.60
Engineering research institution project	35,345.48		35,345.48	11,308,448.56		11,308,448.56
Other projects	51,759,620.61	4,469,121.67	47,290,498.94	42,452,871.45	4,469,121.67	37,983,749.78
Total	70,118,670.15	4,469,121.67	65,649,548.48	102,757,529.36	4,469,121.67	98,288,407.69

(2) Changes of major projects under construction

Unit: RMB

Name	Budget	Amount at period-beginning	Increase during the period	Transfer to fixed assets	Other decrease	Proportion of project investment in budget (%)	Progress	Accumulated amount of interest capitalization	including: interest capitalized amount of the year	Interest capitalization rate of the year (%)	Capital source	Amount at period-end
R& D as well as industrialization of WAPS and capacity promotion for parts of diesel common rail system	650,000,000.00	35,734,087.26	7,024,386.74	42,052,636.42		42.2%	42.2%				Fund-raised	705,837.58
Construction of industry zone district	650,000,000.00	7,652,729.49	4,419,945.51	7,720,219.44		3.6%	3.6%				Raised, self-raised	4,352,455.56
Industrialization of auto tail-gas treatment system products	260,000,000.00	5,609,392.60	31,895,731.10	24,239,712.78		26.1%	26.1%				Fund-raised	13,265,410.92
Engineering research institution project	70,000,000.00	11,308,448.56	872,116.37	12,145,219.45		99.9%	99.9%				Raised, self-raised	35,345.48
Total	1,630,000,000.00	60,304,657.91	44,212,179.72	86,157,788.09		--	--			--	--	18,359,049.54

Explanation on changes of major projects under construction

(3) Construction in process impairment provision

Unit: RMB

Item	Amount at period-beginning	Increase during this period	Decrease during this period	Amount at period-end	Accrual Reason
sporadic projects	4,469,121.67			4,469,121.67	
Total	4,469,121.67			4,469,121.67	--

(4) Progress of material construction in progress

Item	progress	Note
R& D AS WELL AS INDUSTRIALIZATION OF WAPS AND CAPACITY PROMOTION FOR PARTS OF DIESEL COMMON RAIL SYSTEM	42.2%	
Construction of industry zone district	3.6%	
Industrialization of auto tail-gas treatment system products	26.1%	
Engineering research institution project	99.9%	

(5) Explanation of construction in process**19. Construction materials**

Unit: RMB

Item	Amount at period-beginning	Increase in this term	Decrease in this term	Amount at period-end
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Explanation on construction materials

20. Disposal of fixed assets

Unit: RMB

Item	Book balance at period-beginning	Book balance at period-end	Reasons for turn to disposal
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Explain the progress of disposal of fixed assets transfer over one year

21. Productive biological assets**(1) Measured by cost**

Unit: RMB

Item	Book balance at period-beginning	Increase in this term	Decrease in this term	Book balance at period-end
I. Crop farming				
II. Livestock				
III. Forestry				
IV. Aquaculture				

(2) Measured by fair value

Unit: RMB

Item	Book value at period-beginning	Increase in this term	Decrease in this term	Book value at period-end
I. Crop farming				
II. Livestock				
III. Forestry				

IV. Aquaculture

Explanation on productive biological assets

22. oil/gas assets

Unit: RMB

Item	Book balance at period-beginning	Increase in this term	Decrease in this term	Book balance at period-end
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Explanation on oil/gas assets

23. Intangible assets**(1) Particular about intangible assets**

Unit: RMB

Item	Book balance at period-begin	Increase in this term	Decrease in this term	Book balance at period-end
I. Original book valueTotal	303,058,015.83	37,710,412.66	197,000.00	340,571,428.49
Land use right of parent company	194,142,164.60			194,142,164.60
Trademark use right of Weifu Jinning	26,355,900.00			26,355,900.00
Weifu JinningLand use right	28,751,600.00			28,751,600.00
Weifu Diesel SystemLand use right	13,231,740.00			13,231,740.00
Computer software of Weifu Diesel System	1,486,145.72	48,974.36		1,535,120.08
Weifu ITMLand use right	17,136,659.60			17,136,659.60
Weifu TianliLand use right	13,968,816.80	36,437,629.00		50,406,445.80
Computer software of Weifu Tianli	2,705,380.26	242,564.10	197,000.00	2,750,944.36
Weifu JialinLand use right	1,150,072.22			1,150,072.22
Non-patents technology of Weifu Schmitter	3,539,793.05			3,539,793.05
Computer software of Weifu Leader	589,743.58	981,245.20		1,570,988.78
II. total accumulated amortization	36,489,929.25	7,325,734.12	197,000.00	43,618,663.37
Land use right of parent company	6,298,736.68	3,935,383.69		10,234,120.37
Trademark use right of Weifu Jinning	9,709,000.00			9,709,000.00
Weifu JinningLand use right	13,176,879.56	958,272.00		14,135,151.56
Weifu Diesel SystemLand use right	2,089,443.13	282,083.47		2,371,526.60
Computer software of Weifu Diesel System	811,728.36	210,935.89		1,022,664.25
Weifu ITMLand use right	2,941,793.28	342,733.20		3,284,526.48
Weifu TianliLand use right	569,505.99	402,992.99		972,498.98
Computer software of Weifu Tianli	508,782.28	510,443.82	197,000.00	822,226.10
Weifu JialinLand use right	134,241.88	24,043.32		158,285.20
Non-patents technology of Weifu Schmitter	147,491.40	353,979.36		501,470.76
Computer software of Weifu Leader	102,326.69	304,866.38		407,193.07
III. total net book value of intangible assets	266,568,086.58	30,384,678.54	0.00	296,952,765.12
Land use right of parent company	187,843,427.92		0.00	183,908,044.23
Trademark use right of Weifu Jinning	16,646,900.00		0.00	16,646,900.00
Weifu JinningLand use right	15,574,720.44		0.00	14,616,448.44
Weifu Diesel SystemLand use right	11,142,296.87		0.00	10,860,213.40

Computer software of Weifu Diesel System	674,417.36		0.00	512,455.83
Weifu ITMLand use right	14,194,866.32		0.00	13,852,133.12
Weifu TianliLand use right	13,399,310.81		0.00	49,433,946.82
Computer software of Weifu Tianli	2,196,597.98		0.00	1,928,718.26
Weifu JialinLand use right	1,015,830.34		0.00	991,787.02
Non-patents technology of Weifu Schmitter	3,392,301.65		0.00	3,038,322.29
Computer software of Weifu Leader	487,416.89		0.00	1,163,795.71
IV. Total intangible asset impairment provisions	16,646,900.00			16,646,900.00
Land use right of parent company				
Trademark use right of Weifu Jinning	16,646,900.00			16,646,900.00
Weifu JinningLand use right				
Weifu Diesel SystemLand use right				
Computer software of Weifu Diesel System				
Weifu ITMLand use right				
Weifu TianliLand use right				
Computer software of Weifu Tianli				
Weifu JialinLand use right				
Non-patents technology of Weifu Schmitter				
Computer software of Weifu Leader				
Total of intangible asset book value	249,921,186.58	30,384,678.54		280,305,865.12
Land use right of parent company	187,843,427.92			183,908,044.23
Trademark use right of Weifu Jinning				
Weifu JinningLand use right	15,574,720.44			14,616,448.44
Weifu Diesel SystemLand use right	11,142,296.87			10,860,213.40
Computer software of Weifu Diesel System	674,417.36			512,455.83
Weifu ITMLand use right	14,194,866.32			13,852,133.12
Weifu TianliLand use right	13,399,310.81			49,433,946.82
Computer software of Weifu Tianli	2,196,597.98			1,928,718.26
Weifu JialinLand use right	1,015,830.34			991,787.02
Non-patents technology of Weifu Schmitter	3,392,301.65			3,038,322.29
Computer software of Weifu Leader	487,416.89			1,163,795.71

The amount amortized in this period accounting as 7,325,734.12 yuan

(2) Expenditure of project development

Unit: RMB

Item	Amount at period-beginning	Increase in this term	Decrease in this term		Amount at period-end
			Record into current gains and losses	Confirm as intangible assets	

The proportion of development expenditure of total expenditure in R&D projects in reporting period

The proportion of intangible assets form by internal R&D in total book value of intangible assets at period-end

For development projects, including single price over one million yuan occurred in this period and the assessment price has been kept in book, disclosed the assessment institution and way of assessment:

24. Goodwill

Unit: RMB

Name of invested company or items formed goodwill	Balance at period-begin	Increase in this term	Decrease in this term	Balance at period-end	Provision reserve at period-end
Weifu Tianli	1,784,086.79			1,784,086.79	
Total	1,784,086.79			1,784,086.79	

Explain the impairment testing method and withdrawal method for impairment provision of goodwill:

Good will of Weifu Tianli: In 2010, the Company increasing capital to Weifu Tianli for holding merger; the goodwill was the part that merger cost over than fair value of Weifu Tianli's identifiable net assets. Weifu Tianli are running normally with profit earned in 2011 and in 2012, and no sign of impairment of goodwill been found in Weifu Tianli.

25. Long-term deferred expense

Unit: RMB

Item	Amount at period-beginning	Increase in this term	Amortization during this period	Other decrease	Amount at period-end	Reasons for other decrease
Decoration charge	9,144,280.20	6,697,713.39	3,614,305.84		12,227,687.75	
Total	9,144,280.20	6,697,713.39	3,614,305.84		12,227,687.75	--

Explanation on long-term deferred expense:

26. Deferred income tax assets and deferred income tax liabilities

(1) Net amount of deferred income tax assets and deferred income tax liabilities before deduction

Deferred income tax assets and deferred income tax liability that recognized

Unit: RMB

Item	Amount at period-end	Amount at period-beginning
Deferred income tax assets:		
Assets impairment provision	37,344,316.63	37,032,532.19
Operation losses from subsidiary	347,619.08	2,390,241.42
Deferred income	18,079,366.25	8,847,000.00
Internal un-realized profit	2,528,003.20	4,458,291.48
Payable salary, three-guarantee accrual etc.	27,720,249.40	30,603,817.94
Suntotal	81,732,075.68	83,331,883.03
Deferred income tax liability:		
Variation of fair value of financial assets available for sale which reckoned into capital reserve	9,972,240.00	
Value-added assessment of Weifu Tianli	2,578,942.40	2,689,975.40
Suntotal	12,551,182.40	2,689,975.40

Details of un-recognized deferred income tax assets

Unit: RMB

Item	Amount at period-end	Amount at period-beginning
Deductible temporary differences	16,423,371.59	16,426,231.77
Deductible losses	28,767,539.77	14,586,941.82
Provision reserve of Deductible temporary differences-long-term equity investment	51,789,006.95	52,489,006.95
Total	96,979,918.31	83,502,180.54

The deductible losses of un-recognized deferred income tax assets are expired in the follow year:

Unit: RMB

Year	Amount at period-end	Amount at period-beginning	Note
2013	7,634,262.55	14,586,941.82	Weifu ITM and subsidiaries have operation deficit
2014	2,429,134.89		Weifu ITM and subsidiaries have operation deficit

2015	3,169,614.06		Weifu ITM and subsidiaries have operation deficit
2016	3,044,019.10		Weifu ITM and subsidiaries have operation deficit
2017	12,490,509.17		Weifu ITM and subsidiaries have operation deficit
Total	28,767,539.77	14,586,941.82	--

Details of taxable difference and deductible differences

Unit: RMB

Item	Amount of temporary differences	
	Amount at period-end	Amount at period-begin
Items of taxable differences		
Bad debt reserve	11,084,339.77	9,970,629.57
Inventory depreciation provision	106,200,666.66	104,443,291.56
Impairment provision of fixed assets	102,656,934.52	104,239,630.38
Impairment provision of construction in progress	4,469,121.67	4,469,121.67
Impairment provision of intangible assets	16,646,900.00	16,646,900.00
Operation losses from subsidiary	1,390,476.34	9,560,965.70
Deferred income	120,529,108.31	58,980,000.00
Internal un-realized profit	12,243,777.68	24,645,429.09
Salary payable and expenses withdrawal in advance ect.	182,183,273.68	204,025,452.84
Subtotal	557,404,598.63	536,981,420.81
Item of deductible differences		
Variation of fair value of financial assets available for sale	66,481,600.00	
Value-added assessment of Weifu Tianli	17,192,949.32	17,933,169.30
Subtotal	83,674,549.32	17,933,169.30

(2) Net amount of deferred income tax assets and deferred income tax liabilities after deduction

Item of deferred income tax assets and liability after mutual offset

Unit: RMB

Item	Deferred income tax assets and liability after mutual offset at period-end	Deductible of temporary differences of payable taxes after mutual offset at period-end	Deferred income tax assets and liability after mutual offset at period-begin	Deductible of temporary differences of payable taxes after mutual offset at period-begin
Deferred income tax assets	86,019,554.56		83,331,883.03	
Deferred income tax liability	12,551,182.40		2,689,975.40	

Details of mutual offset of deferred income tax assets and liability

Unit: RMB

Item	Amount mutual offset
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Explanation on deferred income tax assets and deferred income tax liabilities

27. Details of asset impairment provision

Unit: RMB

Item	Balance as at period-begin	Increase in this term	Decrease in this term		Balance as at period-end
			Reversal	Written-off	
I. Bad debt reserve	26,396,861.34	1,858,878.84	178,611.82	569,417.00	27,507,711.36
II. Inventory falling price reserves	104,443,291.56	17,865,741.65		16,108,366.55	106,200,666.66

V. Long-term equity investment impairment provision	52,489,006.95	-700,000.00			51,789,006.95
VII. Fixed asset impairment provision	104,239,630.38	1,569,688.98		3,152,384.84	102,656,934.52
IX. Construction-in-process impairment provision	4,469,121.67				4,469,121.67
XII. Intangible assets impairment provision	16,646,900.00				16,646,900.00
Total	308,684,811.90	20,594,309.47	178,611.82	19,830,168.39	309,270,341.16

Explanation on asset impairment provision:

28. Other non-current assets

Unit: RMB

Item	Amount at period-end	Amount at period-beginning
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Explanation on other non-current assets

29. Short-term loans

(1) Type of Short-term Loans

Unit: RMB

Item	Amount at period-end	Amount at period-beginning
Guarantee loans	70,000,000.00	465,000,000.00
Factoring borrows		30,000,000.00
Total	70,000,000.00	495,000,000.00

Explanation on short-term loans

(2) Short-term loans un-paid by expired

Unit: RMB

Unit	Loan amount	Loan rates	Using in	Reasons of un-paid	Predicted payment date
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Amount paid after balance sheet date.

Explanation on short-term loans: for those expired short-term loans obtained expansion period, explain the expansion condition and new expiration:

30. Transactional financial liabilities

Unit: RMB

Item	Fair value as at period-end	Fair value as at period-begin
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Explanation on transactional financial liabilities:

31. Note payable

Unit: RMB

Type	Amount at period-end	Amount at period-beginning
Commercial acceptance bill	278,184,200.63	164,301,719.94
Total	278,184,200.63	164,301,719.94

Amount expired in next accounting period: 278,184,200.63yuan

Explanation on note payable:

At period-end, margin saving 167.34 million yuan was provided for the bank acceptance bill, and 79.59 million yuan was pledge for not receivable

32. Account payables

(1) Account payables

Unit: RMB

Item	Amount at period-end	Amount at period-beginning
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Within 1 year	1,041,109,124.61	1,281,117,377.51
1-2 years	77,004,432.34	4,115,809.28
2-3 years	2,769,567.39	5,183,739.67
Over 3 years	12,628,206.91	7,476,313.28
Total	1,133,511,331.25	1,297,893,239.74

(2)Accounts payable to shareholders holding 5% or above voting shares of the Company

Unit: RMB

Name of the company	Amount at period-end	Amount at period-beginning
German Bosch Company	6,902,117.57	
Total	6,902,117.57	

(3) Explanation on major account payable with over one year age:

Item	2012-12-31	Note
Temporary estimated amount for projects for Weifu Jinning	15,625,054.86	Part of construction account not paid due to unfailure acceptance

33. Account received in advance**(1) Account received in advance**

Unit: RMB

Item	Amount at period-end	Amount at period-beginning
Within 1 year	36,302,939.11	47,368,413.18
1-2 years	14,362,975.85	3,977,350.52
2-3 years	473,918.02	1,624,236.70
Over 3 years	1,482,478.99	2,319,940.85
Total	52,622,311.97	55,289,941.25

(2)Accounts received in advance to shareholders holding 5% or above voting shares of the Company

Unit: RMB

Name of the company	Amount at period-end	Amount at period-beginning
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(3) Explanation on major account received in advance with over one year age:

Nil

34. Wages payable

Unit: RMB

Item	Balance as at period-begin	Increase in this term	Decrease in this term	Balance as at period-end
I. Wage, bonus, allowance and subsidy	202,068,498.83	351,525,367.12	349,079,724.60	2045,14,141.35
II. Employees' welfare		31,533,893.80	31,533,893.80	
III. Social security	35,742,773.98	106,514,594.70	105,004,237.74	37,253,130.94
IV. Housing fund	1,546,640.59	43,587,132.40	43,636,269.70	1,497,503.29
VI. Other	39,414,074.57	7,122,151.97	13,508,832.42	33,027,394.12
Including: Residence subsidy for employees	24,155,327.41	127,114.00	5,847,958.34	18,434,483.07
Labor union and staff educational charge	14,851,468.76	6,775,988.97	7,389,330.08	14,238,127.65
Other	407,278.40	219,049.00	271,544.00	354,783.40
Total	278,771,987.97	540,283,139.99	542,762,958.26	276,292,169.70

Wages payable has 0 yuan for arrears

Outlay for labor union and staff educational charge amounting as 14,238,127.65 yuan; non-monetary welfare amounting as 0 yuan and compensation for dismissal of labor relationship amounting to 0 yuan

The wages payable expected to pay and the amount for payment:

The annual employee bonus of 2012 will be paid before Apr., 2013. The bonus funds of the parent company to be counted and withdrawn according to the resolutions of shareholders' meeting includes in the salary, bonus, allowances and subsidies, and the Company will use according to the board of directors' arrangements.

35. Tax payable

Unit: RMB

Item	Amount at period-end	Amount at period-beginning
VAT	-5,574,642.73	5,769,272.41
Business tax	782,490.88	173,046.00
Enterprise income tax	26,286,094.33	64,506,553.13
Personal income tax	226,120.35	553,621.27
City maintenance and construction tax	1,247,648.89	1,898,229.84
Educational surtax	891,250.66	902,190.56
Other	3,612,748.54	3,934,210.53
Total	27,471,710.92	77,737,123.74

Explanation on tax payable: if the local taxation bureau agrees mutual adjustment between vary branches and plants, explain taxation calculation:

36. Interest payable

Unit: RMB

Item	Amount at period-end	Amount at period-beginning
Interest payable for short-term loans	220,500.00	930,000.00
Total	220,500.00	930,000.00

Explanation on interest payable:

37. Dividend payable

Unit: RMB

unit	Amount at period-end	Amount at period-beginning	Reasons for un-payment over one year
Minority shareholders' equity of Weifu Leader		3,444,762.15	
Total		3,444,762.15	--

Explanation on dividend payable:

38. Other payables

(1) Other payables

Unit: RMB

Item	Amount at period-end	Amount at period-beginning
Within 1 year	54,978,609.46	73,196,628.69
1-2 years	8,602,362.68	2,941,318.76
2-3 years	386,885.62	2,251,679.81
Over 3 years	7,396,384.36	5,601,944.17
Total	71,364,242.12	83,991,571.43

(2) Others payable due to shareholders units holding over 5% (5% included) voting shares of the Company at period-end

Unit: RMB

Item	Amount at period-end	Amount at period-beginning
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(3) Explanation on other account payable with over one year age

Item	2012-12-31	Note
Nanjing Jidian Industrial Group Co., Ltd.	4,500,000.00	Current amount

(4) Explanation on unit of major connected amount for other account payable**39. Predicted liability**

Unit: RMB

Item	Amount at period-beginning	Increase in this term	Decrease in this term	Amount at period-end
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Explanation on predicted liability:

40. Non-current liability due within one year**(1) Non-current liability due within one year**

Unit: RMB

Item	Amount at period-end	Amount at period-beginning
Long-term loans due within one year		3,000,000.00
Total		3,000,000.00

(2) Long-term loans due within one year

Long-term loans due within one year

Unit: RMB

Item	Amount at period-end	Amount at period-beginning
Guarantee loans		3,000,000.00
Total		3,000,000.00

In long-term loans due within one year, amount of undue but with expansion time.

Top five long-term loans due within one year:

Unit: RMB

Unit	Starting date for loans	Termination date for loans	Currency	Rate (%)	Amount at period-end		Amount at period-beginning	
					Foreign currency	Local currency	Foreign currency	Local currency
Jiangsu International Trust Corp.	2009-11-27	2012-05-27	CNY					3,000,000.00
Total	--	--	--	--	--		--	3,000,000.00

Due loans in long-term loans due within one year:

Unit: RMB

Unit	Amount loans	Undue date	Annual rate (%)	Using purpose	Unpaid reasons	Paid expected
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Amount paid after balance sheet date.

Explanation on long-term loans due within one year:

(3) Bond payable due within one year

Unit: RMB

Name	Value	Issuing date	Terms	Issuing amount	Interest payable at period-beginning	Interest payable in this period	Interest paid in this period	Interest payable in this period-end	Balance at period-end
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Explanation on bond payable due within one year:

(4) Long-term account payable due within one year

Unit: RMB

Unit	Terms	Initial amount	Rate (%)	Interest reckoned	Amount at period-end	Loan condition
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Explanation on long-term account payable due within one year:

41. Other current liability

Unit: RMB

Item	Book balance at period-end	Book balance at period-begin
Sales discount	4,800,000.00	21,690,000.00
Vary subsidy	1,188,800.00	1,491,200.00
Auditing fee	1,500,000.00	
Three-gaurantee charge	12,013,530.77	6,569,297.07
Certificate charge for real estate	2,317,423.10	
Other	282,511.40	4,858,112.40
Total	22,102,265.27	34,608,609.47

Explanation on other current liability:

42. Long-term loan**(1) Category of long-term loans**

Unit: RMB

Item	Amount at period-end	Amount at period-beginning
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Explanation on long-term loans:

(2) Top five long-term loans

Unit: RMB

Unit	Starting date for loans	Termination date for loans	Currency	Rate (%)	Amount at period-end		Amount at period-beginning	
					Foreign currency	Local currency	Foreign currency	Local currency

Explanation on long-term loans: if there has long-term loans from undue with expansion obtained, explain the expansion condition, principle, interest and predicted payment arrange:

43. Bond payable

Unit: RMB

Name	Value	Issuing date	Terms	Issuing amount	Interest payable at period-begin	Interest payable in this period	Interest paid in this period	Interest payable in this period-end	Balance at period-end
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Bond payable including convertible corporate bond's condition and time for shares transfer:

44. Long-term account payable**(1) Top five long-term account payable**

Unit: RMB

Unit	Term	Initial amount	Rate (%)	Interest reckoned	Balance at period-end	Loan condition
Hi-tech Branch of Nanjing Finance Bureau	2011-12-28 to 2026-12-28	5,040,000.00	0%		5,040,000.00	To encourage Weifu Jinning to enter Nanjing High-tech Technology Industry Development Zone, financial supporting capital is allotted by High-tech branch of Finance Bureau of Nanjing for supporting use, the term is from 28 December 2011 to 28 December 2026. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.
Loan transferred from treasury bond	The transferred national debt capital received by Weifu Jinning in 2007. Pay the loans with 11-year installment since 2012	3,730,000.00	2.55%	95,115.00	3,390,909.00	Weifu Jinning received RMB1.87 million yuan of special funds from budget of the central government, and RMB1.73 million yuan of special funds from budget of the local government. The non-operating income transferred in was 1.87 million yuan in 2011, if the Company pays back special funds of 3.73 million yuan to the local government in 11 years since 2012, then the Company needs to repay the principal of 339,091.00yuan each year.
Hi-tech Branch of Nanjing Finance Bureau	2008-11-10 to 2023-11-10	2,750,000.00			2,750,000.00	To encourage Weifu Jinning to enter Nanjing High-tech Technology Industry Development Zone, financial supporting capital is allotted by High-tech branch of Finance Bureau of Nanjing for supporting use, the term is from 10 November 2008 to 10 November 2023. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.
Hi-tech Branch of Nanjing Finance Bureau	2006-7-20 to 2021-7-20	1,250,000.00			1,250,000.00	To encourage Weifu Jinning to enter Nanjing High-tech Technology Industry Development Zone, financial supporting capital is allotted by High-tech branch of Finance Bureau of Nanjing for supporting use, the term is from 20 July 2006 to 20 July 2021. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.
Hi-tech Branch of Nanjing Finance Bureau	2007-9-17 to 2022-9-17	1,230,000.00			1,230,000.00	To encourage Weifu Jinning to enter Nanjing High-tech Technology Industry Development Zone, financial supporting capital is allotted by High-tech branch of Finance Bureau of Nanjing for supporting use, the term is from 17 Sep.2007 to 17 Sep. 2022. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.

(2)Details of financing rent payable in long-term payable

Unit: RMB

Unit	Amount at period-end		Amount at period-beginning	
	Foreign currency	RMB	Foreign currency	RMB

Amount of guarantee from independent third party for the financing rent of the Company

Explanation on long-term payable:

45. Specific account payable

Unit: RMB

Item	Amount at period-beginning	Increase in this term	Decrease in this term	Amount at period-end	Note
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Explanation on specific account payable:

46. Other non-current liability

Unit: RMB

Item	Book balance at period-end	Book balance at period-begin
Appropriation on industrialization project of electrical control and high voltage jet VE system of low emissions diesel	12,000,000.00	12,000,000.00
R&D subsidy for new products	41,079,108.31	48,530,000.00
Appropriation on reforming of production line technology and R&D ability of common rail system for diesel by distributive high-voltage	7,100,000.00	7,100,000.00
Fund of industry upgrade	60,400,000.00	
Appropriation on central basic construction investment	5,000,000.00	
Other	8,300,000.00	4,700,000.00
Total	133,879,108.31	72,330,000.00

Other non-current liability, including vary government subsidy related with assets and income as well as its balance at period-end:

1. Appropriation on industrialization project of electrical control and high voltage jet VE system of low emissions diesel: in September 2009, Weifu Jinning signed "Project Contract of Technology Outcome Transferring Special Capital in Jiangsu Province" with Nanjing Technical Bureau, according to which Weifu Jinning received appropriation RMB 6.35 million in 2009, RMB 4.775 million received in 2010 and RMB 0.875 million received in 2011. According to the contract, the attendance date of this project was: from October of 2009 to March of 2012. This contract agreed 62% of newly increased investment in project would be spent in fixed assets investment. The project still not acceptance ended as 31 December 2012.
2. R&D subsidy for new products: The subsidy for R&D of new products are received from Wuxi New Fianncual Bureau last yera for year of 2012 to 2013. The RMB 7,450,891.69 compensate for expediture of R&D has transfer to non-operation income.
3. Appropriation on reforming of production line technology and R&D ability of common rail system for diesel by distributive high-voltage: in 2011, specific fund RMB 7.1 million was allocated from Wuxi New Zone Financial Bureau.
4. Industry upgrading funds: In accordance with the document Xi Xin Guanjing Fa [2012] No.216 and Document Xi Xin Guancai Fa [2012] No. 85, the Company received funds of 60.4 million yuan appropriated for industry upgrading this year.
5. Appropriation for investment of capital construction from the central government: In accordance with the document Xi Caijian [2012] No.43, the Company received appropriation of 5 million yuan for investment of capital construction from the central government this year.

47. Share capital

Unit: RMB

	Amount at period-beginning	Increased (decreased) in this year					Amount at period-end
		New shares issued	Bonus shares	Shares converted from public reserve	Other	Sub-total	
Total shares	567,275,995.00	112,858,000.00				112,858,000.00	680,133,995.00

Explanation on share capital changes, if there has capital increase/decrease in reporting period, disclosed the CPA's name and verification documents; for company limited within 3 years operation, explain the net assets before establishment; for those company limited changed from limited liability company, explain the verification condition while established.

In accordance with the resolutions of shareholders' meeting and provisions of amended constitution, and approved by [2012] No. 109 document of China Securities Regulatory Commission, in Feb., the Company issued RMB ordinary shares (A-share) of 112,858,000 shares to Wuxi Industry Groups and overseas strategic investor, ROBERT BOSCH GMBH (hereinafter referred to as Germany BOSCH), face value was RMB 1 yuan per share,

added registered capital of RMB112,858,000 yuan , and the registered capital after change was RMB 680,133,995yuan.

At period-end, Wuxi Industry Group holds 136,039,599 shaers of the Company with 20.00% in total share capital, is the substantial shareholder of the Company.

48. Stock shares

Explanation on stock shares:

49. Specific Reserve

Explanation on specific Reserve:

Item	2011-12-31	Increase in this period	Decrease in this	2012-12-31
Safety production fee	--	18,232,197.57	18,232,197.57	--

1. Under the Management on Withdrawal and Application of Enterprise Safety Production Fee (CQ(2012)No.16) issued by the ministry of finance and the general bureau of safety supervision, the Company takes the actual operating income of previous year as provision base in 2012, and conducts withdrawal month-by-month on an average basis under the method of accumulative return for excess.

2. The aforesaid safety production fee contains those as provided by the Company and those as provided by its subsidiaries attributable to shareholders of the Company.

50. Capital reserves

Unit: RMB

Item	Amount at period-beginning	Increase in this term	Decrease in this term	Amount at period-end
Capital premium (Share capital premium)	876,835,085.21	2,737,266,252.93		3,614,101,338.14
Other capital reserve	19,083,331.38			19,083,331.38
Net variation of fair value of financial assets available for sale		56,509,360.00		56,509,360.00
Total	895,918,416.59	2,793,775,612.93		3,689,694,029.52

Explanation on capital reserve

In accordance with the resolutions of shareholders' meeting and provisions of amended constitution, and approved by [2012] No. 109 document of China Securities Regulatory Commission, in Feb., the Company issued RMB ordinary shares (A-share) of 112,858,000 shares to Wuxi Industry Groups and overseas strategic investor, ROBERT BOSCH GMBH (hereinafter referred to as Germany BOSCH), face value was RMB 1 yuan per share, added registered capital of RMB112,858,000 yuan, total RMB 2,866,028,910.00 was raised, after deducted offering expenses RMB 15,904,657.07, net raised fund of RMB 2,850,124,252.93 was actual obtained. Repirster capital (paid-in capital) RMB 112,858,000 was increased, capital reserve was RMB 2,737,266,252.93.

51. Surplus reserves

Unit: RMB

Item	Amount at period-beginning	Increase in this term	Decrease in this term	Amount at period-end
Statutory surplus reserves	283,637,997.50	56,429,000.00		340,066,997.50
Total	283,637,997.50	56,429,000.00		340,066,997.50

Explanation on surplus reserve, if share capital converted from surplus reserve, remedy deficit and dividend distributed, explain relevant resolutions:

Withdraw the legal surplus according to 10% of the net profit after tax of the parent company.

At the end of last year, the legal surplus of the Company has been withdrawn to 50% of the registered capital (share capital), as the non-public offering of stock increased the registered capital (share capital) this year, the Company continued to withdraw the legal surplus according to 10% of the net profit after tax of the parent company until the balance of legal surplus reached 50% of the registered capital (share capital).

52. General risk provision

Explanation on general risk provision:

53. Undistributed profits

Unit: RMB

Item	Amount	Withdrawal or Allocation Ratio
Undistributed profits at the end of last year before adjustment	3,317,227,992.26	--
Undistributed profits at the beginning of the year after adjustment	3,317,227,992.26	--
Add: The net profits belong to owners of patent company of this period	889,326,939.46	--
Less: Withdraw legal surplus reserves	56,429,000.00	
Handle common stock dividends	204,040,198.50	
Undistributed profits at the end of the period	3,946,085,733.22	--

Details about adjusting the undistributed profits at the beginning of the year:

- 1) The retroactive adjustments to Accounting Standards for Business Enterprises and its relevant new regulations affect the undistributed profits at the beginning of the year amounting to 0 Yuan.
- 2) The changes in accounting policies affect the undistributed profits at the beginning of the year amounting to 0 Yuan.
- 3) The major accounting error correction affects the undistributed profits at the beginning of the year amounting to 0 Yuan.
- 4) Merge scope changes caused by the same control affect the undistributed profits at the beginning of the year amounting to 0 Yuan.
- 5) Other adjustments affect the undistributed profits at the beginning of the year amounting to 0 Yuan.

The undistributed profits explain that the company initial public offering bonds should clearly state if the accumulated profits are decided to be shared by old and new shareholders by general meeting of stockholders before issuing; while the company should clearly disclose that the profits in the dividends payable belong to old shareholders after auditing if the general meeting of stockholders decides the accumulated profits are allocated and shared by old shareholders before issuing.

According to the profit distribution plan 2011 approved in the Board in April 2012, as well as deliberated in Annual Shareholders' General Meeting of 2011, base on the total share capital after privately offering in February 2012, distributed 3.00 yuan (tax included) for each 10 shares, totally 204,040,198.50 yuan common dividend were distributed

At the end of last year, the legal surplus of the Company has been withdrawn to 50% of the registered capital (share capital), as the non-public offering of stock increased the registered capital (share capital) this year, the Company continued to withdraw the legal surplus according to 10% of the net profit after tax of the parent company until the balance of legal surplus reached 50% of the registered capital (share capital).

54. Operating income and cost**(1) Operating income and cost**

Unit: RMB

Item	Amount of this period	Amount of last period
Main operating income	4,651,387,384.54	5,347,067,379.20
Other operating income	363,896,034.17	551,045,710.29
Operating cost	3,773,477,621.24	4,314,627,953.07

(2) Primary business (By industries)

Unit: RMB

Industry	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost

Auto parts	4,651,387,384.54	3,441,200,769.51	5,347,067,379.20	3,803,310,436.35
Total	4,651,387,384.54	3,441,200,769.51	5,347,067,379.20	3,803,310,436.35

(3) Primary business (By products)

Unit: RMB

Products	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Fuel injection system	3,667,499,333.27	2,637,702,014.93	4,329,702,932.55	2,970,273,532.15
Intake system	153,580,378.18	113,203,879.68	153,136,685.96	95,554,255.03
Tail treatment system	830,307,673.09	690,294,874.90	864,227,760.69	737,482,649.17
Total	4,651,387,384.54	3,441,200,769.51	5,347,067,379.20	3,803,310,436.35

(4) Primary business (By districts)

Unit: RMB

District	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Domestic	4,362,027,051.97	3,158,670,288.49	5,082,298,199.57	3,543,049,039.31
Overseas	289,360,332.57	282,530,481.02	264,769,179.63	260,261,397.04
Total	4,651,387,384.54	3,441,200,769.51	5,347,067,379.20	3,803,310,436.35

(5) The operating income of the top five customers of the Company

Unit: RMB

Customer name	Primary business income	The percentage in all operating income of the Company (%)
Clinet 1	321,618,959.96	6.41%
Clinet 2	316,155,564.30	6.3%
Clinet 3	313,187,405.34	6.24%
Clinet 4	313,056,704.89	6.24%
Clinet 5	294,418,774.88	5.87%
Total	1,558,437,409.37	31.06%

Explanation on operating income

55. Contract item income

Unit: RMB

Fixed price contract	Contract Item	Amount	Cost accumulative occurred	Gross profit accumulative recognized (loss listed with "-")	Amount with settlement done
Cost plus contract	Contract Item	Amount	Cost accumulative occurred	Gross profit accumulative recognized (loss listed with "-")	Amount with settlement done

Explanation on contract item

56. Business tax and surcharges

Unit: RMB

Item	Amount of this period	Amount of last period	Calculating and payment standards
Business tax	2,126,923.20	1,219,123.59	
City maintenance and construction tax	17,328,343.12	18,771,763.26	
Educational surtax	12,377,649.77	13,012,773.42	
Total	31,832,916.09	33,003,660.27	--

Explanation on business tax and surcharges

57. Sales expenses

Unit: RMB

Item	Amount of this period	Amount of last period
Salary and fringe benefit	28,414,034.46	27,118,345.36
Consumption of office materials and business travel charge	10,484,898.09	8,922,917.25
Transportation charge	16,636,577.74	15,658,263.13
Warehouse charge	5,795,193.53	7,970,411.59
Three-gaurantee fee	114,827,045.64	150,068,764.30
Other	14,485,738.51	17,148,510.04
Total	190,643,487.97	226,887,211.67

58. Administration expenses

Unit: RMB

Item	Amount of this period	Amount of last period
Salary and fringe benefit	187,215,019.30	153,150,038.59
Depreciation charger and long-term assets amortization	36,836,465.47	31,608,060.44
Consumption of office materials and business travel charge	28,963,108.82	23,544,669.10
Tax	16,202,726.61	13,802,415.12
Other	175,326,722.83	205,840,281.52
Total	444,544,043.03	427,945,464.77

59. Financial expenses

Unit: RMB

Item	Amount of this period	Amount of last period
Interest expenses	18,404,432.74	28,304,549.51
Note discount interest expenses	3,972,141.41	4,004,514.28
Saving interest income	-99,501,969.93	-9,609,457.15
Gains/losses from exchange	564,246.83	2,399,121.76
Handling charges	1,066,203.21	1,249,436.08
Total	-75,494,945.74	26,348,164.48

60. Income of fair value changes

Unit: RMB

Sources generating income of fair value changes	Amount of this period	Amount of last period
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Explanation on income of fair value changes

61. Investment income

(1) Particulars about investment income

Unit: RMB

Item	Amount of this period	Amount of last period
Income of long-term equity investment calculated based on cost	595,000.00	25,000.00
Income of long-term equity investment calculated based on equity	368,812,771.97	497,916,948.54
Investment income obtained from disposal of long-term equity investment	1,316,200.00	
Investment income obtained from held-to-maturity investment	24,750,377.29	
Investment income obtained from available-for-sale financial assets	740,000.00	
Other	4,963.64	
Total	396,219,312.90	497,941,948.54

(2) Income of long-term equity investment calculated based on cost

Unit: RMB

Company name	Amount of this period	Amount of last period	Reasons of change (+,-)
Guolian Security	540,000.00		
Hengtai Insurance	55,000.00	25,000.00	
Total	595,000.00	25,000.00	--

(3) Income of long-term equity investment calculated based on equity

Unit: RMB

Company name	Amount of this period	Amount of last period	Reasons of change (+,-)
Zhonglian Automobile Electronic Co., Ltd	159,648,592.32	193,972,136.09	Profit decline due to influence from auto industry
Bosch Diesel System	149,572,192.27	233,894,626.17	Profit decline due to influence from auto industry
Wuxi Weifu Environment Protection Catalyst Co.,Ltd.	38,736,025.76	40,830,350.48	Profit decline due to influence from auto industry
Wuxi Weifu-Autocam Fine Machinery Co. LTD	14,210,163.84	16,672,842.19	Profit decline due to influence from auto industry
Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.	6,645,784.49	12,627,288.30	Profit decline due to influence from auto industry
Total	368,812,758.68	497,997,243.23	--

Investment income description: It should be introduced if there is significant restrictions to repatriation of investment income; it also should be introduced if there is no this kind of significant restrictions:

No such significant restrictions in aspect of investment income

62. Asset impairment loss

Unit: RMB

Item	Amount of this period	Amount of last period
I. bad debt loss	1,680,267.02	193,175.87
II. inventory falling price loss	17,865,741.65	5,706,243.63
VII. Impairment loss of fixed assets	1,569,688.98	576,827.79
Total	21,115,697.65	6,476,247.29

63. Non-operating income**(1) Non-operating income**

Unit: RMB

Item	Amount of this period	Amount of last period	Amount reckoned into current non-recurring gains/losses
Non-current assets disposal gains	4,395,890.34	4,283,158.05	4,395,890.34
Including: fixed assets disposal gains	4,395,890.34	4,283,158.05	4,395,890.34
Government grants	15,105,216.19	34,526,848.90	15,105,216.19
Other	1,004,572.10	4,694,333.15	1,004,572.10
Total	20,505,678.63	43,504,340.10	

(2) Details of government grants

Unit: RMB

Project	Amount occurred at current period	Amount occurred at prior period	Explanation
Grants for new product research and development - transfer of deferred income	7,450,891.69		Received grants appropriated by Wuxi New District Finance Bureau for the research and development of the Company's new products in the last year. Compensate relevant research and development expenditure of 7,450,891.69 yuan to move into the non-operating income in this year.
Financial support funds (2004) – transfer of long-term account payable	1,710,000.00		The support funds given by High-tech branch of Nanjing Finance Bureau to encourage Weifu Jinning to enter Nanjing High-tech industry development zone, the duration was from 5 th , Aug., 2004 to 4 th , Aug., 2012, if the operation period is less than 15 years, Weifu Jinning needs to return the financial support funds. This year confirms that there is no need to return and move the funds into the nonbusiness income at the current period.
Innovation support funds of scientific and technological enterprise	720,000.00		Ningbo Jiang Bei District Science and Technology Bureau Beiqu Keji [2012] No. 15
The first batch of funds for science and technology project of	560,000.00		Ningbo Science and Technology Bureau & Ningbo Finance Bureau Yong Ke Ji [2012] No. 67, Yong Caizhengjiao[2012] No. 616

Ningbo City in 2012			
Interest subsidies	1,010,000.00		The People's Government of Wuxi City Huishan District Huifu Fa [2011] No. 50
Support funds	816,330.00		The company received subsidies according to the agreement signed between Wuxi Huishan Economic Development District Management Committee and Weifu Lida.
Subsidy for research and development	300,000.00		R&D funds received according to the agreement signed between Weifu Lida and Nanjing University
Subsidy for research and development	320,000.00		R&D funds received according to the agreement signed between Weifu Lida and Weichai Power Co., Ltd.
Others	2,217,994.50		This year, the Company received grants appropriated by Wuxi New District Finance Bureau for the technological innovation in three years.
Technological innovation grants		25,400,000.00	This year, the Company received grants appropriated by Wuxi New District Finance Bureau for the technological innovation in three years.
State bond-turned loan funds		1,870,000.00	The bond-lending funds Weifu Jinning received in 2007, the part of which didn't need to return
Guide capital for industrial transformation and upgrading		1,200,000.00	Wuxi New District Economic Development Bureau Xi Xin Guanjing Fa [2011] No. 404
Appropriation for 863 planned project(Tsinghua University)		950,000.00	Wuxi New District Finance Bureau Xi Xin Guancai Fa [2011] No.147
Appropriation for 863 planned project (YC DIESEL)		920,000.00	The scientific research funds the company received for undertaking the research and development of 863 project according to the contract signed between the company and Tsinghua University,
Innovation support funds for scientific and technological enterprise		1,030,000.00	Scientific research funds received for the DPF system development task of diesel vehicle for reaching the national standard 4 according to the contract signed between the Company and Guangxi Yuchai Machinery Co., Ltd.,
Technological innovation fund grants for small and medium-sized technology-based enterprise		1,120,000.00	Ningbo Jiang Bei District Science and Technology Bureau, Ningbo Jiang Bei District Finance Bureau Beiqu Keji [2011] No. 13
Others		2,036,848.90	Ningbo Finance Bureau Yong Caizhengjiao [2011] No.1134
Total	15,105,216.19	34,526,848.90	--

Explanation on non-operating income

Other non-operating income mainly refers to the verified account payable with long account age

64. Non-operating expenditure

Unit: RMB

Item	Amount of this period	Amount of last period	Amount reckoned into current non-recurring gains/losses
non-current assets disposal losses	1,364,127.23	527,580.86	1,364,127.23

Including: fixed assets disposal losses	1,364,127.23	527,580.86	1,364,127.23
Donations	368,500.00		368,500.00
Local fund etc.	5,091,234.68	6,078,638.46	
Other expenditure	1,048,857.98	858,670.91	1,048,857.98
Total	7,872,719.89	7,464,890.23	2,781,485.21

Explanation on non-operating expenditure

65. Income tax expense

Unit: RMB

Item	Amount of this period	Amount of last period
current income tax calculated based on tax law and relevant rules	106,578,282.43	178,428,999.78
Increase/decrease of deferred income tax asstes	-2,687,671.53	-37,023,038.32
Increase/decrease of deferred income tax liability	-111,033.00	-111,033.00
Total	103,779,577.90	141,294,928.46

66. Calculation of basic earnings per share and diluted earnings per share

Basic earnings per share = $P_0 \div S$

$S = S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k$

Among which: P_0 is the net profit attributable to the shareholders of ordinary shares of the Company or the net profit attributable to the shareholders of ordinary shares after the deduction of non-recurring gains and losses; S is the weighted average number of ordinary shares outstanding; S_0 is the total number of shares at the beginning of the period; S_1 is the number of increased shares due to reserve's conversion into share capital or distribution of dividends in the reporting period; S_i is the number of increased shares due to issue of new shares or debt-to-equity in the reporting period; S_j is the number of decreased shares due to repurchase in the reporting period; S_k is the number of contraction of shares in the reporting period; M_0 is the number of months in the reporting period; M_i is the number of accumulated months from the next month of shares increase to the end of the reporting period; M_j is the number of accumulated months from the next month of shares decrease to the end of the reporting period.

Diluted earnings per share = $P_1 / (S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k + \text{The weighted average number of ordinary shares increased due to call warrants, share options and convertible bonds etc.})$

Among which, P_1 is the net profit attributable to the shareholders of ordinary shares of the Company or the net profit attributable to the shareholders of ordinary shares after the deduction of non-recurring gains and losses, as adjusted according to Enterprise Accounting Standards and relevant regulations after the effect of diluted potential ordinary shares is taken into account. In the calculation of diluted earnings per share, the Company shall taken the effect of all diluted potential ordinary shares on the net profit attributable to the shareholders of ordinary shares of the Company or the net profit attributable to the shareholders of ordinary shares after the deduction of non-recurring gains and losses and the weighted average number of shares and into account of the diluted earnings per share according to the extent of dilution in sequence until the diluted earnings per share reaches the minimum.

67. Other consolidated income

Unit: RMB

Item	Amount of this period	Amount of last period
1.gains (losses) amount generated by available-for-sale financial assets	56,509,360.00	
subtotal	56,509,360.00	
Total	56,509,360.00	

Explanation on other consolidated income

The privately offering share of SDEC was purchased by the Company in March 2012 with restriction term of one year. RMB 56,509,360.00 was reckoned into capital reserve after deduction of deferred income tax liability from changes of fair value at period-end

68. Notes to statement of cash flow

(1) Other cash received in relation to operation activities

Unit: RMB

Item	Amount
Income from bank deposit interest	61,882,111.10
Government grant	74,944,324.50
Other	4,213,022.58
Total	141,039,458.18

Explanation on other cash received in relation to operation activities

(2) Other cash paid in relation to operation activitie

Unit: RMB

Item	Amount
Expenses of cash paid	161,907,989.83
Expenses of management cash paid	204,289,831.65
Other	12,256,977.51
Total	378,454,798.99

Explanation on other cash paid in relation to operation activitie

(3) Cash received from other investment activities

Unit: RMB

Item	Amount
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Explanation on cash received from other investment activities

(4) Cash paid related with investment activities

Unit: RMB

Item	Amount
------	--------

Explanation on cash paid related with investment activities

(5) Other cash received in relation to financing activities

Unit: RMB

Item	Amount
Offering expenses payable	8,404,657.07
Total	8,404,657.07

Explanation on other cash received in relation to financing activities

(6) Cash paid related with financing activities

Unit: RMB

Item	Amount
Offering expenses payable	8,743,748.07
Total	8,743,748.07

Explanation on cash paid related with financing activities

69. Supplementary information to statement of cash flow**(1) Supplementary information to statement of cash flow**

Unit: RMB

Supplementary information	Amount in this period	Amount in last period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	934,237,292.21	1,255,510,857.89
Add: assets impairment losses	21,115,697.65	6,476,247.29
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	151,856,239.74	130,799,310.54
Amortization of intangible assets	7,325,734.12	5,565,185.30
Amortization of long-term deferred expenses	3,614,305.84	2,147,742.86
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with "-")	-3,031,763.11	-3,637,192.02
Loss of disposing fixed assets(gain is listed with "-")		-118,385.17
Financial expenses (gain is listed with "-")	18,404,432.74	28,304,549.51
Investment loss (gain is listed with "-")	-396,219,312.90	-497,941,948.54
Decrease of deferred income tax asset(increase is listed with "-")	-2,687,671.53	-37,023,038.32
Increase of deferred income tax liability (decrease is listed with "-")	-111,033.00	-111,033.00
Decrease of inventory (increase is listed with "-")	106,211,262.03	64,512,177.37
Decrease of operating receivable accounts (increase is listed with "-")	469,130,650.28	-580,830,542.06
Increase of operating payable accounts (decrease is listed with "-")	-144,086,615.61	-47,384,746.58
Net cash flow arising from operating activities	1,165,759,218.46	326,269,185.07
2. Material investment and financing not involved in cash flow	--	--
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	2,432,803,698.08	745,778,764.22
Less: Balance of cash equivalent at year-begin	745,778,764.22	465,219,784.57
Net increasing of cash and cash equivalents	1,687,024,933.86	280,558,979.65

(2) Relevant information about obtaining/disposal of subsidiary and other business unit in report period

Unit: RMB

Supplementary	Amount in this period	Amount in last period
I. Relevant information about obtaining subsidiary and other business units:	--	--
II. Relevant information about disposal of subsidiary and other business units:	--	--

(3) Constitution of cash and cash equivalent:

Unit: RMB

Item	Amount at period-end	Amount at period-beginning
I . Cash	2,432,803,698.08	745,778,764.22
Including: stock cash	481,336.46	425,963.50
Bank deposit available for payment at any time	2,432,322,361.62	745,352,800.72
III. Balance of cash and cash equivalent at year-end	2,432,803,698.08	745,778,764.22

Explanation on constitution of cash and cash equivalent:

70. Notes of changes of owners' equity

Explain the name and adjusted amount in "Other" at end of last period as well as the retroactive adjustment arising from enterprise combination under same control:

VIII. Accounting treatment of assets securitization**1. Explain the main exchange of assets securitization and its accounting treatment and provision of bankruptcy-remote****2. Subject of special purpose without controlling rights on hand by actually bear the risks**

Unit: RMB

Name	Total assets at period-end	Total liability at period-end	Net assets at period-end	Operating income	Net profit	Note
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IX. Related Parties and Transactions**1. Parent company of the Company**

Unit: RMB

Parent company	Relationship	Nature	Registration place	Legal representative	Business nature	Registered capital	Proportion of shares held to the Company (%)	Proportion of voting right to the Company (%)	Final controller of the Company	Organization code
Wuxi Industry Group	Controlling shareholder	State-owned exclusively	Wuxi	Jiang Guoxiong	Operation of state-owned assets	3432673241.46	20%	20%	State-owned Assets Supervision & Administration Commission of Wuxi Municipality of Jiangsu Province	13600265-4

Explanation on parent company of the enterprise

Wuxi Industry Development Group Co., Ltd was solely state-owned enterprise funded and established by Wuxi Municipal People's Government which mainly took responsibility of authorizing the state-owned assets operation within a certain areas, investment management of significant project, investment and development of manufacturing and services and venture capital in high-tech achievement

2. Subsidiary of the Company

Unit: RMB

Subsidiary of the Company	Type	Nature	Registration place	Legal representative	Business nature	Registered capital	Proportion of shares held (%)	Proportion of voting right (%)	Organization code
Nanjing Weifu Jinning Co., Ltd.	Controlling subsidiary	Limited company	Nanjing	Chen Xuejun	Parts of combustion engine	346,286,825.80	80%	80%	13497754-6
Wuxi Weifu Leader Catalytic Converter Co., Ltd.	Controlling subsidiary	Limited company	Wuxi	Chen Xuejun	Tail, Cleaner, muffler	502,596,300.00	94.81%	94.81%	13600159-8
Weifu Mashan Fuel Injection Co., Ltd.	Controlling subsidiary	Limited company	Wuxi	Wang Xiaodong	Parts of combustion engine	45,000,049.36	100%	100%	13625011-3
Weifu Chang'an Co., Ltd.	Controlling subsidiary	Limited company	Wuxi	Wang Xiaodong	Parts of combustion engine	60,000,000.00	100%	100%	70354868-9
Jiangsu Weifu Nano Technology Co., Ltd.	Controlling subsidiary	Limited company	Wuxi	Xu Liangfei	Nano material	30,000,000.00	80%	80%	74066428-3
Wuxi Weifu Diesel System Co., Ltd.	Controlling subsidiary	Limited company	Wuxi	Chen Xuejun	Parts of combustion engine	300,000,000.00	100%	100%	76418029-1
Weifu International	Controlling	Limited company	Wuxi	Gao Guoyuan	International Trade	30,000,000.00	100%	100%	76103151-4

Trade Co., Ltd.	subsidiary								
Weifu ITM Pressure Technology Co., Ltd	Controlling subsidiary	Limited company	Wuxi	Chen Xuejun	Parts of combustion engine	160,000,000.00	100%	100%	72418270-0
Weifu Schmitter Power System Part Co., Ltd	Controlling subsidiary	Limited company	Wuxi	Chen Xuejun	Parts of combustion engine	18,000,000.00	45%	45%	69449050-9
Ningbo Weifu Tianli Pressure Technology Co., Ltd.	Controlling subsidiary	Limited company	Ningbo	Chen Xuejun	Parts of combustion engine	104,690,000.00	51%	51%	73424810-1
Chaoyang Weifu Jialin Machinery Manufacture Co., Ltd.	Controlling subsidiary	Limited company	Chaoyang	Xu Yunfeng	Parts of combustion engine	8,000,000.00	51%	51%	78877120-5
Anhui Weifu Tianshi Machinery Co., Ltd	Controlling subsidiary	Limited company	Quanjiao	Wang Weiliang	Parts of combustion engine	10,000,000.00	52%	52%	57301523-4
Kunming Xitong Machinery Co., Ltd .	Controlling subsidiary	Limited company	Kunming	Xu Yunfeng	Parts of combustion engine	4,000,000.00	70%	70%	77554741-5

3. Details of joint-venture and affiliated enterprise of the Company

Unit: RMB

Invested company	Type	Register place	Legal rep.	Business nature	Register capital	Equity proportion held by the Company (%)	Proportion of voting rights in invested company (%)	Relationship	Organization code
I. Joint-venture									
Wuxi Weifu-Autocam Fine Machinery Co. LTD	joint-venture of sino-foreign	Wuxi	Gao Guoyuan	Automobileparts	USD 10,000,000.00	50%	50%	Joint-venture	77540714-8
Wuxi Weifu Environment Protection Catalyst Co.,Ltd.	joint-venture of sino-foreign	Wuxi	Ou Jianbin	Catalyst	50,000,000.00	49%	49%	Joint-venture of Weifu Leader	75969849-1
II. Affiliated enterprise									
Bosch Diesel System	joint-venture of sino-foreign	Wuxi	BOHLER KLAUS	Accessories and matching parts of internal	USD 200,000,000.00	34%	34%	Associated company	60791796-6

				combustion engine					
Zhonglian Automobile Electronic Co., Ltd	Limited company	Shanghai	Chen Hong	Accessories and matching parts of internal combustion engine	600,620,000.00	20%	20%	Associated company	
Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.	Limited company	Wuxi	Chen Haojun	Accessories and matching parts of internal combustion engine	12,000,000.00	20%	20%	Associated company	73944370-7

4. Particulars about other related parties

other related parties	Relationship	Organization code
German Bosch Company	second largest shareholder of the Company	
Wuxi ITM Engine Co., Ltd.	Associated company of Weifu ITM	77540703-3

Explanation on other related parties:

5. Related transaction

(1) Statement of commodity purchased and labor service received

Unit: RMB

Related party	Content	Pricing way and decision making procedures	Amount in this period		Amount in last period	
			Amount	Ratio in similar transactions (%)	Amount	Ratio in similar transactions (%)
Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.	Procurement of goods or labor service	Market price / approved by shareholders general meeting	73,419,425.84	2.6%	132,116,084.56	3.06%
Bosch Diesel System	Procurement of goods or labor service	Market price / approved by shareholders general meeting	153,709,737.35	5.43%	258,984,462.26	6%
Wuxi Weifu Environment Protection Catalyst Co., Ltd.	Procurement of goods or labor service	Market price / approved by shareholders general meeting	515,432,097.39	18.25%	532,549,200.73	12.34%
Wuxi Weifu-Autocam Fine Machinery Co. LTD	Procurement of goods or labor service	Market price / approved by shareholders general meeting	15,279,076.96	0.54%	16,285,450.95	0.38%
Kunming Xitong(Came as Controlling subsidiary since May of 2011)	Procurement of goods or labor service	Market price / approved by shareholders general meeting			862,689.61	0.02%
German Bosch Company	Procurement of goods or labor service	Market price / approved by shareholders general meeting	35,730,141.61	1.27%		

Statement of commodity sales and labor service provided

Unit: RMB

Related party	Content	Pricing way and decision making procedures	Amount in this period		Amount in last period	
			Amount	Ratio in similar transactions (%)	Amount	Ratio in similar transactions (%)
Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.	Sales of goods	Market price / approved by shareholders general meeting	16,199,710.11	0.32%	25,692,049.03	0.44%
Bosch Diesel System	Sales of goods	Market price / approved by shareholders general	321,678,319.96	6.41%	327,860,140.49	5.56%

		meeting				
Kunming Xitong(Came as Controlling subsidiary since May of 2011)	Sales of goods	Market price / approved by shareholders general meeting			37,779,606.42	0.64%
Wuxi Weifu Environment Protection Catalyst Co.,Ltd.	Sales of goods	Market price / approved by shareholders general meeting	9,549,026.73	0.19%	11,203,844.82	0.19%
Wuxi Weifu-Autocam Fine Machinery Co. LTD	Sales of goods	Market price / approved by shareholders general meeting	3,104,958.20	0.06%	4,223,324.81	0.07%
German Bosch Company	Sales of goods	Market price / approved by shareholders general meeting	14,898,845.25	0.3%		

(2) Related trusteeship/contract

Statement of related trusteeship/contract

Unit: RMB

Assignee/contract-out party	Assigner/contract or	Assts type	Starting from	Terminateddated	Pricing basisi	Income recognized in this period
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Statement of entrusted management and contract

Unit: RMB

Assignee/contract-out party	Assigner/contract or	Assts type	Starting from	Terminateddated	Pricing basisi	Income recognized in this period
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Explanation on related truster ship and contract

(3) Related leasing

Leasing-out

Unit: RMB

Lessor	Lessee	Type of leasing	Starting from	Terminateddated	Pricing basisi for leasing incme	Leasing income recognized in period
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Statement of leasing

Unit: RMB

Lessor	Lessee	Type of leasing	Starting from	Terminateddated	Pricing basisi for leasing incme	Leasing income recognized in period
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Explanation on related leasing:

(4) Related gurantee

Unit: RMB

Guarantee provided	Gurantee received	Gurantee amount	Starting from	Terminated dated	Whether gurantee implemented or not
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Explanation on related leasing:

(5) Borrowed funds from related party

Unit: RMB

Related party	Borrowed funds	Starting from	Terminated dated	Note
Borrow-in				
Borrow-out				

(6) Assets transfer, debt restructure of related party

Unit: RMB

Related party	Type	Content	Pricing principal	Amount in this period		Amount in last period	
				Amount	Ratio in similar transactions (%)	Amount	Ratio in similar transactions (%)

(7) Other related transactions

Item	Related party	2012	2011
payable Technology service ect.	Bosch Diesel System	6,817,692.00	12,709,392.00
Inspection charge payable	Bosch Diesel System	--	365,000.00
Rental receivable	Wuxi Weifu-Autocam Fine Machinery Co. LTD	1,722,358.00	1,555,691.00
Rental receivable	Wuxi Weifu Environment Protection Catalyst Co.,Ltd.	1,860,956.00	1,313,616.00
Fixed assets purchased	Bosch Diesel System	--	62,000.00
Sales of fixed assets	Wuxi Weifu-Autocam Fine Machinery Co. LTD	--	111,836.61
Sales of fixed assets	Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.	--	149,038.46
Sales of fixed assets	Wuxi Weifu Environment Protection Catalyst Co.,Ltd.	376,521.74	--
Land and trademark fee payable	Wuxi Industry Group	6261546.16	8,612,733.05
Guarantee fee payable	Wuxi Weifu Environment Protection Catalyst Co.,Ltd.	--	431,000.00
Fixed assets purchased	Wuxi ITM Engine Co., Ltd.	--	1,566,099.01
Technology royalties paid	German Bosch Company	17930478.31	--

6. Account receivable/payable for related parties

Account receivable from related parties

Unit: RMB

Item	Related parties	Amount at period-end		Amount at period-begin	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
Account receivable	Bosch Diesel System	53,027,656.44		38,105,143.26	
Account receivable	Wuxi Weifu-Autocam Fine Machinery Co. LTD	1,865,602.94		428,635.54	
Account receivable	Wuxi Weifu Environment Protection Catalyst Co.,Ltd.			5,028,473.43	
Account paid in advance	Wuxi Industry Group	15,155,700.00			
Account paid in advance	Wuxi Weifu Environment Protection Catalyst Co.,Ltd.	683,559.35		310,908.79	

Account payable for related parties

Unit: RMB

Item	Related parties	Amount at period-end	Amount at period-begin
Account payable	Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.	19,657,909.58	19,339,630.88
Account payable	Wuxi Weifu Environment Protection Catalyst Co.,Ltd.	141,686,937.76	143,789,625.61
Account payable	Bosch Diesel System	5,623,282.56	38,965,431.56
Account payable	Wuxi Weifu-Autocam Fine Machinery Co. LTD	1,078,898.36	4,631,125.40
Account payable	German Bosch Company	6,902,117.57	
Account received in advance	Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.		3,590,000.00
Account received in advance	Wuxi Weifu Environment Protection Catalyst Co.,Ltd.	4,146,398.48	

X. Share payment**1. Genral particular about share payment**

Unit: RMB

Explanation on share payment

2. Share payment settled by equity

Unit: RMB

Explanation on share payment settled by equity

3. Share payment settled by cash

Unit: RMB

Explanation on share payment settled by cash

4. Service payment for shares

Unit: RMB

5. Particular about amendment of share payment and its termination**XI. Contingent events****1. Contingent liability and its financial influence formed by un-settle lawsuits or arbitration****2. Contingent liability and its financial influence formed from debt gurantee offered to other units**

Other contingent liability and its financial influence:

Assets pledge or mortgage ended as 31 December 2012 as:

1. Bank saving 167,910,500 yuan was provided for issuing bank acceptance bill or credit margin
2. Receivable bank acceptance bill 79,588,800 yuan was pledge to the bank for issuing bank acceptance bill

XII. Commitments**1. Material commitments**

According to the Trademark Transfer Agreement signed with Wuxi Industry Group, the Company drafted to purchase the trademark "Xi" held by Wuxi Industry Group, up to 31st, Dec., 2012, the Company has prepaid 15,155,700 yuan to Wuxi Industry Group for the trademark transfer, and the relevant procedures are still in progress.

2. Commitments made previously

In Feb., 2012, the Company completed the non-public offering to stock to Wuxi Industry Group and overseas strategic investors - ROBERT BOSCH GMBH in accordance with the official reply of China Securities Regulatory Commission; the Company became the Foreign Investment Co., Ltd., and purchased 1.50% and 1% stock rights of BOSCH Diesel Systems respectively held by Wuxi Industry Group and ROBERT BOSCH GMBH with a part of funds raised via non-public offering of stock according to the signed equity transfer agreement.

XIII. Subsequent events of balance sheet**1. Explanation on major event after balance sheet date**

Unit: RMB

Item	Content	Influence on financial status and operation results	Reasons for no estimation on influence amount
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2. Profit distribution after balance sheet date

Unit: RMB

Profit or dividend plans to distributed	544,107,196
Profit or dividend declare to distributed which have been approved	544,107,196

3. Other explanation after balance sheet date

1. According to the resolution of 9th Meeting of 7th Session of the Board dated 26 March 2013, the Company plans to invest more in Weifu Schmitter, the shareholding turns to 66% from 45% originally.
2. According to the resolution of 9th Meeting of 7th Session of the Board dated 26 March 2013, the Company plans to exercise entrust financing with self-owned capital for 2 billion yuan at most.
3. According to the resolution of 9th Meeting of 7th Session of the Board dated 26 March 2013, the Company plans to higher investment capital for "Industrialization of tail treatment system" to 340 million yuan from original plan 260 million yuan, the adjusted part will supply with self-owned capital totally.

XIV. Other major event**1. Non-monetary assets exchange****2. Debt reorganization****3. Enterprise combination****4. Leasing****5. Financial instrument issued outside and convertible to shares in report period****6. Main content of annuity plan and major changes**

Unit: RMB

Item	Amount at period-begin	Gains/losses of change of fair value in this term	Changes of fair value reckoned into equity accumulatively	Impairment accrual in this term	Amount at period-end
Financial assets					
3. financial assets available for sales	0.00	56,509,360.00			265,689,600.00
Subtotal of financial assets	0.00	56,509,360.00			265,689,600.00
Total	0.00	56,509,360.00			265,689,600.00
Financial liability	0.00	0.00			0.00

7. Foreign currency financial assets and financial liability

Unit: RMB

Item	Amount at period-begin	Gains/losses of change of fair value in this term	Changes of fair value reckoned into equity accumulatively	Impairment accrual in this term	Amount at period-end
Financial assets					
Subtotal of financial assets	0.00	0.00	0.00	0.00	0.00
Financial liability	0.00	0.00	0.00	0.00	0.00

8. Main content of pension plan and major changes

9. Other

XV. Principle notes of financial statements of parent company

1. Accounts receivable

(1) Accounts receivable

Unit: RMB

Type	Amount at period-end				Amount at period-beginning			
	Book balance		Bad debt reserve		Book balance		Bad debt reserve	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
single amount is large, and accounts receivable of single counting and drawing bad debt reserves	6,919,976.11	1.04%	6,919,976.11	100%	6,919,976.11	0.83%	6,919,976.11	100%
counting and drawing accounts receivable of bad debt reserves by group								
Age combination	370,797,881.41	55.42%	2,921,815.31	0.79%	509,026,479.48	60.87%	1,844,940.62	0.36%
Subsidiary combination	286,265,572.30	42.78%			315,176,052.13	37.69%		
subtotal	657,063,453.71	98.2%	2,921,815.31	0.44%	824,202,531.61	98.56%	1,844,940.62	0.22%
though the single amount is not large, accounts receivable of single counting and drawing bad debt reserves	5,103,395.48	0.76%	5,103,395.48	100%	5,106,255.66	0.61%	5,106,255.66	100%
Total	669,086,825.30	--	14,945,186.90	--	836,228,763.38	--	13,871,172.39	--

Explanation on types of accounts receivable:

Accounts receivable with over RMB 1 million of single amounts is accounts receivable of significant single amount. To accounts receivable of significant single amount, provision for bad debts is still made by aging analysis method because no objective evidence can manifest that Contingent depreciation will exceed provision for bad debts by aging analysis method. Account receivable from subsidiaries is not withdrawal bad debt provision by the Company.

Terminal single amount is large, and accounts receivable of single counting and drawing bad debt reserves

√Applicable □Not Applicable

Unit: RMB

Item of receivable	Book balance	Bad debt reserve	Withdrawal ratio(%)	Reasons
Liuzhou Special Diesel Plant	1,612,018.00	1,612,018.00	100%	The account was too old to collect
Shaoyang Shenfeng Power Manufacture Co., ltd	1,589,871.23	1,589,871.23	100%	Old account, uncollectible after lawsuit
Changchai Wanzhou Diesel Co., ltd	1,500,000.00	1,500,000.00	100%	The account was too old to collect
Yuejin Light-Vehicle Co., Ltd.	1,218,086.88	1,218,086.88	100%	The account was too old to collect
Henan Agricultural Machinery Co	1,000,000.00	1,000,000.00	100%	Old account, uncollectible after lawsuit
Total	6,919,976.11	6,919,976.11	--	--

In combination, counting and drawing accounts receivable of bad debt reserves by adopting aging of accounts

√Applicable □Not Applicable

Unit: RMB

Ageing	Amount at period-end			Amount at period-beginning		
	Book balance		Bad debt reserve	Book balance		Bad debt reserve
	Amount	Ratio (%)		Amount	Ratio (%)	
Within 1 year						
Including:	--	--	--	--	--	--
Within 6 months	365,426,500.42	98.55%		501,365,421.98	98.5%	
6 months to 1 year	2,543,272.70	0.69%	254,327.27	4,876,407.60	0.96%	487,640.76
Subtotal of within 1 year	367,969,773.12	99.24%	254,327.27	506,241,829.58	99.46%	487,640.76
1-2 years	43,700.39	0.01%	8,740.08	209,433.24	0.04%	41,886.65
2-3 years	209,433.24	0.06%	83,773.30	2,099,672.42	0.41%	839,868.97
Over 3 years	2,574,974.66	0.69%	2,574,974.66	475,544.24	0.09%	475,544.24
Total	370,797,881.41	--	2,921,815.31	509,026,479.48	--	1,844,940.62

In combination, counting and drawing accounts receivable of bad debt reserves by adopting balance percentage of approach:

□Applicable √Not Applicable

In combination, counting and drawing accounts receivable of bad debt reserves by adopting other methods:

□Applicable √Not Applicable

Terminal single amount is not large, but accounts receivable of single counting and drawing bad debt reserves:

√Applicable □Not Applicable

Unit: RMB

accounts receivable	Book balance	Bad debt reserve	counting and drawing ratio(%)	counting and drawing reasons
Hubei Duoling Power Machinery Co., Ltd	775,624.61	775,624.61	100%	The account was too old to collect
Henan Xinxiang Internal Combustion Engine Plan	753,754.25	753,754.25	100%	The account was too old to collect
Yunnan Jinma Diesel General Plan	579,210.11	579,210.11	100%	The account was too old to collect
Dongfeng Nanchong Automobile Co., Ltd	569,974.38	569,974.38	100%	The account was too old to collect
Guangxi Liuzhou Zhongxin Engine Co., Ltd	474,895.94	474,895.94	100%	The account was too old to collect
Zhejiang Agriculture Machinery Accessory Co., Ltd	457,800.00	457,800.00	100%	The account was too old to collect
Changchai Group Jintan Diesel General Plant	375,035.52	375,035.52	100%	The account was too old to collect
Fujian Longma Agriculture-Vehicle Manufacture Co., Ltd	365,169.92	365,169.92	100%	The account was too old to collect
Other sporadic clients	751,930.75	751,930.75	100%	The account was too old to collect
Total	5,103,395.48	5,103,395.48	--	--

(2) Accounts receivable switched back or taken back during the report period

Unit: RMB

Accounts receivable	reasons for switching back or taking back	Basis for confirming bad debt reserves	switching back or taking back the counted or drawn bad debt reserves	Amount switched back or taken back
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			accumulated before	
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Terminal single amount is large, or not large, but counting and drawing bad debt reserves of accounts receivable by doing impairment test alone:

Unit: RMB

accounts receivable	book balance	bad debt reserves	counting and drawing ratio(%)	Reasons
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Explanation on accounts receivable, the single amount of which is not large, but the credit risks are large after combining according to the credit risks characters:

(3) Accounts receivable should be cancelled after verification during the report period

Unit: RMB

Unit name	accounts receivable properties	Cancelling time	Cancelling amount	Cancelling reasons	Whether caused by related transaction
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Explanation on cancellation of accounts receivable

(4) Shareholder units holding more than 5%(Including 5%)voting shares of the Company in accounts receivable during the report period

Unit: RMB

Unit name	Amount at period-end		Amount at period-beginning	
	Book balance	Bad debt provision accrual	Book balance	Bad debt provision accrual

(5) Properties and contents of other accounts receivable with large amount

(6) Units with top five accounts receivable amount

Unit: RMB

Unit name	Relationship with the Company	Amount	Age limit	Percentage in accounts receivable amount (%)
Weifu Chang'an	Subsidiary	93,896,059.29	Within 1 year	14.03%
Weifu Mashan	Subsidiary	76,941,043.34	Within 1 year	11.5%
Client 3	Client	75,439,447.22	Within 1 year	11.27%
Client 4	Client	57,209,468.69	Within 1 year	8.55%
Weifu Diesel System	Subsidiary	51,208,766.40	Within 1 year	7.65%
Total	--	354,694,784.94	--	53%

(7) Accounts receivable of related party

Unit: RMB

Unit name	Relationship with the Company	Amount	Percentage in accounts receivable amount (%)
Weifu Diesel System	Subsidiary	51,208,766.40	7.65%
Weifu Chang'an	Subsidiary	93,896,059.29	14.03%
Weifu Mashan	Subsidiary	76,941,043.34	11.5%

Weifu International Trade	Subsidiary	2,915,484.06	0.44%
Kunming Xitong	Subsidiary	20,488,663.96	3.06%
Weifu Jialin	Subsidiary	19,411,520.38	2.9%
Weifu Tianshi	Subsidiary	21,404,034.87	3.2%
Joint	venture	1,865,602.94	0.28%
Bosch Diesel System	Associated company	39,513,296.60	5.91%
Total	--	327,644,471.84	48.97%

(8) Transferring amount is 0 Yuan for accounts receivable not conforming to terminate the confirmation.

(9) It is required to introduce the relevant transaction arrangement for asset securitization taking accounts receivables as the standard

2. Other accounts receivable

(1) Other accounts receivable

Unit: RMB

Type	Amount at period-end				Amount at period-beginning			
	Book balance		Bad debt reserve		Book balance		Bad debt reserve	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
single amount is large, and other accounts receivable of single counting and drawing bad debt reserves	2,000,000.00	7.15%	2,000,000.00	100%	2,000,000.00	1.17%	2,000,000.00	100%
counting and drawing other accounts receivable of bad debt reserves by group								
Age combination	1,628,348.19	5.82%	46,924.84	2.88%	4,401,258.80	2.57%		
Subsidiary combination	21,927,747.27	78.44%			162,643,894.69	94.86%		
subtotal	23,556,095.46	84.26%	46,924.84	0.2%	167,045,153.49	97.43%		
though the single amount is not large, other accounts receivable of single counting and drawing bad debt reserves	2,400,000.00	8.59%	2,400,000.00	100%	2,400,000.00	1.4%	2,400,000.00	100%
Total	27,956,095.46	--	4,446,924.84	--	171,445,153.49	--	4,400,000.00	--

Explanation on cancellation of accounts receivable

Other accounts receivable with over RMB 1 million of single amount is other receivables of significant single amount. To other receivables of significant single amount, provision for bad debts is still made by aging analysis method because no objective evidence can manifest that Contingent depreciation will exceed provision for bad debts by aging analysis method. Account receivable from subsidiaries is not withdrawal bad debt provision by the Company.

Terminal single amount is large, and other accounts receivable of single counting and drawing bad debt reserves

√Applicable □Not Applicable

Unit: RMB

Other accounts receivable	book balance	bad debt reserves	counting and drawing ratio	Reasons
Jiangsu Techniques and Technology Center	2,000,000.00	2,000,000.00	100%	The account was too old to collect
Total	2,000,000.00	2,000,000.00	--	--

In combination, counting and drawing other accounts receivable of bad debt reserves by adopting aging of accounts

√Applicable □Not Applicable

Unit: RMB

Age	Amount at period-end			Amount at period-beginning		
	Book balance		Bad debt reserve	Book balance		Bad debt reserve
	Amount	Ratio (%)		Amount	Ratio (%)	
Within 1 year						
Including:	--	--	--	--	--	--
Within 6 months	1,296,724.00	79.64%		4,314,620.50	98.03%	
6 months to 1 year	200,000.00	12.28%	20,000.00	80,638.30	1.83%	
Subtotal of within 1 year	1,496,724.00	91.92%	20,000.00	4,395,258.80	99.86%	
1-2 years	128,624.19	7.9%	25,724.84	6,000.00	0.14%	
2-3 years	3,000.00	0.18%	1,200.00			
Total	1,628,348.19	--	46,924.84	4,401,258.80	--	

In combination, counting and drawing other accounts receivable of bad debt reserves by adopting balance percentage of approach:

□Applicable √Not Applicable

In combination, counting and drawing other accounts receivable of bad debt reserves by adopting other methods:

□Applicable √Not Applicable

Terminal single amount is not large, but other accounts receivable of single counting and drawing bad debt reserves:

√Applicable □Not Applicable

Unit: RMB

Other accounts receivable	book balance	bad debt reserves	counting and drawing ratio	Reasons
Nanjing University	600,000.00	600,000.00	100%	The account was too old to collect
Southeast University	600,000.00	600,000.00	100%	The account was too old to collect
Nanjing University of Science and Technology	600,000.00	600,000.00	100%	The account was too old to collect
Nanjing University of Technology	600,000.00	600,000.00	100%	The account was too old to collect
Total	2,400,000.00	2,400,000.00	--	--

(2) Other accounts receivable switched back or taken back during the report period

Unit: RMB

Other accounts receivable	reasons for switching back or taking back	Basis for confirming bad debt reserves	switching back or taking back the counted or drawn bad debt reserves accumulated before	Amount switched back or taken back
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Terminal single amount is large, or not large, but counting and drawing bad debt reserves of other accounts receivable by doing impairment test alone:

Unit: RMB

accounts receivable	book balance	bad debt reserves	counting and drawing ratio(%)	Reasons
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Explanation on other accounts receivable, the single amount of which is not large, but the credit risks are large after combining according to the credit risks characters:

(3) Other accounts receivable should be cancelled after verification during the report period Unit: RMB

Unit name	Other accounts receivable properties	Cancelling time	Cancelling amount	Cancelling reasons	Whether caused by related transaction
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Explanation on cancellation of other accounts receivable

(4) Shareholder units holding more than 5% (Including 5%) voting shares of the Company in other accounts receivable during the report period Unit: RMB

Name of the company	Amount at period-end		Amount at period-beginning	
	Book balance	Bad debt provision accrual	Book balance	Bad debt provision accrual

(5) Properties and contents of other accounts receivable with large amount**(6) Units with top five other accounts receivable amount** Unit: RMB

Unit name	Relationship with the Company	Amount	Age limit	Percentage in accounts receivable amount (%)
Weifu Schmitter	Subsidiary	12,250,786.77	Within 1 year	43.82%
Weifu Leader	Subsidiary	9,676,960.50	1-2 years	34.62%
Jiangsu Techniques and Technology Center	Non-related party	2,000,000.00	Over 3 years	7.15%
Nanjing University	Non-related party	600,000.00	Over 3 years	2.15%
Southeast University	Non-related party	600,000.00	Over 3 years	2.15%
Nanjing University of Science and Technology	Non-related party	600,000.00	Over 3 years	2.15%
Nanjing University of Technology	Non-related party	600,000.00	Over 3 years	2.15%
Total	--	26,327,747.27	--	94.19%

(7) Other accounts receivable of related party

Unit: RMB

Unit name	Relationship with the Company	Amount	Percentage in accounts receivable amount (%)
Weifu Leader	Subsidiary	9,676,960.50	34.62%
Weifu Schmitter	Subsidiary	12,250,786.77	43.82%
Total	--	21,927,747.27	78.44%

(8) Transferring amount is 0 Yuan for other accounts receivable not conforming to terminate the confirmation.**(9)** It is required to introduce the relevant transaction arrangement for asset securitization taking other accounts receivables as the standard

3. Long-term equity investment

Unit: RMB

Invested units	Calculating methods	investment costs	Balance at period-begin	increase and decrease changes	Balance at period-end	Share holding percentage in invested units (%)	Vote percentage in invested units (%)	Description of inconformity of share holding percentage and vote percentage in invested units	Provision reserve	Counting and drawing impairment reserves at the current period	Cash dividends at the current period
Weifu Jinning	Cost method	178,639,593.52	178,639,593.52		178,639,593.52	80%	80%				98,595,318.41
Weifu Leader	Cost method	460,113,855.00	230,113,855.00	230,000,000.00	460,113,855.00	94.81%	94.81%				
Weifu Nano	Cost method	24,000,000.00	24,000,000.00		24,000,000.00	80%	80%		1,500,000.00		
Weifu Diesel System	Cost method	260,187,500.00	260,187,500.00		260,187,500.00	100%	100%				159,929,783.21
Weifu Mashan	Cost method	48,693,380.51	48,693,380.51		48,693,380.51	100%	100%				3,659,232.46
Weifu Chang'an	Cost method	70,902,037.30	70,902,037.30		70,902,037.30	100%	100%				9,513,204.85
Weifu International Trade	Cost method	30,999,996.22	30,999,996.22		30,999,996.22	100%	100%				2,936,625.13
Weifu ITM	Cost method	167,000,000.00	167,000,000.00		167,000,000.00	100%	100%				
Weifu Schmitter	Cost method	8,100,000.00	8,100,000.00		8,100,000.00	45%	45%				
Weifu Tianli	Cost method	90,229,100.00	90,229,100.00		90,229,100.00	51%	51%				
Weifu Jialin	Cost method	4,685,868.73	4,685,868.73		4,685,868.73	51%	51%				3,661,958.65

Kunming Xitong	Cost method	5,471,793.17	5,471,793.17		5,471,793.17	70%	70%				1,541,400.00
Weifu Tianshi	Cost method	5,200,000.00	5,200,000.00		5,200,000.00	52%	52%				
Weifu Autocam	Equity method	37,842,087.00	64,679,626.18	1,925,163.84	66,604,790.02	50%	50%				12,285,000.00
Bosch Diesel System	Equity method	867,509,767.37	944,366,786.20	384,996,297.83	1,329,363,084.03	32.5%	32.5%				102,868,978.88
Zhonglian Automobile Electronic Co., Ltd	Equity method	120,124,000.00	398,088,504.09	-22,797,174.26	375,291,329.83	20%	20%				182,445,766.58
Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.	Equity method	2,000,000.00	29,310,914.30	4,637,524.49	33,948,438.79	20%	20%				2,040,000.00
Guolian Securities Co., Ltd.	Cost method	12,000,000.00	12,000,000.00		12,000,000.00	1.2%	1.2%				540,000.00
Guangxi Liufa Co., Ltd.	Cost method	1,600,000.00	1,600,000.00		1,600,000.00	1.22%	1.22%		1,600,000.00		
Financial Company of Changchai Group Co., Ltd.	Cost method	800,000.00	800,000.00		800,000.00				800,000.00		
H&J Vanguard Investment Co., Ltd.	Cost method	33,000,000.00	33,000,000.00		33,000,000.00	11.72%	11.72%		33,000,000.00		
Nanjing Hengtai Insurance and Broker Co., Ltd.	Cost method	1,000,000.00	1,000,000.00		1,000,000.00	1.85%	1.85%		1,000,000.00		55,000.00
Jiangsu HSBC Insurance Agents Limited	Cost method	500,000.00	500,000.00	-500,000.00		10%	10%	-500,000.00			

Yangdong Co., Ltd.	Cost method	2,355,900.00	2,355,900.00		2,355,900.00				2,355,900.00		
Wuxi Xidong Technological Industry Park Co., Ltd.	Cost method	5,000,000.00	5,000,000.00		5,000,000.00	1.43%	1.43%				
Total	--	2,437,954,878.82	2,616,924,855.22	598,261,811.90	3,215,186,667.12	--	--	--	40,255,900.00		580,072,268.17

Explanation on long-term equity investment

1. Weifu Schmitter: Weifu Schmitter is a Sino-foreign joint venture jointly set up by the Company, Germany-based Schmitter Group Aktiengesellschaft and Shanghai Weishi Automobile Technology Development Co., Ltd., which obtained the No. 320200400033433 Corporate Business License issued by Wuxi Administration for Industry and Commerce, Jiangsu Province on Sept. 17, 2009. The registered capital of this company was RMB 18 million, where the Company invested RMB 8.10 million, representing 45% of the registered capital; Germany-based Schmitter Group Aktiengesellschaft invested RMB 7.20 million, representing 40% of the registered capital; Shanghai Weishi Automobile Technology Development Co., Ltd. invested RMB 2.70 million, representing 15% of the registered capital. The RMB 2.70 million contributions from the Company during the year was the first contribution. The Company was the first largest shareholder of this company and held majority of voting rights in its board of directors; therefore, the Company consolidated it into the consolidated financial statements as a subsidiary since the date of its inception.

2. Weifu Leader: register capital increased to RMB 502596300, the Company invested RMB 230 million, shareholding ratio still the same after invested

3. BOSCH Diesel Systems: At the beginning of the year, the shareholding ratio of the Company was 30%. This year, the Company accepted 1.5% stock rights of BOSCH Diesel Systems transferred by Wuxi Industry Development Group Co., Ltd., and 1% stock rights of BOSCH Diesel Systems transferred by ROBERT BOSCH GMBH, and then the shareholding ratio of the Company changed to 32.50%.

4. Operating income and cost**(1) Operating income**

Unit: RMB

Item	Amount in this period	Amount in last period
Main operating income	1,818,534,349.08	2,343,066,027.18
Other operating income	313,554,640.09	445,153,394.67
Total	2,132,088,989.17	2,788,219,421.85
Operating cost	1,782,615,888.55	2,212,560,781.97

(2) Main business (by industry)

Unit: RMB

Industry	Amount in this period		Amount in last period	
	Operating income	Operating cost	Operating income	Operating cost
Automobile parts	1,818,534,349.08	1,484,100,850.30	2,343,066,027.18	1,827,548,247.30
Total	1,818,534,349.08	1,484,100,850.30	2,343,066,027.18	1,827,548,247.30

(3) Main business (by product)

Unit: RMB

Product	Amount in this period		Amount in last period	
	Operating income	Operating cost	Operating income	Operating cost
Auto fuel injection system	1,818,534,349.08	1,484,100,850.30	2,343,066,027.18	1,827,548,247.30
Total	1,818,534,349.08	1,484,100,850.30	2,343,066,027.18	1,827,548,247.30

(4) Main business (by districts)

Unit: RMB

Districts	Amount in this period		Amount in last period	
	Operating income	Operating cost	Operating income	Operating cost
Domestic sales	1,818,534,349.08	1,484,100,850.30	2,343,066,027.18	1,827,548,247.30
Overseas sales				
Total	1,818,534,349.08	1,484,100,850.30	2,343,066,027.18	1,827,548,247.30

(5) The operating income of the top five customers of the Company

Unit: RMB

Customer name	Primary business income	The percentage in all operating income of the Company (%)
Client 1	206,380,833.26	9.68%
Client 2	181,782,127.37	8.53%
Client 3	163,530,837.36	7.67%
Client 4	119,738,076.12	5.62%
Client 5	68,487,965.58	3.21%
Total	739,919,840.04	34.71%

Explanation on operating income

5. Investment income**(1) Particulars about investment income**

Unit: RMB

Item	Amount of this period	Amount of last period
Income of long-term equity investment calculated based on cost	280,432,522.71	310,931,337.44
Income of long-term equity investment calculated based on equity	324,586,557.36	442,582,074.71
Investment income obtained from disposal of long-term equity investment	340,000.00	
Investment income obtained during holding available-for-sale financial assets	740,000.00	
Other	24,750,377.29	
Total	630,849,457.36	753,513,412.15

(2) Income of long-term equity investment calculated based on cost

Unit: RMB

Company name	Amount of this period	Amount of last period	Reasons of change (+,-)
Weifu Diesel System	159,929,783.21	159,352,883.69	
Weifu Jinning	98,595,318.41	81,395,301.49	Profit gains a lot in 2011, bonus generated in this year
Weifu Chang'an	9,513,204.85	1,548,659.29	Profit gains a lot in 2011, bonus generated in this year
Weifu Tianli	3,661,958.65	2,127,764.06	Profit gains a lot in 2011, bonus generated in this year
Weifu Mashan	3,659,232.46		Profit gains a lot in 2011, bonus generated in this year
Weifu Leader		62,928,304.37	Fixed assets of Weifu Leader has more need in capital, no bonus generated
Total	275,359,497.58	307,352,912.90	--

(3) Income of long-term equity investment calculated based on equity

Unit: RMB

Company name	Amount of the current period	Amount of the last period	Reasons for changes (+,-)
Zhonglian Automobile Electronic Co., Ltd	159,648,592.32	193,972,136.09	Profit decline in this period due to influence from auto industry
Bosch Diesel System	144,050,276.71	219,649,484.91	Profit decline in this period due to influence from auto industry
Wuxi Weifu-Autocam Fine Machinery Co. LTD	14,210,163.84	16,672,842.19	Profit decline in this period due to influence from auto industry
Weifu Precision Machinery Manufacture Co., Ltd.	6,677,524.49	12,563,268.30	Profit decline in this period due to influence from auto industry
Kunming Xitong		-275,656.78	Calculated by equity method last year fro January to April
Total	324,586,557.36	442,582,074.71	--

Explanation on investment income:

6. Supplementary information of cash flow statement

Unit: RMB

Supplementary information	Amount in this period	Amount in last period
1. adjust the net profits to be cash flow for operating activities	--	--
net profits	738,872,973.12	1,000,037,255.26

Add: assets impairment preparation	6,802,374.73	1,953,321.23
fixed assets depreciation, oil-and-gas assets loss , productive living beings depreciation	70,867,749.45	62,305,664.80
intangible assets amortization	3,935,383.69	2,579,925.55
losses from handling fixed assets, intangible assets and assets(profits fill with “-“)	-1,301,252.20	-3,464,944.05
financial costs(profits fill with “-“)	15,953,501.26	27,791,642.85
investment losses(profits fill with “-“)	-630,849,457.36	-753,513,412.15
deferred income tax assets decrease(increases fill with “-“)	-1,913,384.93	-31,682,664.07
stock decreases(increases fill with “-“)	88,059,213.76	-20,039,594.46
operating receivables decrease(increases fill with “-“)	420,734,256.00	-426,773,537.76
operating payables increase(decreases fill with “-“)	-48,295,959.29	-180,484,981.94
cash flow net amount generated by operating activities	662,865,398.23	-321,291,324.74
2. significant investment financial activities not involving and cash deposit and withdrawal	--	--
3. net changes of cash and cash equivalents	--	--
ending balance of cash	1,524,564,526.97	132,135,416.49
decrease: opening balance of cash equivalents	132,135,416.49	85,169,165.70
net increase of cash and cash equivalents	1,392,429,110.48	46,966,250.79

7. Assets and liabilities enter into the account book with assessed value by counter purchase

Assets and liability reckoned into book with fair value while counter purchased

Unit: RMB

Item	fair value	Method to determine fair value	Process of fair value	Original Book value
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Long-term equity investment form by counter purchasaed

Unit: RMB

Item	Amount of long-term equity investment form by counter purchasaed	Process of long-term equity investment
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XVI. Supplementary Information

1. REO and earnings per share

Unit: RMB

Profits during report period	weighted average ROE(%)	Earnings per share	
		Basic EPS	diluted EPS
net profits belong to common stock stockholders of the Company	11.36%	1.34	1.34
net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	10.89%	1.29	1.29

2. Abnormalities and reasons of the accounting statement items of the Company

(1) Monetary capital

The balance of monetary capital at the end of 2012 increased by 1,745,660,600 yuan compared to 2011, it was mainly because the non-public offering stock and the financial activities in this year realized net cash flow of 2,178,954,500 yuan, business activities realized net cash flow of 1,165,759,200 yuan, and investment activities realized net cash flow of 1,657,688,800 yuan.

(2) Other current assets

The balance of other current assets at the end of 2012 increased by 489,883,200 yuan compared to 2011, it was mainly because the Company added investment in trust management in this year.

(3) Available-for-sale financial assets

The balance of available-for-sale financial assets at the end of 2012 increased by 265,689,600 yuan compared to 2011, it was mainly because the Company subscribed the non-public offering stock of SDEC in this year.

(4) Held-to-maturity investment

The balance of held-to-maturity investment at the end of 2012 increased by 649 million yuan compared to 2011, it was mainly because the Company added investment in trust management in this year.

(5) Construction in process

The balance of construction in process at the end of 2012 reduced by 32,638,900 yuan compared to 2011, declined by 33.21%, it was mainly because the some projects completed at the current period were transferred to fixed assets.

(6) Long-term unamortized expenses

The balance of long-term unamortized expenses at the end of 2012 increased by 3,083,400 yuan compared to 2011, rising by 33.72%, it was mainly because Weifu Tianli added the housing decoration expenses.

(7) Short-term borrowing

The balance of short-term borrowing at the end of 2012 reduced by 425 million yuan compared to 2011, declined by 85.86%, it was mainly because the Company supplemented the working capital and returned some bank loans after the private placement was fully funded.

(8) Notes payable

The balance of notes payable at the end of 2012 increased by 113,882,500 yuan compared to 2011, rising by 69.31%, it was mainly because the Company added the settlement business of notes payable.

(9) Tax payable

The balance of tax payable at the end of 2012 reduced by 48,285,400 yuan compared to 2011, declined by 62.11%, it was mainly because the Company's earned profits declined sothat the payable business income tax reduced, and the input tax at the end of the year increased sothat the value added tax payable decreased compared to the end of last year.

(10) Deferred income tax liabilities

The deferred income tax liabilities at the end of 2012 increased by 9,861,200 yuan compared to 2011, mainly because the Company confirmed the deferred income tax liabilities according to the changes in the fair value of available-for-sale financial assets at the end of the period.

(11) Other non-current liabilities

The balance of other non-current liabilities at the end of 2012 increased by 61,549,100 yuan compared to 2011, mainly because the Company received more government grants.

(12) Capital reserve

The balance of capital reserve at the end of 2012 increased by 2,793,775,600 yuan compared to 2011, mainly because the non-public offering completed in this year and the balance of actual raised funds after increasing the share capital were numbered in capital reserve, and the changes in the fair value of available-for-sale financial assets after deducting the deferred income taxes were also reckoned in the capital reserve.

(13) Financial expense

The amount occurred of financial expense in 2012 reduced by 101,843,100 yuan compared to 2011, it was mainly because the interest income increased correspondingly by the monetary capital substantially increased, and bank loan reduced sothat the interest on borrowings reduced.

(14) Assets impairment loss

The amount occurred of assets impairment loss in 2012 increased by 14,639,500 yuan compared to 2011, it was mainly because the inventory provision for asset impairment of the Company, Weifu Jinning and Weifu Diesel Systems was affected by the upgrading of emission regulation.

(15) Non-operating income

The amount occurred of non-operating income in 2012 reduced by 22,998,700 yuan compared to 2011, declined by 52.87%, it was mainly because the earnings directly reckoned in the non-operating income and the governmental grants of this year reduced.

(16) Other consolidated income

The amount occurred of other consolidated income in 2012 increased by 56,509,400 yuan compared to 2011, because the changes in the fair value of available-for-sale financial assets after deducting the deferred income taxes were reckoned in the capital reserve at the end of this year.

(17) Net cash flow generated by the operating activities

Net cash flow generated by operating activities in 2012 increased by 839,490,000 yuan compared to 2011, mainly because the accounts receivable were gathered timely this year.

(18) Net cash flow generated by investment activities

Net cash flow generated by investment activities in 2012 reduced by 1,694,425,400 yuan compared to 2011, mainly because this year increased the investment in financial products, stock (private placement stock of SDEC) investment and associated enterprise (BOSCH Diesel Systems).

(19) Net cash flow generated by financial activities

Net cash flow generated by financial activities in 2012 increased by 2,261,401,300 yuan compared to 2011, mainly because private placement reached 2,850,124,300 yuan and reduced bank loan of 428 million yuan this year.

Section XI. Documents available for reference

- I. Semi-annual reports with the president's own signature;
- II. financial report with signature and seal of legal representative, person in charge of financial works and accountan officer;
- III. Original audit report seal with accounting firms and signature and seal with CPA;
- IV. The original manuscripts of all documents and announcements of the Company publicly disclosed on China Securities Journal, Securities Times and Hong Kong Commercial Daily

WEIFU HIGH-TECHNOLOGY GROUP CO.,LTD.

March 28, 2013