



**WEIFU HIGH-TECHNOLOGY GROUP CO., LTD.**  
**SEMI-ANNUAL REPORT 2013**

**August 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.**

**All directors are attended the Board Meeting for report deliberation.**

**The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either.**

**Chen Xuejun, Principal of the Company, Ou Jianbin, person in charger of accounting works and Ou Jianbin, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of Semi-Annual Report 2013 is authentic, accurate and complete.**

**This report has been prepared in Chinese and English version respectively. In the event of difference in interpretation between the two versions, Chinese version shall prevail.**

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## Paraphrase

Items	Refers to	Contents
Company, The Company, Wei-fu High-technology	Refers to	Weifu High-Technology Group Co., Ltd.
Industry Group、Wuxi Industry Group	Refers to	Wuxi Industry Development Group Co., Ltd.
Robert Bosch	Refers to	Robert Bosch Co., Ltd. (ROBERT BOSCH GMBH)
Bosch Automobile Diesel、Bosch Automobile Diesel System	Refers to	Bosch Automobile Diesel System Co., Ltd.
Weifu Automotive Diesel、Weifu Diesel System	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 International Trade	Refers to	Wuxi Weifu International Trade Co., Ltd.
Weifu Tianli	Refers to	Ningbo Weifu Tianli Supercharging Technique Co., Ltd.
Weifu Schmidt	Refers to	Wuxi Weifu Schmidt Power System Spare Parts Co., Ltd.
Weifu Jialin	Refers to	Chaoyang Weifu Jialin Machinery Manufacture Co., Ltd.
Kunming Xitong	Refers to	Kunming Xitong Machinery Co., Ltd.
Weifu Autocam	Refers to	Wuxi Weifu Autocam Fine Machinery Co. Ltd.
Weifu Tianshi	Refers to	Anhui Weifu Tianshi Machinery Co., Ltd.
Weifu Nano	Refers to	Jiangsu Weifu Nano Technology Co., Ltd.
Weifu Instrument	Refers to	Wuxi Weifu Instrument Making Co., Ltd.
Weifu Environment	Refers to	Wuxi Weifu Environment Catalyst Co., Ltd.
CNEMS	Refers to	CNEMS
SDEC	Refers to	Shanghai Diesel Engine Co., Ltd.
Miracle Logistics	Refers to	Miracle Automation Engineering Co., Ltd.

## Section II Company profile

### I. Company profile

Short form of the stock	Weifu High- Tech, Su Weifu-B	Stock code	000581, 200581
Stock exchange for listing	Shenzhen Stock Exchange		
Chinese name of the Company	无锡威孚高科技集团股份有限公司		
Abbr. of Chinese name of the Company(if applicable)	威孚高科		
English name of the Company(if applicable)	WEIFU HIGH-TECHNOLOGY GROUP CO.,LTD.		
Abbr. of English name of the Company(if applicable)	WFHT		
Legal Representative	Chen Xuejun		

### 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. Others

#### 1. Way of contact

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

☐ Applicable    ☒ Not applicable

Registrations address, offices address and codes as well as website and email of the Company has no change in reporting period, found more details in Annual Report 2012.

#### 2. Information disclosure and preparation place

Whether information disclosure and preparation place changed in reporting period or not

☐ Applicable    ☒ Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2012.

### **3. Registration changes of the Company**

Whether registration has changed in reporting period or not

☐ Applicable    ☒ Not applicable

Date/place for registration of the Company, registration number for enterprise legal license, number of taxation registration and organization code have no change in reporting period, found more details in Annual Report 2012.

### **4. Other relevant information**

Whether other relevant information has changed in reporting period or not

☐ 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

	Current period	Same period of last year	Increase/decrease in this report y-o-y (%)
Operating revenue (RMB)	2,878,965,006.18	2,622,741,134.00	9.77%
Net profit attributable to shareholders of the listed company(RMB)	531,953,834.22	446,281,174.98	19.2%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	510,092,554.23	443,915,741.43	14.91%
Net cash flow arising from operating activities(RMB)	318,573,288.00	437,635,548.02	-27.21%
Basic earnings per share (RMB/Share)	0.78	0.69	13.04%
Diluted earnings per share (RMB/Share)	0.78	0.69	13.04%
Weighted average ROE (%)	5.94%	6.18%	-0.24%
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end (%)
Total assets (RMB)	12,670,528,489.23	11,055,973,932.34	14.6%
Net assets attributable to shareholder of listed company(RMB)	9,049,683,965.96	8,655,980,755.24	4.55%

### 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)

In 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	531,953,834.22	446,281,174.98	9,049,683,965.96	8,655,980,755.24
Items and amount adjusted by IAS				

## 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)

In 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	531,953,834.22	446,281,174.98	9,049,683,965.96	8,655,980,755.24
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

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-443,140.30	
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)	195,025.00	
Profit and loss of assets delegation on others' investment or management	25,157,496.58	
Other non-operating income and expenditure except for the aforementioned items	511,127.14	
Less: Impact on income tax	3,896,369.83	
Impact on minority shareholders' equity (post-tax)	-337,141.40	
Total	21,861,279.99	--

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

According to the data released by China Association of Automobile Manufacturers: in first half year of 2013, production and sales of the automobile in China up to 10,751,700 and 107,822 with a y-o-y growth of 12.8 percent and 12.3 percent respectively; among which, passenger cars shows 8,664,500 and 8,665,100 in production and sales respectively with 14.02 percent and 13.81 percent growth y-o-y and the commercial vehicle has 2,087,200 and 2,117,100 in production and sales respectively with 8.15 percent and 6.68 percent up y-o-y. In reporting period, benefit from the development of automobile industry and the restorative growth of commercial vehicle, production and sales of heavy truck in particular, the Company seize market opportunity, speed up the promotion of new products, implemented the industrial restructuring, strengthen control of the internal risks, improved early warning mechanism, push forward the construction of inner management system and procedures, carried out lean operation and cost reduction, optimized the quality management, improve the cost optimization and control ability and upgrade the core competence, the Company's operation gains a steady growth as a result. In reporting period, the Company achieved operation revenue of RMB 2,878,965,000, a 9.77 percent up from a year earlier; net profit amounting as RMB 606,074,000, increase 13.64 percent from a year ago and the net profit attributable to owner's of the parent company was RMB 531,953,800, increase 19.2 percent from a year ago.

### II. Main business analysis

#### 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.

In reporting period, the Company achieved operation revenue of RMB 2878.965 million, a 9.77 percent up from a year ago; changes of operation revenue, cost and expenses are as below:

Year-on-year changes for main financial data

In RMB

	Current period	Same period of last year	Y-o-y increase/decrease (%)	Reasons for changes
Operation revenue	2,878,965,006.18	2,622,741,134.00	9.77%	
Operation cost	2,221,406,094.80	1,935,729,790.13	14.76%	
Sales expenses	81,319,229.85	87,922,067.65	-7.51%	
Administrative expenses	275,092,115.54	220,879,377.54	24.54%	
Financial cost	-27,181,590.78	-12,478,749.75		mainly because the interest

				income increased
Income tax expense	52,038,268.65	60,396,042.65	-13.84%	
Net cash flow arising from operation activities	318,573,288.00	437,635,548.02	-27.21%	
Net cash flow arising from investment activities	-885,628,740.58	-586,576,066.82		mainly because invetment for bank financing products increased
Net cash flow arising from financing activities	303,169,088.85	2,346,614,505.84	-87.08%	Resulted by fund raised from private placement at same period of last year
Net increase of cash and cash equivalent	-263,886,363.73	2,197,673,987.04	-112.01%	Resulted by fund raised from private placement at same period of last year

Major changes on profit composition or profit resources in reporting period

☐ Applicable    ☒ Not applicable

No major changes on profit composition or profit resources occurred in reporting period

The future development and planning extended to reporting period that published in disclosure documents as prospectus, private placing memorandum and recapitalize statement

☐ Applicable    ☒ Not applicable

No future development and planning extended to reporting period that published in disclosure documents as prospectus, private placing memorandum and recapitalize statement

Review on the previous business plan and its progress during reporting period

In general, the Company has a stable economical operation in the first half year of 2013, however, the macro-economic situation in second half year still complex, Board of the Company will seize development opportunity based on the development of economic situation and trend of the market changes, focus on the follow works: strengthen the market, strictly control the risks, promoted strategic restructuring of the economy, improved the Company's core competence, and continues to implemented the development strategy of the Company. Continued to prepare the warm-up for implementation of emission regulation of Standard Four and market-einfuehrung, guarantee a sustainable development for the Company and set the stage for further development of the Company.

### III. Constitution of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio (%)	Increase or decrease of operating revenue over same period of last year (%)	Increase or decrease of operating cost over same period of last year (%)	Increase or decrease of gross profit ratio over same period of last year (%)
According to industries						
Auto parts	2,653,564,877.88	2,017,109,946.68	23.98%	8.85%	14.08%	-3.49%

According to products						
Auto fuel injection system	2,053,972,523.57	1,513,096,920.14	26.33%	6.64%	12.37%	-3.76%
Induction system	87,486,778.13	63,882,254.47	26.98%	2.48%	5.48%	-2.07%
Post-processing system	512,105,576.18	440,130,772.07	14.05%	20.1%	21.87%	-1.25%
According to region						
Domestic sales	2,512,968,209.41	1,884,690,405.41	25%	10.47%	17.05%	-4.21%
Overseas sales	140,596,668.47	132,419,541.27	5.82%	-13.79%	-16.19%	2.7%

#### IV. Core competitive analysis

Core competence of the Company has no major changes in reporting period.

#### V. Investment analysis

##### 1. Situation of equity investment outside

##### (1) Situation of investment outside

Investment outside		
Investment in reporting period (RMB)	Investment in same period of last year (RMB)	Changes (%)
1,401,687.00	343,815,000.00	-99.59%
Invested company		
Name	Main business	Equity proportion in invested company for Listed company (%)
Weifu Autocam	Auto parts	51%

##### (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	Securities	12,000,000.00	18,000,000	1.2%	18,000,000	1.2%	12,000,000.00	360,000.00	Long-term equity	Subscription

Co., Ltd.	company								investment	n
Nanjing Hengtai Insurance and Broker Co., Ltd.	Insurance company	1,000,000.00	1,000,000	1.85%	1,000,000	1.85%	1,000,000.00		Long-term equity investment	Subscription
Total		13,000,000.00	19,000,000	--	19,000,000	--	13,000,000.00	360,000.00	--	--

### (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	23,680,000	2.72%	23,680,000	2.72%	328,441,600.00		Financial assets available for sales	Subscription
Stock	002009	Miracle Logistics	69,331,500.00			9,300,000	2.9%	83,979,000.00		Financial assets available for sales	Subscription
Total			268,539,500.00	23,680,000	--	32,980,000	--	412,420,600.00	0.00	--	--
Disclosure date of securities investment approval of Board report			2012-03-24								

Statement of holding other listed companies' equity

√ Applicable    □ Not applicable

Being deliberated and approved in 23th meeting of 6th session of the Board dated 24 March 2012, the Company subscribe 14,800,000 private placement of A-share from SDEC with RMB 13.46 per share, a 2.72 percent in total share capital of SDEC after placement. The Company committed no transfer after the subscription in 12 months, restricted period (23 March 2012 to 22 March 2013). SDEC implemented the plan of annual profit distribution and converting capital reserve into share capital for 2011 on 4<sup>th</sup> 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.

In May 2013, in line with the define authority in "Decision-making System of Major Investment and Financial", being discussed by the management and approved from the Chairman, the Company decide to subscribe 9300000 private placement shares from Miracle

Logistics with RMB 7.455 per share, a 2.9 percent in total share capital of Miracle Logistics after placement. The Company committed no transfer after the subscription in 12 months, restricted period (4 June 2013 to 3 June 2014)

## 2. Trust financing, investment of derivatives and entrustment loan

### (1) Trust financing

In 10 thousand Yuan

Name of trustee	Related relationship	Whether related trade or not	Type	Amount of trust financing	Start date of trust financing	End date of trust financing	Determination method of reward	Amount of principal actual taking back in period	Amount of reserve for devaluation of withdrawing (if applicable)	Estimated income	Actual gains/losses in period
Bank, trust	No	No	Floating profit	137,575	2013-01-05	2015-11-26	Floating rate, maximized annualized rate of return agreed in contract	64,400	0	5,738.79	3,266.7
Total				137,575	--	--	--	64,400		5,738.79	3,266.7
Capital resource				All refers to the self-owned capital of the Company. The trust financing was cumulative amount; the actual capital for trust financing is RMB 2 billion at most, and recyclable within the limit.							
Overdue un-received principal and accumulated earnings amount				0							
Disclosure date for approval from the Board for trust financing (if applicable)				2013-03-28							

### (2) Investment of derivatives

In 10 thousand Yuan

Operator	Related relationship	Whether related trade or not	Type	Initial investment	Start date	End date	Investment amount at period-begin	Amount of reserve for devaluation of withdrawing (if applicable)	Investment amount at period-end	Ratio of investment amount at period-end in net assets of the Company at period-end (%)	Actual gains/losses in period
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Total	0	--	--	0	0	0%	0
Capital resource	N/A						

**(3) Entrustment loan**

In 10 thousand Yuan

Loan object	Whether the related party or not	Amount of loan	Interest rate of loan	Guarantor or collateral	Use of loan object's fund
Total	--	0	--	--	--

**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	7,647.58
Total accumulative raised proceeds invested	169,723.32
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. (ZJXK(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. Total RMB 76.4758 million raise proceeds was invested in reporting period, as of the period-end, raise proceeds of RMB 1,697,233,200 has been invested accumulatively. In consideration of the uncertainty of emission regulation promotion (Standard Three turns to Standard Four), and the lands are in short supply at the mean time, the original investment plan of "Industrialization of tail treatment system" met no needs of the Weifu Leader in aspect of development. Therefore, part of the content in "Industrialization of tail treatment system" was changed by the Company. The abovementioned event has been deliberated and approve by 9<sup>th</sup> meeting of 7<sup>th</sup> session of the Board held on 26 March 2013 and annual shareholders' general meeting of 2012 held on 23 May 2013 respectively, the "Proposal of Changing the Investment Plan with Raised Proceeds" was published on appointed media dated 28 March 2013, found more details in Notice No.: 2013-007 published on appointed media. The adjustment for the investment plan of "Industrialization of tail treatment system" changes no investment orientation of the raised proceeds and actual content of the plan has no changed, investment amount changed from RMB 260 million to RMB 340 million, and the adjusted part will supply with self-owned capital without affect the implementation of investment plan with raised proceeds. The project expected to reach serviceable condition after adjustment in June 2015. The adjustment guarantees a normal

utilization of raised proceeds and smoothly implementation of projects of raised proceeds, and in line with the actual condition of the Company and long-term development plan.

## (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 period	Amount of accumulated investment till the period-end (2)	Investment program till the period-end (3)=(2)/(1)	Predicted serviceable condition 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	704.73	19,274.42	31.07%	2013-10-31			No
Construction project in industrial zone	No	57,750	57,750	4,584.61	6,514.18	11.28%	2013-10-31			No
Industrialization of tail treatment system	Yes	26,000	26,000	2,358.24	14,704.29	56.56%	2015-06-30			No
Research institution project	No	5,154	5,154	0	5,154	100%	2012-12-31			No
Battery material of engines and R&D of battery	No	10,000	10,000	0	0	0%	2012-12-31			No
Equity acquisition	No	34,381.5	34,381.5	0	34,381.5	100%	2012-06-30	1,079.09		No
Liquid assets supplementation	No	90,000	89,694.93	0	89,694.93	100%				No
Subtotal of commitment projects	--	285,317.5	285,012.43	7,647.58	169,723.32	--	--	1,079.09	--	--
Investment orientation for fund arising out of plan										
Total	--	285,317.5	285,012.43	7,647.58	169,723.32	--	--	1,079.09	--	--

<p>Situation about not coming up to schemed progress or expected revenue and the reason(In specific project)</p>	<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 will reaches serviceable condition on 31 October 2013. As of 30 June 2013, the accumulative investment amounted to RMB 192,744,200 representing investment progress of 31.07%. Reason for lag behind the progress including:</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) The project has WAPS system products involved, which was self-developed by the Company without example, the products will promotion to the customers after work of consistency and reliability improved.</p> <p>(3) Investment planned for fixed assets of the project was RMB500 million, among which, imported equipments accounts for 65%, for purpose of strictly control the risks, delivery of the imported equipment will delay according to the implementation process. For that reason, the Company will well-organized the investment process in line with the implementation process of Standard Four and foreseeable market requirements with purpose of protecting shareholders' interest maximumly.</p> <p>2. According to the feasibility report, the construction of industry park project will reaches expected serviceable condition on 31 October 2013, as of 30 June 2013, capital of RMB 65.1418 million was invested in total, representing 11.28% in investment progress. Reasons for far from the expected progress are:</p> <p>(1) in 2012, the project not to start as scheduled due to the relocation of governmental parcel;</p> <p>(2) In 1Q of 2013, relocation of government parcel was completed, the project start in April officially and in a good process recently.</p> <p>3. Battery material of engines and R&amp;D of battery --under the feasibility report of this project, the investment plan will reached serviceable condition on 31 December 2012. As of 31 December 2012, RMB 0.00 was invested. Reasons are as:</p> <p>(1) the raised proceeds was not in place in time;</p> <p>(2) In recently two year, the Company continues to tracking the projects, due to an uncertainty in aspect of technology and policy, therefore, the Company was prudent for this project and continued to follow development of power battery and would make decisions if needed.</p>
<p>Explanation on great changes of feasibility of project</p>	<p>Not applicable</p>
<p>Amount, usage and progress of using for fund raising out of the plan</p>	<p>Not applicable</p>
<p>Change of implementation place of investment project of raised capitals</p>	<p>Not applicable</p>
<p>Adjustment of</p>	<p>Applicable</p>



implementation way for investment project of raised capitals	<p>Occurred in reporting period</p> <p>In consideration of the uncertainty of emission regulation promotion (Standard Three turns to Standard Four), and the lands are in short supply at the mean time, the original investment plan of “Industrialization of tail treatment system” met no needs of the Weifu Leader in aspect of development. Therefore, part of the content in “Industrialization of tail treatment system” was changed by the Company. The abovementioned event has been deliberated and approve by 9<sup>th</sup> meeting of 7<sup>th</sup> session of the Board held on 26 March 2013 and annual shareholders’ general meeting of 2012 held on 23 May 2013 respectively, the “Proposal of Changing the Investment Plan with Raised Proceeds” was published on Juchao Website dated 28 March 2013, found more details in Notice No.: 2013-007. The adjustment for the investment plan of “Industrialization of tail treatment system” changes no investment orientation of the raised proceeds, only the investment amount changed from RMB 260 million to RMB 340 million, the adjusted part will supply with self-owned capital. The project expected to reach serviceable condition after adjustment in June 2015. The changes for raised proceed this time has no influence on the investment orientation and actual content of implementation without affect the implementation of investment plan. The adjustment guarantees a normal utilization of raised proceeds and smoothly implementation of projects of raised proceeds, and in line with the actual condition of the Company and long-term development plan.</p>
Invested in pre-phases and replacement for raised fund projects	Not applicable
Temporarily supplement for the current capitals with idle raised capitals	Not applicable
Amount surplus in implementation of raised proceeds and reasons	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	Not applicable

**(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 ended as the reporting period (2)	Progress of the investment deadline the end of the reporting (%) (3)=(2)/(1)	Predicted serviceable condition date of project	Income achieved in the reporting	Whether it has come up to the scheduled income	Whether the feasibility of the project changed after the alteration
Industrialization of tail treatment system	Industrialization of tail treatment system	26,000	2,358.24	14,704.29	56.56%	2015-06-30			No
Total	--	26,000	2,358.24	14,704.29	--	--	0	--	--
Changing reason, decision procedure and statement of disclosure(In specific project)	In consideration of the uncertainty of emission regulation promotion (Standard Three turns to Standard Four), and the lands are in short supply at the mean time, the original investment plan of "Industrialization of tail treatment system" met no needs of the Weifu Leader in aspect of development. Therefore, part of the content in "Industrialization of tail treatment system" was changed by the Company. The abovementioned event has been deliberated and approved by 9 <sup>th</sup> meeting of 7 <sup>th</sup> session of the Board held on 26 March 2013 and annual shareholders' general meeting of 2012 held on 23 May 2013 respectively, the "Proposal of Changing the Investment Plan with Raised Proceeds" was published on Juchao Website dated 28 March 2013, found more details in Notice No.: 2013-007. The adjustment for the investment plan of "Industrialization of tail treatment system" changes no investment orientation of the raised proceeds, only the investment amount changed from RMB 260 million to RMB 340 million, the adjusted part will supply with self-owned capital. The project expected to reach serviceable condition after adjustment in June 2015. The changes for raised proceed this time has no influence on the investment orientation and actual content of implementation without affect the implementation of investment plan. The adjustment guarantees a normal utilization of raised proceeds and smoothly implementation of projects of raised proceeds, and in line with the actual condition of the Company and long-term development plan.								
Explanation on major changes of feasibility after the project changed			No major changes						

**(4) Project of raised proceeds**

Project of raised proceeds and summary	Disclosure date	Disclosure index
Being approved by CSRC on 21 January 2012, the private placement of the Company was 112,858,000 shares at most, net amount of RMB 2.85 billion was raised for the followed projects: R&D of WAPS, industrialization, productivity expansion of diesel common rail system parts, industrialization of tail treatment system, research institution project, construction project in industrial zone, battery material of engines and R&D of battery, equity acquisition project and, liquid assets	2011-09-27	The "Feasibility Analysis Report for the Raised Proceeds from Private Placement(Revised)" published on Juchao Website

supplementation.		
Being deliberated and approved on 9 <sup>th</sup> meeting of 7 <sup>th</sup> session of the Board held on 26 March 2013 and annual shareholders' general meeting of 2012 held on 23 May 2013, the original investment plan of "Industrialization of tail treatment system" was changed.	2013-03-28	The "Proposal of Changing the Investment Plan with Raised Proceeds" published on Juchao Website (Notice No.: 2013-007)
Deposit of raised proceeds and utilization for first half year of 2013	2013-08-27	The "Special Report of Deposit of Raised Proceeds and Utilization for first half year of 2013" published on Juchao Website

#### 4. Main subsidiaries and stock-jointly companies

Particular about main subsidiaries and stock-jointly companies

In RMB

Company name	Type	Industries	Main products or service	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Weifu leader	Subsidiary	Automobile parts	Post-processing system productions	502,596,300.00	1,406,473,876.22	886,109,446.50	537,785,282.73	65,324,566.18	58,225,576.99
Weifu Jinning	Subsidiary	Automobile parts	Fuel injection system productions	346,286,825.80	1,182,138,203.47	702,315,815.11	463,409,391.75	94,528,202.85	80,386,167.90
Bosch Automobile Diesel	Joint-stock company	Automobile parts	Fuel injection system productions	US\$ 200,000,000.00	5,408,805,127.76	3,704,578,977.60	2,457,986,031.25	501,401,687.22	423,041,404.11
CNEMS	Joint-stock company	Automobile parts	Petrol system productions	600,620,000.00	2,334,127,177.50	1,769,833,462.36	3,754,631.66	448,461,556.90	448,304,570.00

#### 5. The significant progress of non-raised proceeds investment

In 10 thousand Yuan

Name of the project	Total investment amount	Investment amount in the period	Accumulation of actual investment amount ended of the period-end	Progress of the project	Earnings of the project
Total	0	0	0	--	--

#### VI. Prediction of business performance from January – September 2013

Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the

warning of its material change compared with the corresponding period of the last year and explanation on reason

☐ Applicable ☒ Not applicable

## VII. Explanation from the Board and Supervisory Committee for “Qualified Opinion” from the CPA of this year’s

The financial report of semi-annual report 2013 was unaudited

## VIII. Explanation from the Board for “Qualified Opinion” of last year’s

Jiangsu Gongzheng Tianye Certified Public Accountants issued a standard unqualified auditor’s report for the annual report 2012 of the Company

## IX. Implementation of profit distribution in reporting period

Implementation or adjustment of profit distribution plan in reporting period, cash dividend plan and shares converted from capital reserve in particular

☒ Applicable ☐ Not applicable

The bonus scheme of the Company was formulated strictly in line with relevant regulation of Article of Association.

Profit distribution plan for year of 2012 was: based on total share capital of the Company 680133995, distribute cash dividend of RMB 3.00 (tax included) for every 10 shares and 5 bonus shares (tax included) to all shareholders. The scheme was deliberated and approve by 9<sup>th</sup> meeting of 7<sup>th</sup> session of the Board held on 26 March 2013 and annual shareholders’ general meeting of 2012 held on 23 May 2013. The implementation of equity distribution plan for year of 2012 (Notice No.: 2013-016) was published on China Securities Journal, Securities Times, Hong Kong Commercial Daily and Juchao Website (<http://www.cninfo.com.cn>) dated 26 June 2013. And the plan was completed in July 2013.

## X. Profit distribution and capitalization of capital reserves in the Period

Explanation on profit distribution plan and capitalization of capital reserves	
The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either for first half year of 2013	

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

Time	Place	Way	Type	Reception	Contents discussed and material provided
2013-03-28	Office of the Board	Telephone communication	Institution	Institution	Annual report
2013-05-23	Scene of the shareholders’ general meeting	Other	Institution	Institution	Implementation of Standard IV and views on market in 2013
January to June of	Office of the Board	Telephone communication	Individual	Public investor	Basic condition of the Company, implementation of Standard IV and views on market in 2013

## Section V. Important Events

### I. Corporate governance

Pursuit to requirement of normative documents and relevant laws and regulations, the Company has a mechanism of decision-making, execution and supervise in the framework of shareholders general meeting, board of directors, supervisory committee and senior management. Vary rules and regulations have been established, construct and improve a reasonable and efficiency internal control system, guarantee a sustainable improvement of the operation standards for the Company. The Company strictly follow the requirement from CSRC and relevant rules from Listing Rules of Shenzhen Stock Exchange as well as Guidance on Standard Operation of Listed Company on Main Board, serious and timely to perform obligation of information disclosure based on principle of “transparency, fairness and justice”. In reporting period, the actual corporate governance of the Company shows no major difference with the Company Law and relevant regulations from CSRC.

### II. Significant lawsuits and arbitrations of the Company

☐Applicable ☒Not applicable

The Company has no significant lawsuits and arbitrations in reporting period

### III. Question from media

☐Applicable ☒Not applicable

No universal questioned by media in reporting period

### IV. Bankruptcy reorganization

In reporting period, the Company has no bankruptcy reorganization occurred.

### V. Transaction in assets

#### 1. Acquisition of assets

The other party of transaction or final controller	Assets purchased	Purchase price(10 thousand Yuan)	Progress	Impact on operation of the Company	Impact on gains/losses of the Company	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
American Autocam Co., Ltd.	1% equity of Weifu Autocam held	140.17	Ownership has transferred in total	In favor of improving the manufacture standards of auto parts	Enlarge operation volume and improve the performance standards	0.9%	No			Not applicable

## 2. Assets sold

☐ Applicable    ☒ Not applicable

## 3. Enterprise mergers

In reporting period, 1% equity of Weifu Autocam held by American Autocam Co., Ltd. was purchased by the Company, after purchasing, equity of Weifu Autocam held by the Company up to 51% and Weifu Autocam included in consolidation range since June 2013.

## VI. Implementation of the company's equity incentive and the effects

No equity incentive in reporting period

## VII. 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	Similar market price obtained	Date of disclosure	Index of disclosure
Weifu Instrument	Associated company	Procurement of merchandise and receiving labor service	Procurement of goods	Market price		3,974.96	2.55%	According to the contract		2013-03-28	“Estimated of Related transaction with routine operation concerned for year of 2013” (Notice No.: 2013-005) and “Resolution Notice of Annual shareholders’ general
Bosch Automobile Diesel	Associated company, controlling subsidiary of German Bosch Company	Procurement of merchandise and receiving labor service	Procurement of goods	Market price		11,032.53	7.07%	According to the contract			
Weifu Environment	Joint venture of Weifu	Procurement of merchandise	Procurement of goods	Market price		28,396.5	18.2%	According to the contract			

	Leader	e and receiving labor service								meeting 2013” (Notice No.: 2013-014) published on Juchao Website
Weifu Autocam	Joint venture *	Procurement of merchandise and receiving labor service	Procurement of goods	Market price		853.7	0.55%	According to the contract		
Robert Bosch	Second largest shareholder of the Company	Procurement of merchandise and receiving labor service	Procurement of goods or labor service	Market price		2,328.11	1.49%	According to the contract		
Weifu Instrument	Associated company	Selling goods and providing labor service	Sales of goods	Market price		985.09	0.34%	According to the contract		
Bosch Automobile Diesel	Associated company, Controlling subsidiary of Robert Bosch Automobile Diesel	Selling goods and providing labor service	Sales of goods	Market price		16,832.78	5.85%	According to the contract		
Weifu Environment	Joint venture company of Weifu Leader	Selling goods and providing labor service	Sales of goods	Market price		717.81	0.25%	According to the contract		
Weifu Autocam	Joint venture *	Selling goods and providing labor	Sales of goods	Market price		168.42	0.06%	According to the contract		

		service									
Robert Bosch Bosch Automobile Diesel	Second largest shareholder of the Company	Selling goods and providing labor service	Sales of goods	Market price		898.77	0.31%	According to the contract			
Weifu Environment	Joint venture of Weifu Leader	Other	Sales of fixed assets			0.11					
Bosch Automobile Diesel	Associated company, Controlling subsidiary of Robert Bosch Automobile Diesel	Other	Technology service charge payable			221.76					
Industry Group	Largest shareholder of the Company	Other	Land use expenses payable			160					
Industry Group	Largest shareholder of the Company	Other	Purchasing exclusive right to use trademark			1,615.57					
Robert Bosch Bosch Automobile Diesel	2 <sup>nd</sup> -largest shareholder of the Company	Other	Technology royalties payable			871.17					
Total				--	--	69,057.28	--	--	--	--	--
Report the actual implementation of the normal related transactions which were projected about their total amount by types during the reporting period(if applicable)				<p>The total amount from daily related transaction in reporting period still in the predicted amount that approved in Annual Shareholders' General Meeting of 2012, the predicted amount of daily related transactions for year of 2013 at year-begin amounting as RMB 2,294,500,000 in total.</p> <p>* Weifu Autocam is the original joint venture of the Company, after 1 percent equity of Weifu Autocam held by American Autocam Company was transfer in the reporting period, Weifu Autocam comes to the controlling subsidiary of the</p>							



	Company with 51% equity held by the Company. Relevant industrial and commercial changes has completed on 17 May 2013 and included in consolidation statement range since June 2013.
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## 2. Related transaction incurred by purchase or sales of assets

☐ Applicable ☒ Not applicable

## 3. Significant related transaction from jointly investment outside

☐ Applicable ☒ Not applicable

## 4. Credits and liability of related party

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

☐ Yes ☒ No

## 5. Other significant related transactions

No other significant related transaction occurred in reporting period

# VIII. Significant contracts and its implementation

## 1. Trusteeship, contracting and lease

### (1) Trusteeship

Explanation on trusteeship

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

The Company has no guarantee occurred in reporting period

Explanation on guarantee with composite way

☐ Applicable ☒ Not applicable

## 3. Other significant contract

☐ Applicable ☒ Not applicable

## 4. Other significant transaction

The Company has no other significant transaction occurred in reporting period

## IX. Commitments from the Company or shareholders (with over 5% shares held) occurred in reporting period or occurred in previous period but continued to this 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.
	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	2006-04-05		Implemented after related policy released

		company, the Group would the stock incentive plan for management level of Weifu High-tech.			
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					
Completed on time or not	Yes				
Detail reasons for un-complement and further plan(if applicable)	Not applicable				

## X. Appointment and non-reappointment (dismissal) of CPA

Whether financial report for the semi-annual has audited or not

☐Yes ☒No

## XI. Penalty and rectification

Explanation on rectification

☐Applicable ☒Not applicable

## XII. Other material events

Material events published on China Securities Journal, Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn) in reporting period:

Item	Notice No.:	Disclosure date
Resolution notice of 9th meeting of 7th session of the Board	2013-001	2013-3-28
Resolution notice of 8th meeting of 7th session of supervisory committee	2013-002	2013-3-28

Summary of annual report 2012	2013-003	2013-3-28
Guarantee offer to wholly-owned subsidiary	2013-004	2013-3-28
Estimated routine related transaction	2013-005	2013-3-28
Trust financing with self-owned idle funds	2013-006	2013-3-28
Resolution Report of changing part of the implementation method for investment project with raised proceeds	2013-007	2013-3-28
Capital increased for subsidiary	2013-008	2013-3-28
Resolution notice of 10th meeting of 7th session of the Board	2013-009	2013-4-25
Resolution notice of 9th meeting of 7th session of supervisory committee	2013-010	2013-4-25
Text of 1Q Report of 2013	2013-011	2013-4-25
Convening the shareholders' general meeting for year of 2012	2013-012	2013-4-25
Prompted Notice of convening the shareholders' general meeting of 2012	2013-013	2013-5-17
Resolution of annual shareholders' general meeting 2012	2013-014	2013-5-24
Notice of Investment Outside	2013-015	2013-6-4
Bonus Distribution for year of 2012	2013-016	2013-6-26

## 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	156,186,216	22.96%						156,186,216	22.96%
1. State holding									
2. State-owned corporate shares	79,311,999	11.66%						79,311,999	11.66%
3. Other domestic shares									
Including: domestic corporate shares									
Domestic nature person shares									
4. Foreign shares	76,840,400	11.29%						76,840,400	11.29%
Including: Foreign corporate shares	76,840,400	11.29%						76,840,400	11.29%
Foreign nature person shares									
5. Senior executives' shares	33,817	0.01%						33,817	0.01%
II. Unrestricted shares	523,947,779	77.04%						523,947,779	77.04%
1. RMB Ordinary shares	409,027,779	60.14%						409,027,779	60.14%
2. Domestically listed foreign shares	114,920,000	16.9%						114,920,000	16.9%
3. Foreign listed foreign shares									
4. Other									
III. Total shares	680,133,995	100%						680,133,995	100%

Reasons for share changed

☐Applicable ☒Not applicable

Approval of share changed

☐Applicable ☒Not applicable

Ownership transfer of share changed

☐Applicable ☒Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common

shareholders of Company in latest year and period

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

Explanation on changes of total shares and shareholder structure as well as assets and liability structure

☐Applicable ☒Not applicable

## II. Amount of shareholders of the Company and particulars about shares holding

In Share

Total shareholders at period-end	31,744							
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		79,311,999	56,727,600		
ROBERT BOSCH GMBH	Foreign corporate	14%	95,227,600		76,840,400	18,387,200		
China Construction Bank—Fullgoal Tianbo Innovation Theme Stock Securities Investment Fund	Domestic non-state-owned corporate	2.2%	14,950,000			14,950,000		
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign corporate	1.54%	10,445,312			10,445,312		
China Construction Bank – China Advantage Growth Stock Securities Investment Fund	Domestic non-state-owned corporate	1.5%	10,182,833			10,182,833		
ICBC—E-fund Value Growth Mix Securities Investment Fund	Domestic non-state-owned corporate	1.36%	9,269,752			9,269,752		
Bank of Communications – Fullgoal Tianyi Value Securities Investment Fund	Domestic non-state-owned corporate	1.32%	8,963,548			8,963,548		
GAOLING FUND,L.P.	Foreign corporate	1.21%	8,252,142			8,252,142		
ABC—Changsheng Tongde Theme Growth Stock Securities	Domestic non-state-owned	1.15%	7,805,843			7,805,843		

Investment Fund	ed corporate							
CCB—Yinhua Core Value Selected Securities Investment Fund	Domestic non-state-own ed corporate	1.08%	7,350,874			7,350,874		
Explanation on related relationship or concerted action among the abovementioned shareholders	Among the top ten shareholders, there has no associated relationship between Wuxi Industry Development Croup Co., Ltd. and other shareholders, the first largest shareholder of the Company; 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 Security 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 period-end	Type of shares					
			Type		Amount			
WUXI INDUSTRY DEVELOPMENT CROUP CO., LTD.		56,727,600	RMB common shares		56,727,600			
ROBERT BOSCH GMBH		18,387,200	Domestically foreign shares		18,387,200			
China Construction Bank—Fullgoal Tianbo Innovation Theme Stock Securities Investment Fund		14,950,000	RMB common shares		14,950,000			
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD		10,445,312	Domestically foreign shares		10,445,312			
China Construction Bank – China Advantage Growth Stock Securities Investment Fund		10,182,833	RMB common shares		10,182,833			
ICBC—E-fund Value Growth Mix Securities Investment Fund		9,269,752	RMB common shares		9,269,752			
Bank of Communications – Fullgoal Tianyi Value Securities Investment Fund		8,963,548	RMB common shares		8,963,548			
GAOLING FUND,L.P.		8,252,142	Domestically foreign shares		8,252,142			
ABC—Changsheng Tongde Theme Growth Stock Securities Investment Fund		7,805,843	RMB common shares		7,805,843			
CCB—Yinhua Core Value Selected Securities Investment Fund		7,350,874	RMB common shares		7,350,874			
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, there has no associated relationship between Wuxi Industry Development Croup Co., Ltd. and other shareholders, the first largest shareholder of the Company; 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 Security Investment Fund shares same fund manager –Fullgoal Fund Management Co., Ltd.						

Whether has a buy-back agreement dealing in reporting period

☐ Yes ☒ No

### **III. Changes of controlling shareholders or actual controller**

Changes of controlling shareholders in reporting period

☐ Applicable ☒ Not applicable

Changes of actual controller in reporting period

☐ Applicable ☒ Not applicable



## **Section VII. Directors, Supervisors and Senior Executives**

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

☐ Applicable    ☒ Not applicable

Shares held by directors, supervisors and senior executives have no changes in reporting period, found more details in Annual Report 2012.

### **II. Changes of directors, supervisors and senior executives of the Company**

☐ Applicable    ☒ Not applicable

## Section VIII. Financial Report

### I. Audit reports

Whether the semi-annual report was audited or not

☐ Yes ☒ No

The financial report of this semi-annual report was unaudited

### II. Financial statements

Units in Notes of Financial Statements is RMB

#### 1. Consolidated balance sheet

Prepared by Weifu High-Technology Group Co., Ltd

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary fund	2,330,144,630.58	2,600,714,219.36
Settlement provisions		
Capital lent		
Transaction finance asset		
Notes receivable	1,171,279,430.12	898,720,248.22
Account receivable	1,437,419,129.81	1,036,392,701.40
Accounts paid in advance	179,750,873.40	143,500,001.15
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable	24,905,675.00	37,619,858.83
Dividend receivable	107,616,777.91	107,616,777.91
Other receivables	16,682,577.59	10,147,631.52
Purchase restituted finance asset		
Inventories	783,900,263.57	759,505,087.10
Non-current asset due within one year		
Other current assets	1,034,381,469.28	500,118,243.81
Total current assets	7,086,080,827.26	6,094,334,769.30
Non-current assets:		

Granted entrust loans and advances		
Financial assets available for sale	412,420,600.00	265,689,600.00
Hold-to-maturity investment	848,000,000.00	649,000,000.00
Long-term account receivable		
Long-term equity investment	2,386,908,438.95	2,192,275,239.86
Investment real estate	3,652,228.02	3,881,346.30
Fixed assets	1,463,416,014.66	1,404,806,234.18
Construction in process	72,933,943.71	65,649,548.48
Engineering material		
Disposal of fixed asset		
Productive biological assets		
Oil and gas asset		
Intangible assets	292,855,226.33	280,305,865.12
Expense on Research and Development		
Goodwill	1,784,086.79	1,784,086.79
Long-term expenses to be apportioned	15,450,232.52	12,227,687.75
Deferred income tax asset	87,026,890.99	86,019,554.56
Other non-current asset		
Total non-current asset	5,584,447,661.97	4,961,639,163.04
Total assets	12,670,528,489.23	11,055,973,932.34
Current liabilities:		
Short-term loans	413,000,000.00	70,000,000.00
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Transaction financial liabilities		
Notes payable	493,343,576.23	278,184,200.63
Accounts payable	1,386,291,556.93	1,133,511,331.25
Accounts received in advance	51,906,380.33	52,622,311.97
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	319,685,148.20	276,292,169.70
Taxes payable	45,535,499.41	27,471,710.92
Interest payable	120,000.00	220,500.00

Dividend payable	213,827,449.02	
Other accounts payable	88,528,019.98	71,364,242.12
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Non-current liabilities due within 1 year		
Other current liabilities	37,146,544.30	22,102,265.27
Total current liabilities	3,049,384,174.40	1,931,768,731.86
Non-current liabilities:		
Long-term loans		
Bonds payable		
Long-term account payable	16,451,818.00	16,790,909.00
Special accounts payable		
Accrual liabilities		
Deferred income tax liabilities	24,105,590.90	12,551,182.40
Other non-current liabilities	154,609,790.42	133,879,108.31
Total non-current liabilities	195,167,199.32	163,221,199.71
Total liabilities	3,244,551,373.72	2,094,989,931.57
Owners' equity(or Shareholders' equity):		
Paid-in capital( or share capital)	680,133,995.00	680,133,995.00
Capital public reserve	3,755,483,604.52	3,689,694,029.52
Less: Inventory shares		
Reasonable reserve		
Surplus public reserve	340,066,997.50	340,066,997.50
Provision of general risk		
Retained profit	4,273,999,368.94	3,946,085,733.22
Balance difference of foreign currency translation		
Total owner's equity attributable to parent Company	9,049,683,965.96	8,655,980,755.24
Minority interests	376,293,149.55	305,003,245.53
Total owner's equity( or shareholders equity)	9,425,977,115.51	8,960,984,000.77
Total liabilities and owner's equity( or shareholders equity)	12,670,528,489.23	11,055,973,932.34

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

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary fund	1,568,138,921.96	1,566,564,504.46
Transaction finance asset		
Notes receivable	414,594,381.16	316,494,407.33
Account receivable	631,066,880.02	654,141,638.40
Accounts paid in advance	86,642,177.57	58,571,931.67
Interest receivable	21,983,800.00	31,963,747.72
Dividend receivable	102,868,978.88	102,868,978.88
Other receivables	37,999,811.84	23,509,170.62
Inventory	198,616,319.45	204,214,205.28
Non-current asset due within one year		
Other current assets	1,022,750,000.00	490,000,000.00
Total current assets	4,084,661,270.88	3,448,328,584.36
Non-current assets:		
Financial assets available for sale	412,420,600.00	265,689,600.00
Hold-to-maturity investment	848,000,000.00	649,000,000.00
Long-term account receivable		
Long-term equity investment	3,424,278,676.65	3,174,930,767.12
Investment real estate		
Fixed assets	671,145,240.37	663,822,135.66
Construction in process	24,551,715.86	36,037,172.50
Engineering material		
Disposal of fixed asset		
Productive biological assets		
Oil and gas asset		
Intangible assets	197,181,578.86	183,908,044.23
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned		
Deferred income tax asset	52,354,559.93	49,794,919.70

Other non-current asset		
Total non-current asset	5,629,932,371.67	5,023,182,639.21
Total assets	9,714,593,642.55	8,471,511,223.57
Current liabilities:		
Short-term loans	220,000,000.00	
Transaction financial liabilities		
Notes payable	234,552,675.56	96,780,000.00
Accounts payable	638,510,535.50	524,096,818.13
Accounts received in advance	16,072,555.41	7,612,539.20
Wage payable	224,827,748.94	180,177,025.37
Taxes payable	10,662,255.76	21,422,094.21
Interest payable		
Dividend payable	204,040,198.50	
Other accounts payable	183,622,859.08	62,293,809.89
Non-current liabilities due within 1 year		
Other current liabilities	362,282.53	
Total current liabilities	1,732,651,111.28	892,382,286.80
Non-current liabilities:		
Long-term loans		
Bonds payable		
Long-term account payable		
Special accounts payable		
Accrual liabilities		
Deferred income tax liabilities	21,582,165.00	9,972,240.00
Other non-current liabilities	115,759,108.31	115,759,108.31
Total non-current liabilities	137,341,273.31	125,731,348.31
Total liabilities	1,869,992,384.59	1,018,113,635.11
Owners' equity(or Shareholders' equity):		
Paid-in capital( or share capital)	680,133,995.00	680,133,995.00
Capital public reserve	3,783,546,994.50	3,717,757,419.50
Less: Inventory shares		
Reasonable reserve		
Surplus public reserve	340,066,997.50	340,066,997.50
Provision of general risk		

Retained profit	3,040,853,270.96	2,715,439,176.46
Balance difference of foreign currency translation		
Total owner's equity( or shareholders equity)	7,844,601,257.96	7,453,397,588.46
Total liabilities and owner's equity( or shareholders equity)	9,714,593,642.55	8,471,511,223.57

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

In RMB

Item	Amount in this period	Amount in last period
I. Total operating income	2,878,965,006.18	2,622,741,134.00
Including: Operating income	2,878,965,006.18	2,622,741,134.00
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	2,569,127,289.28	2,250,361,339.67
Including: Operating cost	2,221,406,094.80	1,935,729,790.13
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	18,439,419.84	16,273,053.72
Sales expenses	81,319,229.85	87,922,067.65
Administration expenses	275,092,115.54	220,879,377.54
Financial expenses	-27,181,590.78	-12,478,749.75
Losses of devaluation of asset	52,020.03	2,035,800.38
Add: Changing income of fair value(Loss is listed with "-")		
Investment income (Loss is listed with "-")	298,989,670.51	159,986,544.27
Including: Investment income on affiliated Company and joint venture	273,472,173.93	159,246,544.27
Exchange income (Loss is listed with "-")		
III. Operating profit (Loss is listed with "-")	608,827,387.41	532,366,338.60

Add: Non-operating income	2,292,992.46	4,278,988.75
Less: Non-operating expense	5,046,403.57	3,304,960.30
Including: Disposal loss of non-current asset	1,725,468.28	381,171.82
IV. Total Profit (Loss is listed with “-”)	606,073,976.30	533,340,367.05
Less: Income tax	52,038,268.65	60,396,042.65
V. Net profit (Net loss is listed with “-”)	554,035,707.65	472,944,324.40
Including: net profit realized for merged party before combination		
Net profit attributable to owner’s equity of parent Company	531,953,834.22	446,281,174.98
Minority shareholders’ gains and losses	22,081,873.43	26,663,149.42
VI. Earnings per share	--	--
i. Basic earnings per share	0.78	0.69
ii. Diluted earnings per share	0.78	0.69
VII. Other consolidated income	65,789,575.00	77,241,200.00
VIII. Total consolidated income	619,825,282.65	550,185,524.40
Total consolidated income attributable to owners of parent Company	597,743,409.22	523,522,374.98
Total consolidated income attributable to minority shareholders	22,081,873.43	26,663,149.42

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

In RMB

Item	Amount in this period	Amount in last period
I. Operation income	1,270,886,428.63	1,148,216,005.19
Less: Operation cost	1,083,696,285.15	939,317,265.51
Operating tax and extras	7,233,003.17	5,899,177.59
Sales expenses	43,376,650.54	55,621,542.96
Administration expenses	113,257,450.11	92,245,305.10
Financial expenses	-29,351,061.05	-17,684,336.38
Losses of devaluation of asset	129,551.83	875,853.27
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)	487,583,047.17	397,068,742.05
Including: Investment income on affiliated Company and joint venture	247,946,222.53	137,803,640.43
II. Operating profit (Loss is listed with “-”)	540,127,596.05	469,009,939.19
Add: Non-operating income	661,676.64	36,932.20



Less: Non-operating expense	1,499,366.12	1,693,593.85
Including: Disposal loss of non-current asset	109,273.68	304,279.85
III. Total Profit (Loss is listed with “-”)	539,289,906.57	467,353,277.54
Less: Income tax	9,835,613.57	10,425,921.59
IV. Net profit (Net loss is listed with “-”)	529,454,293.00	456,927,355.95
V. Earnings per share	--	--
i. Basic earnings per share	0.78	0.67
ii. Diluted earnings per share	0.78	0.67
VI. Other consolidated income	65,789,575.00	77,241,200.00
VII. Total consolidated income	595,243,868.00	534,168,555.95

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

In 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	2,724,674,871.14	3,164,050,264.06
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	18,083,551.48	22,802,910.96
Other cash received concerning operating activities	52,716,388.42	27,837,513.35
Subtotal of cash inflow arising from operating activities	2,795,474,811.04	3,214,690,688.37
Cash paid for purchasing commodities and receiving labor service	1,820,040,005.91	2,058,291,904.26
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	286,348,011.92	281,857,048.58
Taxes paid	233,605,141.73	292,894,788.51
Other cash paid concerning operating activities	136,908,363.48	144,011,399.00
Subtotal of cash outflow arising from operating activities	2,476,901,523.04	2,777,055,140.35
Net cash flows arising from operating activities	318,573,288.00	437,635,548.02
II. Cash flows arising from investing activities:		
Cash received from recovering investment	644,000,000.00	3,975,700.00
Cash received from investment income	19,267,496.58	
Net cash received from disposal of fixed, intangible and other long-term assets	3,628,914.94	899,816.40
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	666,896,411.52	4,875,516.40
Cash paid for purchasing fixed, intangible and other long-term assets	124,462,991.28	70,778,583.22
Cash paid for investment	1,446,781,500.00	520,673,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units	-18,719,339.18	
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	1,552,525,152.10	591,451,583.22
Net cash flows arising from investing activities	-885,628,740.58	-586,576,066.82
III. Cash flows arising from financing activities:		
Cash received from absorbing investment	9,120,000.00	2,850,124,252.93
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	9,120,000.00	
Cash received from loans	405,000,000.00	570,000,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities		8,404,657.07
Subtotal of cash inflow from financing activities	414,120,000.00	3,428,528,910.00
Cash paid for settling debts	90,000,000.00	1,068,000,000.00
Cash paid for dividend and profit distributing or interest paying	20,611,820.15	9,320,531.46
Including: Dividend and profit of minority shareholder paid by subsidiaries	13,700,000.00	3,444,762.15

Other cash paid concerning financing activities	339,091.00	4,593,872.70
Subtotal of cash outflow from financing activities	110,950,911.15	1,081,914,404.16
Net cash flows arising from financing activities	303,169,088.85	2,346,614,505.84
IV. Influence on cash due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	-263,886,363.73	2,197,673,987.04
Add: Balance of cash and cash equivalents at the period -begin	2,432,803,698.08	745,778,764.22
VI. Balance of cash and cash equivalents at the period -end	2,168,917,334.35	2,943,452,751.26

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

In 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	1,429,103,912.94	1,480,345,261.22
Write-back of tax received		
Other cash received concerning operating activities	21,670,581.21	44,372,662.28
Subtotal of cash inflow arising from operating activities	1,450,774,494.15	1,524,717,923.50
Cash paid for purchasing commodities and receiving labor service	711,140,296.61	966,350,990.20
Cash paid to/for staff and workers	119,741,073.35	119,178,475.79
Taxes paid	98,288,805.19	111,236,992.45
Other cash paid concerning operating activities	67,800,690.93	287,015,340.52
Subtotal of cash outflow arising from operating activities	996,970,866.08	1,483,781,798.96
Net cash flows arising from operating activities	453,803,628.07	40,936,124.54
II. Cash flows arising from investing activities:		
Cash received from recovering investment	644,000,000.00	
Cash received from investment income	233,386,824.64	258,525,101.62
Net cash received from disposal of fixed, intangible and other long-term assets	80,730.24	185,659.36
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	877,467,554.88	258,710,760.98
Cash paid for purchasing fixed, intangible and other long-term assets	72,816,276.52	16,129,834.59
Cash paid for investment	1,469,063,187.00	520,673,000.00

Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	1,541,879,463.52	536,802,834.59
Net cash flows arising from investing activities	-664,411,908.64	-278,092,073.61
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		2,850,124,252.93
Cash received from loans	220,000,000.00	570,000,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities		8,404,657.07
Subtotal of cash inflow from financing activities	220,000,000.00	3,428,528,910.00
Cash paid for settling debts		1,035,000,000.00
Cash paid for dividend and profit distributing or interest paying	3,780,000.00	6,564,955.56
Other cash paid concerning financing activities		4,593,872.70
Subtotal of cash outflow from financing activities	3,780,000.00	1,046,158,828.26
Net cash flows arising from financing activities	216,220,000.00	2,382,370,081.74
IV. Influence on cash due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	5,611,719.43	2,145,214,132.67
Add: Balance of cash and cash equivalents at the period -begin	1,524,564,526.97	132,135,416.49
VI. Balance of cash and cash equivalents at the period -end	1,530,176,246.40	2,277,349,549.16

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

Amount in this period

In RMB

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	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
Add: Changes of accounting policy										
Error correction of the last period										
Other										
II. Balance at the beginning of this year	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
III. Increase/ Decrease in this year (Decrease is listed with "-")		65,789,575.00					327,913,635.72		71,289,904.02	464,993,114.74
(I) Net profit							531,953,834.22		22,081,873.43	554,035,707.65
(II) Other consolidated income		65,789,575.00								65,789,575.00
Subtotal of (I) and (II)		65,789,575.00					531,953,834.22		22,081,873.43	619,825,282.65
(III) Owners' devoted and decreased capital									72,695,281.11	72,695,281.11
1. Owners' devoted capital									72,695,281.11	72,695,281.11
2. Amount calculated into owners' equity paid in shares										
3. Other										
(IV) Profit distribution							-204,040,198.50		-23,487,250.52	-227,527,449.02
1. Withdrawal of surplus reserves										
2. Withdrawal of general risk provisions										
3. Distribution for owners (or shareholders)							-204,040,198.50		-23,487,250.52	-227,527,449.02
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				11,890,690.81					1,430,005.75	
2. Usage in the report period				11,890,690.81					1,430,005.75	
(VII) Others										
IV. Balance at the end of the report period	680,133,995.00	3,755,483,604.52			340,066,997.50		4,273,999,368.94		376,293,149.55	9,425,977,115.51

Amount at last year

In 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 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: 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		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	
2. Usage in the report period				18,232,197.57					2,071,770.49	
(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

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

Amount in this period

In RMB

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	680,133,995.00	3,717,757,419.50			340,066,997.50		2,715,439,176.46	7,453,397,588.46
Add: Changes of accounting policy								
Error correction of the last period								
Other								
II. Balance at the beginning of this year	680,133,995.00	3,717,757,419.50			340,066,997.50		2,715,439,176.46	7,453,397,588.46
III. Increase/ Decrease in this year (Decrease is listed with "-")		65,789,575.00					325,414,094.50	391,203,669.50
(I) Net profit							529,454,293.00	529,454,293.00
(II) Other consolidated income		65,789,575.00						65,789,575.00
Subtotal of (I) and (II)		65,789,575.00					529,454,293.00	595,243,868.00
(III) Owners' devoted and decreased capital								
1. Owners' devoted capital								
2. Amount calculated into Owners' equity paid in shares								
3. Other								
(IV) Profit distribution							-204,040,198.50	-204,040,198.50
1. Withdrawal of surplus reserves								
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				3,048,216.01				
2. Usage in the report period				3,048,216.01				
(VII) Others								
IV. Balance at the end of the report period	680,133,995.00	3,783,546,994.50			340,066,997.50		3,040,853,270.96	7,844,601,257.96

Amount at last year

In 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		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

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

### III. Company profile

#### 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.

In March 2013, the profit distribution plan for year of 2012 was deliberated and approved by the Board and annual shareholders' general meeting 2012, that is distributed more 5 share for every 10 shares to all shareholders, totally 340,066,997 shares distributed.

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

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

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 23 August 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 or 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.

②Concerning 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.

③Concerning 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 the to 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 etc.

**(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**

Amortization Method for low-value consumables: one-off amortization

Amortization Method for wrappage: 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;
- ⑥ The 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.

As for the land use right of the Company, amortized by the terms transfer equally since date of transfer(dated with land use right obtained).

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

- ①The 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;
- ②The 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;
- ④Other circumstances sufficient to prove that impairment has been made actually.

**(5) Divide the specific standards research stage and development stage**

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:

- ①It is technically feasible that the intangible assets are completed for the purpose of their uses or sales;
- ②The Company has an intention to complete the intangible assets for their uses or the sale;
- ③Ways 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;
- ④The 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;
- ⑤Expenditure occurred in the development stage of such intangible assets can be accurately calculated;
- ⑥The cycle of the product produced with the intangible assets is above one year.

**(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 judgment standards for recognition of selling goods revenue**

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

Time point for domestic sales revenue recognized: the Company delivery the goods agreed by the orders, on arranged reconciliation date agreed with the buyer, make checks with buyers for the goods received from last reconciliation date to the date for accounting, which have been examined by buyers, after checking by the two parties, risk and remuneration have transfer to the buyer. The Company issued invoice to the buyer based on the confirmed variety, quantity and amount, than the sales revenue will recognize on the reconciliation date. Time point for overseas sales revenue recognized: after examine and verify by the customs, the Company recognize sales revenue based on the exportation date seal on the customs declaration.

**(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 construction 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) Recognition basis for the deferred income tax assets**

According to the difference between the carrying amount of assets and liability and its taxation basis, recognized deferred income tax assets or deferred income tax liability on the applicable tax rate in the period, where such assets expected to recover or such liability will pay. The deferred income tax assets shall be recognized to the

amount of taxable income which it is most likely to obtain and which can be deducted from the deductible temporary difference. On the balance sheet date, where there is any exact evidence showing that it is likely to acquire sufficient amount of taxable income tax in a future period to offset against the deductible temporary difference, the deferred income tax assets unrecognized in prior periods shall be recognized.

## **(2) Recognition basis for the deferred income tax liabilities**

The carrying amount of deferred income tax assets shall be reexamined on balance sheet day. If it is unlikely to obtained sufficient taxable income tax to offset the benefit of the deferred income tax assets, the carrying amount of the deferred income tax assets shall be written down. When it is probable to obtain sufficient taxable income taxes, such write-down amount shall be subsequently reversed.

## **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

There are no changes of major accounting policies and accounting estimation in report period

**(1) Changes in accounting policies**

Whether have changes in accounting policies in report period

☐ Yes ☒ No

**(2) Changes in accounting estimates**

Whether have 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	Sales 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, Ningbo Weifu Tianli Pressurized Technology Co., Ltd.(Weifu Tianli for short) and Wuxi Weifu Autocam Fine Machinery Co. Ltd. (Weifu Autocam) 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 Serial 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
6	Weifu Autocam	GR201132001080	2011-11-8	3-year

## 3. Other explanation

Nil

## VI. Enterprise consolidation and consolidated financial statements

### 1. Subsidiary

#### (1) Subsidiaries acquired by means of establishment or investment

In 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 (%)	Statements 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	4,893,380.51		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	5,803,640.43		
Weifu Diesel System	Wholly-owned subsidiary	Wuxi	Manufacturing	300,000,000.00	Accessories and matching parts of internal combustion engine	260,187,500.00		100%	100%	Yes			

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	1,800,598.41		
Weifu Tianshi	Controlling subsidiary	Quanjiao	Manufacturing	10,000,000.00	Accessories and matching parts of internal combustion engine	5,200,000.00		52%	52%	Yes	2,732,663.24		

Other explanation on subsidiary obtained by establishment or investment:

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

In 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 owner's equity in such subsidiaries by the minority shareholders
Weifu Jinning	Controlling subsidiary	Nanjing	Manufacturing	346,286,825.80	Accessories and matching parts of internal combustion engine	178,639,593.52		80%	80%	Yes	140,399,053.94		
Weifu Leader	Controlling subsidiary	Wuxi	Manufacturing	502,596,300.00	Cleaner, muffler	460,113,855.00		94.81%	94.81%	Yes	45,994,632.31		

Weifu International Trade	Controlling subsidiary	Wuxi	Trading	30,000,000.00	International trade	32,636,288.98		100%	100%	Yes			
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Other explanation on subsidiary obtained by enterprise merger under same control:

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

In 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 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	96,955,047.98		
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	5,005,197.88		

Kunming Xitong	Controlling subsidiary	Kunmin g	Manufa cturing	4,000,000.00	Accessorie s and matching parts of internal combustio n engine	5,471,793.17		70%	70%	Yes	2,466,506.64		
Weifu Autocam	Wholly-owne d subsidiary	Wuxi	Manufa cturing	75,713,521.48	Accessorie s and matching parts of internal combustio n engine	39,243,774.00		51%	51%	Yes	75,135,808.72		

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

Weifu Autocam: is the original joint venture of the Company, after 1 percent equity of Weifu Autocam held by American Autocam Company was transfer in the reporting period, Weifu Autocam comes to the controlling subsidiary of the Company with 51% equity held by the Company. Relevant industrial and commercial changes has completed on 17 May 2013 and included in consolidation statement range since June 2013.

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

Other explanation for special purposes entity or operation entity where controlling right is formed under entrusted operation or leasing:

3. Nil

## 3. Explanation on changes of consolidation range

Explanation on changes of consolidation range

Name of the company	Whether consolidated in reprotng period or not	Whether consolidated in last year or nor
Weifu Mashan	Yes	Yes
Weifu Chang'an	Yes	Yes
Weifu Nano	Yes	Yes
Weifu Diesel System	Yes	Yes
Weifu Jinning	Yes	Yes
Weifu Leader	Yes	Yes
Weifu International Trade	Yes	Yes
Weifu Schmidt	Yes	Yes
Weifu ITM	Yes	Yes
Weifu Tianli	Yes	Yes
Weifu Jialin	Yes	Yes
Weifu Tianshi	Yes	Yes
Kunming Xitong	Yes	Yes
Weifu Autocam	Yes	No

√Applicable    □ Not applicable

One company increased compare with last year's (period's) :

Weifu Autocam is the joint venture of the Company, after 1 percent equity of Weifu Autocam held by American Autocam Company was transfer in the reporting period, Weifu Autocam comes to the controlling subsidiary of the Company with 51% equity held by the Company. Relevant industrial and commercial changes has completed on 17 May 2013 and included in consolidation statement range since June 2013.

One company decreased compare with last year's (period's) :

Nil

## 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

In RMB

Name	Net assets as at period-end	Net profit for the period
Weifu Autocam	153,338,385.14	4,980,668.60

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

Nil

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

Other explanation for business combination under the common control:

Nil

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

Other explanation for business combination not under the common control:

Nil

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

Other explanation for loss of subsidiaries due to disposal of equity interests without controlling rights

Nil

**8. Counter purchase occurred during the reporting period**

Other explanation for counter purchase:

Nil

**9. Absorption consolidation occurred during the reporting period**

Other explanation for absorption consolidation:

Nil

**10. Translation exchange rates for items in major statements of overseas operating entities****VII. Notes to major items in consolidated financial statements****1. Monetary fund**

In RMB

Item	Amount at period-end			Amount at period-begin		
	Amount in foreign currency	Converting rate	Amount in RMB	Amount in foreign currency	Converting rate	Amount in RMB
Cash:	--	--	757,186.34	--	--	481,336.46
RMB	--	--	757,186.34	--	--	481,336.46
Bank savings:	--	--	2,168,160,148.01	--	--	2,432,322,361.62
RMB	--	--	2,159,026,232.67	--	--	2,432,271,102.98
EUR	0.48	8.0536	3.87	2,427.47	8.3176	20,190.73
USD	1,478,290.17	6.1787	9,133,911.47	4,942.79	6.2855	31,067.91
Other monetary fund:	--	--	161,227,296.23	--	--	167,910,521.28
RMB	--	--	161,227,296.23	--	--	167,910,521.28
Total	--	--	2,330,144,630.58	--	--	2,600,714,219.36

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

Item	2013-06-30	2012-12-31
Bank acceptance bill, L/C and other collateral	161,227,296.23	167,910,521.28

**2. Transactional financial assets****(1) Transactional financial assets****(2) Realization of restricted transactional financial assets****(3) Explanation for hedge instruments and related hedge transactions****3. Notes receivables****(1) Classification of notes receivables**

In RMB

Types	Amount at period-end	Amount at period-begin
Bank acceptance bill	1,114,619,430.12	855,360,248.22
Commercial acceptance bill	56,660,000.00	43,360,000.00
Total	1,171,279,430.12	898,720,248.22

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

In RMB

Issuer	Issue date	Expiring date	Amount	Notes
Weichai Power Co., Ltd		2013-10-31	59,984,497.60	Total of multiple notes
Anhui Jianghuai Automobile Co., Ltd.		2013-10-31	10,800,000.00	Total of multiple notes
FAW Jiefang Qingdao Automobile Co., Ltd.		2013-06-30	10,000,000.00	Total of single note
Qingdao Zhongren Pharmaceutical Co., Ltd.		2013-08-31	8,000,000.00	Total of single note
NAVECO		2013-08-31	6,000,000.00	Total of single note
Total	--	--	94,784,497.60	--

**(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

Nil

Un-matured notes endorsed to others by the Company

In RMB

Issuer	Issue date	Expiring date	Amount	Notes
Dongfeng Chaoyang Chaochai Power Co., Ltd.		2013-11-30	25,100,000.00	Total of multiple notes
Zhejiang Yuanjing Auto Parts Co., Ltd.		2013-11-30	22,204,495.33	Total of multiple notes
Shijiazhuang Hengxin Pump Nozzle Co., Ltd.		2013-12-31	15,950,000.00	Total of multiple notes
Changchai Co., Ltd.		2013-11-30	13,430,000.00	Total of multiple notes
Weichai Xigang New Energy Power Co., Ltd.		2013-11-30	13,000,000.00	Total of multiple notes
Total	--	--	89,684,495.33	--

Explanation:

Explanation for commercial acceptance notes discounted or pledged:

Among the note receivable in period-end, RMB 112,284,500 bank acceptance bill was pledged for issuing of note payable

**4. Dividend receivables**

In RMB

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

**5. Interests receivables****(1) Interests receivables**

In RMB

Item	Amount at period-begin	Increase in this period	Decrease in this period	Amount at period-end
Interest of bank savings	37,619,858.83		12,714,183.83	24,905,675.00
Total	37,619,858.83		12,714,183.83	24,905,675.00



## (2)Overdue interests

## (3)Explanation for interests' receivables

## 6. Account receivables

## (1) Classified by categories

In RMB

Categories	Amount at period-end				Amount at period-begin			
	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	0.47%	6,919,976.11	100%	6,919,976.11	0.65%	6,919,976.11	100%
Account receivable of bad debt provision withdrawal by combination								
Withdrawal bad debt provision by age group	1,444,850,330.29	98.94%	7,431,200.48	0.51%	1,043,935,964.74	98.55%	7,543,263.34	0.72%
Subtotal of group	1,444,850,330.29	98.94%	7,431,200.48	0.51%	1,043,935,964.74	98.55%	7,543,263.34	0.72%
Accounts with single significant amount and bad debts provision accrued individually	8,549,123.91	0.59%	8,549,123.91	100%	8,449,350.69	0.8%	8,449,350.69	100%
Total	1,460,319,430.31	--	22,900,300.50	--	1,059,305,291.54	--	22,912,590.14	--

Explanation for category of account receivables:

Account receivable with single significant amount and withdrawal bad debt provision separately at period-end

√ Applicable □ Not applicable

In RMB

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 Company	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

In RMB

Age	Amount at period-end				Amount at period-begin		
	Book balance		Bad debt reserve		Book balance		Bad debt reserve
	Amount	Proportion (%)			Amount	Proportion (%)	

within 1 year						
Including:	--	--	--	--	--	--
Within 6 months	1,417,088,566.51	98.08%		1,013,297,599.82	97.07%	
6 months to 1 year	15,937,848.20	1.1%	1,593,784.83	14,021,801.93	1.34%	1,402,180.20
Subtotal of within 1 year	1,433,026,414.71	99.18%	1,593,784.83	1,027,319,401.75	98.41%	1,402,180.20
1-2 years	5,421,351.69	0.38%	1,084,270.34	12,213,147.26	1.17%	2,442,629.46
2-3 years	2,749,030.96	0.19%	1,099,612.38	1,174,936.75	0.11%	469,974.70
Over 3 years	3,653,532.93	0.25%	3,653,532.93	3,228,478.98	0.31%	3,228,478.98
Total	1,444,850,330.29	--	7,431,200.48	1,043,935,964.74	--	7,543,263.34

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

☐applicable ☒not-applicable

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

☐applicable ☒not-applicable

Accounts with single significant amount and bad debts provision accrued individually at period-end

☒Applicable ☐ Non-applicable

In RMB

Account receivables	Book balance	Bad debt reserve	Accrual proportion (%)	Reasons
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
Weichai Power Co., Ltd	449,858.70	449,858.70	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	1,861,579.94	1,861,579.94	100%	The account was too old to collect
Total	8,549,123.91	8,549,123.91	--	--

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

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

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

In RMB

Name of the company	Amount at period-end		Amount at period-begin	
	Book balance	Bad debt amount accrual	Book balance	Bad debt amount accrual

Robert Bosch	6,796,785.04			
Total	6,796,785.04			

**(5) Top 5 account receivable**

In RMB

Name of the company	Relationship with the Company	Amount	Terms	Proportion in total account receivables (%)
Client 1	Client	142,377,254.99	within 1 year	9.75%
Client 2	Client	132,874,277.35	within 1 year	9.1%
Client 3	Client	118,269,164.58	within 1 year	8.1%
Client 4	Client	115,628,567.84	within 1 year	7.92%
Client 5	Client	108,351,163.97	within 1 year	7.42%
Total	--	617,500,428.73	--	42.29%

**(6) Account receivables due from related parties**

In RMB

Name of the company	Relationship with the Company	Amount	Proportion in total account receivables (%)
Bosch Automobile Diesel System Co., Ltd	Associated company	118,269,164.58	8.1%
Wuxi Weifu Instrument Making Co., Ltd.	Associated company	12,551.28	0%
Total	--	118,281,715.86	8.1%

**(7) Account receivables derecognized****(8) As for securities with account receivables as target subject, list the assets and liabilities arising from further involvement****7. Other receivables****(1) Disclosure of other receivables by classification**

In RMB

Categories	Amount at period-end				Amount at period-begin			
	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	9.42%	2,000,000.00	100%	2,000,000.00	13.57%	2,000,000.00	100%
Other receivable of bad debt provision withdrawal by combination								
Withdrawal bad debt provision by age group	16,831,919.44	79.28%	149,341.85	0.89%	10,342,752.74	70.15%	195,121.22	1.89%
Subtotal of group	16,831,919.44	79.28%	149,341.85	0.89%	10,342,752.74	70.15%	195,121.22	1.89%
Other receivable with single minor amount while withdrawal bad	2,400,000.00	11.3%	2,400,000.00	100%	2,400,000.00	16.28%	2,400,000.00	100%

debt provision separately								
Total	21,231,919.44	--	4,549,341.85	--	14,742,752.74	--	4,595,121.22	--

Explanation for category of other receivables:

Other receivable with single significant amount and withdrawal bad debt provision separately at period-end

√ Applicable □ Non-applicable

In RMB

Other receivables	Book balance	Bad debt amount	Accrual proportion (%)	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	--	--

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

√ Applicable □ Non-applicable

In RMB

Age	Amount at period-end			Amount at period-begin		
	Book balance		Bad debt reserve	Book balance		Bad debt reserve
	Amount	Proportion (%)		Amount	Proportion (%)	
within 1 year						
Including:						
Within 6 months	16,071,936.58	95.48%		9,504,648.34	91.9%	
6 months to 1 year	407,030.31	2.42%	19,750.64	428,887.90	4.15%	42,888.80
Subtotal of within 1 year	16,478,966.89	97.9%	19,750.64	9,933,536.24	96.05%	42,888.80
1-2 years	207,229.56	1.23%	41,445.89	219,151.51	2.12%	43,830.30
2-3 years	95,962.79	0.57%	38,385.12	136,104.79	1.31%	54,441.92
Over 3 years	49,760.20	0.3%	49,760.20	53,960.20	0.52%	53,960.20
Total	16,831,919.44	--	149,341.85	10,342,752.74	--	195,121.22

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

□ applicable √ not-applicable

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

□ applicable √ not-applicable

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

√ Applicable □ Non-applicable

In RMB

Other receivables	Book balance	Bad debt reserve	Accrual proportion (%)	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) Reversal or recovery of other receivables during the reporting period****(3) Other receivables actually written-off during the reporting period****(4) Other receivables due from the shareholders holding 5% or above voting shares of the Company during the reporting period****(5) Nature or content of other receivables with significant amount****(6) Top 5 other receivable**

In 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	3,583,720.00	within 1 year	16.88%
Jiangsu Techniques and Technology Center	Non-related party	2,000,000.00	Over 3 years	9.42%
Nanjing University	Non-related party	600,000.00	Over 3 years	2.83%
Southeast University	Non-related party	600,000.00	Over 3 years	2.83%
Nanjing University of Science and Technology	Non-related party	600,000.00	Over 3 years	2.83%
Nanjing University of Technology	Non-related party	600,000.00	Over 3 years	2.83%
Total	--	7,983,720.00	--	37.62%

**(7) Other receivables due from related parties****(8) Other receivables derecognized****(9) As for securities with other receivables as target subject, list the assets and liabilities arising from further involvement****8. Payment in advance****(1) Analysis of payments in advance by aging**

In RMB

Age	Amount at period-end		Amount at period-begin	
	Amount	Proportion (%)	Amount	Proportion (%)
within 1 year	159,013,805.02	88.46%	115,255,800.11	80.32%
1-2 years	14,141,546.28	7.87%	25,033,154.09	17.44%
2-3 years	5,577,140.33	3.1%	2,222,191.42	1.55%
Over 3 years	1,018,381.77	0.57%	988,855.53	0.69%
Total	179,750,873.40	--	143,500,001.15	--

Explanation for aging analysis of payments in advance:

**(2) Top 5 of payments in advance**

In RMB

Name of the company	Relationship with the Company	Amount	Time	Reason for unsettlement
China Construction Fifth	Non-related party	35,335,017.22	within 1	Account paid in advance for the

Engineering Division Corp., Ltd.			year	projects, the project uncompleted
Jiangsu Zheng Fang Yuan Group	Non-related party	14,240,000.00	1-2 years	Account paid in advance for the projects, the project uncompleted
Ningbo International TenderCo., Ltd.	Non-related party	10,851,169.95	within 1 year	Account of equipment paid in advance without delivery
Nanjing Chongjing Decoration Engineering Co., Ltd.	Non-related party	7,427,600.00	1-3 years	Account paid in advance for the projects, the project uncompleted
Nantong Construction Group Join-Stock Co., Ltd.	Non-related party	5,802,362.00	1-2 years	Account paid in advance for the projects, the project uncompleted
Total	--	73,656,149.17	--	--

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

In RMB

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

### (4) Explanation for payment in advance

Transfer of trademark paid in advance, ownership of the trademark still in process

## 9. Inventory

### (1) Classification

In RMB

Item	Amount at period-end			Amount at period-begin		
	Book balance	Depreciation provision	Carrying amount	Book balance	Depreciation provision	Carrying amount
Raw materials	228,888,305.41	42,136,605.40	186,751,700.01	203,211,848.70	42,999,026.35	160,368,472.68
Product in process	136,504,938.44	3,702,985.07	132,801,953.37	144,838,941.60	3,702,985.07	141,135,956.53
Stock products	523,772,818.95	59,426,208.76	464,346,610.19	517,654,963.46	59,498,655.24	458,000,657.89
Total	889,166,062.80	105,265,799.23	783,900,263.57	865,705,753.76	106,200,666.66	759,505,087.10

### (2) Inventory impairment provision

In RMB

Category	Book-balance as at period-begin	Provision for this period	Decrease in this period		Book-balance as at period-end
			Reversal	Written-off	
Raw materials	42,999,026.35			706,770.62	42,136,605.40
Product in process	3,702,985.07				3,702,985.07
Stock products	59,498,655.24		45,767.89	182,328.92	59,426,208.76
Total	106,200,666.66		45,767.89	889,099.54	105,265,799.23

### (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	0.31%
Stock products		Written-off mainly due to sales outside Reversal mainly due to the re-used for the stock	0.04%
Product in process			

Explanation on inventory

## 10. Other current assets

In RMB

Item	Amount at period-end	Amount at period-begin
Entrust financing products	1,022,750,000.00	490,000,000.00
Receivable export tax rebates	11,473,474.28	9,913,435.88
Other	157,995.00	204,807.93
<b>Total</b>	<b>1,034,381,469.28</b>	<b>500,118,243.81</b>

Explanation on other current assets

## 11. Financial assets available for sale

### (1) Particular about financial assets available for sale

In RMB

Item	Fair value as at period-end	Fair value as at period-begin
Equity instrument available for sale	412,420,600.00	265,689,600.00
<b>Total</b>	<b>412,420,600.00</b>	<b>265,689,600.00</b>

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

Item	Fair value as at period-end	Fair value as at period-begin
Stock- SDEC	328,441,600.00	265,689,600.00
Stock- Miracle Logistics	83,979,000.00	
<b>Total</b>	<b>412,420,600.00</b>	<b>265,689,600.00</b>

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

## 12. Held-to-maturity investment

### (1) Particular about held-to-maturity investment

In RMB

Item	Book balance at period-end	Book balance at period-begin
Entrust financing products	848,000,000.00	649,000,000.00
<b>Total</b>	<b>848,000,000.00</b>	<b>649,000,000.00</b>

Explanation on held-to-maturity investment

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

## 13. Long-term account receivable

## 14. Investment for affiliated enterprise and joint ventures

In 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 Environment Protection Catalyst Co., Ltd.	49%	49%	828,147,298.03	301,586,944.48	526,560,353.55	564,626,956.55	48,462,916.00
II. Associated company							
Bosch Automobile Diesel System	34%	34%	5,408,805,127.76	1,704,226,150.16	3,704,578,977.60	2,457,986,031.25	423,041,404.11
CNEMS	20%	20%	2,334,127,177.50	564,293,715.14	1,769,833,462.36	3,754,631.66	448,304,570.00
Wuxi Weifu Instrument Making Co., Ltd.	20%	20%	295,371,904.64	97,662,773.57	197,709,131.07	132,858,602.37	25,053,512.24

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

Weifu Autocam is the original joint venture of the Company, after 1 percent equity of Weifu Autocam held by American Autocam Company was transfer in the reporting period, Weifu Autocam comes to the controlling subsidiary of the Company with 51% equity held by the Company. Relevant industrial and commercial changes has completed on 17 May 2013 and included in consolidation statement range since June 2013.



## 15. Long-term equity investment

### (1) Details of long-term equity investment

In 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 period
Wuxi Weifu Autocam Fine Machinery Co. Ltd.	Equity	39,243,774.00	66,604,790.02	-66,604,790.02							
Wuxi Weifu Environment Protection Catalyst Co., Ltd.	Equity	24,500,000.00	234,267,744.40	22,559,487.40	256,827,231.80	49%	49%				
Bosch Automobile Diesel System	Equity	893,372,014.77	1,379,158,919.55	144,020,510.60	1,523,179,430.15	34%	34%				
CNEMS	Equity	120,124,000.00	375,291,329.83	89,664,088.66	464,955,418.49	20%	20%				
Wuxi Weifu Instrument Making Co., Ltd.	Equity	2,000,000.00	34,012,456.06	4,993,902.45	39,006,358.51	20%	20%				
Guolian Securities Co., Ltd.	Cost	12,000,000.00	12,000,000.00		12,000,000.00	1.2%	1.2%				360,000.00
Guangxi Liufa Co., Ltd.	Cost	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	800,000.00	800,000.00		800,000.00				800,000.00		
H&J Vanguard Investment Co., Ltd.	Cost	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	1,000,000.00	1,000,000.00		1,000,000.00	1.85%	1.85%		1,000,000.00		
Yangdong Co., Ltd.	Cost	2,355,900.00	2,355,900.00		2,355,900.00	1.18%	1.18%		2,355,900.00		

Henan Gushi Weining Oil Pump & Nozzle Co., Ltd.	Cost	2,033,106.95	2,033,106.95		2,033,106.95				2,033,106.95		
Beijing Foton Environmental Engine Co., Ltd.	Cost	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	5,000,000.00	5,000,000.00		5,000,000.00	18.52%	18.52%				
Shanghai IMS Automotive Electronic System Co., Ltd.	Cost	10,000,000.00	10,000,000.00		10,000,000.00						
Total	--	1,233,968,795.72	2,244,064,246.81	194,633,199.09	2,438,697,445.90	--	--	--	51,789,006.95		360,000.00

## (2) Limited ability for capital transfer to investment enterprise

Explanation on long-term equity investment:

Weifu Autocam is the original joint venture of the Company, after 1 percent equity of Weifu Autocam held by American Autocam Company was transfer in the reporting period, Weifu Autocam comes to the controlling subsidiary of the Company with 51% equity held by the Company. Relevant industrial and commercial changes has completed on 17 May 2013 and included in consolidation statement range since June 2013.

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

In RMB

Item	Book balance at period-begin	Increase in this period	Decrease in this 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	20,210,136.45	229,118.28		20,439,254.73
1. Houses and buildings	20,210,136.45	229,118.28		20,439,254.73
III. Total net book value of investment real estate	3,881,346.30	-229,118.28		3,652,228.02
1. Houses and buildings	3,881,346.30	-229,118.28		3,652,228.02
V. Total book value of investment real estate	3,881,346.30	-229,118.28		3,652,228.02
1. Houses and buildings	3,881,346.30			3,652,228.02

**(2) Investment real estate measured by fair value**

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**

In RMB

Item	Book balance at period-begin	Increase in this period		Decrease in this period	Book balance at period-end
I. total of book balance:	2,623,391,562.99	194,563,964.83		17,284,041.15	2,800,671,486.67
Including: House & buildings	754,436,264.43			250,640.00	754,185,624.43
Machinery equipment	1,589,205,727.01	164,075,454.75		14,062,794.25	1,739,218,387.51
Transportation tools	22,888,669.05	3,944,097.86		1,770,301.30	25,062,465.61
Other equipment	256,860,902.50	26,544,412.22		1,200,305.60	282,205,009.12
--	Book balance at period-begin	Increase during this period	Accrual in this period	Decrease in this period	Balance at period-end
II. total of accumulated depreciation:	1,115,928,394.29	44,711,077.46	84,617,123.69	10,395,705.57	1,234,860,889.87
Including: House & buildings	194,260,954.92	0.00	11,494,990.58		205,755,945.50
Machinery equipment	772,960,847.70	39,984,551.04	63,018,040.24	8,326,303.97	867,637,135.01
Transportation tools	14,060,526.20	436,453.78	1,438,230.44	1,028,476.82	14,906,733.60
Other equipment	134,646,065.47	4,290,072.64	8,665,862.43	1,040,924.78	146,561,075.76
--	Book balance at period-begin	--			Balance at period-end
III. total net value of fixed assets	1,507,463,168.70	--			1,565,810,596.80
Including: House & buildings	560,175,309.51	--			548,429,678.93
Machinery equipment	816,244,879.31	--			871,581,252.50
Transportation tools	8,828,142.85	--			10,155,732.01
Other equipment	122,214,837.03	--			135,643,933.36

IV. total impairment provision	102,656,934.52	--	102,394,582.14
Machinery equipment	94,235,450.08	--	93,973,097.70
Transportation tools	134,401.36	--	134,401.36
Other equipment	8,287,083.08	--	8,287,083.08
V. total book value of fixed assets	1,404,806,234.18	--	1,463,416,014.66
Including: House & buildings	560,175,309.51	--	548,429,678.93
Machinery equipment	722,009,429.23	--	777,608,154.80
Transportation tools	8,693,741.49	--	10,021,330.65
Other equipment	113,927,753.95	--	127,356,850.28

Depreciation in this period amounting to 84,617,123.69 Yuan; original price transfer from construction in progress to fixed assets amounting as 79,063,192.52 Yuan

## (2) Temporary idle fixed assets

## (3) Fixed assets leasing-in by financing lease

## (4) Fixed assets leasing-out by operational lease

## (5) Fixed assets held for sale in period-end

## (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	
Plant and office building of Weifu Jinning	Newly built plant, in process of relevant property procedures	

Explanation on fixed assets:

Accumulated depreciation value of RMB 44,541,320.14 from Weifu Autocam at the beginning of merger period was included.

Original fixed assets value in the period including RMB105,753,479.25 original fixed assets value from Weifu Autocam at beginning of the merger.

## 18. Construction in process

### (1) Construction in process

In RMB

Item	Amount at period-end			Amount at period-begin		
	Book balance	Provision reserve	Carrying amount	Book balance	Provision reserve	Carrying amount
R&D of WAPS, industrialization, productivity expansion of diesel common rail system parts	701,037.58		701,037.58	705,837.58		705,837.58
Construction project in industrial zone	6,429,646.66		6,429,646.66	4,352,455.56		4,352,455.56
Industrialization of tail treatment system	16,364,168.45		16,364,168.45	13,265,410.92		13,265,410.92
Research institution project	35,345.48		35,345.48	35,345.48		35,345.48
Other projects	51,925,856.43	2,522,110.89	49,403,745.54	51,759,620.61	4,469,121.67	47,290,498.94
Total	75,456,054.60	2,522,110.89	72,933,943.71	70,118,670.15	4,469,121.67	65,649,548.48

**(2) Changes of major projects under construction**

In RMB

Item	Budget	Amount at period-begin	Increase in this 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
Construction project in industrial zone	650,000,000.00	4,352,455.56	2,077,191.10			4%	4%				Fund-raised	6,429,646.66
Research institution project	70,000,000.00	35,345.48	477,777.71	477,777.71		100.5%	100.5%				Fund-raised	35,345.48
R&D of WAPS, industrialization, productivity expansion of diesel common rail system parts	650,000,000.00	705,837.58	7,962,779.71	7,967,579.71		43.8%	43.8%				Fund-raised	701,037.58
Industrialization of tail treatment system	340,000,000.00	13,265,410.92	20,688,703.72	17,589,946.19		26%	26%				Fund-raised	16,364,168.45
Total	1,710,000,000.00	18,359,049.54	31,206,452.24	26,035,303.61		--	--			--	--	23,530,198.17

Explanation on changes of major projects under construction

**(3) Construction in process impairment provision**

In RMB

Item	Amount at period-begin	Increase in this period	Decrease in this period	Amount at period-end	Accrual reason
Other projects	4,469,121.67		1,947,010.78	2,522,110.89	
Total	4,469,121.67		1,947,010.78	2,522,110.89	--

**(4) Progress of material construction in progress**

Item	Progress	Note
Construction project in industrial zone	4%	
Research institution project	100.5%	
R&D of WAPS, industrialization, productivity expansion of diesel common rail system parts	43.8%	
Industrialization of tail treatment system	26%	

**(5) Explanation of construction in process****19. Construction materials****20. Disposal of fixed assets****21. Productive biological assets****(1) Measured by cost****(2) Measured by fair value****22. oil/gas assets****23. Intangible assets****(1) Particular about intangible assets**

In RMB

Item	Book balance at period-begin	Increase in this period	Decrease in this period	Book balance at period-end
I. Total original book value	340,571,428.49	21,106,601.86		361,678,030.35
Land use right	304,818,682.22	659,855.00		305,478,537.22
Trademark use right	26,355,900.00	15,241,226.47		41,597,126.47
Computer software	5,857,053.22	1,291,473.39		7,148,526.61
Non-patents technology	3,539,793.05	3,914,047.00		7,453,840.05
II. Total accumulated amortization	43,618,663.37	8,557,240.65		52,175,904.02
Land use right	31,156,109.19	3,312,264.83		34,468,374.02
Trademark use right	9,709,000.00			9,709,000.00
Computer software	2,252,083.42	1,153,939.14		3,406,022.56
Non-patents technology	501,470.76	4,091,036.68		4,592,507.44
III. Total net book value of intangible assets	296,952,765.12	12,549,361.21		309,502,126.33
Land use right	273,662,573.03	-2,652,409.83		271,010,163.20
Trademark use right	16,646,900.00	15,241,226.47		31,888,126.47
Computer software	3,604,969.80	137,534.25		3,742,504.05
Non-patents technology	3,038,322.29	-176,989.68		2,861,332.61
IV. Total impairment provisions	16,646,900.00			16,646,900.00
Land use right				
Trademark use right	16,646,900.00			16,646,900.00
Computer software				
Non-patents technology				
Total book value of intangible asset	280,305,865.12	12,549,361.21		292,855,226.33
Land use right	273,662,573.03	-2,652,409.83		271,010,163.20
Trademark use right		15,241,226.47		15,241,226.47
Computer software	3,604,969.80	137,534.25		3,742,504.05
Non-patents technology	3,038,322.29	-176,989.68		2,861,332.61

The amount amortized in this period accounting as 8,557,240.65 Yuan

**(2) Expenditure of project development**

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 have been kept in book, disclosed the assessment institution and way of assessment:

**24. Goodwill**

In RMB

Name of invested company or items formed goodwill	Balance at period-begin	Increase in this period	Decrease in this period	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 from January to June of 2013 and in 2011 and in 2012, no sign of impairment of goodwill been found in Weifu Tianli.

**25. Long-term deferred expense**

In RMB

Item	Amount at period-begin	Increase in this period	Amortization during this period	Other decrease	Amount at period-end	Reasons for other decrease
Decoration charge	12,227,687.75	5,584,799.65	2,362,254.88		15,450,232.52	
Total	12,227,687.75	5,584,799.65	2,362,254.88		15,450,232.52	--

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

In RMB

Item	Amount at period-end	Amount at period-begin
Deferred income tax assets:		
Assets impairment provision	36,807,296.07	37,344,316.63
Operation losses from subsidiary	180,318.51	347,619.08
Deferred income	18,079,366.25	18,079,366.25
Internal un-realized profit	1,799,040.43	2,528,003.20
Payable salary, three-guarantee accrual etc.	30,160,869.73	27,720,249.40
Subtotal	87,026,890.99	86,019,554.56
Deferred income tax liability:		
Variation of fair value of financial assets available for sale which reckoned into capital reserve	21,582,165.00	9,972,240.00
Value-added assessment of Weifu Tianli	2,523,425.90	2,578,942.40
Subtotal	24,105,590.90	12,551,182.40

Details of un-recognized deferred income tax assets

In RMB

Item	Amount at period-end	Amount at period-begin
Deductible temporary differences	12,125,504.81	16,423,371.59
Deductible losses	40,554,686.06	28,767,539.77
Provision reserve of Deductible temporary differences-long-term equity investment	51,789,006.95	51,789,006.95
Total	104,469,197.82	96,979,918.31

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

In RMB

Year	Amount at period-end	Amount at period-begin	Note
2013	7,634,262.55	7,634,262.55	Weifu ITM and subsidiaries have operation deficit
2014	2,429,134.89	2,429,134.89	Weifu ITM and subsidiaries have operation deficit
2015	3,169,614.06	3,169,614.06	Weifu ITM and subsidiaries have operation deficit
2016	3,044,019.10	3,044,019.10	Weifu ITM and subsidiaries have operation deficit
2017	12,490,509.17	12,490,509.17	Weifu ITM and subsidiaries have operation deficit
2018	11,787,146.29		Weifu ITM and subsidiaries have operation deficit
Total	40,554,686.06	28,767,539.77	--

Details of taxable difference and deductible differences

In RMB

Item	Amount of temporary differences	
	Amount at period-end	Amount at period-begin
Items of taxable differences		
Bad debt reserve	10,924,137.58	11,084,339.77
Inventory depreciation provision	105,265,799.23	106,200,666.66
Impairment provision of fixed assets	102,394,582.14	102,656,934.52
Impairment provision of construction in progress	2,522,110.89	4,469,121.67
Impairment provision of intangible assets	16,646,900.00	16,646,900.00
Operation losses from subsidiary	721,274.05	1,390,476.34
Deferred income	120,529,108.31	120,529,108.31
Internal un-realized profit	8,715,470.86	12,243,777.68
Salary payable and expenses withdrawal in advance etc	198,452,464.85	182,183,273.68
Subtotal	566,171,847.91	557,404,598.63
Item of deductible differences		
Variation of fair value of financial assets available for sale	143,881,100.00	66,481,600.00
Value-added assessment of Weifu Tianli	16,822,839.32	17,192,949.32
Subtotal	160,703,939.32	83,674,549.32

## (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

In 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	87,026,890.99		86,019,554.56	
Deferred income tax liability	24,105,590.90		12,551,182.40	

## 27. Details of asset impairment provision

In RMB

Item	Book balance at period-begin	Increase in this period	Decrease in this period		Book balance at period-end
			Reversal	Written-off	
I. Bad debt reserve	27,507,711.36	446,571.57	504,640.58		27,449,642.35
II. Inventory falling price reserves	106,200,666.66		45,767.89	889,099.54	105,265,799.23
III. Provision reserve of financial assets available for sale	0.00				0.00



IV. Provision of investment held-to-maturity	0.00				0.00
V. Long-term equity investment impairment provision	51,789,006.95				51,789,006.95
VII. Fixed asset impairment provision	102,656,934.52	155,856.93		418,209.31	102,394,582.14
VIII. Provision for construction materials	0.00				0.00
IX. Construction-in-process impairment provision	4,469,121.67			1,947,010.78	2,522,110.89
X. Provision reserve for productive biological assets	0.00				0.00
Including: Provision reserve of mature productive biological assets	0.00				0.00
XII. Provision reserve of intangible assets	16,646,900.00				16,646,900.00
XIII. Provision reserve of goodwill	0.00				
XIV. Other	0.00				0.00
Total	309,270,341.16	602,428.50	550,408.47	3,254,319.63	306,068,041.56

Explanation on asset impairment provision:

## 28. Other non-current assets

## 29. Short-term loans

### (1) Type of Short-term Loans

In RMB

Item	Amount at period-end	Amount at period-begin
Guarantee loans	413,000,000.00	70,000,000.00
Total	413,000,000.00	70,000,000.00

Explanation on short-term loans

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

## 30. Transactional financial liabilities

## 31. Note payable

In RMB

Type	Amount at period-end	Amount at period-begin
Bank acceptance	493,343,576.23	278,184,200.63
Total	493,343,576.23	278,184,200.63

Amount expired in next accounting period: 493,343,576.23 Yuan

Explanation on note payable:

At period-end, margin saving 160.6173 million Yuan was provided for the bank acceptance, and 112.2845 million Yuan was pledge for not receivable

## 32. Account payables

### (1) Account payables

In RMB

Item	Amount at period-end	Amount at period-begin
Within 1 year	1,354,862,414.92	1,041,109,124.61
1-2 years	7,097,136.64	77,004,432.34
2-3 years	15,245,907.71	2,769,567.39
Over 3 years	9,086,097.66	12,628,206.91
Total	1,386,291,556.93	1,133,511,331.25

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

In RMB

Name of the company	Amount at period-end	Amount at period-begin
Robert Bosch	15,463,169.84	6,902,117.57
Total	15,463,169.84	6,902,117.57

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

Item	2013-06-30	Note
Temporary estimated amount for projects for Weifu Jinning	13,082,119.88	Part of construction account not paid due to failure acceptance

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

In RMB

Item	Amount at period-end	Amount at period-begin
Within 1 year	41,404,554.68	36,302,939.11
1-2 years	8,093,049.02	14,362,975.85
2-3 years	862,755.47	473,918.02
Over 3 years	1,546,021.16	1,482,478.99
Total	51,906,380.33	52,622,311.97

**(2)Accounts received in advance to shareholders holding 5% or above voting shares of the Company****(3) Explanation on major account received in advance with over one year age:****34. Wages payable**

In RMB

Item	Book balance at period-begin	Increase in this period	Decrease in this period	Book balance at period-end
I. Wage, bonus, allowance and subsidy	204,514,141.35	215,860,676.46	185,680,208.95	234,694,608.86
II. Employees' welfare		15,396,629.03	15,396,777.53	-148.50
III. Social security	37,253,130.94	62,928,210.35	59,001,029.89	41,180,311.40
IV. Housing fund	1,497,503.29	22,688,228.84	22,700,084.84	1,485,647.29
V. Dismission welfare	0.00	0.00	0.00	0.00
VI. Other	33,027,394.12	12,867,245.74	3,569,910.71	42,324,729.15
Total	276,292,169.70	329,740,990.42	286,348,011.92	319,685,148.20

No arrears in wages payable

Outlay for labor union and staff educational charge amounting as 15,249,914.26 Yuan; no non-monetary welfare and no compensation for dismiss of labor relationship

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

**35. Tax payable**

In RMB

Item	Amount at period-end	Amount at period-begin
VAT	15,495,236.30	-5,574,642.73
Business tax	12,677.40	782,490.88
Enterprise income tax	22,303,059.43	26,286,094.33
Personal income tax	559,300.05	226,120.35
City maintenance and construction tax	1,970,950.23	1,247,648.89
Educational surtax	1,407,821.57	891,250.66
Other	3,786,454.43	3,612,748.54
Total	45,535,499.41	27,471,710.92

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

**36. Interest payable**

In RMB

Item	Amount at period-end	Amount at period-begin
Interest payable of re-lending loans of state debt	120,000.00	220,500.00
Total	120,000.00	220,500.00

Explanation on interest payable:

**37. Dividend payable**

In RMB

Name of the company	Amount at period-end	Amount at period-begin	Reasons for un-payment over one year
Minority interest of Weifu Jinning	9,787,250.52		
Dividend payable of parent company	204,040,198.50		
Total	213,827,449.02		--

Explanation on dividend payable:

**38. Other payables****(1) Other payables**

In RMB

Item	Amount at period-end	Amount at period-begin
Within 1 year	67,434,943.95	54,978,609.46
1-2 years	11,308,981.58	8,602,362.68
2-3 years	2,100,091.64	386,885.62
Over 3 years	7,684,002.81	7,396,384.36
Total	88,528,019.98	71,364,242.12

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

In RMB

Name of the company	Amount at period-end	Amount at period-begin
Industrial Group	1,000,000.00	
Total	1,000,000.00	

**(3) Explanation on other account payable with over one year age**

Item	2013-06-30	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. Accrual liability****40. Non-current liability due within one year****(1) Non-current liability due within one year****(2) Long-term loans due within one year****(3) Bond payable due within one year****(4) Long-term account payable due within one year****41. Other current liability**

In RMB

Item	Book balance at period-end	Book balance at period-begin
Sales discount	11,400,000.00	4,800,000.00
Vary subsidy	1,030,400.00	1,188,800.00
Auditing fee	1,018,867.93	1,500,000.00
Three-guarantee charge	12,362,531.78	12,013,530.77
Certification charge	2,317,423.10	2,317,423.10
Other	9,017,321.49	282,511.40
Total	37,146,544.30	22,102,265.27

Explanation on other current liability:

**42. Long-term loan****(1) Category of long-term loans****(2) Top five long-term loans****43. Bond payable****44. Long-term account payable****(1) Top five long-term account payable**

In 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%	0.00	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	The transferred national debt capital received by Weifu	3,730,000.00	2.55 %	111,900.00	3,051,818.00	Loan transferred from treasury bond: the transferred national debt capital received by Weifu Jinning in 2007. Pay the loans with

treasury bond	Jinning in 2007. Pay the loans with 11-year installment since 2012					11-year installment since 2012
Hi-tech Branch of Nanjing Finance Bureau	2008-11-10 to 2023-11-10	2,750,000.00	0%	0.00	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	0%	0.00	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	0%	0.00	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

### 45. Specific account payable

### 46. Other non-current liability

In 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	41,079,108.31
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	60,400,000.00
Appropriation on central basic construction investment	5,000,000.00	5,000,000.00
Other	29,030,682.11	8,300,000.00
Total	154,609,790.42	133,879,108.31

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 at end of reporting period.

2. R&D subsidy for new products: The subsidies for R&D of new products are received from Wuxi New Financial Bureau.

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

In RMB

	Amount at period-begin	Increased (decreased) in this year					Amount at period-end
		New shares issued	Bonus shares	Shares converted from public reserve	Other	Sub-total	
Total shares	680,133,995.00						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.

## 48. Stock shares

## 49. Specific Reserve

Explanation on specific Reserve:

Item	2012-12-31	Increase in this period	Decrease in this period	2013-06-30
Safety production cost	--	<b>11,890,690.81</b>	<b>11,890,690.81</b>	--

1. In line with the "Withdrawal of Safety Production Costs and Utilization Management Method for the Enterprises" Cai Qi [2012] No.: 16 jointly issued by Ministry of Finance and State Administration of Work Safety, in year of 2013, the Company withdrawal monthly equally by excess regressive way based on the actual operation revenue last year.

2. the abovementioned safety production cost including the safety production cost withdrawal required by the Company and the safety production cost attributable to shareholder of the Company, which was withdrawal required by subsidiaries

## 50. Capital reserves

In RMB

Item	Amount at period-begin	Increase in this period	Decrease in this period	Amount at period-end
Capital premium (Share capital premium)	3,614,101,338.14			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	77,399,500.00	11,609,925.00	122,298,935.00
Total	3,689,694,029.52	77,399,500.00	11,609,925.00	3,755,483,604.52

Explanation on capital reserve

## 51. Surplus reserves

In RMB

Item	Amount at period-begin	Increase in this period	Decrease in this period	Amount at period-end
Statutory surplus reserves	340,066,997.50			340,066,997.50
Total	340,066,997.50			340,066,997.50

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

**52. General risk provision**

Explanation on general risk provision:

**53. Retained profits**

In RMB

Item	Amount	Withdrawal or allocation ratio
Retained profits at the end of last year before adjustment	3,946,085,733.22	--
Retained profits at the beginning of the year after adjustment	3,946,085,733.22	--
Add: The net profits belong to owners of patent company of this period	531,953,834.22	--
Common stock dividends payable	204,040,198.50	
Retained profits at the end of the period	4,273,999,368.94	--

Details about adjusting the retained 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

The profit distribution plan for year of 2012 was deliberated and approved by the 9th meeting of 7th session of the Board and annual shareholders' general meeting of 2012, that is, distributed RMB 3.00 (tax included) for every 10 shares in cash and 5 more bonus shares (tax included) based on total share capital of the Company 680,133,995 shares, no capitalization of public reserves implemented.

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

In RMB

Item	Amount of this period	Amount of last period
Main operating income	2,653,564,877.88	2,437,884,756.39
Other operating income	225,400,128.30	184,856,377.61
Operating cost	2,221,406,094.80	1,935,729,790.13

**(2) Main business (By industries)**

In RMB

Industry	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Auto parts	2,653,564,877.88	2,017,109,946.68	2,437,884,756.39	1,768,194,868.67
Total	2,653,564,877.88	2,017,109,946.68	2,437,884,756.39	1,768,194,868.67

**(3) Main business (By products)**

In RMB

Products	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Fuel injection system	2,053,972,523.57	1,513,096,920.14	1,926,103,342.74	1,346,473,583.48
Intake system	87,486,778.13	63,882,254.47	85,367,431.72	60,566,106.97
Tail treatment system	512,105,576.18	440,130,772.07	426,413,981.93	361,155,178.22
Total	2,653,564,877.88	2,017,109,946.68	2,437,884,756.39	1,768,194,868.67

**(4) Main business (By districts)**

In RMB

District	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Domestic sales	2,512,968,209.41	1,884,690,405.41	2,274,800,702.10	1,610,187,800.09
Overseas sales	140,596,668.47	132,419,541.27	163,084,054.29	158,007,068.58
Total	2,653,564,877.88	2,017,109,946.68	2,437,884,756.39	1,768,194,868.67

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

In RMB

Customer name	Primary business income	The percentage in all operating income of the Company (%)
Client 1	271,292,017.75	9.42%
Client 2	195,171,657.12	6.78%
Client 3	193,614,556.25	6.73%
Client 4	187,516,091.78	6.51%
Client 5	170,113,600.48	5.91%
Total	1,017,707,923.38	35.35%

Explanation on operating income

**55. Contract item income****56. Business tax and surcharges**

In RMB

Item	Amount of this period	Amount of last period	Calculating and payment standards
Business tax	149,639.43	704,052.72	5%
City maintenance and construction tax	10,669,039.00	9,081,654.13	7%
Educational surtax	7,620,741.41	6,487,346.87	5%
Total	18,439,419.84	16,273,053.72	--

Explanation on business tax and surcharges

**57. Sales expenses**

In RMB



Item	Amount of this period	Amount of last period
Salary and fringe benefit	12,599,026.50	16,039,287.58
Consumption of office materials and business travel charge	5,257,175.42	4,303,350.46
Transportation charge	8,690,229.74	7,346,532.35
Warehouse charge	2,229,366.45	3,818,053.42
Three-guarantee fee	44,206,026.43	43,548,640.88
Other	8,337,405.31	12,866,202.96
Total	81,319,229.85	87,922,067.65

## 58. Administration expenses

In RMB

Item	Amount of this period	Amount of last period
Salary and fringe benefit	112,599,710.21	109,018,520.82
Depreciation charger and long-term assets amortization	23,168,500.66	17,818,724.34
Consumption of office materials and business travel charge	10,599,487.85	8,098,002.11
Tax	7,155,195.29	4,427,351.67
Other	121,569,221.53	81,516,778.60
Total	275,092,115.54	220,879,377.54

## 59. Financial expenses

In RMB

Item	Amount of this period	Amount of last period
Interest expenses	6,587,753.14	4,899,930.16
Note discount interest expenses	1,846,228.97	160,623.35
Saving interest income	-37,422,324.27	-18,093,874.94
Gains/losses from exchange	1,428,142.66	249,079.34
Handling charges	378,608.72	305,492.34
Total	-27,181,590.78	-12,478,749.75

## 60. Income of fair value changes

## 61. Investment income

### (1) Particulars about investment income

In RMB

Item	Amount of this period	Amount of last period
Income of long-term equity investment calculated based on cost	360,000.00	
Income of long-term equity investment calculated based on equity	273,472,173.93	159,246,544.27
Investment income obtained from held-to-maturity investment	25,157,496.58	
Investment income obtained from available-for-sale financial assets		740,000.00
Total	298,989,670.51	159,986,544.27

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

In RMB

Company name	Amount of this period	Amount of last period	Reasons of change (+,-)
Guolian Security	360,000.00		
Total	360,000.00		--

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

In RMB

Company name	Amount of this period	Amount of last period	Reasons of change (+,-)
Bosch Automobile Diesel System Co., Ltd	146,756,243.01	63,897,901.88	Profit growth due to influence from auto industry
CNEMS	89,664,088.66	64,043,395.79	Profit growth due to influence from auto industry
Wuxi Weifu Environment Protection Catalyst Co.,Ltd.	22,940,499.40	22,442,877.70	Profit growth due to influence from auto industry
Wuxi Weifu Autocam Fine Machinery Co. Ltd.	9,078,506.38	5,867,407.16	Profit growth due to influence from auto industry
Wuxi Weifu Instrument Making Co., Ltd.	5,032,836.48	2,989,998.10	Profit growth due to influence from auto industry
Other		4,963.64	
Total	273,472,173.93	159,246,544.27	--

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

**62. Asset impairment loss**

In RMB

Item	Amount of this period	Amount of last period
I. Bad debt loss	-58,069.01	1,964,308.38
II. Inventory falling price loss	-45,767.89	71,492.00
III. Impairment loss of financial assets available for sales		
IV. Impairment loss of investment held-to-maturity		
V. Impairment loss of long-term equity investment		
VI. Impairment loss of Investment real estate		
VII. Impairment loss of fixed assets	155,856.93	0.00
VII. Impairment loss of engineering materials		
IX. Impairment loss of construction in process		
X. Impairment loss of productive biological assets		
XI. Impairment loss of oil/gas assets		
XII. Impairment loss of intangible assets		
XIII. Impairment loss of goodwill		
XIV. Other		
Total	52,020.03	2,035,800.38

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

In RMB

Item	Amount of this period	Amount of last period	Amount reckoned into current non-recurring gains/losses
Non-current assets disposal gains	1,282,327.98	2,214,516.31	1,282,327.98
Including: fixed assets disposal gains	1,282,327.98	2,214,516.31	1,282,327.98
Government grants	195,025.00	1,323,000.00	195,025.00
Other	815,639.48	741,472.44	815,639.48
Total	2,292,992.46	4,278,988.75	2,292,992.46

**(2) Details of government grants**

In RMB

Item	Amount of this period	Amount of last period	Note
Preference for re-employment special zone in Dongchuan District	93,025.00		Yun Cai Yu [2007] No.: 183, Yun Te Fa [2013] No.: 12
Re-evaluation reward for the model enterprises of innovation and entrepreneurship	100,000.00		Yong Jing Xin Ji Gai [2012] No.: 294, Yong Cai Zheng Gong [2013] No.: 1138
Municipal new product subsidy for year of 2012	1,000.00		Bei Qu Ke Ji [2012] No.: 14
Advanced collective award of safety production for year of 2012	1,000.00		Jiang Bei Guan[2013] No.: 8
Technical reform of distributive HPCR		553,000.00	Xi Zheng Ban Fa (2011) No.: 305
Innovation support fund for technological enterprises		720,000.00	Ningbo Municipal Bei Qu Ke Ji (2012) No.: 15
Jin Cai 511 award of Financial Bureau of Jiangbei		50,000.00	Ningbo Municipal Bei Qu Zheng Fa (2012) No.: 9
Total	195,025.00	1,323,000.00	--

Explanation on non-operating income

**64. Non-operating expenditure**

In RMB

Item	Amount of this period	Amount of last period	Amount reckoned into current non-recurring gains/losses
non-current assets disposal losses	1,725,468.28	381,171.82	1,725,468.28
Including: fixed assets disposal losses	1,725,468.28	381,171.82	1,725,468.28
Donations	13,500.00		13,500.00
Local fund etc.	3,016,422.95	2,696,933.81	
Other expenditure	291,012.34	226,854.67	291,012.34
Total	5,046,403.57	3,304,960.30	2,029,980.62

Explanation on non-operating expenditure

**65. Income tax expense**

In RMB

Item	Amount of this period	Amount of last period
current income tax calculated based on tax law and relevant rules	53,101,121.58	58,851,751.79
Increase/decrease of deferred income tax assets	-1,007,336.43	1,599,807.36
Increase/decrease of deferred income tax liability	-55,516.50	-55,516.50
Total	52,038,268.65	60,396,042.65

**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.

Item	Code	Amount of this period	Amount of last period
Net profit attributable to the shareholders of ordinary shares of the Company ( I )	P0	531,953,834.22	446,281,174.98
Non-recurring gains/losses		21,861,279.99	2,365,433.55
Net profit attributable to the shareholders of ordinary shares after the deduction of non-recurring gains and losses ( II )	P0	510,092,554.23	443,915,741.43
Total number of shares at the beginning of the period	S0	680,133,995.00	567,275,995.00
The number of increased shares due to reserve's conversion into share capital or distribution of dividends in the reporting period	S1		
The number of increased shares due to issue of new shares or debt-to-equity in the reporting period	Si		112,858,000.00
The number of decreased shares due to repurchase in the reporting period	Sj		
The number of contraction of shares in the reporting period	Sk		
Number of months in the reporting period	M0	6	6
The number of accumulated months from the next month of shares increase to the end of the reporting period	Mi		4
The number of accumulated months from the next month of shares decrease to the end of the reporting period	Mj		
The weighted average number of ordinary shares outstanding	S	680,133,995.00	642,514,662.00

Basic EPS ( I )		0.78	0.69
Basic EPS ( II )		0.75	0.69
Diluted EPS ( I )		0.78	0.69
Diluted EPS ( II )		0.75	0.69

## 67. Other consolidated income

In RMB

Item	Amount of this period	Amount of last period
1.gains (losses) amount generated by available-for-sale financial assets	77,399,500.00	90,872,000.00
Less: impact on income tax arising from assets available for sale	11,609,925.00	13,630,800.00
Subtotal	65,789,575.00	77,241,200.00
Total	65,789,575.00	77,241,200.00

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 53,339,200.00 was reckoned into capital reserve after deduction of deferred income tax liability from changes of fair value at period-end

The privately offering share of Miracle Logistics was purchased by the Company in June 2013 with restriction term of one year. RMB 12,450,375.00 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

In RMB

Item	Amount
Income from bank deposit interest	30,176,612.66
Government grant	20,925,707.11
Other	1,614,068.65
Total	52,716,388.42

Explanation on other cash received in relation to operation activities

### (2) Other cash paid in relation to operation activities

In RMB

Item	Amount
Expenses of cash paid	58,408,671.69
Expenses of management cash paid	76,159,442.94
Other	2,340,248.85
Total	136,908,363.48

Explanation on other cash paid in relation to operation activities

### (3) Cash received from other investment activities

### (4) Cash paid related with investment activities

### (5) Other cash received in relation to financing activities

### (6) Cash paid related with financing activities

In RMB

Item	Amount
Loan transferred from treasury bond pay back	339,091.00
Total	339,091.00

Explanation on cash paid related with financing activities

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

In RMB

Supplementary information	Amount in this period	Amount in last period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	554,035,707.65	472,944,324.40
Add: assets impairment losses	52,020.03	2,035,800.38
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	84,786,881.01	75,348,777.20
Amortization of intangible assets	4,338,599.86	3,588,885.55
Amortization of long-term deferred expenses	2,362,254.88	1,789,687.15
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with "-")	443,140.30	-1,833,344.49
Financial expenses (gain is listed with "-")	7,067,753.14	5,095,769.31
Investment loss (gain is listed with "-")	-298,989,670.51	-159,986,544.27
Decrease of deferred income tax asset( increase is listed with "-")	-1,007,336.43	1,599,807.36
Increase of deferred income tax liability (decrease is listed with "-")	-55,516.50	-55,516.50
Decrease of inventory (increase is listed with "-")	-23,460,309.04	72,815,025.96
Decrease of operating receivable accounts (increase is listed with "-")	-678,860,014.66	18,952,888.22
Increase of operating payable accounts (decrease is listed with "-")	667,859,778.27	-54,660,012.25
Net cash flow arising from operating activities	318,573,288.00	437,635,548.02
2. Material investment and financing not involved in cash flow	--	--
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	2,168,917,334.35	2,943,452,751.26
Less: Balance of cash equivalent at year-begin	2,432,803,698.08	745,778,764.22
Net increase of cash and cash equivalents	-263,886,363.73	2,197,673,987.04

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

In RMB

Supplementary information	Amount of this period	Amount of last period
I. Relevant information about obtaining subsidiary and other business units:	--	--
1. Price of obtaining subsidiary and other business units	1,401,687.00	
2. Cash and cash equivalent paid for obtaining subsidiary and other business units	1,401,687.00	
Less: Cash and cash equivalent held by subsidiary and other business units	20,121,026.18	
3. Net cash paid for obtaining subsidiary and other business units	-18,719,339.18	
II. Relevant information about disposal of subsidiary and other business units:	--	--
4. Net assets of subsidiary disposed	148,357,716.54	
Current assets	114,695,674.80	
Non-current assets	78,008,139.41	
Current liability	44,346,097.67	

**(3) Constitution of cash and cash equivalent:**

In RMB

Item	Amount at period-end	Amount at period-begin
I . Cash	2,168,917,334.35	2,432,803,698.08
Including: stock cash	757,186.34	481,336.46
Bank deposit available for payment at any time	2,168,160,148.01	2,432,322,361.62
III. Balance of cash and cash equivalent at year-end	2,168,917,334.35	2,432,803,698.08

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

**IX. Related Parties and Transactions****1. Parent company of the Company**

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

**2. Subsidiary of the Company**

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 Pump Glib Co., Ltd.	Controlling subsidiary	Limited company	Wuxi	Wang Xiaodong	Parts of combustion engine	45,000,049.36	100%	100%	13625011-3
Wuxi 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 Automotive 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 Trade Co., Ltd.	Controlling subsidiary	Limited company	Wuxi	Gao Guoyuan	International Trade	30,000,000.00	100%	100%	76103151-4
Wuxi Weifu ITM Supercharging Technique Co., Ltd.	Controlling subsidiary	Limited company	Wuxi	Chen Xuejun	Parts of combustion engine	160,000,000.00	100%	100%	72418270-0
Wuxi Weifu Schmidt Power System Spare Parts Co., Ltd.	Controlling subsidiary	Limited company	Wuxi	Chen Xuejun	Parts of combustion engine	18,000,000.00	45%	45%	69449050-9
Ningbo Weifu Tianli Supercharging Technique Co.,	Controlling	Limited	Ningbo	Chen Xuejun	Parts of combustion	104,690,000.00	51%	51%	73424810-1



Ltd.	subsidiary	company			engine				
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
Wuxi Weifu Autocam Fine Machinery Co. Ltd.	Controlling subsidiary	Limited company	Wuxi	Gao Guoyuan	Auto part	USD 10,000,000.00	51%	51%	77540714-8

### 3. Details of joint-venture and affiliated enterprise of the Company

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 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. Associated company									
Bosch Automobile Diesel System	Joint-venture of Sino-foreign	Wuxi	BOHLER KLAUS	Accessories and matching parts of internal combustion engine	USD 200,000,000.00	34%	34%	Associated company	60791796-6
CNEMS	Limited company	Shanghai	Chen Hong	Accessories and matching parts of internal combustion engine	600,620,000.00	20%	20%	Associated company	
Wuxi Weifu Instrument Making 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 with the Company	Organization code
Robert Bosch	Second largest shareholder of the Company	

Explanation on other related parties:

#### 5. Related transaction

##### (1) Statement of commodity purchased and labor service received

In RMB

Related party	Content	Pricing way and decision making procedures	Amount of this period		Amount of last period	
			Amount	Ratio in similar transactions (%)	Amount	Ratio in similar transactions (%)
Wuxi Weifu Instrument Making Co., Ltd.	Procurement of goods or labor service	Market price / approved by shareholders general meeting	39,749,577.78	2.55%	43,337,697.84	2.57%
Bosch Automobile Diesel System	Procurement of goods or labor service	Market price / approved by shareholders general meeting	110,325,315.29	7.07%	90,833,724.75	5.38%
Wuxi Weifu Environment Protection Catalyst Co.,Ltd.	Procurement of goods or labor service	Market price / approved by shareholders general meeting	283,965,030.85	18.2%	303,607,465.07	17.97%
Wuxi Weifu Autocam Fine Machinery Co. Ltd. (included in consolidation range since June 2013)	Procurement of goods or labor service	Market price / approved by shareholders general meeting	8,536,957.14	0.55%	4,763,341.25	0.28%
Robert Bosch	Procurement of goods or labor service	Market price / approved by shareholders general meeting	23,281,068.25	1.49%	23,895,768.70	1.41%

##### Statement of commodity sales and labor service provided

In RMB

Related party	Content	Pricing way and decision making procedures	Amount of this period		Amount of last period	
			Amount	Ratio in similar transactions (%)	Amount	Ratio in similar transactions (%)
Wuxi Weifu Instrument Making Co., Ltd.	Sales of goods	Market price / approved by shareholders general meeting	9,850,929.54	0.34%	8,425,094.85	0.32%
Bosch Automobile Diesel System	Sales of goods	Market price / approved by shareholders general meeting	168,327,820.72	5.85%	137,990,850.23	5.26%
Wuxi Weifu Environment Protection Catalyst Co.,Ltd.	Sales of goods	Market price / approved by shareholders general meeting	7,178,065.34	0.25%	3,113,662.15	0.12%
Wuxi Weifu Autocam Fine Machinery Co. Ltd. (included in consolidation range since June 2013)	Sales of goods	Market price / approved by shareholders general meeting	1,684,161.14	0.06%	1,739,173.37	0.07%
Robert Bosch	Sales of goods	Market price / approved by shareholders general meeting	8,987,663.30	0.31%	7,600,801.91	0.29%

**(2) Related trusteeship/contract****(3) Related leasing****(4) Related guarantee****(5) Borrowed funds from related party****(6) Assets transfer, debt restructure of related party****(7) Other related transactions**

In RMB

Item	Related party	Jan.-June 2013	Jan.-June 2012
Sales of fixed assets	Wuxi Weifu Environment Protection Catalyst Co.,Ltd.	1,055.85	--
Payable technology service	Bosch Automobile Diesel System Co., Ltd	2,217,574.00	
Land and trademark fee payable	Wuxi Industry Group	1,600,000.00	4,286,546.16
Purchasing exclusive right to use trademark	Wuxi Industry Group	16,155,700.00	
Equity transfer paid	Wuxi Industry Group		206,289,000.00
Equity transfer paid	ROBERT BOSCH GMBH		137,526,000.00
Technology royalties payable	ROBERT BOSCH GMBH	8,711,696.15	9,635,945.94
Maintenance cost payabel	ROBERT BOSCH GMBH		32,318.44

**6. Account receivable/payable for related parties**

## Account receivable from related parties

In RMB

Item	Related parties	Period-end		Period-begin	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
Account receivable	Bosch Automobile Diesel System Co., Ltd	118,269,164.58		53,027,656.44	
Account receivable	Robert Bosch	6,796,785.04			
Account receivable	Wuxi Weifu Instrument Making Co., Ltd.	12,551.28			
Account receivable	Wuxi Weifu Autocam Fine Machinery Co. Ltd.			1,865,602.94	
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	

## Account payable for related parties

In RMB

Item	Related parties	Amount at period-end	Amount at period-begin
Account payable	Bosch Automobile Diesel System	5,623,282.56	5,623,282.56
Account payable	Robert Bosch	15,463,169.84	6,902,117.57
Account payable	Wuxi Weifu Environment Protection Catalyst Co., Ltd.	159,866,066.74	141,686,937.76
Account payable	Wuxi Weifu Instrument Making Co., Ltd.	19,856,368.88	19,657,909.58
Account payable	Wuxi Weifu Autocam Fine Machinery Co. Ltd.		1,078,898.36
Other account payable	Wuxi Industry Group	1,000,000.00	
Account received in advance	Wuxi Weifu Environment Protection Catalyst Co., Ltd.	2,614,855.43	4,146,398.48

**X. Share payment****1. General particular about share payment****2. Share payment settled by equity****3. Share payment settled by cash****4. Service payment for shares****5. Particular about amendment of share payment and its termination****XI. Contingency****1. Contingent liability and its financial influence formed by un-settle lawsuits or arbitration****2. Contingent liability and its financial influence formed from debt guarantee offered to other units**

Other contingent liability and its financial influence:

1. Bank saving 160,617,296.23 Yuan was provided for issuing bank acceptance or credit margin
2. Receivable bank acceptance 112,284,497.60 Yuan was pledge to the bank for issuing bank acceptance

**XII. Commitments****1. Material commitments****2. Commitments made previously**

The Company entered into a trademark transfer agreement with Wuxi Industry Group, the Company plans to purchased the trademark of “锡” owned by Wuxi Industry Group; as of 31 December 2013, the trademark transfer amount RMB 15.1557 million was paid in advance to Wuxi Industry Group, the ownership transfer procedures still in process till end of this reporting period.

**XIII. Subsequent events of balance sheet****1. Explanation on major event after balance sheet date****2. Profit distribution after balance sheet date**

In RMB

Profit or dividend plans to distributed	0.00
Profit or dividend declare to distributed which have been approved	544,107,195.50

**3. Other explanation after balance sheet date**

(1) According to the the resolution of 9th meeting of 7th session of the Board held on 26 March 2013, the Company increase capital to Weifu Schmidt, share-holding of the Company turns to 66% from 45%, relevant changes of industrial and commerce still in process at present.

(2) According to the the profit distribution plan for year of 2012 approved by the Board in March 2013, and deliberated by the annual shareholders' general meeting of 2012, the Company distributed RMB 3.00 (tax included) for every 10 shares in cash and 5 more bonus shares (tax included) based on total share capital of the Company 680,133,995 shares; the plan completed in July 2013 and capial RMB 340,066,997.00 was increased, the register capital turns to RMB 1,020,200,992 after capital increased, relevant cahnegs of industrial and comcece still in process at present.

**XIV. Other major event****1. Non-monetary assets exchange****2. Debt reorganization****3. Enterprise combination**

Weifu Autocam: is the original joint venture of the Company, after 1 percent equity of Weifu Autocam held by American Autocam Company was transfer in the reporting period, Weifu Autocam comes to the controlling subsidiary of the Company with 51% equity held by the Company. Relevant industrial and commercial changes has completed on 17 May 2013 and included in

consolidation statement range since June 2013.

#### 4. Leasing

#### 5. Financial instrument issued outside and convertible to shares in report period

#### 6. Main content of annuity plan and major changes

In 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					
1. Financial assets measured by fair value and its variation reckoned into current gains/losses (derivative financial assets excluded)	0.00				0.00
2. Derivative financial assets	0.00				0.00
3. Financial assets available for sales	265,689,600.00	65,789,575.00			412,420,600.00
Subtotal of financial assets	265,689,600.00	65,789,575.00			412,420,600.00
Total	265,689,600.00	65,789,575.00			412,420,600.00
Financial liability	0.00	0.00			0.00

#### 7. Foreign currency financial assets and financial liability

In 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
Financial liability	0.00				0.00

#### 8. Main content of pension plan and major changes

In accordance with the "Enterprise Annuity Plan" deliberated and approved by the 8th meeting 7th session of the Board, the plan was implemented since January 2013.

The enterprise annuity plan of the Company including implementation range, qualification, mode of financing, method of payment, account management, fund management, way of calculation and payment for treatment, organization management and supervise, plan revision and termination etc., details are as:

(1) implementation range and qualification: participating in the basic endowment insurance and performed obligation of paying premium, entered into a labor contract with the Company with over one year and has passed the appraisal during probation

(2) mode of financing and method of payment: contributed from employers and employees

Allocation of payment for enterprise: employee's annual quota=total salary receivable in last year\* employee's annual allocation ratio, the allocation ratio for the year limited with 5%, corresponding adjustment should be made according to the adjustment of payment proportion from the Company. Special incentive allocation for core talents: as for the core talent with outstanding contributions for the Company, performed special incentive allocation based on the contribution and incentive requirement, expenses will list and expenses from the enterprise' account. Detail special incentive allocation should be approved by the Board in aspect of quota or control policy, authorized the management level to formulated detail measurements and carried out the allocation. If there has

balance in the allocation quota, than the balance should run for use in later year.

(3) Account management: in way of individual account

Mode of account management for enterprise annuity agreed in the Plan as:

Enterprise account: the enterprise annuity equity arising from enterprise payment collection, which has not allocated to the employee's account, is the equity without assigned. The capital arising from equity without assigned will re-allocate through the account of the enterprise.

Individual account: individual equity of basic information of the employees, including payment, gains, payables and balance are recorded in the individual account, of which, the investment gains arising from the payment of enterprise was reckoned into the sub-account of enterprise payment, individual payment and investment gains reckoned into the sub-account of individual payment.

(4) Fund management: enterprise annuity fund comprise of the enterprise payment, employee payment and investment operation income of enterprise annuity.

The enterprise annuity fund of the Company is adopt the corporate mode, enterprise annuity fund collected will delegate to a corporate institution ("bailee" for short) for management and market-oriented operation, which meet the regulation of the nation.

The Company entered into a entrusted management contract with the bailee for enterprise annuity fund; the annuity bailee should authorize annuity-management-qualify trustee, account manager and investment manager to providing unified relevant services, and shall signed the written contract with them respectively for the clientage recognized.

Gains from investment operation from enterprise annuity fund included in the enterprise annuity fund, and reckoned into the individual account and enterprise account based on net income seperately.

(5) Mode of calculation and payment for the treatment: individual payment and investment gains totally attributable to the individual account of employee's enterprise annuity.

Table of enterprise payment:

Continuous working yeras	Contribution proportion
Years works for the enterprise <5-year	0%
5-year≤Years works for the enterprise <10-year	20%
10-year≤Years works for the enterprise <15-year	50%
15-year≤Years works for the enterprise <20-year	80%
Years works for the enterprise≥20-year	100%

(6) Oragnization management and supervise

Committee of the annuity in charge of the leadership, coordination and supervision for the enterprise annuity. Members of committee of the annuity comprise of the manager and staff representative of the Company. And H&R department in charge of the day-to-day works.

(7) Plan revision and termination

In process of the implementaion of annuity, committee of the annuity has rights to revised the enterprise annuity plan according to relevant regulations and rules and actrual condition, adjusted the payment standards corespondingly within the payment limite for the enterprise and employees.

## 9. Other

## XV. Principle notes of financial statements of parent company

## 1. Accounts receivable

## (1) Accounts receivable

In RMB

Type	Amount at period-end				Amount at period-begin			
	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	1.07%	6,919,976.11	100%	6,919,976.11	1.04%	6,919,976.11	100%
Account receivable of bad debt provision withdrawal by combination								
Age combination	463,797,260.52	71.79%	2,814,576.99	0.61%	370,797,881.41	55.42%	2,921,815.31	0.79%
Subsidiary combination	170,084,196.49	26.33%			286,265,572.30	42.78%		
Subtotal of group	633,881,457.01	98.12%	2,814,576.99	0.44%	657,063,453.71	98.2%	2,921,815.31	0.44%
Accounts with single significant amount and bad debts provision accrued individually	5,205,528.70	0.81%	5,205,528.70	100%	5,103,395.48	0.76%	5,103,395.48	100%
Total	646,006,961.82	--	14,940,081.80	--	669,086,825.30	--	14,945,186.90	--

Explanation on types of accounts receivable:

Account receivable with single significant amount and withdrawal bad debt provision separately at period-end

√ Applicable □ Non-applicable

In RMB

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 Company	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 □ Non-applicable

In RMB

Age	Amount at period-end			Amount at period-begin		
	Book balance		Bad debt reserve	Book balance		Bad debt reserve
	Amount	Proportion (%)		Amount	Proportion (%)	
within 1 year						
Including:	--	--	--	--	--	--
Within 6 months	628,793,786.82	99.2%		365,426,500.42	98.55%	

6 months to 1 year	2,231,994.63	0.35%	223,199.46	2,543,272.70	0.69%	254,327.27
Subtotal of within 1 year	631,025,781.45	99.55%	223,199.46	367,969,773.12	99.24%	254,327.27
1-2 years	173,341.68	0.03%	34,668.34	43,700.39	0.01%	8,740.08
2-3 years	209,374.48	0.03%	83,749.79	209,433.24	0.06%	83,773.30
Over 3 years	2,472,959.40	0.39%	2,472,959.40	2,574,974.66	0.69%	2,574,974.66
Total	633,881,457.01	--	2,814,576.99	370,797,881.41	--	2,921,815.31

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

☐ applicable ☒ not-applicable

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

☐ applicable ☒ not-applicable

Accounts with single significant amount and bad debts provision accrued individually at period-end

☒ Applicable ☐ Non-applicable

In RMB

Account receivable	Book balance	Bad debt reserve	Accrual proportion (%)	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 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
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 clients	854,063.97	854,063.97	100%	The account was too old to collect
Total	5,205,528.70	5,205,528.70	--	--

(2) Accounts receivable switched back or taken back during the report period

(3) Accounts receivable should be cancelled after verification during the report period

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

(5) Properties and contents of other accounts receivable with large amount

(6) Top 5 account receivable

In RMB

Name of the company	Relationship with the Company	Amount	Terms	Proportion in total account receivables (%)
Client 1	Client	109,128,654.20	within 1 year	16.89%
Client 2	Client	79,078,296.10	within 1 year	12.24%
Client 3	Client	74,905,993.67	within 1 year	11.6%
Weifu Chang'an	Subsidiary	63,958,053.02	within 1 year	9.9%
Bosch Automobile Diesel System	Associated company	53,621,009.47	within 1 year	8.3%
Total	--	380,692,006.46	--	58.93%



**(7) Account receivables due from related parties**

In RMB

Name of the company	Relationship with the Company	Amount	Proportion in total account receivables (%)
Weifu Chang'an	Subsidiary	63,958,053.02	9.9%
Bosch Automobile Diesel System	Associated company	53,621,009.47	8.3%
Weifu Mashan	Subsidiary	22,482,106.13	3.48%
Weifu Tianshi	Subsidiary	14,300,788.77	2.21%
Kunming Xitong	Subsidiary	9,421,266.66	1.46%
Weifu Jialin	Subsidiary	6,300,972.44	0.98%
Total	--	170,084,196.49	26.33%

**(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**

In RMB

Type	Amount at period-end				Amount at period-begin			
	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	4.71%	2,000,000.00	100%	2,000,000.00	7.15%	2,000,000.00	100%
Other receivable of bad debt provision withdrawal by combination								
Age combination	2,292,568.55	5.4%	25,724.84	1.12%	1,628,348.19	5.82%	46,924.84	2.88%
Subsidiary combination	35,732,968.13	84.23%			21,927,747.27	78.44%		
Subtotal of group	38,025,536.68	89.63%	25,724.84	0.07%	23,556,095.46	84.26%	46,924.84	0.2%
Other receivable with single minor amount while withdrawal bad debt provision separately	2,400,000.00	5.66%	2,400,000.00	100%	2,400,000.00	8.59%	2,400,000.00	100%
Total	42,425,536.68	--	4,425,724.84	--	27,956,095.46	--	4,446,924.84	--

Explanation for category of other receivables:

Other receivable with single significant amount and withdrawal bad debt provision separately at period-end

√ Applicable □ Non-applicable

In RMB

Other receivables	Book balance	Bad debt amount	Accrual proportion (%)	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	--	--

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

√ Applicable □ Non-applicable

In RMB

Age	Amount at period-end			Amount at period-begin		
	Book balance		Bad debt reserve	Book balance		Bad debt reserve
	Amount	Proportion (%)		Amount	Proportion (%)	
within 1 year						
Including:	--	--	--	--	--	--
Within 6 months	1,954,420.26	85.25%		1,296,724.00	79.64%	
6 months to 1 year	209,524.00	9.14%		200,000.00	12.28%	20,000.00
Subtotal of within 1 year	2,163,944.26	94.39%		1,496,724.00	91.92%	20,000.00
1-2 years	128,624.29	5.61%	25,724.84	128,624.19	7.9%	25,724.84
2-3 years				3,000.00	0.18%	1,200.00
Total	2,292,568.55	--	25,724.84	1,628,348.19	--	46,924.84

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

☐ applicable ☒ not-applicable

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

☐ applicable ☒ not-applicable

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

☒ Applicable ☐ Non-applicable

In RMB

Other receivables	Book balance	Bad debt reserve	Accrual proportion (%)	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

(3) Other accounts receivable should be cancelled after verification during the report period

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

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

(6) Top 5 other receivable

In RMB

Name of the company	Relationship with the Company	Amount	Terms	Proportion in total other account receivables (%)
Weifu Schmidt	Subsidiary	35,732,968.13	within 1 year	84.23%
Jiangsu Techniques and Technology Center	Non-related party	2,000,000.00	Over 3 years	4.71%
Nanjing University	Non-related party	600,000.00	Over 3 years	1.41%
Southeast University	Non-related party	600,000.00	Over 3 years	1.41%
Nanjing University of Science and Technology	Non-related party	600,000.00	Over 3 years	1.41%
Nanjing University of Technology	Non-related party	600,000.00	Over 3 years	1.41%
Total	--	40,132,968.13	--	94.58%

**(7) Other receivables due from related parties**

In RMB

Name of the company	Relationship with the Company	Amount	Proportion in total other account receivables (%)
Weifu Schmidt	Subsidiary	35,732,968.13	84.23%
Total	--	35,732,968.13	84.23%

**(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

In 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	178,639,593.52	178,639,593.52		178,639,593.52	80%	80%				93,949,002.07
Weifu Leader	Cost	460,113,855.00	460,113,855.00		460,113,855.00	94.81%	94.81%				
Weifu Nano	Cost	24,000,000.00	24,000,000.00		24,000,000.00	80%	80%		1,500,000.00		
Weifu Diesel System	Cost	260,187,500.00	260,187,500.00		260,187,500.00	100%	100%				117,672,378.25
Weifu Mashan	Cost	48,693,380.51	48,693,380.51		48,693,380.51	100%	100%				
Weifu Chang'an	Cost	70,902,037.30	70,902,037.30		70,902,037.30	100%	100%				
Weifu International Trade	Cost	30,999,996.22	30,999,996.22		30,999,996.22	95%	95%				2,497,947.74
Weifu ITM	Cost	167,000,000.00	167,000,000.00		167,000,000.00	100%	100%				
Weifu Schmidt	Cost	8,100,000.00	8,100,000.00		8,100,000.00	45%	45%				
Weifu Tianli	Cost	90,229,100.00	90,229,100.00		90,229,100.00	51%	51%				
Weifu Jialin	Cost	4,685,868.73	4,685,868.73		4,685,868.73	51%	51%				
Kunming Xitong	Cost	5,471,793.17	5,471,793.17		5,471,793.17	70%	70%				
Weifu Tianshi	Cost	5,200,000.00	5,200,000.00		5,200,000.00	52%	52%				
Weifu Autocam	Cost	39,243,774.00	66,604,790.02	10,480,193.38	77,084,983.40	51%	51%				
Bosch Automobile Diesel System	Equity	867,509,767.37	1,329,363,084.03	144,187,591.01	1,473,550,675.04	32.5%	32.5%				
CNEMS	Equity	120,124,000.00	375,291,329.83	89,664,088.66	464,955,418.49	20%	20%				

Wuxi Weifu Instrument Making Co., Ltd.	Equity	2,000,000.00	33,948,438.79	5,016,036.48	38,964,475.27	20%	20%				
Guolian Securities Co., Ltd.	Cost	12,000,000.00	12,000,000.00		12,000,000.00	1.2%	1.2%				360,000.00
Guangxi Liufa Co., Ltd.	Cost	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	800,000.00	800,000.00		800,000.00				800,000.00		
H&J Vanguard Investment Co., Ltd.	Cost	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	1,000,000.00	1,000,000.00		1,000,000.00	1.85%	1.85%		1,000,000.00		
Yangdong Co., Ltd.	Cost	2,355,900.00	2,355,900.00		2,355,900.00				2,355,900.00		
Wuxi Xidong Technological Industry Park Co., Ltd.	Cost	5,000,000.00	5,000,000.00		5,000,000.00	1.43%	1.43%				
Total	--	2,438,856,565.82	3,215,186,667.12	249,347,909.53	3,464,534,576.65	--	--	--	40,255,900.00		214,479,328.06

Explanation on long-term equity investment

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

In RMB

Item	Amount of this period	Amount of last period
Main operating income	1,090,313,785.56	993,599,313.59
Other operating income	180,572,643.07	154,616,691.60
Total	1,270,886,428.63	1,148,216,005.19
Operating cost	1,083,696,285.15	939,317,265.51

**(2) Main business (by industry)**

In RMB

Industry	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Automobile parts	1,090,313,785.56	910,480,693.26	993,599,313.59	791,876,975.87
Total	1,090,313,785.56	910,480,693.26	993,599,313.59	791,876,975.87

**(3) Main business (by product)**

In RMB

Product	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Auto fuel injection system	1,090,313,785.56	910,480,693.26	993,599,313.59	791,876,975.87
Total	1,090,313,785.56	910,480,693.26	993,599,313.59	791,876,975.87

**(4) Main business (by districts)**

In RMB

Districts	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Domestic sales	1,090,313,785.56	910,480,693.26	993,599,313.59	791,876,975.87
Total	1,090,313,785.56	910,480,693.26	993,599,313.59	791,876,975.87

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

In RMB

Customer name	Primary business income	The percentage in all operating income of the Company (%)
Client 1	130,130,395.16	10.24%
Client 2	114,229,950.43	8.99%
Client 3	110,847,337.61	8.72%
Bosch Automobile Diesel System	102,913,167.03	8.1%
Client 5	62,904,674.02	4.95%
Total	521,025,524.25	41%

Explanation on operating income

## 5. Investment income

### (1) Particulars about investment income

In RMB

Item	Amount of this period	Amount of last period
Income of long-term equity investment calculated based on cost	214,479,328.06	258,525,101.62
Income of long-term equity investment calculated based on equity	247,946,222.53	137,803,640.43
Investment income obtained from held-to-maturity investment	25,157,496.58	
Investment income obtained from financial assets available for sale etc.		740,000.00
Total	487,583,047.17	397,068,742.05

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

In RMB

Company	Amount of this period	Amount of last period	Reasons of change (+,-)
Weifu Diesel System	117,672,378.25	159,929,783.21	Achieved profit in 2012 and has bonus for the year
Weifu Jinning	93,949,002.07	98,595,318.41	Achieved profit in 2012 and has bonus for the year
Weifu International Trade	2,497,947.74		Achieved profit in 2012 and has bonus for the year
Guolian Securities Co., Ltd.	360,000.00		Achieved profit in 2012 and has bonus for the year
Total	214,479,328.06	258,525,101.62	--

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

In RMB

Company	Amount of this period	Amount of last period	Reasons for changes (+,-)
Bosch Automobile Diesel System	144,187,591.01	64,879,599.38	Profit growth in this period due to influence from auto industry
CNEMS	89,664,088.66	64,043,395.79	Profit growth in this period due to influence from auto industry
Wuxi Weifu Autocam Fine Machinery Co. Ltd.	9,078,506.38	5,867,407.16	Profit growth in this period due to influence from auto industry
Wuxi Weifu Instrument Making Co., Ltd.	5,016,036.48	3,013,238.10	Profit growth in this period due to influence from auto industry
Total	247,946,222.53	137,803,640.43	--

Explanation on investment income:

## 6. Supplementary information of cash flow statement

In 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	529,454,293.00	456,927,355.95
Add: assets impairment preparation	129,551.83	875,853.27
fixed assets depreciation, oil-and-gas assets loss , productive living beings depreciation	35,820,064.18	35,326,220.82
Intangible assets amortization	1,967,691.84	1,967,691.85
losses from handling fixed assets, intangible assets and assets(profits fill with	48,919.73	227,077.17

“-“ )		
Financial costs(profits fill with “-“ )	3,780,000.00	5,784,955.56
Investment losses(profits fill with “-“ )	-487,583,047.17	-397,068,742.05
Deferred income tax assets decrease(increases fill with “-“ )	-2,559,640.23	-75,226.30
Stock decreases(increases fill with “-“ )	5,597,885.83	69,007,232.15
Operating receivables decrease(increases fill with “-“ )	-64,794,249.69	-222,038,705.84
Operating payables increase(decreases fill with “-“ )	431,942,158.75	90,002,411.96
Net cash flow generated by operating activities	453,803,628.07	40,936,124.54
2. Significant investment financial activities not involving and cash deposit and withdrawal	--	--
3. Net changes of cash and cash equivalents	--	--
Ending balance of cash	1,530,176,246.40	2,277,349,549.16
Decrease: opening balance of cash equivalents	1,524,564,526.97	132,135,416.49
Net increase of cash and cash equivalents	5,611,719.43	2,145,214,132.67

## 7. Assets and liabilities enter into the account book with assessed value by counter purchase

## XVI. Supplementary Information

### 1. ROE and earnings per share

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-443,140.30	
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)	195,025.00	
Profit and loss of assets delegation on others' investment or management	25,157,496.58	
Other non-operating income and expenditure except for the aforementioned items	511,127.14	
Less: Impact on income tax	3,896,369.83	
Impact on minority shareholders' equity (post-tax)	-337,141.40	
Total	21,861,279.99	--

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

### 2. 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)

In 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	531,953,834.22	446,281,174.98	9,049,683,965.96	8,655,980,755.24
Items and amount adjusted by IAS				



**(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)**

In 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	531,953,834.22	446,281,174.98	9,049,683,965.96	8,655,980,755.24
Items and amount adjusted by foreign accounting rules				

**(3) Reasons for the differences of accounting data under accounting rules in and out of China****3. ROE and EPS**

In RMB

Profit in the Period	Weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to common shareholders of the Company	5.94%	0.78	0.78
Net profit attributable to common shareholders of the Company after deducting non-recurring gains/losses	5.7%	0.75	0.75

**4. Abnormalities and reasons of the accounting statement items of the Company****(1) Note receivable**

Amount at period-end increase RMB 272.5592 million over that of year-begin, mainly because sales volume in first half year growth;

**(2) Account receivable**

Amount at period-end increase RMB 401.0264 million over that of year-begin, mainly because sales volume in first half year growth and the returned money still before the credit period;

**(3) Interest receivable**

Amount at period-end decrease RMB 12.7142 million over that of year-begin, mainly because bank interest was taken back by the Company;

**(4) Other account receivable**

Amount at period-end increase RMB 6.5349 million over that of year-begin, mainly because Weifu Autocam included in the consolidation statement in the Period;

**(5) Other current assets**

Amount at period-end increase RMB 534.2632 million over that of year-begin, mainly because more bank financial products purchased in the Period by the Company;

**(6) Financial assets available for sales**

Amount at period-end increase RMB 146.731 million over that of year-begin, mainly because private placement of Miracle Logistics were subscribed in the period;

**(7) Held-to-maturity investment**

Amount at period-end increase RMB 199 million over that of year-begin, mainly because more bank financial products purchased in the Period by the Company;

**(8) Short-term loans**

Amount at period-end increase RMB 343 million over that of year-begin, mainly because more bank loans from subsidiaries;

(9) Note receivable

Amount at period-end increase RMB 215.1594 million over that of year-begin, mainly because settlement business for note payable increased;

(10) Taxes payable

Amount at period-end increase RMB 18.0638 million over that of year-begin, mainly because being suffered from the market, VAT payable increased at period-end;

(11) Other current liability

Amount at period-end increase RMB 15.0443 million over that of year-begin, mainly because vary expenses payable increased;

(12) Deferred income tax liability

Amount at period-end increase RMB 11.5544 million over that of year-begin, mainly because at end of the period, the Company recognized deferred income tax liability based on the variation of fair value of financial assets available for sale;

(13) Financial expenses

Amount at period-end decreased RMB 14.7028 million from a year ago, mainly because the interest income increased;

(14) Assets impairment loss

Amount at period-end decreased RMB 1.9838 million from a year ago, mainly because vary impairment provision decreased;

(15) Investment income

Amount at period-end increased RMB 139.0031 million from a year ago, mainly because enterprise with share participated by the Company gains a more profit and the financing income increased;

(16) Non-operation income

Amount at period-end decreased RMB 1.986 million from a year ago, mainly because the income from disposal of fixed assets and government grants decreased;

(17) Non-operation expenses

Amount at period-end increased RMB 1.7414 million from a year ago, mainly because losses from disposal of fixed assets increased;

(18) Net cash flow arising from investment activities

Amount at period-end increased RMB 299.0527 million from a year ago, mainly because investment for bank financing products increased;

(19) Net cash flow arising from financing activities

Amount at period-end decreased RMB 2043.4454 million from a year ago, mainly because the Company has private placement at same period of last year.

## **Section IX. Documents available for reference**

- I. Semi-annual reports with the Chairman's own signature;
- II. Financial statement with signature and seal of legal representative, person in charge of financial works and accountant officer;
- III. The original manuscripts of all documents and announcements of the Company publicly disclosed on China Securities Journal, Securities Times, Hong Kong Commercial Daily and Juchao Website

Board of Directors of  
**Weifu High-Technology Group Co., Ltd.**  
27 August 2013