



无锡威孚高科技集团股份有限公司
Weifu High-Technology Group Co., Ltd.
ANNUAL REPORT 2020

April 2021

Section I. Important Notice, Contents and Interpretation

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.

Wang Xiaodong, 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 2020 Annual Report is authentic, accurate and complete.

All directors are attend the Meeting for the Report deliberation.

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

China's economy has entered a critical period of transformation, and the main theme is to reduce speed and improve quality. China's auto market has also entered a period of transformation and adjustment. In a complex economic environment, weak consumption is still the main risk point that drags down the auto market. Investors are advised to pay attention to investment risks.

The profit distribution plan that deliberated and approved by the Board is: based on total share capital of 1,008,894,293, distributed 15 Yuan (tax included) bonus in cash for every 10-share hold by all shareholders, 0 share bonus issued (tax included) and no public reserve transfer into share capital either.

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Interpretation

Items	Refers to	Contents
Company, The Company, WFHT	Refers to	Weifu High-Technology Group Co., Ltd.
Weifu Group	Refers to	Wuxi Weifu Group Co., Ltd.
Industry Group	Refers to	Wuxi Industry Development Group Co., Ltd.
Robert Bosch, Robert Bosch Company	Refers to	Robert Bosch Co., Ltd, ROBERT BOSCH GMBH
Bosch Automobile Diesel, Bosch Diesel System	Refers to	Bosch Automobile 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 Tianli	Refers to	Ningbo Weifu Tianli Supercharging Technique Co., Ltd.
Weifu Chang'an	Refers to	Wuxi Weifu Chang'an Co., Ltd.
Weifu Mashan	Refers to	Weifu Mashan Pump Glib Co., Ltd.
Weifu International Trade	Refers to	Wuxi Weifu International Trade Co. Ltd.
Weifu Schmidt	Refers to	Wuxi Weifu Schmidt Power System Spare Parts Co., Ltd.
Weifu Autocam	Refers to	Wuxi Weifu Autocam Fine Machinery Co. Ltd.
Weifu Electric Drive	Refers to	Wuxi Weifu Electric Drive Technology Co., Ltd.
Autosmart Seating	Refers to	Wuxi Weifu Autosmart Seating System Co., Ltd.
SPV	Refers to	Weifu Holding ApS
IRD	Refers to	IRD Fuel Cells A/S
Borit	Refers to	Borit NV
Weifu Environment	Refers to	Wuxi Weifu Environment Catalyst Co., Ltd.
Weifu Precision Machinery	Refers to	Weifu Precision Machinery Manufacturing Co., Ltd.
Zhonglian Electronic	Refers to	Zhonglian Automobile Electronic Co., Ltd.
Shinwell Automobile	Refers to	Shinwell Automobile Technology (Wuxi) Co., Ltd.
CSRC	Refers to	China Securities Regulatory Commission
SZSE	Refers to	Shenzhen Stock Exchange
Gongzheng Tianye	Refers to	Gongzheng Tianye Certified Public Accountants (Special General Partnership)
The reporting period	Refers to	From 1 Jan. 2020 to 31 Dec. 2020

Section II Company Profile and Main Financial Indexes

I. Company information

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

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Zhou Weixing	Yan Guohong
Contact add.	No.5 Huashan Road, Xinwu District, Wuxi	No.5 Huashan Road, Xinwu District, Wuxi
Tel.	0510-80505999	0510-80505999
Fax.	0510-80505199	0510-80505199
E-mail	wfjt@public1.wx.js.cn	wfjt@public1.wx.js.cn

III. Information disclosure and preparation place

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

IV. Registration changes of the Company

Organization code	91320200250456967N
Changes of main business since listing (if applicable)	No change
Previous changes for controlling shareholders (if applicable)	Controlling shareholder of the Company was Weifu Group before 2009, and in 2009, controlling shareholder changed to Industry Group since 31 May 2009 due to the merged of Industry Group and Weifu Group. Both Weifu Group and Industry Group were state-owned companies of Wuxi State-owned Assets Supervision & Administration Commission, therefore, actual controller of the Company turns to Wuxi State-owned Assets Supervision & Administration Commission of State Council.

V. Other relevant information

CPA engaged by the Company

Name of CPA	Gongzheng Tianye Certified Public Accountants (Special General Partnership)
Offices add. for CPA	10/F, No.5 Building, Jiakaicheng Fortune Center, Jingrong 3 rd Street, Taihu Xincheng, Binghu District, Wuxi, Jiangsu Province
Signing Accountants	Bai Lingjing, Zhang Qianqian

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

Applicable Not applicable

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

Applicable Not applicable

VI. Main accounting data and financial indexes

Whether the Company is required to retrospectively adjust or restate prior year's accounting data

Yes No

	2020	2019	Changes over last year (+,-)	2018
Operation revenue (RMB)	12,883,826,306.60	8,784,356,960.30	46.67%	8,721,674,671.18
Net profit attributable to shareholders of the listed company(RMB)	2,772,769,377.96	2,268,026,432.78	22.25%	2,396,077,415.21
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	2,089,986,086.10	1,947,408,959.68	7.32%	2,014,800,714.20
Net cash flows arising from operating activities (RMB)	781,811,234.01	1,048,670,053.23	-25.45%	874,381,526.63
Basic earnings per share (RMB/Share)	2.79	2.25	24.00%	2.37

Diluted earnings per share (RMB/Share)	2.79	2.25	24.00%	2.37
Weighted average ROE	15.78%	13.77%	2.01%	15.48%
	Year-end of 2020	Year-end of 2019	Changes over end of last year (+,-)	Year-end of 2018
Total assets (RMB)	27,350,695,388.21	23,958,348,185.78	14.16%	20,892,041,460.30
Net assets attributable to shareholder of listed company (RMB)	18,282,017,990.66	16,990,405,136.62	7.60%	15,913,828,778.82

The lower of the company's net profit before or after deduction of non-recurring profit (gain)/loss for the last three financial years is negative, and the audit report for the latest year indicates that there is uncertainty about the company's ability to continue as a going concern

Yes No

The lower of the net profit before or after deduction of non-recurring profit (gain)/loss is negative

Yes No

VII. 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)

Applicable Not applicable

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

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

Applicable Not applicable

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

VIII. Quarterly main financial index

In RMB

	Q 1	Q 2	Q 3	Q 4
Operation revenue	2,772,108,717.43	3,822,294,907.13	3,324,132,346.07	2,965,290,335.97
Net profit attributable to shareholders of the listed company	549,996,717.72	776,347,707.26	903,901,365.25	542,523,587.73
Net profit attributable to shareholders of the listed company after deducting non-recurring gains	495,225,376.36	680,349,352.50	572,795,992.17	341,615,365.07

and losses				
Net cash flows arising from operating activities	319,204,809.86	118,452,262.55	624,717,046.92	-280,562,885.32

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial index disclosed in the company's quarterly report and semi-annual report

Yes No

IX. Items and amounts of extraordinary(non-recurring) profit (gains)/loss

Applicable Not applicable

In RMB

Item	2020	2019	2018	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	10,719,959.77	28,992,604.71	96,162,222.57	
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)	146,475,795.26	91,170,663.57	48,811,314.99	
Fund possession fees reckoned in current gains/losses that charged to non-financial enterprises		1,608,477.64		
Profit and loss of assets delegation on others' investment or management	271,684,174.09	236,832,172.54	311,261,918.65	
Gains/losses of fair value changes from holding the transaction financial asset, derivative financial assets, transaction financial liability and derivative financial liability and investment earnings obtained from disposing the transaction financial asset, derivative financial assets, transaction financial liability, derivative financial liability and other debt investment, except for the effective hedging business related to normal operation of the Company	375,102,546.00	24,394,637.95	16,880,487.62	
Switch back of provision for depreciation of account receivable and contractual assets which were singly taken depreciation test	3,078,424.43	1,700,000.00	466,200.00	
Other non-operating income and expenditure except for the aforementioned items	-3,090,715.87	2,183,276.39	-597,126.12	
Other gain/loss qualify the definition of non-recurring gains/losses			353,111.39	
Less: Impact on income tax	116,175,046.47	57,345,714.82	70,234,077.14	
Impact on minority shareholders' equity (post-tax)	5,011,845.35	8,918,644.88	21,827,350.95	
Total	682,783,291.86	320,617,473.10	381,276,701.01	--

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

In reporting period, the Company has no particular about 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*

Section III Summary of Business

I. Main businesses of the company in the reporting period

(i) Main business of the Company

According to the data released by China Association of Automobile Manufacturers: the production and sales volume of automobiles for year of 2020 in the country amounted to 25.22 million and 25.31 million respectively, with 2% and 1.9% down from a year earlier respectively; of which, the production and sales volume of passenger vehicles were 19.99 million and 20.18 million respectively, with 6.5% and 6% declined over same period of last year respectively. In 2020, driven by the elimination of National III vehicles, the tightening of overload/over-speed and infrastructure investment, the annual production and sales of commercial vehicles showed significant growth. The production and sales volume of commercial vehicles in 2020 were respectively amounted as 5.23 million and 5.13 million, exceeding 5 million for the first time and reaching a record high. The production and sales of commercial vehicle increasing by 20.0% and 18.7% on a y-o-y basis respectively.

During the reporting period, the company's main business was the production and sales of automobile components. The main products included diesel fuel management system products, after-treatment system products and air management system products. Since the beginning of the year, the company has actively seized market opportunities, seized key products and key customers, and achieved a steady increase in market share. The business of the three major systems has grown rapidly, and achieved the company's goal of over tens of billions of operating income.

Main uses of the Company's products:

1.The fuel management system products are widely used in different power diesel engines supporting all types of trucks, passenger cars, buses, construction machinery, marine, and generator sets. The company not only makes products matching with the main engines used at home but also exports some products to the Americas, Southeast Asia, and the Middle East. Products can meet the national emission regulation standards.

2.After-treatment system products,which mainly support the major manufacturers of automobile, motorcycle and general machinery at home and meet the national emission standards.

3.Air management system products (supercharger),matches with most of the domestic small-bore diesel engine plants and some 6-cyl diesel engine manufacturers, and meet the needs of the light and heavy commercial vehicles, some passenger cars and engineering machinery. Products can meet the national emission regulation standards.

4. Key parts of the fuel cell, including membrane electrodes, graphite bipolar plates, metal bipolar plates and BOP key components for domestic and foreign fuel cell reactor and system manufacturers.

(ii) During the reporting period, development stage and periodical characteristics of the industry to which the company belongs, as well as the company's position in the industry

2021 is the first year for the development of the "14th Five-Year Plan", and is also the year to embark on a new journey of building a socialist modern country in an all-round way and march towards the second centenary goal. It is a milestone in our country's development process. As the epidemic prevention and control becomes normal, the economy as a whole will maintain growth under the influence of a low base and recovery resonance. Standing at the historical intersection of the "two centenary" goals, the auto industry will fully enter a new stage of transformation and upgrading with high-quality development. The new development pattern, which is dominated by the domestic large-scale cycle and the mutual promotion of the international and domestic double cycles, has given China's auto industry more significant responsibilities. During the "14th Five-Year Plan" period, our country's auto industry will maintain a steady development trend. From the perspective of the development situation, promoting automobile consumption is the main task of stabilizing growth and expanding domestic demand; enhancing the independent controllability of the supply chain of the industrial chain is the main means to achieve high-quality industrial development; the upgrading of emission regulations and the new dual-slope policy are compelling companies to carry out more stringent reforms to reduce consumption and emissions; carbon peaking and carbon neutrality promote the further development of new energy vehicles; intelligent networking, rapid penetration of ADAS and smart cockpits, and 5G promote the development of the Internet of Vehicles. In the new round of technological revolution and industrial transformation, the company will respond to industry challenges with a positive attitude, seize industry development opportunities, and strive to jointly create a better tomorrow for the auto industry.

After more than 60 years of hard work, the company has become a backbone enterprise of key parts of domestic auto, 80% products of the existing Automobile components core business are matched with the electronic control systems and electronically controlled. The company will actively respond to the national new energy and intelligent network strategy, take the Automobile components industry chain as the core and other related fields as supplements, lay out new energy auto drive technology, and promote the hydrogen fuel cell technology and intelligent network technology research and development capacity building. Market objectives: consolidate the existing business market position and take a position in the new business potential market. Technical objectives: strengthen the technical strength of the pillar business, lay out the new business frontier technology, and actively expand new areas based on the existing business. Strive to achieve the goal of becoming a leader in the auto core parts enterprises.

II. Major changes in main assets

1. Major changes in main assets

Major assets	Cause of major changes
Equity assets	No major change
Fixed assets	No major change
Intangible assets	No major change
Construction in progress	No major change
Other non-current financial assets	Other non-current financial assets at period-end has major changes over that of year-begin, mainly because the number of financial products held for more than one year increased.
Goodwill	Goodwill at period-end has major changes over that of year-begin, mainly because the Company acquired 100% equity of Borit by way of equity acquisition in cash in the Period, cost of consolidation is greater than the fair value of the identifiable net assets of Borit's

2. Main overseas assets

√Applicable □ Not applicable

Specific content of the asset	Cause of formation	Asset size	Location	Operation model	Control measures to guarantee asset security	Income status	The proportion of overseas assets in the company's net assets	Whether there are significant risks of impairment (Y/N)
IRD Fuel Cells A/S	Enterprise combine under the different control	RMB 64.9628 million	Denmark	Wholly-owned subsidiary of the company, R&D, production and sale of the fuel cell component products	The Company will pay full attention to the changes in the industry and markets, strengthen corporate governance, personnel management, audit and performance assessment	N/A	0.36%	N
Borit NV	Enterprise combine under the different control	RMB 114.6663 million	Belgium	Wholly-owned subsidiary of the company, production and sale of the	The Company will pay full attention to the changes in the industry and markets, strengthen corporate governance, personnel	N/A	0.63%	N

				fuel cell component products	management, management, supervision performance assessment	financial audit and			
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III. Core Competitiveness Analysis

1. Technology and product advantages. The company is a national high-tech enterprise. It has scientific research platforms such as "National Enterprise Technology Center", "National High-tech Research and Development Plan Achievement Industrialization Base", "Post-Doctoral Scientific Research Workstation", and "Jiangsu Postgraduate Workstation". Its subsidiaries have established a number of provincial-level engineering and technological research centers, provincial-level engineering laboratories, and other research and development institutions, mainly focus on fuel injection systems, exhaust after-treatment systems, and air management systems to conduct technical research and product development. At present, the company has mastered a number of core patented technologies, the main product technical indicators are at the leading level in the industry, and have strong market competitiveness. In recent years, the company has made arrangements in the fields of new energy and intelligent network technology, and strengthened the development of new business research and development capabilities. The company's technology center has established a new energy and network technology research institute, built a new energy core component test center, and initially achieved the research and development capabilities for the core parts and components of hydrogen fuel cell and intelligent network technology products.

2. Industry and brand advantages. After more than 60 years of development, the company has become a well-known enterprise in the domestic automobile components industry, and has established long-term and stable supporting relationships with major domestic OEMs. 80% of the existing automobile components core business products are matched with electronic control systems and realize electronic control, and take a leading position among independent brands. The company is a pioneer in China's internal combustion engine industry and one of China's top 100 automobile components companies.

3. Advantages in marketing and service. The company has a stable, professional and experienced marketing team that can provide targeted support and services according to customer needs, and customer relationships are harmonious. For long-term strategic customers, the company has established a four-in-one marketing collaboration organization composed of leaders, key account managers, marketing departments, and business departments. The company's management exchanges regular visits to promote exchanges and cooperation. Over the years, the company has won many honors such as "Excellent Quality Award", "Excellent Supplier", "Outstanding Supplier" and "Win-Win Cooperation Award" awarded by customers with its stable product quality and timely delivery. The company has a relatively complete after-sales service system, and has built after-sales service networks, intelligent service platforms, and has established special maintenance technical service stations across the country to regularly conduct maintenance and fault analysis and judgment training for end users, which

can provide customers with fast, timely, and professional all-round after-sales services.

4. Management and manufacturing advantages. The company has a complete organizational structure, continues to optimize management systems and processes, and has built five major information systems such as financial sharing platforms and IOS & Android applications to realize the effective migration and stable operation of organization and personnel, business and accounting. The company has established human resources information system platforms, and realized the timely and accurate standardization of basic data of organization, personnel, salary, and attendance; the procurement sharing system has opened the information interconnection between the enterprises and the suppliers, and realized the closed-loop management to the procurement requirements, sourcing, supplier management, and payment settlement process. The company fully implements the Weifu Production System (WPS) with lean concepts, and promotes continuous improvement of the system and the workshop, which effectively improves production efficiency and reduces manufacturing costs. The company has built a quality management system for the whole process, and guaranteed the product quality level through a transparent, intelligent, and lean quality control platform. The company focuses on intelligent manufacturing, continues to build intelligent factories with Weifu characteristics, builds MES, ERP, data center cloud platform, SRM and other systems, and promotes the application of cloud computing and 5G networks, which will strongly support future business development needs.

5. Talent advantage. The company's management team has extensive experience and a good industry reputation in the Automobile components industry. The company pays attention to the growth of employees and the construction of a core talent team. After years of accumulation, it has accumulated a group of professional and high-quality management and technical personnel, established a reasonable talent echelon, and provided strong manpower resource guarantee for the company's long-term and stable development. The company's human resource management system is relatively complete, focusing on strategy, business, and employees, and continuously optimizing various human resource management systems to provide a fair value realization platform for employees' career development. The company pays attention to the service and care of employees, improves the service experience of employees in a mobile, intelligent and self-service way through the establishment of employee self-service platform, and creates a working environment with warmth and sense of belonging.

Section IV Discussion and Analysis of the Operation

I. Introduction

(i) Overall situation

Since the beginning of the year, the market environment has been complex and changeable. In the face of the severe challenges brought by the epidemic, the government quickly introduced a series of policy measures to deal with the epidemic and promote the resumption of work and production, so that the macro economy has shown a rapid recovery after the COVID-19 epidemic was effectively controlled, realizing the economy from falling to rising, maintaining the overall economic and social stability. The performance of the automobile industry was much better than expected. Although the production and sales of the whole year were stable and slightly decreased, the overall performance presented strong development resilience and driving force. According to the data released by China Association of Automobile Manufacturers: the production and sales volume of automobiles for the whole year amounted to 25.22 million and 25.31 million respectively, with 2% and 1.9% down from a year earlier respectively; of which, the production and sales volume of passenger vehicles were 19.99 million and 20.18 million respectively, with 6.5% and 6% declined over same period of last year respectively, the production and sales volume of commercial vehicles were respectively amounted as 5.23 million and 5.13 million, a y-o-y growth of 20.0% and 18.7% respectively.

Facing the complex and changeable external environment, the company's board of directors actively responded to the national epidemic prevention requirements, actively did a good job in the epidemic prevention and control and the resumption of work and production, had the courage to fulfill social responsibilities, seized the policy opportunities of national economic recovery, and concentrated on forging ahead in concert, the company outperformed the annual various operating performance indicators established at the beginning of the year. During the reporting period, operating revenue achieved 12.884 billion Yuan with 46.67% up on a y-o-y basis; total profit amounted to 3.003 billion Yuan with 22.54% increase on a y-o-y basis; total assets of the Company was 27.351 billion Yuan with 14.16% up from a year earlier; and the owners interest attributable to parent company was 18.282 billion Yuan, a y-o-y growth of 7.60% achieved.

(ii) Main work carried out

1. Seize market opportunities and achieve a new breakthrough in operating income of tens of billion yuan.

Since the beginning of the year, the company actively responds to the complex market environment, seized opportunities, seized key products and key customers, and achieved a steady increase in market share. The three major system businesses grew rapidly, achieving the company's goal of over tens of billion yuan in revenue from its main business. Fuel management system business achieved annual sales of 2.1 million sets of common rail pumps, hitting a record high; VE distribution pumps increased their share in the off-road market, with sales exceeding 350,000 sets, an increase of nearly 20% on a year-on-year basis; in terms of after-treatment system

business, gasoline purifiers achieved annual sales volume exceeding 2 million sets, diesel purifiers achieved annual sales volume exceeding 500,000 sets, both year-on-year increase of over 50%. The overall market share of passenger vehicles continued to rise. The commercial vehicle market was actively expanding its core customers' National VI projects. In the off-road market, a customer base for key projects has been established. In terms of air management system business, the four-cylinder turbocharger has been deployed in the gasoline engine market to acquire key project customer groups. The company has maintained a leading position in the diesel engine market share. Sales volume of six-cylinder turbochargers increase of over 50%, and it successfully acquired important customers in the National-VI projects. Meanwhile, the company's manufacturing capabilities for precision manufacturing and parts processing have been rapidly improved.

2. Intensify technological research and development and promote the development of new products. Continued to tap the technical potential of fuel injection system products and expand key customer project products. The company has gradually achieved mass production in major customer projects for gasoline turbocharger products, six-cylinder turbochargers have won a full range of natural gas projects from important customers, four-cylinder gasoline turbocharger passenger car projects have successively obtained new National-VI B projects, and four-cylinder diesel turbocharger successfully obtained National-VI projects in key markets. The company has completed the packaging development of the National-VI GPF catalyst products of core customers on passenger vehicles for exhaust after-treatment system products, and realized mass supply. The WSP2.0 packaging platform is being developed on commercial vehicles, and each stage of the test has been completed on schedule; completed the design, trial production and testing of functional samples of core components for new energy products, and mastered the basic research and development capabilities. In terms of hydrogen fuel cell products, the company has completed the fully independent development of core materials for the fuel cell core materials from catalyst, gas diffusion layer (GDL) to membrane electrode (MEA); completed the full water-based ink formulation optimization and catalyst layer leveling optimization of catalyst coating membrane (CCM), and the performance is greatly improved. For extended field products, the first smart seat has left the production line, and commercial vehicle seats have officially started mass production.

3. Layout new business in an orderly manner. Continued to promote the strategic planning of fuel cells and core components of the intelligent network, newly increased and defined planning for key strategic products such as metal bipolar plates, auxiliary components (BOP), situational awareness systems, automotive smart seats. Focused on the two major fields of hydrogen fuel cell and intelligent network connection for new business layout. The company has continued to increase the layout and investment of hydrogen fuel cells, acquired 100% equity of Belgian Borit Company, and focused on developing IRD's business in the Chinese market, and accelerated the construction of the core competitiveness of bipolar plates with dual technology routes (metal, graphite). In the field of intelligent network connection, the environmental situation awareness system has won a number of customer projects, and the current focus is on intelligent security and industrial intelligent manufacturing to actively carry out product development, manufacturing and market capacity building. The company has completed the establishment of a joint venture of Weifu Autosmart Seating System Co., Ltd. (WFAS) and started

operations.

4. Continuously improve operation and management capabilities. Information construction: the company continued to promote projects such as intelligent manufacturing, supply chain collaboration, and process management through information technology's strong supports to the optimization and upgrading of the company's management level. Completed the high-level planning and design of the supply chain, data collection and preliminary analysis; completed the construction of the Aris process management platform and the unified process management portal, which provided a guarantee for the efficient operation of the long-term mechanism of the process management system. Steadily advanced the company's information security work. Compliance management: the company made plans for the overall construction of the company's risk management system so as to create three lines of defense for risk control with the goal of "essential compliance". Built a risk database for the company's people, finance, property, and engineering pilot domains, and integrated risk management and internal control elements into the business process design. Controlled the legal compliance risks in the company's various investments and other major projects. Manufacturing quality: continuously improved the company's quality system management platform, including special process audits, cross-divisional cross-quantitative audits, professional auditor echelon construction and quality system group certification, etc., continued to improve product projects, promoted intelligent manufacturing projects, and realized equipment information management; Comprehensively promoted the manufacturing informatization, and completed the on-line of multiple functional modules; realized the comprehensive informatization management of the production process. Financial management: strengthened internal business collaboration and optimized related transaction business processes. Strictly controlled slow-moving inventory and accounts receivable beyond credit period. Purchasing and logistics: completed the second phase construction of the company's procurement sharing system, established and implemented the indirect material category management processes to achieve cost control goals; completed the planning and promotion plan of the organizational structure based on "category management", and immediately started organizational optimization work. Carried out the logistics informatization and automation pilot work, started the overall planning project of the supply chain, completed the status survey and high-level design work. Human resources: continued to promote the strategic planning of human resources, and comprehensively analyzed the future development direction of the management mechanism and the talent team. Starting from the competency model and actual business needs, strengthened team building, planned and carried out special training, and improved work efficiency; in order to fully mobilize the enthusiasm, sense of responsibility and mission of the company's senior management and core personnel, paid attention to the interests of all shareholders and the company's long-term development and the preservation and appreciation of state-owned assets, launched the company's 2020 restricted stock incentive plan, and the first grant was completed at the end of the year.

(iii) Company business model

The company has followed the business philosophy of making quality products, creating famous brands, striving for first choice, and creating value for users, and implemented the business model of unified management of the parent company and decentralized production of subsidiaries. That is, the group company is responsible for

formulating strategic development plans and business objectives, and carries out unified management, guidance and assessment of subsidiaries in terms of finance, major personnel management, core raw materials, quality control, and technology. Subsidiaries arrange production according to the market order management model, so that the subsidiaries maintain the same quality as the company's products, and at the same time help to understand customer needs in a timely manner and save logistics costs, maintain the timeliness of product production and supply, and improve the company's economic benefits.

There were no significant changes in the company's main business and business model during the reporting period

Complete vehicle manufacturing, production and operation during the reporting period

Applicable Not applicable

Production and operation of the auto components during the reporting period

Applicable Not applicable

Unit: In 10 thousand pieces

	Output			Sales volume		
	Current Period	Same period last year	Year-over-year increase/decrease	Current Period	Same period last year	Year-over-year increase/decrease
According to components						
Fuel management system-multi-cylinder pumps	277	226	22.57%	256.8	218.4	17.58%
Fuel management system-fuel injector	253.7	236.14	7.44%	242.8	234.34	3.61%
After-treatment system - purifier	34	32	6.25%	33	29	14.00%
Air management system -turbocharger	88.2	70.4	25.28%	84	67.7	24.08%
According to complete vehicle packages						
After-treatment system - purifier	303	161	88.20%	296	155	91.00%
According to after-sale market						
Fuel management system-multi-cylinder pumps	2	4	-50.00%	2.2	4.6	-52.17%
Fuel management system-fuel injector	1.3	0.86	51.16%	1.2	0.66	81.82%
Air management system-turbocharger	1.8	1.6	12.50%	2	2.3	-13.04%
According to region						
In China						

Fuel management system-multi-cylinder pumps	279	230	21.30%	259	223	16.14%
Fuel management system-fuel injector	255	237	7.59%	244	235	3.83%
After-treatment system - purifier	337	193	74.61%	329	184	78.80%
Air management system-turbocharger	90	72	25.00%	86	70	22.86%

Explanation of reasons for more than 30% changes on a y-o-y basis

Applicable Not applicable

Increasing market demand for after-treatment system products in 2020

Parts sales model

Over the years, the company has adhered to customer-centric idea, using flexible marketing strategies and standardized development procedures to meet the needs of different types of customers so as to ensure the smooth progress of customer development plans and strive for more customers and larger market shares. The company has established a mechanism for mutual visits to strategic customers. The company's senior executives regularly visit customers or receive customer visits, hold high-level strategic meetings, special cooperation and exchanges and other activities. Implement special management to the company's strategic customers, establish a four-in-one collaborative organization composed of company leaders, key account managers, marketing departments, and business departments, and do a good job in customer demand analysis and management, customer satisfaction survey analysis, etc. At the same time, the company optimizes business processes through information technology means to increase the speed of response to customer needs, and assists customer relationship management through modern technical tools such as call centers, customer data warehouses, business intelligence, mobile devices, and web conferences. The company promotes the collaborative marketing of existing and new businesses, strengthens exchanges and cooperation with existing business customers in new businesses, and actively expands new customers and develops potential customers.

The Company carries out auto finance business

Applicable Not applicable

The Company carries out related business of new-energy vehicles

Applicable Not applicable

Production and operation of the complete and parts of new-energy vehicles

In RMB

Category	Capacity status	Output	Sales volume	Sales revenue
Fuel cell components	1,500,000 pieces	700,000 pieces	600,000 pieces	77,397,000.00

II. Main business analysis

1. Introduction

See the “I-Introduction” in “Discussion and Analysis of the Operation”

2. Revenue and cost

(1) Constitute of operation revenue

In RMB

	2020		2019		Increase/decrease y-o-y (+,-)
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total operation revenue	12,883,826,306.60	100%	8,784,356,960.30	100%	46.67%
According to industries					
Automobile components	12,430,431,489.90	96.48%	8,354,743,964.67	95.11%	48.78%
Other business	453,394,816.70	3.52%	429,612,995.63	4.89%	5.54%
According to products					
Fuel management system	5,365,576,457.96	41.65%	4,872,783,878.47	55.47%	10.11%
After-treatment system	6,408,508,512.76	49.74%	3,036,081,382.54	34.56%	111.08%
Air management system	656,346,519.18	5.09%	445,878,703.66	5.08%	47.20%
Other business	453,394,816.70	3.52%	429,612,995.63	4.89%	5.54%
According to region					
Domestic sales	12,670,892,115.47	98.35%	8,488,435,602.48	96.63%	49.27%
Foreign sales	212,934,191.13	1.65%	295,921,357.82	3.37%	-28.04%

(2) The industries, products, or regions accounting for over 10% of the company's operating revenue or operating profit

√ Applicable □ Not applicable

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase/dec rease of operating revenue y-o-y	Increase/dec rease of operating cost y-o-y	Increase/dec rease of gross profit ratio y-o-y
According to industries						
Automobile components	12,430,431,489.90	10,124,574,480.95	18.55%	48.78%	60.13%	-5.77%

According to products						
Fuel management system	5,365,576,457.96	3,962,691,866.03	26.15%	10.11%	16.64%	-4.13%
After-treatment system	6,408,508,512.76	5,748,550,167.21	10.30%	111.08%	120.98%	-4.02%
Air management system	656,346,519.18	413,332,447.71	37.03%	47.20%	27.52%	9.73%
According to region						
Domestic sales	12,217,497,298.77	9,924,244,563.88	18.77%	51.60%	64.28%	-6.27%
Foreign sales	212,934,191.13	200,329,917.07	5.92%	-28.04%	-28.88%	1.11%

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

Applicable Not applicable

(3) Whether the company's revenue from physical sales is greater than its revenue from labor services

Yes No

Industries	Item	Unit	2020	2019	Increase/decrease y-o-y (+,-)
Fuel management system- multi-cylinder pumps	Sales volume	In 10 thousand units	259	223	16.14%
	Output	In 10 thousand units	279	230	21.30%
	Storage	In 10 thousand units	44	24	83.33%
Fuel management system- fuel injector	Sales volume	In 10 thousand sets	244	235	3.83%
	Output	In 10 thousand sets	255	237	7.59%
	Storage	In 10 thousand sets	25	14	78.57%
After-treatment system - purifier	Sales volume	In 10 thousand pieces	329	184	78.80%
	Output	In 10 thousand pieces	337	193	74.61%
	Storage	In 10 thousand pieces	45	37	21.62%
Air management system—turbocharger	Sales volume	In 10 thousand units	86	70	22.86%
	Output	In 10 thousand units	90	72	25.00%
	Storage	In 10 thousand units	20	16	25.00%

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

Applicable Not applicable

Increasing market demand for after-treatment system products in 2020

End of 2020, the y-o-y increase in inventory of fuel management system products is due to the spread of COVID-19 in first quarter of 2021 in China, and uncertainty of global COVID-19, the company initiative to increase inventory in response to the impact of supply chain fluctuations.

(4) Performance of significant sales contracts entered into by the company up to the current reporting period

□ Applicable √ Not applicable

(5) Constitute of operation cost

Classification of industries and products

In RMB

Industries	Item	2020		2019		Increase/decrease y-o-y (+,-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Automobile components	Direct material	8,569,425,665.05	84.64%	5,073,943,822.40	80.25%	68.89%
Automobile components	Labor cost	698,928,471.64	6.90%	604,002,205.22	9.55%	15.72%
Automobile components	Depreciation	248,063,547.16	2.45%	201,984,066.69	3.20%	22.81%
Automobile components	Varieties of consumption	608,156,797.10	6.01%	442,880,613.36	7.00%	37.32%

In RMB

Products	Item	2020		2019		Increase/decrease y-o-y (+,-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Fuel management system	Direct material	2,715,216,192.48	68.52%	2,341,746,790.78	68.93%	15.95%
Fuel management system	Labor cost	566,823,619.35	14.30%	486,814,730.66	14.33%	16.44%
Fuel management system	Depreciation	192,635,987.10	4.86%	159,352,538.54	4.69%	20.89%
Fuel management system	Varieties of consumption	488,016,067.10	12.32%	409,342,635.04	12.05%	19.22%
After-treatment system	Direct material	5,500,221,875.04	95.68%	2,455,083,907.97	94.38%	124.03%
After-treatment system	Labor cost	104,394,069.57	1.82%	98,440,253.86	3.78%	6.05%
After-treatment system	Depreciation	35,518,676.76	0.62%	24,461,602.33	0.94%	45.20%
After-treatment system	Varieties of consumption	108,415,545.84	1.88%	23,428,346.36	0.90%	362.75%
Air management system	Direct material	353,987,597.53	85.64%	277,113,123.65	85.49%	27.74%
Air management system	Labor cost	27,710,782.72	6.70%	18,747,220.70	5.78%	47.81%
Air management system	Depreciation	19,908,883.30	4.82%	18,169,925.82	5.61%	9.57%
Air management system	Varieties of consumption	11,725,184.16	2.84%	10,109,631.96	3.12%	15.98%

Note

The direct material from after-treatment system has significant increase on a y-o-y basis mainly due to the significant increase in precious metal prices.

(6) Whether there was a change in the scope of consolidation during the reporting period

Yes No

Changes of consolidate scope	Enterprise	Equity obtained method	Contribution ratio
Consolidate scope increased	Borit NV	A wholly-owned subsidiary purchased in cash during the period through SPV	100.00%
Consolidate scope increased	Autosmart Seating	The enterprise jointly invested by controlling subsidiary of the Company - Weifu Leader and Qiqiong Automobile Technology (Shanghai) Co., Ltd.	66%

(7) Major changes or adjustment in business, product or service of the Company in Reporting Period

Applicable Not applicable

(8) Major sales and main suppliers

Major sales clients of the Company

Total top five clients in sales (RMB)	6,700,363,928.17
Proportion in total annual sales volume for top five clients	52.01%
Ratio of the related party sales in total annual sales from top five clients	29.67%

Information of top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	Bosch Diesel System	2,961,684,269.09	22.99%
2	Client 1	1,776,938,391.50	13.79%
3	Robert Bosch	860,611,502.90	6.68%
4	Client 2	604,223,164.56	4.69%
5	Client 3	496,906,600.12	3.86%
Total	--	6,700,363,928.17	52.01%

Other situation of main clients

Applicable Not applicable

The Company has association with Bosch Diesel System and Robert Bosch. In addition, the directors, supervisors, senior executives, core technicians and actual controller of the Company have no equity in main suppliers directly

or indirectly.

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	4,502,021,760.55
Proportion in total annual purchase amount for top five suppliers	39.48%
Ratio of the related party purchase in total annual purchase amount from top five suppliers	28.93%

Information of top five suppliers of the Company

Serial	Suppliers	Purchasing amount (RMB)	Ratio in annual total purchasing amount
1	Weifu Environment	3,051,513,211.66	26.76%
2	Supplier 1	563,585,531.94	4.94%
3	Supplier 2	494,641,533.98	4.34%
4	Supplier 3	213,197,050.95	1.87%
5	Supplier 4	179,084,432.02	1.57%
Total	--	4,502,021,760.55	39.48%

Other notes of main suppliers of the Company

√ Applicable □ Not applicable

The Company has association with Weifu Environment. In addition, the directors, supervisors, senior executives, core technicians and actual controller of the Company have no equity in main suppliers directly or indirectly.

3. Expenses

In RMB

	2020	2019	Increase/decrease y-o-y (+,-)	Note of major changes
Sales expenses	406,353,445.10	259,650,752.33	56.50%	Accrual-warranty expenses
Administration expenses	782,824,422.63	514,028,451.76	52.29%	Accrual of incentive funds
Financial expenses	-23,278,301.84	-57,892,276.12		
R&D expenses	532,581,209.78	417,924,908.28	27.43%	

4. R&D investment

√ Applicable □ Not applicable

During the reporting period, the Company focused on the development strategy of the enterprise, accelerated the research and development of key products, put forth effort to improve the industrialization of new products, and enhanced new power for the enterprises development. The traditional energy products are mainly internal combustion engine power engineering which meet the requirements of energy saving and emission reduction; with continuous improvement of product performance, continue to maintain the leading position in the industry. At the same time, the company carried out layouts in new energy, intelligent network technology and other fields through

its own research and development, acquisitions and mergers, promoted the research and development and capacity building of core technology and intelligent network technology of hydrogen automobile components to ensure the company's leading position in the future Automobile components industry. In 2020, total R&D expenditure has 533 million Yuan, accounting for 2.91% of the net assets and 4.13% of the operating revenue.

R&D investment of the Company

	2020	2019	Change ratio (+,-)
Number of R&D (people)	1,094	1,020	7.25%
Ratio of number of R&D	20.30%	18.75%	1.55%
R&D investment (RMB)	532,581,209.78	417,924,908.28	27.43%
R&D investment accounted for R&D income	4.13%	4.76%	-0.63%
R&D investment capitalization (RMB)	0.00	0.00	0.00%
Capitalization R&D investment accounted for R&D investment	0.00%	0.00%	0.00%

The reason of great changes in the proportion of total R&D investment accounted for operation income than last year

Applicable Not applicable

Reason for the great change in R&D investment capitalization rate and rational description

Applicable Not applicable

5. Cash flow

In RMB

Item	2020	2019	Increase/decrease y-o-y (+,-)
Subtotal of cash inflow arising from operating activities	12,043,108,885.31	8,341,575,856.11	44.37%
Subtotal of cash outflow arising from operating activities	11,261,297,651.30	7,292,905,802.88	54.41%
Net cash flows arising from operating activities	781,811,234.01	1,048,670,053.23	-25.45%
Subtotal of cash inflow from investing activities	10,622,042,577.88	12,833,209,781.87	-17.23%
Subtotal of cash outflow from investing activities	10,050,595,606.37	14,048,725,074.34	-28.46%
Net cash flows arising from investing activities	571,446,971.51	-1,215,515,292.47	
Subtotal of cash inflow from financing activities	714,062,395.41	824,385,498.20	-13.38%
Subtotal of cash outflow from financing activities	1,940,870,096.67	2,246,745,266.02	-13.61%
Net cash flows arising from financing activities	-1,226,807,701.26	-1,422,359,767.82	
Net increase of cash and cash equivalents	124,447,364.85	-1,584,175,485.64	

Main reasons for y-o-y major changes in aspect of relevant data

Applicable Not applicable

The y-o-y increase in cash inflow arising from operating activities was mainly due to the significant increase in operating revenue from a year earlier, and the cash received from the sale of goods and provision of services

increased significantly on a y-o-y basis;

The y-o-y increase in cash outflow arising from operating activities was mainly due to the increase in cash paid for purchasing goods and accepting labor services;

The y-o-y increase in net cash flows arising from investing activities was mainly due to the cash received from investment earnings increased from a year earlier and the cash paid for investment declined on a y-o-y basis.

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

Applicable Not applicable

Mainly due to the investment earnings, and specific influencing factors found more in supplementary information of cash flow statement carried in Annotation of the Report.

III. Analysis of the non-main business

Applicable Not applicable

In RMB

	Amount	Ratio in total profit	Cause description	Whether be sustainable
Investment earnings	1,964,805,688.57	65.43%	Earnings mainly form the two joint ventures (Bosch Automobile Diesel and Zhonglian Electronic) with stock participated by the Company	The joint ventures Bosch Automobile Diesel and Zhonglian Electronic have stable production and operation , so the investment returns can be sustained and stable
Gain/loss of fair value changes	383,325,765.19	12.76%		
Asset impairment	-178,837,472.85	-5.96%		
Non-operating income	66,467,021.62	2.21%		
Non-operating expense	4,158,888.17	0.14%		

IV. Assets and liability

1. Major changes of assets composition

Newrevenue standards or new leasing standards implemented by the Company at first time since 2020 and adjusted relevant items of the financial statement on beginning of the year when implemented the Standards

Applicable

In RMB

	Year-end of 2020		Year-begin of 2020		Ratio changes (+,-)	Note of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary funds	1,963,289,832.33	7.18%	1,596,893,711.87	6.63%	0.55%	
Account receivable	2,824,780,352.41	10.33%	2,425,681,942.29	10.08%	0.25%	
Inventory	2,877,182,174.64	10.52%	2,418,744,835.82	10.05%	0.47%	
Investment real estate	20,886,681.62	0.08%	22,410,511.87	0.09%	-0.01%	
Long-term equity investment	4,801,488,290.97	17.56%	5,322,405,953.35	22.11%	-4.55%	
Fixed assets	2,882,230,191.08	10.54%	2,845,176,078.20	11.82%	-1.28%	
Construction in progress	243,795,493.04	0.89%	247,857,777.25	1.03%	-0.14%	
Short-term borrowings	302,238,600.05	1.11%	312,153,969.81	1.30%	-0.19%	
Long-term borrowings	3,050,640.97	0.01%			0.01%	

2. Assets and liability measured by fair value

√ Applicable □ Not applicable

In RMB

Items	Amount at the beginning period	Changes of fair value gains/losses in this period	Accumulative changes of fair value reckoned into equity	Devaluation of withdrawing in the period	Amount of purchase in the period	Amount of sale in the period	Other changes (+,-)	Amount at period-end
Financial assets								
1.Transaction financial asset(excluding derivative financial assets)	4,984,475,661.75	383,325,765.19			5,171,830,000.00		-5,215,410,066.84	5,324,221,360.10
2.Other equity instrument investment	285,048,000.00							285,048,000.00

3. Financing of accounts receivable	23,873,317.86					981,651,160.02	1,005,524,477.88
Subtotal of financial assets	5,293,396,979.61	383,325,765.19			5,171,830,000.00	-4,233,758,906.82	6,614,793,837.98
Above total	5,293,396,979.61	383,325,765.19			5,171,830,000.00	-4,233,758,906.82	6,614,793,837.98
Financial liabilities	0.00						0.00

Other changes

Other changes include the maturity of financial products.

Whether there have major changes on measurement attributes for main assets of the Company in report period or not

Yes No

3. The assets rights restricted till end of the period

Item	Book value at period-end	Restriction reason
Monetary funds	587,241.00	L/C margin
Monetary funds	51,045,344.11	Cash deposit paid for bank acceptance
Monetary funds	2,838,880.93	Dividends on 4.71 million shares of Miracle Automation and 11,739,102 shares of SDEC held by the company have been frozen
Monetary funds	215,720.00	Cash deposit for Mastercard
Note receivable	881,914,376.95	Notes pledge for bank acceptance
Receivable financing	646,892,501.28	Notes pledge for bank acceptance
Transaction financial asset	174,611,992.62	In accordance with the civil ruling No.(2016)Y03MC2490 and No.(2016) Y03MC2492 of Guangdong Shenzhen Intermediate People's Court (Hereinafter referred to as Shenzhen Intermediate People's Court), the property with the value of 217 million Yuan under the name of the Company and other seven respondents and the third party Shenzhen Hejun Chuangye Holdings Co., Ltd. (Hereinafter referred to as Hejun Company) was frozen. As of the end of the reporting period, 4.71 million shares of Miracle Automation and 11,739,102 shares of SDEC held by the Company were frozen.
Total	1,758,106,056.89	

V. Investment

1. Overall situation

Applicable Not applicable

2. The major equity investment obtained in the reporting period

□ Applicable √ Not applicable

3. The major non-equity investment doing in the reporting period

□ Applicable √ Not applicable

4. Financial assets investment**(1) Securities investment**

√ Applicable □ Not applicable

In RMB

Variety of securities	Code of securities	Short form of securities	Initial investment cost	Accounting measurement model	Book value at the beginning of the period	Current gain/loss of fair value changes	Cumulative fair value changes in equity	Current purchase amount	Current sales amount	Profit and loss in the Reporting Period	Book value at the end of the period	Accounting subject	Capital Source
Domestic and foreign stocks	600841	SDE C	199,208,000.00	Measured by fair value	91,822,332.00	48,573,624.00				48,573,624.00	140,395,956.00	Transaction financial asset	Own funds
Domestic and foreign stocks	002009	Miracle Automation	69,331,500.00	Measured by fair value	36,031,500.00	11,680,800.00				11,680,800.00	47,712,300.00	Transaction financial asset	Own funds
Domestic and foreign stocks	601456	Guolian Securities	12,000,000.00	Measured by fair value	12,000,000.00	314,848,122.00				314,848,122.00	326,848,122.00	Transaction financial asset	Own funds
Total			280,539,500.00	--	139,853,832.00	375,102,546.00	0.00	0.00	0.00	375,102,546.00	514,956,378.00	--	--

Disclosure date of securities	24 March 2012
investment approval of the Board	4 June 2013

(2) Derivative investment

Applicable Not applicable

There are no derivative investment during the reporting period.

5. Application of raised proceeds

Applicable Not applicable

There are no application of raised proceeds during the reporting period.

VI. Sales of major assets and equity

1.Sales of major assets

Applicable Not applicable

No major assets were sold during the reporting period.

2. Sales of major equity

Applicable Not applicable

VII. Analysis of the main equity participation and controlling subsidiary

Applicable Not applicable

Main subsidiary and stock-jointly enterprise with over 10% influence on net profit of the Company

In RMB

Company name	Type	Main business	Register capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Weifu Leader	Subsidiary	After-treatment system products	502,596,300.00	6,142,804,328.29	1,917,799,955.64	6,427,844,701.00	232,362,335.97	245,276,849.88
Weifu Jinning	Subsidiary	Fuel management system products	346,286,825.80	1,476,313,489.99	1,000,352,246.07	685,608,389.43	106,965,043.15	110,875,256.44

Bosch Automobile Diesel	Equity participation enterprise	Fuel management system products	USD241,000,000.00	14,960,276,527.96	7,536,627,965.20	15,742,669,081.61	3,897,946,535.63	3,511,327,740.19
Zhonglian Electronic	Equity participation enterprise	Gasoline system products	600,620,000.00	6,187,034,458.77	6,180,707,951.80	23,790,158.00	1,543,364,746.77	1,538,581,105.06

Subsidiary obtained and disposed in the Period

Applicable Not applicable

Explanation on holding equity participation enterprise

The reasons for substantial y-o-y increase in operating revenue, operating profit and net profit from Weifu Leader are: sale of after-treatment system products increased, and the precious metals rose and investment income increased.

VIII. The structured subject controlled by the Company

Applicable Not applicable

IX. Prospects for future development

(i) Weifu's future development strategies

Currently, a global new round of technological and industrial revolution has been prosperous, at the same time with the raising concept of "carbon emissions peak" and "carbon neutrality" will jointly quicker the development trend to green、 low carbon、 electric, networked and intelligent in the automotive industry. Automobile accelerates the integration with related technology among energy, transportation, information and communication, these technologies will energize each other, develop synergistically and form a "mesh" in which more fields of main subjects participate. The "14th Five-Year Plan" is a key five-year period for Weifu to achieve the medium-and long-term development objective of 30 billion revenue in 2030. On the basis of high speed development of doubling scale and rapid growth of profits in the "13th Five-Year Plan", Weifu will continue to adhere to the strategies of "internationalization, automatization and multi-dimension", accelerate the "dual-engine" mode of "consolidating and upgrading existing businesses, exploring and breaking

through new businesses markets", and strive to achieve the strategic goal of doubling the scale again and a high level of profit.

1. Existing business will actively promote the strategic marketing, strengthen market synergism, increase vigorously advanced and efficient internal combustion power technology's research and development level, consolidate and enhance market position of the core business in significant strategic markets and customers.

1) After Treatment as support business for Weifu will achieve leapfrog growth. Promote vigorously strategic marketing, strengthen strategic customer cooperation, optimize layout of business; reinforce research and development of high effective After Treatment and China VI new technology and system integration capabilities, improve capacity of forward engineering, systems integration and application development; increase control capability of cost and quality, promote steadily delicacy management.

2) FIE business as consolidating and deepening core business will realize organic growth. Consolidate and improve common rail business process quality, complete reduce costs and increase benefits, expand vigorously filter business, implement differentiation marketing strategy, reduce product cost, improve product development capability, form large-scale sales, stabilize VE/VP pump's current market share, develop new customers with better cost control.

3) Turbo business realize high amplitude increasing. Develop actively strategic markets of four-cylinder gasoline engine, six-cylinder diesel engine, strengthen high efficient pressurization technology's research and development capability and core product and application technology, reinforce sectors' research and development, supply chain collaboration and resource sharing, improve process control capability.

4) Manufacturing business realize scale growth. Continue to enhance development of intelligent manufacturing, new technology and investment, focus on cost and quality, process control, and actively expand strategic customers and products.

5) Aftermarket business realize steady increase, build commercial vehicle aftermarket service platform.

2. In terms of new business, Fuel Cell and Intelligent Connectivity will be the two main strategic directions, focusing on and promoting driving technology and other innovative businesses, seizing opportunities, actively laying out the market, continuously defining and optimizing our strategic path, focusing on building core competitiveness and striving to achieve industrialization breakthrough.

1) The Fuel Cell core components business will rely on the leading advantages of actively laying out both international and domestic market at the end of the 13th Five-Year Plan, further accelerate the construction of "Twin Bases" in Europe and China, continuously boost the cooperation of strategic customers、 the R&D of core technology and the ability of global business and management, therefore establish the competitive advantage position of Weifu's main strategic business by: i. Promoting the construction of European R&D centers and Chinese R&D centers, strengthening the input of R&D investment, continuously enhancing the R&D capabilities and actively promoting the R&D of GDL、 catalyst、 single cell、 valves and other products on the basis of existing products such as MEA, graphite BPP, metal BPP and related BOP key components; ii. Strengthening the

capacity building of European and Chinese manufacturing bases, achieving the global production capacity to 8 million MEAs, 9 million graphite BPPs and 4 million metal BPPs in the middle and late period of the 14th Five-Year Plan. Among them, the Chinese manufacturing base will set up a hydrogen energy business department to achieve a production capacity of 4 million MEAs, 5 million graphite BPPs and 2 million metal BPPs, with relevant BOP key components achieve small-scale batch production capacity based on Weifu's existing manufacturing platform. iii. Intensifying the planning and coordination of global markets and operation process, realizing strategic resources sharing and efficient business collaborative among each base and business segment, and deepen the cooperation with strategic partners like Bosch and other strategic market customers.

2) For the Intelligent Connectivity, Weifu will promote the Environment Situation Awareness business, enhance the key technical capabilities of millimeter wave radar, take the lead in promoting commercial applications in the fields of intelligent security, industrial intelligence, smart medical care, etc., preliminary achieve large-scale development; Meanwhile, Weifu will actively propel the Smart Seat business, focus on the middle and high-end commercial vehicle market, and realize the industrial large-scale development by taking high performance, high quality, and high cost-effective performance as product differentiation competitive advantages, while actively exploring new potential market and strategic market such as the passenger vehicles and new energy vehicles. Beyond that, Weifu will positively seek development opportunities for other intelligent connectivity business products as well.

3) For other innovative new business areas, Weifu will keep carrying forward the optimization and maturity of electric drive products and strive to achieve breakthroughs in key application markets, while actively plan and cultivate the business of hydraulic, electric chemical and hydrogen technologies, emphasis on upholding technical products such as multi-way control valve, PEMEL, etc.

Weifu will continue to deepen the operation plan, budget management and performance management system under the guidance of Weifu's strategic planning, implement differentiated management and control, effect coordination between among business sectors, boost the development of strategic core talents, comprehensively enhance the operation management ability in the new strategic transition period, to meet the needs of Weifu's medium and long-term strategic development.

(ii)Key tasks in 2021

1. Accelerate the acquisition of National VI projects and increase market share. Fuel injection system business: ensure stable delivery of common rail pump products throughout the year; ensure the inventory of the off-road market for VE distribution pump products, and strive to form incremental breakthroughs in the tractor, loader, and generator markets. **Air management system business:** ensure a stable share of key customers of four-cylinder turbocharger, strengthen the advantages of VNT, and ensure its landing in the important customer market. Deploy new products, focus on promoting the development of gasoline engine VNT projects in key customers, and ensure the acquisition and implementation of major projects. For six-cylinder turbocharger, consolidate the existing market share and continue to expand the influence of natural gas turbochargers of medium and heavy-duty trucks. **After-treatment system business:** promote the acquisition of National VI key core

customer projects to ensure market share. In terms of passenger vehicles, we have obtained key customers' National VI packaging projects and focused on the layout of joint venture brand market. In terms of commercial vehicles, we have obtained the National VI project for key customers' diesel models, and accelerated the development of major customers' National VI projects. On the non-road side, with the announcement of the implementation time of emission regulations, we will accelerate the development of key customers and other projects, and strive to obtain the environmental protection announcements for the first batch of engines. **Parts manufacturing business:** continue to promote the parts processing business of Bosch and United Electronics, especially new energy projects; strive to develop new customer groups and form new business growth points. **Trade and aftermarket business:** use host resources to open up turbochargers supporting the main engines to the aftermarket in batches; import trade products urgently needed in the market. Promote the integrated development of self-support and self-marketing foreign trade, accelerate the construction of overseas market trade platforms, carry out e-commerce cross-border trade, provide continuous and stable parts supply for overseas strategic customers, and enhance the market position in the global supply chain.

2. Accelerate the incubation process of new businesses and improve the ability of investment cooperation management: promote cooperation with global strategic customers for membrane electrodes, graphite bipolar plates, metal bipolar plates, and auxiliary components (BOP) in hydrogen fuel cells to accelerate product development and global production capacity layout plan, accelerate the localization process of membrane electrode and bipolar plate business, build and strengthen strategic core competitiveness; environmental situation awareness system business closely focuses on the products required by key strategic customers, accelerate application development and market breakthroughs, and steadily expand other customer groups on the basis of building and consolidating the key core competitiveness. Actively promote the market development and scale capacity building of the smart seat business. Strengthen the capacity building of the management system after international mergers and acquisitions, focus on strengthening the comprehensive capacity building of business planning integration, governance and incubation, cultural integration and talent training, further enhance international professional investment capabilities, and enhance strategic partnership management.

3. Strengthen manufacturing quality management and promote intelligent manufacturing informatization. Quality management: strengthen the maturity of product quality life cycle management, implement APQP quality valve's application and improvement in platform development projects, customer application development projects and other process development projects; strengthen the effectiveness of employees raising their hands, review, and rectification and implementation in process quality control, pay close attention to induction and changing of the guard training for workers at the production line, and incorporate the Q11 principle into the actions of each employee; improve the new version of FMEA, promote the online use of ECR and the Line Walk activity mechanism; support the forward control and system improvement of special quality improvements in supplier side. **Manufacturing operation:** focus on guiding and advancing the company's system continuous improvement projects, aim at covering the company's 30 core product lines, strengthening on-site 5S inspection and guidance, improving 5S standards for different production scenarios, and carrying out

special rectifications against problems such as the leakage of fuel, gas, etc., and strive to achieve cost reduction and tap potential. Strengthen the construction of intelligent manufacturing, focus on promoting the development of machine processing and production schedule (PPS) & PPM modules, and quality management system (QMS) modules. Complete the full coverage of the common rail business department's electronic standard operating procedures (ESOP), EMS & measurement management; accelerate the development of smart storage technology, and complete the pilot.

4. Promote management upgrades and improve operational efficiency. Procurement and logistics

management: organization optimization promotes direct material procurement. In response to the problems in the category analysis process, start data management optimization, procurement internal control system construction, and category tree management mechanism establishment. Use category expenditures and internal and external supply market environment analysis to support the formulation of procurement strategies, including supplier compression and integration planning, one-piece two-point development plan, business policy selection, etc. Establish a direct material system platform. Improve the company's inventory management system, optimize inventory turnover and slow-moving inventory in terms of inventory strategy, inventory analysis, inventory performance, physical control, etc., and strengthen the effectiveness and compliance of physical management; continue to promote the information construction of warehousing and transportation, share transportation routes resources, promote lean logistics projects such as direct delivery and recycling packaging, and further realize the resources integration of logistics, efficiency improvements, and cost reductions. **Marketing management:** strengthen the market objective management, consolidate and increase the market share of strategic business and strategic customers; build and operate a strategic customer management system, further clarify and implement strategic market segment competition strategies; deepen the company's key account manager platform operating mechanism, and promote the company's marketing team planning and core talent mechanism construction, and comprehensively improve the comprehensive ability of strategic marketing. **Financial management:** further optimize the shared service platform, and improve user experience; optimize budget management, create a closed-loop management of strategic planning-business plan-budget control-assessment; deeply promote cost standardization and refined management, expand the dimensions of cost analysis, improve the pertinence of cost reduction measures, and enhance the effectiveness and driving force of indicator assessment. Continue to improve the quality of asset operations, further reduce operating capital, and improve capital operating efficiency;

5. Improve the construction of HR information platform and optimize the talent development system.

Based on the company's strategy, plan and build a talent development system to increase talent reserves; optimize the salary policy, structure and performance management system, and formulate differentiated performance evaluation model for matrix projects and key account manager working mechanisms; design customized performance incentive programs based on the needs of business departments to enhance employees' sense of gain and promote employees to achieve corporate goals.

(iii) Possible risks and solutions

China's economy has entered a critical period of transformation, and the main theme is to reduce speed and improve quality. China's auto market has also entered a period of transformation and adjustment. In a complex economic environment, weak consumption is still the main risk point that drags down the auto market. At the same time, with the further intensification of industry competition, the emission regulations become stricter and the raw material prices continue to rise, in order to continue to maintain the company's healthy and stable development, internally, the company will continue to promote internal management optimization and improvement, improve processes, and control operating risks. Make great efforts to improve the company's core competitiveness and overall anti-risk capabilities. Externally, the company will pay close attention to the macroeconomic situation, national energy conservation and emission reduction regulations and policies, and actively promote product technology upgrades; pay close attention to changes in the market environment and customer needs, and rely on the company's existing business production and sales; actively expand new areas and continue to develop strategies customers, and gradually strengthen the docking of new business markets, as well as the promotion of new products, look for new business growth points, and seize the opportunities in the transformation and changes of the automobile industry.

In short, the company will focus on the strategic vision of "devoting to becoming a leader in automobile core components", stabilize its operating quality, promote management upgrades, implement strategic guidance, accelerate new business development, and strive to achieve a good start for the company's "14th Five-Year" strategic transformation and development.

X. Reception of research, communication and interview

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

√ Applicable □ Not applicable

Time	Reception location	Way	Reception type	Object	Main content and information provided	Basic situation index of investigation
22 May 2020	Conference room	Other	Other	Other	Company fundamentals and views on the market	The Online Performance Presentation for year of 2019 (notice no.: 2020-025)
28 May 2020	Conference room	Spot research	Institution	Institution	Company fundamentals and views on the market	Meeting site of the shareholders' meeting
18 June 2020	Conference room	Spot research	Institution	Institution	Company fundamentals and views on the market	Meeting site of the shareholders' meeting
3 November 2020	Conference room	Spot research	Institution	Institution	Company fundamentals and views on the market	Meeting site of the shareholders' meeting
1 January -31 December 2020	Investor relations	Written inquiry	Other	Other	Company fundamentals and views on the market	The company answered 100 questions from investors online through the investor

	interactive platform					relations interactive platform
1 January -31 December 2020	Company's telephone	Telephone communication	Other	Other	Company fundamentals and views on the market	Company fundamentals and views on the market, more than 200 telephone communications with investors.
Reception (times)						350
Number of hospitality						50
Number of individual reception						0
Number of other reception						300
Disclosed, released or let out major undisclosed information (Y/N)						N

Section V. Material Matters

I. Profit distribution plan of common stock and transfer of public reserve into share capital

Formulation, Implementation and Adjustment of common stock Profit Distribution Policy Especially Cash Dividend policy during the Reporting Period

Applicable Not applicable

1. Cash dividend policy: carry out bonus distribution according to the regulations in *Articles of Association*

2. In reporting period, the Company implemented the profit distribution for year of 2019, based on deducting the repurchased shares in the repurchase account (15,094,870 shares of A-stock) from the total share capital 1,008,950,570 shares, distributed 11 Yuan (tax included) bonus in cash for every 10 shares held, no capitalization from public reserves. The plan was completed in June 2020. The implementation of the Company's cash dividend policy is in compliance with the provisions of *Articles of Association*, relevant decision-making procedures are complete and fully listen to the views of independent directors and minority shareholders and maintain the legitimate rights and interests of minority shareholders.

Special explanation on cash dividend policy	
Satisfy regulations of General Meeting or requirement of Article of Association (Y/N):	Y
Well-defined and clearly dividend standards and proportion (Y/N):	Y
Completed relevant decision-making process and mechanism (Y/N):	Y
Independent directors perform duties completely and play a proper role (Y/N):	Y
Minority shareholders have opportunity to express opinions and demands totally and their legal rights are fully protected (Y/N):	Y
Condition and procedures are compliance and transparent while the cash bonus policy adjusted or changed (Y/N):	Not applicable

Profit distribution plan (pre-plan) of common stock and capitalizing of common reserves plan (pre-plan) in latest three years (including the reporting period)

The profit distribution plan for 2020: with the total share capital of the company at the end of 2020 (1,008,950,570 shares), excluding the shares already repurchased on the repurchase account (56,277 shares of A-stock), that is the 1,008,894,293 shares as the base, distribute 15.00 Yuan (tax included) in cash for every 10 shares to all shareholders without bonus shares and capitalization of capital reserve.

The profit distribution plan for 2019: with the total share capital of the company at the end of 2019 (1,008,950,570 shares), excluding the shares already repurchased on the repurchase account (15,094,870 shares of A-stock), that is the 993,855,700 shares as the base, distribute 11.00 Yuan (tax included) in cash for every 10 shares to all shareholders without bonus shares and capitalization of capital reserve. The plan completed in June 2020.

The profit distribution plan for 2018: based on total share capital of 1,008,950,570 shares at end of 2018, distribute cash dividend of 12.00 Yuan (tax included) for every 10 shares, and no public reserve transfer into share capital. The plan completed in June 2019.

Cash dividend of common stock in latest three years (including the reporting period)

In RMB

Year for bonus shares	Amount for cash bonus (tax included)	Net profit attributable to common stock shareholders of listed company in consolidation statement for bonus year	Ratio of the cash bonus in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Proportion for cash bonus by other ways (i.e. share buy-backs)	Ratio of the cash bonus by other ways in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Total cash bonus (including other ways)	Ratio of the total cash bonus (other ways included) in net profit attributable to common stock shareholders of listed company contained in consolidation statement
2020	1,513,341,439.50	2,772,769,377.96	54.58%			1,513,341,439.50	54.58%
2019	1,093,241,270.00	2,268,026,432.78	48.20%			1,093,241,270.00	48.20%
2018	1,210,740,684.00	2,396,077,415.21	50.53%			1,210,740,684.00	50.53%

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

Applicable Not applicable

II. Profit distribution plan and capitalization of capitalreserve in the Period

Applicable Not applicable

Bonus shares for every 10-share (Share)	0
Dividends for every 10-share (RMB) (Tax included)	15
Equity base of distribution plan (Share)	1,008,894,293
Total cash dividend (RMB) (Tax included)	1,513,341,439.50
Cash dividend by other ways (share buy-back included) (RMB)	0.00
Total cash dividend (other ways included) (RMB)	1,513,341,439.50
Profits available for distribution (RMB)	11,698,982,965.62
Ratio of the total cash dividend (other ways included) in total profit distribution	100%
Cash dividend policy	
Other	
Detail explanation on profit distribution or capitalization from capital public reserve	
Audited by Gongzheng Tianye Certified Public Accountants, net profit of the parent company for year of 2020 amount as 2,474,039,400 Yuan, as of 31 December 2020 the profit available for distribution for shareholders amounted as 11,698,983,000 Yuan. The profit distribution plan for 2020: with the total share capital of the company at the end of 2020 (1,008,950,570 shares), excluding the shares already repurchased on the repurchase account (56,277 shares of A-stock), that is the 1,008,894,293 shares as the	

base, distribute 15.00 Yuan (tax included) in cash for every 10 shares to all shareholders without bonus shares and capitalization of capital reserve. (In accordance with the Company Laws, shares of the company held by a listed company through a special securities account for repurchase shall not be entitled to participate in profit distribution and capitalization of capital reserves). The remaining undistributed profits will be carried forward to the next year. The proposed cash dividend is 1,513,341,400 Yuan (tax included), accounting for 54.58% of the net profit attributable to shareholder of listed company for year of 2020 in consolidate statement. Independent directors expressed their independent opinions in this regard and agreed with the above proposal. The profit distribution proposal has yet to be deliberation by AGM of 2020.

III. Implementation of undertakings

1. Undertakings that the actual controller, shareholders, related party, buyers and the Company have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

Applicable Not applicable

No undertakings that the actual controller, shareholders, related party, buyers and the Company have fulfilled during the reporting period and have not yet fulfilled by the end of the period

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

Applicable Not applicable

IV. Non-operational fund occupation from controlling shareholders and its related party

Applicable Not applicable

No non-operational fund occupation from controlling shareholders and its related party in period.

V. Explanation from Board of Directors, Supervisory Committee and Independent Directors (if applicable) for “Qualified Opinion” that issued by CPA

Applicable Not applicable

VI. Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last year

Applicable Not applicable

Implementation of new revenue standards: the Ministry of Finance revised the Accounting Standards for Business Enterprise No.14- Revenue in 2017, which go into effect on 1 January 2020. The revised standard requires that the cumulative impact of the first implementation of the standard be adjusted by the amount of opening retained earnings and other related items in the financial statement for the period of first-time implementation for comparable periods. Found more in the “V.-35 Change of important accounting policy and estimation” carried in Section XII. Financial Report

VII. Major accounting errors within reporting period that needs retrospective restatement

Applicable Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

VIII. Compare with last year's financial report; explain changes in consolidation statement's scope

Applicable Not applicable

Changes of consolidate scope	Enterprise	Equity obtained method	Contribution ratio
Consolidate scope increased	Borit NV	A wholly-owned subsidiary purchased in cash during the period through SPV	100.00%
Consolidate scope increased	Autosmart Seating	The enterprise jointly invested by controlling subsidiary of the Company - Weifu Leader and Qiqiong Automobile Technology (Shanghai) Co., Ltd.	66%

IX. Appointment and non-reappointment (dismissal) of CPA

Accounting firm appointed

Name of domestic accounting firm	Gongzheng Tianye Certified Public Accountants (Special General Partnership)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	166
Continuous life of auditing service for domestic accounting firm	29
Name of domestic CPA	Bai Lingjing, Zhang Qianqian
Continuous life of auditing service for domestic accounting firm	Bai Lingjing (5 years), Zhang Qianqian (1 year)

Re-appointed accounting firms in this period

Yes No

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

Applicable Not applicable

Being deliberated in Annual Shareholders General Meeting of 2019, Gongzheng Tianye was appointed as audit accounting firm for internal control of the Company for year of 2020. In the Period, auditing charge for internal control amounting to 220,000 Yuan.

X. Facing delisting after annual report disclosure

Applicable Not applicable

XI. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization occurred during the reporting period.

XII. Major litigations and arbitrations

√ Applicable □ Not applicable

Basic Situation of Litigation (Arbitration)	Amount Related to the Case (Yuan)	Whether Formed Accrued Liabilities	Progress of Litigation (Arbitration)	Trial Results and Effects of Litigation (Arbitration)	Judgment Implementation of Litigation (Arbitration)	Disclosure Date	Disclosure Index
On March 6, 2017, the company received the civil ruling No.(2016)Y03MC2490 and No.(2016) Y03MC2492 from Shenzhen Intermediate People's Court about the dispute case that the plaintiff applicant China Cinda Asset Management Co., Ltd. Shenzhen Branch (hereinafter referred to as "Cinda Company") appealed the respondent Weifu High Technology and other seven respondents and the shareholders of the third party Hejun Company damaged the interests of corporate creditors, which adopted the mandatory measures to freeze the assets with value of RMB 217 million under the name of the Company and other seven respondents and Hejun Company. Freeze 4.71 million shares of Miracle Automation and 15.3 million shares of SDEC Stock held by the company.	21,703	N	By the company's application for reconsideration, Shenzhen Intermediate People's Court deemed the total assets that Cinda Company applied for preservation to be RMB 217,027,697.23. The total value of 15.3 million shares of SDEC Stock and 4.71 million shares of Miracle Automation held by the company has exceeded the total assets that Cinda Company applied for preservation, therefore, 3,560,898 shares of SDEC Stock held by the company was unfrozen. Up to the end of the reporting period, the company's frozen assets were as follows: 4.71 million shares of Miracles Automation held by the company and its fruits, and 11,739,102 shares of SDEC Stock held by the company and its fruits. At present, this litigation is in the first instance (the first trial held on 24 Sept. 2017, and follow trial will wait for notice by the court).	This litigation will not affect the company's daily operating activities for the time being	Not yet implemented	8 March 2017	(Announcement No.: 2017-002) published on Juchao Website (www.cninfo.com.cn)

The Company has applied to Futian People's Court of Shenzhen for compulsory liquidation with Hejun Company	3,300	N	The Company has applied to Futian People's Court of Shenzhen for compulsory liquidation with Hejun Company. The civil ruling paper (Yue (0304) QS [2017] No. 5) made by Shenzhen Futian District People's Court ruled that Hejun Company should be made compulsory liquidation. The Company will actively cooperate with the court to work on the liquidation to protect its legitimate rights and interests.	There is no impact on daily operation activities of the Company	Relevant works are in process	6 Dec. 2017	(Announcement No.: 2017-023) published on Juchao Website (www.cninfo.com.cn)
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XIII. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

XIV. Integrity of the company and its controlling shareholders and actual controllers

Applicable Not applicable

XV. Implementation of the company's share incentive scheme, employee stock ownership plan or other employee incentives

Applicable Not applicable

On October 12, 2020, the company held the 17th meeting of the 9th Board of Directors and the 15th meeting of the 9th Board of Supervisors which deliberated and passed the "Restricted Stock Incentive Plan 2020 (Draft) of Weifu High Technology Group Co., Ltd." and its summary and other related proposals, it is proposed to grant 19,555,000 restricted shares to 602 incentive objects, accounting for 1.94% of the company's total share capital of 1,008,950,570 shares at the time the incentive plan was signed. Specific program found more in relevant announcement released by the Company in Juchao Website (<http://www.cninfo.com.cn>) dated 13 October 2020.

On October 29, 2020, the company received the "Approval on Weifu Hi-Tech's Implementation of Restricted Stock Incentive Plan" from the State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government (XGZK [2020] No. 5), Wuxi SASAC agreed in principle that the company could

implement a restricted stock incentive plan, and agreed the "Restricted Stock Incentive Plan 2020 (Draft) of Weifu High Technology Group Co., Ltd." in principle. Specific program found more in relevant announcement released by the Company in Juchao Website (<http://www.cninfo.com.cn>) dated 30 October 2020.

On November 3, 2020, the company held the second extraordinary general meeting of shareholders in 2020, and reviewed and approved relevant proposals on the "Restricted Stock Incentive Plan 2020 (Draft) of Weifu High Technology Group Co., Ltd." and its summary. Specific program found more in relevant announcement released by the Company in Juchao Website (<http://www.cninfo.com.cn>) dated 4 November 2020.

Authorized by the company's general meeting of shareholders, on November 12, 2020, the company held the 21st meeting of the ninth board of directors which deliberated and approved the "Proposal on Adjusting the List of Incentive Objects of the Restricted Stock Incentive Plan and the Number of Rights Granted" and the "Proposal on the First Grant of Restricted Stocks to Incentive Objects of the 2020 Restricted Stock Incentive Plan", in view of the fact that one incentive object identified in the "2020 Restricted Stock Incentive Plan of Weifu High Technology Group Co., Ltd." voluntarily gave up 15,000 shares of restricted stocks that the company intended to grant due to personal reasons, the board of directors agreed to adjust the number of incentive targets and the number of rights granted in the equity incentive plan. After the adjustment, the number of incentive objects granted by restricted stocks has been adjusted from 602 to 601, and the number of restricted stocks granted has been adjusted from 19,555,000 shares to 19,540,000 shares. Specific program found more in relevant announcement released by the Company in Juchao Website (<http://www.cninfo.com.cn>) dated 13 November 2020 and 8 December 2020.

The registration for the first grant of restricted shares under the current equity incentive plan was completed on 4 December 2020.

XVI. Major related party transaction

1. Day-to-day related party transaction

√ Applicable □ Not applicable

Related party	Relationship	Type of related transaction	Content of related transaction	Pricing principle	Related party transaction price	Related party transaction amount (in 10 thousand Yuan)	Proportion in similar transactions	Trading limit approved (in 10 thousand Yuan)	Whether approved or not (Y/N)	Clearing form for related transaction	Available similar market price	Date of disclosure	Index of disclosure
Weifu Precision	Associated enterprise	Procurement of	Procurement	Fair market	Market price	3,457.08	0.30%	3,000	Y	According to	Market price	2020-04-21	Notice No:202

n Machine ry		goods and services	of goods and service s	pricin g						the contrac t			0-014
Bosch Automobile Diesel	Associated enterprise, controlling subsidiary of Robert Bosch	Procurement of goods and services	Procurement of goods and service s	Fair market pricin g	Marke t price	2,974.06	0.26%	2,500	Y	Accord ing to the contrac t	Market price	2020-04 -21	Notice No:202 0-014
Weifu Environ ment	Associated enterprise of Weifu Leader	Procurement of goods	Procurement of goods	Fair market pricin g	Marke t price	305,141.88	26.76%	320,000	N	Accord ing to the contrac t	Market price	2020-04 -21	Notice No:202 0-014
Robert Bosch Compan y	Second largest shareholder of the Company	Procurement of goods and services	Procurement of goods and service s	Fair market pricin g	Marke t price	15,085.56	1.32%	15,300	N	Accord ing to the contrac t	Market price	2020-04 -21	Notice No:202 0-014
Shinwel Automobile Technol ogy (Wuxi)	Associated enterprise	Procurement of goods	Procurement of goods	Fair market pricin g	Marke t price	173.36	0.02%	500	N	Accord ing to the contrac t	Market price	2020-04 -21	Notice No:202 0-014
Weifu Precision Machine ry	Associated enterprise	Sales of goods and services	Sales of goods and service s	Fair market pricin g	Marke t price	609.24	0.05%	200	Y	Accord ing to the contrac t	Market price	2020-04 -21	Notice No:202 0-014
Bosch Automobile Diesel	Associated enterprise, controlling subsidiary of Robert Bosch	Sales of goods and services	Sales of goods and service	Fair market pricin g	Marke t price	296,168.43	22.99%	250,000	Y	Accord ing to the contrac t	Market price	2020-04 -21	Notice No:202 0-014

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Weifu Environment	Associated enterprise of Weifu Leader	Sales of goods and services	Sales of goods and services	Fair market pricing	Market price	2,966.39	0.23%	3,000	N	According to the contract	Market price	2020-04-21	Notice No:2020-014
Robert Bosch Company	Second largest shareholder of the Company	Sales of goods and services	Sales of goods and services	Fair market pricing	Market price	86,061.15	6.68%	76,000	Y	According to the contract	Market price	2020-04-21	Notice No:2020-014
Shinwell Automobile Technology (Wuxi)	Associated enterprise	Sales of goods	Sales of goods	Fair market pricing	Market price	10.33		200	N	According to the contract	Market price	2020-04-21	Notice No:2020-014
Bosch Automobile Diesel	Associated enterprise, controlling subsidiary of Robert Bosch	Other	Technical service fee payable	Fair market pricing	Market price	18.47		50	N	According to the contract	Market price	2020-04-21	Notice No:2020-014
Bosch Automobile Diesel	Associated enterprise, controlling subsidiary of Robert Bosch	Other	Payment of technical commission fee etc.	Fair market pricing	Market price	29.54		100	N	According to the contract	Market price	2020-04-21	Notice No:2020-014
Robert Bosch Company	Second largest shareholder of the Company	Other	Technical commission payable	Fair market pricing	Market price	507.23		550	N	According to the contract	Market price	2020-04-21	Notice No:2020-014
Weifu Environment	Associated enterprise	Other	Rental fees	Fair market pricing	Market price	250.81		300	N	According to	Market price	2020-04-21	Notice No:2020-014

ment	of Weifu Leader		receivable	pricing						the contract			0-014
Bosch Automobile Diesel	Associated enterprise, controlling subsidiary of Robert Bosch	Other	Purchase of fixed assets	Fair market pricing	Market price	44.77			Y	According to the contract	Market price		
Weifu Precision Machinery	Associated enterprise	Other	Technical service fees payable etc.	Fair market pricing	Market price	5.48			Y	According to the contract	Market price		
Weifu Precision Machinery	Associated enterprise	Other	Purchase of fixed assets	Fair market pricing	Market price	14.52			Y	According to the contract	Market price		
Robert Bosch Company	Second largest shareholder of the Company	Other	Purchase of fixed assets	Fair market pricing	Market price	2,292.79			Y	According to the contract	Market price		
Weifu Environment	Associated enterprise of Weifu Leader	Other	Purchase of fixed assets	Fair market pricing	Market price	3			Y	According to the contract	Market price		
Weifu Environment	Associated enterprise of Weifu Leader	Other	Technical service fees payable etc.	Fair market pricing	Market price	6.44			Y	According to the contract	Market price		
Weifu Environment	Associated enterprise of Weifu Leader	Other	Sales of fixed assets	Fair market pricing	Market price	0.94			Y	According to the contract	Market price		
Total				--	--	715,821.47	--	671,700	--	--	--	--	--

Detail of sales return with major amount involved	Not applicable
Report the actual implementation of the day-to-day related transactions which were projected about their total amount by types during the reporting period (if applicable)	Being deliberated and approved by AGM of 2019, total day-to-day related party transaction for year of 2020 predicted as 6717 million Yuan, actually 7158.2147 million Yuan occurred in the Period, the related transaction classified according to types are as: 1. it estimated that procurement of goods and labor service from related party in 2020 will up to 3413 million Yuan, while 3268.3194 million Yuan occurred actually in the Period; 2. it estimated that sales of goods and labor service to related party in 2020 will up to 3294 million Yuan, actually 3858.1554 million Yuan occurred during the reporting period for the explosive growth of demand in commercial vehicle market, especially for heavy trucks; 3. it estimated that other related transactions with related party for year of 2020 will up to 10 million Yuan while 31.7399 million Yuan actually occurred.
Reasons for major differences between trading price and market reference price (if applicable)	Not applicable

2. Related party transactions of assets acquisition and sold

Applicable Not applicable

No related party transactions of assets acquisition and sold occurred during the reporting period

3. Related party transactions of mutual investment outside

Applicable Not applicable

No related party transactions of mutual investment outside occurred during the reporting period.

4. Contact of related party credit and debt

Applicable Not applicable

The Company had no contact of related party credit and debt in the reporting period.

5. Other material related party transactions

Applicable Not applicable

The company had no other material related party transactions in reporting period.

XVII. Significant contract and implementations

1. Trusteeship, contract and leasing

(1) Trusteeship

Applicable Not applicable

No trusteeship occurred during the reporting period

(2) Contract

Applicable Not applicable

No contract occurred during the reporting period

(3) Leasing

Applicable Not applicable

No leasing occurred during the reporting period

2. Material guarantees

Applicable Not applicable

No material guarantees occurred during the reporting period

3. Entrust others to cash asset management

(1) Trust financing

Applicable Not applicable

Trust financing during the period

In 10 thousand Yuan

Specific type	Sources of funds	Amount occurred	Undue balance	Overdue amount
Financing products	Own funds	229,484	64,000	0
Financial products of securities firms	Own funds	75,000	75,000	0
Trust financial products	Own funds	281,280	273,280	0
Other type	Own funds	66,030	66,030	0
Total		651,794	478,310	0

Details of the single major amount, or high-risk trust investment with low security, poor fluidity and non-guaranteed

Applicable Not applicable

In 10 thousand Yuan

Trustee institution name	Trustee type	Type	Amount	Source of funds	Start date	End date	Capital investment purpose	Criteria for fixing reward	Reference annual rate of return	Anticipated income (if applicable)	Actual gains/losses in period	Actual collected gains/losses in period	Amount of reserve for devaluation of with drawing (if	Whether approved by legal procedure (Y/N)	Whether has entrust finance plan in the future	Summary of the items and related query index (if applicable)
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												appli cabl e)				
Bank	Bank	Non-guaranteed floating income	156,083	Own funds	2020-01-09	2021-11-02	Financial products	Reference annual rate of return by the contract	3.5% -4.25%	3,724.93	8,896.26	Collected according to the contract	0	Y	Y	Notice No:2020-015
Securities trader	Securities trader	Non-guaranteed floating income	96,000	Own funds	2020-02-18	2022-01-04	Collective assets management plan	Reference annual rate of return by the contract	4.2% -6%	3,437.7	1,620.9	Collected according to the contract	0	Y	Y	Notice No:2020-015
Trust	Trust	Non-guaranteed floating income	203,400	Own funds	2020-02-14	2022-11-25	Collection trust plan	Reference annual rate of return by the contract	4.7% -8.4%	22,495.29	16,414.14	Collected according to the contract	0	Y	Y	Notice No:2020-015
Other (Fund etc.)	Other (Fund etc.)	Non-guaranteed floating income	61,100	Own funds	2020-01-10	2022-04-18	Private Equity Products	Reference annual rate of return by the contract	5% -8.7%	5,319.99	3,500.51	Collected according to the contract	0	Y	Y	Notice No:2020-015
Total			516,583	--	--	--	--	--	--	34,977.91	30,431.81	--	0	--	--	--

Entrust financial expected to be unable to recover the principal or impairment might be occurred

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

The company had no entrusted loans in the reporting period.

4. Significant contracts for daily operation

Applicable Not applicable

5. Other significant contract

Applicable Not applicable

The company had no other significant contract in the reporting period.

XVIII. Social responsibility

1. Performance of social responsibility

As for the *Social Responsibility Report 2020* of the Company, found more in the Juchao Website (www.cninfo.com.cn), the information disclosure website appointed by Shenzhen Stock Exchange

2. Precise poverty alleviation social responsibility

There is no precise poverty alleviation carried out in the period and no follow plan either

3. Environmental protection

The listed Company and its subsidiary whether belong to the key sewage units released from environmental protection department:

Yes No

The company and its subsidiaries are not the key pollutant discharge units announced by the State Environmental Protection Department. The company attaches great importance to environmental protection management. During the production and operation process, the company strictly abides by relevant national and local environmental protection laws, regulations and rules, and timely acquires, updates and conveys relevant environmental laws, regulations and standards, and conducts the company's internal daily environmental management based on new regulations and standards., actively fulfills corporate environmental protection obligations, and implements national energy conservation and emission reduction guidelines and policies.

XIX. Explanation on other material matters

Applicable Not applicable

There are no explanation on other material matters in the period

XX. Material matters of subsidiary of the Company

Applicable Not applicable

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

1. Changes in Share Capital

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Public reserve transfer into share capital	Others	Subtotal	Amount	Proportion
I. Restricted shares	80,080	0.01%				19,540,750	19,540,750	19,620,830	1.94%
1. State-owned shares									
2. State-owned legal person's shares									
3. Other domestic shares	80,080	0.01%				19,540,750	19,540,750	19,620,830	1.94%
Including: Domestic legal person's shares									
Domestic natural person's shares	80,080	0.01%				19,540,750	19,540,750	19,620,830	1.94%
4. Foreign shares									
Including: Foreign legal person's shares									
Foreign natural person's shares									
II. Unrestricted shares	1,008,870,490	99.99%				-19,540,750	-19,540,750	989,329,740	98.06%
1. RMB ordinary shares	836,490,490	82.90%				-19,540,750	-19,540,750	816,949,740	80.97%
2. Domestically listed foreign shares	172,380,000	17.09%						172,380,000	17.09%
3. Overseas listed foreign shares									
4. Others									
III. Total shares	1,008,950,570	100.00%						1,008,950,570	100.00%

Reasons for share changed

 Applicable Not applicable

Approval of share changed

Applicable Not applicable

Ownership transfer of share changed

Applicable Not applicable

Progress of shares buy-back

Applicable Not applicable

i. Basic information on the repurchase of some of the A-share

The company held the eleventh meeting of the ninth board of directors on February 13, 2020, which reviewed and approved the "Proposal on Repurchasing Part of the Company's A Shares by Centralized Bidding". It was agreed that the company should use its own funds not less than 300 million Yuan (inclusive) and not more than 600 million Yuan (inclusive) to repurchase the company shares (A shares) for the implementation of equity incentives, and the price of repurchased shares (A shares) shall not exceed 24 Yuan/share (inclusive), the repurchase period should not exceed 12 months from the date of approval of the repurchase plan by the company's board of directors. The total amount of specific repurchase funds was subject to the actual funds used to repurchase shares at the end of the repurchase period. For details, please refer to the "Repurchase Report on the Repurchase of Part of the Company's A Shares by Means of Centralized Auction Transaction" (Announcement No.: 2020-005) the company disclosed on "China Securities Journal", "Securities Times", "Hong Kong Commercial Daily" and www.cninfo.com.cn. On May 28, 2020, the company held the 2019 annual general meeting of shareholders, reviewed and approved the "Company's 2019 Profit Distribution Plan", and agreed that the company should distribute cash dividends of 11.00 Yuan (tax included) to all shareholders for every 10 shares. According to the "Repurchase Plan", after completing the implementation of the company's 2019 profit distribution plan, the price of the repurchased shares (A shares) should be adjusted from no more than 24 Yuan per share to 22.92 Yuan per share.

ii. Progress and actual completion of the repurchase of some A-share

On February 28, 2020, the company disclosed the "Announcement on the Initial Repurchase of the Company Shares" (Announcement No.: 2020-006), and it disclosed the "Announcement on the Progress of Repurchasing Part of A Shares" (Announcement Nos.: 2020-007, 2020-008, 2020-009, 2020-022, 2020-033, 2020-039, 2020-040, 2020-042, 2020-043) on March 3, March 16, April 1, May 7, June 2, July 1, August 3, September 1, October 12, 2020. The 17th meeting of the ninth board of directors of the company held on October 12, 2020 reviewed and approved the "Proposal on Completing the Implementation of the Plan to Repurchase Part of the Company's A Shares by Centralized Auction Transaction", and the company totally repurchased 19,596,277 shares (A shares) through a centralized auction transaction method through a dedicated securities repurchase account, accounting for 1.9422% of the company's total share capital, of which the highest transaction price was 22.89 Yuan/share and the lowest transaction price was 17.95 Yuan/share, and the total amount paid was 400,017,180.33 Yuan (including transaction expenses). The repurchase complied with the requirements of relevant laws and regulations and complied with the established repurchase plan, and the company completed the implementation of the share repurchase. There was no difference between the implementation of the company's

share repurchase and the share repurchase plan approved by the board of directors (Announcement No.: 2020-046).

iii. The company implemented the 2020 restricted stock incentive plan, and the grant was completed for the first time. There were a total of 601 restricted stock grant incentive objects, and the number of shares granted was 19,540,000 shares, accounting for 1.937% of the company's current total share capital. For details, please refer to the company's publication on China Securities Journal, Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn (Announcement No.: 2020-044, 2020-045, 2020-048, 2020-058, 2020-059, 2020-060, 2020-061, 2020-062, 2020-063, 2020-064, 2020-065, 2020-066).

Implementation progress of reducing holdings of shares buy-back by centralized bidding

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 or need to disclosed under requirement from security regulators

Applicable Not applicable

2. Changes of lock-up stocks

Applicable Not applicable

In Share

Shareholders	Opening shares restricted	Restricted Shares Increased in the Period	Shares released in Period	Ending shares restricted	Restricted reasons	Date for released
Wang Xiaodong		400,000		400,000	The first grant of the 2020 restricted stock incentive plan	As required by the rules
Xu Yunfeng		350,000		350,000	The first grant of the 2020 restricted stock incentive plan	As required by the rules
Ou Jianbin		280,000		280,000	The first grant of the 2020 restricted stock incentive plan	As required by the rules
Miao Yuming		280,000		280,000	The first grant of the 2020 restricted stock incentive plan	As required by the rules
Xu Sheng		280,000		280,000	The first grant of the 2020 restricted stock incentive plan	As required by the rules
Rong Bin		280,000		280,000	The first grant of the 2020 restricted stock incentive plan	As required by the rules
Liu Jinjun		280,000		280,000	The first grant of the 2020 restricted stock incentive plan	As required by the rules
Li Gang		280,000		280,000	The first grant of the 2020 restricted stock	As required

					incentive plan	by the rules
Middle managers and other core personnel (593 people in total)		17,110,000		17,110,000	The first grant of the 2020 restricted stock incentive plan	As required by the rules
Chen Ran	0	750		750	Elected supervisor	As required by the rules
Total	0	19,540,750	0	19,540,750	--	--

II. Securities issuance and listing

1. Security offering (without preferred stock) in Reporting Period

Applicable Not applicable

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

Applicable Not applicable

3. Current internal staff shares

Applicable Not applicable

III. Particulars about shareholder and actual controller of the Company

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

In Share

Total common stock shareholders in reporting period-end	58,092	Total common stock shareholders at end of last month before annual report disclosed	63,444	Total preference shareholders with voting rights recovered at end of reporting period (if applicable)	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed (if applicable)	0	
Particulars about shares held above 5% by shareholders or top ten shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Number of lock-up stocks held	Amount of un-lock up stock held	Number of share pledged/frozen	
							State of share	Amount

Wuxi Industry Development Group Co., Ltd.	State-owned corporate	20.22%	204,059,398	0	204,059,398		
ROBERT BOSCH GMBH	Foreign corporate	14.16%	142,841,400	0	142,841,400		
Hong Kong Securities Clearing Company	Foreign corporate	6.44%	65,003,072	9,772,409	65,003,072		
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign corporate	1.60%	16,093,515	-2,436,800	16,093,515		
Central Huijin Assets Management Co., Ltd.	State-owned corporate	1.27%	12,811,200	0	12,811,200		
Basic Pension Insurance Fund-1003	Other	1.11%	11,163,306	6,929,142	11,163,306		
Monetary Authority of Macao - own fund	Foreign corporate	0.78%	7,824,148	1,592,014	7,824,148		
FIDELITY INVMT TRT FIDELITY INTL SMALL CAP FUND	Foreign corporate	0.73%	7,339,586	928,584	7,339,586		
NSSF - 412	Other	0.63%	6,376,708	6,376,708	6,376,708		
NSSF - 413	Other	0.58%	5,850,000	1,065,022	5,850,000		
Strategy investor or general legal person becoming the top 10 shareholders by placing new shares (if applicable)	N/A						
Explanation on associated relationship among the aforesaid shareholders	Among the aforesaid shareholders, there has no associated relationship between Wuxi Industry Development Group Co., Ltd. and other shareholders, the first largest shareholder of the Company; and they do not belong to the persons acting in concert regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company.						
Description of the above shareholders in relation to delegate/entrusted voting rights and abstention from voting rights.	N/A						
Particular about top ten shareholders with un-lock up stocks held							
Shareholders' name	Amount of un-lock up stocks held at Period-end	Type of shares					
		Type	Amount				
Wuxi Industry Development Group Co., Ltd.	204,059,398	RMB common shares	204,059,398				
ROBERT BOSCH GMBH	142,841,400	RMB common shares	115,260,600				
		Domestically listed foreign shares	27,580,800				
Hong Kong Securities Clearing Company	65,003,072	RMB common shares	65,003,072				
BBH BOS S/A FIDELITY FD - CHINA	16,093,515	Domestically listed foreign shares	16,093,515				

FOCUS FD			
Central Huijin Assets Management Co., Ltd.	12,811,200	RMB common shares	12,811,200
Basic Pension Insurance Fund- 1003	11,163,306	RMB common shares	11,163,306
Monetary Authority of Macao - own fund	7,824,148	RMB common shares	7,824,148
FIDELITY INVMT TRT FIDELITY INTL SMALL CAP FUND	7,339,586	Domestically listed foreign shares	7,339,586
NSSF - 412	6,376,708	RMB common shares	6,376,708
NSSF - 413	5,850,000	RMB common shares	5,850,000
Expiation on associated relationship or consistent actors within the top 10 un-lock up shareholders and between top 10 un-lock up shareholders and top 10 shareholders	Among the aforesaid shareholders, there has no associated relationship between Wuxi Industry Development Group Co., Ltd. and other shareholders, the first largest shareholder of the Company; and they do not belong to the persons acting in concert regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company.		
Explanation on top 10 shareholders involving margin business (if applicable)	N/A		

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

Yes No

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

2. Controlling shareholder of the Company

Nature of controlling shareholders: local state-owned holding

Type of controlling shareholders: legal person

Controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
Wuxi Industry Development Group Co., Ltd.	Jiang Guoxiong	October 05, 1995	913202001360026543	Authorizing the state-owned assets operation within a certain area, investment management of significant project, investment and development of manufacturing and services and venture capital in high-tech achievement, entrust enterprise and management etc.
Equity of other domestic/oversea listed company control by controlling shareholder as well as stock-joint in report period	<p>1. First majority shareholder of the Company—Industry Group is the controlling shareholder of Wuxi Taiji Industry Corporation Limited (stock code: 600667).</p> <p>2. The majority shareholder of the Company Industry Group holds 2,3185,000 circulating shares (15.65% of total shares of New Hongtai) of Wuxi New Hongtai Electrical Technology Co., Ltd. (Short name: New Hongtai, Stock Code: 603016).</p>			

Changes of controlling shareholders in reporting period

Applicable Not applicable

The Company had no changes of controlling shareholders in reporting period

3. Actual controller and person acting in concert of the Company

Nature of actual controller: local state-owned assets management

Type of actual controller: legal person

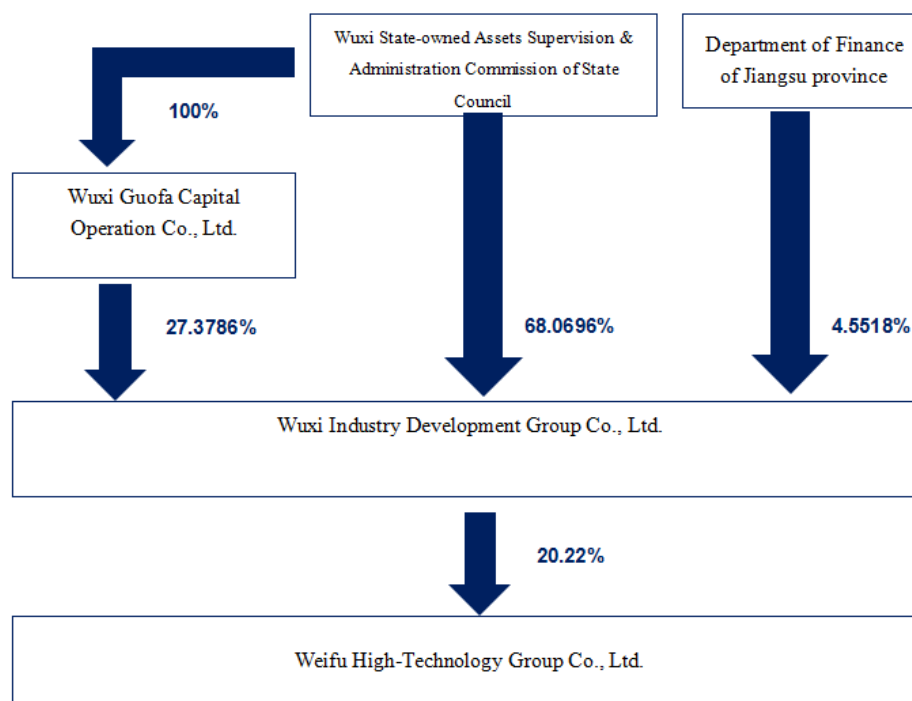
Actual controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
State-owned Assets Supervision & Administration Commission of Wuxi Municipality of Jiangsu Province	~		~	State-owned Assets management
Equity of domestic/oversea listed company control by actual controller in report period	Not applicable			

Changes of actual controller in reporting period

Applicable Not applicable

No changes of actual controllers for the Company in reporting period.

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



Actual controller controlling the Company by entrust or other assets management

Applicable Not applicable

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

Applicable Not applicable

Corporate shareholders	Legal rep./person in charge of unit	Dated founded	Register capital	Main business or management activity
ROBERT BOSCH GMBH	Heiko Carrie, Bettina Holzwarth	November 15, 1886	1200 million euros	Development, manufacture and sales of automotive equipment and engine equipment; engaged in electro-technical, electronic technology, machinery manufacturing and optical system as well as produce iron, metal and plastic products and similar commodity. The company engaged in varies trading business concerned with its business scope and established relevant company concerned with its business scope.

5. Restriction on shares reduction for controlling shareholders, actual controllers, restructuring side and other undertakings entity

Applicable Not applicable

Section VII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period.

Section VIII. Convertible Bonds

Applicable Not applicable

The Company had no convertible bonds in the Period

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

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

Name	Title	Working status	Sex (M/F)	Age	Start dated of office term	End date of office term	Shares held at period-b egin (Share)	Amou nt of shares increas ed in this period (Share)	Amo unt of shar es decr ease d in this peri od (Sha re)	Other changes (share)	Shares held at period-end (Share)
Wang Xiaodong	Chairman	Currently in office	M	54	May 28, 2020	June 26, 2021	20,781			400,000	420,781
Rudolf Maier	Vice Chairman	Currently in office	M	63	March 7, 2012	June 26, 2021					
Xu Yunfeng	Vice Chairman, GM	Currently in office	M	49	May 28, 2020	June 26, 2021	13,000			350,000	363,000
Ou Jianbin	Director, Executive Deputy General Manager and financing Charger	Currently in office	M	54	March 7, 2012	June 26, 2021	10,000			280,000	290,000
Zhang Xiaogeng	Director	Currently in office	M	57	May 28, 2015	June 26, 2021					
Chen Yudong	Director	Currently in office	M	59	March 7, 2012	June 26, 2021					
Hua Wanrong	Director	Currently in office	F	56	March 7, 2012	June 26, 2021					
Yu Xiaoli	Independent Director	Currently in office	F	57	June 27, 2018	June 26, 2021					
Lou Diming	Independent Director	Currently in office	M	57	May 28, 2015	June 26, 2021					

Jin Zhangluo	Independent Director	Currently in office	M	70	May 28, 2015	June 26, 2021					
Xu Xiaofang	Independent Director	Currently in office	M	57	May 28, 2015	June 26, 2021					
Shi XingYuan	Chairman of the Supervisory Committee	Currently in office	M	58	March 7, 2012	June 26, 2021	12,673				12,673
Ma Yuzhou	Supervisor	Currently in office	M	46	June 27, 2018	June 26, 2021					
Chen Ran	Supervisor	Currently in office	M	48	May 28, 2020	June 26, 2021		1,000			1,000
Miao Yuming	Deputy GM	Currently in office	M	57	April 16, 2003	June 26, 2021	10,000			280,000	290,000
Xu Sheng	Deputy GM	Currently in office	M	46	May 28, 2020	June 26, 2021				280,000	280,000
Rong Bin	Deputy GM	Currently in office	M	45	May 28, 2020	June 26, 2021				280,000	280,000
Liu Jinjun	Deputy GM	Currently in office	M	45	May 28, 2020	June 26, 2021				280,000	280,000
Li Gang	Chief engineer	Currently in office	M	50	May 28, 2020	June 26, 2021				280,000	280,000
Zhou Weixing	Secretary of the Board	Currently in office	M	57	June 9, 2005	June 26, 2021	3,565			120,000	123,565
Chen Xuejun	Chairman	Leave office	M	53	March 7, 2012	May 28, 2020	34,753				34,753
Dai Lizhong	Supervisor	Leave office	M	45	June 27, 2018	May 28, 2020	2,000				2,000
Total	--	--	--	--	--	--	106,772	1,000	0	2,550,000	2,657,772

II. Changes of directors, supervisors and senior executives

√Applicable □Not applicable

Name	Position	Type	Date	Cause
Wang Xiaodong	Chairman	Be elected	May 28, 2020	Be elected
Xu Yunfeng	Vice Chairman	Be elected	June 18, 2020	Be elected
Xu Yunfeng	GM	Appointment	May 28, 2020	Appointment
Xu Sheng	Deputy GM	Appointment	May 28, 2020	Appointment
Rong Bin	Deputy GM	Appointment	May 28, 2020	Appointment

Liu Jinjun	Deputy GM	Appointment	May 28, 2020	Appointment
Li Gang	Chief engineer	Appointment	May 28, 2020	Appointment
Chen Ran	Supervisor	Be elected	May 28, 2020	Be elected
Chen Xuejun	Chairman	Leave office	May 28, 2020	Application for resignation due to work reasons
Chen Xuejun	Director	Leave office	June 18, 2020	Application for resignation due to work reasons
Dai Lizhong	Supervisor	Leave office	May 28, 2020	Application for resignation due to work reasons

III. Post-holding

Professional background, major working experience and present main responsibilities in Company of directors, supervisors and senior executive

Mr. Wang Xiaodong, was born in November 1966, communist party members, a university graduate, MBA and senior engineer. He previously served as Division Chief of Products Development Department of the Company, Deputy GM of Bosch Automobile Diesel, supervisor of the Company and vice chairman and GM of the Company. Currently serves as Party Secretary and chairman of the Company.

Mr. Rudolf Maier, was born in October 1957, a German citizenship with a doctor degree. He previously was GM of Bosch Automobile Diesel System Co., Ltd., executive deputy president of diesel system division and chairman of commercial vehicle dept. in Robert Bosch Group; now he serves as Vice Chairman of the Company.

Mr. Xu Yunfeng, born in November 1971, a member of the Communist Party of China, a university graduate, an engineer, and holds a master's degree. He used to serve as assistant to general manager, general manager of WFDS, deputy general manager of the Company, etc.; He currently serves as deputy secretary of the party committee of the Company, vice president and general manager of the Company.

Mr. Ou Jianbin, born in June 1966, communist party members, a senior college graduated and an accountant. Previously served as Deputy Minister of Financial Department of Weifu Company, Director and deputy GM of subsidiary Weifu Jinning, Deputy GM and GM of subsidiary Weifu Leader and supervisor of the Company. Currently he serves as director and standing deputy GM as well as chief of the financial of the Company.

Mr. Zhang Xiaogeng, born in March 1963, college degree, senior economist. He previously served as clerk of the production system office at commission for restructuring of Wuxi City, deputy director of enterprise reform department of Wuxi City, director of comprehensive institution department of Wuxi City, director of development and planning department (policy and regulation division) of SASAC of Wuxi City and deputy GM of Wuxi Industry Asset Management Co., Ltd; now he serves as the deputy President of Industry Group, the first majority shareholder of the Company and Director of the Company.

Mr. Chen Yudong, was born in September 1961, an America citizenship and a Doctor. He previously served as

senior vice president of the gasoline system division of Robert Bosch Group, executive vice president of Bosch (China) Investment Ltd. Now he serves as President of Bosch (China) Investment Ltd. and director of the Company.

Ms. Hua Wanrong, born in September 1964, communist party members, graduated from college, a senior accountant. She previously she served as deputy director of administrative resources division of State-owned Assets Supervision and Administration Bureau of Wuxi City, director of tax policy and regulations division and director of state-owned assets division of Wuxi Municipal Bureau of Finance, director of property management department and director of development and planning department of State-owned Assets Supervision and Administration Commission of Wuxi City, director of investment banking department of major shareholder – Industry Group. Currently she serves as Chairman of Holding subsidiary Jiangsu Sunport Power Tech. Co., Ltd. of majority shareholder Industry Group and Director of the Company.

Ms. Yu Xiaoli, born in January 1963, a member of the Communist Party of China, Ph.D., a professor of Zhejiang University, served as an independent director of the sixth and seventh board of directors of the Company and the dean of the engineering branch of Zhejiang University City College. She is currently a professor at Zhejiang University, the chairman of the Society of Automotive Engineers of Zhejiang, an director of Zhejiang Bozhong Automobile Technology Co., Ltd., an independent director of Zhejiang Fenglong Electric Co., Ltd., an independent director of Hangzhou EVTECH Co., Ltd., an independent director of Zhejiang Wanding Precision Technology Co., Ltd. and an independent director of the Company.

Mr. Lou Diming, born in July 1963, a member of the Communist Party of China, has a Ph.D., and is a professor. He used to be the deputy director and the secretary of the party branch of the Department of Mechanical Engineering of Shanghai Railway Institute, the deputy secretary of the party committee of the School of Mechanical Engineering of Tongji University and the party secretary of the Department of Locomotive and Vehicle Engineering of Tongji University, and the executive vice president of the Institute of Rail Transit, and the secretary of the second joint committee of Tongji University, etc. He is currently a professor of Tongji University, a doctoral tutor, director of Nanchang Intelligent New Energy Vehicle Research Institute, vice chairman of the Shanghai Internal Combustion Engines Society, director of the China Society for Internal Combustion Engines, vice chairman of the small and medium power diesel engine branch and the oils and clean fuels branch and the post-processing technology branch, a member of the Expert Technical Committee of the National Technical Committee for Internal Combustion Engine of Standardization Administration of China, a member of the Expert Committee of the China Internal Combustion Engine Industry Association, an independent director of Shanghai Diesel Engine Co., Ltd., an independent director of Jiangsu Liance Electromechanical Technology Co., Ltd., a senior consultant of Kunming Yunnei Power Co., Ltd., and an independent director of the Company.

Mr. Jin Zhangluo, born in August 1950, a member of the Communist Party of China, holds a college degree, and is a certified public accountant and senior accountant. He used to be the financial controller of Jintan Diesel Engine

Factory in Jiangsu Province, deputy section chief, section chief and chief accountant of finance section of Wuxi Power Machine Factory, and department manager, deputy director and executive deputy director of Jiangsu Gongzheng Certified Public Accountants. He currently serves as an independent director of Suzhou Taihu Electric New Materials Co., Ltd. and independent director of the Company.

Mr. Xu Xiaofang, born in March 1963, communist party members, graduate, a lawyer. He previously he served as part-time lawyer in Beihai Economic Law Firm, staff in China Chamber of International Commerce Beihai Branch, part-time lawyer of Guangdong Yuanjian Law Firm, and staff of legal affairs in CEIEC and lawyer of Guangdong Bohe Law Firm. Now he serves as lawyer in Kunlun (Shenzhen) Law Firm, arbitrator of the Shenzhen Arbitration Commission, independent director of Shenzhen Kaizhong Precision Technology Co., Ltd independent director of Doctor glasses Chain Co., Ltd, and independent director of the Company.

Mr. Shi XingYuan, was born in May 1962, communist party members, a postgraduate, Master of Commerce and Industry, senior engineer. He previously he served as GM and Director of the Company; now he serves as Chairman of the Supervisory Committee and Chairman of the Labor Union of the Company.

Mr. Ma Yuzhou, was born in September 1974, communist party members, owns Master's degree and a engineer. He previously served as Deputy GM of Weifu Tianli, Deputy GM and GM of the mechanical system division of the Company; now he serves as Deputy Secretary of the Party Committee and Supervisor of the Company.

Mr. Chen Ran, born in December 1972, is a member of the Communist Party of China, holds a bachelor's degree, and is senior human resource manager. He once served as deputy director of the company's management department, deputy director of the investment and audit department, director of human resources department, deputy director of the party and mass department, deputy director of administration department, deputy director of engineering procurement department, director of the company's party and mass department and director of the disciplinary inspection and supervision department. He is currently a supervisor of the Company and the director of the company's organization and personnel department.

Mr. Miao Yuming, born in April 1963, communist party members, a university background, MBA and senior engineer. He previously served as director of sales department and assistant GM in the Company. Currently he serves as deputy GM of the Company, deputy GM of Bosch Automobile Diesel.

Mr. Xu Sheng, born in March 1974, a member of the Communist Party of China, graduate degree, holds a master's degree, and is an engineer. He once served as secretary of the party committee of the company's party committee work department, deputy director of the office of the general manager of the company, deputy secretary of the party branch and deputy factory manager of the company's injector parts branch, HSE manager of Bosch Automotive Diesel, senior manager of BPS, director of MOE5, and assistant general manager of the company. He is currently the deputy general manager of the Company.

Mr. Rong Bin, born in December 1975, a member of the Communist Party of China, holds a bachelor's degree, and is an assistant engineer. He once served as vice plant manager of the company's plunger branch, deputy manager of the common rail component company, deputy manager and manager of the first manufacturing department of the company's mechanical system business department, assistant to the general manager, deputy general manager, and general manager of the company's mechanical system business department, and general manager of the automotive diesel system division and general manager of the mechanical system division. He currently serves as the deputy general manager of the Company.

Mr. Liu Jinjun, born in September 1975, a member of the Communist Party of China, holds a bachelor's degree and a master's degree, and is an engineer. He once served as the manager of the personnel administration department and technical sales manager of Wuxi Weifu Automotive Diesel System Co., Ltd., the director of the company's human resources department, the director of the company's strategy and marketing department, the company's supervisor, the director of the company's strategy and new business department and the director of the market development department. He is currently the deputy general manager of the Company.

Mr. Li Gang, born in November 1970, is a member of the Chinese Communist Party, holds a bachelor's degree and a master's degree, and is a senior engineer. He once served as the product design engineer of the company's technology center, the production supervisor of the production department and the technical director of the technical sales department of Wuxi Weifu Automotive Diesel System Co., Ltd., the deputy director of the company's technology center, deputy dean of the company's engineering technology research institute and the director of the technology center, and the standing deputy director (deputy chief engineer) of the company's technology center. He is currently the chief engineer of the Company.

Mr. Zhou Weixing, born in January 1963, communist party members, graduate from University, a senior engineer. He previously served as representative of security affairs and director of security office of the Company; now he serves as secretary of the Board of the Company.

Post-holding in shareholder's unit

Applicable Not applicable

Name	Name of shareholder's unit	Position in shareholder's unit	Start dated of office term	End date of office term	Received remuneration from shareholder's unit (Y/N)
Rudolf Maier	Robert Bosch Group	Consultant			Y
Chen Yudong	Bosch (China) Investment Ltd.	President	January 1, 2011		Y
Zhang Xiaogeng	Wuxi Industry Development Group Co., Ltd.	Vice president	April 1, 2008		Y

Hua Wanrong	Jiangsu Sunport Power Tech. Co., Ltd.	Chairman			Y
Miao Yuming	Bosch Automobile Diesel System Co., Ltd.	Deputy GM	March 1, 2012		Y

Post-holding in other unit

Applicable Not applicable

Name	Name of other units	Position in other unit	Start dated of office term	End date of office term	Received remuneration from other unit (Y/N)
Yu Xiaoli	Zhejiang University	Teacher and professor	August 1, 1985		
Yu Xiaoli	Society of Automotive Engineers of Zhejiang	Director-general	June 1, 2015		
Yu Xiaoli	Zhejiang Bozhong Auto Technology Co., Ltd	Director	April 1, 2008		
Yu Xiaoli	Zhejiang Fenglong Electric Co., Ltd	Independent Director	April 1, 2016		
Yu Xiaoli	Hangzhou EVTECH Co., Ltd	Independent Director	June 1, 2016		
Yu Xiaoli	Zhejiang Wanding Precision Technology Co., Ltd.	Independent Director			
Lou Diming	Tongji University	Professor, doctoral supervisor	April 15, 2000		
Lou Diming	Nanchang Intelligent New Energy Vehicle Research Institute	Director			
Lou Diming	Shanghai Diesel Engine Co., Ltd	Independent Director	May 20, 2015		
Lou Diming	Jiangsu Liance Electromechanical Technology Co., Ltd	Independent Director	June 1, 2017		
Lou Diming	Kunming Yunnei Power Co., Ltd	Senior consultant	August 1, 2018		
Jin Zhangluo	Suzhou Taihu Electric Advanced Material Co., Ltd	Independent Director	February 4, 2016		
Xu Xiaofang	Kunlun (Shenzhen) Law Firm	Lawyer	September 1, 2004		
Xu Xiaofang	Shenzhen Kaizhong Precision Technology Co., Ltd	Independent Director	June 1, 2018		
Xu Xiaofang	independent director of Doctorglasses Chain Co.,Ltd,	Independent Director			
Explanation on post-holding in other unit	The aforesaid are the independent directors of the Company				

Punishment of securities regulatory authority in recent three years to the company's current and outgoing directors, supervisors and senior management during the reporting period

Applicable Not applicable

IV. Remuneration for directors, supervisors and senior executives

Decision-making procedures, recognition basis and payment for directors, supervisors and senior executives

1. Decision-making procedure: the remuneration and review committee of the Board shall make proposals according to completion status of the major annual targets, the implementation of which is subject to submission to and approval by the Board;
2. Determination reference: remuneration of directors, supervisors and senior management who receive remuneration from the Company is determined based on the annual operating results assessment measures of senior management and remuneration management rules of senior management as approved at the general meetings. Salary for independent directors of the Company is determined by general meeting which is set at RMB 25,000 per quarter (after tax), and the traveling expense occurred by them arising from attending the Company's board meeting, general meetings and relevant activities will be reimbursed according to the actual conditions.
3. Actual payment: remuneration of directors, supervisors and senior management who receive remuneration from the Company comprises of basic annual pay and performance related annual salary. The basic annual pay shall be determined based on specific positions and paid monthly, while the performance related salary is determined and paid based on satisfaction of the various performance indicators since it is directly linked with the economic benefits of the Company. Remuneration of independent directors will be paid on a quarterly basis.

Remuneration for directors, supervisors and senior executives in reporting period

In 10 thousand Yuan

Name	Title	Sex	Age	Post-holding status	Total remuneration obtained from the Company (before taxes)	Whether remuneration obtained from related party of the Company (Y/N)
Wang Xiaodong	Chairman	M	54	Currently in office	222.1	N
Rudolf Maier	Vice Chairman	M	63	Currently in office		Y
Xu Yunfeng	Vice Chairman, GM	M	49	Currently in office	171.9	N
Ou Jianbin	Director, Executive Deputy General Manager and financing Charger	M	54	Currently in office	171.9	N
Zhang Xiaogeng	Director	M	57	Currently in office		Y
Chen Yudong	Director	M	59	Currently in office		Y
Hua Wanrong	Director	F	56	Currently in office		Y
Yu Xiaoli	Independent Director	F	57	Currently in office	12	N
Lou Diming	Independent Director	M	57	Currently in office	12	N
Jin Zhangluo	Independent Director	M	70	Currently in office	12	N
Xu Xiaofang	Independent Director	M	57	Currently in office	12	N
Shi XingYuan	Chairman of the Supervisory Committee	M	58	Currently in office	171.9	N

Ma Yuzhou	Supervisor	M	46	Currently in office	122.4	N
Chen Ran	Supervisor	M	48	Currently in office	55.5	N
Miao Yuming	Deputy GM	M	57	Currently in office		Y
Xu Sheng	Deputy GM	M	46	Currently in office	129.8	N
Rong Bin	Deputy GM	M	45	Currently in office	105	N
Liu Jinjun	Deputy GM	M	45	Currently in office	118.5	N
Li Gang	Chief engineer	M	50	Currently in office	107.1	N
Zhou Weixing	Secretary of the Board	M	57	Currently in office	73.7	N
Chen Xuejun	Chairman	M	53	Leave office	245.6	N
Dai Lizhong	Supervisor	M	45	Leave office	3.2	N
Total	--	--	--	--	1,746.6	--

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

√ Applicable □ Not applicable

In share

Name	Position	Number of shares exercisable during the reporting period	Number of shares exercised during the reporting period	Exercise price of the shares exercised (RMB/Share)	Market price at end of the Period (RMB/Share)	Number of restricted shares held at beginning of the Period	Number of shares unlocked during the period	Number of new restricted shares granted during the reporting period	Grant price of restricted shares (RMB/Share)	Number of restricted shares held at end of the reporting period
Wang Xiaodong	Chairman, Secretary of the Party Committee				23.19			400,000	15.48	400,000
Xu Yunfeng	Vice Chairman, General Manager, Deputy Secretary of the Party Committee				23.19			350,000	15.48	350,000
Ou Jianbin	Director, Executive Deputy General Manager				23.19			280,000	15.48	280,000
Miao Yuming	Deputy GM				23.19			280,000	15.48	280,000
Xu Sheng	Deputy GM				23.19			280,000	15.48	280,000
Rong Bin	Deputy GM				23.19			280,000	15.48	280,000
Liu Jinjun	Deputy GM				23.19			280,000	15.48	280,000
Li Gang	Chief engineer				23.19			280,000	15.48	280,000
Zhou Weixing	Secretary of the Board				23.19			120,000	15.48	120,000
Total	--	0	0	--	--	0	0	2,550,000	--	2,550,000

V. Particulars of workforce

1.Number of Employees, Professional composition, Education background

Employee in-post of the parent Company(people)	2,580
Employee in-post of main Subsidiaries (people)	2,809
The total number of current employees(people)	5,389
The total number of current employees to receive pay (people)	5,389
Retired employee' s expenses borne by the parent Company and main Subsidiaries(people)	0
Professional composition	
Category of professional composition	Numbers of professional composition (people)
Production personnel	3,208
Sales personnel	176
Technical personnel	1,238
Financial personnel	89
Administrative personnel	678
Total	5,389
Education background	
Category of education background	Numbers (people)
Master degree and above	321
Undergraduate	1,450
Junior college	1,104
Other	2,514
Total	5,389

2. Remuneration Policy

The company further improved the performance management and salary management system, strengthened the scientificity and pertinence of performance goals, closely followed the company's strategy and business plan, and gave full play to the guidance and promotion of the goals; centering on business needs, established a dual-dimensional performance evaluation and incentive model based on the business model of the key account manager to promote the implementation of the new mechanism; strengthened the close relationship between employee income and business results, and gave full play to the incentive effect. The company further gave play to the role of incentive funds, strengthened the promotion and incentives of major innovative development projects, and promoted the realization of the company's strategic goals.

3. Training programs

Based on the employee competency model, the company strengthened the cooperation with relevant colleges and consulting management companies, and developed special training plans for management cadres and personnel in various business lines. Established and formed a pilot plan for an international business talent team, a "voyage + sail" plan for a comprehensive management team, a team of innovative technical talents, and a team of high-quality business talents, and a craftsman plan for on-site skilled operation positions, and formed a talent development supply chain system to undertake the company's development strategy. In 2020, the company adhered to the orientation of improving the competence of employees, actively increased talent development efforts, and effectively increased the coverage of training, and totally 1,505 people participated in various training throughout the year.

4. Labor outsourcing

Applicable Not applicable

Section X. Corporate Governance

I. Corporate governance of the Company

During the reporting period, the Company earnestly implemented the *Basic Internal Control Standards for Enterprise* and its guidance in strict accordance to the requirements of the *Company Law*, *Securities Law*, *Listing Rules of Shenzhen Stock Exchange* as well as *Guidance on Standard Operation of Listed Company of Shenzhen Stock Exchange*, continued to improve and enhance legal person governance structure and internal control system, thus to standardize its operation. The actual status of corporate governance in accordance with the requirements of China Securities Regulatory Commission regulatory documents related to listing Corporation.

The company has established a series of document systems for standardized management including the *Rules of Procedure* of three committees, *Working Rules*, *internal control system*, *Evaluation Management System of Internal Control*, *Information Disclosure Management Approach*, *Financial Decision-making System of Significant Investment*, *Related Party Transaction System* and *Inside Information and Insider Management System*.

According to the *Company Law*, *Articles of Association* and relevant laws and regulations, the company established a relatively complete organizational control architecture system. The company's board of directors executes the resolution of general meeting of stockholders, takes charge of the company's great decisions, and take responsible for the general meeting of stockholders; the company sets up the general manager according to law to preside over the company's daily production and operation and management, organize and implement the resolutions of the board of directors, and take responsible for the board of directors; the company's board of supervisors is the company's supervisory body, takes responsible for behaviors of the directors and senior management and the supervise the company's financial affairs. The board of directors has four special committees including the strategy committee, remuneration and appraisal committee, audit committee, and nominations committee. The company's general meeting of stockholders, board of directors, board of supervisors, and management layer have clear rights and obligations, perform their own duties, effectively check and balance, scientifically make decisions, coordinate operations, and lay a solid foundation for the company's sustainable, stable and healthy development.

The company's independent directors perform their duties and faithfully and conscientiously fulfill their obligations in strict accordance with relevant regulations of *Articles of Association* and the *Independent Director System*, and actively attend the board meetings and shareholders' meetings, understand and obtain relevant information before meetings; carefully consider each motion, and actively participate in the discussions and make recommendations. Seriously make independent opinions, and effectively protect the interests of the company and shareholders, especially the minority shareholders. Independent directors have no objections on relevant matters of the company.

The company further implements the *Basic Norms of Enterprise Internal Control* and its guidelines, constructs the internal control system in the company headquarters and major subsidiaries, enhance the company's management

and control level, optimize the work flow, improve the internal control system, identify and control the operational risks. Please see the detailed contents of *2019 Annual Internal Control Evaluation Report* on www.cninfo.com.cn which is the information disclosure website designated by Shenzhen Stock Exchange.

Is there any difference between the actual condition of corporate governance and relevant regulations about corporate governance for listed company from CSRC?

Yes No

There are no differences between the actual condition of corporate governance and relevant regulations about corporate governance for listed company from CSRC.

II. Independence of the Company relative to controlling shareholders' in aspect of businesses, personnel, assets, organization and finance

1. Business: the company has a complete independent research and development, procurement, production and sales systems, the main business does not have horizontal competition with the controlling shareholders. The business is absolutely separated.

2. Personnel: the company has mutual independence with its controlling shareholders in labor, personnel and salary management; there is no mixed operation and management with the controlling shareholders. The company's general manager, vice general manager, financial administrator, secretary of the board, and senior executives don't hold any position in the shareholders' units.

3. Assets: the company's assets are independent and complete, the property relations with the controlling shareholders are clear.

4. Organization: the company has established organization completely independent from its controlling shareholders, the duty and authority of the company's stockholders' meeting, board of directors, board of supervisors and management level are clearly defined, the internal management system can operate independently.

5. Finance: the company has set up an independent financial department, established the independent financial accounting system and financial management system, opened the independent bank account, and paid taxes separately according to law.

III. Horizontal competition

Applicable Not applicable

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

1. Annual Shareholders' General Meeting in the report period

Ordinal number of the shareholders' general meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
Annual General Meeting of 2019	AGM	48.39%	May 28, 2020	May 29, 2020	(Notice No.: 2020-026) published on Juchao Website(www.cninfo.com.cn)
The first extraordinary shareholders general meeting of 2020	Extraordinary shareholders general meeting	44.80%	June 18, 2020	June 19, 2020	(Notice No.: 2020-036) published on Juchao Website(www.cninfo.com.cn)
The second extraordinary shareholders general meeting of 2020	Extraordinary shareholders general meeting	48.53%	November 3, 2020	November 4, 2020	(Notice No.: 2020-060) published on Juchao Website(www.cninfo.com.cn)

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

Applicable Not applicable

V. Responsibility performance of independent directors

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

The attending of independent directors to Board Meeting and general meeting							
Independent Director	Times of Board meeting supposed to attend in the report period	Times of Board meeting Presence	Times of attending Board meeting by communication	Times of Board meeting entrusted presence	Times of Board meeting Absence	Absent the Board Meeting for the second time in a row (Y/N)	Times of attending shareholding meeting
Yu Xiaoli	11	2	9			N	3
Lou Diming	11	2	9			N	3
Jin Zhangluo	11	2	9			N	3
Xu Xiaofang	11	2	9			N	3

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

Not applicable

2. Objection for relevant events from independent directors

Independent directors come up with objection about Company's relevant matters

Yes No

Independent directors have no objections for relevant events in reporting period

3. Other explanation about responsibility performance of independent directors

The opinions from independent directors have been adopted

Yes No

Explanation on advice that accepted/not accepted from independent directors

During the reporting period, the company's independent directors have paid close attention to the company's operations, independently performed their duties, made special opinions on the company's system improvement and daily operating decisions in strict accordance with relevant laws and regulations and the provisions of *Articles of Association*, made independent and just opinions on the matters that need the independent directors' opinions during the reporting period, and played the due role in improving the corporate governance mechanism, maintaining the legitimate rights and interests of the company and all shareholders.

VI. Duty performance of the special committees under the board during the reporting period

1. Two meetings of Audit committee of the Board, deliberated and approved followed: *Financial Result Report of 2019, Annual Report of 2019 and its Summary, Conclusion Report of auditing for year of 2019, Engagement of audit institute for financial report of 2020, Engagement of audit institute for internal control of the Company of 2020 and Semi-Annual Report of 2020 and its Summary* etc.;

2. Two meeting of remuneration and appraisal committee of the Board, deliberate and approved the *Remuneration evaluation and payment for senior executive of 2019; Report on the Company's 2020 Restricted Stock Incentive Plan (Draft) and its abstract, etc;*

3. A meeting of the nomination committee of the board of directors was held to review the non-independent director candidates for the by-election, and agreed to submit the director candidates to the company's board of directors for deliberation. The qualifications and related conditions of the senior management personnel to be appointed were reviewed, and there was no objection to the senior management personnel to be appointed, and they agreed to submit to the board of directors for deliberation.

VII. Works from Board of Supervisor (BOS)

The Company has risks in reporting period that found in supervisory activity from BOS

Yes No

BOS has no objection about supervision events in reporting period

VIII. Examination and incentives of senior management

Assessment and incentive of senior management of the Company is conducted pursuant to the *Company Law*,

Articles of Association, and the *Annual Operating Results Assessment Measures of Senior Management* and *Remuneration Management Rules of Senior Management* as approved at the general meetings. Assessment of operating results of senior management comprises of annual operating results assessment and term-of-service operating results assessment. Assessment on results and procedure was combined, and assessment results were linked to incentives and punishment. With respect to annual operating results review, the remuneration and review committee of the Board made comprehensive assessment on satisfaction of the annual operating targets and determined the annual remuneration, incentives or punishment for senior management based on their review results (which was implemented according to remuneration management rules of senior management), based on the major annual operating targets set by the Board under required procedures and methods through establishment of scientific performance indicators and assessment system and combination of scoring in terms of quantity and review comments. During the reporting period, the Company made appropriate assessment on its senior management under the performance indicator and assessment system, the results of which had been reflected in the annual performance related remuneration.

The company held the 17th meeting of the ninth board of directors on October 12, 2020 which reviewed and approved the "Restricted Stock Incentive Plan 2020 (Draft) of Weifu High Technology Group Co., Ltd." (hereinafter referred to as the "Draft") and its summary proposals and other related proposals. On November 3, 2020, the company held the second extraordinary general meeting of shareholders in 2020 and reviewed and approved the "Draft" and other related proposals. The company held the 21st meeting of the ninth board of directors on November 12, 2020, which reviewed and approved the "Proposal on Granting Restricted Stocks to Incentive Objects of the Restricted Stock Incentive Plan 2020 for the First Time". It was determined that November 12, 2020 would be the first grant date, and 19,540,000 restricted shares would be granted to 601 incentive objects at a grant price of 15.48 Yuan per share. For details, please refer to the relevant announcements disclosed by the company at www.cninfo.com.cn.

Given that the company implements the 2020 restricted stock incentive plan, and the incentive targets overlap with the long-term incentives for core talents, the compensation and appraisal committee of the company's board of directors proposes that the company's 2020 restricted stock incentive plan suspend the provision of incentive funds during the implementation period and use for medium and long-term incentives for core talents.

IX. Internal Control

1. Details of major defects in IC appraisal report that found in reporting period

Yes No

2. Appraisal Report of Internal Control

Disclosure date of full internal control evaluation report	April 20, 2021
Disclosure index of full internal control evaluation report	<i>Self-evaluation report of internal control for 2020</i> , more details found in Juchao website (www.cninfo.com.cn) appointed by Shenzhen Stock Exchange

The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the company's consolidated financial statements		97.77%
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the company's consolidated financial statements		99.78%
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	See details in (II) Basis for evaluation of internal controls and defect identification standards of internal controls of III Evaluation of Internal Controls in <i>2020 Annual Internal Control Self-Evaluation Report</i> disclosed on www.cninfo.com.cn on April 20, 2021.	See details in (II) Basis for evaluation of internal controls and defect identification standards of internal controls of III Evaluation of Internal Controls in <i>2019 Annual Internal Control Self-Evaluation Report</i> disclosed on www.cninfo.com.cn on April 20, 2021.
Quantitative standard	See details in (II) Basis for evaluation of internal controls and defect identification standards of internal controls of III Evaluation of Internal Controls in <i>2020 Annual Internal Control Self-Evaluation Report</i> disclosed on www.cninfo.com.cn on April 20, 2021.	See details in (II) Basis for evaluation of internal controls and defect identification standards of internal controls of III Evaluation of Internal Controls in <i>2019 Annual Internal Control Self-Evaluation Report</i> disclosed on www.cninfo.com.cn on April 20, 2021.
Amount of significant defects in financial reports		0
Amount of significant defects in non-financial reports		0
Amount of important defects in financial reports		0
Amount of important defects in non-financial reports		0

X. Auditing report of internal control

√Applicable Not applicable

Deliberations in Internal Control Audit Report	
Audit institute considers that: according to relevant regulations and <i>Basic Rules of Internal Control for Enterprises</i> , Weifu High-Technology Co., Ltd. in all major aspects, keeps an efficiency of internal control of financial report dated 31 December 2020	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	April 20, 2021

Index of audit report of internal control (full-text)	<i>Audit report of internal control for year of 2020</i> , more details found in Juchao website (www.cninfo.com.cn) appointed by Shenzhen Stock Exchange
Opinion type of auditing report of IC	Standard unqualified
Whether the non-financial report had major defects	No

Carried out modified opinion for internal control audit report from CPA

Yes No

The internal control audit report, issued by CPA, has concerted opinion with self-evaluation report, issued from the Board

Yes No

Section XI. Corporate Bond

Whether the Company has a corporation bonds that issuance publicly and listed on stock exchange and without due on the date when annual report approved for released or fail to cash in full on due

No

Section XII. Financial Report

I. Audit report

Type of audit opinion	Standard unqualified opinion
Signing date of audit report	April 16, 2021
Name of audit institute	Gongzheng Tianye Certified Public Accountants (Special General Partnership)
Serial of Auditing Report	Su Gong W[2021]No. A443
Name of CPA	Bai Lingjing, Zhang Qianqian

Auditor's Report

Su Gong W[2021]No. A443

To the Shareholders of Weifu High-Technology Group Co., Ltd.:

I. Auditing opinions

We have audited the financial statement under the name of Weifu High-Technology Group Co., Ltd. (hereinafter referred to as WFHT), including the consolidated and parent Company's balance sheet of 31 December 2020 and profit statement, and cash flow statement, and statement on changes of shareholders' equity for the year ended, and notes to the financial statements for the year ended.

In our opinion, the Company's financial statements have been prepared in accordance with the Enterprises Accounting Standards and Enterprises Accounting System, and they fairly present the financial status of the Company and of its parent company as of 31 December 2020 and its operation results and cash flows for the year ended.

II. Basis of opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of the auditor's report. We are independent of the Company in accordance with the Certified Public Accountants of China's Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key audit matters

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

Revenue recognition is the key audit matter that we identified in auditing.

1. Matter description

As described in the 30. Revenue in Note V and 42. Operation revenue and operation cost in Note VII carried in the financial statement, WFHT achieved an operation revenue of 12,883,826,300 Yuan for year of 2020, 46.67% increase over year of 2019.

As one of the biggest source of profits for WFHT, operating revenue has a significant effect on the general financial statement, in which there are certain of inherent risks existed for the reason that the management manipulate the timing of recognition so as to achieve specific objectives or anticipations. Therefore, we will take the Revenue recognition as the key auditing matter.

2. The solution to the matter in auditing

(1)The Company has tested the design and execution of key internal control related to revenue recycling so as to confirm the validity of internal control;(2) The Company should make sure whether the recognition condition and method of major operating revenue are compliance with the accounting standards for business enterprise; it also should pay an attention to that whether the cyclical and occasional revenue is compliance with the decided revenue recognition principle and methods;(3) Combining with status and data of the industry where WFHT is located, the Company should make a judgment on the rationality of fluctuation of the revenue composition;(4) The Company should carry out the procedure of account receivable and revenue letter of confirmation, and make a judgment on the rationality of the timing of revenue recognition; (5) Combining with the procedure of letter of confirmation, the Company should make a random inspection on sales contracts or orders, delivery lists, logistics bills, customs declaration, sales invoices, signing-off sheet and other documents related to revenue to verify the authenticity of revenue;(6) Referring to the recorded revenue before and after the Balance Sheet Date, the Company should select some samples and check out the supportive documents such as delivery lists, customs declaration and receipt forms to make a judgment on whether the income has been recorded at the appropriate accounting period.

IV. Other information

The management of WFHT is responsible for other information which includes the information covered in the Company's 2020 annual report excluding the financial statement and our audit report.

Our audit opinions on the financial statements do not cover other information, and we do not issue any form of authentication conclusions on other information.

In combination with our audit of the financial statements, it is our responsibility to read other information and, in the process, consider whether there is material inconsistency or material misstatement between the other information and the financial statements or what we learned during the audit.

Based on the work we have carried out, if we determine that there is a material misstatement of other information, we should report that fact and in this regard we have nothing to report.

V. Responsibilities of management and those charged with governance for the financial statements

The management is responsible for the preparation of the financial statements in accordance with the Accounting Standards for Enterprise to secure a fair presentation, and for the design, establishment and maintenance of the internal control necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing matters related to going concern (if applicable) and using the going concern assumption unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

VI. Responsibilities of the auditor for the financial statements

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

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

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

appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(4) Conclude on the appropriateness of the management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by the CAS to draw users' attention in audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify audit opinion. Our conclusions are based on the information obtained up to the date of audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide the governance with a statement of our compliance with the ethical requirements relating to our independence and communicate with the governance on all relationships and other matters that may reasonably be considered to affect our independence, as well we the relevant precautions (if applicable).

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

Jiangsu Gongzheng Tianye CPA
(Special General Partnership)

Chinese CPA: Bai Lingjing
(engagement partner)

Wuxi China

Chinese CPA: Zhang Qianqian

16 April 2021

II. Financial Statement

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated Balance Sheet

Prepared by Weifu High-Technology Group Co., Ltd.

December 31, 2020

In RMB

Item	December 31, 2020	December 31, 2019
Current assets:		
Monetary funds	1,963,289,832.33	1,596,893,711.87
Settlement provisions		
Capital lent		
Transaction financial assets	3,518,432,939.10	3,940,885,674.32
Derivative financial assets		
Note receivable	1,657,315,723.56	1,812,141,371.94
Account receivable	2,824,780,352.41	2,310,666,475.89
Receivable financing	1,005,524,477.88	23,873,317.86
Accounts paid in advance	151,873,357.76	139,241,917.78
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	54,209,580.88	43,730,023.31
Including: Interest receivable		655,052.98
Dividend receivable	49,000,000.00	1,070,000.00
Buying back the sale of financial assets		
Inventories	2,877,182,174.64	2,418,744,835.82
Contractual assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	2,137,921,113.61	1,012,055,605.74
Total current assets	16,190,529,552.17	13,298,232,934.53
Non-current assets:		
Loans and payments on behalf		

Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment	4,801,488,290.97	5,322,405,953.35
Investment in other equity instrument	285,048,000.00	285,048,000.00
Other non-current financial assets	1,805,788,421.00	1,043,589,987.43
Investment real estate	20,886,681.62	22,410,511.87
Fixed assets	2,882,230,191.08	2,845,176,078.20
Construction in progress	243,795,493.04	247,857,777.25
Productive biological asset		
Oil and gas asset		
Right-of-use assets		
Intangible assets	454,412,947.69	430,594,372.12
Expense on Research and Development		
Goodwill	257,800,696.32	1,784,086.79
Long-term expenses to be apportioned	15,062,171.09	18,536,000.25
Deferred income tax asset	198,393,501.50	212,476,501.54
Other non-current asset	195,259,441.73	230,235,982.45
Total non-current asset	11,160,165,836.04	10,660,115,251.25
Total assets	27,350,695,388.21	23,958,348,185.78
Current liabilities:		
Short-term loans	302,238,600.05	312,153,969.81
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		
Note payable	2,462,592,372.82	1,745,218,439.52
Account payable	4,100,984,240.39	3,312,254,229.84
Accounts received in advance	4,071,236.87	113,737,432.61
Contractual liability	81,717,387.25	
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		

Wage payable	332,421,811.82	314,343,737.66
Taxes payable	67,493,690.29	129,538,411.86
Other account payable	361,556,257.42	65,266,262.39
Including: Interest payable	4,862.22	
Dividend payable		
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year	36,914,242.02	
Other current liabilities	222,871,087.33	
Total current liabilities	7,972,860,926.26	5,992,512,483.69
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	3,050,640.97	
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable	39,479,218.17	35,108,263.11
Long-term wages payable	181,980,293.94	58,392,053.61
Accrual liability		
Deferred income	328,204,476.73	365,116,022.98
Deferred income tax liabilities	30,653,933.12	22,566,051.72
Other non-current liabilities		
Total non-current liabilities	583,368,562.93	481,182,391.42
Total liabilities	8,556,229,489.19	6,473,694,875.11
Owner's equity:		
Share capital	1,008,950,570.00	1,008,950,570.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	3,294,242,368.28	3,391,527,806.33
Less: Inventory shares	303,627,977.74	
Other comprehensive income	13,916,619.47	134,871.67

Reasonable reserve	2,333,490.03	3,247,757.06
Surplus public reserve	510,100,496.00	510,100,496.00
Provision of general risk		
Retained profit	13,756,102,424.62	12,076,443,635.56
Total owner's equity attributable to parent company	18,282,017,990.66	16,990,405,136.62
Minority interests	512,447,908.36	494,248,174.05
Total owner's equity	18,794,465,899.02	17,484,653,310.67
Total liabilities and owner's equity	27,350,695,388.21	23,958,348,185.78

Legal Representative: Wang Xiaodong

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

2. Balance Sheet of Parent Company

In RMB

Item	December 31, 2020	December 31, 2019
Current assets:		
Monetary funds	1,157,684,053.05	965,770,877.82
Trading financial assets	3,452,348,980.19	3,758,789,072.68
Derivative financial assets		
Note receivable	422,246,979.39	202,403,993.13
Account receivable	982,782,279.22	768,500,929.93
Receivable financing		
Accounts paid in advance	75,650,090.49	89,116,730.45
Other account receivable	197,335,714.63	250,014,956.74
Including: Interest receivable	897,777.78	804,929.68
Dividend receivable		1,070,000.00
Inventories	725,276,241.43	565,144,234.49
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	2,057,772,839.50	938,616,881.51
Total current assets	9,071,097,177.90	7,538,357,676.75
Non-current assets:		
Debt investment		

Other debt investment		
Long-term receivables		
Long-term equity investments	5,978,128,303.88	6,331,363,630.04
Investment in other equity instrument	209,108,000.00	209,108,000.00
Other non-current financial assets	1,805,788,421.00	1,043,589,987.43
Investment real estate		
Fixed assets	1,758,198,856.53	1,646,333,216.50
Construction in progress	154,741,266.85	136,573,912.28
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	208,112,706.57	203,663,423.60
Research and development costs		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	76,508,392.85	105,137,877.84
Other non-current assets	117,013,906.01	172,646,721.05
Total non-current assets	10,307,599,853.69	9,848,416,768.74
Total assets	19,378,697,031.59	17,386,774,445.49
Current liabilities		
Short-term borrowings	102,088,888.89	116,126,459.33
Trading financial liability		
Derivative financial liability		
Notes payable	448,901,718.36	284,054,137.00
Account payable	1,265,845,068.26	930,273,146.35
Accounts received in advance		12,010,730.30
Contractual liability	6,209,575.73	
Wage payable	216,870,819.60	213,626,754.45
Taxes payable	32,974,322.59	56,540,307.59
Other accounts payable	339,096,991.12	11,976,576.21
Including: Interest payable		
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year		

Other current liabilities	182,611,991.54	
Total current liabilities	2,594,599,376.09	1,624,608,111.23
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable	176,245,345.03	50,058,386.76
Accrued liabilities		
Deferred income	285,714,239.98	322,971,778.82
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	461,959,585.01	373,030,165.58
Total liabilities	3,056,558,961.10	1,997,638,276.81
Owners' equity:		
Share capital	1,008,950,570.00	1,008,950,570.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	3,407,732,016.61	3,488,221,286.39
Less: Inventory shares	303,627,977.74	
Other comprehensive income		
Special reserve		
Surplus reserve	510,100,496.00	510,100,496.00
Retained profit	11,698,982,965.62	10,381,863,816.29
Total owner's equity	16,322,138,070.49	15,389,136,168.68
Total liabilities and owner's equity	19,378,697,031.59	17,386,774,445.49

3. Consolidated Profit Statement

In RMB

Item	2020	2019
I. Total operating income	12,883,826,306.60	8,784,356,960.30
Including: Operating income	12,883,826,306.60	8,784,356,960.30
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	12,193,088,999.51	7,870,700,853.45
Including: Operating cost	10,429,284,441.97	6,670,354,380.54
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		
Tax and extras	65,323,781.87	66,634,636.66
Sales expense	406,353,445.10	259,650,752.33
Administrative expense	782,824,422.63	514,028,451.76
R&D expense	532,581,209.78	417,924,908.28
Financial expense	-23,278,301.84	-57,892,276.12
Including: Interest expenses	11,466,886.33	21,770,516.39
Interest income	51,622,216.58	79,299,239.77
Add: other income	80,342,497.11	91,170,663.57
Investment income (Loss is listed with “-”)	1,964,805,688.57	1,614,540,714.83
Including: Investment income on affiliated company and joint venture	1,659,752,704.14	1,378,264,061.18
The termination of income recognition for financial assets measured by amortized cost(Loss is listed with “-”)	-946,468.33	-2,214,159.11
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)	383,325,765.19	25,019,666.32
Loss of credit impairment (Loss is listed with “-”)	-11,184,647.60	-52,825,875.25

Losses of devaluation of asset (Loss is listed with “-”)	-178,837,472.85	-169,460,299.73
Income from assets disposal (Loss is listed with “-”)	11,454,408.60	32,154,460.21
III. Operating profit (Loss is listed with “-”)	2,940,643,546.11	2,454,255,436.80
Add: Non-operating income	66,467,021.62	2,413,561.54
Less: Non-operating expense	4,158,888.17	6,126,427.17
IV. Total profit (Loss is listed with “-”)	3,002,951,679.56	2,450,542,571.17
Less: Income tax expense	180,215,749.00	147,805,810.06
V. Net profit (Net loss is listed with “-”)	2,822,735,930.56	2,302,736,761.11
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with “-”)	2,822,735,930.56	2,302,736,761.11
2.termination of net profit (net loss listed with “-”)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	2,772,769,377.96	2,268,026,432.78
2.Minority shareholders’ gains and losses	49,966,552.60	34,710,328.33
VI. Net after-tax of other comprehensive income	13,839,596.07	203,603.86
Net after-tax of other comprehensive income attributable to owners of parent company	13,781,747.80	134,871.67
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss	13,781,747.80	134,871.67
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements	13,781,747.80	134,871.67

7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders	57,848.27	68,732.19
VII. Total comprehensive income	2,836,575,526.63	2,302,940,364.97
Total comprehensive income attributable to owners of parent Company	2,786,551,125.76	2,268,161,304.45
Total comprehensive income attributable to minority shareholders	50,024,400.87	34,779,060.52
VIII. Earnings per share:		
(i) Basic earnings per share	2.79	2.25
(ii) Diluted earnings per share	2.79	2.25

As for the enterprise combined under the same control, net profit of 0 Yuan achieved by the merged party before combination while 0 Yuan achieved last period

Legal Representative: Wang Xiaodong

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

4. Profit Statement of Parent Company

In RMB

Item	2020	2019
I. Operating income	4,536,417,803.79	3,832,925,360.42
Less: Operating cost	3,236,311,612.73	2,641,612,915.27
Taxes and surcharge	38,086,034.27	31,863,942.28
Sales expenses	126,442,956.05	52,567,986.14
Administration expenses	533,649,297.97	292,983,915.45
R&D expenses	205,001,982.50	197,574,348.21
Financial expenses	-34,275,071.44	-71,470,479.91
Including: interest expenses	4,163,923.00	6,984,512.71
Interest income	40,948,820.72	74,450,739.86
Add: other income	58,782,085.85	67,874,015.41
Investment income (Loss is listed with "-")	1,816,759,403.42	1,646,209,064.39
Including: Investment income on affiliated Company and joint venture	1,457,471,604.06	1,310,687,436.86
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with "-")		
Net exposure hedging income (Loss is listed with "-")		
Changing income of fair value (Loss is listed with "-")	383,241,806.28	22,923,064.68

Loss of credit impairment (Loss is listed with “-”)	2,076,529.99	-6,132,833.36
Losses of devaluation of asset (Loss is listed with “-”)	-82,232,381.43	-43,916,712.41
Income on disposal of assets (Loss is listed with “-”)	-520,470.69	1,887,302.76
II. Operating profit (Loss is listed with “-”)	2,609,307,965.13	2,376,636,634.45
Add: Non-operating income	30,937,706.44	562,276.63
Less: Non-operating expense	3,493,103.39	3,810,717.52
III. Total Profit (Loss is listed with “-”)	2,636,752,568.18	2,373,388,193.56
Less: Income tax	162,713,161.17	143,606,161.28
IV. Net profit (Net loss is listed with “-”)	2,474,039,407.01	2,229,782,032.28
(i) continuous operating net profit (net loss listed with “-”)	2,474,039,407.01	2,229,782,032.28
(ii) termination of net profit (net loss listed with “-”)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	2,474,039,407.01	2,229,782,032.28
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	2020	2019
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	11,908,396,653.71	8,145,939,987.84
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		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received	32,138,413.08	51,722,970.47
Other cash received concerning operating activities	102,573,818.52	143,912,897.80
Subtotal of cash inflow arising from operating activities	12,043,108,885.31	8,341,575,856.11
Cash paid for purchasing commodities and receiving labor service	8,277,296,527.38	5,020,827,379.58
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	1,295,921,487.63	1,222,358,828.87
Taxes paid	788,150,479.38	501,167,008.38
Other cash paid concerning operating activities	899,929,156.91	548,552,586.05
Subtotal of cash outflow arising from operating activities	11,261,297,651.30	7,292,905,802.88
Net cash flows arising from operating activities	781,811,234.01	1,048,670,053.23
II. Cash flows arising from investing activities:		
Cash received from recovering investment	8,051,178,224.52	11,384,917,612.00
Cash received from investment income	2,462,910,424.30	1,230,657,039.85
Net cash received from disposal of fixed, intangible and other long-term	42,851,678.36	147,609,697.19

assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	65,102,250.70	70,025,432.83
Subtotal of cash inflow from investing activities	10,622,042,577.88	12,833,209,781.87
Cash paid for purchasing fixed, intangible and other long-term assets	492,683,539.12	589,522,818.28
Cash paid for investment	9,246,030,000.00	13,384,156,157.81
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained	297,302,758.31	49,930,740.75
Other cash paid concerning investing activities	14,579,308.94	25,115,357.50
Subtotal of cash outflow from investing activities	10,050,595,606.37	14,048,725,074.34
Net cash flows arising from investing activities	571,446,971.51	-1,215,515,292.47
III. Cash flows arising from financing activities		
Cash received from absorbing investment	312,640,853.85	14,022,428.73
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	10,161,653.85	14,022,428.73
Cash received from loans	395,691,406.43	809,517,778.36
Other cash received concerning financing activities	5,730,135.13	845,291.11
Subtotal of cash inflow from financing activities	714,062,395.41	824,385,498.20
Cash paid for settling debts	371,154,665.80	841,746,769.02
Cash paid for dividend and profit distributing or interest paying	1,120,464,009.41	1,258,933,561.00
Including: Dividend and profit of minority shareholder paid by subsidiaries	15,748,768.80	26,271,705.11
Other cash paid concerning financing activities	449,251,421.46	146,064,936.00
Subtotal of cash outflow from financing activities	1,940,870,096.67	2,246,745,266.02
Net cash flows arising from financing activities	-1,226,807,701.26	-1,422,359,767.82
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-2,003,139.41	5,029,521.42
V. Net increase of cash and cash equivalents	124,447,364.85	-1,584,175,485.64
Add: Balance of cash and cash equivalents at the period -begin	820,498,653.85	2,404,674,139.49
VI. Balance of cash and cash equivalents at the period -end	944,946,018.70	820,498,653.85

6. Cash Flow Statement of Parent Company

In RMB

Item	2020	2019
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	4,470,039,778.75	3,928,802,469.74
Write-back of tax received		
Other cash received concerning operating activities	61,033,856.80	77,926,941.80
Subtotal of cash inflow arising from operating activities	4,531,073,635.55	4,006,729,411.54
Cash paid for purchasing commodities and receiving labor service	2,312,159,843.14	2,163,992,101.67
Cash paid to/for staff and workers	730,528,257.00	645,107,564.57
Taxes paid	562,371,147.42	320,098,914.24
Other cash paid concerning operating activities	341,484,021.47	180,660,925.40
Subtotal of cash outflow arising from operating activities	3,946,543,269.03	3,309,859,505.88
Net cash flows arising from operating activities	584,530,366.52	696,869,905.66
II. Cash flows arising from investing activities:		
Cash received from recovering investment	7,324,178,224.52	10,054,917,612.00
Cash received from investment income	2,434,385,770.96	1,289,170,321.39
Net cash received from disposal of fixed, intangible and other long-term assets	810,004.53	42,777,932.53
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	214,831,510.69	171,801,850.24
Subtotal of cash inflow from investing activities	9,974,205,510.70	11,558,667,716.16
Cash paid for purchasing fixed, intangible and other long-term assets	262,442,259.33	360,473,332.45
Cash paid for investment	8,853,827,446.85	11,870,526,196.52
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	112,342,336.68	204,000,000.00
Subtotal of cash outflow from investing activities	9,228,612,042.86	12,434,999,528.97
Net cash flows arising from investing activities	745,593,467.84	-876,331,812.81
III. Cash flows arising from financing activities		
Cash received from absorbing investment	302,479,200.00	
Cash received from loans	102,000,000.00	231,500,000.00
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	404,479,200.00	231,500,000.00
Cash paid for settling debts	116,000,000.00	227,500,000.00

Cash paid for dividend and profit distributing or interest paying	1,097,442,763.44	1,217,748,704.04
Other cash paid concerning financing activities	400,017,180.33	
Subtotal of cash outflow from financing activities	1,613,459,943.77	1,445,248,704.04
Net cash flows arising from financing activities	-1,208,980,743.77	-1,213,748,704.04
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-2,070,408.32	5,250,115.02
V. Net increase of cash and cash equivalents	119,072,682.27	-1,387,960,496.17
Add: Balance of cash and cash equivalents at the period -begin	532,115,862.26	1,920,076,358.43
VI. Balance of cash and cash equivalents at the period -end	651,188,544.53	532,115,862.26

7. Statement of Changes in Owners' Equity (Consolidated)

Current Period

In RMB

Item	2020												
	Owners' equity attributable to the parent Company											Minority interests	Total owners' equity
	Share capital	Other equity instrument	Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other	Subtotal		
Preferred shares	Perpetual preferred securities												
I. Balance at the end of the last year	1,008,950,570.00		3,391,527,806.33		134,871.67	3,247,757.06	510,100,496.00		12,076,443,635.56		16,990,405,136.62	494,248,174.05	17,484,653,310.67
Add: Changes of accounting policy													
Error correction of													

the last period														
Enterprise combine under the same control														
Other														
II. Balance at the beginning of this year	1,008,950,570.00			3,391,527,806.33		134,871.67	3,247,757.06	510,100,496.00		12,076,443,635.56	16,990,405,136.62	494,248,174.05	17,484,653,310.67	
III. Increase/Decrease in this year (Decrease is listed with “-”)				-97,285,438.05	303,627,977.74	13,781,747.80	-914,267.03			1,679,658,789.06	1,291,612,854.04	18,199,734.31	1,309,812,588.35	
(i) Total comprehensive income						13,781,747.80				2,772,769,377.96	2,786,551,125.76	50,024,400.87	2,836,575,526.63	
(ii) Owners' devoted and decreased capital				-97,285,438.05	303,627,977.74						-400,913,415.79	-16,046,487.85	-416,959,903.64	
1. Common shares invested by shareholders				-96,389,202.59	302,479,200.00						-398,868,402.59	25,079,496.04	-373,788,906.55	
2. Capital invested by holders of other equity instruments														
3. Amount reckoned into owners equity				6,280,461.58							6,280,461.58	204,375.92	6,484,837.50	

with share-based payment													
4. Other				-7,176,697.04	1,148,777.74					-8,325,474.78	-41,330,359.81	-49,655,834.59	
(III) Profit distribution										-1,095,767,216.49	-1,095,767,216.49	-15,748,768.80	-1,111,515,985.29
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk provisions													
3. Distribution for owners (or shareholders)										-1,093,241,270.00	-1,093,241,270.00	-15,748,768.80	-1,108,990,038.80
4. Other										-2,525,946.49	-2,525,946.49		-2,525,946.49
(IV) 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 . Carry-over retained earnings from the defined benefit plans													
5 . Carry-over retained earnings from other comprehensive income													
6. Other													
(V) Reasonable reserve							-914,267.03				-914,267.03	-29,409.91	-943,676.94
1. Withdrawal in the report period							21,673,368.09				21,673,368.09	2,158,529.38	23,831,897.47
2. Usage in the report period							22,587,635.12				22,587,635.12	2,187,939.29	24,775,574.41
(VI)Others										2,656,627.59	2,656,627.59		2,656,627.59
IV. Balance at the end of the report period	1,008,950,570.00			3,294,242,368.28	303,627,977.74	13,916,619.47	2,333,490.03	510,100,496.00		13,756,102,424.62	18,282,017,990.66	512,447,908.36	18,794,465,899.02

Last Period

In RMB

Item	2019													Minority interests	Total owners' equity
	Owners' equity attributable to the parent Company											Subtotal			
	Share capital	Other equity instrument	Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other					
Preferred stock	Perpetual capital securities														
I. Balance at the end of the last year	1,008,950,570.00		3,416,022,795.14		-19,809,442.95	1,618,490.50	510,100,496.00		10,996,945,870.13		15,913,828,778.82	538,142,268.53	16,451,971,047.35		
Add: Changes of accounting policy					19,809,442.95				1,584,556.37		21,393,999.32		21,393,999.32		
Error correction of the last period															
Enterprise combine under															

the same control													
Other													
II. Balance at the beginning of this year	1,008,950,570.00			3,416,022,795.14			1,618,490.50	510,100,496.00	10,998,530,426.50	15,935,222,778.14	538,142,268.53	16,473,365,046.67	
III. Increase/Decrease in this year (Decrease is listed with “-”)				-24,494,988.81		134,871.67	1,629,266.56		1,077,913,209.06	1,055,182,358.48	-43,894,094.48	1,011,288,264.00	
(i) Total comprehensive income						134,871.67			2,268,026,432.78	2,268,161,304.45	34,779,060.52	2,302,940,364.97	
(ii) Owners’ devoted and decreased capital				-24,494,988.81			567,732.83			-23,927,255.98	-52,813,665.23	-76,740,921.21	
1. Common shares invested by shareholders											14,022,428.73	14,022,428.73	
2. Capital invested by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based payment													

4. Other					-24,494,988.81			567,732.83					-23,927,255.98	-66,836,093.96	-90,763,349.94	
(III) Profit distribution													-1,210,740,684.00	-1,210,740,684.00	-26,271,705.11	-1,237,012,389.11
1. Withdrawal of surplus reserves																
2. Withdrawal of general risk provisions																
3. Distribution for owners (or shareholders)													-1,210,740,684.00	-1,210,740,684.00	-26,271,705.11	-1,237,012,389.11
4. Other																
(IV) 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 . Carry-over retained earnings from the defined benefit plans														
5 . Carry-over retained earnings from other comprehensive income														
6. Other														
(V) Reasonable reserve							1,061,533.73					1,061,533.73	412,215.34	1,473,749.07
1. Withdrawal in the report period							19,156,254.11					19,156,254.11	2,508,506.58	21,664,760.69
2. Usage in the report period							18,094,720.38					18,094,720.38	2,096,291.24	20,191,011.62
(VI)Others										20,627,460.28		20,627,460.28		20,627,460.28
IV. Balance at the end of the report period	1,008,950,570.00			3,391,527,806.33		134,871.67	3,247,757.06	510,100,496.00		12,076,443,635.56		16,990,405,136.62	494,248,174.05	17,484,653,310.67

8. Statement of Changes in Owners' Equity (Parent Company)

Current Period

In RMB

Item	2020											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								
I. Balance at the end of the last year	1,008,950,570.00				3,488,221,286.39				510,100,496.00	10,381,863,816.29		15,389,136,168.68
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at the beginning of this year	1,008,950,570.00				3,488,221,286.39				510,100,496.00	10,381,863,816.29		15,389,136,168.68
III. Increase/Decrease in this year (Decrease is listed with "-")					-80,489,269.78	303,627,977.74				1,317,119,149.33		933,001,901.81
(i) Total										2,474,039,407.01		2,474,039,407.01

comprehensive income												
(ii) Owners' devoted and decreased capital					-80,489,269.78	303,627,977.74						-384,117,247.52
1.Common shares invested by shareholders					-96,389,202.59	302,479,200.00						-398,868,402.59
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment					6,484,837.50							6,484,837.50
4. Other					9,415,095.31	1,148,777.74						8,266,317.57
(III) Profit distribution										-1,093,241,270.00		-1,093,241,270.00
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-1,093,241,270.00		-1,093,241,270.00
3. Other												
(IV) Carrying forward internal												

owners' equity												
1. Capital reserves conversed to capital (share capital)												
2. Surplus reserves conversed to capital (share capital)												
3. Remediying loss with surplus reserve												
4 . Carry-over retained earnings from the defined benefit plans												
5 . Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve								-1,177,442.02				-1,177,442.02
1. Withdrawal in the report period								5,849,756.55				5,849,756.55

2. Usage in the report period								7,027,198.57				7,027,198.57
(VI)Others								1,177,442.02		-63,678,987.68		-62,501,545.66
IV. Balance at the end of the report period	1,008,950,570.00				3,407,732,016.61	303,627,977.74			510,100,496.00	11,698,982,965.62		16,322,138,070.49

Last period

In RMB

Item	2019											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								
I. Balance at the end of the last year	1,008,950,570.00				3,488,221,286.39		-19,809,442.95		510,100,496.00	9,340,610,451.36		14,328,073,360.80
Add: Changes of accounting policy							19,809,442.95			1,584,556.37		21,393,999.32
Error correction of the last period												
Other												
II. Balance at the beginning of this	1,008,950,570.00				3,488,221,286.39				510,100,496.00	9,342,195,007.73		14,349,467,360.12

year												
III. Increase/ Decrease in this year (Decrease is listed with “-”)											1,039,668,808.56	1,039,668,808.56
(i) Total comprehensive income											2,229,782,032.28	2,229,782,032.28
(ii) Owners’ devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(III) Profit distribution											-1,210,740,684.00	-1,210,740,684.00
1. Withdrawal of surplus reserves												
2. Distribution for											-1,210,740,684.00	-1,210,740,684.00

owners (or shareholders)												
3. Other												
(IV) 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 . Carry-over retained earnings from the defined benefit plans												
5 . Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable												

reserve												
1. Withdrawal in the report period								5,898,191.19				5,898,191.19
2. Usage in the report period								5,898,191.19				5,898,191.19
(VI)Others										20,627,460.28		20,627,460.28
IV. Balance at the end of the report period	1,008,950,570.00				3,488,221,286.39				510,100,496.00	10,381,863,816.29		15,389,136,168.68

III. Basic information of the Company

1. Historical origin of the Company

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

Between 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 1.00 Yuan for each, and the total value of those shares amounted to 68 million Yuan. After the issuance, the Company’s total share capital increased to 183.4355 million Yuan.

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 303.4355 million Yuan.

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 394.46615 million Yuan, of which state-owned shares amounted to 120.16615 million Yuan, public corporate shares 10.4 million Yuan, foreign-funded shares (B-share) 88.40 million Yuan, RMB ordinary shares (A-share) 156 million Yuan and inner employee shares 19.5 million Yuan.

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 10 Yuan for each allotted share. Actually 41.9 million shares was allotted, and the total share capital after the allotment increased to 436.36615 million Yuan, of which state-owned corporate shares amounted to 121.56615 million Yuan, public corporate shares 10.4 million Yuan, foreign-funded shares (B-share) 88.4 million Yuan and RMB ordinary shares (A-share) 216 million Yuan.

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.

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 share 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 February 2012, the Company issued RMB ordinary shares (A-share) of 112,858,000 shares to Wuxi Industry Groups and overseas strategic investor privately, Robert Bosch Co., Ltd. (ROBERT BOSCHGMBH) (hereinafter referred to as Robert Bosch Company), face value was ONE Yuan per share, added registered capital of 112,858,000Yuan, and the registered capital after change was 680,133,995Yuan. Wuxi Industry Group is the first majority shareholder of the Company, and Robert Bosch Company is the second majority shareholder of the Company.

In March 2013, the profit distribution pre-plan for year of 2012 was deliberated and approved by the Board, and also passed in Annual General Meeting 2012 of the Company in May 2013. On basis of total share capital 680,133,995 shares, distribute 5-share for every 10 shares held by whole shareholders, 340,066,997 shares in total are distributed. Total share capital of the Company amounting 1,020,200,992Yuan up to 31 December 2013.

Deliberated and approved by the company's first extraordinary general meeting in 2015, the company has repurchased 11,250,422 shares of A shares from August 26, 2015 to September 8, 2015, and has finished the cancellation procedures for above repurchase shares in China Securities Depository and Clearing Corporation Limited Shenzhen Branch on September 16, 2015; after the cancellation of repurchase shares, the company's paid-up capital (share capital) becomes 1,008,950,570 Yuan after the change.

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

Registered place and head office of the Company: No.5 Huashan Road, Xinwu District, Wuxi

Unified social credit code: 91320200250456967N

The Company sets up Shareholders' General Meeting, the Board of Directors (BOD) and the Board of Supervisors (BOS)

The Company sets up Administration Department, Technology Centre, organization & personnel department, Office of the Board, compliance department, IT department, Strategy & new business Department, market development department, Party-massesDepartment, Finance Department, Purchase Department, Manufacturing Quality Department, MS (Mechanical System) division, AC(Automobile Components) division and DS (Diesel System) division etc. and subsidiaries such as Wuxi Weifu Leader Catalytic Converter Co., Ltd., Nanjing Weifu Jinning Co., Ltd., IRD Fuel Cells A/S and Borit NV etc.

3. Business nature and major operation activities of the Company

Operation scope of parent company: Technology development and consulting service in the machinery industry; manufacture of engine fuel oil system products, fuel oil system testers and equipment, manufacturing of auto electronic parts, automotive electrical components, non-standard equipment, non-standard knife tool and exhaust after-treatment system; sales of the general machinery, hardware & electrical equipment, chemical products & raw materials (excluding hazardous chemicals), automobile components and vehicles (excluding nine-seat passenger car); internal combustion engine maintenance; leasing of the own houses; 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. Research and test development of engineering and technical; R&D of the energy recovery system; manufacture of auto components and accessories; general equipment manufacturing (excluding special equipment manufacturing), (any projects that needs to be approved by laws can only be carried out after getting approval by relevant authorities)

Major subsidiaries respectively activate in production and sales of engine accessories, automobile components, mufflers, purifiers and fuel cell components etc.

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 16 April 2021.

5. Scope of consolidate financial statement

Name of subsidiary	Short name of subsidiary	Shareholding ratio (%)		Proportion of votes (%)	Registered capital (in 10 thousand Yuan)	Business scope	Statement consolidate (Y/N)
		Directly	Indirectly				
Nanjing Weifu Jinning Co., Ltd.	Weifu Jinning	80.00	--	80.00	34,628.70	Internal-combustion engine accessories	Y
Wuxi Weifu Leader Catalytic Converter Co., Ltd.	Weifu Leader	94.81	--	94.81	50,259.63	Purifier and muffler	Y
Weifu Mashan Pump Glib Co., Ltd.	Weifu Mashan	100.00	--	100.00	16,500	Internal-combustion engine accessories	Y
Wuxi Weifu Chang'an Co., Ltd.	Weifu Chang'an	100.00	--	100.00	21,000	Internal-combustion engine accessories	Y
Wuxi Weifu International Trade Co. Ltd.	Weifu International Trade	100.00	--	100.00	3,000	Trade	Y
Wuxi Weifu Schmidt Power System Spare Parts Co., Ltd.	Weifu Schmidt	66.00	--	66.00	7,600	Internal-combustion engine accessories	Y
Ningbo Weifu Tianli Supercharging Technique Co., Ltd.	Weifu Tianli	98.83	1.17	100.00	11,136	Internal-combustion engine accessories	Y
Wuxi Weifu Autocam Fine Machinery Co. Ltd.	Weifu Autocam	51.00	--	51.00	USD2,110	Automobile components	Y
Wuxi Weifu Leader Catalytic Purifier (Wuhan) Co., Ltd.	Weifu Leader (Wuhan)	--	60.00	60.00	1,000	Purifier and muffler	Y
Weifu Leader (Chongqing)Automobile components Co., Ltd.	Weifu Leader (Chongqing)	--	100.00	100.00	5,000	Purifier and muffler	Y
Nanchang Weifu Leader Automobile Components Co., Ltd	Weifu Leader (Nanchang)	--	100.00	100.00	5,000	Purifier and muffler	Y
Wuxi Weifu Autosmart Seating System Co., Ltd.	Autosmart Seating t	--	66.00	66.00	10,000	Smart car device	Y
Wuxi Weifu Electric Drive Technology Co., Ltd.	Weifu Electric Drive	80.00	--	80.00	USD2,000	Wheel motor	Y
Weifu Holding ApS	SPV	100.00	--	100.00	DKK 38	Investment	Y
IRD Fuel Cells A/S	IRD	--	100.00	100.00	DKK8,560	Fuel cell components	Y

IRD FUEL CELLS LLC	IRDAmerica	--	100.00	100.00	USD300	Fuel cell components	Y
Borit NV	Borit	--	100.00	100.00	EURO316.09	Fuel cell components	Y
Borit Inc.	Borit Inc.	--	100.00	100.00	USD0.1	Fuel cell components	Y

Compared with the previous period, the scope of consolidated financial statement have increase the follow enterprises including Zhixing Seat, Borit and Borit Inc. Of which, the Autosmart Seating was the subsidiary jointly established by the Company and Qiqiong Automobile Technology (Shanghai) Co., Ltd. Found more in the description of 5. Other reasons of change of consolidation scope carried in Note VI; Borit is the subsidiary acquired in the Period through SPV, found more in the description of 1. Enterprise combine not under the same control carried in Note VI; and Borit Inc. is the wholly-owned subsidiary of Borit established in the U.S.A.

On 1 January 2020, the former wholly-owned subsidiary - Wuxi Weifu ITM Supercharging Technique Co., Ltd was merger by absorption.

IV. Basis of preparation of financial statements

1. Preparation base

The financial statement were stated in compliance with *Accounting Standard for Business Enterprises –Basic Norms* issued by Ministry of Finance, the specific 42 accounting rules revised and issued dated 15 February 2006 and later, the Application Instruments of Accounting Standards and interpretation on Accounting standards and other relevant regulations (together as “Accounting Standards for Business Enterprise”), as well as the *Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15 – General Provision of Financial Report* (Amended in 2014) issued by CSRC in respect of the actual transactions and proceedings, on a basis of ongoing operation.

In line with relevant regulations of Accounting Standards of Business Enterprise, accounting of the Company is on accrual basis. Except for certain financial instruments, the financial statement measured on historical cost. Assets have impairment been found, corresponding depreciation reserves shall accrual according to relevant rules.

2. Going concern

The Company comprehensively assessed the available information, and there are no obvious factors that impact sustainable operation ability of the Company within 12 months since end of the reporting period.

V. Major Accounting Policies and Estimation

Specific accounting policies and estimation attention:

The Company and its subsidiaries are mainly engaged in the manufacture and sales of engine fuel oil system products, automobile components, mufflers, purifiers and fuel cell components etc., in line with the real

operational characteristics and relevant accounting standards, many specific accounting policies and estimation have been formulated for the transactions and events with revenue recognized concerned. As for the explanation on major accounting judgment and estimation made by management, please refer to Note V, 34 "Other major accounting policies and estimation".

1. Statement on observation of Accounting Standard for Business Enterprises

Financial statements prepared by the Company were in accordance with requirements of Accounting Standard for Business Enterprises, which truly and completely reflected the financial information of the Company dated 31 December 2020, such as financial status, operation achievements and cash flow for the year of 2020.

2. Accounting period

Accounting period of the Company consist of annual and mid-term, mid-term refers to the reporting period shorter than one annual accounting year. The company adopts Gregorian calendar as accounting period, namely form each 1 January to 31 December.

3. Business cycles

Normal business cycle is the period from purchasing assets used for process by the Company to the cash and cash equivalent achieved. The Company's normal business cycle was one-year (12 months).

4. Recording currency

The Company's reporting currency is the RMB Yuan.

5. Accounting Treatment Method for Business Combinations under the same/different control

Business combination is the transaction or events that two or two above independent enterprises combined as a reporting entity. Business combination including enterprise combined under the same control and business combined under different control.

(1) The business combination under the same control

Enterprise combination under the same control is the enterprise who take part in the combination are have the same ultimate controller or under the same controller, the control is not temporary. The assets and liability acquired by combining party are measured by book value of the combined party on combination date. Balance of net asset's book value acquired by combining party and combine consideration paid (or total book value of the shares issued), shall adjusted capital reserve (share premium); if the capital reserves (share premium) is not enough for deducted, adjusted for retained earnings. Vary directly expenses occurred for enterprise combination, the combining party shall reckoned into current gains/losses while occurring. Combination day is the date when combining party obtained controlling rights from the combined party.

(2) Combine not under the same control

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. As a purchaser, fair value of the assets (equity of purchaser held before the date of purchasing included) for purchasing controlling right from the purchaser, the liability occurred or undertake on purchasing date less the fair value of identifiable net assets of the purchaser obtained in combination, recognized as goodwill if the results is positive; if the number is negative, the acquirer shall firstly review the measurement of the fair value of the identifiable assets obtained, liabilities incurred and contingent liabilities incurred, as well as the combination costs. After that, if the combination costs are still lower than the fair value of the identifiable net assets obtained, the acquirer shall recognize the difference as the profit or loss in the current period. Other directly expenses cost for combination shall be reckoned into current gains/losses. Difference of the fair value of assets paid and its book values, reckoned into current gains/losses. On purchasing date, the identifiable assets, liability or contingency of the purchaser obtained by the Company recognized by fair value, that required identification conditions; Acquisition date refers to the date on which the acquirer effectively obtains control of the purchaser.

6. Preparation method for consolidated financial statement

(1) Recognition principle of consolidated scope

On basis of the financial statement of the parent company and owned subsidiaries, prepared consolidated statement in line with relevant information. The scope of consolidation of consolidated financial statements is ascertained on the basis of effective control. Once certain elements involved in the above definition of control change due to changes of relevant facts or circumstances, the Company will make separate assessment.

(2) Basis of control

Control is the right to govern an invested party so as to obtain variable return through participating in the invested party's relevant activities and the ability to affect such return by use of the aforesaid right over the invested party. Relevant activates refers to activates have major influence on return of the invested party's.

(3) Consolidation process

Subsidiaries are consolidated from the date on which the company obtains their actual control, and are de-consolidated from the date that such control ceases. All significant inter-group balances, investment, transactions and unrealized profits are eliminated in the consolidated financial statements. For subsidiaries being disposed, the operating results and cash flows prior to the date of disposal are included in the consolidated income statement and consolidated cash flow statement; for subsidiaries disposed during the period, the opening balances of the consolidated balance sheet would not be restated. For subsidiaries acquired from a business combination not under common control, their operating results and cash flows subsequent to the acquisition date are included in the consolidated income statement and consolidated cash flow statement, and the opening balances and comparative figures of the consolidated balance sheet would not be restated. For subsidiaries acquired from a

business combination under common control, their operating results and cash flows from the date of commencement of the accounting period in which the combination occurred to the date of combination are included in the consolidated income statement and consolidated cash flow statement, and the comparative figures of the consolidated balance sheet would be restated.

In preparing the consolidated financial statements, where the accounting policies or the accounting periods are inconsistent between the company and subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the company.

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

The unrealized gains and losses from the internal transactions occurred in the assets the Company sold to the subsidiaries fully offset "the net profit attributable to the owners of the parent company". The unrealized gains and losses from the internal transactions occurred in the assets the subsidiaries sold to the Company are distributed and offset between "the net profit attributable to the owners of the parent company" and "minority interest" according to the distribution ratio of the Company to the subsidiary. The unrealized gains and losses from the internal transactions occurred in the assets sold among the subsidiaries are distributed and offset between "the net profit attributable to the owners of the parent company" and "minority interest" according to the distribution ratio of the Company to the subsidiary of the seller.

The share of the subsidiary's ownership interest not attributable to the Company is listed as "minority interest" item under the ownership interest in the consolidated balance sheet. The share of the subsidiary's current profit or loss attributable to the minority interests is listed as "minority interest" item under the net profit item in the consolidated income statement. The share of the subsidiary's current consolidated income attributable to the minority interests is listed as the "total consolidated income attributable to the minority shareholders" item under the total consolidated income item in the consolidated income statement. If there are minority shareholders, add the "minority interests" item in the consolidated statement of change in equity to reflect the changes of the minority interests. If the losses of the current period shared by a subsidiary's minority shareholders exceed the share that the minority shareholders hold in the subsidiary ownership interest in the beginning of the period, the balance still charges against the minority interests.

When the control over a subsidiary is ceased due to disposal of a portion of an interest in a subsidiary, the fair value of the remaining equity interest is re-measured on the date when the control ceased. The difference between the sum of the consideration received from disposal of equity interest and the fair value of the remaining equity

interest, less the net assets attributable to the company since the acquisition date, is recognized as the investment income from the loss of control. Other comprehensive income relating to original equity investment in subsidiaries shall be treated on the same basis as if the relevant assets or liabilities were disposed of by the purchaser directly when the control is lost, namely be transferred to current investment income other than the relevant part of the movement arising from re-measuring net liabilities or net assets under defined benefit scheme by the original subsidiary. Subsequent measurement of the remaining equity interests shall be in accordance with relevant accounting standards such as *Accounting Standards for business Enterprises 2 – Long-term Equity Investments* or *Accounting Standards for business Enterprises 22 – Financial Instruments Recognition and Measurement*.

The company shall determine whether loss of control arising from disposal in a series of transactions should be regarded as a bundle of transactions. When the economic effects and terms and conditions of the disposal transactions met one or more of the following situations, the transactions shall normally be accounted for as a bundle of transactions: ①The transactions are entered into after considering the mutual consequences of each individual transaction; ② The transactions need to be considered as a whole in order to achieve a deal in commercial sense; ③The occurrence of an individual transaction depends on the occurrence of one or more individual transactions in the series; ④ The result of an individual transaction is not economical, but it would be economical after taking into account of other transactions in the series. When the transactions are not regarded as a bundle of transactions, the individual transactions shall be accounted as “disposal of a portion of an interest in a subsidiary which does not lead to loss of control” and “disposal of a portion of an interest in a subsidiary which lead to loss of control”. When the transactions are regarded as a bundle of transactions, the transactions shall be accounted as a single disposal transaction; however, the difference between the consideration received from disposal and the share of net assets disposed in each individual transactions before loss of control shall be recognized as other comprehensive income, and reclassified as profit or loss arising from the loss of control when control is lost.

7. Joint arrangement classification and accounting treatment for joint operations

In accordance with the Company’s rights and obligation under a joint arrangement, the Company classifies joint arrangements into: joint ventures and joint operations.

The company confirms the following items related to the share of interests in its joint operations, and in accordance with the provisions of the relevant accounting standards for accounting treatment:

- (1) Recognize the assets held solely by the Company, and recognize assets held jointly by the Company in appropriation to the share of the Company;
- (2) Recognize the obligations assumed solely by the Company, and recognize obligations assumed jointly by the Company in appropriation to the share of the Company;
- (3) Recognize revenue from disposal of the share of joint operations of the Company;
- (4) Recognize fees solely occurred by Company;

(5) Recognize fees from joint operations in appropriation to the share of the Company.

8. Recognition standards for cash and cash equivalent

Cash refers to stock cash, savings available for paid at any time; cash and cash equivalent refers to the cash held by the Company with short terms(expired within 3 months since purchased), and liquid and easy to transfer as known amount and investment with minor variation in risks.

9. Foreign currency business and conversion

The occurred foreign currency transactions are converted into the recording currency in accordance with the middle rate of the market exchange rate published by the People's Bank of China on the transaction date. Thereinto, the occurred foreign currency exchange or transactions involved in the foreign currency exchange are converted in accordance with the actual exchange rate in the transactions.

At the balance sheet date, the account balance of the foreign currency monetary assets and liabilities is converted into the recording currency amount in accordance with the middle rate of the market exchange rate published by the People's Bank of China on the transaction date. The balance between the recording currency amount converted according to exchange rate at the balance sheet date and the original recording currency amount is disposed as the exchange gains or losses. Thereinto, the exchange gains or losses occurred in the foreign currency loans related to the purchase and construction of fixed assets are disposed according to the principle of capitalization of borrowing costs; the exchange gains and losses occurred during the start-up are included in the start-up costs; the rest is included in the current financial expenses.

At the balance sheet date, the foreign currency non-monetary items measured with the historical costs are converted in accordance with the middle rate of the market exchange rate published by the People's Bank of China on the transaction date without changing its original recording currency amount; the foreign currency non-monetary items measured with the fair value are converted in accordance with the middle rate of the market exchange rate published by the People's Bank of China on the fair value date, and the generated exchange gains and losses are included in the current profits and losses as the gains and losses from changes in fair value.

The following displays the methods for translating financial statements involving foreign operations into the statements in RMB: The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the owners' equity items, the items other than "undistributed profits" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements of overseas operations are translated at the average exchange rates of the transaction dates. The exchange difference arising from the above mentioned translation are recognized in other comprehensive income and is shown separately under owner' equity in the balance sheet; such exchange

difference will be reclassified to profit or loss in current year when the foreign operation is disposed according to the proportion of disposal.

The cash flows of overseas operations are translated at the average exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

10. Financial instrument

Financial instrument is the contract that taken shape of the financial asses for an enterprise and of the financial liability or equity instrument for other units.

(1) Recognition and termination of financial instrument

A financial asset or liability is recognized when the group becomes a party to a financial instrument contract.

The recognition of a financial assets shall be terminated if it meets one of the following conditions:

- ① the contractual right to receive the cash flow of the financial assets terminates; and
- ② the financial assets is transferred and the company transfers substantially all the risks and rewards of ownership of the financial asset to the transferring party;
- ③ the financial asset was transferred and control, although the company has neither transferred nor retained almost all the risks and rewards of the ownership of a financial asset, it relinquishes control over the financial asset.

If all or part of the current obligations of a financial liability has been discharged, the financial liability or part of it is terminated for recognition. When the Company (debtor) and the creditor sign an agreement to replace the existing financial liabilities with new financial liabilities, and the new financial liabilities and the existing financial liabilities are substantially different from the contract terms, terminated the recognition of the existing financial liabilities and recognize the new financial liabilities at the same time.

Financial assets are traded in the normal way and their accounting recognition and terminated the recognition of proceed on a trade date basis.

(2) Classification and measurement of financial assets

At the initial recognition, according to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the Company classifies the financial assets into the financial assets measured at amortized cost, the financial assets measured at fair value and whose changes are included in other comprehensive income, and the financial assets measured at fair value and whose changes are included in current profit or loss. Financial assets are measured at fair value at initial recognition, but if the receivables or receivables financing arising from the sale of goods or the provision of services do not include a significant financing component or do not consider a financing component that does not exceed one year, it shall be initially measured in accordance with the transaction value. For financial assets measured at fair value and whose changes are included in the current profit or loss, related transaction costs are directly included in the current profit and loss;

for other types of financial assets, related transaction costs are included in the initially recognized amount.

The business model for managing financial assets refers to how the Company manages financial assets to generate cash flows. The business model determines whether the cash flow of financial assets managed by the Company is based on contract cash flow, selling financial assets or both. The Company determines the business model for managing financial assets based on objective facts and based on the specific business objectives of financial assets management determined by key management personnel.

The Company evaluates the contractual cash flow characteristics of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on a specific date are only payments for the principal and the interest based on the outstanding principal amount. The principal is the fair value of the financial assets at initial recognition; the interest includes the time value of money, the credit risk associated with the outstanding principal amount for a specific period, and other basic borrowing risks, costs and consideration of profit. In addition, the Company evaluates the contractual terms that may result in changes in the time distribution or the amount of contractual cash flows of the financial assets to determine whether they meet the requirements of the above contractual cash flow characteristics.

Only when the Company changes its business model of managing financial assets, all affected financial assets are reclassified on the first day of the first reporting period after the business model changes, otherwise the financial assets are not allowed to be reclassified after initial recognition.

① Financial assets measured at amortized cost

The Company classifies the financial assets that meet the following conditions and haven't been designated as financial assets measured at fair value and whose changes are included in current profit or loss as financial assets measured at amortized cost:

- A. the group's business model for managing the financial assets is to collect contractual cash flows; and
- B. the contractual terms of the financial assets stipulate that cash flow generated on a specific date is only paid for the principal and interest based on the outstanding principal amount.

After initial recognition, such financial assets are measured at amortized cost by using the effective interest method. Gains or losses arising from financial assets which are measured at amortized cost and are not a component of any hedging relationship are included in current profit or loss when being terminated for recognition, amortized by effective interest method, or impaired.

② Financial assets measured at fair value and whose changes are included in other comprehensive income

The Company classifies the financial assets that meet the following conditions and haven't been designated as financial assets measured at fair value and whose changes are included in current profit or loss as financial assets measured at fair value and whose changes are included in other comprehensive income:

- A. the Group's business model for managing the financial assets is targeted at both the collection of contractual cash flows and the sale of financial assets; and
- B. the contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount.

After initial recognition, such financial assets are subsequently measured at fair value. Interests, impairment losses or gains and exchange gains and losses calculated by using the effective interest method are included in profit or loss for the period, and other gains or losses are included in other comprehensive income. When being terminate for recognition, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in current profit or loss.

③ Financial assets measured at fair value and whose changes are included in current profit or loss

Except for the above financial assets measured at amortized cost and measured at fair value and whose changes are included in other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value and whose changes are included in current profit or loss. In the initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Company irreversibly designates part of the financial assets that should be measured at amortized cost or measured at fair value and whose changes are included in the other comprehensive income as the financial assets measured at fair value and whose changes are included in current profit or loss.

After the initial recognition, such financial assets are subsequently measured at fair value, and the gains or losses (including interests and dividend income) are included in the current profit and loss, unless the financial assets are part of the hedging relationship.

However, for non-trading equity instrument investments, the Company irreversibly designates them as the financial assets that are measured at fair value and whose changes are included in other comprehensive income in the initial recognition. The designation is made based on a single investment and the relevant investment is in line with the definition of equity instruments from the issuer's perspective. After initial recognition, such financial assets are subsequently measured at fair value. Dividend income that meets the conditions is included in profit or loss, and other gains or losses and changes in fair value are included in other comprehensive income. When it is terminated for recognition, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in retained earnings.

(3) Classification and measurement of financial liabilities

The financial liabilities of the Company are classified as financial liabilities measured at fair value and whose changes are included in current profit or loss and financial liabilities measured at amortized cost at the initial recognition. For financial liabilities that are not classified as financial liabilities measured at fair value and whose

changes are included in current profit or loss, the related transaction expenses are included in the initial recognition amount.

① Financial liability measured by fair value and with variation reckoned into current gains/losses

Financial liability measured by fair value and with variation reckoned into current gains/losses including tradable financial liability and the financial liabilities that are designated as fair value in the initial recognition and whose changes are included in current profit or loss. For such financial liabilities, the subsequent measurement is based on fair value, and the gains or losses arising from changes in fair value and the dividends and interest expenses related to these financial liabilities are included in current profit or loss.

② Financial liability measured by amortized cost

Other financial liabilities are subsequently measured at amortized cost by using the effective interest method. The gain or loss arising from recognition termination or amortization is included in current profit or loss.

③ Distinctions between financial liabilities and equity instruments

Financial liabilities are liabilities that meet one of the following conditions:

- A. Contractual obligations to deliver cash or other financial assets to other parties.
- B. Contractual obligations to exchange financial assets or financial liabilities with other parties under potentially adverse conditions.
- C. Non-derivative contracts that must be settled or that can be settled by the company's own equity instruments in the future, and the enterprise will deliver a variable amount of its own equity instruments according to the contract.
- D. Derivative contracts that must be settled or that can be settled by the company's own equity instruments in the future, except for derivatives contracts that exchange a fixed amount of cash or other financial assets with a fixed amount of their own equity instruments.

An equity instrument is a contract that proves it has a residual equity in the assets of an enterprise after deducting all liabilities.

If the Company cannot unconditionally avoid performing a contractual obligation by delivering cash or other financial assets, the contractual obligation is consistent with the definition of financial liability.

If a financial instrument is required to be settled or can be settled by the Company's own equity instruments, it is necessary to consider whether the Company's own equity instruments used to settle the instrument are a substitute for cash or other financial assets, or to make the instrument holder enjoy the residual equity in the assets of the issuer after deducting all liabilities. In the former case, the instrument is the Company's financial liability; if it is the latter, the instrument is the Company's equity instrument.

(4) Fair value of financial instruments

The company uses valuation techniques that are applicable under current circumstances and that have sufficient available data and other information support to determine the fair value of related financial assets and financial liabilities. The company divides the input values used by valuation techniques into the following levels and uses them in sequence:

- ① The first-level input value is the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in the active market;
- ② The second-level input value is the direct or indirect observable input value of the relevant assets or liabilities other than the first-level input value, including quotations of similar assets or liabilities in an active market; quotations of same or similar assets or liabilities in an active market; other observable input value other than quotations, such as interest rate and yield curves that are observable during the normal quote interval; market-validated input value, etc.;
- ③ The third-level input value is the unobservable input value of the relevant assets or liabilities, including the interest rate that cannot be directly observed or cannot be verified by observable market data, stock volatility, future cash flow of the retirement obligation assumed in the business combination, and financial forecasting made by its own data, etc.

(5) Impairment of financial assets

On the basis of expected credit losses, the Company performs impairment treatment on financial assets measured at amortized cost and creditors' investment etc. measured at fair value and whose changes are included in other comprehensive income and recognize the provisions for loss.

① Measurement of expected credit losses

Expected credit loss refers to the weighted average of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows that the Company discounts at the original actual interest rate and are receivable in accordance with contract and all cash flows expected to be received, that is, the present value of all cash shortages. Among them, for the purchase or source of financial assets that have suffered credit impairment, the Company discounts the financial assets at the actual interest rate adjusted by credit.

When measuring expected credit losses, the Company individually evaluates credit risk for financial assets with significantly different credit risks, such as receivables involving litigation and arbitration with the other party, or receivables having obvious indications that the debtor is likely to be unable to fulfill its repayment obligations, and so on.

Except for the financial assets that separately assess the credit risks, the Company classified the account receivable according to their characteristic of risks, calculated the expected credit losses on basis of portfolio.

Basis for determining the portfolio as follow:

A - Note receivable

Note receivable 1: bank acceptance

Note receivable 2: trade acceptance

B - Account receivable

Account receivable 1: receivable from clients

Account receivable 2: receivable from internal related party

C- Receivables financing

Note receivable financing 1: bank acceptance

Note receivable financing 2: trade acceptance

D - Other account receivables

Other account receivables 1: receivable from internal related party

Other account receivables 2: receivable from others

As for the note receivable, account receivable, receivables financing ,and other account receivable classified in portfolio, by referring to the experience of historical credit loss, the expected credit loss is calculated by combining the current situation and the forecast of future economic conditions.

Except for the above-mentioned financial assets adopting simplified metering method, the Company assesses at each balance sheet date whether its credit risk has increased significantly since initial recognition. If credit risk has not increased significantly since initial recognition, it is in the first stage, the Company measures the loss provisions based on the amount equivalent to the expected credit loss in the next 12 months; if the credit risk has increased significantly since initial recognition but no credit impairment has occurred, it is in the second stage, the Company measures the loss provisions based on the amount equivalent to the expected credit loss for the entire duration; if credit impairment occurs after initial recognition, it is in the third stage, the Company measures the loss provisions based on the amount equivalent to the expected credit loss for the entire duration. For financial instruments with low credit risks at the balance sheet date, the Company assumes that their credit risks have not increased significantly since initial recognition.

The Company evaluates the expected credit losses of financial instruments based on individual items and portfolios. When assessing expected credit losses, the Company considers reasonable and evidence-based information about past events, current conditions, and forecasts of future economic conditions.

When the Company no longer reasonably expects to be able to fully or partially recover the contractual cash flow of a financial asset, the Company directly writes down the book balance of the financial asset.

②Assessment of a significant increase in credit risk:

The Company determines the relative changes in default risk of the financial instrument occurred in the expected duration and assess whether the credit risks of financial instrument has increased significantly since the initial recognition by comparing the risk of default of the financial instrument on the balance sheet date with the risk of default of financial instrument on the initial recognition date. When determining whether the credit risk has increased significantly since the initial recognition, the Company considers reasonable and evidence-based information that can be obtained without unnecessary additional costs or effort, including forward-looking information. The information considered by the Company includes:

- A. The debtor fails to pay the principal and interest according to the contractual maturity date;
- B. Serious worsening of external or internal credit rating (if any) of the financial instruments that have occurred or are expected;
- C. Serious deterioration of the debtor's operating results that have occurred or are expected;
- D. Changes in existing or anticipated technical, market, economic or legal circumstances that will have a material adverse effect on the debtor's ability to repay the company.

Based on the nature of financial instruments, the Company assesses whether credit risk has increased significantly on the basis of a single financial instrument or combination of financial instruments. When conducting an assessment based on a combination of financial instruments, the Company can classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk ratings.

The Company believes that financial assets are subject to default in the following circumstances:

The debtor is unlikely to pay the full amount to the Company, and the assessment does not consider the Company to take recourse actions such as realizing collateral (if held).

③Financial assets with credit impairment

On the balance sheet date, the Company assesses whether the credit of financial assets measured at amortized cost and the credit of debt investments measured at fair value and whose changes are included in other comprehensive income has been impaired. When one or more events that adversely affect the expected future cash flows of a

financial asset occur, the financial asset becomes a financial asset that has suffered credit impairment. Evidence that credit impairment has occurred in financial assets includes the following observable information:

- A. The issuer or the debtor has significant financial difficulties;
- B. The debtor breaches the contract, such as default or overdue repayment of interest or principal;
- C. The Company gives concessions to the debtor that will not be made in any other circumstances for economic or contractual considerations relating to the financial difficulties of the debtor;
- D. The debtor is likely to go bankrupt or carry out other financial restructurings;
- E. The financial difficulties of the issuer or the debtor have caused the active market of the financial asset to disappear.

④ Presentation of expected credit loss provisions

In order to reflect the changes in the credit risk of financial instruments since the initial recognition, the Company re-measures the expected credit losses on each balance sheet date, and the resulting increase or reversal of the loss provisions shall be included in current profit and loss as impairment losses or gains. For financial assets measured at amortized cost, the loss provisions are written off against the book value of the financial assets listed in the balance sheet; for debt investments measured at fair value and whose changes are included in other comprehensive income, the Company recognizes the loss provisions in other comprehensive income and does not deduct the book value of the financial asset.

⑤ Write-off

If the Company no longer reasonably expects that the financial asset contract cash flow can be fully or partially recovered, directly write down the book balance of the financial asset. Such write-downs constitute the termination of recognition for related financial assets. This usually occurs when the Company determines that the debtor has no assets or sources of income to generate sufficient cash flow to repay the amount that will be written down. However, according to the Company's procedures for recovering the due amount, the financial assets that have been written down may still be affected by the execution activities.

If the financial assets that have been written down are recovered afterwards, they shall be included in the profit or loss of the period being recovered as the reversal of the impairment loss

(6) Transfer of financial assets

The transfer of financial assets refers to the transfer or delivery of financial assets to the other party (the transferee) other than the issuer of the financial assets.

For financial assets that the Company has transferred almost all risks and rewards of ownership of financial assets to the transferee, terminate the recognition of the financial assets; if almost all the risks and rewards of ownership of

financial assets have been retained, do not terminate the recognition of the financial assets.

If the Company has neither transferred nor retained almost all the risks and rewards of ownership of financial assets, dispose as following situations: If the control of the financial assets is abandoned, terminate the recognition of the financial assets and determine the resulting assets and liabilities. If the control of the financial assets is not abandoned, determine the relevant financial assets according to the extent to which they continue to be involved in the transferred financial assets, and determine the related liabilities accordingly.

(7) Balance-out between the financial assets and liabilities

As the Group has the legal right to balance out the financial liabilities by the net or liquidation of the financial assets, the balance-out sum between the financial assets and liabilities is listed in the balance sheet. In addition, the financial assets and liabilities are listed in the balance sheet without being balanced out.

11.Note receivable

Note receivable 1: bank acceptance

Note receivable 2: trade acceptance

The Company calculates expected credit losses by referring to historical credit loss experience, taking into account current conditions and forecasts of the future economic situation.

12.Account receivable

Account receivable 1: receivable from clients

Account receivable 2: receivable from internal related party

The Company calculates expected credit losses by referring to historical credit loss experience, taking into account current conditions and forecasts of the future economic situation.

13.Receivables financing

The note receivable and account receivable which are measured at fair value and whose changes are included in other comprehensive income are classified as receivables financing within one year(including one year) from the date of acquisition. Relevant accounting policy found more in 10. Financial Instrument in Note V.

14.Other account receivables

Determination method of expected credit loss and accounting treatment

Other account receivables 1: receivable from internal related party

Other account receivables 2: receivable from others

The Company calculates expected credit losses by referring to historical credit loss experience, taking into

account current conditions and forecasts of the future economic situation.

15.Inventory

(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

The cost of inventory at the time of acquisition and delivery is calculated according to the standard cost method, and the difference in cost that it should bear is carried forward at the end of the period, and the standard cost is adjusted to the actual cost.

(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 finished goods, commodities 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

Perpetual Inventory System is adopted by the Company and takes a physical inventory.

(5) Amortization of low-value consumables and wrappage

①Low-value consumables

The Company adopts one-off amortization method to amortize the low-value consumables.

②Wrappage

The Company adopts one-off amortization method to amortize the wrappage at the time of receipt.

16.Contract assets

Applicable from 1 Jan. 2020.

The Company presents the contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligation and the customer's payment.

Recognition method and standard of contract assets: contract assets refer to the right of a company to receive consideration after transferring goods or providing services to customers, and this right depends on other factors besides the passage of time. The company's unconditional (that is, only depending on the passage of time) right to collect consideration from customers are separately listed as receivables.

Method for determining expected credit losses of contract assets: the method for determining expected credit losses of contract assets is consistent with the method for determining expected credit losses of accounts receivable.

Accounting treatment method of expected credit losses of contract assets: if the contract assets are impaired, the company shall debit the "asset impairment loss" subject and credit the "contract asset impairment provision" subject according to the amount that should be written down. When reversing the provision for asset impairment that has already been withdrawn, make opposite accounting entries.

17.Assets held for sale

The Company classifies non-current assets or disposal groups that meet all of the following conditions as held-for-sale: according to the practice of selling this type of assets or disposal groups in a similar transaction, the non-current assets or disposal group can be sold immediately at its current condition; The sale is likely to occur, that is, the Company has made resolution on the selling plan and obtained definite purchase commitment, the selling is estimated to be completed within one year. Those assets whose disposal is subject to approval from relevant authority or supervisory department under relevant requirements are subject to that approval.

Where the Company loses control over its subsidiary due to disposal of investment in the subsidiary, whether or not the Company retains part equity investment after such disposal, investment in the subsidiary shall be classified in its entirety as held for sale in the separate financial statement of the parent company subject to that the investment in the subsidiary proposed to be disposed satisfies the conditions for being classified as held for sale, and all the assets and liabilities of the subsidiary shall be classified as held for sale in consolidated financial statement.

The purchase commitment identified refers to the legally binding purchase agreement entered into between the Company and other parties, which sets out certain major terms relating to transaction price, time and adequately

stringent punishment for default, which render an extremely minor possibility for material adjustment or revocation of the agreement.

Assets held for sale are measured at the lower of their carrying value and fair value less selling expense. If the carrying value is higher than fair value less selling expense, the excess shall be recognized as impairment loss and recorded in profit or loss for the period, and allowance for impairment shall be provided for in respect of the assets. In respect of impairment loss recognized for disposal group held for sale, carrying value of the goodwill in the disposal group shall be deducted first, and then deduct the carrying value of the non-current assets within the disposal group applicable to this measurement standard on a pro rata basis according to the proportion taken by their carrying value.

If the net amount of fair value of non-current assets held for sale less sales expense on subsequent balance sheet date increases, the amount previously reduced for accounting shall be recovered and reverted from the impairment loss recognized after the asset is classified under the category of held for sale, with the amount reverted recorded in profit or loss for the period. Impairment loss recognized before the asset is classified under the category of held for sale shall not be reverted. If the net amount of fair value of the disposal group held for sale on the subsequent balance sheet date less sales expenses increases, the amount reduced for accounting in previous periods shall be restored, and shall be reverted in the impairment loss recognized in respect of the non-current assets which are applicable to relevant measurement provisions after classification into the category of held for sale, with the reverted amount charged in profit or loss for the current period. The written-off carrying value of goodwill shall not be reverted.

The non-current assets in the non-current assets or disposal group held for sale is not depreciated or amortized, and the debt interests and other fees in the disposal group held for sale continue to be recognized.

If the non-current assets or disposal group are no longer classified as held for sale since they no longer meet the condition of being classified as held for sale or the non-current assets are removed from the disposal group held for sale, they will be measured at the lower of the following:

- (i) The amount after their book value before they are classified as held for sale is adjusted based on the depreciation, amortization or impairment that should have been recognized given they are not classified as held for sale;
- (ii) The recoverable amount.

18. Long-term equity investment

Long-term equity investments refer to long-term equity investments in which the Company has control, joint control or significant influence over the invested party. Long-term equity investment without control or joint control or significant influence of the Group is accounted for as available-for-sale financial assets or financial

assets measured by fair value and with variation reckoned into current gains/losses. As for other accounting policies found more in “10. Financial instrument” in Note V.

(1) Determination of initial investment cost

Investment costs of the long-term equity investment are recognized by the follow according to different way of acquirement:

① For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owner's equity under the consolidated financial statements of the ultimate controlling party on the date of combination. The difference between the initial cost of the long-term equity investment and the cash paid, non-cash assets transferred as well as the book value of the debts borne by the absorbing party shall offset against the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If the consideration of the merger is satisfied by issue of equity securities, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owner's equity under the consolidated financial statements of the ultimate controlling party on the date of combination. With the total face value of the shares issued as share capital, the difference between the initial cost of the long-term equity investment and total face value of the shares issued shall be used to offset against the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. For business combination resulted in an enterprise under common control by acquiring equity of the absorbing party under common control through a stage-up approach with several transactions, these transactions will be judged whether they shall be treat as “transactions in a basket”. If they belong to “transactions in a basket”, these transactions will be accounted for a transaction in obtaining control. If they are not belong to “transactions in a basket”, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owner's equity under the consolidated financial statements of the ultimate controlling party on the date of combination. The difference between the initial cost of the long-term equity investment and the aggregate of the carrying amount of the long-term equity investment before merging and the carrying amount the additional consideration paid for further share acquisition on the date of combination shall offset against the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. Other comprehensive income recognized as a result of the previously held equity investment accounted for using equity method on the date of combination or recognized for available-for-sale financial assets will not be accounted for.

② For the long-term equity investment obtained by business combination not under the same control, the fair value of the assets involved, the equity instruments issued and the liabilities incurred or assumed on the transaction date, plus the combined cost directly related to the acquisition is used as the initial investment cost of the long-term equity investment. The identifiable assets of the combined party and the liabilities (including contingent liabilities) assumed by the combined party on the combining date are all measured at fair value, regardless of the amount of minority shareholders' equity. The amount of the combined cost exceeding the fair value of the identifiable net assets of the combined party obtained by the Company is recorded as goodwill, and

the amount below the fair value of the identifiable net assets of the combining party is directly recognized in the consolidated income statement.(For business combination resulted in an enterprise not under common control by acquiring equity of the acquire under common control through a stage-up approach with several transactions, these transactions will be judged whether they shall be treat as “transactions in a basket”. If they belong to “transactions in a basket”, these transactions will be accounted for a transaction in obtaining control. If they are not belong to “transactions in a basket”, the initial investment cost of the long-term equity investment accounted for using cost method shall be the aggregate of the carrying amount of equity investment previously held by the acquire and the additional investment cost. For previously held equity accounted for using equity method, relevant other comprehensive income will not be accounted for. For previously held equity investment classified as available-for-sale financial asset, the difference between its fair value and carrying amount, as well as the accumulated movement in fair value previously included in the other comprehensive income shall be transferred to profit or loss for the current period.)

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 (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;
- D. Initial investment cost of long-term equity investment obtained through debt reorganization is determined at fair value of such investment.

(2) Subsequent measurement on long-term equity investment

- ①Presented controlling ability on invested party, the investment shall use cost method for measurement.
- ②Long-term equity investments with joint control (excluding those constitute joint ventures) or significant influence on the invested party are accounted for using equity method.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investor’s interest in the fair value of the invested party’s identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost. Where the initial investment cost is less than the investor’s interest in the fair value of the invested party’s identifiable net assets at the acquisition date, the difference shall be charged to profit or loss for the current period, and the cost of the long term equity investment shall be adjusted accordingly.

Under the equity method, investment gain and other comprehensive income shall be recognized based on the

Group's share of the net profits or losses and other comprehensive income made by the invested party, respectively. Meanwhile, the carrying amount of long-term equity investment shall be adjusted. The carrying amount of long-term equity investment shall be reduced based on the Group's share of profit or cash dividend distributed by the invested party. In respect of the other movement of net profit or loss, other comprehensive income and profit distribution of invested party, the carrying value of long-term equity investment shall be adjusted and included in the capital reserves. The Group shall recognize its share of the invested party's net profits or losses based on the fair values of the invested party's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto. In the event of in-conformity between the accounting policies and accounting periods of the invested party and the Company, the financial statements of the invested party shall be adjusted in conformity with the accounting policies and accounting periods of the Company. Investment gain and other comprehensive income shall be recognized accordingly. In respect of the transactions between the Group and its associates and joint ventures in which the assets disposed of or sold are not classified as operation, the share of unrealized gain or loss arising from inter-group transactions shall be eliminated by the portion attributable to the Company. Investment gain shall be recognized accordingly. However, any unrealized loss arising from inter-group transactions between the Group and an invested party is not eliminated to the extent that the loss is impairment loss of the transferred assets. In the event that the Group disposed of an asset classified as operation to its joint ventures or associates, which resulted in acquisition of long-term equity investment by the investor without obtaining control, the initial investment cost of additional long-term equity investment shall be the fair value of disposed operation. The difference between initial investment cost and the carrying value of disposed operation will be fully included in profit or loss for the current period. In the event that the Group sold an asset classified as operation to its associates or joint ventures, the difference between the carrying value of consideration received and operation shall be fully included in profit or loss for the current period. In the event that the Company acquired an asset which formed an operation from its associates or joint ventures, relevant transaction shall be accounted for in accordance with "Accounting Standards for Business Enterprises No. 20 "Business combination". All profit or loss related to the transaction shall be accounted for.

The Group's share of net losses of the invested party shall be recognized to the extent that the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of the investor's net investment in the invested party are reduced to zero. If the Group has to assume additional obligations, the estimated obligation assumed shall be provided for and charged to the profit or loss as investment loss for the period. Where the invested party is making profits in subsequent periods, the Group shall resume recognizing its share of profits after setting off against the share of unrecognized losses.

③Acquisition of minority interest

Upon the preparation of the consolidated financial statements, since acquisition of minority interest increased of long-term equity investment which was compared to fair value of identifiable net assets recognized which are measured based on the continuous measurement since the acquisition date (or combination date) of subsidiaries attributable to the Group calculated according to the proportion of newly acquired shares, the difference of which

recognized as adjusted capital surplus, capital surplus insufficient to set off impairment and adjusted retained earnings.

④ Disposal of long-term equity investments

In these consolidated financial statements, for disposal of a portion of the long-term equity investments in a subsidiary without loss of control, the difference between disposal cost and disposal of long-term equity investments relative to the net assets of the subsidiary is charged to the owners' equity. If disposal of a portion of the long-term equity investments in a subsidiary by the parent company results in a change in control, it shall be accounted for in accordance with the relevant accounting policies as described in Note V.-6 "Preparation Method of the Consolidated Financial Statements".

On disposal of a long-term equity investment otherwise, the difference between the carrying amount of the investment and the actual consideration paid is recognized through profit or loss in the current period.

In respect of long-term equity investment accounted for using equity method with the remaining equity interest after disposal also accounted for using equity method, other comprehensive income previously under owners' equity shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by invested party on pro rata basis at the time of disposal. The owners' equity recognized for the movement of other owners' equity (excluding net profit or loss, other comprehensive income and profit distribution of invested party) shall be transferred to profit or loss for the current period on pro rata basis.

In respect of long-term equity investment accounted for using cost method with the remaining equity interest after disposal also accounted for cost equity method, other comprehensive income measured and reckoned under equity method or financial instrument before control of the invested party unit acquired shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by invested party on pro rata basis at the time of disposal and shall be transferred to profit or loss for the current period on pro rata basis; among the net assets of invested party unit recognized by equity method (excluding net profit or loss, other comprehensive income and profit distribution of invested party) shall be transferred to profit or loss for the current period on pro rata basis.

In the event of loss of control over invested party due to partial disposal of equity investment by the Group, in preparing separate financial statements, the remaining equity interest which can apply common control or impose significant influence over the invested party after disposal shall be accounted for using equity method. Such remaining equity interest shall be treated as accounting for using equity method since it is obtained and adjustment was made accordingly. For remaining equity interest which cannot apply common control or impose significant influence over the invested party after disposal, it shall be accounted for using the recognition and measurement standard of financial instruments. The difference between its fair value and carrying amount as at

the date of losing control shall be included in profit or loss for the current period. In respect of other comprehensive income recognized using equity method or the recognition and measurement standard of financial instruments before the Group obtained control over the invested party, it shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by invested party at the time when the control over invested party is lost. Movement of other owners' equity (excluding net profit or loss, other comprehensive income and profit distribution under net asset of invested party accounted for and recognized using equity method) shall be transferred to profit or loss for the current period at the time when the control over invested party is lost. Of which, for the remaining equity interest after disposal accounted for using equity method, other comprehensive income and other owners' equity shall be transferred on pro rata basis. For the remaining equity interest after disposal accounted for using the recognition and measurement standard of financial instruments, other comprehensive income and other owners' equity shall be fully transferred.

In the event of loss of common control or significant influence over invested party due to partial disposal of equity investment by the Group, the remaining equity interest after disposal shall be accounted for using the recognition and measurement standard of financial instruments. The difference between its fair value and carrying amount as at the date of losing common control or significant influence shall be included in profit or loss for the current period. In respect of other comprehensive income recognized under previous equity investment using equity method, it shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by invested party at the time when equity method was ceased to be used. Movement of other owners' equity (excluding net profit or loss, other comprehensive income and profit distribution under net asset of invested party accounted for and recognized using equity method) shall be transferred to profit or loss for the current period at the time when equity method was ceased to be used.

The Group disposes its equity investment in subsidiary by a stage-up approach with several transactions until the control over the subsidiary is lost. If the said transactions belong to "transactions in a basket", each transaction shall be accounted for as a single transaction of disposing equity investment of subsidiary and loss of control. The difference between the disposal consideration for each transaction and the carrying amount of the corresponding long-term equity investment of disposed equity interest before loss of control shall initially recognized as other comprehensive income, and subsequently transferred to profit or loss arising from loss of control for the current period upon loss of control.

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

Found more in NoteV-24."impairment of long-term assets"

(4) Criteria of Joint control and significant influence

Joint control is the Company's contractually agreed sharing of control over an arrangement, which relevant activities of such arrangement must be decided by unanimously agreement from parties who share control. All the

participants or participant group whether have controlling over such arrangement as a group or not shall be judge firstly, than judge that whether the decision-making for such arrangement are agreed unanimity by the participants or not.

Significant influence is the power of the Company to participate in the financial and operating policy decisions of an invested party, but to fail to control or joint control the formulation of such policies together with other parties. While recognizing whether have significant influence by invested party, the potential factors of voting power as current convertible bonds and current executable warrant of the invested party held by investors and other parties shall be thank over.

19. Investment real estate

Measurement model of investment real estate

Cost measurement

Depreciation or amortization

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 Note V-24“Impairment of long-term assets”

20. Fixed assets

(1) Recognition conditions

Fixed assets refer to the tangible assets for production of products, provision of labor, lease or operation, with a service life excess one year and has more unit value.

(2) Depreciation methods

Category	Depreciation method	Years of depreciation	Scrap value rate	Yearly depreciation rate
House and Building	Straight-line depreciation	20~35	5	2.71~4.75
Machinery equipment	Straight-line depreciation	10	5	9.50
Transportation equipment	Straight-line depreciation	4~5	5	19.00~23.75
Electronic and other equipment	Straight-line depreciation	3~10	5	9.50~31.67

For the fixed assets with impairment provision, the depreciation amount shall be calculated after deducting the accumulated amount of impairment provision for fixed assets

(3) Recognition basis, valuation and depreciation method for financial lease assets

The Company affirms those that conform to below one or several criteria as the finance lease fixed assets:

- ① Agreed in the lease contract (or made a reasonable judgment according to the correlated conditions on the lease commencement date), the ownership of lease fixed assets can be transferred to the Company after the expiry of the lease period;
- ② The Company has the option to purchase or lease the fixed assets, and the purchase price is estimated to be much less than the fair value of the lease of fixed assets when exercises the options, so whether the Company will exercise the option can be reasonably determined on the lease commencement date;
- ③ Even though the fixed asset ownership is not transferred, the lease term accounts for 75% of the service life of the lease fixed assets;
- ④ The present value of the Company's of minimum lease payment on the lease commencement date is equivalent to 90% or more of the fair value of the lease fixed assets on the lease commencement date; the present value of the leaser's of minimum lease payment on the lease commencement date is equivalent to 90% or more of the fair value of the lease fixed assets on the lease commencement date;
- ⑤ The leased assets with special properties can only be used by the Company without major modifications. The fixed assets rented by finance leases is calculated as the book value according to the lower one between the fair value of leased assets on the lease commencement date and the present value of the minimum lease payments.

(4) The impairment test method of fixed assets and the method of provision for impairment see Note V-24“Impairment of long-term assets”.

21. Construction in progress

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.

The basis of provision for impairment of properties held for construction in process is referred to Note V-24“Impairment of long-term assets”

22. 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

Borrowing costs arising from purchasing fixed asset, investment real estate and inventory, and occurred after such assets reached to its intended use of status or sales, than reckoned into assets costs while satisfy the above mentioned capitalization condition; capitalization of borrowing costs shall be suspended and recognized as current expenditure during periods in which construction of fixed assets, investment real estate and inventory are interrupted abnormally, when the interruption is for a continuous period of more than 3 months, until the acquisition, construction or production of the qualifying asset is resumed; capitalization shall discontinue when the qualifying asset is ready for its intended use or sale, the borrowing costs occurred subsequently shall reckoned into financial expenses while occurring for the current period.

(3) Measure of capitalization for borrowing cost

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.

23. Intangible assets

(1) Measurement, use of life and impairment testing

① Measurement of intangible assets

The intangible assets of the Company including land use rights, patented technology and non-patents technology 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.

② Amortization methods and time limit for intangible assets:

Land use right of the company had average amortization by the transfer years from the beginning date of transfer (date of getting land use light); Patented technology, non-patented technology and other intangible assets of the Company are amortized by straight-line method with the shortest terms among expected useful life, benefit years regulated in the contract and effective age regulated by the laws. The amortization amount shall count in relevant assets costs and current gains/losses according to the benefit object.

As for the intangible assets as trademark, with uncertain benefit terms, amortization shall not be carried.

Impairment testing methods and accrual for depreciation reserves for the intangible assets found more in Note V24-“Impairment of long-term assets”.

(2) Internal accounting policies relating to research and development expenditures

Expenses incurred during the research phase are recognized as profit or loss in the current period; expenses incurred during the development phase that satisfy the following conditions are recognized as intangible assets (patented technology and non-patents technology):

- ① It is technically feasible that the intangible asset can be used or sold upon completion;
- ② there is intention to complete the intangible asset for use or sale;
- ③ The products produced using the intangible asset has a market or the intangible asset itself has a market;
- ④ there is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;

⑤ the expenses attributable to the development phase of the intangible asset can be measured reliably.

If the expenses incurred during the development phase did not qualify the above mentioned conditions, such expenses incurred are accounted for in the profit or loss for the current period. The development expenditure reckoned in gains/losses previously shall not be recognized as assets in later period. The capitalized expenses in development stage listed as development expenditure in balance sheet, and shall be transfer as intangible assets since such item reached its expected conditions for service.

24. Impairment of long-term assets

The Company will judge if there is any indication of impairment as at the balance sheet date in respect of non-current non-financial assets such as fixed assets, construction in progress, intangible assets with a finite useful life, investment properties measured at cost, and long-term equity investments in subsidiaries, joint controlled entities and associates. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for impairment test. Goodwill, intangible assets with an indefinite useful life and intangible assets beyond working conditions will be tested for impairment annually, regardless of whether there is any indication of impairment.

If the impairment test result shows that the recoverable amount of an asset is less than its carrying amount, the impairment provision will be made according to the difference and recognized as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. An asset's fair value is the price in a sale agreement in an arm's length transaction. If there is no sale agreement but the asset is traded in an active market, fair value shall be determined based on the bid price. If there is neither sale agreement nor active market for an asset, fair value shall be based on the best available information. Costs of disposal are expenses attributable to disposal of the asset, including legal fee, relevant tax and surcharges, transportation fee and direct expenses incurred to prepare the asset for its intended sale. The present value of the future cash flows expected to be derived from the asset over the course of continued use and final disposal is determined as the amount discounted using an appropriately selected discount rate. Provisions for assets impairment shall be made and recognized for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs. The asset group is the smallest group of assets capable of generating cash flows independently.

For the purpose of impairment testing, the carrying amount of goodwill presented separately in the financial statements shall be allocated to the asset groups or group of assets benefiting from synergy of business combination. If the recoverable amount is less than the carrying amount, the Group shall recognize an impairment loss. The amount of impairment loss shall first reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduce the carrying amount of other assets (other than goodwill) within the asset group or set of asset groups, pro rata on the basis of the carrying amount of each asset.

An impairment loss recognized on the aforesaid assets shall not be reversed in a subsequent period in respect of the part whose value can be recovered.

25. Long-term deferred 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.

26. Contract liability

The Company lists the obligation to transfer goods or provide labor services to customers for the consideration received or receivable from customers as contract liabilities, such as the amount that the company has received before the transfer of the promissory goods.

27. Employee compensation

(1) Accounting treatment for short-term compensation

During the accounting period when the staff providing service to the Company, the short-term remuneration actual occurred shall recognized as liability and reckoned into current gains/losses. During the accounting period when staff providing service to the Company, the actual short-term compensation occurred shall recognized as liabilities and reckoned into current gains/losses, except for those in line with accounting standards or allow to reckoned into capital costs; the welfare occurred shall reckoned into current gains/losses or relevant assets costs while actually occurred. The employee compensation shall recognize as liabilities and reckoned into current gains/losses or relevant assets costs while actually occurred. The employee benefits that belong to non-monetary benefits are measured in accordance with the fair value; the social insurances including the medical insurance, work-injury insurance and maternity insurance and the housing fund that the enterprise pays for the employees as well as the labor union expenditure and employee education funds withdrawn by rule should be calculated and determined as the corresponding compensation amount and determined the corresponding liabilities in accordance with the specified withdrawing basis and proportion, and reckoned in the current profits and losses or relevant asset costs in the accounting period that the employees provide services.

(2) Accounting treatment for post-employment benefit

The post-employment benefit included the defined contribution plans and defined benefit plans. Post-employment benefits plan refers to the agreement about the post-employment benefits between the enterprise and employees, or the regulations or measures the enterprise established for providing post-employment benefits to employees. Thereinto, the defined contribution plan refers to the post-employment benefits plan that the enterprise doesn't

undertake the obligation of payment after depositing the fixed charges to the independent fund; the defined benefit plans refers to post-employment benefits plans except the defined contribution plan.

(3)Accounting treatment for retirement benefits

When the Company terminates the employment relationship with employees before the end of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, the Company shall recognize employee compensation liabilities arising from compensation for staff dismissal and included in profit or loss for the current period, when the Company cannot revoke unilaterally compensation for dismissal due to the cancellation of labor relationship plans and employee redundant proposals; and the Company recognize cost and expenses related to payment of compensation for dismissal and restructuring, whichever is earlier. The early retirement plan shall be accounted for in accordance with the accounting principles for compensation for termination of employment. The salaries or wages and the social contributions to be paid for the employees who retire before schedule from the date on which the employees stop rendering services to the scheduled retirement date, shall be recognized (as compensation for termination of employment) in the current profit or loss by the Group if the recognition principles for provisions are satisfied.

(4)Accounting treatment for other long-term employee benefits

Except for the compulsory insurance, the Company provides the supplementary retirement benefits to the employees satisfying some conditions, the supplementary retirement benefits belong to the defined benefit plans, and the defined benefit liability confirmed on the balance sheet is the value by subtracting the fair value of plan assets from the present value of defined benefit obligation. The defined benefit obligation is annually calculated in accordance with the expected accumulated welfare unit method by the independent actuary by adopting the treasury bond rate with similar obligation term and currency. The service charges related to the supplementary retirement benefits (including the service costs of the current period, the previous service costs, and the settlement gains or losses) and the net interest are reckoned in the current profits and losses or other asset costs, the changes generated by recalculating the net liabilities of defined benefit plans or net assets should be reckoned in other consolidated income.

28. Accrual liabilities

(1) Recognition principle

An obligation related to a contingency, such as guarantees provided to outsiders, pending litigation or arbitration, 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 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: Measure on the basis of the best estimates of the expenses necessary for paying off the contingencies

29. Share-based payment

The Company's share-based payment is a transaction that grants equity instruments or assumes liabilities determined on the basis of equity instruments in order to obtain services provided by employees or other parties. The Company's share-based payment is classified as equity-settled share-based payment and cash-settled share-based payment.

(1) Equity-settled share-based payment and equity instruments

Equity-settled share-based payment in exchange for services provided by employees shall be measured at the fair value of the equity instruments granted to employees. If the Company uses restricted stocks for share-based payment, employees contribute capital to subscribe for stocks, and the stocks shall not be listed for circulation or transfer until the unlocking conditions are met and unlocked; if the unlocking conditions specified in the final equity incentive plan are not met, the Company shall repurchase the stocks at the pre-agreed price. When the Company obtains the payment for the employees to subscribe for restricted stocks, it shall confirm the share capital and capital reserve (share capital premium) according to the obtained subscription money, and at the same time recognize a liability in full for the repurchase obligation and recognize treasury shares. On each balance sheet date during the waiting period, the Company makes the best estimate of the number of vesting equity instruments based on the changes in the latest obtained number of vested employees, whether they meet the specified performance conditions, and other follow-up information. On this basis, the services obtained in the current period are included in related costs or expenses based on the fair value on the grant date, and the capital reserve shall be increased accordingly.

For share-based payments that cannot be vested in the end, costs or expenses shall not be recognized, unless the vesting conditions are market conditions or non-vesting conditions. At this time, regardless of whether the market conditions or the non-vesting conditions are met, as long as all non-market conditions in the vesting conditions are met, it is deemed as vesting.

If the terms of equity-settled share-based payment are modified, at least the services obtained should be confirmed in accordance with the unmodified terms. In addition, any modification that increases the fair value of the equity instruments granted, or a change that is beneficial to employees on the modification date, is recognized as an increase in services received.

If the equity-settled share payment is cancelled, it will be treated as an accelerated vesting on the cancellation day, and the unconfirmed amount will be confirmed immediately. If an employee or other party can choose to meet the non-vesting conditions but fails to meet within the waiting period, it shall be treated as cancellation of equity-settled share-based payment. However, if a new equity instrument is granted and it is determined on the

date of grant of the new equity instrument that the new equity instrument granted is used to replace the cancelled equity instrument, the granted substitute equity instruments shall be treated in the same way as the modification of the original equity instrument terms and conditions.

(2) Cash-settled share-based payment and equity instruments

Cash-settled share-based payments are measured at the fair value of the liabilities calculated and determined on the basis of shares or other equity instruments undertaken by the Company. If it's vested immediately after the grant, the fair value of the liabilities assumed on the date of the grant is included in the cost or expense, and the liability is increased accordingly. If the service within the waiting period is completed or the specified performance conditions are met, the service obtained in the current period shall be included in the relevant costs or expenses based on the best estimate of the vesting situation within the waiting period and the fair value of the liabilities assumed to increase the corresponding liabilities. On each balance sheet date and settlement date before the settlement of the relevant liabilities, the fair value of the liabilities is remeasured, and the changes are included in the current profit and loss.

30. Revenue

Accounting policies used in revenue recognition and measurement

Accounting policies applicable as of 1 January 2020:

(1) Accounting policies used in revenue recognition and measurement

1) Revenue recognition principle

On the starting date of the contract, the company evaluates the contract, identifies each individual performance obligation contained in the contract, and determines whether each individual performance obligation is performed within a certain period of time or at a certain point in time.

When one of the following conditions is met, it belongs to the performance obligation within a certain period of time, otherwise, it belongs to the performance obligation at a certain point in time: ① The customer obtains and consumes the economic benefits brought by the company's performance while the company performs the contract; ② The customer can control the goods or services under construction during the company's performance; ③ The goods or services produced during the company's performance have irreplaceable uses, and the company has the right to collect payment for the performance part that has been completed so far during the entire contract period.

For performance obligations performed within a certain period of time, the company recognizes revenue in accordance with the performance progress during that period. When the performance progress cannot be reasonably determined, if the cost incurred is expected to be compensated, the revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined. For performance obligations performed at a certain point in time, revenue is recognized at the point when the customer obtains control of the relevant goods or services. When judging whether the customer has obtained

control of the goods, the company considers the following signs:① The company has the current right to receive payment for the goods, that is, the customer has the current payment obligation for the goods; ②The company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods; ③The company has transferred the goods to the customer in kind, that is, the customer has physically taken possession of the goods; ④ The company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods; ⑤ The customer has accepted the goods; ⑥Other signs that the customer has obtained control of the goods.

2)Revenue measurement principle

①The company measures revenue based on the transaction price allocated to each individual performance obligation. The transaction price is the amount of consideration that the company expects to be entitled to receive due to the transfer of goods or services to customers, and does not include payments collected on behalf of third parties and payments expected to be returned to customers.

②If there is variable consideration in the contract, the company shall determine the best estimate of the variable consideration according to the expected value or the most likely amount, but the transaction price including the variable consideration shall not exceed the amount of cumulatively recognized revenue that is unlikely to be significantly turned back when the relevant uncertainty is eliminated.

③ If there is a significant financing component in the contract, the company shall determine the transaction price based on the amount payable that the customer is assumed to pay in cash when obtaining the control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest method during the contract period. On the starting date of the contract, if the company expects that the customer pays the price within one year after obtaining control of the goods or services, the significant financing components in the contract shall not be considered.

④If the contract contains two or more performance obligations, the company will allocate the transaction price to each individual performance obligation based on the relative proportion of the stand-alone selling price of the goods promised by each individual performance obligation on the starting date of the contract.

(2) The Company's standard for the revenue recognition of the sales of goods and the specific judgment standard for the confirmation time:

The time when the Company's domestic sales revenue is confirmed: The company delivers the goods according to the order. On the reconciliation date agreed with the buyer, check the goods received and inspected by the buyer during the period from the last reconciliation date to this reconciliation date with the buyer, and the risks and rewards are transferred to the buyer after checking, the Company issues an invoice to the buyer according to the type, quantity and amount confirmed in the reconciliation, and confirms the realization of sales revenue on the reconciliation day.

The time when the Company's foreign sales revenue is confirmed: After the customs review is completed, the Company will confirm the realization of the sales revenue according to the export date specified on the customs declaration.

Accounting policies applicable for year of 2019:

(1) Concrete judging criteria for time of recognized

The major risks and remuneration entitled to the ownership of goods are transferred to buyer; neither retain the continued management right generally related to ownership, nor exercise effective control over the sold products; the relevant economic benefits are probable to flow into the Company; the relevant income and costs can be measured reliably.

Concrete judging criteria for time of recognized the income from goods sales:

The Company's domestic sales revenue recognition time: The company delivers goods as agreed, checks the goods that the buyers have received and inspected during the period of the last reconciliation date and this reconciliation date with the buyers on the reconciliation date as agreed, and transfers the risks and remunerations to the buyers after checking, the Company issues the invoices to the buyers in accordance with the recognized varieties, quantities and amounts and affirms the sales revenue realization on the reconciliation date.

The Company's overseas sales revenue recognition time: After checking by the customs, the Company affirms the sales revenue realization according to the date of departure on the customs declaration.

(2) Recognition of revenue of assets using right alienation

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, revenue measured by the follow:

① Interest income amount: calculated and determined in accordance with the time that others use the enterprises cash and the actual interest rate.

② Royalty revenue amount: calculated and determined in accordance with the charging time and method of the relevant contract or agreement as agreed.

The basis that the Company confirms the revenue from transferring the right to use assets.

Rental income: the revenue realization is confirmed after collecting the rent on the date as agreed in the rental contract (or agreement). For the rent not received on the date as agreed in the contract or agreement but can be received, and of which the amount of revenue can be measured reliably can also be recognized as revenue.

(3) When confirming the incomes of labor services and construction contracts according to the percentage of completion method, determine the basis and method of the contract completion plan.

For the service transaction results can be estimated reliably on the balance sheet date, the service revenue is determined and recognized by adopting the percentage of completion method. The completion progress of service transaction is determined by the proportion of incurred costs in the estimated total cost.

The total service revenue is determined by the received or receivable contract or agreement costs, except that the received or receivable contract or agreement costs are not fair. On the balance sheet date, the service revenue of the current period is determined by multiplying the total service revenue by the completion progress and deducting the amount accumulated in the previous accounting period and confirmed to render the service revenue. Meanwhile, the labor costs of the current period are carried forward by multiplying the total estimated costs of labor services by the completion progress and deducting the amount accumulated in the previous accounting period with confirmed service costs.

For the service transaction results cannot be estimated reliably on the balance sheet date, respectively dispose as following circumstances:

- ①The incurred labor costs estimated to be compensated are confirmed to render the service revenue according to the incurred labor costs, and are carried forward by the equivalent amount.
- ②The incurred labor costs estimated not to be compensated are reckoned in the current profits or losses, and are not confirmed to render the service revenue.

Differences in accounting policies for revenue recognition due to different operating models for the same type of business Nil

31. Government grants

(1) Types

Government grants are transfer of monetary assets or non-monetary assets from the government to the Group at no consideration. Government grants are classified into government grants related to assets and government grants related to income.

As for the assistance object not well-defined in government's documents, the classification criteria for assets-related or income-related grants are as: whether the grants turn to long-term assets due to purchasing for construction or other means.

(2) Recognition and measure

The government grants shall be recognized while meet the additional conditions of the grants and amount is actually can be obtained.

If a government grant is in the form of a transfer of monetary asset, the item shall be measured at the amount

received or receivable. If a government grant is in the form of a transfer of non-monetary asset, the item shall be measured at fair value. If the fair value can not be reliably acquired, than measured by nominal amount.

(3) Accounting treatment

A government grant related to an asset shall be recognized as deferred income, and reckoned into current gains/losses according to the depreciation process in use life of such assets.

A government grant related to income, if they making up relevant expenses and losses for later period, than recognized deferred income, and should reckoned into current gain/loss during the period while relevant expenses are recognized; if they making up relevant expenses and losses that occurred, than reckoned into current gains/losses.

A government grant related to daily operation activity of the Company should reckoned into other income; those without related to daily operation activity should reckoned into non-operation income and expenses.

The financial discount funds received by the Company shall write down relevant borrowing costs.

32. Deferred income tax assets/Deferred income tax liabilities

(1) Deferred income tax assets or deferred income tax liabilities are realized based on the difference between the carrying values of assets and liabilities and their taxation bases (as for the ones did not recognized as assets and liability and with taxation basis recognized in line with tax regulations, different between tax base and its book value) at the tax rates applicable in the periods when the Company recovers such assets or settles such liabilities.

(2) Deferred income tax assets are realized to the extent that it is probable to obtain such taxable income which is used to set off the deductible temporary difference. As at the balance sheet date, if there is obvious evidence showing that it is probable to obtain sufficient taxable income to set off the deductible temporary difference in future periods, deferred income tax assets not realized in previous accounting periods shall be realized.

(3) On balance sheet date, re-review shall be made in respect of the carrying value of deferred income tax assets. If it is impossible to obtain sufficient taxable income to set off the benefits of deferred income tax assets in future periods, then the carrying value of deferred income tax assets shall be reduced accordingly. If it is probable to obtain sufficient taxable income, then the amount reduced shall be switched back.

(4) Current income tax and deferred income tax considered as income tax expenses or incomes reckoned into current gains/losses, excluding the follow income tax:

- ① Enterprise combination;
- ② Transactions or events recognized in owner's equity directly

33. Lease

(1) Accounting for operating lease

The rental fee paid for renting the properties by the company are amortized by the straight-line method and reckoned in the current expenses throughout the lease term without deducting rent-free period. The initial direct costs related to the lease transactions paid by the company are reckoned in the current expenses.

When the lessor undertakes the expenses related to the lease that should be undertaken by the company, the company shall deduct the expenses from the total rental costs, share by the deducted rental costs during the lease term, and reckon in the current expenses.

Rental obtained from assets leasing, during the whole leasing period without rent-free period excluded, shall be amortized by straight-line method and recognized as leasing revenue. The initial direct costs paid with leasing transaction concerned are reckoned into current expenditure; the amount is larger is capitalized when incurred, and accounted for as profit or loss for the current period on the same basis as recognition of rental income over the entire lease period.

When the company undertakes the expenses related to the lease that should be undertaken by the lessor, the company shall deduct the expenses from the total rental income, and distribute by the deducted rental costs during the lease term.

(2) Accounting treatment for financing lease

Assets lease-in by financing: On the beginning date of the lease, the entry value of leased asset shall be at the lower of the fair value of the leased asset and the present value of minimum lease payment at the beginning date of the lease. Minimum lease payment shall be the entry value of long-term accounts payable, with difference recognized as unrecognized financing expenses. Unrecognized financing expenses shall be reckoned in financial expenses and amortized and using effective interest method during the leasing period. The initial direct costs incurred by the Company shall be reckoned into value of assets lease-in.

Finance leased assets: on the lease commencement date, the company affirms the balance among the finance lease receivables, the sum of unguaranteed residual value and its present value as the unrealized financing income, and recognizes it as the rental income during the period of receiving the rent. For the initial direct costs related to the rental transaction, the company reckons in the initial measurement of the finance lease receivables, and reduces the amount of income confirmed in the lease term.

34. Other important accounting policy and estimation

In the process of applying the Company's accounting policies, due to the inherent uncertainty of business activities, the Company needs to judge, estimate and assume the book value of the report items cannot be accurately measured. These judgments, estimates and assumptions are made on the basis of the historical experience of the Company's management and by considering other relevant factors, which shall impact the reported amounts of income, expenses, assets and liabilities and the disclosure of contingent liabilities on the balance sheet date. However, the actual results caused by the estimated uncertainties may differ from the management's current estimates of the Company so as to carry out the significant adjustments to the book value of the assets or liabilities to be affected.

The Company regularly reviews the aforementioned judgments, estimates and assumptions on the basis of continuing operations, the changes in accounting estimates only affect the current period, of which the impacts are recognized in the current period; the changes in accounting estimates not only affect the current period but also the future periods, of which the impacts are recognized in the current and future periods.

On the balance sheet date, the important areas of the financial statements that the Company needs to judge, estimate and assume are as follows:

(1) Provision for bad debts

The Company has used the expected credit loss model to assess the impairment of financial instruments. The application of the expected credit loss model requires significant judgement and estimates, and must consider all reasonable and evidence-based information, including forward-looking information. In making such judgments and estimates, the Company infers the expected changes in debtors' credit risks based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors.

(2) Inventory falling price reserves

According to the inventory accounting policies, the Company measures by the comparison between the cost and the net realizable value, if the cost is higher than the net realizable value and the old and unsalable inventories, the Company calculates and withdraws the inventory impairment. The inventory devalues to the net realizable value by evaluating the inventory's vendibility and net realizable value. To identify the inventory impairment, the management needs to obtain the unambiguous evidences, and consider the purpose to hold the inventory, and judge and estimate the impacts of events after the balance sheet date. The actual results and the differences between the previously estimated results shall affect the book value of inventory and the provision or return of the inventory impairment during the period estimated to be changed.

(3) Preparation for the impairment of non-financial & non-current assets

The Company checks whether the non-current assets except for the financial assets may decrease in value at the

balance sheet date. For the intangible assets with indefinite service life, in addition to the annual impairment test, the impairment test is also needed when there is a sign of impairment. For the other non-current assets except for the financial assets, the impairment test is needed when it indicates that the book amounts may not be recoverable.

When the book value of the asset or group of assets exceeds its recoverable amount, i.e. the higher between the net amount by subtracting the disposal costs from the fair value and the present value of expected future cash flows, it indicates the impairment.

As for the net amount by subtracting the disposal costs from the fair value, refer to the sales agreement price similar to the assets in the fair trade or the observable market price, and subtract the incremental costs determination directly attributable to the disposal of the asset.

When estimating the present value of the future cash flow, the Company needs to make significant judgments to the output, price, and related operating expenses of the asset (or asset group) and the discount rate used for calculating the present value. When estimating the recoverable amount, the Company shall adopt all the relevant information can be obtained, including the prediction related to the output, price, and related operating expenses based on the reasonable and supportable assumptions.

The Company tests whether its business reputation decreases in value every year, which requires to estimating the present value of the asset group allocated with goodwill or the future cash flow combined by the asset group. When estimating the present value of the future cash flow, the Company needs to estimate the future cash flows generated by the asset group or the combination of asset group, and select the proper discount rate to determine the present value of the future cash flows.

(4) Depreciation and amortization

The Company depreciates and amortizes the investment property, fixed assets and intangible assets according to the straight-line method in the service life after considering the residual value. The Company regularly reviews the service life to determine the depreciation and amortization expense amount to be reckoned in each reporting period. The service life is determined by the Company based on the past experience of similar assets and the expected technological updating. If the previous estimates have significant changes, the depreciation and amortization expense shall be adjusted in future periods.

(5) Fair value of financial instrument

Financial instruments that do not have active markets to provide quotes need to use valuation techniques to determine fair value. Valuation techniques include the latest transaction information, discounted cash flow methods, and option pricing models. The Company has established a set of work processes to ensure that qualified personnel are responsible for the calculation, verification and review of fair value. The valuation model used by the

Company uses the market information as much as possible and uses the Company-specific information as little as possible. It should be noted that part of the information used in the valuation model requires management's estimation (such as discount rate, target exchange rate volatility, etc.). The Company regularly reviews the above estimates and assumptions and makes adjustments if necessary.

(6) Income tax

In the Company's normal business activities, the final tax treatment and calculation of some transactions have some uncertainties. Whether some projects can be disbursed from the cost and expenses before taxes requires needs to get approval from the tax authorities. If the final affirmation of these tax matters differs from the initially estimated amount, the difference shall have an impact on its current and deferred income taxes during the final identification period.

35.Changes of important accounting policy and estimation

(1)Changes of important accounting policies

√ Applicable □ Not applicable

Content and reasons for changes in accounting policies	Approval process	Note
Implementation of new revenue standard	Deliberated and approved by AGM of 2019	

Implementation of new revenue standard:

The Ministry of Finance revised the Accounting Standards for Business Enterprise No.14- Revenue in 2017, which go into effect on 1 January 2020. The revised standard requires that the cumulative impact of the first implementation of the standard be adjusted by the amount of opening retained earnings and other related items in the financial statement for the period of first-time implementation for comparable periods.

Main impact on the financial statement of the Company on 1 Jan. 2020 while implementing the new revenue standard:

Consolidated financial statement: In RMB/CNY

Item	2019-12-31	Reclassify	Remeasurement	2020-1-1
Account receivable	2,310,666,475.89	115,015,466.40	--	2,425,681,942.29
Other current liability	--	115,015,466.40	--	115,015,466.40
			--	
Account received in advance	113,737,432.61	-110,874,750.61	--	2,862,682.00
Contract liability	--	98,565,613.54	--	98,565,613.54
Other current liability	--	12,309,137.07	--	12,309,137.07

Financial statement of parent company: In RMB/CNY

Item	2019-12-31	Reclassify	Remeasurement	2020-1-1
Account receivable	768,500,929.93	79,739,079.11	--	848,240,009.04
Other current liability	--	79,739,079.11	--	79,739,079.11
Account received in advance	12,010,730.30	-12,010,730.30	--	--
Contract liability	--	10,628,964.87	--	10,628,964.87
Other current liability	--	1,381,765.43	--	1,381,765.43

(2) Changes of important accounting estimate

Applicable Not applicable

(3) Adjust the financial statements at the beginning of the first year of implementation of new financial instrument standards, new revenue standards and new leasing standards since 2020

Applicable

Whether need to adjust the items in balance sheet at the beginning of the year

Yes No

Consolidate balance sheet

In RMB

Item	2019-12-31	2020-01-01	Adjustments
Current assets:			
Monetary funds	1,596,893,711.87	1,596,893,711.87	
Settlement provisions			
Capital lent			
Transaction financial asset	3,940,885,674.32	3,940,885,674.32	
Derivative financial assets			
Note receivable	1,812,141,371.94	1,812,141,371.94	
Account receivable	2,310,666,475.89	2,425,681,942.29	115,015,466.40
Receivables financing	23,873,317.86	23,873,317.86	
Account paid in advance	139,241,917.78	139,241,917.78	
Insurance receivable			
Reinsurance receivables			
Contract reserve of reinsurance receivable			
Other account receivables	43,730,023.31	43,730,023.31	
Including: Interest receivable	655,052.98	655,052.98	
Dividend receivable	1,070,000.00	1,070,000.00	
Buying back the sale of financial assets			

Inventory	2,418,744,835.82	2,418,744,835.82	
Contract assets			
Assets held for sale			
Non-current asset due within one year			
Other current assets	1,012,055,605.74	1,012,055,605.74	
Total current assets	13,298,232,934.53	13,413,248,400.93	115,015,466.40
Non-current assets:			
Loans and payments on behalf			
Creditors' investment			
Other creditors' investment			
Long-term account receivables			
Long-term equity investment	5,322,405,953.35	5,322,405,953.35	
Other equity instrument investment	285,048,000.00	285,048,000.00	
Other non-current financial assets	1,043,589,987.43	1,043,589,987.43	
Investment real estate	22,410,511.87	22,410,511.87	
Fixed assets	2,845,176,078.20	2,845,176,078.20	
Construction in progress	247,857,777.25	247,857,777.25	
Productive biological assets			
Oil and gas assets			
Right-of-use asset			
Intangible assets	430,594,372.12	430,594,372.12	
Development expenses			
Goodwill	1,784,086.79	1,784,086.79	
Long-term deferred expenses	18,536,000.25	18,536,000.25	
Deferred income tax assets	212,476,501.54	212,476,501.54	
Other non-current assets	230,235,982.45	230,235,982.45	
Total non-current assets	10,660,115,251.25	10,660,115,251.25	
Total assets	23,958,348,185.78	24,073,363,652.18	115,015,466.40
Current liabilities:			
Short-term borrowings	312,153,969.81	312,153,969.81	
Loan from central bank			
Capital borrowed			
Transaction financial liability			
Derivative financial liability			

Note payable	1,745,218,439.52	1,745,218,439.52	
Account payable	3,312,254,229.84	3,312,254,229.84	
Account received in advance	113,737,432.61	2,862,682.00	-110,874,750.61
Contract liability		98,565,613.54	98,565,613.54
Selling financial asset of repurchase			
Absorbing deposit and interbank deposit			
Security trading of agency			
Security sales of agency			
Employee compensation payable	314,343,737.66	314,343,737.66	
Taxes payable	129,538,411.86	129,538,411.86	
Other account payable	65,266,262.39	65,266,262.39	
Including: Interest payable			
Dividend payable			
Commission charge and commission payable			
Reinsurance payable			
Liability held for sale			
Non-current liabilities due within one year			
Other current liability		127,324,603.47	127,324,603.47
Total current liabilities	5,992,512,483.69	6,107,527,950.09	115,015,466.40
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings			
Bonds payable			
Including: preferred stock			
Perpetual capital securities			
Lease liability			
Long-term account payable	35,108,263.11	35,108,263.11	
Long-term employee compensation payable	58,392,053.61	58,392,053.61	
Accrual liabilities			
Deferred income	365,116,022.98	365,116,022.98	
Deferred income tax liabilities	22,566,051.72	22,566,051.72	
Other non-current liabilities			
Total non-current liabilities	481,182,391.42	481,182,391.42	
Total liabilities	6,473,694,875.11	6,588,710,341.51	115,015,466.40

Owners' equity:			
Share capital	1,008,950,570.00	1,008,950,570.00	
Other equity instrument			
Including: preferred stock			
Perpetual capital securities			
Capital reserve	3,391,527,806.33	3,391,527,806.33	
Less: Inventory shares			
Other comprehensive income	134,871.67	134,871.67	
Reasonable reserve	3,247,757.06	3,247,757.06	
Surplus reserve	510,100,496.00	510,100,496.00	
Provision of general risk			
Retained profit	12,076,443,635.56	12,076,443,635.56	
Total owners' equity attributable to parent company	16,990,405,136.62	16,990,405,136.62	
Minority interests	494,248,174.05	494,248,174.05	
Total owners' equity	17,484,653,310.67	17,484,653,310.67	
Total liabilities and owner's equity	23,958,348,185.78	24,073,363,652.18	115,015,466.40

Balance sheet of parent company

In RMB

Item	2019-12-31	2020-01-01	Adjustments
Current assets:			
Monetary funds	965,770,877.82	965,770,877.82	
Transaction financial asset	3,758,789,072.68	3,758,789,072.68	
Derivative financial assets			
Note receivable	202,403,993.13	202,403,993.13	
Account receivable	768,500,929.93	848,240,009.04	79,739,079.11
Receivables financing			
Account paid in advance	89,116,730.45	89,116,730.45	
Other account receivables	250,014,956.74	250,014,956.74	
Including: Interest receivable	804,929.68	804,929.68	
Dividend receivable	1,070,000.00	1,070,000.00	
Inventory	565,144,234.49	565,144,234.49	
Contract assets			
Assets held for sale			

Non-current asset due within one year			
Other current assets	938,616,881.51	938,616,881.51	
Total current assets	7,538,357,676.75	7,618,096,755.86	79,739,079.11
Non-current assets:			
Creditors' investment			
Other creditors' investment			
Long-term account receivables			
Long-term equity investment	6,331,363,630.04	6,331,363,630.04	
Other equity instrument investment	209,108,000.00	209,108,000.00	
Other non-current financial assets	1,043,589,987.43	1,043,589,987.43	
Investment real estate			
Fixed assets	1,646,333,216.50	1,646,333,216.50	
Construction in progress	136,573,912.28	136,573,912.28	
Productive biological assets			
Oil and gas assets			
Right-of-use asset			
Intangible assets	203,663,423.60	203,663,423.60	
Development expenses			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets	105,137,877.84	105,137,877.84	
Other non-current assets	172,646,721.05	172,646,721.05	
Total non-current assets	9,848,416,768.74	9,848,416,768.74	
Total assets	17,386,774,445.49	17,466,513,524.60	79,739,079.11
Current liabilities:			
Short-term borrowings	116,126,459.33	116,126,459.33	
Transaction financial liability			
Derivative financial liability			
Note payable	284,054,137.00	284,054,137.00	
Account payable	930,273,146.35	930,273,146.35	
Account received in advance	12,010,730.30		-12,010,730.30
Contract liability		10,628,964.87	10,628,964.87
Employee compensation payable	213,626,754.45	213,626,754.45	
Taxes payable	56,540,307.59	56,540,307.59	

Other account payable	11,976,576.21	11,976,576.21	
Including: Interest payable			
Dividend payable			
Liability held for sale			
Non-current liabilities due within one year			
Other current liability		81,120,844.54	81,120,844.54
Total current liabilities	1,624,608,111.23	1,704,347,190.34	79,739,079.11
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: preferred stock			
Perpetual capital securities			
Lease liability			
Long-term account payable			
Long-term employee compensation payable	50,058,386.76	50,058,386.76	
Accrual liabilities			
Deferred income	322,971,778.82	322,971,778.82	
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	373,030,165.58	373,030,165.58	
Total liabilities	1,997,638,276.81	2,077,377,355.92	79,739,079.11
Owners' equity:			
Share capital	1,008,950,570.00	1,008,950,570.00	
Other equity instrument			
Including: preferred stock			
Perpetual capital securities			
Capital reserve	3,488,221,286.39	3,488,221,286.39	
Less: Inventory shares			
Other comprehensive income			
Reasonable reserve			
Surplus reserve	510,100,496.00	510,100,496.00	
Retained profit	10,381,863,816.29	10,381,863,816.29	
Total owners' equity	15,389,136,168.68	15,389,136,168.68	
Total liabilities and owner's equity	17,386,774,445.49	17,466,513,524.60	79,739,079.11

(4) Retrospective adjustment of early comparison data description when initially implemented the new financial instrument standards and new leasing standards since 2020

Applicable Not applicable

36. Other

VI. Taxation

1. Major taxes and tax rates

Tax	Basis	Tax rate
VAT	General taxpayers of the company and domestic subsidiaries calculate output tax at the tax rates of 13%, 9%, 6%, and 5% of taxable income, and calculate and pay value-added tax based on the difference after deducting the input VAT that is allowed to be deducted in the current period.	13%, 9%, 6%, Collection rate 5%
City maintaining & construction tax	Turnover tax payable	7%
Corporation income tax	Taxable income	Except for overseas subsidiaries which calculate and pay the taxes according to the statutory tax rate of the country or region where they are located, the corporate income tax of domestic companies is calculated and paid at 15%、20% or 25% of the taxable income.
Educational surtax	Turnover tax payable	5%, 4.5%

Disclose reasons for different taxpaying body

Taxpaying body	Income tax rate
Weifu Mashan, Weifu Chang'an, Weifu International Trade, Weifu Autocam, Weifu Schmidt, Autosmart Seating、 Weifu Leader (Nanchang), Weifu Electric Drive, Borit	25%
Weifu Leader (Wuhan)	20%
The Company, Weifu Jinning, Weifu Leader, Weifu Tianli , Weifu Leader (Chongqing)	15%
SPV, IRD	22%

The Company, Weifu Jinning, Weifu Leader and Weifu Tianli are accredited as a high-tech enterprise in 2020, and enjoy a preferential income tax rate of 15% from 1 January 2020 to 31 December 2022.

The State Administration of Taxation announced the first item of *Announcement of the State Administration of Taxation on the Enterprise Income Tax Issues Concerning the Implementation of the Western Development Strategy* No. 12 of 2012 that from January 1, 2011 to December 31, 2020, the enterprises located in the west

region and mainly engaged in the industrial projects stipulated in the *Catalogue of Encouragement Industries in the Western Region*, and whose main business income accounting for more than 70% of the total income of the enterprise in the current year can pay the corporate income tax at the tax rate of 15%. In 2020, Weifu Leader (Chongqing) paid its corporate income tax at the tax rate of 15%.

According to the provision of the State Administration of Taxation on the Announced the Cancellation of 22 Tax Non-administrative Review (No. 58 documents in 2015) dated 18 August 2015, the enterprise that benefit from the 15% tax incentive for western development do not need to approve only to file, and Weifu Leader (Chongqing) has passed the tax filing audit in 2020.

In 2020, Weifu Leader (Wuhan) met the standards of small and low-profit enterprises, and the part of taxable income that did not exceed 1 million Yuan was included in the taxable income at a reduced rate of 25%, and the corporate income tax was paid at the tax rate of 20%; while the part of the taxable income exceeding 1 million Yuan but not exceeding 3 million Yuan was included in the taxable income at a reduced rate of 50%, and the corporate income tax was paid at the tax rate of 20%.

VII. Notes to major items in consolidated financial statements

1. Monetary funds

In RMB/CNY

Item	Ending balance	Opening balance
Cash on hand	507.66	93,165.33
Cash in bank	1,905,945,511.04	1,531,405,488.52
Other Monetary funds	57,343,813.63	65,395,058.02
Total	1,963,289,832.33	1,596,893,711.87
Including: Total amount saving aboard	33,723,245.25	31,442,836.86
Total amount with restriction on use for mortgage, pledge or freeze	57,343,813.63	34,946,900.21

Other explanation

The ending balance of other monetary funds includes bank acceptance bill deposit 51,045,344.11 Yuan, Mastercard deposit 215,720.00 Yuan, in-transit foreign exchange funds 2,656,627.59 Yuan, letter of credit guarantee deposit 587,241.00 Yuan, and frozen dividends 2,838,880.93 Yuan. The in-transit foreign exchange fund of 2,656,627.59 Yuan is the final payment of the investment in Protean Holding Corp; as of December 31, 2020, the amount is still in the foreign exchange supervision account. The frozen dividend of 2,838,880.93 Yuan represents the part of dividends distributed by SDEC(stock code:600841) and Miracle Automation (stock code:002009) from 2017 to 2020 held by the Company as financial assets available for sale. According to the notices numbered Yue 03MC [2016]2490 and Yue 03MC [2016]2492 served by Guangdong Shenzhen Intermediate People's Court, these dividends were frozen.

2. Transaction financial asset

In RMB/CNY

Item	Ending balance	Opening balance
Financial assets measured at fair value and whose changes are included in current profit or loss	3,518,432,939.10	3,940,885,674.32
Including:		
SDEC	140,395,956.00	91,822,332.00
Miracle Automation	47,712,300.00	36,031,500.00
Financial products	3,330,324,683.10	3,813,031,842.32
Including:		
Total	3,518,432,939.10	3,940,885,674.32

3. Note receivable

(1) Classification of notes receivable

In RMB/CNY

Item	Ending balance	Opening balance
Bank acceptance bill	1,312,571,695.46	1,755,135,175.42
Trade acceptance bill	344,744,028.10	57,006,196.52
Total	1,657,315,723.56	1,812,141,371.94

In RMB/CNY

Category	Ending balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Including:										
Note receivable with bad debt provision accrual on portfolio	1,657,315,723.56	100.00%			1,657,315,723.56	1,812,141,371.94	100.00%			1,812,141,371.94
Including:										
Portfolio 1: bank acceptance bill	1,312,571,695.46	79.20%			1,312,571,695.46	1,755,135,175.42	96.85%			1,755,135,175.42
Portfolio 2: trade acceptance bill	344,744,028.10	20.80%			344,744,028.10	57,006,196.52	3.15%			57,006,196.52
Total	1,657,315,723.56	100.00%			1,657,315,723.56	1,812,141,371.94	100.00%			1,812,141,371.94

Statement of the basis for determining the combination:

On December 31, 2020, the company accrued bad debt provisions according to the expected credit losses for the entire duration, bank acceptance bills and trade acceptance bill do not need to accrue bad debt provisions. The company believed that the bank acceptance bills held did not have significant credit risk and would not cause significant losses due to bank defaults. The trade acceptance bill held by the Company did not have significant credit risk, because these bills were mainly issued by large state-owned enterprises and listed companies with good reputation, and based on historical experience, there had been no major defaults, so they did not accrue bad debt provisions for the receivable bank acceptance bills and trade acceptance bill.

If the provision for bad debts of note receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose related information about bad-debt provisions:

Applicable Not applicable

(2) Bad debt provision accrual collected or switch back

Provision for bad debts in the current period:

 Applicable Not applicable**(3) Notes receivable already pledged by the Company at the end of the period**

In RMB/CNY

Item	Amount pledge at period-end
Bank acceptance bill	677,962,881.14
Trade acceptance bill	203,951,495.81
Total	881,914,376.95

(4) Notes endorsement or discount and undue on balance sheet date

In RMB/CNY

Item	Amount derecognition at period-end	Amount not derecognition at period-end
Bank acceptance bill	883,989,936.32	
Trade acceptance bill	33,750,000.00	
Total	917,739,936.32	

(5) Notes transfer to account receivable due for failure implementation by drawer at period-end

In RMB/CNY

Item	Amount transfer to account receivable at period-end
Trade acceptance bill	7,300,000.00
Total	7,300,000.00

Other explanation

The trade acceptance bill that the company transferred to the accounts receivable due to in 2018 the failure of the drawer to perform the agreement at the end of the period were the bills of the subsidiaries controlled by Baota Petrochemical Group Co., Ltd. and the bills accepted by Baota Petrochemical Group Finance Co., Ltd. (hereinafter referred to as "BD bills"); In 2018, the amount transferred to account receivable was 7 million Yuan, and 1.7 million Yuan has been recovered in 2019, this year, an increase of 2 million Yuan was added.

(6) Note receivable actually written-off in the period

Nil

4. Account receivable

(1) Classification of account receivable

In RMB/CNY

Category	Ending balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with bad debt provision accrual on a single basis	80,362,095.35	2.74%	80,362,095.35	100.00%		64,818,802.14	2.58%	64,818,802.14	100.00%	
Including:										
Account receivable with bad debt provision accrual on portfolio	2,847,529,398.11	97.26%	22,749,045.70	0.80%	2,824,780,352.41	2,448,486,812.37	97.42%	22,804,870.08	0.93%	2,425,681,942.29
Including:										
Total	2,927,891,493.46	100.00%	103,111,141.05	3.52%	2,824,780,352.41	2,513,305,614.51	100.00%	87,623,672.22	3.49%	2,425,681,942.29

Bad debt provision accrual on single basis: RMB 80,362,095.35

In RMB/CNY

Name	Ending balance			
	Book balance	Bad debt reserve	Accrual ratio	Accrual causes
Hubei Meiyang Auto Industry Co., Ltd.	20,139,669.45	20,139,669.45	100.00%	Have difficulty in collection
Hunan Leopard Auto Co., Ltd.	8,910,778.54	8,910,778.54	100.00%	Have difficulty in collection
BD bills	7,300,000.00	7,300,000.00	100.00%	Have difficulty in collection
Jiangxi Dorcen Automobile Industry Co., Ltd.	7,287,632.16	7,287,632.16	100.00%	Have difficulty in collection
Linyi Zotye Automobile components Manufacturing Co., Ltd.	6,193,466.77	6,193,466.77	100.00%	Have difficulty in collection
Changchun FAW Sihuan Engine Manufacturing Co., Ltd	5,852,415.65	5,852,415.65	100.00%	Have difficulty in collection
Tongling Ruineng Purchasing Co., Ltd.	4,320,454.34	4,320,454.34	100.00%	Have difficulty in collection
Brilliance Automotive Group Holdings Co., Ltd.	3,469,091.33	3,469,091.33	100.00%	Have difficulty in collection

Zhejiang Zotye Auto Manufacturing Co., Ltd.	3,217,763.27	3,217,763.27	100.00%	Have difficulty in collection
Jiangxi Dorcen Automobile Co., Ltd.	2,518,959.01	2,518,959.01	100.00%	Have difficulty in collection
Dongfeng Chaoyang Diesel Co., Ltd.	1,953,054.31	1,953,054.31	100.00%	Have difficulty in collection
Jiangsu Kawei Auto Industrial Group Co., Ltd.	1,932,476.26	1,932,476.26	100.00%	Have difficulty in collection
Wuxi Kipor Machinery Co., Ltd	1,820,798.21	1,820,798.21	100.00%	Have difficulty in collection
Fujian Zhao'an Country Minyue Bianjie Agricultural Machinery Automobile components Co., Ltd.	1,111,007.12	1,111,007.12	100.00%	Have difficulty in collection
Jiangsu Jintan Automobile Industry Co., Ltd.	1,059,798.43	1,059,798.43	100.00%	Have difficulty in collection
Other custom	3,274,730.50	3,274,730.50	100.00%	Have difficulty in collection
Total	80,362,095.35	80,362,095.35	--	--

Bad debt provision accrual on portfolio: RMB 22,749,045.70

In RMB/CNY

Name	Ending balance		
	Book balance	Bad debt reserve	Accrual ratio
Within 6 months	2,708,236,852.25		
6 months to one year	112,424,780.47	11,242,478.05	10.00%
1-2 years	16,733,198.33	3,346,639.68	20.00%
2-3 years	3,291,064.86	1,316,425.77	40.00%
Over 3 years	6,843,502.20	6,843,502.20	100.00%
Total	2,847,529,398.11	22,749,045.70	--

If the provision for bad debts of accounts receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose related information about bad-debt provisions:

Applicable Not applicable

By account age

In RMB/CNY

Account age	Book balance
Within one year (One year included)	2,822,428,153.44
Including: within 6 months	2,708,470,485.40
6 months to one year	113,957,668.04
1-2 years	54,617,379.30
2-3 years	35,820,608.24
Over 3 years	15,025,352.48
3-4 years	15,025,352.48
Total	2,927,891,493.46

(2) Bad debt provision accrual collected or switch back

Bad debt provision accrual in the period:

In RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	
Bad debt provision	87,623,672.22	17,176,890.53	931,854.92	988,058.21	230,491.43	103,111,141.05
Total	87,623,672.22	17,176,890.53	931,854.92	988,058.21	230,491.43	103,111,141.05

Important bad debt provision collected or switch back:

Nil

(3) Account receivable actual charge off in the Period

In RMB/CNY

Item	Amount charge off
Anhui Quanchai Power Co., Ltd.	143,750.00
Zhejiang Gonow Automobile Co., Ltd.	138,571.90
Chongqing Tuopu Diesel Engine Factory	134,197.30
Fuzhou Haominxing Automobile components Co., Ltd.	129,739.47
Shanghai Yangma Generator Co., Ltd.	104,496.00
Retail enterprise	337,303.54
Total	988,058.21

Major charge-off for the major receivable: Nil

Account receivable write-off explanation: the funds are not generated by connected transactions

(4) Top 5 receivables at ending balance by arrears party

In RMB/CNY

Name	Ending balance of account receivable	Ratio in total ending balance of account receivables	Ending balance of bad debt reserve
Bosch Automobile Diesel System Co., Ltd.	549,543,387.12	18.77	
Robert Bosch Company	205,738,695.62	7.03	84,473.87
Custom 3	220,253,622.18	7.52	7,236.15
Custom 4	183,940,277.82	6.28	85,495.24
Custom 5	171,736,086.39	5.87	8,253,890.59
Total	1,331,212,069.13	45.47	

(5) Account receivable derecognition due to financial assets transfer

Nil

(6) Assets and liabilities resulted by account receivable transfer and continues involvement

Nil

5. Receivable financing

In RMB/CNY

Item	Ending balance	Opening balance
Including: bank acceptance bill	1,005,524,477.88	23,873,317.86
Total	1,005,524,477.88	23,873,317.86

Increase and decrease in current period and changes in fair value of receivables financing

 Applicable Not applicable

If the bad debt provision for account receivable is calculated and withdrawn according to the general model of expected credit loss, please refer to the disclosure method of other account receivables in aspect of impairment provision:

 Applicable Not applicable

Other explanation:

During the management of enterprise liquidity, the company will discount or endorse transfers before the maturity of some bills, the business model for managing bills receivable is to collect contractual cash flows and sell the financial asset, so it is classified as financial assets measured at fair value and whose changes are included in other comprehensive income, which is listed in receivables financing.

Notes receivable already pledged by the Company at the end of the period

Item	Amount pledge at period-end
Bank acceptance bill	646,892,501.28
Trade acceptance bill	--
Total	646,892,501.28

6. Account paid in advance**(1) Account age of account paid in advance**

In RMB/CNY

Account age	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	146,877,271.37	96.71%	118,030,952.47	84.77%
1-2 years	2,799,827.49	1.84%	19,644,713.49	14.11%

2-3 years	1,254,109.33	0.83%	683,098.16	0.49%
Over 3 years	942,149.57	0.62%	883,153.66	0.63%
Total	151,873,357.76	--	139,241,917.78	--

Explanation on reasons of failure to settle on important advance payment with age over one year:

Nil

(2) Top 5 account paid in advance at ending balance by prepayment object

Total year-end balance of top five account paid in advance by prepayment object amounted to 61,951,950.89 Yuan, takes 40.79 percent of the total advance payment at year-end.

7. Other account receivables

In RMB/CNY

Item	Ending balance	Opening balance
Interest receivable		655,052.98
Dividend receivable	49,000,000.00	1,070,000.00
Other account receivables	5,209,580.88	42,004,970.33
Total	54,209,580.88	43,730,023.31

(1) Interest receivable

1) Category of interest receivable

In RMB/CNY

Item	Ending balance	Opening balance
Interest of fund occupation		655,052.98
Total		655,052.98

2) Significant overdue interest

Nil

3) Accrual of bad debt provision

Applicable Not applicable

(2) Dividend receivable**1) Category of dividend receivable**

In RMB/CNY

Item (or invested enterprise)	Ending balance	Opening balance
Wuxi Weifu Environment Catalyst Co., Ltd.	49,000,000.00	
Weifu Precision Machinery Manufacturing Co., Ltd.		1,070,000.00
Total	49,000,000.00	1,070,000.00

2) Important dividend receivable with account age over one year

Nil

(3) Other account receivables**1) Other account receivables classification by nature**

In RMB/CNY

Nature	Ending book balance	Opening book balance
Intercourse funds from units		35,441,483.88
Equity disposal fund of Protean Holdings Corp.		10,654,092.89
Cash deposit	5,650,143.62	3,625,917.96
Staff loans and petty cash	766,301.05	1,346,241.81
Other	1,651,737.93	300,206.93
Total	8,068,182.60	51,367,943.47

2) Accrual of bad debt provision

In RMB/CNY

Bad debt reserve	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2020	7,848,301.94		1,514,671.20	9,362,973.14
Balance of Jan. 1, 2020 in the period	—	—	—	—
Current accrual	33,302.78		31,823.40	65,126.18

Current reversal	5,056,807.33		68,706.86	5,125,514.19
Current written-off			1,445,964.34	1,445,964.34
Other change	1,980.93			1,980.93
Balance on Dec. 31, 2020	2,826,778.32		31,823.40	2,858,601.72

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

By account age

In RMB/CNY

Account age	Book balance
Within one year (One year included)	5,306,591.79
Within 6 months	4,338,058.39
6 months to one year	968,533.40
1-2 years	80.00
2-3 years	47,365.81
Over 3 years	2,714,145.00
3-4 years	2,714,145.00
Total	8,068,182.60

3) Bad debt provision accrual, collected or switch back

Bad debt provision accrual in the period:

In RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	
Bad debt provision	9,362,973.14	65,126.18	5,125,514.19	1,445,964.34	1,980.93	2,858,601.72
Total	9,362,973.14	65,126.18	5,125,514.19	1,445,964.34	1,980.93	2,858,601.72

Including the important bad debt provision switch back or collected in the period: nil

4) Other receivables actually written-off during the reporting period

In RMB/CNY

Item	Amount charge off
American HESS Company	1,445,964.34

Note of important other receivables of written-off:

Nil

5) Top 5 other receivables at ending balance by arrears party

In RMB/CNY

Enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other receivables	Ending balance of bad debt reserve
Ningbo Jiangbei High-Tech Industry Park Development Construction Co., Ltd.	Deposit margin	1,767,000.00	Over 3 years	21.90%	1,767,000.00
Wuxi China Resources Gas Co., Ltd.	Deposit margin	1,026,000.00	Within 6 months	12.73%	
Zhenkunxing Industrial Supermarket (Shanghai) Co., Ltd.	Deposit margin	1,000,000.00	Within 6 months	12.39%	
Chongqing Airport Group Co., Ltd.	Deposit margin	636,710.00	6 months to one year	7.89%	63,671.00
Nanjing Chimbusco City Gas Development Co., Ltd.	Deposit margin	575,640.00	Over 3 years	7.13%	575,640.00
Total	--	5,005,350.00	--	62.04%	2,406,311.00

6) Other account receivables related to government grants

Nil

7) Other receivable for termination of confirmation due to the transfer of financial assets

Nil

8) The amount of assets and liabilities that are transferred other receivable and continued to be involved

Nil

8. Inventory**(1) Category of inventory**

In RMB/CNY

Item	Ending balance	Opening balance
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	Book balance	Inventory depreciation reserve or Provision for impairment of contract performance costs	Book value	Book balance	Inventory depreciation reserve or Provision for impairment of contract performance costs	Book value
Raw materials	584,188,987.86	73,833,368.32	510,355,619.54	495,927,678.66	81,069,128.03	414,858,550.63
Goods in process	415,445,852.86	14,589,096.65	400,856,756.21	243,525,007.82	13,963,866.92	229,561,140.90
Finished goods	2,124,817,656.18	158,847,857.29	1,965,969,798.89	1,937,368,868.87	163,043,724.58	1,774,325,144.29
Total	3,124,452,496.90	247,270,322.26	2,877,182,174.64	2,676,821,555.35	258,076,719.53	2,418,744,835.82

(2) Inventory depreciation reserve

In RMB/CNY

Item	Opening balance	Current increased		Current decreased		Ending balance
		Accrual	Other	Switch back or write-off	Other	
Raw materials	81,069,128.03	32,396,791.38	318,998.85	39,951,549.94		73,833,368.32
Goods in process	13,963,866.92	8,567,123.76		7,941,894.03		14,589,096.65
Finished goods	163,043,724.58	101,436,883.33	33,853.67	105,666,604.29		158,847,857.29
Total	258,076,719.53	142,400,798.47	352,852.52	153,560,048.26		247,270,322.26

① Net realizable value of the inventory refers to: during the day-to-day activities, results of the estimated sale price less costs which are going to happen by estimation till works completed, sales price estimated and relevant taxes.

② Accrual basis for inventory depreciation reserve:

Cash on hand	Accrual basis for inventory impairment provision	Specific basis for recognition
Materials in stock	The materials sold due to finished goods manufactured, its net realizable value is lower than the book value	Results from the estimated sale price of such inventory less the cost what will happen, estimated sales expenses and relevant taxes till the goods completed
Goods in process	The goods in process sold due to finished goods manufactured, its net realizable value is lower than the book value	Results from the estimated sale price of such inventory less the cost what will happen, estimated sales expenses and relevant taxes till the goods completed
Cash on hand	Accrual basis for inventory impairment provision	Specific basis for recognition

③ Reasons of write-off for inventory falling price reserves:

Cash on hand	Reasons of write-off
Materials in stock	Used for production and the finished goods are realized sales
Goods in process	Goods in process completed in the Period and corresponding finished goods are realized sales in the Period
Finished goods	Sales in the Period

(3) Explanation on capitalization of borrowing costs at ending balance of inventory

Nil

(4) Assets completed without settlement from construction contract at period-end

Nil

9. Other current assets

In RMB/CNY

Item	Ending balance	Opening balance
Structured deposits	1,925,000,000.00	965,000,000.00
Receivable export tax rebates	5,286,965.71	5,383,485.34
VAT refund receivable		1,648,669.86
Prepaid taxes and VAT retained	200,524,304.70	36,067,254.77
Input tax to be deducted and certification	178,073.42	764,895.21
Other	6,931,769.78	3,191,300.56
Total	2,137,921,113.61	1,012,055,605.74

Other explanation:

Nil

10. Long-term equity investments

In RMB/CNY

The invested entity	Opening balance (book value)	Current changes (+, -)								Ending balance (book value)	Ending balance of depreciation reserves
		Additi onal invest ment	Capital reducti on	Investme nt gain/loss recognize d under equity	Other comprehe nsive income adjustmen t	Other equity change	Cash dividend or profit announce d to issued	Impairme nt accrual	Other		
I. Joint venture											
II. Associated enterprise											

Wuxi Weifu Environment Catalyst Co., Ltd.	578,366,832.27		147,950,344.01			49,000,000.00			677,317,176.28	
Bosch Automobile Diesel System Co., Ltd.	3,417,092,136.65		1,185,178,731.75			1,801,681,159.00			2,800,589,709.40	
Zhonglian Automobile Electronic Co., Ltd.	1,261,232,635.30		307,716,221.01			331,400,000.00			1,237,548,856.31	
Weifu Precision Machinery Manufacturing Co., Ltd.	61,536,602.82		16,917,467.83			3,600,000.00			74,854,070.65	
Shinwell Automobile Technology (Wuxi) Co., Ltd.	4,177,746.31		-3,194,996.20						982,750.11	
Changchun Xuyang Weifu Automobile components Technology Co., Ltd.		10,200,000.00	-4,271.78						10,195,728.22	
Subtotal	5,322,405,953.35	10,200,000.00	1,654,563,496.62			2,185,681,159.00			4,801,488,290.97	
Total	5,322,405,953.35	10,200,000.00	1,654,563,496.62			2,185,681,159.00			4,801,488,290.97	

11. Other equity instrument investment

In RMB/CNY

Item	Ending balance	Opening balance
Wuxi Xidong Science & Technology Industrial Park	5,000,000.00	5,000,000.00
Beijing Zhike Industry Investment Holding Group Co., Ltd.	75,940,000.00	75,940,000.00
Rare earth Catalysis Innovation Research Institute (Dongying) Co., Ltd.	4,108,000.00	4,108,000.00

Wuxi Xichang Microchip Semi-Conductor	200,000,000.00	200,000,000.00
Total	285,048,000.00	285,048,000.00

Disclosure of the non-trading equity instrument investment item by item

Nil

12. Other non-current financial assets

In RMB/CNY

Item	Ending balance	Opening balance
Tradable financial assets holding for over one year	1,467,000,000.00	1,000,246,703.43
Equity instrument investment	338,788,421.00	43,343,284.00
Total	1,805,788,421.00	1,043,589,987.43

13. Investment real estate

(1) Investment real estate measured by cost

Applicable Not applicable

In RMB/CNY

Item	House and Building	Land use right	Construction in progress	Total
I. original book value				
1. Opening balance	65,524,052.61			65,524,052.61
2. Current increased				
(1) outsourcing				
(2) Inventory\fixed assets\construction in process transfer-in				
(3) increased by combination				
3. Current decreased				
(1) disposal				
(2) other transfer-out				
4. Ending balance	65,524,052.61			65,524,052.61
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	43,113,540.74			43,113,540.74
2. Current increased	1,523,830.25			1,523,830.25
(1) accrual or amortization	1,523,830.25			1,523,830.25

3.Current decreased				
(1) disposal				
(2) other transfer-out				
4.Ending balance	44,637,370.99			44,637,370.99
III. Depreciation reserves				
1.Opening balance				
2.Current increased				
(1) accrual				
3. Current decreased				
(1) disposal				
(2) other transfer-out				
4.Ending balance				
IV. Book value				
1.Ending Book value	20,886,681.62			20,886,681.62
2.Opening Book value	22,410,511.87			22,410,511.87

(2) Investment real estate measured at fair value

Applicable Not applicable

(3) Investment real estate without property certification held

Nil

14. Fixed assets

In RMB/CNY

Item	Ending balance	Opening balance
Fixed assets	2,882,230,191.08	2,845,176,078.20
Total	2,882,230,191.08	2,845,176,078.20

(1) Fixed assets

In RMB/CNY

Item	House and Building	Machinery equipment	Transportation equipment	Electronic and other equipment	Total
I. original book value:					
1.Opening balance	1,577,727,234.03	2,892,177,324.22	33,031,605.81	518,844,612.28	5,021,780,776.34

2.Current increased	7,563,975.38	498,442,904.87	1,083,968.58	44,140,463.89	551,231,312.72
(1) Purchase		5,768,487.05		5,779,483.65	11,547,970.70
(2) Construction in progress transfer-in	7,563,975.38	406,156,147.42	1,083,968.58	26,833,999.90	441,638,091.28
(3) increased by combination		86,518,270.40		11,526,980.34	98,045,250.74
3.Current decreased	696,619.88	32,375,566.33	3,834,292.89	31,182,407.69	68,088,886.79
(1) disposal or scrapping	696,619.88	32,375,566.33	3,834,292.89	31,182,407.69	68,088,886.79
4.Conversion of foreign currency financial statement		1,445,729.23		209,033.22	1,654,762.45
5.Ending balance	1,584,594,589.53	3,359,690,391.99	30,281,281.50	532,011,701.70	5,506,577,964.72
II. Accumulated depreciation					
1.Opening balance	373,468,771.98	1,466,289,636.27	24,572,383.79	259,549,999.99	2,123,880,792.03
2.Current increased	47,226,786.07	341,600,542.42	1,505,443.82	50,929,896.22	441,262,668.53
(1) accrual	47,226,786.07	295,932,176.04	1,505,443.82	44,560,750.98	389,225,156.91
(3) increased by combination		45,668,366.38		6,369,145.24	52,037,511.62
3.Current decreased	552,514.41	7,100,470.77	3,475,517.46	19,546,483.92	30,674,986.56
(1) disposal or scrapping	552,514.41	7,100,470.77	3,475,517.46	19,546,483.92	30,674,986.56
4.Conversion of foreign currency financial statement		833,283.96		135,316.83	968,600.79
5.Ending balance	420,143,043.64	1,801,622,991.88	22,602,310.15	291,068,729.12	2,535,437,074.79
III. Depreciation reserves					
1.Opening balance		45,370,341.62	73,319.90	7,280,244.59	52,723,906.11
2.Current increased		36,436,674.38			36,436,674.38
(1) accrual		36,436,674.38			36,436,674.38
3.Current decreased		35,943.60		213,938.04	249,881.64
(1) disposal or scrapping		35,943.60		213,938.04	249,881.64
4.Conversion of foreign currency financial statement					
5.Ending balance		81,771,072.40	73,319.90	7,066,306.55	88,910,698.85
IV. Book value					
1.Ending Book value	1,164,451,545.89	1,476,296,327.71	7,605,651.45	233,876,666.03	2,882,230,191.08
2.Opening Book value	1,204,258,462.05	1,380,517,346.33	8,385,902.12	252,014,367.70	2,845,176,078.20

(2) Temporarily idle fixed assets

Nil

(3) Fixed assets acquired by financing lease

In RMB/CNY

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value
Mechanical equipment	28,328,331.83	16,449,611.12		11,878,720.71

(4) Fixed assets acquired by operating lease

Nil

(5) Fixed assets without property certification held

In RMB/CNY

Item	Book value	Reasons for without the property certification
Plant and office building of Weifu Chang'an	34,117,284.65	Still in process of relevant property procedures

(6) Disposal of fixed assets

Nil

15. Construction in progress

In RMB/CNY

Item	Ending balance	Opening balance
Construction in progress	243,795,493.04	247,857,777.25
Total	243,795,493.04	247,857,777.25

(1) Construction in progress

In RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Technical transformation of parent company	123,249,079.40		123,249,079.40	98,032,515.22		98,032,515.22

Technical transformation of Weifu Autocam	20,720,304.97		20,720,304.97	44,412,832.62		44,412,832.62
Technical transformation of Weifu Leader	27,031,547.25		27,031,547.25	25,051,156.03		25,051,156.03
Other item	72,794,561.42		72,794,561.42	80,361,273.38		80,361,273.38
Total	243,795,493.04		243,795,493.04	247,857,777.25		247,857,777.25

(2) Changes of major projects under construction

In RMB/CNY

Item	Budget	Opening balance	Current increased	Fixed assets transfer-in in the Period	Other decreased in the Period	Ending balance	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	Source of funds
Technical transformation of parent company		98,032,515.22	258,248,011.11	233,031,446.93		123,249,079.40						Other
Technical transformation of Weifu Autocam		44,412,832.62	59,344,058.68	83,036,586.33		20,720,304.97						Other
Technical transformation of Weifu Leader		25,051,156.03	49,714,021.24	47,733,630.02		27,031,547.25						Other
Total		167,496,503.87	367,306,091.03	363,801,663.28		171,000,931.62	--	--				--

(3) The provision for impairment of construction projects

Nil

(4) Engineering materials

Nil

16. Intangible assets

(1) Intangible assets

In RMB/CNY

Item	Land use right	Patent	Non-patent technology	Computer software	Trademark and trademark license	Total
I. original book value						
1. Opening balance	380,986,757.11		105,086,673.46	81,823,603.48	41,597,126.47	609,494,160.52
2. Current increased	25,763.33		75,384,836.56	15,790,128.41		91,200,728.30
(1) Purchase			2,842,372.92	15,019,691.80		17,862,064.72
(2) internal R&D						
(3) increased by combination			72,542,463.64	770,436.61		73,312,900.25
(4) Other	25,763.33					25,763.33
3. Current decreased						
(1) disposal						
4. Conversion of foreign currency financial statement			4,607,818.10	71,130.87		4,678,948.97
5. Ending balance	381,012,520.44		185,079,328.12	97,684,862.76	41,597,126.47	705,373,837.79
II. accumulated amortization						
1. Opening balance	88,200,675.16		9,823,965.21	54,519,248.03	9,709,000.00	162,252,888.40
2. Current increased	7,052,263.90		44,226,916.11	19,718,966.93		70,998,146.94
(1) accrual	7,052,263.90		11,059,695.32	19,034,067.57		37,146,026.79
(2) Increased by combination			33,167,220.79	684,899.36		33,852,120.15
3. Current decreased						
(1) disposal						
4. Conversion of foreign currency financial statement			1,027,211.35	35,743.41		1,062,954.76
5. Ending balance	95,252,939.06		55,078,092.67	74,273,958.37	9,709,000.00	234,313,990.10
III. Depreciation reserves						
1. Opening balance					16,646,900.00	16,646,900.00
2. Current increased						

(1) accrual						
3.Current decreased						
(1) disposal						
4.Conversion of foreign currency financial statement						
5.Ending balance					16,646,900.00	16,646,900.00
IV. Book value						
1.Ending Book value	285,759,581.38		130,001,235.45	23,410,904.39	15,241,226.47	454,412,947.69
2.Opening Book value	292,786,081.95		95,262,708.25	27,304,355.45	15,241,226.47	430,594,372.12

(2) Land use right without property certification held

Nil

17. Goodwill

(1) Original book value of goodwill

In RMB/CNY

The invested entity or matters forming goodwill	Opening balance	Current increased		Current decreased	Ending balance
		Formed by business combination	Translation of foreign currency statements	Disposal	
Merged with Weifu Tianli	1,784,086.79				1,784,086.79
Merged with Borit		247,766,648.21	8,249,961.32		256,016,609.53
Total	1,784,086.79	247,766,648.21	8,249,961.32		257,800,696.32

(2) Goodwill depreciation reserves

Nil

Other explanation

(1) Goodwill formed by the merger of Weifu Tianli:

In 2010, the Company controlling and combine Weifu Tianli by increasing the capital, the goodwill is the number that combination cost greater than the fair value of identical net assets of Weifu Tianli. At the end of the period, the company conducted an impairment test on goodwill to estimate the present value of future cash flows and the recoverable amount of the goodwill-related asset group, that is to estimate the present value of future cash flow based on the management's financial budget for the next five years and the discount rate of 15.05%, the cash flow of

the year after the five years of financial budget has remained stable. The asset group identified during the goodwill impairment test did not change. The key parameters determined by the goodwill impairment test are as follows: The current value of the expected future cash flow of the asset group related to goodwill is measured by using 20%~24% of gross profit margin and 4%~14% of the operating income growth rate in the forecast period as key parameters. The management determines these parameters based on historical conditions prior to the forecast period and forecasts of market development. After the above tests, the company's goodwill does not need to make provisions for impairment.

(2) Goodwill formed by the merger of Borit:

In this period, the company acquired 100.00% equity of Borit in the form of cash purchase, the goodwill was the part that the cost of the merger was greater than the fair value share of the identifiable net assets of Borit. According to the "Assets Appraisal Report" (Wanlong PBZi (2021) No. 40016) issued by Wanlong (Shanghai) Assets Appraisal Co., Ltd, appointed by the Company, the recoverable value of the assets group where the goodwill of the merged with Borit is 439,880,000 Yuan, higher than the carrying value of 339,170,000 Yuan, and there is no impairment loss of goodwill.

18. Long-term deferred expenses

In RMB/CNY

Item	Opening balance	Current increased	Amortized in the Period	Other decrease	Ending balance
Remodeling costs etc.	18,536,000.25	9,164,129.72	12,637,958.88		15,062,171.09
Total	18,536,000.25	9,164,129.72	12,637,958.88		15,062,171.09

19. Deferred income tax assets/Deferred income tax liabilities

(1) Deferred income tax assets that are not offset

In RMB/CNY

Item	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Bad debt reserve	104,259,030.38	15,779,756.63	94,527,571.76	14,302,572.39
Inventory depreciation reserve	225,684,043.14	35,799,261.60	237,900,564.04	38,773,864.59
Depreciation reserves of fixed assets	55,397,599.68	8,523,566.97	19,197,534.00	3,095,824.19
Depreciation reserves of intangible assets	16,646,900.00	2,497,035.00	16,646,900.00	2,497,035.00
Other equity instrument investment	10,000,000.00	1,500,000.00	10,000,000.00	1,500,000.00
Change of fair value of transaction financial asset			16,517,403.00	2,477,610.45

Deferred income	323,924,836.18	48,935,725.44	362,993,022.12	54,664,953.32
Internal un-realized profit	19,551,845.38	3,457,610.51	22,481,656.04	4,568,190.39
Payable salary, accrued expenses etc.	981,477,549.10	151,813,641.23	622,348,855.94	96,720,511.00
Depreciation assets, amortization difference	89,867,140.23	14,608,530.41	49,220,776.87	7,779,059.56
Deductible loss of subsidiary	9,703,095.17	2,425,773.79	21,714,524.19	4,101,171.83
Equity incentive	6,330,515.63	987,908.92		
Total	1,842,842,554.89	286,328,810.50	1,473,548,807.96	230,480,792.72

(2) Deferred income tax liabilities that are not offset

In RMB/CNY

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
The difference between the fair value and taxation basis of Weifu Tianli assets in a merger not under the same control	11,271,189.48	1,690,678.40	12,011,409.46	1,801,711.40
The difference between the fair value and taxation basis of IRD assets in a merger not under the same control	86,905,585.08	19,119,228.72	94,383,365.10	20,764,340.32
The difference between the fair value and taxation basis of Borit assets in a merger not under the same control	39,376,104.10	9,844,026.00		
Change of fair value of transaction financial asset	366,808,362.19	55,023,506.38	18,231,842.32	2,734,776.35
Accelerated depreciation of fixed assets	211,571,729.76	32,911,802.62	98,019,924.32	15,269,514.83
Total	715,932,970.61	118,589,242.12	222,646,541.20	40,570,342.90

(3) Deferred income tax assets and deferred income tax liabilities listed after off-set

In RMB/CNY

Item	Trade-off between the deferred income tax assets and liabilities	Ending balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets	-87,935,309.00	198,393,501.50	-18,004,291.18	212,476,501.54

Deferred income tax liabilities	-87,935,309.00	30,653,933.12	-18,004,291.18	22,566,051.72
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(4) Details of unrecognized deferred income tax assets

In RMB/CNY

Item	Ending balance	Opening balance
Bad debt reserve	1,710,712.39	2,459,073.60
Inventory depreciation reserve	21,586,279.12	20,176,155.49
Loss from subsidiary	193,713,240.35	103,734,801.82
Depreciation reserves of fixed assets	33,513,099.17	33,526,372.11
Other equity instrument investment	46,600,000.00	48,633,106.95
Equity incentive	154,321.87	
Total	297,277,652.90	208,529,509.97

(5) Deductible losses of un-recognized deferred income tax assets expired on the followed year

In RMB/CNY

Maturity year	Ending amount	Opening amount	Note
2020	23,567,088.89	44,795,747.87	Subsidiaries have operating losses
2021	43,218,245.04	46,080,956.48	Subsidiaries have operating losses
2022	9,901,777.74	10,503,882.86	Subsidiaries have operating losses
2023	7,882,026.39	12,228,941.56	Subsidiaries have operating losses
2024	19,165,663.76		Subsidiaries have operating losses
2025			Subsidiaries have operating losses
No expiration period			Overseas subsidiaries have operating losses
Total	103,734,801.82	139,281,223.32	--

20. Other non-current assets

In RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Engineering equipment paid in advance	195,259,441.73		195,259,441.73	230,235,982.45		230,235,982.45
Total	195,259,441.73		195,259,441.73	230,235,982.45		230,235,982.45

21. Short-term borrowings**(1) Category of short-term borrowings**

In RMB/CNY

Item	Ending balance	Opening balance
Credit loan	301,958,184.49	305,835,808.28
Bill financing		5,976,347.95
Accrued interest	280,415.56	341,813.58
Total	302,238,600.05	312,153,969.81

Explanation of short-term loan classification:

Nil

(2) Overdue short-term loans without payment

Nil

22. Note payable

In RMB/CNY

Category	Ending balance	Opening balance
Bank acceptance bill	2,462,592,372.82	1,745,218,439.52
Total	2,462,592,372.82	1,745,218,439.52

Notes expired at year-end without paid was 0.00 Yuan.

23. Account payable**(1) Account payable**

In RMB/CNY

Item	Ending balance	Opening balance
Within 1 year	3,986,993,867.21	3,214,392,402.81
1-2 years	87,605,077.14	74,021,217.00
2-3 years	13,824,720.43	5,854,811.50
Over three years	12,560,575.61	17,985,798.53
Total	4,100,984,240.39	3,312,254,229.84

(2) Important account payable with account age over one year

Nil

24. Accounts received in advance**(1) Accounts received in advance**

In RMB/CNY

Item	Ending balance	Opening balance
Within 1 year	4,071,236.87	2,862,682.00
Total	4,071,236.87	2,862,682.00

(2) Important accounts received in advance with account age over one year

Nil

25. Contract liabilities

In RMB/CNY

Item	Ending balance	Opening balance
Within 1 year	77,554,320.04	96,736,917.15
1-2 years	2,763,605.96	654,710.65
2-3 years	255,602.59	243,585.27
Over three years	1,143,858.66	930,400.47
Total	81,717,387.25	98,565,613.54

26. Wage payable**(1) Wage payable**

In RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
I. Short-term compensation	161,202,257.62	1,106,707,656.84	1,083,683,592.15	184,226,322.31
II. Post-employment welfare- defined contribution plans	27,587,740.03	119,822,883.92	97,479,526.53	49,931,097.42
III. Dismissed welfare	2,249,529.82	3,660,684.94	4,264,943.44	1,645,271.32
IV. Other welfare due within one year	106,180,000.00	81,282,389.60	103,312,389.60	84,150,000.00
V. Other short-term welfare-Housing subsidies, employee benefits and welfare funds	17,124,210.19	2,525,946.49	7,181,035.91	12,469,120.77

Total	314,343,737.66	1,313,999,561.79	1,295,921,487.63	332,421,811.82
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(2) Short-term compensation

In RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Wages, bonuses, allowances and subsidies	141,247,196.85	884,495,041.97	870,419,048.20	155,323,190.62
2. Welfare for workers and staff		76,357,049.59	76,356,937.24	112.35
3. Social insurance	8,701,447.13	58,977,737.95	50,181,099.40	17,498,085.68
Including: Medical insurance	7,575,173.65	49,025,390.01	42,349,121.51	14,251,442.15
Work injury insurance	541,230.02	3,737,106.50	2,616,665.94	1,661,670.58
Maternity insurance	585,043.46	6,215,241.44	5,215,311.95	1,584,972.95
4. Housing accumulation fund	679,677.00	70,474,436.00	70,137,926.00	1,016,187.00
5. Labor union expenditure and personnel education expense	10,573,936.64	15,610,566.19	15,817,413.27	10,367,089.56
6. Short-term paid absences		792,825.14	771,168.04	21,657.10
Total	161,202,257.62	1,106,707,656.84	1,083,683,592.15	184,226,322.31

(3) Defined contribution plans

In RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Basic endowment insurance	9,782,749.83	73,994,787.03	53,932,701.22	29,844,835.64
2. Unemployment insurance	412,974.22	2,215,497.53	1,715,942.59	912,529.16
3. Enterprise annuity	17,392,015.98	43,612,599.36	41,830,882.72	19,173,732.62
Total	27,587,740.03	119,822,883.92	97,479,526.53	49,931,097.42

Other explanation:

Reclassification of long-term staff remuneration payable:

① An amount of RMB 223,910,852.76 in short-term remuneration is reclassified into long-term staff remuneration payable, which represents the incentive fund of RMB 223,910,852.76 provided for in this period.

② An amount of RMB 97,723,894.49 is recorded in post office benefits - defined benefit plan and incentive fund payable within one year, which represents the difference between the incentive fund of RMB 101,270,000.00 expected to be paid in 2021 and the beginning balance of incentive fund payable within one year, post office benefits-defined benefit plan and the actual amount paid in this period.

Post-employment welfare- defined contribution plans:

The Company participates in the pension insurance and unemployment insurance plans established by government

authorities by laws, a certain percentage of the social security fee regulated by the government will pay by the Company monthly for the plans. Other than the aforesaid monthly contribution, the Company takes no further payment obligation. The relevant expenditure is included in current profit or loss or cost of relevant assets when occurs. Found more of enterprise annuity in Note XVI-4.” Annuity plan”

(4) Dismiss welfare

The wages payable resulted from the implementation of inner retirement plan, the amount paid in the year RMB 2,598,717.94 re-classified into the wage payable from long-term wages payable.

27. Taxes payable

In RMB/CNY

Item	Ending balance	Opening balance
Value-added tax	28,744,351.90	61,749,095.75
Corporation income tax	21,458,320.79	50,686,013.43
Individual income tax	7,184,934.79	2,689,642.51
City maintaining & construction tax	1,983,996.80	4,348,399.47
Educational surtax	1,417,140.56	3,105,999.62
Other (including stamp tax and local funds)	6,704,945.45	6,959,261.08
Total	67,493,690.29	129,538,411.86

28. Other account payable

In RMB/CNY

Item	Ending balance	Opening balance
Interest payable	4,862.22	
Other accounts payable	361,551,395.20	65,266,262.39
Total	361,556,257.42	65,266,262.39

(1) Interest payable

In RMB/CNY

Item	Ending balance	Opening balance
Other	4,862.22	
Total	4,862.22	

Major overdue interest:

Nil

(2) Dividend payable

Nil

(3) Other account payable**1) Classification of other accounts payable according to nature of account**

In RMB/CNY

Item	Ending balance	Opening balance
Deposit and margin	12,759,592.29	14,458,865.71
Social insurance and reserves funds that withholding	8,853,543.93	8,434,584.35
Intercourse funds of unit	30,982,145.98	37,055,997.50
Restricted stock repurchase obligations	302,479,200.00	
Other	6,476,913.00	5,316,814.83
Total	361,551,395.20	65,266,262.39

2) Significant other payable with over one year age

In RMB/CNY

Item	Ending balance	Reasons for non-repayment or carry-over
Nanjing Jidian Industrial Group Co., Ltd.	4,500,000.00	Intercourse funds
Total	4,500,000.00	--

29. Non-current liabilities due within one year

In RMB/CNY

Item	Ending balance	Opening balance
Long-term borrowings due within one year	33,271,589.84	
Finance lease payments due within one year	3,615,985.51	
Interest payable	26,666.67	
Total	36,914,242.02	

30. Other current liabilities

In RMB/CNY

Item	Ending balance	Opening balance
Rebate payable	213,477,951.00	115,015,466.40

Pending sales tax	9,393,136.33	12,309,137.07
Total	222,871,087.33	127,324,603.47

Changes in short-term bonds payable:

Nil

31. Long-term borrowings

(1) Category of Long-term borrowings

In RMB/CNY

Item	Ending balance	Opening balance
Guaranteed loan	3,050,640.97	
Total	3,050,640.97	

Explanation of long-term loan classification: Nil

32. Long-term account payable

In RMB/CNY

Item	Ending balance	Opening balance
Long-term account payable	15,351,883.00	16,843,181.00
Special accounts payable	24,127,335.17	18,265,082.11
Total	39,479,218.17	35,108,263.11

(1) Long-term account payable listed by nature

In RMB/CNY

Item	Ending balance	Opening balance
Hi-tech Branch of Nanjing Finance Bureau (note ①) Financial support funds (2005)		1,140,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ②) Financial support funds (2006)	1,250,000.00	1,250,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ③) Financial support funds (2007)	1,230,000.00	1,230,000.00
Loan transferred from treasury bond (note ④)	339,090.00	678,181.00
Hi-tech Branch of Nanjing Finance Bureau (note ⑤) Financial support funds (2008)	2,750,000.00	2,750,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ⑥) Financial support funds (2009)	1,030,000.00	1,030,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ⑦) Financial support funds (2010)	960,000.00	960,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ⑧) Financial support funds (2011)	5,040,000.00	5,040,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ⑨) Financial support funds (2013)	2,740,000.00	2,740,000.00
Total	15,339,090.00	16,818,181.00

Other explanation:

Note ①: 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 October 2005 to 20 October 2020. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed. This support fund has expired fifteen years in the current period, so it is transferred to other income.

Note ②: 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.

Note ③: 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 September 2007 to 17 September 2022. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.

Note ④: Loan transferred from treasury bond: Weifu Jinning received RMB1.87 million Yuan of special funds from budget of the central government, and RMB1.73 million Yuan of special funds from budget of the local government. The non-operating income transferred in was 1.87 million Yuan in 2011 which was confirmed not to return, if the Company pays back special funds of 3.73 million Yuan to the local government in 11 years since 2012, then the Company needs to repay the principal of 339,091.00 Yuan each year.

Note ⑤: 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.

Note ⑥: 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 27 October 2009 to 27 October 2024. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.

Note ⑦: 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 27 December 2010 to 27 December 2025. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.

Note ⑧: 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.

Note ⑨: 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 18 December 2013 to 18 December 2028. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.

(2) Special accounts payable

In RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance	Cause of formation
Removal compensation of subsidiary Weifu Jinning	18,265,082.11			18,265,082.11	
Finance lease payments		5,862,253.06		5,862,253.06	
Total	18,265,082.11	5,862,253.06		24,127,335.17	--

Other explanation:

In line with regulation of the house acquisition decision of People's government of Xuanwu District, Nanjing City, Ning Xuan Fu Zheng Zi (2012) No.001, part of the lands and property of Weifu Jinning needs expropriation in order to carry out the comprehensively improvement of Ming Great Wall. According to the house expropriation and compensation agreement in state-owned lands signed between Weifu Jinning and House Expropriation Management Office of Xuanwu District, Nanjing City, RMB 19.7067 million in total are compensate, including operation losses from lessee RMB 1.4416 million in total. The above compensation was received in last period and is making up for the losses from lessee, and the above lands and property have not been collected up to 31 December 2020.

33. Long-term wages payable

(1) Long-term wages payable

In RMB/CNY

Item	Ending balance	Opening balance
I. Post-employment welfare-defined contribution plans net indebtedness	0	0
II. Dismiss welfare	5,734,948.91	8,333,666.85
III. Other long-term welfare	176,245,345.03	50,058,386.76
Total	181,980,293.94	58,392,053.61

(2) Changes in defined benefit plans

Nil

34. Deferred income

In RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance	Cause of formation
Government grand	365,116,022.98	24,216,119.46	61,127,665.71	328,204,476.73	
Total	365,116,022.98	24,216,119.46	61,127,665.71	328,204,476.73	--

Item with government grants involved:

In RMB/CNY

Item	Opening balance	New grants in the Period	Amount reckoned in non-operation revenue	Amount reckoned into other income in the period	Cost reduction in the period	Other changes	Ending balance	Assets related/Income related
Industrialization project for injection VE pump system with electronically controlled high pressure for less-emission diesel used	2,163,000.86			721,000.30			1,442,000.56	Assets related/Income related
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	Assets related
Fund of industry upgrade (2012)	26,657,526.17			26,015,356.44			642,169.73	Income related
Fund of industry upgrade (2013)	60,520,000.00						60,520,000.00	Income related
Appropriation on central basic construction investment	1,428,571.45			714,285.72			714,285.73	Assets related
R&D and industrialization of the high-pressure variable pump of the common rail system of diesel engine for automobile	6,870,714.16			1,543,095.28			5,327,618.88	Assets related
Research institute of motor vehicle exhaust aftertreatment technology	1,836,712.58			622,985.37			1,213,727.21	Assets related
Fund of industry upgrade (2014)	36,831,000.00						36,831,000.00	Income related

New-built assets compensation after the removal of parent company	124,849,393.92			20,764,119.52			104,085,274.40	Assets related
Fund of industry upgrade (2016)	40,000,000.00						40,000,000.00	Income related
Guiding capital for the technical reform from State Hi-Tech Technical Commission	8,147,430.27			1,552,110.44			6,595,319.83	Assets related
Implementation of the variable cross-section turbocharger for diesel engine	8,972,771.42			1,609,982.67			7,362,788.75	Assets related
Demonstration project for intelligent manufacturing	1,148,441.34			299,341.74			849,099.60	Assets related
The 2 nd batch of provincial special funds for industry transformation of industrial and information in 2019		5,000,000.00					5,000,000.00	Assets related
Municipal technological reform fund allocation in 2020		4,770,000.00					4,770,000.00	Assets related
Strategic cooperation agreement funding for key enterprise of smart manufacturing in high-tech zone		4,060,000.00					4,060,000.00	Assets related
Other	38,590,460.81	9,139,181.27		7,285,388.23		1,246,938.19	41,691,192.04	Assets related/Income related
Total	365,116,022.98	22,969,181.27		61,127,665.71		1,246,938.19	328,204,476.73	

Other explanation:

(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 6.35 million Yuan in 2009, 4.775 million Yuan received in 2010 and 0.875 million Yuan 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 which are belongs to the government grand with assets/income concerned. In 2013, accepted by the science & technology agency of Jiangsu Province, and 4,789,997.04Yuan with income related was reckoned into current operation revenue directly; the 7,210,002.96Yuan with assets related was amortized during the predicted service period of the assets, and 721,000.30Yuan amortized in the Period.

(2) The appropriation for research and development ability of distributive high-pressure common rail system for diesel engine use and production line technological transformation project: according to X CJ No. [2010] 59, the Company has received special funds of 7.1 million Yuan appropriated by Finance Bureau of Wuxi New District in 2011 and used for the Company’s research and development ability of distributive high-pressure common rail system for diesel engine use and production line technological transformation project; this appropriation belongs to government subsidies related to assets, and will be amortized according to the depreciation process of the underlying assets when the project is completed.

(3) Industry upgrading funds (2012): 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. Current write off: 26,015,356.44Yuan.

(4) Industry upgrading funds (2013): In accordance with the document Xi Xin Guan Jing Fa [2013] No.379, Xi Xin Guan Jing Fa [2013] No.455, Xi Xin Guan Cai Fa [2013] No.128 and Xi Xin Guan Cai Fa [2013] No.153, the Company received funds of 60.52 million Yuan appropriated for industry upgrading in 2013.

(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 in 2012. The project has passed the acceptance check in current period, this appropriation should be amortized within the surplus service life of current assets, and amortization amount of current period is 714,285.71 Yuan.

(6) R&D and industrialization of the high pressure variable pump of the common rail system of diesel engine for automobile: the Company received appropriated for the project in 2013 with 8.05 million Yuan in line with documents of Xi Ke Ji [2013] No.186, Xi Ke Ji [2013] No.208, Xi Cai Gong Mao [2013] No.104, Xi Cai Gong Mao [2013] No.138, Xi Ke Ji [2014] No.125, Xi Cai Gong Mao [2014] No.58, Xi Ke Ji [2014] No. 246 and Xi Cai Gong Mao [2014] No.162. Received 3 million Yuan in 2014 and 0.45 million Yuan in 2015; and belongs to government grant with assets concerned, and shall be amortized according to the depreciation process, amount of 1,543,095.28 Yuan amortizes in the year.

(7) Vehicle exhaust after-treatment technology research institute project: in 2012, the subsidiary Weifu Leader has applied for equipment purchase assisting funds to Wuxi Huishan Science and Technology Bureau and Wuxi

Science and Technology Bureau for the vehicle exhaust after-treatment technology research institute project. This declaration has been approved by Wuxi Huishan Science and Technology Bureau and Wuxi Science and Technology Bureau in 2012, and the company has received appropriation of 2.4 million Yuan in 2012, and received appropriation of 1.6 million Yuan in 2013. This appropriation belongs to government subsidies related to assets and will be amortized according to the depreciation process, amount of 622,985.37 Yuan amortizes in the year.

(8) Industry upgrading funds (2014): In accordance with the document Xi Xin Guan Jing Fa [2014] No.427 and Xi Xin Guan Cai Fa [2014] No.143, the Company received funds of 36.831 million Yuan appropriated for industry upgrading in 2014.

(9) New-built assets compensation after the removal of parent company: policy relocation compensation received by the Company, and will be amortized according to the depreciation of new-built assets, amount of 20,764,119.52 Yuan amortizes in the year.

(10) Fund of industry upgrade (2016): In accordance with the document Xi Xin Guan Jing Fa [2016] No.585 and Xi Xin Fa [2016] No.70, the Company received funds of 40 million Yuan appropriated for industry upgrading in 2016.

(11) Guiding capital for the technical reform from State Hi-Tech Technical Commission: In accordance with the document Xi Jing Xin ZH [2016] No.9 and Xi Cai GM [2016] No.56, the Company received a 9.74 million Yuan for the guiding capital of technical reform (1st batch) from Wuxi for year of 2016, and belongs to government grant with assets concerned, and shall be amortized according to the depreciation process, amount of 1,552,110.44 Yuan amortize in the year.

(12) Implementation of the variable cross-section turbocharger for diesel engine: In accordance with the document YCZ Fa[2016] NO.623 and "Strong Industrial Base Project Contract for year of 2016", subsidiary Weifu Tianli received a specific subsidy of 16.97 million Yuan (760,000 Yuan received in the period), the fund supporting strong industrial base project (made-in-China 2025) of central industrial transformation and upgrading 2016 from Ministry of Industry and Information Technology; and belongs to government grant with assets concerned, and shall be amortized according to the depreciation process, amount of 1,609,982.67 Yuan amortize in the year.

(13) Demonstration project for intelligent manufacturing: under the Notice Relating to Selection of the Intelligent Manufacturing Model Project in Huishan District in 2016 (HJXF[2016]No.36), a fiscal subsidy of 3,000,000 Yuan was granted by relevant government authority in Huishan district to our subsidiary Weifu Leader in 2017 to be utilized for transformation and upgrade of Weifu Leader's intelligent manufacturing facilities. This subsidy belongs to government grant related to assets which shall be amortized based on the depreciation progress of the assets. Amortization for the year amounts to 299,341.74 Yuan.

(14) The 2nd batch of provincial special funds for industry transformation of industrial and information in 2019: according to XCGM [2019] No. 121, the Company received a special fund of 5 million Yuan in 2020, this subsidy was related to the "Weifu High-Technology New Factory Internet Construction" projects, and belonged to government subsidies related to assets.

(15) Municipal technological reform fund allocation in 2020: according to XGXZH [2020] No. 16, the Company received 4.77 million Yuan of municipal technological transformation fund project allocation in 2020, which was related to key technological transformation projects and belonged to government subsidies related to assets.

(16) Strategic cooperation agreement funding for key enterprise of smart manufacturing in high-tech zone: according to XXGXF [2020] No. 61, the Company received a related grant of 4.06 million Yuan in 2020, this subsidy was related to the intelligent transformation project and belonged to the government subsidies related to assets.

35. Share capital

In RMB

	Opening balance	Change during the year (+, -)					Ending balance
		New shares issued	Bonus share	Shares transferred from capital reserve	Other	Subtotal	
Total shares	1,008,950,570.00						1,008,950,570.00

36. Capital reserve

In RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
Capital premium (Share capital premium)	3,346,333,817.41		103,565,899.63	3,242,767,917.78
Other Capital reserve	45,193,988.92	6,280,461.58		51,474,450.50
Total	3,391,527,806.33	6,280,461.58	103,565,899.63	3,294,242,368.28

Other explanation, including changes in the period and reasons for changes;

(1) Share capital premium has 103,565,899.63 Yuan declined in the Period, mainly due to the following:

① the difference between the long-term equity investment newly acquired by the company to purchase minority of IRD and the net assets that the company should enjoy continuously calculated from the date of purchase based on the newly increased shareholding ratio is 7,176,697.04 Yuan;

② the difference between the repurchase cost of 398,868,402.59 Yuan (19,540,000 shares repurchased for use in the restricted share incentive plan) and the amount of subscription money 302,479,200.00 Yuan is 96,389,202.59 Yuan.

(2) Other Capital reserve increase 6,280,461.58 Yuan in the period, mainly resulted by the share payment settled by equity 6,484,837.50 Yuan deducted 204,375.92 Yuan attributable to minority's shareholder.

37. Treasury stock

In RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
Stock repurchases		400,017,180.33	398,868,402.59	1,148,777.74
Repurchase obligation of		302,479,200.00		302,479,200.00

restricted stock incentive plan				
Total		702,496,380.33	398,868,402.59	303,627,977.74

Other explanations, including changes in the current period and explanations of the reasons for the changes:

(1) Stock repurchase: increased 400,017,180.33 Yuan in the Period, mainly refers to the repurchase of 19,596,277.00 shares by way of centralized competitive bidding for the implementation of restricted stock incentive plan; decreased 398,868,402.59 Yuan in the Period, mainly refers to the 19,540,000.00 shares awarded to incentive object for the implementation of restricted stock incentive plan.

(2) Repurchase obligation of restricted stock incentive plan: increased 302,479,200.00 Yuan in the Period, mainly refers to the repurchase obligation recognized in accordance with the subscription paid by the incentive object for the implementation of restricted stock incentive plan.

38. Other comprehensive income

In RMB/CNY

Item	Opening balance	Current period						Ending balance
		Account before income tax in the year	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less: written in other comprehensive income in previous period and carried forward to retained earnings in current period	Less: income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	
II. Other comprehensive income items which will be reclassified subsequently to profit or loss	134,871.67	13,839,596.07				13,781,747.80	57,848.27	13,916,619.47
Conversion difference of foreign currency financial statement	134,871.67	13,839,596.07				13,781,747.80	57,848.27	13,916,619.47
Total other comprehensive income	134,871.67	13,839,596.07				13,781,747.80	57,848.27	13,916,619.47

Other explanation, including the adjustment on initial recognition for arbitrage items that transfer from the effective part of cash flow hedge profit/loss:

Nil

39. Reasonable reserve

In RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
Safety production costs	3,247,757.06	21,673,368.09	22,587,635.12	2,333,490.03
Total	3,247,757.06	21,673,368.09	22,587,635.12	2,333,490.03

Other explanation, including changes and reasons for changes:

(1) Instructions for the withdrawing of special reserves (safe production cost): According to the CQ [2012] No. 16 - Administrative Measures on the Withdrawing and Use of Enterprise Safety Production Expenses jointly issued by the Ministry of Finance and the State Administration of Work Safety, in the current period, the Company adopted excess retreat method for quarterly withdrawal by taking the actual operating income of the previous period as the withdrawing basis.

(2) Among the above safety production costs, including the safety production costs accrual by the Company in line with regulations and the parts enjoy by shareholders of the Company in safety production costs accrual by subsidiary in line with regulations.

40. Surplus reserve

In RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
Statutory surplus reserves	510,100,496.00			510,100,496.00
Total	510,100,496.00			510,100,496.00

Other explanation, including changes and reasons for changes:

Withdrawal of the statutory surplus reserves: Pursuit to the Company Law and Article of Association, the Company extracted statutory surplus reserve on 10 percent of the net profit. No more amounts shall be withdrawal if the accumulated statutory surplus reserve takes over 50 percent of the registered capital.

41. Retained profit

In RMB/CNY

Item	Current period	Last period
Retained profits at the end of last year before adjustment	12,076,443,635.56	10,996,945,870.13
Total retained profit at beginning of the adjustment (+ for increased, -for decreased)		1,584,556.37
Retained profits at the beginning of the year after adjustment	12,076,443,635.56	10,998,530,426.50
Add: The net profits belong to owners of patent company of this period	2,772,769,377.96	2,268,026,432.78
Less: Common dividend payable	1,093,241,270.00	1,210,740,684.00
Withdraw employee rewards and welfare funds	2,525,946.49	

Add: Net effect of disposal other equity instrument investment	2,656,627.59	20,627,460.28
Retained profit at period-end	13,756,102,424.62	12,076,443,635.56

Details about adjusting the retained profits at the beginning of the period:

- 1) The retroactive adjustments to Accounting Standards for Business Enterprises and its relevant new regulations affect the retained profits at the beginning of the period amounting to 0 Yuan.
- 2) The changes in accounting policies affect the retained profits at the beginning of the period amounting to 1,584,556.37 Yuan.
- 3) The major accounting error correction affects the retained profits at the beginning of the period amounting to 0 Yuan
- 4) Merge scope changes caused by the same control affect the retained profits at the beginning of the period amounting to 0 Yuan.
- 5) Other adjustments affect the retained profits at the beginning of the period amounting to 0 Yuan

42. Operating income and cost

In RMB/CNY

Item	Current period		Last Period	
	Income	Cost	Income	Cost
Main operating	12,430,431,489.90	10,124,574,480.95	8,354,743,964.67	6,322,810,707.67
Other business	453,394,816.70	304,709,961.02	429,612,995.63	347,543,672.87
Total	12,883,826,306.60	10,429,284,441.97	8,784,356,960.30	6,670,354,380.54

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

Yes No

43. Operating tax and extras

In RMB/CNY

Item	Current period	Last Period
City maintaining & construction tax	22,768,800.74	24,124,239.92
Educational surtax	16,259,673.98	17,320,175.67
Property tax	16,993,056.48	16,236,869.24
Land use tax	4,516,628.41	5,991,933.84
Vehicle use tax	29,923.52	31,410.44
Stamp duty	4,508,905.03	2,720,462.05
Other taxes	246,793.71	209,545.50
Total	65,323,781.87	66,634,636.66

44. Sales expenses

In RMB/CNY

Item	Current period	Last Period
Salary and fringe benefit	58,727,035.03	53,193,376.14
Consumption of office materials and business travel charge	9,260,423.14	12,114,381.29
Transportation charge		36,110,291.16
Warehouse charge	24,982,242.41	13,540,499.34
Three guarantees and quality cost	272,364,223.21	102,034,286.75
Business entertainment fee	25,842,735.05	26,297,874.14
Other	15,176,786.26	16,360,043.51
Total	406,353,445.10	259,650,752.33

45. Administration expenses

In RMB/CNY

Item	Current period	Last Period
Salary and fringe benefit	295,394,722.09	261,541,676.32
Depreciation charger and long-term assets amortization	65,638,800.42	55,145,177.10
Consumption of office materials and business travel charge	16,772,265.23	19,603,194.54
Incentive fund	187,658,444.76	71,880,000.00
Share-based payment	3,878,656.31	
Other	213,481,533.82	105,858,403.80
Total	782,824,422.63	514,028,451.76

46. R&D expenses

In RMB/CNY

Item	Current period	Last Period
Technological development expenses	532,581,209.78	417,924,908.28
Total	532,581,209.78	417,924,908.28

47. Financial expenses

In RMB/CNY

Item	Current period	Last Period
Interest expenses	11,466,886.33	21,770,516.39

Note discount interest expenses	8,075,178.10	1,205,789.22
Less: interest income	51,622,216.58	79,299,239.77
Gains/losses from exchange	5,138,503.01	-5,453,798.20
Handling charges	3,663,347.30	3,884,456.24
Total	-23,278,301.84	-57,892,276.12

48. Other income

In RMB/CNY

Sources of income generated	Current period	Last Period
Government grants with routine operation activity concerned	80,342,497.11	91,170,663.57
Total	80,342,497.11	91,170,663.57

49. Investment income

In RMB/CNY

Item	Current period	Last Period
Income of long-term equity investment calculated based on equity	1,659,752,704.14	1,378,264,061.18
Investment income from holding financial assets available for sales	683,211.60	1,383,668.59
Dividend income from holding other equity instrument investment		900,000.00
Investment income of financial products	263,460,954.90	236,832,172.54
Other	40,908,817.93	-2,839,187.48
Total	1,964,805,688.57	1,614,540,714.83

50. Income from change of fair value

In RMB/CNY

Sources	Current period	Last Period
Changes in the fair value of wealth management products	8,223,219.19	18,231,842.32
Changes in the fair value of the stocks of listed companies held-excluding the stocks of listed companies that are included in other equity instrument investments	375,102,546.00	6,787,824.00
Total	383,325,765.19	25,019,666.32

51. Credit impairment loss

In RMB/CNY

Item	Current period	Last Period
Bad debt loss	-11,184,647.60	-52,825,875.25
Total	-11,184,647.60	-52,825,875.25

52. Assets impairment loss

In RMB/CNY

Item	Current period	Last Period
I. Loss of bad debts	0.00	0.00
II. Loss of inventory falling price and loss of contract performance cost impairment	-142,400,798.47	-169,460,299.73
III. Long-term equity investment impairment losses	0.00	0.00
IV. Impairment loss of investment real estate	0.00	0.00
V. Impairment loss of fixed assets	-36,436,674.38	0.00
VI. Devaluation loss of construction materials	0.00	0.00
VII. Impairment loss of construction in progress	0.00	0.00
VIII. Impairment loss of productive biological assets	0.00	0.00
IX. Impairment losses of oil and gas assets	0.00	0.00
X. Intangible assets impairment loss	0.00	0.00
XI. Goodwill impairment loss	0.00	0.00
XII. Impairment loss of contract assets	0.00	0.00
XIII. Other	0.00	0.00
Total	-178,837,472.85	-169,460,299.73

53. Income from assets disposal

In RMB/CNY

Sources	Current period	Last Period
Income from disposal of non-current assets	12,962,146.98	34,050,815.11
Losses from disposal of non-current assets	-1,507,738.38	-1,896,354.90
Total	11,454,408.60	32,154,460.21

54. Non-operating income

In RMB/CNY

Item	Current period	Last Period	Amount reckoned into current non-recurring gains/losses
Periodic reduction or exemption of part of social insurance premiums	60,373,772.69		60,373,772.69
Periodic reduction of kinetic energy costs	5,759,525.46		5,759,525.46
Other	333,723.47	2,413,561.54	333,723.47
Total	66,467,021.62	2,413,561.54	66,467,021.62

Government subsidies included in the current profit and loss:

Nil

55. Non-operating expense

In RMB/CNY

Item	Current period	Last Period	Amount reckoned into current non-recurring gains/losses
Donation	3,107,003.70	73,332.31	3,107,003.70
Non-current assets disposal losses	738,248.83	3,161,855.50	738,248.83
Including: loss of fixed assets scrap	738,248.83	3,161,855.50	738,248.83
Local fund		2,734,286.52	
Other	313,635.64	156,952.84	313,635.64
Total	4,158,888.17	6,126,427.17	4,158,888.17

56. Income tax expense

(1) Income tax expense

In RMB/CNY

Item	Current period	Last Period
Payable tax in current period	170,925,337.68	147,179,544.24
Adjusted the previous income tax	-2,349,322.00	5,674,478.65
Increase/decrease of deferred income tax assets	-54,432,577.63	-12,918,338.05
Increase/decrease of deferred income tax liability	66,072,310.95	7,870,125.22
Total	180,215,749.00	147,805,810.06

(2) Adjustment on accounting profit and income tax expenses

In RMB/CNY

Item	Current period
Total profit	3,002,951,679.56
Income tax measured by statutory/applicable tax rate	450,442,751.93
Impact by different tax rate applied by subsidies	4,347,476.78
Adjusted the previous income tax	-2,349,322.00
Impact by non-taxable revenue	-248,721,266.24
Impact on cost, expenses and losses that unable to deducted	37,323,520.03
Impact by the deductible losses of the un-recognized previous deferred income tax	-34,045,025.55
The deductible temporary differences or deductible losses of the un-recognized deferred income tax assets in the Period	11,968,364.43
Impact on additional deduction	-41,288,278.77
Other	2,537,528.39
Income tax expense	180,215,749.00

57. Other comprehensive income

See Note VII. 38 “Other comprehensive income”

58. Items of cash flow statement

(1) Other cash received in relation to operation activities

In RMB/CNY

Item	Current period	Last Period
Interest income	52,277,269.56	77,690,762.13
Government grants	41,044,012.67	30,510,895.39
Margin on operation bill		27,804,815.03
Other	9,252,536.29	7,906,425.25
Total	102,573,818.52	143,912,897.80

(2) Other cash paid in relation to operation activities

In RMB/CNY

Item	Current period	Last Period
Cash cost	840,363,837.09	525,923,320.71
Other	59,565,319.82	22,629,265.34
Total	899,929,156.91	548,552,586.05

(3) Cash received from other investment activities

In RMB/CNY

Item	Current period	Last Period
Received the disposal payment	10,654,092.89	
Received investment funds in transit at the end of 2019	30,448,157.81	
Import equipment letter of credit guarantee		1,450,000.00
Cash from Weifu Electronic Drive merger not under the same control		67,622,008.17
Intercourse funds of unit	24,000,000.00	
Other		953,424.66
Total	65,102,250.70	70,025,432.83

(4) Cash paid related with investment activities

In RMB/CNY

Item	Current period	Last Period
Margin paid by L/C for purchase of equipment	587,241.00	
Trading losses on forward foreign exchange and RMB options		1,115,357.50
Intercourse funds of unit	13,992,067.94	24,000,000.00
Total	14,579,308.94	25,115,357.50

(5) Other cash received in relation to financing activities

In RMB/CNY

Item	Current period	Last Period
Borrowings received by Weifu Leader	5,470,000.00	
Borrowings received by IRD	260,135.13	845,291.11
Total	5,730,135.13	845,291.11

(6) Cash paid related with financing activities

In RMB/CNY

Item	Current period	Last Period
Account paid for purchasing minority equity of Weifu Tianli		132,522,000.00
Account paid for purchasing minority equity of IRD	48,507,056.85	
National debt paid transfer to loans	351,298.00	339,091.00
Borrowing return by Weifu Leader		5,470,000.00

Borrowing return by IRD		7,733,845.00
Payments from finance leases	375,886.28	
Repurchase of A shares	400,017,180.33	
Total	449,251,421.46	146,064,936.00

59. Supplementary information to statement of cash flow

(1) Supplementary information to statement of cash flow

In RMB/CNY

Supplementary information	Current period	Last Period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	2,822,735,930.56	2,302,736,761.11
Add: Assets impairment provision	190,022,120.45	222,286,174.98
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	390,748,987.16	315,650,455.35
Depreciation of right-of-use assets		
Amortization of intangible assets	37,146,026.79	24,276,364.81
Amortization of long-term deferred expenses	12,637,958.88	6,293,470.69
Loss from disposal of fixed assets, intangible assets and other long-term assets (gain is listed with "-")	-11,454,408.60	-32,154,460.21
Losses on scrapping of fixed assets (gain is listed with "-")	738,248.83	3,161,855.50
Gain/loss of fair value changes (gain is listed with "-")	-383,325,765.19	-25,019,666.32
Financial expenses (gain is listed with "-")	17,798,991.04	15,026,154.36
Investment loss (gain is listed with "-")	-1,957,024,490.66	-1,613,945,471.30
Decrease of deferred income tax asset ((increase is listed with "-")	-54,432,577.63	-12,918,338.05
Increase of deferred income tax liability (decrease is listed with "-")	66,072,310.95	7,870,125.22
Decrease of inventory (increase is listed with "-")	-591,321,045.44	-1,130,561,363.05
Decrease of operating receivable accounts (increase is listed with "-")	-1,326,286,166.68	-1,110,387,668.48
Increase of operating payable accounts (decrease is listed with "-")	1,562,204,812.18	2,074,881,909.55
Other	5,550,301.37	1,473,749.07
Net cash flows arising from operating activities	781,811,234.01	1,048,670,053.23
2. Material investment and financing not involved in cash flow	--	--
Conversion of debt into capital		
Switching Company bonds due within one year		
financing lease of fixed assets		

3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	944,946,018.70	820,498,653.85
Less: Balance of cash equivalent at year-begin	820,498,653.85	2,404,674,139.49
Add: Balance at year-end of cash equivalents		
Less: Balance at year-begin of cash equivalents		
Net increase of cash and cash equivalents	124,447,364.85	-1,584,175,485.64

(2) Net cash payment for the acquisition of a subsidiary in the period

In RMB/CNY

	Amount
Cash and cash equivalent paid in the period for enterprise combination occurred in the period	318,708,001.47
Including:	--
Less: Cash and cash equivalent held by subsidiary on purchasing date	21,405,243.16
Including:	--
Including:	--
Net cash paid for subsidiary obtained	297,302,758.31

Other explanation: Nil

(3) Net cash received from the disposal of subsidiaries

Nil

(4) Constitution of cash and cash equivalent

In RMB/CNY

Item	Ending balance	Opening balance
I. Cash	944,946,018.70	820,498,653.85
Including: Cash on hand	507.66	93,165.33
Bank deposit available for payment at any time	944,945,511.04	820,405,488.52
III. Balance of cash and cash equivalents at the period-end	944,946,018.70	820,498,653.85

Other explanation: Nil

The difference between bank deposits available for payment at any time and the bank deposits in Note VII. 1 "Monetary Funds" is the company's fixed deposits in the bank.

60. Note of the changes of owners' equity

Explain the items and amount at period-end adjusted for "Other" at end of the last year: Nil

61. Assets with ownership or use right restricted

In RMB/CNY

Item	Ending Book value	Restriction reason
Monetary funds	587,241.00	Letter of Credit Margin
Note receivable	881,914,376.95	Notes pledge for bank acceptance
Monetary funds	51,045,344.11	Cash deposit paid for bank acceptance
Monetary funds	2,838,880.93	Court freeze
Monetary funds	215,720.00	Mastercard deposit
Receivables financing	646,892,501.28	Notes pledge for bank acceptance
Transaction financial asset	174,611,992.62	In accordance with the civil ruling No.(2016)Y03MC2490 and No.(2016)Y03MC2492 of Guangdong Shenzhen Intermediate People's Court (Hereinafter referred to as Shenzhen Intermediate People's Court), the property with the value of 217 million Yuan under the name of the Company and other seven respondents and the third party Shenzhen Hejun Chuangye Holdings Co., Ltd. (Hereinafter referred to as Hejun Company) was frozen. As of the end of the reporting period, 4.71 million shares of Miracle Automation and 11,739,102 shares of SDEC held by the Company were frozen.
Total	1,758,106,056.89	--

62. Item of foreign currency**(1) Item of foreign currency**

In RMB/CNY

Item	Closing balance of foreign currency	Rate of conversion	Ending RMB balance converted
Monetary funds	--	--	
Including: USD	11,596,564.24	6.5249	75,666,419.10
EUR	3,694,505.41	8.025	29,648,405.15
HKD	11,548,347.98	0.84164	9,719,551.59
DKK	9,616,906.23	1.0786	10,372,795.06
Account receivable	--	--	
Including: USD	2,190,411.21	6.5249	14,292,214.10
EUR	1,290,945.42	8.025	10,359,837.00
HKD			
JPY	12,179,808.00	0.063236	770,202.34
DKK	2,239,065.57	1.0786	2,415,056.12

Long-term borrowings	--	--	
Including: USD			
EUR			
HKD			
Other account receivables	--	--	
Including: EUR	70,143.68	8.025	562,903.03
DKK	462,081.08	1.0786	498,400.65
Short-term borrowings	--	--	
Including: EUR	4,981,278.48	8.025	39,974,759.80
Account payable	--	--	
Including: USD	812,035.19	6.5249	5,298,448.41
EUR	1,031,866.82	8.025	8,280,731.24
JPY	15,780,699.00	0.063236	997,908.28
CHF	103,580.75	7.4006	766,559.70
DKK	2,865,734.26	1.0786	3,090,980.97
GBP	59,450.00	8.8903	528,528.34
Other account payable	--	--	
Including: EUR	255.00	8.025	2,046.38
DKK	402,113.23	1.0786	433,719.33

(2) Explanation on foreign operational entity, including as for the major foreign operational entity, disclosed main operation place, book-keeping currency and basis for selection; if the book-keeping currency changed, explain reasons

√ Applicable □ Not applicable

Subsidiary of the Company IRD was established in Denmark in 1996. The 66% equity of IRD were required by the Company in cash in April 2019, and in October 2020, increasing the shareholding to 34.00% by cash purchase. After the increase in holdings, the company acquired 100.00% of the company's equity. Book-keeping currency of IRD was Danish krone, and IRD mainly engaged in the R&D, production and sales of fuel cell components.

Subsidiary Borit was established in Belgium in 2010. the Company acquired 100% equity of Borit by cash acquisition in November 2020. Borit is denominated in Euro and engaged in the R&D, production and sales of fuel cell components.

63. Government grants

(1) Government grants

In RMB/CNY

Category	Amount	Item	Amount reckoned in current gain/loss
The second batch of provincial-level industrial and information industry transformation special funds in 2019	5,000,000.00	Deferred income	
Municipal technological reform fund allocation in 2020 Appropriations for Municipal Technical Reform Fund Projects in 2020	4,770,000.00	Deferred income	
Strategic cooperation agreement funding for key enterprise of smart manufacturing in high-tech zone Strategic cooperation agreement funds for key intelligent manufacturing enterprises in the high-tech zone	4,060,000.00	Deferred income	
2020 Wuxi Science and Technology Development Fund 19th Batch of Science and Technology Development Plan Project Funds	1,000,000.00	Deferred income	
Intelligent transformation of Automobile components manufacturing process	1,310,000.00	Deferred income	
E-store	1,162,700.27	Deferred income, other income	1,162,700.27
Anione	1,410,199.51	Deferred income, other income	211,192.07
Annual output of 150,000 gasoline engine turbochargers	1,095,300.00	Deferred income, other income	717,082.83
Neptune	918,551.27	Deferred income	
Development of variable nozzle turbocharger meeting the requirements of National VI B	800,000.00	Deferred income	
Pegasus	528,530.85	Deferred income, other income	528,530.85
HighPem2 Gas	356,327.63	Deferred income, other income	356,327.63
Job stabilization subsidy	4,125,376.68	Other income	4,125,376.68
Intelligent transformation and technical transformation guidance funds	3,740,000.00	Other income	3,740,000.00
Wuxi City Intellectual Property Project Operation Service System Construction Fund	1,050,000.00	Other income	1,050,000.00
"Work for training" subsidy	1,269,900.00	Other income	1,269,900.00
Training subsidy	1,005,934.35	Other income	926,294.35
2019 Wuxi Mayor Quality Award	1,000,000.00	Other income	1,000,000.00
Distributed photovoltaic project power generation subsidies	968,800.00	Other income	968,800.00

Service charge for three agencies	682,632.28	Other income	682,632.28
The second batch of supporting project funds (manufacturing taxation top 30)	350,000.00	Other income	350,000.00
2019 Quality Special Award	350,000.00	Other income	350,000.00
Huishan District Support Fund	340,000.00	Other income	340,000.00
Special subsidies for enterprise vocational education in Binhu District in the third quarter of 2019	324,300.00	Other income	324,300.00
Vocational Appraisal Guidance Center Collection	303,600.00	Other income	303,600.00
Technology plan subsidy	300,000.00	Other income	300,000.00
2020 Wuxi Smart Manufacturing Project Support Fund	300,000.00	Other income	300,000.00
Subsidies for manufacturing individual champion enterprises	200,000.00	Other income	200,000.00
Intellectual property reward	114,670.00	Other income	114,670.00
In 2019, the integration of industrialization and industrialization, and the provincial-level segmentation project reward for enterprise cloud	180,000.00	Other income	180,000.00
2019 Huishan District "Pioneer Talent Program" Talent Award	150,000.00	Other income	150,000.00
2019 corporate postdoctoral subsidy funds	120,000.00	Other income	120,000.00
2019 tax contribution incentives for key enterprises	100,000.00	Other income	100,000.00
Supporting funding for key talent programs above the provincial level	100,000.00	Other income	100,000.00
Other	1,557,189.83	Deferred income, other income	998,816.62
Total	41,044,012.67		

(2) Government grants rebate

Applicable Not applicable

Other explanation:

64. Other

Nil

VIII. Changes of consolidation scope

1. Enterprise combine not under the same control

(1) Enterprise combines not under the same control occurred in the period

In RMB/CNY

Purchaser	Time point for equity obtained	Cost of equity obtained	Ratio of equity obtained	Acquired way Equity obtained way	Purchasing date	Standard to determine the purchasing date	Income of purchaser from purchasing date to period-end	Net profit of purchaser from purchasing date to period-end
Borit	November 30, 2020	318,708,001.47	100.00%	Cash purchase	November 30, 2020	100%	9,143,241.73	-5,166,510.61

Other explanation:

(2) Combination cost and goodwill

In RMB/CNY

Combination cost	Borit
--Cash	318,708,001.47
Total combination cost	318,708,001.47
Less: shares of fair value of identifiable net assets acquired	70,941,353.26
Goodwill/merger cost is less than the shares of fair value of identifiable net assets acquired	247,766,648.21

The main reasons for the formation of large amounts of goodwill:

In this period, the company acquired 100.00% equity of Borit in the form of cash purchase, the goodwill was the part that the cost of the merger was greater than the fair value share of the identifiable net assets of Borit. According to the "Assets Appraisal Report" (Wanlong PBZi (2021) No. 40016) issued by Wanlong (Shanghai) Assets Appraisal Co., Ltd, appointed by the Company, the recoverable value of the assets group where the goodwill of the merged with Borit is 439,880,000 Yuan, higher than the carrying value of 339,170,000 Yuan, and there is no impairment loss of goodwill.

(3) Identifiable assets and liability on purchasing date under the purchaser

In RMB/CNY

	Borit	
	Fair value on purchasing date	Book value on purchasing date
Monetary funds	21,405,243.16	21,405,243.16
Account receivable	2,306,622.48	2,306,622.48
Inventory	12,692,549.70	11,925,135.80
Fixed assets	46,007,739.12	28,314,172.77
Intangible assets	39,460,780.10	13,349,057.73

Account paid in advance	478,370.09	478,370.09
Other account receivables	748,859.12	748,859.12
Construction in progress	950,331.98	950,331.98
Deferred tax assets	1,388,436.59	1,388,436.59
Accounts payable	7,894,432.49	7,894,432.49
Deferred income tax liabilities	11,143,175.66	
Contract liabilities	3,067,697.93	3,067,697.93
Employee compensation payable	2,805,072.70	2,805,072.70
Taxes payable	273,570.08	273,570.08
Other payable	13,935,900.17	13,935,900.17
Non-current liabilities due within one year	872,471.02	872,471.02
Long term loan	6,201,616.25	6,201,616.25
Long-term payable	7,106,533.43	7,106,533.43
Deferred income	1,197,109.35	1,197,109.35
Net assets	70,941,353.26	37,511,826.30
Net assets acquired	70,941,353.26	37,511,826.30

Other explanation: Nil

(4) Gains or losses arising from re-measured by fair value for the equity held before purchasing date

Whether it is a business combination realized by two or more transactions of exchange and a transaction of obtained control rights in the Period or not

Yes No

(5) Notes relating to the purchase date or the end of the period in which the merger consideration or the fair value of the purchasee's identifiable assets and liabilities cannot be reasonable determined

Nil

(6) Other explanations

Nil

2. Enterprise combine under the same control

Nil

3. Reverse purchase

Nil

4. Disposal of subsidiaries

Whether there is a single disposal of an investment in a subsidiary that resulted in a loss of control

Yes No

Whether there is a step-by-step disposal of investment in a subsidiary through multiple transactions and loss of control during the period

Yes No

5. Other reasons for consolidation range changed

Explain the reasons on consolidate scope changes (i.e. subsidiary newly established, subsidiary liquidation etc.) and relevant information:

In the reporting period, Weifu Leader- subsidiary of the company established the Autosmart Seating jointly with Qiqiong Automobile Technology (Shanghai) Co., Ltd. According to the Article of Association under the name of Autosmart Seating, Weifu Leader holds 66.00% equity of Autosmart Seating while 34.00% held by Qiqiong Automobile Technology (Shanghai) Co., Ltd.

6. Other

Nil

IX. Equity in other entity

1. Equity in subsidiary

(1) Constitute of enterprise group

Subsidiary	Main operation place	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
Weifu Jinning	Nanjing	Nanjing	Spare parts of internal-combustion engine	80.00%		Enterprise combines under the same control
Weifu Leader	Wuxi	Wuxi	Automobile exhaust purifier, muffler	94.81%		Enterprise combines under the same control
Weifu Mashan	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00%		Investment
Weifu Chang'an	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00%		Investment
Weifu International Trade	Wuxi	Wuxi	Trading	100.00%		Enterprise combines under the same control
Weifu Schmidt	Wuxi	Wuxi	Spare parts of	66.00%		Investment

			internal-combustion engine			
Weifu Tianli	Ningbo	Ningbo	Spare parts of internal-combustion engine	98.83%	1.17%	Enterprise combines not under the same control
Weifu Autocam	Wuxi	Wuxi	Spare parts of internal-combustion engine	51.00%		Enterprise combines not under the same control
Weifu Leader (Wuhan)	Wuhan	Wuhan	Automobile exhaust purifier, muffler		60.00%	Investment
Weifu Leader (Chongqing)	Chongqing	Chongqing	Automobile exhaust purifier, muffler		100.00%	Investment
Weifu Leader (Nanchang)	Nanchang	Nanchang	Automobile exhaust purifier, muffler		100.00%	Investment
Autosmart Seating	Wuxi	Wuxi	Smart car equipment		66.00%	Investment
Weifu Electric Drive	Wuxi	Wuxi	Hub Motor	80.00%		Enterprise combines not under the same control
SPV	Denmark	Denmark	Investment	100.00%		Investment
IRD	Denmark	Denmark	Fuel cell components		100.00%	Enterprise combines not under the same control
IRD America	America	America	Fuel cell components		100.00%	Enterprise combines not under the same control
Borit	Belgium	Belgium	Fuel cell components		100.00%	Enterprise combines not under the same control
Borit Inc.	America	America	Fuel cell components		100.00%	Enterprise combines not under the same control

Explanation on share-holding ratio in subsidiary different from ratio of voting right:

Nil

Basis for holding half or less of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:

Nil

(2) Important non-wholly-owned subsidiary

In RMB/CNY

Subsidiary	Share-holding ratio of minority	Gains/losses attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority
Weifu Jinning	20.00%	21,848,100.90	15,748,768.80	199,246,408.99
Weifu Schmidt	34.00%	4,996,898.99		16,239,171.33
Weifu Leader	5.19%	11,252,872.88		107,011,846.40

Weifu Autocam	49.00%	22,118,036.30		177,267,298.23
Total		60,215,909.07	15,748,768.80	499,764,724.95

Explanation on holding ratio different from the voting right ratio for minority shareholders:

Nil

(3) Main finance of the important non-wholly-owned subsidiary

In RMB/CNY

Subsidiary	Ending balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Weifu Jinning	1,182,876,680.02	293,436,809.97	1,476,313,489.99	433,667,329.34	42,293,914.58	475,961,243.92
Weifu Schmidt	213,435,154.59	47,533,838.59	260,968,993.18	212,812,487.33		212,812,487.33
Weifu Leader	4,942,039,786.72	1,200,764,541.57	6,142,804,328.29	4,204,615,377.36	20,388,995.29	4,225,004,372.65
Weifu Autocam	323,378,083.30	360,083,668.37	683,461,751.67	321,531,075.82		321,531,075.82
Total	6,661,729,704.63	1,901,818,858.50	8,563,548,563.13	5,172,626,269.85	62,682,909.87	5,235,309,179.72

In RMB/CNY

Subsidiary	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Weifu Jinning	999,097,495.08	334,721,775.17	1,333,819,270.25	318,915,621.86	47,104,930.82	366,020,552.68
Weifu Schmidt	141,991,506.20	49,208,881.93	191,200,388.13	157,822,785.29		157,822,785.29
Weifu Leader	3,941,739,116.15	1,095,110,196.65	5,036,849,312.80	3,351,853,614.37	22,204,377.06	3,374,057,991.43
Weifu Autocam	245,057,798.53	323,114,477.06	568,172,275.59	254,234,583.00		254,234,583.00
Total	5,327,885,915.96	1,802,155,330.81	7,130,041,246.77	4,082,826,604.52	69,309,307.88	4,152,135,912.40

In RMB/CNY

Subsidiary	Current period			
	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity
Weifu Jinning	685,608,389.43	110,875,256.44	110,875,256.44	42,395,588.51
Weifu Schmidt	252,434,907.65	14,694,274.89	14,694,274.89	-2,270,586.10
Weifu Leader	6,427,844,701.00	245,276,849.88	245,276,849.88	41,415,937.03
Weifu Autocam	485,081,038.09	50,518,929.75	50,518,929.75	86,836,060.40

Total	7,850,969,036.17	421,365,310.96	421,365,310.96	168,376,999.84
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In RMB/CNY

Subsidiary	Last Period			
	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity
Weifu Jinning	591,679,134.25	124,990,228.55	124,990,228.55	73,403,344.49
Weifu Schmidt	221,352,114.68	5,093,231.61	5,093,231.61	19,622,886.37
Weifu Leader	3,020,424,650.65	33,406,696.55	33,406,696.55	112,342,744.56
Weifu Autocam	417,638,897.85	23,573,670.87	23,573,670.87	125,547,456.63
Total	4,251,094,797.43	187,063,827.58	187,063,827.58	330,916,432.05

(4) Significant restrictions on the use of enterprise group assets and pay off debts of the enterprise group

Nil

(5) Financial or other supporting offers to the structured entity included in consolidated financial statement range

Nil

2. Transaction that has owners' equity shares changed in subsidiary but still with controlling rights**(1) Owners' equity shares changed in subsidiary**

In October 2020, the company purchased the equity held by minority shareholders of IRD with 48,507,056.85 Yuan in cash. After this transaction, the company's shareholding in IRD was changed from 66.00% to 100.00%.

(2) Impact on minority's interest and owners' equity attributable to parent company

In RMB/CNY

--Cash	48,507,056.85
Less: Net assets share of the subsidiary calculated according to the equity ratio obtained/disposed	41,330,359.81
Balance	7,176,697.04
Including: Capital reserve adjustment	7,176,697.04

3. Equity in joint venture and associated enterprise

(1) Important joint venture and associated enterprise

Joint venture or associated enterprise	Main operation place	Registered place	Business nature	Share-holding ratio		Accounting treatment on investment for joint venture and associated enterprise
				Directly	Indirectly	
Wuxi Weifu Environment Catalyst Co., Ltd.	Wuxi	Wuxi	Catalyst		49.00%	Equity method
Bosch Automobile Diesel System Co., Ltd.	Wuxi	Wuxi	Internal-combustion engine accessories	32.50%	1.50%	Equity method
Zhonglian Automobile Electronic Co., Ltd.	Shanghai	Shanghai	Internal-combustion engine accessories	20.00%		Equity method
Weifu Precision Machinery Manufacturing Co., Ltd.	Wuxi	Wuxi	Internal-combustion engine accessories	20.00%		Equity method
Shinwell Automobile Technology (Wuxi) Co., Ltd.	Wuxi	Wuxi	Automobile components		45.00%	Equity method
Changchun Xuyang Weifu Automobile components Technology Co., Ltd.	Changchun	Changchun	Automobile components		34.00%	Equity method

Holding shares ratio different from the voting right ratio:

Has major influence with less 20% voting rights hold, or has minor influence with over 20% (20% included) voting rights hold:

(2) Main financial information of the important joint venture

Nil

(3) Main financial information of the important associated enterprise

In RMB/CNY

	Ending balance/Current period			Opening balance/Last Period		
	Weifu Environment	Bosch Diesel System	Zhonglian Automobile	Weifu Environment	Bosch Diesel System	Zhonglian Automobile
Current assets	4,446,438,334.10	11,965,249,225.12	201,344,601.39	3,285,078,665.28	10,878,760,988.82	175,292,101.34
Non-current assets	363,513,166.84	2,995,027,302.84	5,985,689,857.38	323,188,749.54	3,059,116,036.23	6,129,564,645.28
Total assets	4,809,951,500.94	14,960,276,527.96	6,187,034,458.77	3,608,267,414.82	13,937,877,025.05	6,304,856,746.62
Current	3,251,776,146.44	7,423,648,562.76	3,687,897.36	2,401,381,614.27	4,613,514,567.69	3,030,820.85

liabilities						
Non-current liabilities	175,895,402.90		2,638,609.61	26,545,326.53		2,699,079.03
Total liabilities	3,427,671,549.34	7,423,648,562.76	6,326,506.97	2,427,926,940.80	4,613,514,567.69	5,729,899.88
Attributable to parent company shareholders' equity	1,382,279,951.60	7,536,627,965.20	6,180,707,951.80	1,180,340,474.02	9,324,362,457.36	6,299,126,846.74
Share of net assets calculated by shareholding ratio	677,317,176.28	2,562,453,508.17	1,236,141,590.36	578,366,832.27	3,170,283,235.50	1,259,825,369.35
--Goodwill		267,788,761.35	1,407,265.96		267,788,761.35	1,407,265.96
--Unrealized profit of internal trading		-29,652,559.84			-20,979,859.92	
--Other		-0.28	-0.01		-0.28	
Book value of equity investment in associated enterprise	677,317,176.28	2,800,589,709.40	1,237,548,856.31	578,366,832.27	3,417,092,136.65	1,261,232,635.31
Operation income	7,458,886,474.12	15,742,669,081.61	23,790,158.00	3,729,583,492.29	14,224,084,504.12	23,049,985.98
Net profit	296,484,991.05	3,511,327,740.19	1,538,581,105.06	26,414,017.30	3,152,063,841.44	1,399,783,397.92
Total comprehensive income	296,484,991.05	3,511,327,740.19	1,538,581,105.06	26,414,017.30	3,152,063,841.44	1,399,783,397.92
Dividends received from associated enterprise in the year		1,801,681,159.00	331,400,000.00		858,896,776.94	105,200,000.00

Other explanation

Adjustment item for other “-0.28”: the differential tail;

(4) Financial summary for non-important Joint venture and associated enterprise

In RMB/CNY

	Ending balance/Current period	Opening balance/Last Period
Joint venture:	--	--
Amount based on share-holding ratio	--	--
--Net profit		-910,094.79
--Total comprehensive income		-910,094.79
Associated enterprise:	--	--
Total book value of investment	86,032,548.98	65,714,349.12
Amount based on share-holding ratio	--	--
--Net profit	13,773,166.19	6,501,430.20
--Total comprehensive income	13,773,166.19	6,501,430.20

(5) Major limitation on capital transfer ability to the Company from joint venture or associated enterprise

Nil

(6) Excess loss occurred in joint venture or associated enterprise

Nil

(7) Unconfirmed commitment with joint venture investment concerned

Nil

(8) Intangible liability with joint venture or associated enterprise investment concerned

Nil

4. Major conduct joint operation

Nil

5. Structured body excluding in consolidate financial statement

Relevant explanations for structured entities not included in the scope of the consolidated financial statements: Nil

X. Risk related with financial instrument

Main financial instrument of the Company including monetary funds, structured deposits, account receivable, equity instrument investment, financial products, loans, and account payable etc., more details of the financial instrument can be found in relevant items of Note V. Risks concerned with the above-mentioned financial instrument, and the risk management policy takes for lower the risks are as follow:

Aims of engaging in the risk management is to achieve equilibrium between the risk and benefit, lower the

adverse impact on performance of the Company to minimum standards, and maximized the benefit for shareholders and other investors. Base on the risk management targets, the basic tactics of the risk management is to recognized and analyzed the vary risks that the Company counted, established an appropriate risk exposure baseline and caring risk management, supervise the vary risks timely and reliably in order to control the risk in a limited range.

In business process, the risks with financial instrument concerned happen in front of the Company mainly including credit exposure, market risk and liquidity risk. BOD of the Company takes full charge of the risk management target and policy-making, and takes ultimate responsibility for the target of risk management and policy. Compliance department and financial control department manager and monitor those risk exposures to ensuring the risks are control in a limited range.

1. Credit Risk

Credit risk refers to the risk that one party of a financial instrument fails to perform its obligations, and resulting in the financial loss of other party. The company's credit risk mainly comes from monetary funds, structured deposits, note receivable, account receivable, other account receivables. The management has established an appropriate credit policy and continuously monitors the exposure to these credit risks.

The monetary funds and structured deposits held by the Company are mainly deposited in financial institutions such as commercial banks, the management believes that these commercial banks have higher credit and asset status, and have lower credit risks. The Company adopts quota policies to avoid credit risks to any financial institutions.

For accounts receivable, other receivables and bills receivable, the Company sets relevant policies to control the credit risk exposure. To prevent the risks, the company has formulated a new customer credit evaluation system and an existing customer credit sales balance analysis system. The new customer credit evaluation system aims at new customers, the company will investigate a customer's background according to the established process to determine whether to give the customer a credit line and the credit line size and credit period. Accordingly, the company has set a credit limit and a credit period for each customer, which is the maximum amount that does not require additional approval. The analysis system for credit sales balance of existing customers means that after receiving a purchase order from an existing customer, the company will check the order amount and the balance of the accounts owed by the customer so far, if the total of the two exceeds the credit limit of the customer, the company can only sell to the customer on the premise of additional approval, otherwise the customer must be required to pay the corresponding amount in advance. In addition, for the credit sales that have occurred, the company analyzes and audits the monthly statements for risk warning of accounts receivable to ensure that the company's overall credit risk is within a controllable range.

The maximum credit risk exposure of the Company is the carrying amount of each financial asset on the balance sheet.

2. Market risk

Market risk of the financial instrument refers to the fair value of financial instrument or future cash flow due to

fluctuations in the market price changes and produce, mainly includes the IRR, FX risk and other price risk.

(1) Interest rate risk (IRR)

IRR refers to the fluctuate risks on Company's financial status and cash flow arising from rates changes in market. IRR of the Company mainly related with the bank loans. In order to lower the fluctuate of IRR, the Company, in line with the anticipative change orientation, choose floating rate or fixed rate, that is the rate in future period will goes up prospectively, than choose fixed rate; if the rate in future period will decline prospectively, than choose the floating rate. In order to minor the bad impact from difference between the expectation and real condition, loans for liquid funds of the Company are choose the short-term period, and agreed the terms of prepayment in particular.

(2) Foreign exchange (FX) risk

FX risks refer to the losses arising from exchange rate movement. The FX risk sustain by the Company mainly related with the USD, EUR, SF, JPY, HKD, DKK except for the USD, EUR, SF, JPY, HKD and DKK carried out for the equipment purchasing of parent company and Autocam, material purchasing of parent company, technical service and trademark usage costs of parent company, the import and export of Weifu International Trade, operation of IRD and operation of Borit, other main business of the Company are pricing and settle with RMB (Yuan). In consequence of the foreign financial assets and liabilities takes minor ratio in total assets, the Company has small FX risk of the financial instrument, considered by management of the Company.

End as 31st December 2020, except for the follow assets or liabilities listed with foreign currency, assets and liabilities of the Company are carried with RMB

① Foreign currency assets of the Company till end of 31st December 2020:

Cash on hand	Ending foreign currency balance	Convert rate	Ending RMB balance converted	Ratio in assets (%)
Monetary funds				
Including: USD	11,596,564.24	6.5249	75,666,419.10	0.28
EUR	3,694,505.41	8.025	29,648,405.15	0.11
HKD	11,548,347.98	0.84164	9,719,551.59	0.04
DKK	9,616,906.23	1.0786	10,372,795.06	0.04
Account receivable				
Including: USD	2,190,411.21	6.5249	14,292,214.10	0.05
EUR	1,290,945.42	8.025	10,359,837.00	0.04
JPY	12,179,808.00	0.063236	770,202.34	0.00
DKK	2,239,065.57	1.0786	2,415,056.12	0.01
Other account receivables				
Including: USD	70,143.68	8.025	562,903.03	0.00
DKK	462,081.08	1.0786	498,400.65	0.00
Total ratio in assets				0.57

② Foreign currency liability of the Company till end of 31st December 2020:

Cash on hand	Ending foreign currency balance	Convert rate	Ending RMB balance converted	Ratio in assets(%)
Short-term borrowings				
Including: EUR	4,981,278.48	8.025	39,974,759.80	0.47
Account payable				
Including: USD	812,035.19	6.5249	5,298,448.41	0.06
EUR	1,031,866.82	8.025	8,280,731.24	0.10
JPY	15,780,699.00	0.063236	997,908.28	0.01
CHF	103,580.75	7.4006	766,559.70	0.01
DKK	2,865,734.26	1.0786	3,090,980.97	0.04
GBP	59,450.00	8.8903	528,528.34	0.01
Interest payable				
Including: EUR	2,065.46	8.025	16,575.32	0.00
Other account payable				
Including: EUR	255.00	8.025	2,046.38	0.00
DKK	402,113.23	1.0786	433,719.33	0.01
Total ratio in liabilities				0.71

③ Other pricing risk 1

The equity instrument investment held by the Company with classification as transaction financial asset and other non-current financial assets are measured on fair value of the balance sheet date. The fluctuation of expected price for these investments will affect the gains/losses of fair value changes for the Company.

Furthermore, on the premise of deliberated and approved in 10th session of 8th BOD, the Company exercise entrust financing with the self-owned idle capital; therefore, the Company has the risks of collecting no principal due to entrust financial products default. Aims at such risk, the Company formulated a “Management Mechanism of Capital Financing”, and well-defined the authority approval, investment decision-making, calculation management and risk controls for the entrust financing in order to guarantee a security funds and prevent investment risk efficiently. In order to lower the adverse impact from unpredictable factors, the Company choose short-term and medium period for investment and investment product’s term is up to 3 years in principle; in variety of investment, the Company did not invest for the stocks, derivative products, security investment fund and the entrust financial products aims at security investment as well as other investment with securities concerned.

3. Liquidity risk

Liquidity risk refers to the capital shortage risk occurred during the clearing obligation implemented by the enterprise in way of cash paid or other financial assets. The Company aims at guarantee the Company has rich capital to pay the due debts, therefore, a financial control department is established for collectively controlling

such risks. On the one hand, the financial control department monitoring the cash balance, the marketable securities which can be converted into cash at any time and the rolling forecast on cash flow in future 12 months, ensuring the Company, on condition of reasonable prediction, owes rich capital to paid the debts; on the other hand, building a favorable relationship with the banks, rationally design the line of credit, credit products and credit terms, guarantee a sufficient limit for bank credits in order to satisfy vary short-term financing requirements.

XI. Disclosure of fair value

1. Ending fair value of the assets and liabilities measured by fair value

In RMB/CNY

Item	Ending fair value			
	First-order	Second-order	Third-order	Total
I. Sustaining measured by fair value	--	--	--	--
(I) Transaction financial asset	188,108,256.00	326,848,122.00	4,809,264,982.10	5,324,221,360.10
1. Financial assets measured at fair value and whose changes are included in current profit or loss	188,108,256.00	326,848,122.00	4,809,264,982.10	5,324,221,360.10
(1) Investment in debt instruments			4,797,324,683.10	4,797,324,683.10
(2) Investment in equity instruments	188,108,256.00	326,848,122.00	11,940,299.00	526,896,677.00
(3) Derivative financial assets	334,488,446.37			
(2) Investment in equity instruments	334,488,446.37			
(III) Other equity instrument investment			285,048,000.00	285,048,000.00
(IV) Financing of accounts receivable			1,005,524,477.88	1,005,524,477.88
Total liability sustaining measured by fair value	188,108,256.00	326,848,122.00	6,099,837,459.98	6,614,793,837.98
II. Non-persistent measure	--	--	--	--

2. Recognized basis for the market price sustaining and non-persistent measured by fair value on first-order

On 31 December 2020, the financial assets available for sale-equity instrument investment held by the Company refers to the SDEC (stock code: 600841) and Miracle Automation (Stock code: 002009), determining basis of the market price at period-end refers to the closing price of 31 December 2020.

3. The qualitative and quantitative information for the valuation technique and critical parameter that sustaining and non-persistent measured by fair value on second-order

On 31 December 2020, other non-current financial assets-equity instrument investment held by the Company refers to the Guolian Securities (stock code: 601456), determining basis of the market price at period-end refers to the closing price and liquidity discounts of 31 December 2020.

4. The qualitative and quantitative information for the valuation technique and critical parameter that sustaining and non-persistent measured by fair value on third-order**(1) Fair value of wealth management products**

The fair value of wealth management products is determined by the Company using discounted cash flow valuation techniques. Among them, the important unobservable input values are mainly the expected annualized rate of return and the risk factor of wealth management products.

(2) Financing of accounts receivable

For this part of financial assets, the Company uses discounted cash flow valuation techniques to determine its fair value. Among them, important unobservable input values mainly include discount rate and contractual cash flow maturity period. The cash flow with a contract expiration period of 12 months (inclusive) shall not be discounted, and the cost shall be regarded as its fair value.

(3) Fair value of equity instrument investment and other equity instrument investment

Due to the lack of market liquidity for this part of financial assets, the Company uses the replacement cost method to determine its fair value. Among them, the important unobservable input values mainly include the financial data of the invested company, etc.

5. Continuous third-level fair value measurement items, adjustment information between the opening and closing book value and sensitivity analysis of unobservable parameters

Nil

6. Continuous fair value measurement items, if there is a conversion between various levels in the current period, the reasons for the conversion and the policy for determining the timing of the conversion

Nil

7. Changes in valuation technology during the current period and reasons for the changes

Nil

8. The fair value of financial assets and financial liabilities not measured by fair value

Nil

9. Other

Nil

XII. Related party and related party transactions**1. Parent company of the enterprise**

Parent company	Registration place	Business nature	Registered capital	Share-holding ratio on the enterprise for parent company	Voting right ratio on the enterprise
Wuxi Industry Group	Wuxi	Operation of state-owned assets	5172.6571 million Yuan	20.22%	20.22%

Explanation on parent company of the enterprise

Wuxi Industry Group is an enterprise controlled by the State-owned Assets Management Committee of Wuxi Municipal People's Government. Its business scope includes foreign investment by using its own assets, house leasing services, self-operating and acting as an agent for the import and export business of various commodities and technologies (Except for goods and technologies that are restricted by the state or prohibited for import and export), domestic trade (excluding national restricted and prohibited items). (Projects that are subject to approval in accordance with the law can be operated only after being approved by relevant departments).

Ultimate controller of the Company is State-owned Assets Supervision & Administration Commission of Wuxi Municipality of Jiangsu Province.

Other explanation: Nil

2. Subsidiary of the Enterprise

Found more in Note IX. 1. "Equity in subsidiary"

3. Joint venture and associated enterprise

Found more in Note IX.3. "Equity in joint venture and associated enterprise"

Other associated enterprise or joint ventures which has related transaction with the Company in the period or occurred previous:

Nil

4. Other Related party

Other Related party	Relationship with the Enterprise
Robert Bosch Company	Second largest shareholder of the Company
Key executive	Director, supervisor and senior executive of the Company

5. Related transaction

(1) Goods purchasing, labor service providing and receiving

Goods purchasing/labor service receiving

In RMB/CNY

Related party	Content of related transaction	Current period	Approved transaction limit	Whether more than the transaction limit (Y/N)	Last Period
Weifu Precision Machinery	Goods and labor	34,570,825.03	30,000,000.00	Y	37,649,400.25
Bosch Diesel System	Goods and labor	29,740,591.61	25,000,000.00	Y	42,492,806.04
Weifu Environment	Goods	3,051,418,777.65	3,200,000,000.00	N	1,663,362,526.18
Robert Bosch Company	Goods and labor	150,855,622.37	153,000,000.00	N	173,854,905.98
Shinwell Automobile Tech. (Wuxi) Co., Ltd.	Goods	1,733,572.01	5,000,000.00	N	11,195,174.16

Goods sold/labor service providing

In RMB/CNY

Related party	Content of related transaction	Current period	Last Period
Weifu Precision Machinery	Goods and labor	6,092,391.01	1,428,332.05
Bosch Diesel System	Goods and labor	2,961,684,269.09	2,670,139,591.68
Weifu Environment	Goods and labor	29,663,885.81	29,810,340.60
Robert Bosch Company	Goods and labor	860,611,502.90	730,599,270.85
Shinwell Automobile Tech. (Wuxi) Co., Ltd.	Goods	103,329.66	1,241,682.55

Description of related transactions in the purchase and sale of goods, provision and acceptance of labor services Nil

(2) Related trusteeship management/contract & entrust management/ outsourcing

Nil

(3) Related lease

As a lessor for the Company:

In RMB/CNY

Lessee	Assets type	Lease income recognized in the Period	Lease income recognized at last Period
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Weifu Environment	Workshop	2,508,057.00	2,508,057.00
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Explanation on related lease

Weifu Leader entered into the house leasing contract with Weifu Environment, as for the plant locates at No.9 Linjiang Road, Wuxi new district, owed by Weifu Leader, rent-out to Weifu Environment, agreements are made as: Rental from 1 January 2020 to 31 December 2020 was 2,508,057.00 Yuan

(4) Related guarantee

Nil

(5) Related party's borrowed/lending funds

Related party	Loan amount	Start date	Maturity	Note
Borrowing				
Wuxi Industry Group	5,470,000.00			This year, Weifu Leader received borrowed funds from Wuxi Industry Group.
Lending				

(6) Related party's assets transfer and debt reorganization

Nil

(7) Remuneration of key manager

In RMB/CNY

Item	Current period	Last Period
Remuneration of key manager	16,986,000.00	5,370,000.00

(8) Other related transactions

Related party	Name	Current period	Last Period
Weifu Precision Machinery	Payable for technical services	54,783.81	--
Weifu Precision Machinery	Purchase of fixed assets	145,200.00	--
Bosch Diesel System	Technology royalties paid etc.	184,740.27	337,369.76
Bosch Diesel System	Purchase of fixed assets	447,692.06	5,720,900.23
Bosch Diesel System	Technology royalties paid etc.	295,419.00	
Robert Bosch Company	Technology royalties paid etc.	5,072,260.23	3,489,339.19
Robert Bosch Company	Payable for technical services	--	702,303.80
Robert Bosch Company	Purchase of fixed assets	22,927,889.53	6,150,100.00
Weifu Environment	House rental fee payable	--	214,285.71
Weifu Environment	Purchase of fixed assets	30,000.00	148,668.39

Weifu Environment	Payable for technical services	64,433.96	--
Weifu Environment	Sales of fixed assets	9,426.00	--
Wuxi Industry Group	Interest paying		89,564.40

6. Receivable/payable items of related parties

(1) Receivable item

In RMB/CNY

Item	Related party	Ending balance		Opening balance	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
Account receivable	Weifu Precision Machinery	160,565.87		243,544.57	
Other account receivables	Weifu Precision Machinery			1,070,000.00	
Account receivable	Bosch Diesel System	549,543,387.12		547,423,047.70	
Account receivable	Robert Bosch Company	205,738,695.62	84,473.87	155,195,576.42	135,534.13
Other account receivables	Robert Bosch Company			7,600,000.00	1,520,000.00
Account receivable	Weifu Environment	642,390.75		3,925,564.95	
Other account receivables	Weifu Environment	49,000,000.00			
Other non-current assets	Weifu Precision Machinery			53,788.00	
Other non-current assets	Bosch Diesel System			183,842.03	
Account paid in advance	Robert Bosch Company	2,970,930.93		5,954,823.56	
Other non-current assets	Robert Bosch Company			6,600,000.00	

(2) Payable item

In RMB/CNY

Item	Related party	Ending book balance	Opening book balance
Account payable	Weifu Precision Machinery	12,959,303.46	10,556,782.28
Other account payable	Weifu Precision Machinery	29,000.00	29,000.00
Account payable	Weifu Environment	850,384,640.88	553,049,630.17

Account payable	Bosch Diesel System	7,178,387.17	5,664,266.10
Account payable	Robert Bosch Company	5,370,249.46	12,297,410.48
Account payable	Shinwell Automobile Tech. (Wuxi) Co., Ltd.	19,320.30	2,212,768.26
Other current liabilities	Bosch Diesel System	169,620,804.78	69,164,600.47
Other current liabilities	Weifu Precision Machinery	74,778.76	
Other account payable	Wuxi Industry Group	5,474,862.22	
Contract liabilities	Weifu Precision Machinery	619,469.03	
Contract liabilities	Bosch Diesel System	0.36	
Contract liabilities	Robert Bosch Company	18,094.85	854,162.51
Contract liabilities	Weifu Environment		5,812,521.86

7. Undertakings of related party

Nil

8. Other

Nil

XIII. Share-based payment

1. Overall situation of share-based payment

Applicable Not applicable

In RMB/CNY

Total amount of various equity instruments granted by the company in the current period	509,994,000.00
Total amount of various equity instruments exercised by the company in the current period	0.00
Total amount of various equity instruments invalidated by the company in the current period	0.00
The scope of the exercise price of the stock options issued by the company at the end of the period and the remaining period of the contract	The grant price is 15.48 Yuan per share; the exercise time is from the first trading day 24 months after the completion of the registration of the restricted stocks granted in the first tranche to the last trading day within 60 months from the date of completion of the registration of the restricted stock granted in the first tranche, so the remaining period of the contract is 4 years and 11 months.
The scope of the exercise price of other equity instruments issued by the company at the end of the period and the remaining period of the contract	N/A

2. Share-based payment settled by equity

√ Applicable □ Not applicable

In RMB/CNY

Method for determining the fair value of equity instruments on the grant date	Determine based on the closing price of the restricted stock on the grant date
Basis for determining the number of vesting equity instruments	Unlocking conditions
Reasons for the significant difference between estimate in the current period and estimate in the prior period	Not Applicable
Cumulative amount of equity-settled share-based payments included in the capital reserve	6,484,837.50
Total amount of expenses confirmed by equity-settled share-based payments in the current period	6,484,837.50

Other explanations:

This restricted stock incentive plan has been reviewed and approved by the company's second extraordinary general meeting of shareholders in 2020. The overview of this restricted stock incentive plan is as follows:

- (1) Stock source: the company's A-share common stock repurchased from the secondary market.
- (2) Grant date: November 12, 2020.
- (3) Grant objects and number of grants: 19,540,000 restricted stocks were granted to 601 incentive objects of the company and its subsidiaries.
- (4) Grant price: 15.48 Yuan/share.
- (5) Grant registration completion date: December 4, 2020.
- (6) Lifting the restrictions on sales:

Unlock period	Unlock time	Ratio of unlocked quantity to granted quantity
Phase I unlocked	Starting from the first trading day 24 months after the completion of the registration of the first grant and ending on the last trading day within 36 months	4/10
Phase II unlocked	Starting from the first trading day 36 months after the completion of the registration of the first grant and ending on the last trading day within 48 months	3/10
Phase III unlocked	Starting from the first trading day 48 months after the completion of the registration of the first grant and ending on the last trading day within 60 months	3/10

(7) Performance appraisal requirements at the company level:

Unlock conditions	Performance appraisal requirements
The first batch of unlock conditions	1. the weighted average ROE for year of 2021 is not less than 10%; 2. the growth rate of self-operating profit in 2021 will not be less than 6% compared with the year of 2019, the absolute amount will not be less than 845 million Yuan;

	3. the cash dividends for year of 2021 shall be no less than 50% of the profit available for distribution of the current year.
The second batch of unlocking conditions	1. the weighted average ROE for year of 2022 is not less than 10%; 2. the growth rate of self-operating profit in 2022 will not be less than 12% compared with the year of 2019, the absolute amount will not be less than 892 million Yuan; 3. the cash dividends for year of 2022 shall be no less than 50% of the profit available for distribution of the current year.
The third batch of unlocking conditions	1. the weighted average ROE for year of 2023 is not less than 10%; 2. the growth rate of self-operating profit in 2023 will not be less than 20% compared with the year of 2019, the absolute amount will not be less than 958 million Yuan; 3. the cash dividends for year of 2023 shall be no less than 50% of the profit available for distribution of the current year.

Other explanation: self-operating profit refers to the net profit attributable to the owners of the parent company after deducting non-recurring gains and losses, and deducting the investment income from Bosch Diesel System and CNEMS.

3. Share-based payment settled by cash

Applicable Not applicable

4. Modification and termination of share-based payment

Nil

5. Other

Nil

XIV. Undertakings or contingency

1. Important undertakings

Important undertakings on balance sheet date

Nil

2. Contingency

(1) Contingency on balance sheet date

Nil

(2) For the important contingency not necessary to disclosed by the Company, explained reasons

The Company has no important contingency that need to disclosed

(3) Other information required by the Guidelines for Information Disclosure of Automobile Manufacturing Related Industries

Mortgage sales, financial leasing and other models of sales accounted for more than 10% of operating income

Applicable Not applicable

The company's guarantee to the dealer

Applicable Not applicable

3. Other

Nil

XV. Events after balance sheet date**1. Important non adjustment matters**

Nil

2. Profit distribution

In RMB/CNY

Profit or dividend plans to distributed	1,513,341,439.50
Profit or dividend declare to distributed which have been approved	1,513,341,439.50

3. Sales return

Nil

4. Other events after balance sheet date

(1)The Proposal on External Investment was deliberated and approved by the 22nd session of 9th BOD dated 26 Feb. 2021. the Company intends to invest in Qingdao Shangqi HuiZhu Zhanxing Industry Investment Fund (Limited Partnership) with its own funds of 150 million Yuan.

(2) According to the resolution of the 23rd session of the 9th board of directors of the company held on April 16, 2021, the company plans to use its own idle funds for entrusted financial management in 2021, with the total investment amount not exceeding 9.5 billion Yuan, and the above amount can be rolled

XVI. Other important events**1. Previous accounting errors collection**

Nil

2. Debt restructuring

Nil

3. Assets replacement

Nil

4. Pension plan

The *Enterprise Annuity Plan under the name of WFHT* has deliberated and approved by 8th session of 7th BOD: in order to mobilize the initiative and creativity of the employees, established a talent long-term incentive mechanism, enhance the cohesive force and competitiveness in enterprise, the Company carried out the above mentioned annuity plan since the date of reply of plans reporting received from labor security administration department. Annuity plans are: the annuity fund are paid by the enterprise and employees together; the enterprise's contribution shall not exceed 8% of the gross salary of the employees of the enterprise per year, the combined contribution of the enterprise and the individual employee shall not exceed 12% of the total salary of the employees of the enterprise. In accordance with the State's annuity policy, the Company will adjusted the economic benefits in due time, in principle of responding to the economic strength of the enterprise, the amount paid by the enterprise at current period control in the 8 percent of the total salary of last year, the maximum annual allocation to employees shall not exceed five times the average allocation to employees and the excess shall not be counted towards the allocation. The individual contribution is limited to 1% of one's total salary for the previous year. Specific paying ratio later shall be adjusted correspondingly in line with the operation condition of the Company.

In December 2012, the Company received the *Reply on annuity plans reporting under the name of WFHT* from labor security administration department, later, the Company entered into the *Entrusted Management Contract of the Annuity Plan of WFHT* with PICC.

5. Termination of operation

Not applicable

6. Segment

(1) Recognition basis and accounting policy for reportable segment

Determine the operating segments in line with the internal organization structure, management requirement and internal reporting system. Operating segment of the Company refers to the followed components that have been satisfied at the same time:

- ① The component is able to generate revenues and expenses in routine activities;
- ② Management of the Company is able to assess the operation results regularly, and determine resources

allocation and performance evaluation for the component;

③ Being analyzed, financial status, operation results and cash flow of the components are able to require by the Company

The Company mainly engaged in the manufacture of fuel system of internal combustion engine and fuel cell components products, auto components, muffler and purifier etc., based on the product segment, the Company determine three reporting segments as auto fuel injection system and fuel cell components, air management system and automotive post processing system. Accounting policy for the three reporting segments are shares the same policy state in Note V

Segment assets exclude transaction financial asset, other account receivables-dividend receivable, other non-current financial assets, other equity instrument investment, long term equity investment and other undistributed assets, since these assets are not related to products operation.

(2) Financial information for reportable segment

In RMB/CNY

Item	Automotive fuel injection system and fuel cell parts product division	Product segment of automotive post processing system	Product segment of air management system	Add: investment/income measured by equity, income of financial products or possession and disposal income, the retained assets or gains/losses as the financial assets available for sale or possession and disposal income	Offset of segment	Total
Operating revenue	5,993,310,683.00	6,427,844,701.00	697,872,646.74		235,201,724.14	12,883,826,306.60
Operating cost	4,448,683,801.55	5,731,947,799.03	446,496,408.80		197,843,567.41	10,429,284,441.97
Total Profit	524,729,824.97	96,006,636.11	71,788,594.68	2,309,901,783.97	-524,839.83	3,002,951,679.56
Net profit	452,179,859.49	101,778,469.69	55,671,416.42	2,212,713,056.22	-393,128.74	2,822,735,930.56
Total assets	11,471,288,383.40	5,342,888,369.35	1,013,319,278.74	10,404,823,830.96	881,624,474.24	27,350,695,388.21
Total liabilities	3,923,773,971.66	4,225,004,372.65	592,960,211.88	1,235,734.93	186,744,801.93	8,556,229,489.19

(3) If the company has no reportable segments or is unable to disclose the total assets and liabilities of each reportable segment, it should state the reasons

Not applicable

(4)Other explanations

Nil

7. Major transaction and events makes influence on investor's decision

Nil

8. Other

Nil

XVII. Principal notes of financial statements of parent company**1. Account receivable****(1) Classification of account receivable**

In RMB/CNY

Category	Ending balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with bad debt provision accrual on a single basis	11,107,123.51	1.11%	11,107,123.51	100.00%		9,107,123.51	1.06%	9,107,123.51	100.00%	
Including:										
Account receivable with bad debt provision accrual on portfolio	985,882,139.36	98.89%	3,099,860.14	0.31%	982,782,279.22	851,956,578.91	98.94%	3,716,569.87	0.44%	848,240,009.04
Including:										
Including: receivables from customers	836,329,626.26	83.89%	3,099,860.14	0.37%	833,229,766.12	715,722,790.25	83.12%	3,716,569.87	0.52%	712,006,220.38
Receivables from internal related parties	149,552,513.10	15.00%			149,552,513.10	136,233,788.66	15.82%			136,233,788.66
Total	996,989,262.87	100.00%	14,206,983.65	1.42%	982,782,279.22	861,063,702.42	100.00%	12,823,693.38	1.49%	848,240,009.04

Bad debt provision accrual on single basis: RMB 11,107,123.51

In RMB/CNY

Name	Ending balance			
	Book balance	Bad debt reserve	Accrual ratio	Accrual causes
BD bills	7,300,000.00	7,300,000.00	100.00%	Have difficulty in collection
Changchun FAW Sihuan Engine Manufacturing Co., Ltd	1,475,731.65	1,475,731.65	100.00%	Have difficulty in collection
Wuxi Kipor Machinery Co., Ltd	1,220,384.74	1,220,384.74	100.00%	Have difficulty in collection
Fujian Zhao'an Country Minyue Bianjie Agricultural Machinery Automobile components Co., Ltd.	1,111,007.12	1,111,007.12	100.00%	Have difficulty in collection
Total	11,107,123.51	11,107,123.51	--	--

Bad debt provision accrual on portfolio: RMB 3,099,860.14

In RMB/CNY

Name	Ending balance		
	Book balance	Bad debt reserve	Accrual ratio
Within 6 months	822,921,167.68		
6 months to one year	8,783,211.93	878,321.19	10.00%
1-2 years	2,434,208.25	486,841.65	20.00%
2-3 years	760,568.50	304,227.40	40.00%
Over 3 years	1,430,469.90	1,430,469.90	100.00%
Total	836,329,626.26	3,099,860.14	--

If the provision for bad debts of accounts receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose related information about bad-debt provisions:

Applicable Not applicable

By account age

In RMB/CNY

Account age	Book balance
Within one year (One year included)	976,000,464.78
Including: within 6 months	965,950,994.85
6 months to one year	10,049,469.93
1-2 years	7,690,636.18
2-3 years	10,292,548.30
Over 3 years	3,005,613.61
3-4 years	3,005,613.61

Total	996,989,262.87
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(2) Bad debt provision accrual collected or switch back

Bad debt provision accrual in the period:

In RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	
Bad debt provision	12,823,693.38	1,336,214.96		210,660.88	257,736.19	14,206,983.65
Total	12,823,693.38	1,336,214.96		210,660.88	257,736.19	14,206,983.65

Important bad debt provision collected or switch back: nil

(3) Account receivable actual charge off in the Period

In RMB/CNY

Item	Amount charge off
Fuzhou Haomixing Automobile components Co., Ltd.	129,739.47
Kunming Yunnei Power Co., Ltd.	47,449.10
Xinxiang Xincheng Machinery Equipment Co., Ltd.	28,895.81
Other customers	4,576.50
Total	210,660.88

Major charge-off for the major receivable: nil

Account receivable write-off explanation: the funds are not generated by connected transactions

(4) Top 5 receivables at ending balance by arrears party

In RMB/CNY

Name	Ending balance of account receivable	Ratio in total ending balance of account receivables	Ending balance of bad debt reserve
Bosch Diesel System	548,842,896.72	55.05%	
Weifu ITM	68,976,711.20	6.92%	
Weifu Leader	55,481,232.29	5.56%	
Custom 4	49,207,860.47	4.94%	703,826.23
Custom 5	45,023,657.85	4.52%	102,723.13
Total	767,532,358.53	76.99%	

(5) Account receivable derecognition due to financial assets transfer

Nil

(6) Assets and liabilities resulted by account receivable transfer and continues involvement

Nil

2. Other account receivables

In RMB/CNY

Item	Ending balance	Opening balance
Interest receivable	897,777.78	804,929.68
Dividend receivable		1,070,000.00
Other account receivables	196,437,936.85	248,140,027.06
Total	197,335,714.63	250,014,956.74

(1) Interest receivable**1) Category of interest receivable**

In RMB/CNY

Item	Ending balance	Opening balance
Interest receivable of unified-borrowing & unified-lending	897,777.78	149,876.70
Interest of fund occupation		655,052.98
Total	897,777.78	804,929.68

2) Significant overdue interest

Nil

3) Accrual of bad debt provision
 Applicable Not applicable
(2) Dividend receivable**1) Category of dividend receivable**

In RMB/CNY

Item (or invested enterprise)	Ending balance	Opening balance
Weifu Precision Machinery		1,070,000.00
Total		1,070,000.00

2) Important dividend receivable with account age over one year

Nil

3) Accrual of bad debt provision

Applicable Not applicable

(3) Other account receivables

1) Other account receivables classification by nature

In RMB/CNY

Nature	Ending book balance	Opening book balance
Staff loans and petty cash	483,650.21	462,664.16
Balance of related party in the consolidate scope	194,745,396.72	216,403,060.04
Margin	1,030,340.00	
Intercourse funds of unit		24,000,000.00
Protean Holdings Corp. equity disposal fund		10,654,092.89
Other	263,534.00	117,939.00
Total	196,522,920.93	251,637,756.09

2) Accrual of bad debt provision

In RMB/CNY

Bad debt reserve	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance of Jan. 1, 2020	3,497,729.03			3,497,729.03
Balance of Jan. 1, 2020 in the period	—	—	—	—
Current accrual	52,664.34			52,664.34

Current reversal	3,465,409.29			3,465,409.29
Balance on Dec. 31, 2020	84,984.08			84,984.08

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

By account age

In RMB/CNY

Account age	Book balance
Within one year (One year included)	160,889,115.00
Within 6 months	71,626,274.30
6 months to one year	89,262,840.70
1-2 years	35,552,695.72
2-3 years	43,570.21
Over 3 years	37,540.00
3-4 years	37,540.00
Total	196,522,920.93

3) Bad debt provision accrual, collected or switch back

Bad debt provision accrual in the period:

In RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	
Bad debt provision	3,497,729.03	52,664.34	3,465,409.29			84,984.08
Total	3,497,729.03	52,664.34	3,465,409.29			84,984.08

Including the important bad debt provision switch back or collected in the period: nil

4) Other receivables actually written-off during the reporting period

Nil

5) Top 5 other receivables at ending balance by arrears party

In RMB/CNY

Enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other receivables	Ending balance of bad debt reserve
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Weifu Leader	Balance of related party in the consolidate scope	100,000,000.00	Within 1 year	50.88%	
Weifu Chang'an	Balance of related party in the consolidate scope	54,192,781.00	Within 1 year	27.58%	
Weifu Schmidt	Balance of related party in the consolidate scope	21,000,000.00	1-2 years	10.68%	
Weifu Mashan	Balance of related party in the consolidate scope	19,552,615.72	Within 2 years	9.95%	
Zhenkunxing Industrial Supermarket (Shanghai) Co., Ltd.	Margin	1,000,000.00	Within 6 months	0.51%	
Total	--	195,745,396.72	--	99.60%	

6) Other account receivables related to government grants

Nil

7) Other receivable for termination of confirmation due to the transfer of financial assets

Nil

8) The amount of assets and liabilities that are transferred other receivable and continued to be involved

Nil

3. Long-term equity investments

In RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Depreciated on reserves	Book value	Book balance	Depreciated on reserves	Book value
Investment for subsidiary	1,978,302,303.40		1,978,302,303.40	1,731,814,008.11		1,731,814,008.11
Investment for associates and joint venture	3,999,826,000.48		3,999,826,000.48	4,599,549,621.93		4,599,549,621.93
Total	5,978,128,303.88		5,978,128,303.88	6,331,363,630.04		6,331,363,630.04

(1) Investment for subsidiary

In RMB/CNY

The invested entity	Opening balance (book value)	Changes in Current Period				Ending balance (book value)	Ending balance of depreciation reserves
		Additional Investment	Negative Investment	Provision for impairment loss	Other		
Weifu Jinning	178,639,593.52	569,165.62				179,208,759.14	
Weifu Leader	460,113,855.00	731,784.39				460,845,639.39	
Weifu Mashan	168,693,380.51	154,321.87				168,847,702.38	
Weifu Chang'an	220,902,037.30	144,365.63				221,046,402.93	
Weifu International Trade	32,849,254.85	59,737.50				32,908,992.35	
Weifu ITM	167,000,000.00		167,000,000.00				
Weifu Schmidt	50,160,000.00	84,628.12				50,244,628.12	
Weifu Tianli	234,941,100.00	243,928.12				235,185,028.12	
Weifu Autocam	82,454,467.99					82,454,467.99	
Weifu Electronic Drive	53,832,280.23	54,759.38				53,887,039.61	
SPV	82,228,038.71	411,445,604.66				493,673,643.37	
Total	1,731,814,008.11	413,488,295.29	167,000,000.00			1,978,302,303.40	

(2) Investment for associates and joint venture

In RMB/CNY

Enterprise	Opening balance (book value)	Current changes (+, -)								Ending balance (book value)	Ending balance of depreciation reserves
		Additional investment	Capital reduction	Investment gain/loss recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Impairment accrual	Other		
I. Joint venture											

II. Associated enterprise										
Bosch Diesel System	3,276,853,986.35			1,132,865,918.69			-1,722,195,225.51			2,687,524,679.53
Zhonglian Automobile	1,261,232,635.30			307,716,221.01			-331,400,000.00			1,237,548,856.31
Weifu Precision Machinery	61,463,000.28			16,889,464.36			-3,600,000.00			74,752,464.64
Subtotal	4,599,549,621.93			1,457,471,604.06			-2,057,195,225.51			3,999,826,000.48
Total	4,599,549,621.93			1,457,471,604.06			-2,057,195,225.51			3,999,826,000.48

(3) Other explanations

Nil

4. Operating income and cost

In RMB/CNY

Item	Current period		Last Period	
	Income	Cost	Income	Cost
Main business	4,164,444,997.29	2,955,881,019.87	3,470,103,915.90	2,330,022,370.30
Other business	371,972,806.50	280,430,592.86	362,821,444.52	311,590,544.97
Total	4,536,417,803.79	3,236,311,612.73	3,832,925,360.42	2,641,612,915.27

5. Investment income

In RMB/CNY

Item	Current period	Last Period
Investment income from holding transaction financial asset	683,211.60	1,383,668.59
Dividend income from holding other equity instrument investment		900,000.00
Investment income in subsidiaries	62,995,075.18	105,086,820.44
Investment income in joint ventures and associated enterprises	1,457,471,604.06	1,310,687,436.86
Investment income of financial products	258,702,394.98	228,151,138.50
Other	36,907,117.60	
Total	1,816,759,403.42	1,646,209,064.39

6. Other

Nil

XVIII. Supplementary Information**1. Current non-recurring gains/losses**√ Applicable Not applicable

In RMB/CNY

Item	Amount	Note
Gains/losses from the disposal of non-current asset	10,719,959.77	
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)	146,475,795.26	
Profit and loss of assets delegation on others' investment or management	271,684,174.09	
Held transaction financial asset, gains/losses of changes of fair values from transaction financial liabilities, and investment gains from disposal of transaction financial asset, transaction financial liabilities and financial asset available for sales, exclude the effective hedging business relevant with normal operations of the Company	375,102,546.00	
Switch back of provision for depreciation of account receivable which was singly taken depreciation test	3,078,424.43	
Other non-operating income and expenditure except for the aforementioned items	-3,090,715.87	
Less: Impact on income tax	116,175,046.47	
Impact on minority shareholders' equity	5,011,845.35	
Total	682,783,291.86	--

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. ROE and earnings per share**

Profits during report period	Weighted average ROE	Earnings per share	
		Basic earnings per share (RMB/Share)	Diluted earnings per share (RMB/Share)
Net profits belong to common stock stockholders of the Company	15.78	2.79	2.79

Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	11.90	2.10	2.10
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3. 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)

Applicable Not applicable

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

Applicable Not applicable

(3) Explanation on data differences under the accounting standards in and out of China; as for the differences adjustment audited by foreign auditing institute, listed name of the institute

4. Other

For details, please refer to the description in Note 5,35 "Changes in Important Accounting Policies and Accounting Estimates".

Section XIII. Documents available for reference

- I. Financial statement carrying the signatures and seals of person in charge of the company, principal of the accounting works and person in charge of accounting organ (accounting Supervisor);
- II. Original audit report seal with accounting firms and signature and seal with CPA;
- III. Original documents of the Company and manuscripts of public notices that disclosed in Juchao website(<http://www.cninfo.com.cn>) designated by CSRC in the report period;
- IV. Annual report published on *China Securities Journal*, *Securities Times* and *Hong Kong Commercial Daily* during the Period.

BOD of Weifu High-Technology Group Co., Ltd.

Chairman: _____

Wang Xiaodong

20 April 2021