



WEIFU HIGH-TECHNOLOGY GROUP CO., LTD.

ANNUAL REPORT 2022

April 2023

Section I. Important Notice, Contents and Interpretation

Board of Directors, Board of Supervisory, 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, and Ou Jianbin, person in charger of accounting works and accounting organ (accounting principal) hereby confirm that the Financial Report of 2022 Annual Report is authentic, accurate and complete.

All directors have attended the Meeting for the Report deliberation.

Non standard audit opinion reminder

Applicable Not applicable

Gongzheng Tianye Certified Public Accountants (SGP) issued the audit report for the company with an unqualified opinion with highlighted paragraphs, the board of directors and the Board of Supervisors of the company have explained the relevant matters in detail, please read carefully.

Internal control major defect warning

Applicable Not applicable

Gongzheng Tianye Certified Public Accountants(SGP) issued the audit report for the company with an unqualified opinion with highlighted paragraphs which involves material deficiencies in non-financial reporting, the board of directors and the Board of Supervisors of the company have explained the relevant matters in detail, please read carefully.

The forward-looking statements with future plans involved in the Report do not constitute a substantial commitment for investors. Investors and related parties should maintain sufficient risk awareness and investors are advised to exercise caution of investment risks.

Main risks that the Company may face in future operation are described in the “prospects for the future development” under the “Management Discussion and Analysis” in the Report and investors are advised to check them out.

The profit distribution plan that was deliberated and approved by the Board Meeting is: based on total share capital of 983,173,293, distributed 1.00 yuan (tax included) bonus in cash for every 10-share hold by all shareholders, 0 share bonus issued (tax included) and no transfer of capital reserve into share capital. When the profit distribution plan is implemented, if there is a change in the total amount of shares entitled to profit distribution, the total amount of shares entitled to profit distribution on the equity registration date at the time of implementation of the distribution plan shall be adjusted based on the principle of unchanged distribution proportion.

The Report is prepared in Chinese and English respectively. In the event of any discrepancy between the two versions, the Chinese version shall prevail.

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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 with the seal of accounting firm and signature and seal of the CPA;
- III. Original documents of the Company and manuscripts of public notices that disclosed in the website designated by CSRC in the reporting period;
- IV. Text of the Annual Report 2022 containing the signature of the legal representative of the Company;
- V. Place for preparation: Office of the BOD of the Company

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.
Wuxi Industry Group	Refers to	Wuxi Industry Development Group Co., Ltd.
Robert Bosch, Robert Bosch Company	Refers to	Robert Bosch Co., Ltd, ROBERT BOSCH GMBH
RBCD	Refers to	Robert Bosch Powertrain Ltd.
WFLD	Refers to	WUXI WEIFU LIDA CATALYTIC CONVERTER CO., LTD.
WFJN	Refers to	NANJING WFJN CO., LTD.
WFTT	Refers to	NINGBO WFTT TURBOCHARGING TECHNOLOGY CO.,LTD.
WFCA	Refers to	WUXI WEIFU CHANG 'AN CO.,LTD.
WFMA	Refers to	WUXI WEIFU MASHAN FUEL INJECTION EQUIPMENT CO., LTD.
WFTR	Refers to	WUXI WEIFU INTERNATIONAL TRADE CO.,LTD.
WFSC	Refers to	WUXI WEIFU SCHMITTER POWERTRAIN COMPONENTS CO.,LTD.
WFAM	Refers to	WUXI WFAM PRECISION MACHINERY CO.,LTD.
WFDT	Refers to	WUXI WEIFU E-DRIVE TECHNOLOGIES CO., LTD.
WFAS	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
WFQL	Refers to	Wuxi Weifu Qinglong Power Technology Co., Ltd.
VHIT	Refers to	VHIT S.p.A. Societ à Unipersonale
VHCN	Refers to	VHIT Automotive Systems(Wuxi) Co.Ltd
Lezhuo Bowei	Refers to	Lezhuo Bowei Hydraulic Technology (Shanghai) Co., Ltd
WFEC	Refers to	Wuxi WFECal Catalysts. Co., Ltd.
WFPM	Refers to	Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.
Zhonglian Electronics	Refers to	Zhonglian Automobile Electronics Co., Ltd.
Shinwell Automobile	Refers to	Shinwell Automobile Technology (Wuxi) Co., Ltd.
Guokai Metal	Refers to	Wuxi Guokai Metal Resources 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 Jan. 1, 2022 to Dec. 31, 2022
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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 (production & operation place:1. No.8 Huashan Road, Xinwu District, Wuxi; 2. No.17 Changjiang Road, Xinwu District, Wuxi; 3. No.139 Xixie Road, Xinwu District, Wuxi; 4. No.13 Xinhua Road, Xinwu District, Wuxi)		
Code for registrations add	214028		
Historical changes of registered address	On May 25, 1994, registered address of the Company changed to “Lot 46, National High-Tech Industrial Development Zone, Wuxi” instead of “No.107, Renmin West Road, Wuxi”; on December 9, 2008, registered address changed to “No.5 Huashan Road, New District, Wuxi” instead of “Lot 46, National High-Tech Industrial Development Zone, Wuxi”; on June 12, 2019, registered address changed to “No.5 Huashan Road, Xiwu District, Wuxi (production & operation place:1. No.8 Huashan Road, Xinwu District, Wuxi; 2. No.17 Changjiang Road, Xinwu District, Wuxi; 3. No.139 Xixie Road, Xinwu District, Wuxi; 4. No.13 Xinhua Road, Xinwu District, Wuxi)”		
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	Liu Jinjun	Xu Kan
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	Web@weifu.com.cn	Web@weifu.com.cn

III. Information disclosure and preparation place

Website of the Stock Exchange where the annual report of the Company is disclosed	Shenzhen Stock Exchange(http://www.szse.cn/)
Media and Website where the annual report of the Company is disclosed	<i>China Securities Journal</i> ; <i>Securities Times</i> ; and Juchao Website(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 of controlling shareholders (if applicable)	Controlling shareholder of the Company was Weifu Group before 2009. and controlling shareholder changed to Wuxi Industry Group since 31 May 2009 due to the merge of Weifu Group by Wuxi Industry Group. Weifu Group and Wuxi Industry Group are wholly state-owned companies of Wuxi State-owned Assets Supervision & Administration Commission of State Council, therefore, the 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	Gu Zhi, 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

	2022	2021	Year-on-year increase(+)/decrease(-)	2020
Operation income (RMB)	12,729,634,917.03	13,682,426,710.95	-6.96%	12,883,826,306.60
Net profit attributable to shareholders of the listed company(RMB)	118,819,836.30	2,575,371,419.80	-95.39%	2,772,769,377.96
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	119,966,549.62	2,544,559,926.75	-95.29%	2,089,986,086.10

Net cash flows arising from operating activities (RMB)	-2,575,742,649.43	627,712,593.41	-510.34%	781,811,234.01
Basic earnings per share (RMB/Share)	0.09	2.57	-96.50%	2.79
Diluted earnings per share (RMB/Share)	0.09	2.57	-96.50%	2.79
Weighted average ROE	0.64%	13.67%	-13.03%	15.78%
	Year-end of 2022	Year-end of 2021	Year-on-year increase(+)/decrease(-)	Year-end of 2020
Total assets (RMB)	28,528,913,065.01	27,970,858,427.84	2.00%	27,350,695,388.21
Net assets attributable to shareholder of listed company (RMB)	17,696,679,170.72	19,398,607,689.65	-8.77%	18,282,017,990.66

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

	Q1	Q2	Q3	Q4
Operation income	4,322,024,211.55	2,815,148,646.42	2,607,800,533.18	2,984,661,525.88
Net profit attributable to shareholders of the listed company	720,738,423.95	370,388,056.13	175,558,437.23	-1,147,865,081.01
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	736,298,585.98	391,110,353.55	210,509,494.30	-1,217,951,884.21
Net cash flows arising from operating activities	-797,509,772.69	-1,696,472,272.20	-814,584,807.48	732,824,202.94

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

The Company has retroactively adjusted the data disclosed in the First Quarter Report, Semi-annual Report and Third Quarter Report, the specific reasons for adjustment can be found in "Announcement on Correction of Previous Accounting Errors" disclosed by the Company on the designated website of Shenzhen Stock Exchange on April 28, 2023.

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

Applicable Not applicable

In RMB

Item	2022	2021	2020	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-148,566.90	-12,350,725.86	10,719,959.77	
Governmental grants reckoned into current gains/losses (except for those with normal operation business concerned, and conform to the national policies & regulations and are continuously enjoyed at a fixed or quantitative basis according to certain standards)	111,917,334.77	71,274,511.67	146,475,795.26	
Profit and loss of assets delegation on others' investment or management	1,236,142.58	2,425.40	271,684,174.09	
Except for the effective hedging operations related to normal business operation of the Company, the gains/losses of fair value changes from holding the trading financial assets and trading financial liabilities, and the investment earnings obtained from disposing the trading financial asset, trading financial liability and financial assets available for sale	-145,070,562.29	-29,889,140.23	375,102,546.00	
reversal of provision for depreciation of account receivable which was singly taken depreciation test	1,265,113.45	8,976,264.09	3,078,424.43	
Other non-operating income and expenditure except for the aforementioned items	39,799,099.77	130,837.12	-3,090,715.87	
Less: Impact on income tax	1,952,583.99	4,345,456.60	116,175,046.47	
Impact on minority shareholders' equity (post-tax)	8,192,690.71	2,987,222.54	5,011,845.35	
Total	-1,146,713.32	30,811,493.05	682,783,291.86	--

Specific information on other items of profits/losses that qualified the definition of non-recurring profit(gain)/loss

Applicable Not applicable

The Company does not have other items of profits/losses that qualified the definition of non-recurring profit(gain)/loss

Information on the definition of non-recurring profit(gain)/loss that listed in the *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary (non-recurring) Profit(gain)/loss* as the recurring profit(gain)/loss

Applicable Not applicable

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

Section III Discussion and Analysis of the Management

I. Industrial information of the Company within the reporting period

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

The industry in which the Company operates falls into the automotive parts manufacturing industry, which is closely related to the development of the automotive industry. In 2022, facing the triple pressures of reduced demand, unmet supply and weakened expectations, the auto industry overcame the impact of many unfavorable factors, stepped out of the mid-year fluctuations and uncertainties, and continued to maintain a recovery in growth, with steady increases in auto production and sales throughout the year. In 2022, the Company's automobile production and sales completed 27.021 million and 26.864 million units respectively, with an yoy increase of 3.4% and 2.1% respectively.

1. Market Conditions of Commercial Vehicle

In 2022, the demand for commercial vehicles was overdrawn by environmental protection and overloading control policies, including factors such as oil prices being at a high level, which slowed down the overall demand for commercial vehicles. In 2022, the Company's production and sales of commercial vehicle completed 3.185 million and 3.30 million units, respectively, with an yoy decrease of 31.9% and 31.2%.

In terms of production and sales by vehicle type, in 2022, truck production and sales were 2,778,000 units and 2,893,000 units, down 33.4% and 32.6% on a year-on-year basis, respectively; Passenger car production and sales were 407,000 units and 408,000 units, down 19.9% and 19.2% on a year-on-year basis, respectively;

In terms of subdivided models, among the truck segments, the productions and sales of heavy, medium, light and mini trucks declined to varying degrees, with the most significant decline in heavy trucks. The sales of heavy trucks amounted to 671,900 units, down 52% on a year-on-year basis; The sales of medium trucks amounted to 95,700 units, down 46% on a year-on-year basis; The sales of light trucks amounted to 1.6181 million units, down 23% on a year-on-year basis; The sales of mini trucks amounted to 506,900 units, down 16% on a year-on-year basis. Among the bus segments, the production and sales of large buses showed relatively rapid growth, while the production and sales of medium buses and light buses were in decline. The sales of large buses amounted to 51,500 units, up 7% on a year-on-year basis; The sales of medium buses amounted to 36,800 units, down 19% on a year-on-year basis; The sales of light buses amounted to 319,600 units, down 22% on a year-on-year basis.

2. Market Conditions of Commercial Vehicle

In 2022, passenger cars realized relatively fast growth driven by policies such as stabilizing growth and promoting consumption, contributing significantly to the modest annual growth. Despite the factors such as chip shortage, due to the purchase tax incentives and rapid growth of new energy sector, the sales of domestic passenger car market this year showed a characteristic of "U-shaped reversal, significant increase". Passenger car production and sales were completed 23,836,000 units and 23,563,000 million units, up 11.2% and 9.5% on a year-on-year basis, an increase of over 7% above the industry average.

3. Market Conditions of New Energy Vehicle

Under the dual effects of policy and market, in 2022, new energy vehicles continued to grow in an explosive manner, with production and sales reaching 7,058,000 units and 6,887,000 units respectively, up 96.9% and 93.4% on a year-on-year basis, with a market share of 25.6%, 12.1% higher than the previous year. In particular, the sales of pure electric vehicles amounted to 5,365,000 units, an

increase of 81.6% on a year-on-year basis; The sales of plug-in hybrid vehicles amounted to 1,518,000 units, up 1.5 times on a year-on-year basis; The sales of fuel cell vehicles amounted to 3, 000 units, up 1.1 times on a year-on-year basis;

4. Market Conditions of Off-road Vehicle

According to the requirements in the modification order of the *Emission Limits and Measurement Methods for Exhaust Pollutants from Diesel Engines for Non-road Mobile Machinery (China Stage III and IV)* (GB20891-2014) and the *Technical Requirements for Pollutant Emission Control of Non-road Diesel Mobile Machinery* (HJ1014-2020) issued and implemented by the Ministry of Ecology and Environment on December 28, 2020, from December 1, 2022, all production, import and sales of off-road mobile machinery below 560KW (including 560KW) and its installed diesel engines shall satisfy the requirements of the Stage IV emission standards.

In 2022, as affected by factors such as the slowdown in macroeconomic growth, the lack of effective project commencement rate, as well as the adjustment of agricultural machinery subsidy policies, the off-road market demand for construction machinery and agricultural machinery decreased. In 2022, the sales of diesel internal combustion engines for construction machinery amounted to 837,000 units, down 20.12% on a year-on-year basis; In 2022, the sales of diesel internal combustion engines for agricultural machinery amounted to 1.222 million units, down 16.55% on a year-on-year basis.

(Note: The above industry data are sourced from the China Association of Automobile Manufacturers, cvworld.cn, and the China Internal Combustion Engine Industry Association)

5. Matching of Company Operations with Industry

In 2022, the operation of the Company matched the development of the industry. Under the influence of multiple unfavorable factors such as the decline in demand in the commercial vehicle market and the overall economic slowdown, the Company realized operating income of RMB 12.730 billion during the reporting period, down 6.96% from the same period last year, and net profit attributable to shareholders of the listed company of RMB 0.119 billion, down 95.39% from the same period last year.

II. Major Business of the Company within the reporting period

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

(I) Main business engaged by the Company

The Company is engaged in the research and development, production and sales of core automotive parts and components. During the reporting period, the main products are diesel fuel injection system products, exhaust gas after-treatment system products and air intake system products. Meanwhile, the core components of the fuel cell products of the company have been produced and marketed in small batches.

1. The diesel fuel injection system products are widely applied to diesel engines of all grades of power, to support various types of trucks, buses, construction machinery, marine, agricultural machinery, generator sets, etc. The products can satisfy the National VI and Off-road Stage IV emission regulations for vehicles, and are in the leading position within the industry in terms of product variety, production scale, market share, etc. While making efforts to match with domestic main engines, some products have been exported to America, Southeast Asia, the Middle East and other regions.

2. Exhaust after-treatment system products can satisfy the National VI and Off-road Stage IV emission regulations for vehicles. The products are in the leading position domestically in terms of technology level, market scale and production capacity, and are widely used in the fields of passenger cars, commercial vehicles, off-road machinery, etc., which can provide strong support for the product upgrading of main engine manufacturers.

3. Intake system products (superchargers), can satisfy the National VI, Off-road Stage IV emission regulations for vehicles, the application range covers multiple fields such as commercial vehicles, passenger cars, construction machinery, agricultural machinery and generator sets, providing support for major domestic OEMs and vehicle manufacturers.

4. The core components of fuel cells, including membrane electrode, graphite bipolar plate, metal bipolar plate and key BOP components are used for supporting domestic and overseas fuel cell reactor and system manufacturers.

(II) Business model of the Company

The Company follows the business philosophy of “Making Fine Products, Creating Famous Brands and Achieving Common Growth in Values” and implements the business model of unified management by the parent company and decentralized production by the subsidiaries. The parent company is responsible for formulating strategic development plans and business objectives, and providing unified management, guidance and assessment to the subsidiaries in terms of finance, major personnel management, core raw materials, quality control, technology development, etc. Subsidiaries arrange production based on the order management model of the market, which not only enables the subsidiaries to maintain uniform product quality, but also facilitates timely understanding of customer demands and saving logistics costs, so as to improve the economic efficiency of the Company by maintaining the timeliness of product production and supply.

Production and operation of vehicle manufacturing during the reporting period

Applicable Not Applicable

Production and operation of auto parts during the reporting period

Applicable Not applicable

Unit: Ten thousand pieces

	Capacity			Sales volume		
	Current period	Same period of last year	Year-on-year increase/decrease(+/-)	Current period	Same period of last year	Year-on-year increase/decrease(+/-)
By components						
Fuel management system- multi-cylinder pumps	182.19	279	-34.70%	217.80	284.8	-23.53%
Fuel management system- fuel injector	148.20	216.7	-31.61%	184.20	189.6	-2.85%
After-treatment system - purifier	49	58	-15.52%	61	44.4	37.39%
Air management system -turbocharger	81.73	87.5	-6.60%	80.7	90.5	-10.83%
By vehicle facilities						
After-treatment system - purifier	289.19	286	1.12%	309.63	263.6	17.46%
By after-sales service market						
Fuel management system- multi-cylinder pumps	0.32	1.0	-68.00%	0.40	1.2	-66.67%
Fuel management system- fuel injector	0.60	0.3	100.00%	0.60	0.4	50.00%
Air management system -turbocharger	1.07	1.5	-28.67%	1.1	1.5	-26.67%
By region						
Domestic areas						
Fuel management system- multi-cylinder pumps	182.51	280	-34.82%	218.20	286	-23.71%
Fuel management	148.80	217	-31.43%	184.80	190	-2.74%

system- fuel injector						
After-treatment system - purifier	338.19	344	-1.69%	370.63	308	20.33%
Air management system -turbocharger	82.80	89	-6.97%	81.8	92	-11.09%

Explanation of reasons for a year-on-year change of 30% or more

Applicable Not applicable

In 2022, subject to the impact of a number of unfavorable factors such as the macroeconomic downturn and the overdraft of demand in early switching of the National V to National VI, environmental protection and overload control policies, the domestic commercial vehicle market was running at a low level. Under the combined influence of industry cyclical adjustment and sluggish market demands, the production and sales volume of the main products of the Company, such as fuel injection system and air intake system, decreased to a certain extent over the same period last year.

Sales model of spare parts

The Company adheres to the customer-centric approach and applies flexible marketing strategies and standardized development procedures to satisfy the demands of different types of customers, ensure the smooth implementation of customer development plans, and strive for more customers and a larger market share. The Company has established a mechanism for strategic customer visits, with senior management visiting customers or receiving visits from customers on a regular basis, holding high-level strategic meetings, special cooperation exchanges and other activities. The Company implements special management for strategic customers and establishes a four-in-one collaborative organization consisting of the responsible leaders, key account managers, marketing department and business divisions to do a good job of customer demand analysis and management, customer satisfaction survey and analysis, etc. Meanwhile, the Company optimizes business processes by means of information technology to enhance the speed of response to customer demands, and assists customer relationship management through modern technological tools such as call centers, customer data warehouses, business intelligence, mobile devices and web conferencing. The Company promotes collaborative marketing of existing businesses and new businesses, strengthens communication and cooperation with existing business customers in new businesses, and actively expands new customers and develops potential customers.

The Company engages in auto finance business

Applicable Not Applicable

The Company engages in business related to new energy automobile

Applicable Not applicable

Production and operation of new energy vehicles and parts

In RMB

Category	Capacity	Output	Sales volume	Sales revenue
Core components for hydrogen fuel cells	1,500,000 pieces	901,000 pieces	845,000 pieces	83,178,778.24
Core parts for E-drive	2,120,000 pieces	1,713,000 pieces	1,695,000 pieces	189,144,908.67
Exhaust (PEHV) cleaner	120,000 pieces	40,000 pieces	36,000 pieces	483,320,000.00
Intake(PHEV) supercharger	150,000 units	81,000 units	75,000 units	71,466,238.00

III. Analysis on Core Competitiveness

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

1. Industry and brand advantages. Established in 1958, with more than sixty years of development, the Company has become a renowned manufacturer of auto parts in China and has established long-term and stable cooperation with major domestic OEMs and vehicle manufacturers. The existing core auto parts products such as automotive fuel injection system, exhaust gas after-treatment

system, air intake system and core parts of hydrogen fuel cell have strong market competitiveness and high market shares. The Company is a leading enterprise in the internal combustion engine industry in China as well as a Top 30 Enterprise in the auto parts industry in China.

2. Technology and product advantages. The Company is a national high-tech enterprise with scientific research platforms such as National Enterprise Technology Center, National High Technology Research and Development Program Achievement Industrialization Base, Postdoctoral Research Station, Jiangsu Provincial Postgraduate Workstation, as well as several provincial engineering technology research centers, provincial engineering laboratories and other R&D institutions, which mainly focus on fuel injection system for vehicles, exhaust gas after-treatment system, air intake system, hydrogen fuel cell, intelligent network, thermal management system and other businesses for technological innovation and product development. The Company has acquired a number of key core technologies, with the technical indicators of its main products at the leading level in the industry. In recent years, the Company has made key strategic layout in the fields of green hydrogen energy and intelligent electric power, established the Institute of New Energy and Netlink Technology, and formed product technology research and development capabilities in hydrogen fuel cell core components, intelligent netlink, new energy thermal management system components, etc.

3. Management and manufacturing advantages. The Company features a perfect organizational structure, management system and process, as well as a financial sharing platform, which can realize the effective migration and stable operation of organization and personnel, business and accounting; The Company has built a human resource information system platform, so as to guarantee the timely and accurate standardization of basic data of organization, personnel, salary and attendance; The Company has established a procurement sharing system, which enables the interconnection of information between enterprises and suppliers that enables closed-loop management of the procurement process; The Company has implemented the Weifu Production System (WPS) with lean concept and established an overall process quality management system with relatively strong manufacturing, quality assurance, cost control and product delivery capabilities. With the focus on smart manufacturing, the Company has continued to build a smart factory with Weifu characteristics and promote the application of cloud computing and 5G network, which can strongly support the future business development of the Company.

4. Marketing and service advantages. The Company features a stable, professional and experienced marketing team, which can provide targeted support and services based on customer demands, as well as cordial customer relationships. With regard to long-term strategic customers, the Company has established a four-in-one marketing coordination group consisting of responsible leaders, key account managers, marketing departments and business divisions, and regular visits among the management of the companies to promote communication and cooperation. The Company has a relatively complete after-sales service system, and has built an after-sales service network, intelligent service platform, and set up special maintenance technical service stations nationwide to regularly train end-users in the use of maintenance and fault analysis and judgment, so as to provide customers with fast, timely and professional all-round after-sales services.

5. Talent team advantages. The management team of the Company has extensive experience in the auto parts industry with excellent industry reputation. The Company attaches importance to the growth of employees as well as the development of core talents. With years of accumulation, the Company has deposited a group of professional and high-quality management and technical talents and established a reasonable talent echelon, which provides a strong guarantee of human resources for the long-term and stable development of the Company. The human resource management system of the Company is relatively comprehensive, and the continuously optimized human resource management system has provided a fair platform for career development of employees to realize their values. The Company attaches importance to the service and care for employees, and aims to enhance the service experience of employees through the construction of employee self-help platform to create a working environment with warmth and a sense of belonging.

6. International cooperation advantages. The Company is committed to the core automotive parts industry and has long been cooperating with strategic partners at home and abroad in depth. The Company has been cooperating with industry giant Robert Bosch Compan since 1984, and has established a long-term and stable cooperation relationship with Bosch and continuously expanded cooperation in new business areas, and the cooperation model between the two sides has become an industry model. Meanwhile, the Company has built joint ventures with Autocam in the United States and Schmidt in Germany, and cooperates

closely in the field of high-end precision manufacturing. By long-term cooperation with renowned enterprises in Europe and the United States, the Company has cultivated a group of middle and senior management and technical personnel with international communication abilities, international visions and familiarity with international standards, and has mastered R&D process design, quality control and production management capabilities with international advanced levels, which has promoted favorable development of the business of the Company as well as international business and market development.

7. Excellent corporate culture with the mission of “Better Life Powered by Quality and Intelligence” and the vision of “Centennial Weifu Expert in Core Auto Parts Industry”, the Company has practiced the core values of “Focus, Innovation, Commitment and Integration” while adopting the enterprise spirit of “Being Practical, Being Courageous, Being Cooperative and Being Pioneering”. The Company has been building a culture system of “Quality and Intelligence”, with “Quality” and “Intelligence” as the twin engines of the corporate culture, which reflect the adherence to the original intention and the pursuit of the future. The excellent corporate culture has provided strong support for the continued operational excellence of the Company and its growth into a trustworthy and respected industrial expert, thereby playing an active role in the achievement of the strategic goals of the Company.

IV. Analysis of Main Businesses

1. Overview

In 2022, facing the complicated and severe macroeconomic situation and the pressure of the downward development of the automobile industry, the Company has closely followed the development objectives of the 14th Five-Year Plan, implemented the annual work policy of “Targeting Strategic Targets, Improving Business Quality, Consolidating Management System and Accelerating the Implementation of New Industries”, and all employees have made concerted efforts to overcome difficulties and actively taken measures to cope with various challenges, and the comprehensive economic operation indicators of the Company have been superior to the industry average. During the report period, the operating income of the company reached RMB 12.730 billion, 6.96% lower than that in previous year; the net profit owned by the shareholders of the listed company reached RMB 0.119 billion, 95.39% lower than that in the same period of previous year; the total assets of the Company was RMB 28.529 billion, with an yoy increase of 2%; the net margin belonging to shareholders of listed companies was RMB 17.697 billion, with an yoy decrease of 8.77%.

Major work performed by the Company during the reporting period:

1. Join hands and overcome difficulties to maintain overall stability in revenue scale

Facing the complicated environment and changes in the industry, the Company has actively expanded its projects in the domestic key customer market, while seizing the business in the overseas export market to achieve an overall stable revenue scale. Fuel injection system products: The annual sales of common rail pumps exceeded 1,350,000 units; VE distribution pump sales amounted to nearly 400,000 units; Benefiting from the growth of the export market, the annual sales of mechanical pumps exceeded 160,000 units, up 22% on a year-on-year basis. Post-treatment system products: The annual sales of gasoline purifier exceeded 2,170,000 sets, and the annual sales of diesel purifier exceeded 250,000 sets, with the market share and competitiveness of the products being steadily improved. A number of core customer projects have been completed and approved for production in the T4 off-road market, with business volume rising rapidly; The hybrid vehicle market has been expanding strongly, with several customer projects achieving batch production. Air intake system products: The annual sales of four-cylinder diesel supercharger exceeded 520,000 units, and continued to maintain the position of the first domestic market share of the industry. The annual sales of gasoline supercharger exceeded 220,000 units, doubling on a year-on-year basis, and a number of domestic leading new energy vehicle customer projects have been acquired and gradually achieved batch production. The annual sales of motor shaft products of the Company exceeded 560,000 pieces, realizing a four-fold increase on a year-on-year basis. The Company has achieved bulk supply to internationally leading new energy vehicle customers, and continued to acquire projects from a number of leading customers. The business volumes of hydrogen fuel cell components, such as “one membrane and two plates” and BOP key components, have grown steadily, and breakthroughs have been achieved in several customer projects.

2. The Company has promoted the efficient development of its main products and expedited the research and deployment of new industry products

Efficient and clean internal combustion power products: For the GP electronically controlled fuel system, the Company has completed the application development of some models of key customers and realized small batch delivery, and completed the development of Sample A of 2200bar system and Sample C of CB6-25 high-pressure pump; The Company has completed the T4 announcement for all source machines of the 12 off-road manufacturers of the VP system. The Company has completed the development of the Sample D of the second generation platform of the six-cylinder supercharger WT04/05 and the small batch delivery of key customer projects; The Company has completed the batch production and delivery of four-cylinder superchargers for eight key commercial vehicle customers. The Company has completed the development of Sample B of the light diesel platform and Sample C of the heavy diesel platform of the post-treatment system; The Company has completed the transformation of 80 post-treatment products for customers of passenger car independent brands. The Company has completed the development of the Sample B of the mechanical part of the variable valve system and the Sample A of the controller; The Company has completed the batch delivery of 17 displacement products for 3 platforms of hydraulic pumps.

Hydrogen energy and intelligent electric products: The Company has completed the development of Sample C of platinum carbon catalysts and the construction of platinum carbon and platinum alloy catalyst production lines; The Company has completed the batch delivery of hydrogen injector, hydrogen isolation valve and hydrogen safety valve for low pressure hydrogen subsystem, as well as the first batch of samples for hydrogen circulation pump for customers; The Company has completed the development of Sample A and partial reliability testing of the high-pressure hydrogen subsystem; The Company has realized the delivery of electric booster customer samples in the air subsystem; For hydrothermal management system, the Company has completed the development of Sample A for electronic water pump and thermostat and the supply of samples to customers. The Company has completed the construction of a 100 kW level PEM electrolytic water hydrogen production demonstration line for renewable energy hydrogen production system. The Dongfeng Fengshen E70, equipped with the wheel hub motor product of the Company, is the first wheel hub motor model in the world to obtain the type approval notice for passenger cars, and has already satisfied the requirements for mass production. The Company has completed the development of Sample C for throw radar and Sample B for in-cabin radar; The 4D imaging radar products have been awarded the mainline logistics project.

3. The strategic planning system is running, and the investment layout of new industries is accelerated

In terms of strategic planning, the Company has completed the optimization and release of the company's strategic blueprint, forming a new strategic pattern of all-round development of four major sectors, namely the energy saving and emission reduction, green hydrogen energy, smart electric power and other core components. The Company has implemented the annual review and evaluation of strategic planning, promoted the communication and docking between functions and businesses, and released the planning revision plan of major business segments through the Company's strategic special committee. The Company has established a strategic research organization, promoted the investigation and preliminary planning of thermal management system and core components, and completed the strategic special research work such as hydrogen production from electrolyzed water, hydrogen fuel cells, electrification of commercial vehicles, and alternative fuels. The Company has actively promoted the government docking work related to planned land use and industrial subsidies.

In terms of investment cooperation, the Company has signed a strategic cooperation agreement with Bosch Rexroth and established Lezhuo Bawei joint venture company; The Company has completed the signing of the merger and acquisition project of vacuum pump and electronic oil pump and has delivered the project smoothly; The Company has completed the planning of three global hydrogen business bases and the review and approval of related investment projects, actively implemented the capacity construction projects of membrane electrodes and bipolar plates, realized strategic cooperation with ROBERT BOSCH Company and Xinwu District Government of Wuxi City, and established Wuxi Weifu Qinglong Power Technology Co., Ltd.. The Company has actively promoted the preliminary work of investment cooperation related to 4D imaging millimeter wave radar and PEM water electrolysis hydrogen production projects. The Company has completed the formulation of post-evaluation management measures for equity investment projects and established a normalized post-investment evaluation mechanism.

4. Strengthen quality and safety management, promote the construction of intelligent information

The Company has realized stable improvement in the zero-kilometer level of core products, and maintained the zero-kilometer fault of common rail products ≤ 10 ppm; The Company has deepened the application of Q11 quality tools and the hierarchical normalization evaluation of all process elements; The Company has carried out design review, experimental design, quality house tool training and project pilot of failure mode; The Company has promoted the standardization of online measurement management system and coding and identification of measuring instruments; The Company has carried out continuous improvement of the Group's 25 value stream systems and completed 154 improvement projects; Three business divisions have completed the launch of the process module of the product life cycle management platform and the standardization and update of the working hours quota. The Company has steadily promoted the construction of the R&D building, and successfully completed the construction projects such as motor shaft workshop, VHCN workshop, WFQL workshop and the transformation of Class A laboratory for hydrogen production by proton exchange membrane. The Company has completed the external audit and certification of ISO50001 energy management system; The Company has optimized the environmental health and safety information supervision platform, and implement normalized supervision for large risk points; The Company has maintained zero major casualty and fire incident throughout the year. The Company's Automotive Diesel System Division has successfully passed the four-level evaluation of national intelligent manufacturing capability maturity; The SAP S4 HANA upgrade project has been officially launched, and the process management system project, digital collaborative office platform and defect machine vision inspection project have been completed and put into operation; The expansion of data service platform architecture and the construction of real-time computing platform have been steadily promoted, and it has been promoted and applied in cooperation with intelligent manufacturing projects; The construction of information technology service management system has been initially completed, and the operation and maintenance service platform was officially put into use; The Company has completed the design of software R&D and operation and maintenance management system, built the basic software R&D platform, and realized the launch of the hybrid cloud management and control platform.

5. Consolidate the quality of enterprise operation and improve the efficiency of operation and management

The Company has promoted the construction of process management system in R&D domain, marketing domain and administrative domain, initially completed the closed loop of long-term mechanism of process, complete the design of business unit organization and operation mechanism, promoted the pilot operation of precision manufacturing business unit, and completed the centralized management of major innovation incentive projects of the company. The Company has re-planned the procurement business system from three aspects: supplier management, daily procurement management and logistics management, and completed the second stage adjustment of the company's procurement organization reform. The Company has promoted the implementation of the optimization of supplier classification methods and performance evaluation for direct and indirect materials, and further standardized supplier management. The Company has completed the preliminary storage planning of the company and determined the step-by-step implementation roadmap. The Company has deepened its asset management measures, optimized the efficiency of operating assets, closely monitored asset risks, and continued to promote the special audit management of "foreign capital"; The Company has strengthened the ability of cost control, refine the granularity of cost and promoted the systematization of cost analysis. The Company has strengthened the integration of risk control compliance elements into the system process review, and completed special internal control tests and evaluations such as marketing domain-credit control, information technology-information security. The Company has paid emphasis on promoting the introduction of strategic new business R&D talents and completed the construction of WFQL's core talent team; The Company has continued to build a talent development system of "San Hang Yi Jiang" and develop quality models of key positions such as marketing and technology; Facing the strategic new business, the Company has actively explored the incentive mechanism with more market competitiveness; continuously optimized the salary model and improve the project incentive mechanism according to the business characteristics. The second phase of the personnel information system has been put into operation, further improving the digital management ability of human resources.

2.Revenue and cost

(1) Composition of operation revenue

In RMB

	2022		2021		Year-on-year increase(+)/decrease(-)
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total operation revenue	12,729,634,917.03	100%	13,682,426,710.95	100%	-6.96%
By industry					
Automotive components	12,333,099,421.87	96.88%	13,184,138,129.88	96.36%	-6.46%
Other business	396,535,495.16	3.12%	498,288,581.07	3.64%	-20.42%
By product					
Automotive fuel management system	6,007,572,425.95	47.19%	6,025,368,344.71	44.04%	-0.30%
Automotive after-treatment system	5,757,697,818.52	45.23%	6,511,015,127.55	47.59%	-11.57%
Air management system	567,829,177.40	4.46%	647,754,657.62	4.73%	-12.34%
Other business	396,535,495.16	3.12%	498,288,581.07	3.64%	-20.42%
By region					
Domestic	11,917,440,065.87	93.62%	13,304,186,980.94	97.24%	-10.42%
Foreign	812,194,851.16	6.38%	378,239,730.01	2.76%	114.73%
By sales model					
Direct sale	12,729,634,917.03	100.00%	13,682,426,710.95	100.00%	-6.96%

(2) The industries, products, regions or sales model accounting for over 10% of the Company's operation revenue or operation profit

 Applicable Not applicable

In RMB

	Operation revenue	Operation cost	Gross profit ratio	Year-on-year increase(+)/decrease(-) of operation revenue	Year-on-year increase(+)/decrease(-) of operation cost	Year-on-year increase(+)/decrease(-) of gross profit ratio
By industry						
Automotive components	12,333,099,421.87	10,658,281,929.91	13.58%	-6.46%	-1.52%	-4.33%
By product						
Automotive fuel management system	6,007,572,425.95	4,910,467,473.94	18.26%	-0.30%	7.98%	-6.26%
Automotive	5,757,697,818.52	5,279,643,720.82	8.30%	-11.57%	-9.15%	-2.45%

after-treatment system						
Air management system	567,829,177.40	468,170,735.15	17.55%	-12.34%	0.98%	-10.88%
By region						
Domestic sales	11,520,904,570.71	10,063,929,347.38	12.65%	-10.03%	-3.74%	-5.71%
Foreign sales	812,194,851.16	594,352,582.53	26.82%	114.73%	61.82%	23.93%
By sales mode						
Direct sales	12,333,099,421.87	10,658,281,929.91	13.58%	-6.46%	0.00%	-4.33%

In case of changes in the statistical caliber of principal business data in the reporting period, the Company will refer to the principal business data after adjustment in recent 1 year:

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	2022	2021	Year-on year increase(+)/decrease(-)
Fuel management system- multi-cylinder pumps	Sales volume	In 10 thousand sets	218.20	286.00	-23.71%
	Output	In 10 thousand sets	182.51	280.00	-34.82%
	Storage	In 10 thousand sets	2.31	38.00	-93.92%
Fuel management system- fuel injector	Sales volume	In 10 thousand suits	184.80	190.00	-2.74%
	Output	In 10 thousand suits	148.80	217.00	-31.43%
	Storage	In 10 thousand suits	16.00	52.00	-69.23%
After-treatment system - purifier	Sales volume	In 10 thousand pieces	370.63	308.00	20.33%
	Output	In 10 thousand pieces	338.19	344.00	-1.69%
	Storage	In 10 thousand pieces	48.56	81.00	-40.05%
Air management system -turbocharger	Sales volume	In 10 thousand sets	81.80	92.00	-11.09%
	Output	In 10 thousand sets	82.80	89.00	-6.97%
	Storage	In 10 thousand sets	18.00	17.00	5.88%

Description for relevant year-on-year data changing over 30%

Applicable Not applicable

Affected by the decrease in market demand, the production and sales of fuel injection system products decreased compared with last year; Due to the reduction of market demand and the requirements of the company's production planning and inventory control management, the inventory of fuel injection system products and after treatment system products decreased significantly year-on-year during the reporting period.

(4) Performance of significant sales contracts, major procurement contract entered into by the company up to the current reporting period□ Applicable Not applicable**(5) Composition of operation cost**

Classification of industries and products

In RMB

Industries	Item	2022		2021		Year-on-year increase(+)/decrease(-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Automotive components	Direct material	8,095,497,519.84	75.95%	9,048,058,229.72	83.60%	-10.53%
Automotive components	Labor cost	929,458,806.34	8.72%	790,874,802.43	7.31%	17.52%
Automotive components	Depreciation	343,934,013.85	3.23%	257,633,922.53	2.38%	33.50%
Automotive components	Varieties of consumption	1,289,391,589.88	12.10%	726,033,566.22	6.71%	77.59%

In RMB

Products	Item	2022		2021		Year-on-year increase(+)/decrease(-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Fuel management system	Direct material	3,115,518,946.44	63.45%	3,080,614,222.05	67.74%	1.13%
Fuel management system	Labor cost	748,680,992.35	15.25%	676,106,197.66	14.87%	10.73%
Fuel management system	Depreciation	255,349,057.28	5.20%	214,171,045.70	4.71%	19.23%
Fuel management system	Varieties of consumption	790,918,477.87	16.10%	576,787,018.40	12.68%	37.12%
After-treatment system	Direct material	4,569,665,321.35	86.55%	5,554,787,086.57	95.59%	-17.73%
After-treatment system	Labor cost	149,450,815.08	2.83%	90,930,353.55	1.56%	64.36%
After-treatment system	Depreciation	72,125,006.14	1.37%	27,076,236.77	0.47%	166.38%
After-treatment system	Varieties of consumption	488,402,578.25	9.25%	138,506,106.63	2.38%	252.62%
Air management system	Direct material	410,313,252.05	87.64%	412,656,921.10	89.01%	-0.57%
Air management system	Labor cost	31,326,998.91	6.69%	23,838,251.22	5.14%	31.41%
Air management	Depreciation	16,459,950.43	3.52%	16,386,640.06	3.53%	0.45%

system						
Air management system	Varieties of consumption	10,070,533.76	2.15%	10,740,441.19	2.32%	-6.24%

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

Yes No

Changes in the scope of consolidation	Name of enterprise	Acquisition manner of equity	Contribution ratio
Increase in consolidation scope	WFQL	Jointly funded and established by the Company with its wholly-owned subsidiaries IRD FUEL CELLS A/S, BORIT NV, as well as ROBERT BOSCH INTERNATIONALE BETEILIGUNGEN AG and Wuxi High-Tech Zone New Dynamic Industrial Development Fund (Limited Partnership)	75.00%
Increase in consolidation scope	VHIT	A wholly-owned subsidiary purchased by the Company through SPV in cash in the current period	100.00%
Increase in consolidation scope	VHCN	Wholly owned subsidiary purchased in cash by the Company in the current period	100.00%

(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)	4,715,798,936.72
Proportion in total annual sales volume for top five clients	37.04%
Ratio of the related party sales in total annual sales from top five clients	29.03%

Information of top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	RBCD	2,220,345,511.60	17.44%
2	Robert Bosch Company	1,475,458,231.00	11.59%
3	Client 1	376,978,411.80	2.96%
4	Client 2	358,805,398.60	2.82%
5	Client 3	284,211,383.72	2.23%
Total	--	4,715,798,936.72	37.04%

Other situation of main clients

Applicable Not applicable

The Company has association with RBCD and Robert Bosch Company. 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)	2,903,660,303.77
Proportion in total annual purchase amount for top five suppliers	25.40%
Ratio of the related party purchase in total annual purchase amount from top	7.66%

five suppliers	
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Information of top five suppliers of the Company

Serial	Suppliers	Purchasing amount (RMB)	Ratio in annual total purchasing amount
1	Client 1	1,147,286,046.48	10.04%
2	WFEC	575,378,265.05	5.03%
3	Client 2	593,414,524.51	5.19%
4	RBCD	301,077,307.73	2.63%
5	Client 3	286,504,160.00	2.51%
Total	--	2,903,660,303.77	25.40%

Other notes of main suppliers of the Company

 Applicable Not applicable

The Company has association with WFEC and RBCD. 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. Expense

In RMB

	2021	2020	Year-on-year increase(+)/decrease(-)	Note of major changes
Sales expenses	189,528,090.71	264,651,432.56	-28.39%	Mainly due to the continuous optimization of product quality management and the reduction of three guarantee fees for customers
Administration expenses	586,386,474.32	611,872,150.24	-4.17%	
Financial expenses	82,327,615.76	20,063,248.84	310.34%	Mainly due to the increase in loan interest
R&D expenses	581,488,711.88	595,406,951.64	-2.34%	

4. R&D investment

 Applicable Not applicable

Projects	Purpose	Progress	Goals to be achieved	Expected impact on the future development of the Company
Development and application of the core components of clean fuel injection system	R&D the technology for alternative(hydrogen , natural gas, etc) traditional fuel injection system	In progress, customer project is progressing	Resulting a core component products for clean fuel injection system and apply to the market	Promotes the market share of clean fuel products in the future
Development and application on the common-rail pump products to meet the Euro VII emission standard	Development on the common-rail pump products that meets the Euro VII emission standards for automotive diesel engines	In progress, customer project is progressing	Resulting the products that meets the Euro VII emission standards for automotive diesel engines and apply to the market	Enhance the existing products and extend the life of traditional products
Development and application on the diesel fuel injection parts products to meet the off-road T4 emission standards	Development on the diesel fuel injection parts products that meets the off-road T4 emission standards	In progress, some projects of customers have been put into mass production. In progress, some projects	Resulting the diesel fuel injection parts products that meets the off-road T4 emission standards and apply to	Enhance the existing products and extend the life of traditional products

		of customers have been put into mass production.	the market	
Development and application on the passenger car after-treatment products to meet the National VI emission standards	Development on the passenger car after-treatment products that meets the National VI emission standards	In progress, and some models are in customer application already and have been supplied.	Resulting the passenger car after-treatment products that meets the National VI emission standards and apply to the market	Enhance the existing products and extend the life of traditional products
Development and application on the commercial vehicle after-treatment products to meet the Euro VII emission standards	Development on the commercial vehicle after-treatment products that meets the Euro VII emission standards	In progress, and some models are in customer application and have been supplied in small batches	Resulting the passenger car after-treatment products that meets the Euro VII emission standards and apply to the market	Enhance the existing products and extend the life of traditional products
Development and application on the after-treatment products to meet the off-road T4 emission standards	Development on the after-treatment products that meets the off-road T4 emission standards	In progress, and some models are in customer application already	Resulting the after-treatment products that meets the off-road T4 emission standards and apply to the market	Enhance the existing products and extend the life of traditional products
Development and application on the supercharger products for gasoline engine to meet the National VI emission standards	Development on the supercharger products for gasoline engine that meets the National VI emission standards	In progress, and some models are in customer application already and have been supplied in small batch.	Resulting the supercharger products for gasoline engine that meets the National VI emission standards and put them on the market	Enhance the existing products and extend the life of traditional products
Development and application on the supercharger products for diesel engine to meet the Euro VII emission standards	Development on the supercharger products for diesel engine that meets the Euro VII emission standards	In progress, and customer project is in progress.	Resulting the supercharger products for diesel engine that meets the National VI emission standards and put them on the market	Enhance the existing products and extend the life of traditional products
Development and application on the supercharger products for natural gas engine to meet the National VI emission standards	Development on the supercharger products for natural gas engine that meets the National VI emission standards	In progress, and some models are in customer application already	Resulting the supercharger products for natural gas engine that meets the National VI emission standards and put them on the market	Enhance the existing products and extend the life of traditional products
Development and application of the supercharger for automotive incremental engine	Development on the supercharger for automotive incremental engine	In progress, and some customers are supplied batches	Resulting the supercharger products for automotive incremental engine and put them on the market	Enhance the existing products, fit in with new application scenarios and extend the life of traditional products
Development and application on the core materials of hydrogen fuel cell	Development on the core materials (one membrane & two plates, catalyst)of hydrogen fuel cell	In progress, relevant products have achieved small production and have entered customer application	Resulting a large-scale production of core materials for the hydrogen fuel cells and put them on the market	Main direction of the emerging business of the Company in the future and new business growth points
Development and application on BOP key component products of hydrogen fuel cells	Development on the BOP key component (valve, pumps, etc.) products of hydrogen fuel cells	In progress, relevant products have achieved small production and have entered customer application	Resulting a large-scale production of BOP key component products of hydrogen fuel cells and put them on the market	Main direction of the emerging business of the Company in the future and new business growth points
Development and application of the E-drive components products for new energy vehicles	Development on E-drive component (motor shaft, motor case, etc.) products for new energy vehicles	In progress, relevant products have been mass-produced and have been supplied in batch.	Resulting development on the E-drive components products for new energy vehicles and put them on the market	Main direction of the emerging business of the Company in the future and new business growth points
Development and application of	Development on intelligent sensing core	In progress, sample delivery of relevant	Resulting the intelligent sensing core	Main direction of the emerging business of

intelligent sensing core module products	module products (milliliter-wave radar)	products have been achieved and been applied pilot in some projects.	module products and put them on the market	the Company in the future and new business growth points
Development and application of smart seating products	Development on smart seating products	In progress, some products have entered customer applications and have been supplied in small batch	Resulting the smart seating products and put them on the market	Main direction of the emerging business of the Company in the future and new business growth points
Development and application on core component products of hydraulic system	Development on hydraulic system core component products	In progress, some products have entered customer applications	Resulting the hydraulic system core component products and put them on the market	Main direction of the emerging business of the Company in the future and new business growth points
Development and application on core component products of brake system	Development on brake system core component products	In progress, some products have entered customer applications	Resulting the brake system core component products and put them on the market	Main direction of the emerging business of the Company in the future and new business growth points
Development and application of the intelligent manufacturing equipment	Development on intelligent manufacturing equipment	In progress, some products have entered customer applications	Resulting the intelligent manufacturing equipment and put them on the market	Improve the technological capabilities in field of intelligent manufacturing and creating economic benefits

Personnel of R&D

	2022	2021	Change ratio
Number of R&D (person)	1,232	1,112	10.79%
Ratio of number of R&D	20.92%	20.82%	0.10%
Education background			
Undergraduate	708	679	4.27%
Master	240	207	15.94%
Age composition			
Under 30	328	289	13.49%
30~40	649	570	13.86%

Investment of R&D

	2022	2021	Change ratio
R&D investment (RMB)	581,488,711.88	595,406,951.64	-2.34%
R&D investment/Operation revenue	4.57%	4.35%	0.22%
Capitalization of R&D investment (RMB)	0.00	0.00	
Capitalization of R&D investment/R&D investment	0.00%	0.00%	

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

Applicable Not applicable

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	2022	2021	Year-on-year growth rate
Subtotal of cash inflow arising from operating activities	16,421,144,267.50	15,691,750,941.15	4.65%
Subtotal of cash outflow arising from operating activities	18,996,886,916.93	15,064,038,347.74	26.11%
Net cash flows arising from operating activities	-2,575,742,649.43	627,712,593.41	-510.34%
Subtotal of cash inflow from investing activities	12,081,224,107.55	19,393,979,375.09	-37.71%
Subtotal of cash outflow from investing activities	8,485,283,459.06	19,422,030,926.39	-56.31%
Net cash flows arising from investing activities	3,595,940,648.49	-28,051,551.30	
Subtotal of cash inflow from financing activities	4,817,002,243.34	1,717,278,897.47	180.50%
Subtotal of cash outflow from financing activities	4,681,832,516.84	2,154,807,351.77	117.27%
Net cash flows arising from financing activities	135,169,726.50	-437,528,454.30	
Net increase of cash and cash equivalents	1,183,098,668.09	149,072,918.03	693.64%

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

Applicable Not applicable

1. Net cash flows arising from operating activities decreased y-o-y, mainly due to the platform trade cash outflow during the year;
2. Net cash flows arising from investing activities increased y-o-y, mainly due to the increase in operating cash demand required the reduction of the scale of financial management and the investment outflow decreased during the year;
3. Net cash flows arising from financing activities increased y-o-y, mainly due to: Financing inflows during the reporting period were dominated by a RMB 3 billion increase in borrowing during the year; Financing outflows mainly for loan repayment increased 1.8 billion, dividend increased outflow 200 million, equity repurchase 400 million during the year.

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 increased profit from investment income and net cash outflow from platform business.

V. Analysis of the non-main business

Applicable Not applicable

In RMB

	Amount	Ratio in total profit	Cause description	Whether be sustainable
Investment earnings	1,849,145,500.50	1029.51%	Investment earnings mainly form the two joint ventures (RBCD and Zhonglian Electronics) with stock participated by the Company	The joint ventures RBCD and Zhonglian Electronics have stable production and operation , so the investment returns can be sustained and stable
Gain/loss of fair value changes	-157,622,752.09	-87.76%		
Asset impairment	-181,610,433.12	-101.11%		
Non-operating income	5,699,768.04	3.17%		

Non-operating expense	7,711,660.06	4.29%		
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VI. Assets and liability analysis

1. Major changes of assets composition

In RMB

	Year-end of 2021		Year-begin of 2021		Ratio changes (+/-)	Note of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary funds	2,389,551,930.76	8.38%	1,896,063,265.69	6.78%	1.60%	
Account receivable	3,127,490,177.25	10.96%	2,053,800,293.77	7.34%	3.62%	The newly acquired companies VHIT and VHCN are included in the consolidated statements and seasonal fluctuation of orders
Inventory	2,283,119,656.27	8.00%	3,445,396,375.09	12.32%	-4.32%	Mainly due to a decrease in inventory consumption and finished products
Investment real estate	49,296,869.73	0.17%	19,387,746.56	0.07%	0.10%	
Long-term equity investment	6,282,818,108.96	22.02%	5,717,944,788.12	20.44%	1.58%	
Fixed assets	3,769,984,185.94	13.21%	2,932,210,452.51	10.48%	2.73%	
Construction in progress	509,105,587.49	1.78%	387,429,933.08	1.39%	0.39%	Mainly due to the increase of equipment and engineering investment
Right-of-use assets	41,865,100.38	0.15%	23,148,405.58	0.08%	0.07%	Mainly due to the increase in leasing of production plants
Short-term borrowings	3,604,376,527.82	12.63%	1,437,958,206.55	5.14%	7.49%	Mainly due to the increase in platform trade business borrowing
Contract liability	94,850,083.23	0.33%	136,427,636.39	0.49%	-0.16%	Mainly due to lending liability maturing
Long-term borrowings	238,000,000.00	0.83%		0.00%	0.83%	Mainly for the subsidiary borrowing
Lease liability	31,589,277.20	0.11%	15,795,469.25	0.06%	0.05%	Mainly due to the increase in leasing of production plants

Foreign assets account for a relatively high proportion

Applicable Not applicable

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.Trading financial	7,692,496,307.12	-140,249,770.47			6,719,441,525.14		-	4,045,429,568.

asset(excluding derivative financial assets)							10,226,258,492.92	87
2.Other equity instrument investment	285,048,000.00				392,742,690.00			677,790,690.00
3.Receivable financing	713,017,014.50						1,205,351,830.71	1,918,368,845.21
4.Foreign exchange contracts	74,734,940.30				214,239,287.50		-288,974,227.80	
Subtotal of financial assets	8,765,296,261.92	-140,249,770.47			7,326,423,502.64		-9,309,880,890.01	6,641,589,104.08
Above total	8,765,296,261.92	-140,249,770.47			7,326,423,502.64		-9,309,880,890.01	6,641,589,104.08
Financial liabilities	0.00	747,115.75						747,115.75

Other changes: Maturity redemption

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

In RMB

Item	Book value at period-end	Restriction reason
Monetary funds	18,840,000.00	Dollar margin for foreign exchange contracts
Monetary funds	24,368,385.65	Cash deposit paid for bank acceptance
Monetary funds	7,487,250.00	IRD performance bond
Monetary funds	199,660.00	Cash deposit for Mastercard
Monetary funds	180,000.00	Court freezing
Monetary funds	5,000.00	ETC freezing
Note receivable	82,908,186.94	Notes pledge for bank acceptance
Receivable financing	530,337,600.45	Notes pledge for bank acceptance
Total	664,326,083.04	

VII. Investment analysis

1. Overall situation

Applicable Not applicable

2. Major equity investment obtained in the reporting period

Applicable Not applicable

3. Major non-equity investment in progress 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	SNAT	199,208,000.00	Measured by fair value	153,643,308.00	-74,808,576.00				-74,808,576.00	78,834,732.00	Trading financial asset	Own fund
Domestic and foreign stocks	002009	Miracle Automation	69,331,500.00	Measured by fair value	113,793,600.00	-47,100,000.00				-47,100,000.00	66,693,600.00	Trading financial asset	Own fund
Domestic and foreign stocks	601456	Guolian Securities	12,000,000.00	Measured by fair value	208,795,178.00	-22,186,264.00				-22,186,264.00	186,608,914.00	Trading financial asset	Own fund
Domestic and foreign stocks	601777	Lifan Technology	62,845.00	Measured by fair value	77,802.11	-29,285.77				-29,285.77	48,516.34	Trading financial asset	Own fund
Domestic and foreign stocks	000980	Zoyte Auto	613,265.48	Measured by fair value		28,699.00		613,265.48	179,550.00	28,699.00	462,414.48	Trading financial asset	Own fund
Total			281,215,610.48	--	476,309,888.11	-144,095,426.77	0.00	613,265.48	179,550.00	-144,095,426.77	332,648,176.82	--	--
Disclosure date of securities investment approval of the Board			2012-03-24 2013-06-04										

Note: 1) SDEC was renamed into SNAT during the reporting period; 2) the financial asset investment to Zoyte Auto was generated by the conversion of accounts receivable by WFLD into equity.

(2) Derivative investment

Applicable Not applicable

There is no derivative investment during the reporting period.

5. Application of raised proceeds

Applicable Not applicable

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

VIII. 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

IX. Analysis of the main controlling and participating companies

Applicable Not applicable

Main subsidiary and participating enterprises 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
WFLD	Subsidiary	After-treatment system products	502,596,300.00	6,281,611,332.72	2,551,419,127.25	5,937,549,034.42	253,317,797.71	265,352,997.31
WFJN	Subsidiary	Fuel management system products	346,286,825.80	1,435,778,324.42	1,054,213,332.19	732,361,563.72	87,436,633.69	83,150,768.43
RBCD	Equity participation enterprise	Fuel management system products	USD 382,500,000.00	18,847,559,360.81	10,037,249,721.72	13,443,929,728.58	3,210,134,490.05	3,059,444,530.82
Zhonglian Electronics	Equity participation enterprise	Gasoline system products	600,620,000.00	7,798,719,691.47	7,790,030,240.47	26,913,563.07	1,880,653,975.53	1,876,187,641.39

Subsidiary acquired and disposed in the Period

Applicable Not applicable

Subsidiary name	Method of acquiring and disposing of subsidiaries during the reporting period	Impact on overall production, operation, and performance
WFQL	Investment establishment	WFQL is mainly engaged in R&D, production, and sales of core components for hydrogen fuel cells. The establishment of this subsidiary has no significant impact on the overall production, operation, and performance of the Company during the reporting period.
VHCN	Cash acquisition	VHCN is mainly engaged in R&D, production, and sales of automotive component products. The acquisition of this subsidiary has no significant impact on the overall production, operation, and performance of the company during the reporting period.

Explanation of the main controlling and participating companies

During the reporting period, due to the impact of macroeconomic and commercial vehicle market downturn, the operating revenue, operating profit, and net profit of WFLD, WFJN, and RBCD all declined in varying degree y-o-y.

X. Structured subject controlled by the Company

Applicable Not applicable

XI. Prospect of future development of the Company

(I) Future development strategy of the Company

Based on corporate vision “expert of hundred years in automobile core parts industry”, during the “14th Five-Year Plan” period, the Company will continue to adhere to the strategic policy of “internationalization, autonomy and multi-dimensional”, accelerate the “double-engine drive” strategy of “optimizing and upgrading existing core businesses, breaking through and blocking strategic emerging businesses”, and form “energy saving and emission reduction”, “green hydrogen energy”, “smart electric” and “other core parts”.

(1) Energy saving and emission reduction, as the existing core business segment of the Company, contains three major business areas of high pressure fuel injection system, post-treatment system and turbocharging. The Company has positioned new increments, actively promoted business transformation and upgrading, maintained its industry leading position and maintained organic business growth. Under the general trend of low carbon and energy saving, the Company will seize the strategic opportunity of upgrading emission regulations, expedited the expansion of the market of products related to ordinary hybrid and plug-in hybrid, and intensify the cooperation with joint venture brands and head of new car-making forces to further increase the market share of products; The Company will focus on high efficiency, energy saving (including plug-in hybrid), clean alternative fuel (natural gas, methanol, hydrogen, etc.) fuel, after-treatment and turbocharging, etc. during product development, strengthen key technology product development capabilities, enhance forward engineering capabilities and system integration as well as application development capabilities; In addition, the Company will consolidate and improve its process operation ability and improve its cost and quality control ability.

(2) Green hydrogen energy is an important strategic direction for the transformation of the Company's business structure. The Company will focus on the core components of hydrogen fuel cells and hydrogen production from renewable energy in the middle and upper reaches of the hydrogen energy industry chain, building core competitiveness and realizing large-scale business growth.

1. In terms of the business of core components of hydrogen fuel cell, the Company will, based on the core technical capabilities of core materials (membrane electrode, graphite bipolar plate and metal bipolar plate) and key components of BOP that have been acquired and constructed at present, accelerate the establishment and operation of organizational planning, promote the construction of three major bases in the world and realize the small-scale market applications.

①Enhance global engineering capability. The Company will actively promote the construction of engineering centers in Asia-Pacific, Europe and North America, strengthen investment, continuously improve the level of engineering technology, especially the research and development and application of product technology, and quickly realize the batch production of customer market projects.

②Expand global business functions. The Company will accelerate the capacity building of business centers in Asia-Pacific, Europe and North America, strengthen the planning and coordination of global markets and operations, realize the sharing of strategic resources and efficient and coordinated market expansion among centers and business segments, actively expand international and domestic customers, continuously deepen the cooperative relationship with strategic partners, strategic customers and major customers, and promote the large-scale application of the market.

③Enhance global manufacturing capability. Accelerate the capacity building of manufacturing centers in Asia-Pacific, Europe and North America, with the goals of global production capacity of 8,000,000 membrane electrodes, 9,000,000 graphite bipolar plates, 4,000,000 metal bipolar plates and 100,000 BOP key parts during 2021-2025; Among them, the target production capacity of Asia

Pacific (China) is 4,000,000 membrane electrodes, 5,000,000 graphite bipolar plates, 2,000,000 metal bipolar plates and 100,000 BOP key parts.

④Strengthen strategic coordination and resource integration. Based on the platform of Hydrogen Energy Division, strengthen global business strategic coordination and resource integration. In particular, in terms of the construction of the Asia Pacific base, the Company will integrate the business related to the core components of hydrogen fuel cells, strengthen the cooperation with various strategic partners, establish a joint venture company, WFQL, to develop the application, supply chain, manufacturing, sales and service of products for the Asia Pacific market, mainly in China.

2. In terms of hydrogen production from renewable energy, based on the current core component technologies such as membrane electrodes and graphite/metal bipolar plates, as well as the R&D, testing and verification capabilities of PEM electrolytic water reactors, the Company has focused on cultivating and incubating PEM electrolytic water hydrogen production system and equipment technologies to realize product market applications.

①Focus on the implementation of the demonstrative line project. Complete the construction of Phase I and Phase II of the PEM electrolytic water hydrogen production demonstration line, and achieve the overall solution design and implementation service capabilities for electrolytic water hydrogen production.

②Actively acquire key technology capabilities. Explore external technology and industrial investment cooperation opportunities, expedite independent R&D, and build key technology capabilities such as electric reactors, system equipment design, development and integration. Develop and incubate a number of low-power system equipment products in niche sectors (hydrogen production) and develop high-power system equipment technologies and products applicable to energy storage and hydrogen refueling stations.

③Expand market application projects. Vigorously extend the customers and markets, endeavor to realize the application of small power system equipment and shape small batch market application, actively participate in the large-scale renewable energy hydrogen production demonstration projects, and reach domestic leading enterprises in the industry to explore cooperation opportunities.

(3) intelligent electric segment Focus on the four major business areas of core components of electric drive system, thermal management system and core components, core modules for intelligent sensing, as well as core components in the cabin, shape core competitiveness in market, technology and intelligent manufacturing, and realize business transformation and growth in scale.

1. Core components of electric drive system: based on the understanding of core automotive parts system R&D capabilities and high-end intelligent manufacturing capabilities, develop the core electric drive parts business and promote market scale, as well as the forward-looking layout of the wheel hub motor technology of the Company, cultivate and incubate in all aspects and realize market applications of products.

①For electric drive core parts, take motor shaft, water jacket, end cover, etc. as the entry point, extend to other core parts, enrich the product catalogue, and shape the supply capabilities of key products; Based on extensive practical experience accumulated through cooperation with renowned domestic electric drive enterprises, make breakthroughs with key new energy vehicle enterprise customers, especially high-end new power, establish deep strategic cooperation and promote the diversified development of strategic customers.

②Expedite the product technology optimization of wheel motors, realize the penetration to passenger car scenario, and promote the construction of assembly capacity to establish batch production capabilities.

2. For thermal management system and core components, take electronic oil pump as the entry point, rely on the group-based technology, market and manufacturing platform advantages of the Company, fully promote the development and application of key components such as integrated pumps, valves, heat exchangers as well as strategic products of thermal management system, and further proactively seek the development in other application scenarios such as energy storage.

① Realize the breakthrough of high-end customers and in-depth strategic cooperation of customers. To actively penetrate mature mainstream high-end customers in China and Europe by leveraging the overseas technology and product accumulation of VH acquired by the Company, complete technology validation and shape the first batch of product supply; Actively explore global customer resources such as OEM and electric drive system integrators of self-research electric drive/thermal management system, converge channel resources integration capabilities, and make breakthroughs in key strategic customers.

②Synchronize global R&D and actively extend product portfolio. Promote global resource planning and layout, construct global synchronous R&D capability, realize global synchronous R&D synergy, further expand product series, actively launch the development and supply capabilities of core components for thermal management system-level solutions, and extend products such as integrated pumps, valves and heat exchangers.

③Upgrade global batch production and supply capabilities. Reinforce the construction of global supply chain system capabilities in Europe and China, integrate the intelligent manufacturing elements of the Company, and achieve large-scale production and supply capabilities.

3. Intelligent sensing core module

For core module of intelligent sensing business, strategically focus on millimeter wave radar, offer customized radar modules and sensing solutions, penetrate from basic scenarios and cultivate capabilities, meanwhile aim at high-end application market for autonomous driving.

①Expand multi-scene applications and progressively evolve to high-end applications. Take the initiative to enter the non-vehicle radar field, extend the radar application in the intelligent cockpit field simultaneously, quickly achieve the market application of 3D radar products, and take the vehicle ADAS 3D radar as an opportunity to progressively penetrate the vehicle market, accumulate the vehicle scene technology, and penetrate the vehicle autonomous driving application scene upon the maturity of 4D radar technology.

②Technology accumulation and capability maturity for high-end product technology breakthroughs. Intensify the key technology and R&D capabilities of millimeter wave radars, establish a large-scale production capacity of 3D radars for ADAS, while expediting the R&D progress of 4D radar products, and making technical breakthroughs on high-end products to progressively realize the commercialization of ADAS 4D radars.

③Deepen industry chain cooperation and realize large-scale growth. Actively pursue potential strategic investment cooperation in global industry chain, focus on integration of millimeter wave radar module link, become a standardized radar module supplier and shape large-scale business growth.

4. Core components in the cabin

Focus on core components in the cabins, of which, take the initiative to enter the medium and high-end commercial vehicle market, develop a competitive edge with differentiated products of high performance, high quality, high cost performance, accelerate the development of industrial scale and extend to the medium and high-end passenger car market; Establish the capabilities of systematic design and testing of seating products, improve technical innovation capabilities, develop towards networking and intelligence, and align with the demands of intelligent cockpit scenes. Meanwhile, the Company will leverage its cooperation with smart cockpit partners to engage in the business field of smart cockpit based on domain control technology and endeavor to seek and expand business opportunities related to smart cockpit.

(4) For other core components segments, the Company will further promote the business transformation and upgrading of hydraulic systems and their core components, core components of braking systems, intelligent manufacturing equipment, post-marketing and trading, and actively explore the layout of cutting-edge technologies and markets in line with the strategic orientation of the development of the Company to achieve an increase in business volumes. In particular, for the hydraulic system and core components as the main strategic development direction of the Company, jointly expand the market of walking hydraulics and industrial hydraulics by establishing a joint venture with Bosch Rexroth. Meanwhile, integrate the strategic resources of the overall value chain process of both sides, continue to establish a more cost advantage, better performance, faster response time and comprehensive competitiveness, and continue to promote the strategic business layout and development of hydraulic systems and core components.

The Company will further deepen the management plan, budget management and performance management systems under the guidance of strategies, implement differentiated control and governance, implement efficient inter-segment business synergy, accelerate the training of strategic core talents, and improve the operation and management capabilities during the strategic transformation period in a comprehensive manner to satisfy the medium and long-term strategic development demands of the Company.

(II) Priority tasks for 2023

Facing the volatile and severe macroeconomic conditions as well as the development trend of automobile market, in 2023, the Company will closely follow the development target of “14th Five-year Plan”, implement the annual operation guideline of “Aiming at Strategic Objectives, Committed to Operation Enhancement and New Business Cultivation”, actively address the new changes and challenges in the industry, solidly perform the key tasks, adhere to seeking progress amidst stability, and promote the high-quality transformation and development of the Company.

1. Improve the operation quality of strategic system, promote the layout of new business investment

Further improve the operation quality of strategic system, strengthen the dynamic assessment and optimization of the strategic planning for laid business; The Company will continuously improve the organization and management ability of strategic special research, and strengthen the planning and implementation of new business. The Company will actively promote the millimeter-wave radar and hydraulic business investment cooperation projects, continue to promote the capacity-building investment projects of the three global bases of green hydrogen energy business, and promote the in-depth cooperation of projects invested in smart electric business. The Company will actively explore and practice the formation of post-investment governance structure and system with Weifu characteristics, and comprehensively promote post-investment integration and governance. The Company will strengthen the incubation function of new business, promoted it in the form of project system, accelerate the cultivation of millimeter wave radar, PEM electrolyzed water to produce hydrogen and other businesses, and strengthen the operation management of post-investment projects.

2. Stabilize the Company's position in the industry by main business, accelerate market breakthrough by new products

Fuel injection system: Ensure the order delivery rate and market share of common rail pumps; for VE pumps, actively respond to the T4 market competition pattern, and deeply dig into the market increment; for GP electronic control products, ensure the supply of existing customers and obtain key projects of core customers; for high-pressure fuel rail of gasoline, continue to explore new markets and increase market share. Post-processing system: Accelerate the development of hybrid and high-end self-owned brand passenger car market and seek new growth points; Steadily promote core customer projects in commercial vehicle market; Rapidly increase the market shares of core customers in off-road T4 products. Air intake system: In aspect of gasoline supercharger, fully expand the hybrid passenger car market and promote the batch production of core customer projects; For the four-cylinder diesel supercharger, continue to obtain key projects of core customers and gradually increase the market share of each host customer; For the six-cylinder diesel supercharger, stabilize the existing customer share and ensure the batch production of new customer projects. Relying on the national “the belt and road initiative” strategy, consolidate and expand existing overseas markets and enhance international trade business.

Accelerate the acquisition of new business, new customers and new projects, and promote the cooperation of strategic partners in new business areas. Actively explore the market of electric drive core parts products, and achieve rapid growth in business volume; For the thermal management system, realize the batch supply of electronic oil pumps for leading enterprises of new energy vehicles. As to the “one membrane and two plates” products, complete the first-phase production capacity construction, completed, realize domestic supply of the catalyst, membrane electrode and bipolar plate products in small batches in China, and complete the development of B sample development for battery cells. As to the hydrogen safety valves, realize mass production, complete the development of sample C for tailgate valve and the high-voltage platforms, and complete the development of sample B for low-voltage platform of hydrogen circulating pump; Realize small batch production of 35MPa high-pressure hydrogen valves, and complete sample B development for 70MPa high-pressure hydrogen valves; Complete the development of sample B for core components of air compressor and electric supercharger, and complete the development of sample C for the electronic water pump and electronic thermostat and realize supply in small batches. For self-made 100 kW PEM demonstration line of hydrogen production from electrolyzed water, complete the construction and put into operation. Complete C sample development and small batch supply for in-cabin radars, and realize small batch delivery for 4D imaging radar customer project.

3. Strengthen quality management and intelligent manufacturing, and promote engineering construction and safety guarantee

Improve the mechanism of developing quality valves and optimize the management of special characteristics. Deepen the vertical deepening and horizontal broadening of Q11 quality basic criteria, and improve the effectiveness of process total factor maturity assessment and the coverage of core key processes. Consolidate the quality improvement project, check the operation results, link the application of tools and methods, and realize hierarchical frequency control. Focus on the main after-sales quality problems and zero-kilometer customer complaints, and cooperate with customers to analyze and improve the special system. Further promote lean production management, promote the optimization of bottleneck process rhythm, optimize equipment management system, and improve equipment operation efficiency. Continuously improve the R&D and application capabilities of intelligent manufacturing and accelerate the full implementation of the intelligent manufacturing blueprint; Improve the automation level of advanced manufacturing processes and promote the construction of information platforms, and explore intelligent technologies and big data applications. Advance the R&D building project as planned and complete the preliminary design of the new energy industrial park; Build an energy management platform and continue to promote energy-saving and environmental protection green office; Take prevention management as the starting point and implement the responsibility of safety subject; Carry out the evaluation and certification of the first-class enterprise of safety production standardization; Through the integration of environmental health and safety information supervision platform and AI safety monitoring, optimize and improve the visual management and control of safety.

4. Promote continuous improvement of management performance and reinforce strategic talent team building

Advance the research, planning and implementation of the differentiated organization and control models, deeply optimize the logical alignment of business plans with strategies and budgets, and continue to promote the application and expansion of process mechanisms in procurement, R&D and marketing domains with the support of process business platforms. Deepen the construction of the park management committee by taking the service platform as a carrier. Establish a sharing platform for direct material procurement, systematically advance the unification and standardization of procurement business processes and information sharing across the Group, and enable integrated procurement supply chain management. Deepen the technology for cost reduction, refine the category management strategies, integrate new business planning, and launch new business supply chains in advance. Regularly manage the inventory classification, analysis, alignment and disposal of slow-moving products. Make proper storage planning refinement, refine in batches according to multi-dimensional in conjunction with the own development needs of the division, and clarify the objectives. Promote the highly efficient operation of the trinity of risk control, compliance, internal audit as well as the three risk prevention and control management mechanisms, construct a special evaluation of major and important defects and a mechanism to trace back the responsibility of risk control, promote the implementation and continuous optimization of the contract management system, and improve the legal risk control of the investment and M&A projects of the Company. Accelerate talent allocation and strengthen the layout of new strategic business talents with the aim of building a strategy-led talent team; Accomplish talent allocation and personnel training for major strategic cooperation projects according to business demands; Optimize construction of overall career development channels for employees and further promote piloting of talent sharing mechanism. Based on the development of quality and ability of key positions, continue to promote the construction of the “San Hang Yi Jiang” talent development system; Explore international talent exchange training programs to satisfy the strategic development demands of enterprises; Reinforce the innovation of talent mechanism and further explore the methods of business evaluation and incentive in R&D field. Based on the human resources information system platform, continue to explore the value of human resources data to further promote management optimization and improve the efficiency of human resources services.

(III) Possible risks and countermeasures

1. Macroeconomic and market risks

Currently, the macroeconomic and market conditions are still complex and challenging, with the automobile industry still facing relatively high pressure. In case of a decline in demand from the automotive industry, the production, operation and profit level of the Company will be affected to a certain extent.

Countermeasures: The Company will constantly monitor macroeconomic and industry development trends, consolidate its existing business market presence, actively expand new business, and strive to improve its core competitiveness and overall anti-risk capabilities.

2. Operation management and control risks

With the acceleration of the international layout of the Company and the expansion of the scope of strategic new business, especially in the field of new energy, the management span is relatively large with potential operational management and investment risks.

Countermeasures: The Company will continuously improve and optimize internal management, improve processes, and further regulate management and control operational risks; Reinforce the control of international business and accelerate the construction of international talent team to satisfy the strategic development demands of the enterprise.

3. Risk of raw material price fluctuation

The main raw materials of the Company include steel, aluminum, precious metals, etc. of various grades, the continuous increase of their prices will pose the risk of cost increase to the Company.

Countermeasures: The Company will actively improve its market forecasting capabilities, plan production capacity in advance, and reasonably control raw material inventories to reduce the exposure to raw material price fluctuations, while continuously optimizing supply chain management, strengthening the vertical integration capability of the industry chain, and transferring part of the risks through cost control measures and product price adjustments so as to reduce the impact of raw material price fluctuations on performance.

4. Risks related to financial instruments

The major financial instruments of the Company include monetary funds, structured deposits, receivables, investments in equity instruments, financial products, borrowings, payables, etc. In the process of operation, the Company is exposed to risks related to financial instruments, including credit risks, market risks and liquidity risks.

Countermeasures: Identify and analyze various risks exposed to the Company, establish appropriate risk tolerance thresholds and manage risks, monitor various risks in a timely manner, ensure that risks are controlled within limits, minimize the negative impact of risks on the operating performance of the Company, and maximize the interests of shareholders and other investors.

XII. Reception of investigation, communication and interview during the reporting period

Applicable Not applicable

Reception time	Reception place	Reception mode	Reception object type	Reception Object	Main content talked about and materials provided	Index of basic situation of research
January 12, 2022	Conference room of the Company	Telephoning	Institution	Institutional investor	For details, please refer to the <i>Record of Investor Relations Activities</i> disclosed by the Company on Juchao Website (No. 2022-001)	http://www.cninfo.com.cn
January 13, 2022	Conference room of the Company	Field research	Institution	Institutional investor	For details, please refer to the <i>Record of Investor Relations Activities</i> disclosed by the Company on Juchao Website (No. 2022-002)	http://www.cninfo.com.cn
January 20, 2022	Conference room of the Company	Telephoning	Institution	Institutional investor	For details, please refer to the <i>Record of Investor Relations Activities</i> disclosed by the Company on Juchao Website (No. 2022-003)	http://www.cninfo.com.cn
February 9, 2022	Conference room of the Company	Telephoning	Institution	Institutional investor	For details, please refer to the <i>Record of Investor Relations Activities</i> disclosed	http://www.cninfo.com.cn

					by the Company on Juchao Website (No. 2022-004)	
April 19, 2022	Conference room of the Company	Telephoning	Institution	Institutional investor	For details, please refer to the <i>Record of Investor Relations Activities</i> disclosed by the Company on Juchao Website (No. 2022-005)	http://www.cninfo.com.cn
May 11, 2022	WeChat Applet	Other	Other	Other	For details, please refer to the <i>Record of Investor Relations Activities</i> disclosed by the Company on Juchao Website (No. 2022-006)	http://www.cninfo.com.cn
June 16, 2022	Conference room of the Company	Telephoning	Institution	Institutional investor	For details, please refer to the <i>Record of Investor Relations Activities</i> disclosed by the Company on Juchao Website (No. 2022-007)	http://www.cninfo.com.cn
June 17, 2022	Conference room of the Company	Telephoning	Institution	Institutional investor	For details, please refer to the <i>Record of Investor Relations Activities</i> disclosed by the Company on Juchao Website (No. 2022-007)	http://www.cninfo.com.cn
August 23, 2022	Conference room of the Company	Telephoning	Institution	Institutional investor	For details, please refer to the <i>Record of Investor Relations Activities</i> disclosed by the Company on Juchao Website (No. 2022-008)	http://www.cninfo.com.cn
December 28, 2022	Conference room of the Company	Telephoning	Institution	Institutional investor	For details, please refer to the <i>Record of Investor Relations Activities</i> disclosed by the Company on Juchao Website (No. 2022-009)	http://www.cninfo.com.cn
December 30, 2022	Conference room of the Company	Telephoning	Institution	Institutional investor	For details, please refer to the <i>Record of Investor Relations Activities</i> disclosed by the Company on Juchao Website (No. 2022-009)	http://www.cninfo.com.cn
January 1 to December 31, 2022	Interactive platform of investor relationship	Written inquiry	Other	Other	Basic company information and view of the market	Answered 163 questions online through the interactive platform for investor relations

January 1 to December 31, 2022	Company tel.	Telephoning	Other	Other	Basic company information and view of the market	532 telephone communications with the investors
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Section IV. 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 laws, administrative regulations, department provisions and normative documents as *Company Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies*, *Rules Governing the Listing of shares on Shenzhen Stock Exchange* and *Guidelines on Self-Regulation of Listed Companies of Shenzhen Stock Exchange No. 1 - Standardized Operation of Main board listed company*, 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 Management 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 significant decisions, and takes 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 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 *2021 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 shareholder and the actual controller in ensuring the Company's assets, personnel, finance, organization and businesses

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 shareholders' 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. Annual shareholders' general meeting and extraordinary shareholders' general meeting held during the reporting period

1. Annual shareholders' general meeting during the reporting period

Ordinal number of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Resolution of meeting
Annual general meeting of 2021	AGM	40.82%	2021-05-18	2022-05-19	(Notice No.: 2022-036) published on Juchao Website(www.cninfo.com.cn)
1 st extraordinary general meeting of 2022	Extraordinary general meeting	40.90%	2022-08-19	2022-08-20	(Notice No.: 2022-051) 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. Directors, supervisors and senior officers

1. Basic information

Name	Title	Working status	Gender	Age	Start dated of office term	End date of office term	Shares held at period-begin (Share)	Amount of shares increased in this period (Share)	Amount of shares decreased in this period (Share)	Other changes (share)	Shares held at period-end (Share)	Reasons for increase or decrease of shares
Wang Xiaodong	Chairman	Currently in office	Male	56	2020-05-28	2024-05-19	420,781				420,781	
Kirsch Christoph	Vice Chairman	Currently in office	Male	61	2021-05-20	2024-05-19						
Xu Yunfeng	Vice Chairman, GM	Currently in office	Male	51	2020-05-28	2024-05-19	363,000				363,000	
Ou Jianbin	Director, Executive Deputy General Manager and financing Charger	Currently in office	Male	56	2012-03-07	2024-05-19	290,000				290,000	
Chen Yudong	Director	Currently in office	Male	61	2012-03-07	2024-05-19						
Zhao Hong	Director	Currently in office	Female	41	2021-05-20	2024-05-19						
Huang Rui	Director	Currently in office	Male	38	2021-05-20	2024-05-19						
Yu Xiaoli	Independent Director	Currently in office	Female	59	2018-06-27	2024-05-19						
Xing Min	Independent Director	Currently in office	Male	68	2021-05-20	2024-05-19						
Feng Kaiyan	Independent Director	Currently in office	Female	49	2021-05-20	2024-05-19						
Pan Xinggao	Independent Director	Currently in office	Male	51	2021-05-20	2024-05-19						
Ma Yuzhou	Chairman of the Supervisory Committee	Currently in office	Male	48	2021-05-20	2024-05-19						
Chen Ran	Supervisor	Currently in office	Male	50	2020-05-28	2024-05-19	1,000				1,000	
Liu Songxue	Supervisor	Currently in office	Female	37	2021-05-20	2024-05-19						
Miao Yuming	Deputy GM	Currently in office	Male	59	2003-04-16	2024-05-19	290,000				290,000	
Xu Sheng	Deputy GM	Currently in office	Male	48	2020-05-28	2024-05-19	280,000				280,000	
Rong Bin	Deputy GM	Currently in office	Male	47	2020-05-28	2024-05-19	280,000				280,000	
Liu Jinjun	Deputy GM and	Currently in office	Male	47	2020-05-28	2024-05-19	280,000				280,000	

	Secretary of the Board											
Li Gang	Chief engineer	Currently in office	Male	52	2020-05-28	2024-05-19	280,000				280,000	
Total	--	--	--	--	--	--	2,484,781	0	0	0	2,484,781	--

During the reporting period, whether there was any departure of directors and supervisors and dismissal of Senior Executives

Yes No

Changes of directors, supervisors and senior executives

Applicable Not applicable

2.Post-holding

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

Mr. Wang Xiaodong, born in November 1966, Chinese nationality and no permanent residence abroad, member of the CPC, a university graduate, MBA and full senior engineer. He previously served as the engineer, director and deputy chief engineer in technology center of the Company, sales director, deputy GM of RBCD, Supervisor of the company, vice chairman and GM of the Company. Currently serves as Chairman and Party Secretary of the Company.

Mr. Kirsch Christoph, born in October 1961, German nationality, Master's degree. He previously served as R&D engineer, product manager and key account sales manager of the diesel system division in Robert Bosch Group, GM of Bosch Automotive Diesel System Co., Ltd, senior vice president of the commercial vehicle business, Bosch Diesel System Division, the executive vice president of production & quality in United Automotive Electronic Systems Co., Ltd(UAES), executive vice president of production & quality, gasoline system division of Bosch Group, the executive vice president of commercial vehicle & off-road business, the solution business division of RBCD, representing the Bosch Automotive and Intelligent Mobility Asia Pacific Board. Currently he serves as BMS in Robert Bosch Group and the vice chairman of the Company.

Mr. Xu Yunfeng, born in November 1971, Chinese nationality and no permanent residence abroad, member of the CPC, a university graduate and an engineer, and holds a master's degree. He worked as a test engineer and design team leader in technical center of the Company, assistant of the oil pump & nozzle research institute of the technical center, deputy director of the product research institute of technical center, the technical sales manager, GM assistant and GM of the Wuxi Weifu Automobile Diesel System Co., Ltd, and deputy GM of the Company. He currently serves as Vice Chairman and GM of the Company and deputy secretary of the party committee of the Company.

Mr. Ou Jianbin, born in June 1966, Chinese nationality and no permanent residence abroad, member of the CPC, a senior college graduated and an accountant. Previously served as Deputy Minister of Financial Department of Weifu Company, Director and deputy GM of subsidiary WFJN, Deputy GM and GM of subsidiary WFLD 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. Chen Yudong, 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. Zhao Hong, born in September 1981, Chinese nationality and no permanent residence abroad, member of the CPC, Bachelor's degree, an accountant. She worked as an account in Wuxi Tianyi Membrane Technology Application Equipment Factory, the project auditor of Wuxi Founder Taxation Firm, the deputy director of audit and inspection department, director, deputy secretary of discipline inspection commission, secretary of director bureau and chief of staff in Wuxi Industry Development Group Co., Ltd. Now she is the secretary to the BOD and chief operating officer of Wuxi Industry Development Group Co., Ltd and the Director of the Company.

Mr. Huang Rui, born in December 1984, Chinese nationality and no permanent residence abroad, member of the CPC, Master's degree. He worked as the product manager of Shangde Power, senior project manager of Wuxi Merchants Bureau, manager of the Ernst & Young Huaming CPA (Shanghai), deputy GM, municipal environment division of Wuxi Guolian Environmental Energy Group, the vice president of investment development department, vice president of investment development department II (presiding over the work), vice president of investment banking of Wuxi Industry Development Group Co., Ltd. Now he is the GM of investment banking department of Wuxi Industry Development Group Co., Ltd and Director of the Company.

Ms. Yu Xiaoli, born in January 1963, Chinese nationality and no permanent residence abroad, member of the CPC, Ph.D., a professor, she has been teaching at Zhejiang University since 1985. She served as an independent director of the sixth, seventh and ninth of the Board of the Company, and the dean of the engineering branch of Zhejiang University City College. She is currently a professor at Zhejiang University and Doctoral supervisor, the chairman of the Society of Automotive Engineers of Zhejiang, an director of Zhejiang Bozhong Automobile Technology Co., Ltd., and independent director of Zhejiang Yinlun Co., Ltd, an independent director of Zhejiang EVTECH Co., Ltd. and independent director of Zhejiang Fenglong Electric Co., Ltd., and the independent director of the Company.

Mr. Xing Min, born in January 1954, Chinese nationality and no permanent residence abroad, member of the CPC, Bachelor's degree, a professor-level senior engineer. He worked as the secretary of the Party Committee of China Heavy Machinery Corporation, secretary of the Party Committee and GM of China Machine Tool Corporation. Now he is the executive vice president and secretary general of China Internal Combustion Engine Industry Association, Independent Director of Zhejiang Zhongjian Technology Co., Ltd, Independent Director of Jiangsu Yunyi Electric Co., Ltd., Independent Director of Changchai Company Limited, Independent Director of Zhejiang Xinchai Co., Ltd, Director of Anhui Aikelan Environmental Protection Co., Ltd, and Independent Director of the Company.

Ms. Feng Kaiyan, born in October 1973, Chinese nationality and no permanent residence abroad, member of the CPC, a Bachelor's degree, Certified Public Accountant and senior accountant. She worked as the accounting for Wuxi Production Materials Corporation and Wuxi Geological & Mining Information Service Center. Currently, she is the chief accountant of Wuxi Donghua Accounting Firms Co., Ltd, responsible person of the Sunan Branch, Jiangsu Fuhua Engineering Cost Consulting Co., Ltd, the independent director of Wuxi Weifeng Technology Co., Ltd, independent director of yuancheng Cable Co., Ltd, independent director of Kangdexin Composite Material Group Co., Ltd, the external director of Wuxi Urban Construction Development Group Co., Ltd and independent

director of the Company.

Mr. Pan Xinggao, born in June 1971, Chinese nationality and no permanent residence abroad, a Bachelor's degree and a lawyer. He served as a lawyer of Shandong Jinan Quancheng Laws Firm, a lawyer of Beijing Zhongyin Law Firm and lawyer of Beijing Zhonglun Jingtong Laws Firm. Now he is the Partner of Beijing Tongshang Law Firm, the independent director of Huarui Traffic Technology Co., Ltd and independent director of the Company.

Mr. Ma Yuzhou, born in September 1974, Chinese nationality and no permanent residence abroad, member of the CPC, a Master graduate and an engineer. He worked as the craftsman in the Company's assembly branch, assistant secretary of the mission committee of the Company, deputy secretary of the Company's fuel injection branch, deputy director of the Company's Party Committee Work Dept., plunger branch deputy plant manager, head treatment plan manager, director of oil pump branch plant, assembly plant manager, deputy GM of WFTT, deputy GM and GM of the Company's mechanical system division and director of organization & personnel dept. of the Company. Now he is the deputy secretary of the Company's Party Committee and chairman of the Supervisory Committee of the Company.

Mr. Chen Ran, born in December 1972, Chinese nationality and no permanent residence abroad, member of the CPC, a Bachelor's degree, and a 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 director of the Company's organization and personnel department and supervisor of the Company.

Ms. Liu Songxue, born in July 1985, Chinese nationality and no permanent residence abroad, member of the CPC, a Bachelor's degree, and an engineer. She worked as the product testing engineer and product design engineer in technical center of the Company. Currently she is the secretary general of the Science & Technology Association of the Company and Supervisor of the Company.

Mr. Miao Yuming, born in April 1963, Chinese nationality and no permanent residence abroad, member of the CPC, Master's Degree and senior engineer. He previously served as deputy director and director of sales department and assistant GM and deputy GM of the Company. Currently he serves as deputy GM of the Company and deputy GM of RBCD.

Mr. Xu Sheng, born in March 1974, Chinese nationality and no permanent residence abroad, member of the CPC, 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 System Co., Ltd., senior manager of BPS, director of MOE5, and assistant general manager of the company. He is currently the deputy GM of the Company.

Mr. Rong Bin, born in December 1975, Chinese nationality and no permanent residence abroad, member of the CPC, holds a bachelor's degree, and is an assistant engineer. He joined the Company in July 1998 and worked 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 GM of the Company.

Mr. Liu Jinjun, born in September 1975, Chinese nationality and no permanent residence abroad, member of the CPC, 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, supervisor of the seventh and eighth of the Supervisory Committee of the Company, head of the corporate strategy & new business department and head of market development department of the Company. He is currently the deputy GM and secretary of the Board of the Company.

Mr. Li Gang, born in November 1970, Chinese nationality and no permanent residence abroad, member of the public interest Party, holds a bachelor's degree and a master's degree, and a full 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.

Post-holding in shareholder's unit

Applicable Not applicable

Name	Name of shareholding entity	Position in shareholding entity	Start dated of office term	End date of office term	Received remuneration from shareholding entity (Y/N)
Kirsch Christoph	ROBERT BOSCH GMBH	BMS	2023-04-01		Y
Chen Yudong	Bosch (China) Investment Ltd.	President	2011-01-01		Y
Zhao Hong	Wuxi Industry Development Group Co., Ltd.	Secretary of director bureau, chief operating officer	2021-04-19		Y
Huang Rui	Wuxi Industry Development Group Co., Ltd.	GM of Investment Banking Dept.	2021-05-01		Y
Miao Yuming	Robert Bosch Powertrain Ltd.	Deputy GM	2012-03-01		Y

Post-holding in other unit

Applicable Not applicable

Name	Name of other entities	Position in other entities	Start dated of office term	End date of office term	Received remuneration from other entities (Y/N)
Yu Xiaoli	Zhejiang University	Teacher and professor	1985-08-01		Y
Yu Xiaoli	Society of Automotive Engineers of Zhejiang	Director	2015-06-01		N
Yu Xiaoli	Zhejiang Bozhong Automobile Technology Co., Ltd	Director	2008-04-01		N
Yu Xiaoli	Zhejiang Fenglong Electric Co., Ltd.	Independent Director	2016-04-01		Y
Yu Xiaoli	Zhejiang EVTECH Co., Ltd	Independent Director	2016-06-01		Y
Yu Xiaoli	Zhejiang Yinlun Co., Ltd	Independent Director	2020-08-06		Y

Xing Min	China Internal Combustion Engine Industry Association	Executive vice president and secretary general	2008-08-01		Y
Xing Min	Jiangsu Yunyi Electric Co., Ltd	Independent Director	2019-07-31	2022-05-30	Y
Xing Min	Zhejiang Zhongjian Technology Co., Ltd	Independent Director	2017-06-20	2023-03-31	Y
Xing Min	Zhejiang Xinchai Co., Ltd	Independent Director	2019-12-06	2022-09-22	Y
Xing Min	Changchai Company Limited	Independent Director	2020-04-16		Y
Xing Min	Anhui Aikelan Environmental Protection Co., Ltd	Director	2021-11-22		Y
Feng Kaiyan	Wuxi Donghua Accounting Firms Co., Ltd	Chief accountant	1998-10-01		Y
Feng Kaiyan	Jiangsu Fuhua Engineering Cost Consulting Co., Ltd - Sunan Branch	Responsible person	2020-07-16		Y
Feng Kaiyan	Wuxi Weifeng Technology Co., Ltd	Independent Director	2017-12-28		Y
Feng Kaiyan	yuancheng Cable Co., Ltd.	Independent Director	2019-11-22		Y
Feng Kaiyan	Kangdexin Composite Material Group Co., Ltd	Independent Director	2020-08-26		Y
Feng Kaiyan	Wuxi Urban Construction Development Group Co., Ltd	External Director	2021-12-31		Y
Pan Xinggao	Beijing Tongshang Law Firm	Lawyer/ Partner	2007-10-01		Y
Pan Xinggao	Huarui Traffic Technology Co., Ltd	Independent Director	2022-02-26		Y
Explanation on post-holding in other entities	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

3. Remuneration of directors, supervisors and senior executives

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

1. Decision-making procedure: the remuneration 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 shareholders' general meetings. Allowance for independent directors of the Company is determined by shareholders' general meeting which is set at 150,000 yuan per person/year (tax included), 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 of directors, supervisors and senior executives in reporting period

In ten thousand yuan

Name	Title	Gender	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	Male	56	Currently in office	99	N
Kirsch Christoph	Vice Chairman	Male	61	Currently in office		Y
Xu Yunfeng	Vice Chairman, GM	Male	51	Currently in office	89	N
Ou Jianbin	Director, Executive Deputy General Manager and financing Charger	Male	56	Currently in office	69	N
Chen Yudong	Director	Male	61	Currently in office		Y
Zhao Hong	Director	Female	41	Currently in office		Y
Huang Rui	Director	Male	38	Currently in office		Y
Yu Xiaoli	Independent Director	Female	59	Currently in office	15	N
Xing Min	Independent Director	Male	68	Currently in office	15	N
Feng Kaiyan	Independent Director	Female	49	Currently in office	15	N
Pan Xinggao	Independent Director	Male	51	Currently in office	15	N
Ma Yuzhou	Chairman of the Supervisory Committee	Male	48	Currently in office	69	N
Chen Ran	Supervisor	Male	50	Currently in office	59	N
Liu Songxue	Supervisor	Female	37	Currently in office	18	N
Miao Yuming	Deputy GM	Male	59	Currently in office		Y
Xu Sheng	Deputy GM	Male	48	Currently in office	69	N
Rong Bin	Deputy GM	Male	47	Currently in office	69	N
Liu Jinjun	Deputy GM, Secretary of the Board	Male	47	Currently in office	69	N
Li Gang	Chief engineer	Male	52	Currently in office	69	N
Total	--	--	--	--	739	--

VI. Responsibility performance of directors during the reporting period

1. Meetings held by BOD during the reporting period

Meeting	Date of meeting	Disclosure date	Meeting resolutions
The 6 th meeting of 10 th session of the BOD	2022-01-07	2022-01-11	The Notice of the Resolution of 6 th meeting of 10 th session of the BOD (Notice No.: 2022-001) published on Juchao Website (www.cninfo.com.cn)
The 7 th meeting of 10 th session of the BOD	2022-02-07	2022-02-09	The Notice of the Resolution of 7 th meeting of 10 th session of the BOD (Notice No.: 2022-005) published on Juchao Website (www.cninfo.com.cn)
The 8 th meeting of 10 th session of the BOD	2022-04-15	2022-04-19	The Notice of the Resolution of 8 th meeting of 10 th session of the BOD (Notice No.: 2022-008) published on Juchao Website (www.cninfo.com.cn)
The 9 th meeting of 10 th session of the BOD	2022-04-25		The Notice of the Resolution of 9 th meeting of 10 th session of the BOD (announcement-free according to relevant regulations)

The 10 th meeting of 10 th session of the BOD	2022-05-05	2022-05-07	The Notice of the Resolution of 10 th meeting of 10 th session of the BOD (Notice No.: 2022-029) published on Juchao Website (www.cninfo.com.cn)
The 11 th meeting of 10 th session of the BOD	2022-07-29	2022-08-02	The Notice of the Resolution of 11 th meeting of 10 th session of the BOD (Notice No.: 2022-045) published on Juchao Website (www.cninfo.com.cn)
The 12 th meeting of 10 th session of the BOD	2022-08-19		The Notice of the Resolution of 12 th meeting of 10 th session of the BOD (announcement-free according to relevant regulations)
The 13 th meeting of 10 th session of the BOD	2022-10-21		The Notice of the Resolution of 13 th meeting of 10 th session of the BOD (announcement-free according to relevant regulations)
The 14 th meeting of 10 th session of the BOD	2022-12-07	2022-12-09	The Notice of the Resolution of 14 th meeting of 10 th session of the BOD (Notice No.: 2022-062) published on Juchao Website (www.cninfo.com.cn)

2.Attendance of directors at board meetings and shareholders' general meetings

Attendance of directors to board meeting and shareholders' general meeting							
Director	Times of Board meeting supposed to attend in the report period	Times of Presence	Times of attending the Board Meeting by communication	Times of entrusted presence	Times of Absence	Absent the Meeting for the second time in a row (Y/N)	Times of attend the general meeting
Wang Xiaodong	9	1	8			N	2
Kirsch Christoph	9	0	9			N	0
Xu Yunfeng	9	1	8			N	2
Ou Jianbin	9	1	8			N	2
Chen Yudong	9	0	9			N	0
Zhao Hong	9	1	8			N	2
Huang Rui	9	1	8			N	2
Yu Xiaoli	9	0	9			N	2
Xing Min	9	0	9			N	2
Feng Kaiyan	9	1	8			N	2
Pan Xinggao	9	0	9			N	2

Explanation of not attending the board meeting in person for two consecutive times: Nil

3. Objection for relevant events from directors

Directors come up with objection about Company's relevant matters

Yes No

No directors come up with objection about Company's relevant matters in the Period

4. Other explanation on responsibility performance of directors

The opinions from directors have been adopted

Yes No

Director's statement to the Company that a proposal has been or has not been adopted

During the reporting period, all the directors of the Company were diligent and conscientious, carried out their work in strict

accordance with the relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange, as well as the Articles of Association, Rules of Procedure for the Board of Directors and other systems, and paid close attention to the Company's standardized operation and business condition, put forward relevant opinions on the Company's major governance and operation decisions according to the actual situation of the Company, form a consensus after full communication and discussion, and supervise and promote the implementation of the resolutions of the board of directors, ensure scientific, timely and efficient decision-making, and maintain the legitimate rights and interests of the Company and all shareholders.

VII. Special committees under the BOD during the reporting period

Committee name	Members	Number of meetings held	Date of meeting	Meeting content	Important comments and suggestions made	Other performance of duties	Specific circumstances of the objection (if applicable)
The 10 th session of Strategy Committee	Wang Xiaodong, Kirsch Christoph, Xu Yunfeng, Xing Min, Yu Xiaoli	2	2022-01-07	Deliberation of the Proposal on Formulating a Strategic Plan for the Development of Hydrogen Energy Business and Establishing a Hydrogen Energy Business Department	The Strategy Committee verified and deliberated on the matters strictly in terms of the Rules of Work of Strategy Committee of the Board and relevant laws and regulations, relevant proposals are unanimously agreed.	N/A	N/A
			2022-04-15	Consideration of the Strategic Vision of the Company's Future Development		N/A	N/A
The 10 th Session of Remuneration Committee	Yu Xiaoli, Feng Kaiyan, Huang Rui	2	2022-04-15	Consideration of the (1) Proposal Report on Remuneration Assessment for Senior Executives and Payout for year of 2021; (2) Proposal on Proposal on Purchasing Liability Insurance for Directors, Supervisors and senior executives	The Remuneration Committee verified and deliberated on the matters strictly in terms of the Rules of Work of Remuneration Committee of the Board and relevant laws and regulations, relevant proposals are unanimously agreed.	N/A	N/A
			2022-12-07	Consideration of the (1) Proposal on the Achievement of the Conditions for the First Release of Restrictions on Sales in the Incentive Plan for Restricted stock in 2020;(2) Proposal on Adjustment of the Buy-back Price on Restricted Stock Incentive Plan for year of 2020; and (3) Proposal on Buy-back and Cancellation of the Restricted Stocks Partially Granted without Circulation for year of 2020		N/A	N/A

The 10 th session of Audit Committee	Feng Kaiyan, Pan Xinggao, Zhao Hong	4	2022-04-15	Consideration of the (1) Annual Report of 2021 (full-text) and Summary of Annual Report 2021; (2) Financial Report of 2021; (3) Summary Report of Audit Work of 2021; (4) Assessment Report of Internal Control of 2021 (5) the Proposal on Conducting Bill Pool Business (6) Proposal on Estimating the Total Amount of Routine Related Transactions in 2022 (7) Proposal on Entrusted Wealth Management with Idle Own-Funds of the Company; (8) Proposal on Appointment of the Auditing Institution for 2022 Financial Report; and (9) Proposal on Appointment of Auditing Institution for 2022 Internal Control Evaluation	Audit Committee verified and deliberated on the matters strictly in terms of the Rules of Work of Audit Committee of the Board and relevant laws and regulations, relevant proposals are unanimously agreed.	N/A	N/A
			2022-04-25	Consideration of the First Quarter Report of 2022		N/A	N/A
			2022-08-19	Consideration of the Semi-Annual Report of 2022 (full-text) and Summary of Semi-Annual Report 2022		N/A	N/A
			2022-10-21	Consideration of the Third Quarter Report of 2022		N/A	N/A

VIII. Works of Supervisory Committee

Does the Supervisory Committee discover any risks in the company during its supervisory activities during the reporting period?

Yes No

The Supervisory Committee has no objections to the supervisory matters during the reporting period.

IX. Particulars of workforce

1. Number of employees, professional composition and education background

The total number of current employees at year end (person)	2,681
The total number of current employees to receive pay (person)	3,208
Retired employee' s expenses borne by the parent Company and main subsidiaries (person)	5,889
The total number of current employees at year end (person)	5,889
The total number of current employees to receive salaries (person)	0
Professional composition	
Category of professional composition	Number of professional composition(person)
Production personnel	3,484
Sales personnel	169
Technical personnel	1,413
Financial personnel	99

Administrative personnel	724
Total	5,889
Education background	
Category of education background	Numbers(person)
Master degree and above	491
Undergraduate	1,715
Junior college	1,076
Other	2,607
Total	5,889

2. Remuneration policy

According to the talent concept of “Joint endeavour and fair sharing”, the Company further improves the performance management and salary management system, strengthens the scientificity and pertinence of performance goals, and focuses on the Company’s strategy and business plan to give full play to the guiding and promoting role of goals; further plays the role of incentive funds, strengthens the promotion and incentive strength of major innovation and development projects so as to promote the realization of the Company’s strategic goals.

3. Training plan

Taking “Building a Strategy-oriented Talent Team” as the objective, the Company actively promotes the development and construction of “San Hang Yi Jiang” talents, and comprehensively enhances the competence of employees as well as their business and technical capabilities. Establish a multi-channel training approach and integrate online and offline training resources to expand training coverage; Design and implement training and development plans for job requirements and enhance internal knowledge sharing; Further advance action-based learning, emphasize the transformation of training effects, and promote the upgrading of the talent capabilities of the Company.

4. Labor outsourcing

Applicable Not applicable

X. Profit distribution plan and transfer of capital reserve into share capital

Formulation, implementation and adjustment of profit distribution policy, in particular the cash dividend policy during the reporting period

Applicable Not applicable

1. Cash dividend policy: carry out bonus distribution according to the regulations of *Articles of Association*.
2. During the reporting period, the Company implemented the profit distribution for year of 2021, based on the shares which exclude the buy-back shares on buy-back account (2,997,277 A-stock) from total share capital 1,008,659,570 shares, distributed 16 yuan (tax included) cash dividend for every 10 shares held, without capitalization from capital reserves. The plan was completed in June 2022. 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 small & medium shareholders and maintain the legitimate rights and interests of small & medium 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
Small & medium 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 dividend policy adjusted or changed (Y/N):	Not applicable

The Company earnings during the reporting period and profit available for distribution to shareholders from parent company is positive, but no cash dividend distribution plan has been proposed

Applicable Not applicable

Profit distribution and capitalization of capital reserves during the reporting period

Applicable Not applicable

Bonus shares for every 10-share (Share)	0
Dividends for every 10-share (RMB) (Tax included)	1
Increase for every 10-share (Share)	
Equity base of distribution plan (Share)	983,173,293
Total cash dividend (RMB) (Tax included)	98,317,329.30
Cash dividend by other ways (share buy-back included) (RMB)	397,804,542.63
Total cash dividend (other ways included) (RMB)	496,121,871.93
Profits available for distribution (RMB)	10,765,319,818.29
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 reserves	

The company's 2022 annual profit distribution plan: based on the 983,173,293 shares which exclude the buy-back shares on buy-back account (25,000,000 A-stock) from total share capital 1,008,950,570 shares (According to the provisions of the *The Company Law of the People's Republic of China*, the listed company does not have the right to participate in the profit distribution and the conversion of the capital reserve into the share capital by repurchasing the shares held by the company through the special securities account), distributing 1.00 yuan (tax included) cash dividend for every 10 shares held, no bonus shares, without capitalization from capital reserves. The remaining undistributed profit is carried forward to the next year. The total amount of cash dividend to be paid is RMB 98,317,329.3 (tax included). If the total share capital of the Company changes before the implementation of the distribution plan, the Company will be allocated according to the principle of unchanged distribution proportion and adjustment of the total amount of distribution. The independent directors of the Company expressed their independent opinions and agreed to the above proposal. The profit distribution plan will be submitted for consideration at the 2022 Annual General Meeting.

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

Applicable Not applicable

1. Stock incentive

On October 12, 2020, the Company held the 17th meeting of the 9th session of BOD to deliberate and approved relevant proposal as the “Restricted Stock Incentive Plan 2020 (Draft)”.

On November 3, 2020, the Company held the second extraordinary shareholders' general meeting of 2020 to deliberate and approved relevant proposals as the “Restricted Stock Incentive Plan 2020 (Draft) and its summary”, “Proposal on Assessment Management Measures for Restricted Stock Incentive Plan Implementation” and “Proposal to Request the Shareholders' General Meeting to Authorized BOD to Fully Handle Matters Regarding Stock Incentive”.

On November 12, 2020, the Company held the 21st meeting of 9th session of the BOD, as authorized by the second extraordinary shareholders' general meeting of 2020, deliberate 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”. The BOD considers that conditions for the initial grant of 2020 restricted stock incentive plan have been met, and November 12, 2020 is determine as the initial grant date, 19,540,000 restricted shares are granted to 601 incentive recipients at a grant price of 15.48 yuan/Share.

The Notice on Completion of the First Grant of 2020 Restricted Stock Incentive Plan was released by the Company dated December 8, 2020.

On October 22, 2021, the Company held the 5th meeting of 10th session of the BOD to deliberate and approve relevant proposals as Adjustment of the Buy-back Price on Restricted Stock Incentive Plan for year of 2020 and Buy-back and Cancellation of the Restricted Stocks Partially Granted without Circulation for year of 2020, and decided to buy-back and cancel 291,000 restricted shares held by 11 incentive recipients that had been granted but not yet unlocked. As of December 20, 2021, cancellation of the above mentioned buy-back shares are completed at the Shenzhen Branch of CSDC. After cancellation, number of the incentive recipients for the first grant of 2020 restricted stock incentive plan was adjusted from 601 to 590, restricted stock of 19,249,000 shares are being held in total.

On December 7, 2022, the Company held the 14th meeting of 10th session of the BOD, and deliberate and passed the Proposal on the Achievement of the Conditions for the Release of Restricted Shares in the First Restricted Period of the 2020 Restricted Stock Incentive Plan, the Proposal on Adjustment of the Buy-back Price on Restricted Stock Incentive Plan for year of 2020 and the Proposal on Buy-back and Cancellation of the Restricted Stocks Partially Granted without Circulation for year of 2020. It agreed to apply for the release of 7,632,000 restricted stocks granted to 581 incentive recipients and decided to buy-back and cancel 430,000 restricted shares held by 23 incentive recipients that had been granted but not yet unlocked. On December 16, 2022, the shares

released from this restricted sale were formally available for circulation. As of February 16, 2023, the Company completed the buy-back and cancellation procedures for the aforementioned 430,000 shares at Shenzhen branch of China Securities Depository and Clearing Co., Ltd. After this cancellation, the number of incentive recipients granted for the first time by the Company's restricted stock incentive plan in 2020 was adjusted from 590 to 568, holding 11,187,000 restricted stock in total.

Equity incentive received by directors and senior executives

Applicable Not applicable

In share

Name	Title	Number of stock options held at beginning of the year	Number of new stock options granted during the reporting period	Number of stock exercisable during the reporting period	Number of stock exercised during the reporting period	Exercise price of the stock exercised during the reporting period (RMB/Share)	Number of stock options held at end of the period	Market value 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 period
Wang Xiaodong	Chairman							17.73	400,000	160,000		15.48	240,000
Xu Yunfeng	Vice Chairman, GM							17.73	350,000	140,000		15.48	210,000
Ou Jianbin	Director, executive vice president and head of finance							17.73	280,000	112,000		15.48	168,000
Miao Yuming	Deputy GM							17.73	280,000	112,000		15.48	168,000
Xu Sheng	Deputy GM							17.73	280,000	112,000		15.48	168,000
Rong Bin	Deputy GM							17.73	280,000	112,000		15.48	168,000
Liu Jinjun	Deputy GM, Secretary of the Board							17.73	280,000	112,000		15.48	168,000
Li Gang	Chief engineer							17.73	280,000	112,000		15.48	168,000
Total	--	0	0	0	0	--	0	--	2,430,000	972,000	0	--	1,458,000

Assessment mechanism and incentive condition of the senior executives

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 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.

Whereas the Company implements the 2020 restricted stock incentive plan, and the incentive targets overlap with the long-term incentives for core talents, the remuneration committee of the BOD 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.

2. Implementation of employee stock ownership plan

Applicable Not applicable

3. Other employee incentives

Applicable Not applicable

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

1. Construction and implementation of internal control

This year, the Company established the internal control system for the business and matters included in the scope of evaluation in accordance with the requirements of the Basic Norms for Enterprise Internal Control and its supporting guidelines and regularly improve and optimize the relevant system, the company and the subordinate companies are able to achieve the basic effective implementation of internal control system. In 2022, the wholly-owned subsidiary WFTR may have been defrauded by the contract in the "platform trade" business. The public security organs have filed a case, as of the date of this report, the case is still in the investigation stage.

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

Yes No

Defects happened time	Specific description of the defect	Potential impact of defects on financial reporting	Corrective actions that have been or are to be implemented	Rectification time	Person responsible for the rectification	Result of the rectification
2023	When the transaction volume and transaction	The company has recorded a credit impairment loss	The Company has stopped the execution of contracts with	2023-4	WFTR	The company has set up a special working group and

	volume of the contract increased significantly, the company failed to verify the authenticity of relevant agreements in a timely and prudent manner, and failed to judge the rationality of the end customer's demand, so as to verify the end customer	in its 2022 annual report	the parties involved in the "platform trade" business, the security organs have launched a criminal investigation on the case that WFTR was defrauded by contracts in its "platform trade" business. At present, the case is in the investigation stage			concentrates on the disposal of risk matters
2023	Failed to carefully check whether there was real physical movement of the "platform trade" business without controlling the trading inventory	The company has recorded a credit impairment loss in its 2022 annual report	The Company has stopped the execution of contracts with the parties involved in the "platform trade" business, the security organs have launched a criminal investigation on the case that WFTR was defrauded by contracts in its "platform trade" business. At present, the case is in the investigation stage	2023-	WFTR	The company has set up a special working group and concentrates on the disposal of risk matters
2023	When the "platform trade" business has a large capital demand, it fails to prudently check the credit status of the supplier and evaluate the performance ability of the supplier, and prudently check whether the	The company has recorded a credit impairment loss in its 2022 annual report	The Company has stopped the execution of contracts with the parties involved in the "platform trade" business, the security organs have launched a criminal investigation on the case that WFTR was defrauded by	2023-4	WFTR	The company has set up a special working group and concentrates on the disposal of risk matters

	upstream supplier and downstream customer are controlled by the same actual controller and whether there is a relationship between them and the transaction object		contracts in its "platform trade" business. At present, the case is in the investigation stage			
--	--	--	--	--	--	--

XIII. Management and controls on subsidiaries during the reporting period

Name	Integration plans	Integration progress	Problems encountered in integration	Countermeasures taken	Resolution progress	Follow-up resolution plan
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

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

1. Self-assessment Report of Internal Control

Disclosure date of full internal control assessment report	2023-04-28	
Disclosure index of full internal control assessment report	For more details, please refer to the <i>Self-assessment Report of Internal Control for 2022</i> published on Juchao Website (www.cninfo.com.cn) appointed by Shenzhen Stock Exchange	
The ratio of the total assets of entities included in the scope of assessment accounting for the total assets on the company's consolidated financial statements	92.74%	
The ratio of the operating income of units included in the scope of assessment accounting for the operating income on the company's consolidated financial statements	97.98%	
Defects recognition criteria		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	See details in (II) Basis for assessment of internal controls and defect recognition criteria of internal controls of III <i>Assessment of Internal Controls in 2022 Annual Internal Control Self-Assessment Report</i> disclosed on www.cninfo.com.cn dated April 28, 2023.	See details in (II) Basis for assessment of internal controls and defect recognition criteria of internal controls of III <i>Assessment of Internal Controls in 2022 Annual Internal Control Self-Assessment Report</i> disclosed on www.cninfo.com.cn dated April 28, 2023.
Quantitative standard	See details in (II) Basis for assessment of internal controls and defect recognition criteria of internal controls of III <i>Assessment of Internal Controls in 2022 Annual Internal Control Self-Assessment Report</i> disclosed on www.cninfo.com.cn dated April 28, 2023.	See details in (II) Basis for assessment of internal controls and defect recognition criteria of internal controls of III <i>Assessment of Internal Controls in 2022 Annual Internal Control Self-Assessment Report</i> disclosed on www.cninfo.com.cn dated April 28, 2023.

Number of significant defects in financial reports	0
Number of significant defects in non-financial reports	3
Number of important defects in financial reports	0
Number of important defects in non-financial reports	0

2. Audit report of internal control

Applicable Not applicable

Deliberations in Internal Control Audit Report	
Audit institute considers that: according to relevant regulations and <i>Basic Internal Control Standards for Enterprise</i> , Weifu High-Technology Group Co., Ltd. in all major aspects, keeps an efficiency of internal control of financial report dated December 31, 2022.	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	2023-04-18
Index of audit report of internal control (full-text)	For more details, please refer to the <i>Audit report of internal control for year of 2022</i> published on Juchao website (www.cninfo.com.cn) appointed by Shenzhen Stock Exchange
Opinion type of auditing report of IC	Unqualified opinion with highlighted paragraphs
Whether the non-financial report had major defects (Y/N)	Y

Carried out modified opinion for internal control audit report from CPA

Yes No

Users of internal control audit reports are reminded of the following:

the security organs have launched a criminal investigation on the case that WFTR was defrauded by contracts in its "platform trade" business. At present, the case is in the investigation stage, and the outcome of the case is uncertain in the future. The management of WFHT has identified the internal control defects in the development of the "platform trade" business and included them in the enterprise internal control evaluation report. This paragraph does not affect the audit opinion expressed regarding the effectiveness of internal control over financial reporting.

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

Yes No

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

Nil

Section V. Environmental and Social Responsibility

I. Major environmental issues

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

Yes No

Administrative punishment for environmental problems during the reporting period

Policies and industry standards related to environmental protection

Wuxi Weifu High-Tech Group Co., Ltd. and its subsidiaries diligently fulfill environmental protection policies and guidelines at all levels during production and operation, strictly comply with related national environmental protection laws and regulations such as *Environmental Protection Law of the People's Republic of China*, *Environmental Impact Assessment Law of the People's Republic of China*, *Air Pollution Prevention and Control Law of the People's Republic of China*, *Water Pollution Prevention and Control Law of the People's Republic of China*, *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*, *Noise Pollution Prevention and Control Law of the People's Republic of China*, *Energy Conservation Law of the People's Republic of China*, *Cleaner Production Promotion Law of the People's Republic of China*, *Environmental Protection Tax Law of the People's Republic of China*, *Measures for the Management of Hazardous Waste Transfer*, *Regulations on Environmental Protection of Construction Projects*, *Regulations on the Administration of Emission Permits* as well as related local environmental protection management rules and regulations, regularly collect newly promulgated laws and regulations on ecological and environmental protection at all levels, and perform compliance evaluation transformation by combining with production reality to ensure compliance with the law at all times in the production and operation of the Company.

In the process of production, the Company has constructed comprehensive waste gas and waste water treatment facilities and solid waste storage facilities in strict accordance with the requirements of related standards such as *Standards for Comprehensive Sewage Discharge*, *Water Quality Standards for Sewage Discharge into Urban Sewers*, *Comprehensive Emission Standards for Air Pollutants*, and *Pollution Control Standards for Hazardous Waste Storage*, and guaranteed stable operation, in an effort to minimize the negative impact of production and operation on the ecological environment.

Administrative licenses for environmental protection

All the construction projects of Wuxi Weifu High-Tech Group Co., Ltd. and its subsidiaries have been prepared with environmental impact reports (forms), and have been approved by the local ecological and environmental authorities, and all have obtained emission permits (registrations) in accordance with the requirements of laws and regulations, and the emission permits (registrations) to expire in 2022 have been changed or renewed in a timely manner, thereby effectively achieving licensed emission and legal and compliant emission. *Discharge Permit of Wuxi Weifu High-Tech Group Co., Ltd.*, valid period: from March 27, 2020 to March 26, 2023; *Discharge Permit of Nanjing Weifu Jinning Co., Ltd.*, valid period: From September 24, 2022 to September 23, 2027; *Discharge Permit of Wuxi Weifu Chang'an Co., Ltd.*, valid period: from December 31, 2020 to December 30, 2023.

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

Company/Subsidiary	Main pollutants and specific pollutants	Name of main pollutants and specific pollutants	Emission mode	Number of emission outlets	Distribution of emission outlets	Emission concentration/strength	Standard for emission of pollutants implemented	Total emissions	Total emissions approved	Excessive emission
WFHT	Water pollutant	Chemical oxygen demand,	Discharged through the	1	WFMS sewage discharge	Chemical oxygen demand 97mg/l,	Wastewater Quality Standards for	Chemical oxygen demand	Chemical oxygen demand	None

		ammonia nitrogen, total nitrogen, total nitrogen, petroleum	municipal sewage pipe network after being treated by the company's sewage treatment station		outlet	ammonia nitrogen 11.1mg/l, total phosphorus 0.15mg/l, total nitrogen 13.4mg/l, and petroleum 5.5mg/l	Discharge to Municipal Sewers (GB/T31962-2015)	18.86 tons, ammonia nitrogen 2.15 tons, total phosphorus 0.03 tons, total nitrogen 2.61 tons, and petroleum 1.06 tons	78 tons, ammonia nitrogen 7.8 tons, total phosphorus 0.52 tons, total nitrogen 10.4 tons, and petroleum 1.95 tons	
	Water pollutant	Chemical oxygen demand, ammonia nitrogen, petroleum, total nitrogen and petroleum	Discharged through the municipal sewage pipe network after being treated by the company's sewage treatment station	1	WFAC sewage discharge outlet	Chemical oxygen demand 135mg/l, Ammonia nitrogen 18.9mg/l, total nitrogen 32.35mg/l, total phosphorus 1.88mg/l, petroleum 3.2mg/l	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015)	Chemical oxygen demand 1.893 tons, ammonia nitrogen 0.265 tons, total nitrogen 0.453 tons, 0.027 tons of total phosphorus and 0.045 tons of petroleum.	Chemical oxygen demand ≤8.924 tons, ammonia nitrogen ≤0.682 tons, total nitrogen ≤1.017 tons, total phosphorus ≤0.094 tons, and petroleum ≤0.410 tons	None
	Air pollutants	Non-methane hydrocarbon	The exhaust air will be discharged in an organized way after being treated by oil mist processor and absorbed by activate	17	There are 5 machining worksh ops, 10 heat treatment worksh ops and 4 assembly worksh ops	2.14 mg/m3	Comprehensive Emission Standard of Air Pollutants (GB16297-1996)	1.78 tons	2.523 tons	None

			d carbon							
Air pollutants	Non-methane hydrocarbon	The exhaust air will be discharged in an organized way after being treated by oil mist processor and absorbed by activated carbon		4	4 in 101 workshop	2.32mg/m ³ 1.75 mg/m ³ 2.18 mg/m ³ 1.49 mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	0.5706 tons	1.152 tons	None
Air pollutants	Ammonia gas	Discharged in an organized way after being absorbed by ammonia spray tower		1	1 heat treatment workshop	1.2 mg/m ³	Emission Standards for Odor Pollutants (GB14554-93)	0.061 tons of ammonia gas	0.071 tons of ammonia gas	None
Air pollutants	Particles	Organized discharge after bag dust-cleaning.		2	2 heat treatment workshops	1.64mg/m ³ ; , 1.84 mg/m ³	Comprehensive Emission Standard of Air Pollutants (GB16297-1996)	0.0118 tons	0.048 tons	None
Solid waste	Hazardous wastes such as waste oil, waste emulsion, cleaning waste liquid, grinding wheel ash, sewage pretreatment sludge and oil-containing filter element	Entrust a legally qualified unit for disposal.		Not applicable	Not applicable	Not applicable	Not applicable	1255.6 tons	1757.5 tons	None

		s								
WFCA	Water pollutant	Chemical oxygen demand, ammonia nitrogen, total phosphorus, total nitrogen, suspended solids	Discharged through the municipal sewage pipe network after being treated by the company's sewage treatment station	1	Sewage discharge outlet	Chemical oxygen demand 36mg/L, suspended matter 11mg/L, ammonia nitrogen 1.57mg/L, total phosphorus 0.054mg/L, and total nitrogen 5.01 mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015)	Chemical oxygen demand is 3.015 tons, suspended matter is 0.921 tons, ammonia nitrogen is 0.1315 tons, total phosphorus is 0.0045 tons and total nitrogen is 0.42 tons	Chemical oxygen demand is 35.018 tons, suspended matter is 26.263 tons, ammonia nitrogen is 2.626 tons, total phosphorus is 0.438 tons, and total nitrogen is 3.502 tons	None
Nanjing Weifu Jinning Co., Ltd.	Water pollutant	Chemical oxygen demand and ammonia nitrogen	Discharged through the municipal sewage pipe network after being treated by the company's sewage treatment station	1	Sewage discharge outlet	Chemical oxygen demand 72mg/L, Ammonia nitrogen 13mg, total phosphorus 0.38 mg/L, and petroleum 0.48 mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015)	Chemical oxygen demand 6.1 tons, ammonia nitrogen 1 ton, total phosphorus 0.03 ton, and petroleum 0.04 ton	Not applicable	None
	Solid waste	Hazardous wastes such as waste oil, oily sludge, grinding wheel ash, empty barrels, activated carbon and filter	Entrust a qualified unit for disposal.	Not applicable	Not applicable	Not applicable	Not applicable	292t	Not applicable	None

		element s.								
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Treatment of pollutants

Wuxi Weifu High-Tech Group Co., Ltd. mainly focuses on mechanical processing, and mainly produces oil mist exhaust gas (non-methane total hydrocarbon) from metal processing. And the oil mist exhaust gas produced by Workshop 101 will be treated by high-efficiency oil mist purifier and then discharged through four 15m-high exhaust funnels. The oil mist waste gas generated by MS machining workshop will be treated by high-efficiency oil mist purifier and then discharged through four 15m-high exhaust funnels; The cleaning waste gas (non-methane total hydrocarbons) will be treated by high-efficiency oil mist purifier and activated carbon adsorption device, and then discharged through two 15m-high exhaust funnels; The quenching waste gas (non-methane total hydrocarbons) will be treated by high-efficiency oil mist purifier and then charged up to standard via three 15m-high exhaust funnels; The test waste gas (non-methane total hydrocarbons) will be treated by high-efficiency oil mist purifier and then charged up to standard via a 15m-high exhaust funnel; The shot blasting waste gas (particulate matter) is treated by bag filter and then discharged through two 15m-high exhaust funnels. The waste gas (ammonia, methanol, non-methane total hydrocarbons) produced by carbonitriding process will be treated by acid spray tower and then discharged through a 15m-high exhaust funnel. The carburized waste gas (non-methane total hydrocarbon) will be treated by fire curtain combustion+activated carbon adsorption device, and then discharged up to the standard through six 15m-high exhaust funnels. The rest of the waste gas will be discharged up to the standard in the workshop. The Company has built two sewage treatment stations with the designed treatment capacity of 1600m³/d and 150 m³/d in WFMS and WFAC factories. After being adjusted in the air flotation tank, the production wastewater then will be discharged into the biochemical system of the sewage station together with the domestic sewage treated by septic tanks and grease traps for treatment, and the treated sewage will be discharged via the municipal pipe network according to the standard.

Wuxi Weifu Chang'an Co., Ltd. has built a sewage treatment station with a designed treatment capacity of about 300m³/d in the factory. After being adjusted by the air flotation tank, the production wastewater is discharged into the biochemical system of the sewage station for treatment together with the domestic sewage treated by septic tanks and grease traps, and the treated sewage is discharged via the municipal pipe network according to the standard.

Nanjing Weifu Jinning Co., Ltd. has built a set of industrial sewage treatment station with a designed treatment capacity of about 150m³/d and a domestic sewage treatment station with a treatment capacity of about 450m³/d in the factory area. After being adjusted by the air flotation tank, the industrial wastewater will be discharged into the biochemical system of the sewage station together with the domestic sewage treated by septic tanks and grease traps for treatment, and the treated sewage will be discharged via the municipal pipe network according to the standard.

Emergency plan for environmental emergencies

The Company and its subsidiaries have compiled the *Emergency Plan for Sudden Environmental Events* in accordance with the standards and specifications, combined with the actual production situation of the Company, and have filed it after the review organized by relevant local departments, and revised it on schedule. During the reporting period, the Company carried out comprehensive emergency plan drills and special emergency plan drills according to the annual emergency drill plan, and summarized and evaluated the drills and improved the corresponding emergency measures.

Environmental self-monitoring program

During the reporting period, the Company and its subsidiaries have compiled the *Environmental Self-monitoring Plan for 2022* in accordance with relevant management requirements and norms, and passed the review and filing by local ecological and environmental authorities. According to the requirements of the scheme, a qualified third party agency has been entrusted to monitor the company's waste gas, waste water and noise on a regular basis. All monitoring data have been disclosed on national and local self-monitoring platforms in accordance with the *Measures for Self-monitoring and Information Disclosure of State Key Monitoring Enterprises (Trial)* and supervised by the public. The monitoring data are in line with national and local standards, and there is no excessive discharge found.

The investment in environmental governance and protection and the relevant situation of paying environmental protection tax

The Company and its subsidiaries have set up complete environmental protection treatment facilities in accordance with the requirements of the EIA reply and the current environmental management requirements, and reached the discharge standard of all air pollutants and water pollutants. The Company has built compliant storage facilities to store solid wastes and entrusted qualified units for disposal, running at the leading level in the industry in terms of investment in environmental protection. During the reporting period, the Company and its subsidiaries have paid environmental protection taxes on a quarterly basis in accordance with the requirements of laws and regulations.

The investment in environmental governance and protection and the relevant situation of paying environmental protection tax

Wuxi Weifu High-Tech Group Co., Ltd. and its subsidiaries have set up complete environmental protection treatment facilities in accordance with the requirements of the EIA reply and the current environmental management requirements, and reached the discharge standard of all air pollutants and water pollutants. The Company has built compliant storage facilities to store solid wastes and entrusted qualified units for disposal, running at the leading level in the industry in terms of investment in environmental protection.

During the reporting period, Wuxi Weifu High-Tech Group Co., Ltd. and its subsidiaries have paid environmental protection taxes on a quarterly basis in accordance with the requirements of laws and regulations.

Measures to reduce carbon emissions during the reporting period and effects

Saving resources and reducing consumption is an important part of the Company's core values. On the one hand, it is beneficial to improve the efficiency of the Company, but also to improve the utilization rate of resources in the whole society. Therefore, the Company continues to improve the utilization of resources through technological innovation, vigorously promote energy conservation and emission reduction, and strive to achieve green production. The Company's existing main business is focused on automobile energy saving and emission reduction. At present, all the Company's main products have met the emission regulations being implemented by the country, and the Company is actively storing products that meet the requirements of more stringent emission regulations. At the same time, in recent years, the Company has accelerated the promotion of green hydrogen energy, intelligent electric and other new energy business layout and development, contributing to the realization of carbon peak carbon neutral goal.

Administrative penalties for environmental problems during the reporting period

None

Other information about the environment that shall be disclosed.

During the reporting period, the Company and its subsidiaries have regularly filled in the implementation reports (quarterly reports and annual reports) of pollutant discharge permits in accordance with national and local laws and regulations. All air pollutants and water pollutants have been released in accordance with the standards, and hazardous wastes have been disposed of by qualified units, and the transfer slip system has been strictly implemented.

Other environmental information

Not applicable

II. Social responsibility

For details, please refer to the Social Responsibility Report for Year of 2022 released by the Company on the same day on Juchao Website (www.cninfo.com.cn)

III. Consolidating and expanding the achievements of poverty alleviation and rural revitalization

During the reporting period, the Company has actively fulfilled its social responsibilities, demonstrated its commitment to the times, established a favorable corporate image and made positive contributions to the promotion of sustainable and high-quality economic and social development.

In the initiative of “Ten Thousand Enterprises Linked with Ten Thousand Villages to Jointly Take the Road of Revitalization”, the Company paired up with Maohua Village in Taihua Town, Yixing. The Company has integrated the procurement of agricultural products for employee welfare and team-building activities for employees with support for the development and revitalization of Maohua Village, and has engaged in joint building and exchange activities with Maohua Village, with three batches of agricultural products from Maohua Village purchased during the year. The Party Committee of the Company signed an alliance with the Party Branch of the Baita Village of Yixing Xizhu Town to deepen the connotation of cooperation, extend the results of cooperation and realize mutual benefits. The Company has integrated the visit and study of the Party backbone and the team culture building of the employees with the development and revitalization of Baita Village, and has organized two batches of the Party members and employees to visit Baita Village for team culture building activities.

Section VI. Important Matters

I. 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. For assets or projects of the Company which keeps profitable forecast during the reporting period, description reasons for reaching the original profitable forecast

Applicable Not applicable

II. Occupation of the non-operational funds of the listed company by controlling shareholders and its related party

Applicable Not applicable

No non-operational funds of the listed company have been occupied by the controlling shareholders and its related party in period.

III. External guarantee out of the regulations

Applicable Not applicable

No external guarantee out of the regulations occurred in the period.

IV. Statement on the latest “modified audit report” by BOD

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

Interpretation No. 15 of the Accounting Standards and Interpretation No. 16 of the Accounting Standards: On December 30, 2021, the Ministry of Finance issued the *Accounting Standards Interpretation No. 15 for Business Enterprises* (Cai Kuai [2021] No. 35), which stipulates the accounting treatment and presentation of products or by-products generated by fixed assets before reaching

their intended usable state or during the research and development process, and that the net amount of revenue related to trial operation sales should not be offset against fixed asset costs or research and development expenses. It is clarified that the “cost of fulfilling the contract” considered by enterprises when determining whether the contract constitutes a loss contract should include both the incremental cost of fulfilling the contract and the allocation amount of other costs directly related to fulfilling the contract. This regulation will come into effect from January 1, 2022. On November 30, 2022, the Ministry of Finance issued the *Accounting Standards Interpretation No. 16 for Business Enterprises* (Cai Kuai [2022] No. 31), stipulating that for financial instruments classified as equity instruments by enterprises, if relevant dividend expenditures are deducted before corporate income tax in accordance with relevant tax policies, the income tax impact related to dividends should be recognized when determining the payable dividends, and in accordance with the accounting treatment adopted in transactions or events that generate distributable profits in the past, the impact of dividend income tax is recorded in the current period’s profit and loss or owner’s equity (including other comprehensive income items), clarifying the terms and conditions of the enterprise’s modification of cash settled share-based payment agreements to become equity settled share-based payments. On the modification date (whether occurring during the waiting period or after the end), equity settled share-based payments should be measured at the fair value on the date of modification of the granted equity instrument, and the services obtained should be included in the capital reserve. At the same time, the recognition of cash settled share-based payments as recognized liabilities on the modification date should be terminated, and the difference between the two should be included in the current profit and loss. For specific details, please refer to “Note V-37. Changes in Significant Accounting Policies and Accounting Estimates” in Section 10 of the Financial Report.

VII. Comparing with last year’s financial report, explain changes in the scope of consolidated statement

Applicable Not applicable

Changes in the scope of consolidation	Name of enterprise	Acquisition manner of equity	Contribution ratio
Increase in consolidation scope	WFQL	Jointly funded and established by the Company with its wholly-owned subsidiaries IRD FUEL CELLS A/S, BORIT NV, as well as ROBERT BOSCH INTERNATIONALE BETEILIGUNGEN AG and Wuxi High-Tech Zone New Dynamic Industrial Development Fund (Limited Partnership)	75.00%
Increase in consolidation scope	VHIT	A wholly-owned subsidiary purchased by the Company through SPV in cash in the current period	100.00%
Increase in consolidation scope	VHCN	Wholly owned subsidiary purchased in cash by the Company in the current period	100.00%

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

Accounting firm appointed

Name of domestic accounting firm	Gongzheng Tianye Certified Public Accountants (Special General Partnership)
Remuneration of domestic accounting firms (in ten thousand yuan)	193
Continuous life of auditing service for domestic accounting firm	30
Name of domestic CPA	Gu Zhi, Zhang Qianqian
Continuous life of auditing service for domestic accounting firm	Gu Zhi (2 year), Zhang Qianqian (3 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 2021, Gongzheng Tianye was appointed as audit accounting firm for

internal control of the Company for year of 2022. In the Period, auditing charge for internal control amounting to 250,000 yuan.

IX. Particular about delisting after annual report disclosed

Applicable Not applicable

X. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period

XI. Major litigation and arbitration

Applicable Not applicable

Basic Situation of Litigation (Arbitration)	Amount Related to the Case (in ten thousand 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 WFHT 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 217	21,703	No	The plaintiff, Cinda Company, applied to Shenzhen Intermediate People's Court for withdrawal of the lawsuit on Dec. 6, 2022. On Dec. 8, the Shenzhen Intermediate People's Court issued two civil rulings (2022) Yue Min Chu No. 4298 and 4300, allowing the plaintiff, Cinda Company, to withdraw the lawsuit. After confirmation, the 4.71 million shares and fruits of	This litigation will not affect the company's daily operating activities for the time being	Have been enforced	Dec. 28, 2022	(Notice No.:2022-073)published on Juchao Website(www.cninfo.com.cn)

<p>million yuan under the name of the Company and other seven respondents and Hejun Company. Froze 4.71 million shares of Miracle Automation and 15.3 million shares of SDEC(now renamed into SNAT) held by the Company.</p>			<p>Miracle Automation held by the Company, as well as the 11,739,102 shares and fruits of SDEC (now renamed into SNAT) held by the company, were unfrozen on Dec. 26, 2022 and are currently in a tradable state.</p>				
<p>The Company has applied to Futian People's Court of Shenzhen for compulsory liquidation with Hejun Company</p>	<p>3,300</p>	<p>No</p>	<p>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. In process of the case, the liquidation team found that Hejun Company was</p>	<p>There is no impact on daily operation activities of the Company</p>	<p>Shenzhen Intermediate Court declared the bankruptcy of Hejun Company</p>	<p>Aug. 23, 2022</p>	<p>(Semi-annual report 2022, full text) published on Wuchao Website(www.cninfo.com.cn)</p>

			insolvent and turned to the Shenzhen Intermediate Court to apply for bankruptcy. The Company has received a Civil Ruling Letter from Shenzhen Intermediate Court. Hejun Company declared to bankruptcy and terminated the bankruptcy proceedings for Hejun Company.				
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XII. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company during the reporting period.

XIII. Integrity of the Company, its controlling shareholders and actual controllers

Applicable Not applicable

XIV. Major related party transaction

1. Related party transaction involved with daily operation

Applicable Not applicable

Related party	Relationship	Type of related transaction	Content of related party 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 over the approved limit or not (Y/N)	Clearing form for related transaction	Available similar market price	Date of disclosure	Index of disclosure

WFP M	Associ- ated enterpr- ise	Procure- ment of goods and service- s	Procure- ment of goods and service- s	Fair mark- et prici- ng	Marke- t price	5,277. 57	0.46%	4,000	Y	Accor- ding to the contra- ct	Mark- et price	Apr- . 19, 202 2	Notice No.:2 022- 012
RBCD	Associ- ated enterpr- ise, control- ling subsidi- ary of Robert Bosch	Procure- ment of goods and service- s	Procure- ment of goods and service- s	Fair mark- et prici- ng	Marke- t price	30,107 .73	2.63%	45,00 0	N	Accor- ding to the contra- ct	Mark- et price	Apr- . 19, 202 2	Notice No.:2 022- 012
WFEC	Joint venture of WFLD	Procure- ment of goods	Procure- ment of goods	Fair mark- et prici- ng	Marke- t price	57,537 .83	5.03%	70,00 0	N	Accor- ding to the contra- ct	Mark- et price	Apr- . 19, 202 2	Notice No.:2 022- 012
Robert Bosch Comp- any	Second largest shareh- older of the Compa- ny	Procure- ment of goods and service- s	Procure- ment of goods and service- s	Fair mark- et prici- ng	Marke- t price	23,216 .38	2.03%	30,00 0	N	Accor- ding to the contra- ct	Mark- et price	Apr- . 19, 202 2	Notice No.:2 022- 012
Chang chun Xuyan g	Joint venture of WFLD	Procure- ment of goods	Procure- ment of goods	Fair mark- et prici- ng	Marke- t price	34.25	0.00%	150	N	Accor- ding to the contra- ct	Mark- et price	Apr- . 19, 202 2	Notice No.:2 022- 012
Guoka i Metal	Holdin- g subsidi- ary of Wuxi Industr- y Group	Procure- ment of goods and service- s	Procure- ment of goods and service- s	Fair mark- et prici- ng	Marke- t price	1,451. 64	0.13%	0	Y	Accor- ding to the contra- ct	Mark- et price		
WFP M	Associ- ated enterpr- ise	Sales of goods and service- s	Sales of goods and service- s	Fair mark- et prici- ng	Marke- t price	98.09	0.01%	1,000	N	Accor- ding to the contra- ct	Mark- et price	Apr- . 19, 202 2	Notice No.:2 022- 012
RBCD	Associ- ated enterpr- ise, control- ling subsidi- ary of Robert Bosch	Sales of goods and service- s	Sales of goods and service- s	Fair mark- et prici- ng	Marke- t price	222,03 4.55	17.44 %	350,0 00	N	Accor- ding to the contra- ct	Mark- et price	Apr- . 19, 202 2	Notice No.:2 022- 012
WFEC	JOINT VENT- URE OF WFLD	Sales of goods and service- s	Sales of goods and service- s	Fair mark- et prici- ng	Marke- t price	94.45	0.01%	700	N	Accor- ding to the contra- ct	Mark- et price	Apr- . 19, 202 2	Notice No.:2 022- 012
Robert Bosch Comp- any	Second largest shareh- older	Sales of goods and	Sales of goods and	Fair mark- et prici-	Marke- t price	147,54 5.82	11.59 %	180,0 00	N	Accor- ding to the contra	Mark- et price	Apr- . 19, 202	Notice No.:2 022- 012

	of the Company	services	services	ng						ct		2	
Changchun Xuyang	Joint venture of WFLD	Sales of goods	Sales of goods	Fair market pricing	Market price	28.6	0.00%	500	N	According to the contract	Market price	Apr. 19, 2022	Notice No.:2022-012
WFP M	Associated enterprise	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	5		0	Y	According to the contract	Market price		
RBCD	Associated enterprise, controlling subsidiary of Robert Bosch	Other	Payable technical service fees	Fair market pricing	Market price	0		50	N	According to the contract	Market price	Apr. 19, 2022	Notice No.:2022-012
RBCD	Associated enterprise, controlling subsidiary of Robert Bosch	Other	Payment of technical commission fee etc.	Fair market pricing	Market price	114.73		150	N	According to the contract	Market price	Apr. 19, 2022	Notice No.:2022-012
RBCD	Associated enterprise, controlling subsidiary of Robert Bosch	Other	Procurement of fixed assets	Fair market pricing	Market price	450.35		250	Y	According to the contract	Market price	Apr. 19, 2022	Notice No.:2022-012
RBCD	Associated enterprise, controlling subsidiary of Robert Bosch	Other	Provide technical service, etc.	Fair market pricing	Market price	205.3		0	Y	According to the contract	Market price		
Robert Bosch Company	Second largest shareholder of the Company	Other	Payment of technical commission fee etc.	Fair market pricing	Market price	231.68		100	Y	According to the contract	Market price	Apr. 19, 2022	Notice No.:2022-012
Robert Bosch Company	Second largest shareholder of the Company	Other	Procurement of fixed assets	Fair market pricing	Market price	4,906.12		2,800	Y	According to the contract	Market price	Apr. 19, 2022	Notice No.:2022-012

	ny												
WFEC	Joint venture of WFLD	Other	Technical service fees payable etc.	Fair market pricing	Market price	10.21		50	N	According to the contract	Market price	Apr. 19, 2022	Notice No.:2022-012
WFEC	Joint venture of WFLD	Other	Provide technical services, etc.	Fair market pricing	Market price	4.22		150	N	According to the contract	Market price	Apr. 19, 2022	Notice No.:2022-012
WFEC	Joint venture of WFLD	Other	Rental fees receivable	Fair market pricing	Market price	238.08		300	N	According to the contract	Market price	Apr. 19, 2022	Notice No.:2022-012
WFEC	Joint venture of WFLD	Other	Utilities payable -water, electricity power and gas	Fair market pricing	Market price	118.78		200	N	According to the contract	Market price	Apr. 19, 2022	Notice No.:2022-012
Urban public distribution	Enterprise controlled by the parent Company	Other	Purchase canteen ingredients, etc	Fair market pricing	Market price	139.25		0	Y	According to the contract	Market price		
Total				--	--	493,850.63		685,400	--	--	--	--	--
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 2021, total related party transaction involved with daily operation for year of 2022 was predicted as 7,045 million yuan, and actually 4,938.5063 million yuan occurred in the Period. The related transactions classified according to types are as: 1. It estimated that procurement of goods and labor service from related party in 2022 will up to 1,491.50 million yuan, while 1,176.254 million yuan occurred actually in the Period; 2. It estimated that sales of goods and labor service to related party in 2022 will up to 5,522 million yuan, while 3,698.02 million yuan actually occurred. 3. It estimated that other related transactions with related party for year of 2022 will up to 40.50 million yuan while 64.24 million yuan actually occurred.									
Reasons for major differences between trading price and market reference price (if applicable)				Not applicable									

Explanation: In addition to the above related transactions, because that WFTR developed the "platform trade" business with its related direct customer Company A (Because it is still in the investigation stage of the public security organs, for the sake of case confidentiality, temporarily use "Company A" to indicate). After verification, it is found that the four companies that carry out "platform trade" business with WDTR may be controlled by Company A. Based on the association relationship between Weifu High-tech and Company A, these four companies constitute related parties of the company. Based on the principle of caution, the balance of the four companies that may be controlled by Company A is combined and listed in Company A. The aforementioned balance is the difference between the "purchase fund" paid by the "platform trade" business and the "sales fund" received. According to relevant information, the balance has been paid to the upstream suppliers (not related party) by the four companies. In accordance with the principle of substance over form, the "platform trade" business of WFTR is not treated as normal trade business but as fund receipt and payment, which is listed as "other receivables".

2. Related party transactions of assets or acquisition and sold

Applicable Not applicable

No related party transactions of assets or equity 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

Related Party	Related Connection	Reason	Non-business Capital Occupied	Beginning Balance (10K yuan)	Added Balance (10K yuan)	Recoverable Amount (10K yuan)	Rate	Current Interest (10K yuan)	Ending Balance (10K yuan)
Company A	Company director/senior managers' family controlled	Platform trade	Y		241,515.19				241,515.19
The financial and operating influence of Related Liability		Impact on the company's operating costs and financial conditions can be found in the "other receivables" platform trade "business form expected credit losses within							

Other explanation: Based on the principle of caution, the Company combines the balance of 4 companies that may be controlled by Company A into the following list. The balance is the difference between the "purchase fund" paid by WFTR based on the "platform trade" business and the "sales fund" received by WFTR. In accordance with the principle of substance over form, the company does not treat the "platform trade" business of WFTR as normal trade business but as fund collection and payment business for accounting treatment, so it is listed as other receivables.

5. Contact with the related finance companies

Applicable Not applicable

There are no deposits, loans, credits or other financial business between the finance companies with associated relationship and related parties

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

Applicable Not applicable

There are no deposits, loans, credits or other financial business between the finance companies controlled by the Company and related parties

7. Other material related party transactions

Applicable Not applicable

On January 7, 2022, the Company held the 6th meeting of 10th session of the BOD to deliberate and approved *the Proposal on Establishment of a Joint Venture Company for Hydrogen Fuel Cell Parts and Related Transactions*. The joint venture completed the industrial & commercial registration procedures on June 30, 2022, and obtained the Business License issued by Market Supervision Administration of Wuxi National High-tech Industrial Development Zone (Xinwu District of Wuxi).

On February 7, 2022, the Company held the 7th meeting of 10th session of the BOD to deliberate and approved *the Proposal on Acquisition of Equity and Related Transactions*. In December 2022, the company paid the consideration, completed equity delivery of equity transactions, the industrial and commercial change and filing procedures for VHIT and VHCN respectively.

On May 5, 2022, the Company held the 10th meeting of 10th session of the BOD to deliberate and approved *the Proposal to Increase Capital in a Participating Company and Related Transaction*. The participating company Xichan Weixin completed the industrial & commercial registration procedures on June 29, 2022, and obtained the new Business License.

On July 29, 2022, the Company held the 11th meeting of the 10th session of the BOD and approved *the Proposal on Establishing a Joint Venture and Related Party Transactions through Strategic Cooperation with Bosch Rexroth*. On December 8, 2022, the joint venture company completed the industrial and commercial registration procedures and obtained the business license.

Inquiries of related website with extraordinary report disclosed with material related transaction concerned

extraordinary report	Disclosure date	Website for disclosure
Announcement on Establishment of a Joint Venture Company for Hydrogen Fuel Cell Parts and Related Transactions	2022-01-11	Juchao Website(http://www.cninfo.com.cn)
Announcement on Acquisition of Equity and Related Transactions	2022-02-09	Juchao Website(http://www.cninfo.com.cn)
Announcement on Increasing Capital in a Participating Company and Related Transaction.	2022-05-07	Juchao Website(http://www.cninfo.com.cn)
Announcement on Establishing a Joint Venture and Related Party Transactions through Strategic Cooperation with Bosch Rexroth	2022-08-02	Juchao Website(http://www.cninfo.com.cn)

XV. Significant contract and implementations**1. Trusteeship, contract and leasing****(1) Trusteeship**

Applicable Not applicable

No trusteeship occurred during the reporting period

(2) Contracting

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

In ten thousand yuan

The Company's guarantee towards subsidiaries										
Name of guaranteed object	Disclosure date of announcement related to the guaranteed amount	Guaranteed amount	Actual occurring date	Actual guaranteed amount	Guarantee type	Collateral	Counter Guarantee	Guarantee period	Fulfilled or not	Guaranteed by related parties or not
VHIT Automotive Systems (Wuxi) Co. Ltd.	December 9, 2022	1,000	December 12, 2022	1,000	Joint liability guarantee	None	None	From the date of execution of the main contract up to and including two years from the date of expiry of the performance period of the obligations under the main contract or December 30, 2026 (whichever is the earlier)	No	No
Approved total guaranteed amount towards the subsidiaries within the reporting period		1,000		Total actual amount occurred towards subsidiaries within the reporting period		1,000				
Approved total guaranteed amount towards the subsidiaries at the year end		1,000		Total actual guarantee balance towards subsidiaries at the year end		1,000				
Total amount of the company's guarantee										
Approved total amount guaranteed		1,000		Total actual guaranteed amount		1,000				

within the reporting period		occurred within the reporting period	
Approved total amount guaranteed at the year end	1,000	Actual total guarantee balance at the year end	1,000
Proportion of actual total guaranteed amount to net assets			0.06%
Wherein:			
Total guaranteed amount towards shareholders, actual controllers and related parties			0
Guaranteed amount provided for guaranteed objects with a liability rate of assets of over 70% directly or indirectly			0
Excess of total guaranteed amount over 50% of net assets			0
The aforementioned total amount guaranteed of three items			0

Specific description for using the guarantee by complex method: None

3. Trusted cash asset management

(1) Trust financing

Applicable Not applicable

Trust financing during the period

In ten thousand yuan

Type	Capital sources	Amount occurred	Outstanding balance	Overdue amount	Amount with impairment accrued for the overdue financial products which has not been recovered
Financing products	Own funds	70,908	9,850	0	0
Financial products of securities firms	Own funds	110,012	67,500	0	0
Trust financial products	Own funds	323,412	129,550	0	0
Other type	Own funds	148,713	114,649	0	0
Total		653,045	321,549	0	0

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

Applicable Not applicable

In ten 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 withdrawing (if applicable)	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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													able)		re	
Bank	Bank	Non-guaranteed floating income	474,600	Own fund	2022-01-05	2022-12-29	Bank financial products	Reference annual rate of return by the contract	2.05%-2.05%	1,518.28	1,440.99		0	Y	Y	
Securities	Securities	Non-guaranteed floating income	105,000	Own fund	2022-01-07	2024-11-22	Asset management Plan	Reference annual rate of return by the contract	4.70%-20.3%	24,527.28	2,976.07	Collected according to the contract	0	Y	Y	Apr. 19, 2022(Announcement No.:2022-013)
Trust	Trust	Non-guaranteed floating income	78,500	Own fund	2022-01-27	2024-03-18	Collection trust plan	Reference annual rate of return by the contract	3.40%-7.10%	3,487.25	14,943.69		0	Y	Y	
Other	Other professional financial institutions	Non-guaranteed floating income	20,400	Own fund	2022-02-24	2023-07-26	Private Equity Products	Reference annual rate of return by the contract	8.00%-10%	1,624.37	1,846.35		0	Y	Y	
Total			678,500	--	--	--	--	--	--	31,157.18	21,207.1	--	0	--	--	

It is expected that the principal of entrusted financial management fails to recover or there are other situations leading to impairment in entrusted financial management

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

The company had no entrusted loans in the reporting period.

4. Other significant contract

Applicable Not applicable

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

XVI. Explanation on other material matters

Applicable Not applicable

1. Share buyback during the reporting period

On April 15, 2022, the Company convened the 8th meeting of the 10th session of the BOD and deliberated and approved the *Proposal on the Repurchase Program of Part of the Company's A Shares*. The Company will repurchase part of its A shares by means of centralized competitive trading, with the total repurchase fund not less than RMB 362,500,000 (inclusive) and not more than RMB 725,000,000 (inclusive), and the price of the repurchased shares (A shares) shall not exceed RMB 29 per share (inclusive) [As the annual equity distribution for 2021 has been implemented and completed, the price of repurchased shares (A shares) will be adjusted from up to RMB 29 per share (inclusive) to up to RMB 27.41 per share from the ex-dividend date of the equity distribution (June 10, 2022) in accordance with related regulations]. As of December 31, 2022, the Company has bought back a total of 21,085,000 shares by means of centralized competitive bidding through the special securities account for repurchase, of which the highest transaction price was RMB 20.85 per share and the lowest transaction price was RMB 17.17 per share, and the total amount paid was RMB 397,804,542.63 (including transaction fees).

2. Release of restricted stocks during the reporting period

On December 7, 2022, the Company held the 14th meeting of 10th session of the BOD, and deliberated and passed the *Proposal on the Achievement of the Conditions for the Release of Restricted Shares in the First Restricted Period of the 2020 Restricted Stock Incentive Plan*, which agreed to apply for the release of 7,632,000 restricted stocks granted to 581 incentive recipients. On December 16, 2022, the shares released from this restricted sale were formally available for circulation.

XVII. Material matters of subsidiary of the Company

Applicable Not applicable

Section VII. Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

1. Changes in Share Capital

In Share

	Before the change		Change during the year(+/-)					After the change	
	Amount	Proportion	New shares issued	Bonus shares	Public reserve transfer into share capital	Other	Subtotal	Amount	Proportion
I. Restricted shares	19,289,336	1.91%				- 7,267,500	- 7,267,500	12,021,836	1.19%
1. State-owned shares									
2. State-owned legal person's shares									
3. Other domestic shares	19,289,336	1.91%				- 7,267,500	- 7,267,500	12,021,836	1.19%
Including: Domestic legal person's shares									
Domestic natural person's shares	19,289,336	1.91%				- 7,267,500	- 7,267,500	12,021,836	1.19%
4. Foreign shares									
Including: Foreign legal person's shares									
Foreign natural person's shares									
II. Unrestricted shares	989,370,234	98.09%				7,211,223	7,211,223	996,581,457	98.81%
1. RMB ordinary shares	816,990,234	81.00%				7,211,223	7,211,223	824,201,457	81.72%
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	1,008,659,570	100.00%				- 56,277	- 56,277	1,008,603,293	100.00%

Reasons for share changed

Applicable Not applicable

1. Within the reporting period, a total of 7,632,000 restricted shares granted to 581 incentive recipients of the Company were released from restricted sales and were officially listed for circulation on December 16, 2022. As 364,500 shares of lock-up shares for executives were involved, the actual number of shares released from restricted sales was 7,267,500 shares, thereby resulting in a change in the number of shares subject to restricted sales.

2. Within the reporting period, the Company has completed the cancellation of 56,277 shares of the special securities account for repurchase, resulting in the change of total share capital.

Approval status of share changes

Applicable Not applicable

1. On April 15 and May 18, 2022, the Company held the 8th meeting of the 10th session of the BOD and the 2021 Annual General Meeting respectively, deliberated and approved *the Proposal on Adjusting the Use and Cancellation of Remaining Repurchased Shares*. It was approved to adjust the use of 56,277 remaining shares in the repurchase special securities account from “for equity incentives” to “for cancellation to reduce registered capital”.

2. On December 7, 2022, the Company held the 14th meeting of 10th session of the BOD, and deliberated and passed the *Proposal on the Achievement of the Conditions for the Release of Restricted Shares in the First Restricted Period of the 2020 Restricted Stock Incentive Plan*, which agreed to apply for the release of 7,632,000 restricted stocks granted to 581 incentive recipients.

Ownership transfer of share changed

Applicable Not applicable

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

Applicable Not applicable

Other information necessary to disclose 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	415,586	60,000	160,000	315,586	Lock-up shares held by senior executives and Restricted Stock Incentive Plan for year of 2020	Dec. 16, 2022
Xu Yunfeng	359,750	52,500	140,000	272,250	Lock-up shares held by senior executives and Restricted Stock Incentive Plan for year of 2020	Dec. 16, 2022
Ou Jianbin	287,500	42,000	112,000	217,500	Lock-up shares held by senior executives and Restricted Stock Incentive Plan for year of 2020	Dec. 16, 2022
Miao Yuming	287,500	42,000	112,000	217,500	Lock-up shares held by senior executives and Restricted Stock Incentive Plan for year of 2020	Dec. 16, 2022
Rong bin	280,000	42,000	112,000	210,000	Lock-up shares held by senior executives and Restricted Stock Incentive	Dec. 16, 2022

					Plan for year of 2020	
Liu Jinjun	280,000	42,000	112,000	210,000	Lock-up shares held by senior executives and Restricted Stock Incentive Plan for year of 2020	Dec. 16, 2022
Li Gang	280,000	42,000	112,000	210,000	Lock-up shares held by senior executives and Restricted Stock Incentive Plan for year of 2020	Dec. 16, 2022
Xu Sheng	280,000	42,000	112,000	210,000	Lock-up shares held by senior executives and Restricted Stock Incentive Plan for year of 2020	Dec. 16, 2022
Middle management	16,819,000		6,660,000	10,159,000	Restricted Stock Incentive Plan for year of 2020	Dec. 16, 2022
Total	19,289,336	364,500	7,632,000	12,021,836	--	--

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

During the reporting period, the restricted shares for year of 2020 which has granted without circulation have repurchased and canceled partially by the Company, that is 56,277 shares, total share capital of the Company comes to 1,008,659,570 shares from 1,008,603,293 shares.

3. Current internal staff shares

Applicable Not applicable

III. Particulars about shareholders 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	66,140	Total common stock shareholders at end of last month before annual report disclosed	69,132	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 sharehol	Proportion of shares held	Total shareholders at the end of	Changes in report period	Number of lock-	Amount of un-lock up stock held	Information of shares pledged, tagged or frozen

	der		report period		up stocks held		State of share	Amount
Wuxi Industry Development Group Co., Ltd.	State-owned corporate	20.23%	204,059,398	0	0	204,059,398		
ROBERT BOSCH GMBH	Foreign corporate	14.16%	142,841,400	0	0	142,841,400		
Hong Kong Securities Clearing Company	Foreign corporate	1.95%	19,663,238	-5,046,183	0	19,663,238		
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign corporate	1.39%	14,006,315	-1,438,400	0	14,006,315		
NSSF-413	Other	1.00%	10,110,000	4,770,000	0	10,110,000		
FIDELITY INVMT TRT FIDELITY INTL SMALL CAP FUND	Foreign corporate	0.68%	6,863,386	-180,000	0	6,863,386		
Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Yingzhi Fund	Other	0.55%	5,500,106	5,500,106	0	5,500,106		
Xie Zuogang	Domestic natural person	0.51%	5,132,967	1,320,881	0	5,132,967		
Fei Guohua	Domestic natural person	0.50%	5,020,725	5,020,725	0	5,020,725		
Basic Pension Insurance Fund-1003	Other	0.45%	4,524,356	-3,191,300	0	4,524,356		
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., the first largest shareholder of the Company, and other shareholders; 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							
Special note on the repurchase account among the top 10 shareholders (if applicable)	As of Dec. 31, 2022, the repurchase special securities account of Weifu High-Technology Group Co., Ltd has 21,085,00 shares of ordinary A-Share, hereby stated that in according with the relevant requirement, they are not included in the top 10 shareholders of the Company.							
Particular about top ten shareholders with un-lock up stocks held								
Shareholders' name				Amount of un-lock up stocks held at Period-end		Shares held		
						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	19,663,238	RMB common shares	19,663,238
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	14,006,315	Domestically listed foreign shares	14,006,315
NSSF-413	10,110,000	RMB common shares	10,110,000
FIDELITY INVMT TRT FIDELITY INTL SMALL CAP FUND	6,863,386	Domestically listed foreign shares	6,863,386
Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Yingzhi Fund	5,500,106	RMB common shares	5,500,106
Xie Zuogang	5,132,967	Domestically listed foreign shares	5,132,967
Fei Guohua	5,020,725	RMB common shares	5,020,725
Basic Pension Insurance Fund- 1003	4,524,356	RMB common shares	4,524,356
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. , the first largest shareholder of the Company, and other shareholders; 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)	Among the top 10 shareholders, Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Yingzhi Fund holds 5,500,106 shares through investor credit securities accounts; Shareholder Fei Guohua holds 5,020,725 shares through investor's credit securities account.		

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
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Wuxi Industry Development Group Co., Ltd.	Yao Zhiyong	1995-10-05	913202001360026543	External investment with own funds; housing rental services; self-operation and acting as an agent for the import & export of various commodities and technologies (except for commodities and technologies that restricted or prohibited for import & export by the State), domestic trading (restricted and prohibited projects by the State excluded)
Equity of other domestic/oversea listed company control by controlling shareholder as well as stock-joint in report period	<p>1. The majority shareholder of the Company, Wuxi Industry Group, is the controlling shareholder of Wuxi Taiji Industry Corporation Limited (stock code: 600667).</p> <p>2. The majority shareholder of the Company, Wuxi Industry Group, holds 23,185,000 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

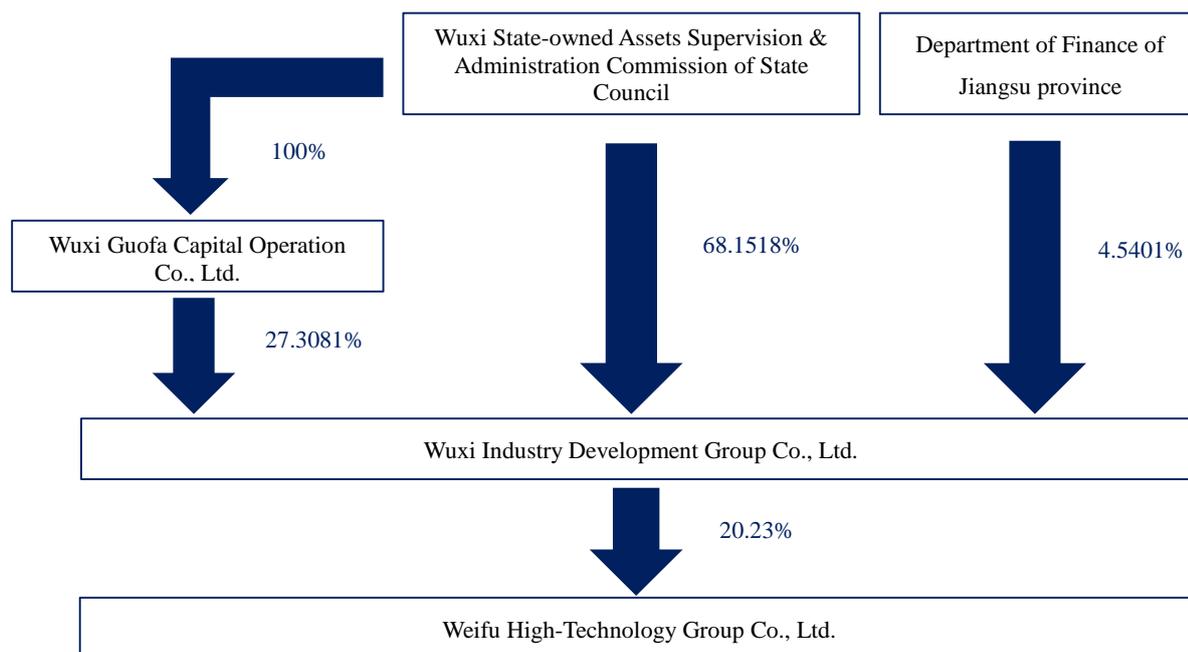
Name of actual controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
The State-owned Assets Supervision & Administration Commission of Wuxi Municipality of Jiangsu Province	Zhang Jianchun		~	State-owned Assets management
Equity 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.The total number of shares pledged by controlling shareholders or the first majority shareholder and its persons acting in concert accounts for 80% of the shares held by them

Applicable Not applicable

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

Applicable Not applicable

Corporate shareholders	Legal person./person in charge of unit	Establishment date	Registered capital	Main business or management activity
ROBERT BOSCH GMBH	Bettina Holzwarth, Nora Kristin Klug	1886-11-15	1,200 million euros	Development, manufacture and distribution of products, technologies, systems, solutions and service performance, especially in mobile, electrical engineering, electronics, mechanical engineering, mechanics, metals and other materials, medicine, logistics, communications and information technology, including solutions based on data, and related fields. The Company's goal is to further perform regionally based and business-related services. The Company may directly or indirectly enter into various business transactions to achieve this goal. In order to achieve the goal, the Company can establish, acquire and participate in business activities in any form permitted by law, or carry out business activities through them and

				organize under unified management. The Company may restrict some of the activities described in paragraph 1 above or hold and manage their participating interests.
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6. Restriction on shares reduction for controlling shareholders, actual controllers, restructuring side and other undertakings entities

Applicable Not applicable

IV. The specific implementation of shares buy-back during the reporting period

Implementation progress of shares buy-back

Applicable Not applicable

Disclosure time of the plan	Number of shares buy-back (shares)	Proportion to total share capital	Proposed buy-back amount (ten thousand yuan)	Proposed buy-back period	Share buy-back purpose	Repurchased quantity (shares)	The proportion of repurchased shares to the underlying stocks involved in the equity incentive plan (if any)
Apr. 19, 2022	Not higher than 25,000,000 and not lower than 12,500,000 shares	Not higher than 2.48% and lower than 1.24%	Not exceeding RMB 725 million (inclusive) and not less than RMB 362.5 million (inclusive)	From 2022-04-15 to 2023-04-14	Intended for implementing employee stock ownership plans or equity incentive plans	21,085,000	

Implementation progress of the reduction of repurchases shares by centralized bidding

Applicable Not applicable

Section VIII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period.

Section IX. Corporate Bonds

Applicable Not applicable

Section X. Financial Report

I. Audit report

Type of audit opinion	Unqualified opinion with highlighted paragraphs
Signing date of audit report	April 26, 2023
Name of audit institute	Gongzheng Tianye Certified Public Accountants (Special General Partnership)
Serial of Auditing Report	Su Gong W 【2023】 No. A853
Name of CPA	Gu Zhi, Zhang Qianqian

Auditor's Report

Su Gong W 【2022】 No. A853

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 2022 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 2022 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. Highlighted paragraphs

We remind users of financial statements to pay attention: As described in Note XVI-7 "Other important transactions and matters affecting investors' decisions", the security organs have launched a criminal investigation on the case that WFTR was defrauded by contracts in its "platform trade" business. At present, the case is in the

investigation stage, and the outcome of the case is uncertain in the future.

This paragraph does not affect the published audit opinion.

IV. 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.

The key audit issues identified in our audit are as follows:

(I) Accounting treatment of "platform trading" business and the related provision for expected credit losses

1. Matter description

As described in Note XVI-7 "Other important transactions and matters affecting investors' decisions", the security organs have launched a criminal investigation on the case that WFTR was defrauded by contracts in its "platform trade" business. Based on the "platform trade" business's background, transaction chain, sales and purchase contract signing, transaction process, physical flow and so on, the Company carefully analyzed and made comprehensive judgment, finds that the probability of this business not belonging to normal trade business is extremely high. In terms of accounting treatment, the Company follows the principle of substance over form and does not treat it as normal trade business, but according to the receipt and payment of funds, prudently recognize as claims and liabilities, respectively, purchases actually paid to "Suppliers" and sales collected from "Customers". In the financial statements, the "platform trade" business is net reported to other receivables in the form of the "platform trade" business portfolio, the amount is 2,741.4991 million yuan, for which an expected credit loss of 1,644.0683 million yuan has been charged. The "platform trade" business involved significant amounts of money and was at the stage of criminal investigation, the judgment of the nature of the business, accounting treatment and the provision of expected credit losses are related to management's use of significant accounting estimates and judgments and have a significant impact on the financial statements. Therefore, we identified the accounting treatment of the "platform trading" business and the provision of expected credit losses of portfolio claims of "platform trading" business as key audit matters.

2. The solution to the matter in auditing

- (1) Interview the management and relevant business personnel of WFTR to understand the business background, operation mode, contract signing method, pricing method, transaction and settlement process of its "platform trade" business;
- (2) Evaluate and test the internal controls of the "platform trade" business, evaluate the design of these controls, determine whether they are implemented, and test the operational effectiveness of the relevant internal controls;
- (3) Obtain the standing book of purchase and sales contract, inspect the purchase and sales contract, and verify the key terms of the subject matter, counterparty, contract price, delivery mode and so on involved in the purchase and sales contract, combine the contract signing time, pricing method, and interview records to further judge whether the relevant transaction has commercial substance;
- (4) Obtain the industrial and commercial information of "customers" and "suppliers" involved in the transaction

process, check the business scope, registered address, equity structure, registered capital, personnel size, telephone number and other information of the counterparty to judge whether the business scope of the counterparty and its own scale match the transaction scale, check whether there is correlation or suspected correlation between the upstream "supplier" and the downstream "customer", and evaluate the business logic and rationality of the existence of the upstream "supplier" and the downstream "customer" in the transaction chain at the same time;

(5) Obtain detailed accounts and accounting documents involved in the "platform trade" business, check the original documents related to accounting processing, including but not limited to purchase and sales contracts (orders, framework agreements), invoices, logistics documents, payment and payment bank documents, and ask relevant personnel about logistics documents, check their sources and ways of obtaining. Further judge whether there is real physical circulation in the transaction process;

(6) Send letters to the "customer" and "supplier", confirm the "transaction amount" and "settlement balance" to the "customer" and "supplier", check the return letter, check the address of the return letter, the seal, the amount of the return letter and other information, and take further verification procedures for the return letter with doubts;

(7) Visit the main "customers" and "suppliers", interview the transaction background, transaction content, contract signing, transaction mode, cargo logistics operation, capital settlement flow, whether there is a correlation between WFTR and the "customers" and "suppliers", verify the information formed in the transaction process with the "customers" and "suppliers". Verify the authenticity of the reply of "customer" and "supplier", and observe the business premises of "customer" and "supplier" to further judge whether the relevant transaction has commercial substance and commercial logic;

(8) Evaluate the reasonableness of that the management considers that the business has a high probability of not having commercial substance and business logic and does not conduct accounting treatment and presentation as normal trade business according to the principle of substance over form based on the information obtained in the audit process;

(9) In combination with related transaction audit procedures, check whether there are related relationships, related transactions and funds occupied by related parties in the "platform trade" business;

(10) Obtain and check the supporting credentials for the actual collection of the "platform trade" business debt portfolio after the balance sheet date, visit the competent departments according to the sources from which the management makes estimates, and verify the authenticity and reliability of the sources;

(11) Check the information related to the "platform trade" business has been properly reported and disclosed in the financial statements.

(II) Revenue recognition

1. Matter description

As described in Note V-32 "Revenue" and Note VII-44 "Operation revenue and operation cost" carried in the financial statement, WFHT achieved an operation revenue of 12.730 billion yuan for year of 2022. 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) Understand the key internal controls related to revenue recognition, evaluate the design of these controls, determine whether they are implemented, and test the operational effectiveness of the relevant internal controls;
- (2) Review sales contracts to understand main contract terms or conditions and evaluate the appropriateness of revenue recognition 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.

V. Other information

The management of WFHT is responsible for other information which includes the information covered in the Company's 2021 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.

VI. 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.

VII. 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: Gu Zhi
(Engagement partner)

Wuxi China

Chinese CPA: Zhang Qianqian

26 April, 2023

II. Financial Statement

Statement in Financial Notes are carried In RMB

1. Consolidated Balance Sheet

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

In RMB

Item	Dec. 31, 2022	Dec. 31, 2021
Current assets:		
Monetary funds	2,389,551,930.76	1,896,063,265.69
Settlement provisions		
Capital lent		
Trading financial assets	2,718,820,654.87	6,076,436,069.42
Derivative financial assets		
Note receivable	135,559,024.27	1,116,550,186.21
Account receivable	3,127,490,177.25	2,053,800,293.77
Receivable financing	1,918,368,845.21	713,017,014.50
Accounts paid in advance	94,323,853.87	178,059,249.99
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	1,264,507,456.47	17,908,078.54
Including: Interest receivable		
Dividend receivable	147,000,000.00	
Buying back the sale of financial assets		
Inventories	2,283,119,656.27	3,445,396,375.09
Contract assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	430,547,201.24	220,320,922.50
Total current assets	14,362,288,800.21	15,717,551,455.71
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment	6,282,818,108.96	5,717,944,788.12
Investment in other equity instrument	677,790,690.00	285,048,000.00
Other non-current financial assets	1,326,608,914.00	1,690,795,178.00

Investment real estate	49,296,869.73	19,387,746.56
Fixed assets	3,769,984,185.94	2,932,210,452.51
Construction in progress	509,105,587.49	387,429,933.08
Productive biological asset		
Oil and gas asset		
Right-of-use assets	41,865,100.38	23,148,405.58
Intangible assets	487,627,987.92	440,593,119.82
Expense on Research and Development		
Goodwill	237,682,375.72	231,255,015.75
Long-term expenses to be apportioned	28,586,235.84	15,304,783.57
Deferred income tax asset	275,627,772.45	242,248,194.57
Other non-current asset	479,630,436.37	267,941,354.57
Total non-current asset	14,166,624,264.80	12,253,306,972.13
Total assets	28,528,913,065.01	27,970,858,427.84
Current liabilities:		
Short-term loans	3,604,376,527.82	1,437,958,206.55
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability	747,115.75	
Note payable	1,411,089,606.00	1,760,032,216.30
Account payable	3,454,601,023.60	3,206,653,702.59
Accounts received in advance	3,633,878.33	2,854,518.96
Contractual liability	94,850,083.23	136,427,636.39
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	317,434,386.24	339,888,502.70
Taxes payable	54,586,315.53	40,105,648.88
Other account payable	198,990,948.23	359,905,317.46
Including: Interest payable		6,184.14
Dividend payable		25,671,100.00
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year	14,285,348.90	34,088,773.68
Other current liabilities	211,763,779.77	212,969,271.55
Total current liabilities	9,366,359,013.40	7,530,883,795.06
Non-current liabilities:		

Insurance contract reserve		
Long-term loans	238,000,000.00	
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability	31,589,277.20	15,795,469.25
Long-term account payable	30,785,082.11	32,015,082.11
Long-term wages payable	154,093,044.28	108,311,923.19
Accrued liability	10,106,268.87	
Deferred income	223,123,978.78	298,052,867.56
Deferred income tax liabilities	40,149,550.99	23,097,535.20
Other non-current liabilities		
Total non-current liabilities	727,847,202.23	477,272,877.31
Total liabilities	10,094,206,215.63	8,008,156,672.37
Owner's equity:		
Share capital	1,008,603,293.00	1,008,659,570.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital reserve	3,398,368,567.63	3,371,344,172.82
Less: Inventory shares	541,623,002.63	270,249,797.74
Other comprehensive income	-911,310.13	-36,746,344.60
Reasonable reserve	2,119,800.95	712,215.31
Surplus public reserve	510,100,496.00	510,100,496.00
Provision of general risk		
Retained profit	13,320,021,325.90	14,814,787,377.86
Total owner's equity attributable to parent company	17,696,679,170.72	19,398,607,689.65
Minority interests	738,027,678.66	564,094,065.82
Total owner's equity	18,434,706,849.38	19,962,701,755.47
Total liabilities and owner's equity	28,528,913,065.01	27,970,858,427.84

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	Dec. 31, 2022	Dec. 31, 2021
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Current assets:		
Monetary funds	823,574,329.53	1,002,808,546.46
Trading financial assets	2,693,150,975.20	5,493,703,374.82
Derivative financial assets		
Note receivable	29,575,852.04	303,726,372.69
Account receivable	906,808,283.22	536,957,890.22
Receivable financing	216,462,262.44	
Accounts paid in advance	56,037,892.68	93,419,268.82
Other account receivable	1,472,102,439.27	204,125,517.63
Including: Interest receivable	206,325.34	113,055.56
Dividend receivable		26,718,900.00
Inventories	571,571,431.95	1,076,094,722.15
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	107,462,112.82	149,352,872.77
Total current assets	6,876,745,579.15	8,860,188,565.56
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	8,369,843,351.10	6,867,282,228.56
Investment in other equity instrument	601,850,690.00	209,108,000.00
Other non-current financial assets	1,326,608,914.00	1,690,795,178.00
Investment real estate	35,584,279.11	
Fixed assets	2,251,495,050.80	1,786,089,596.76
Construction in progress	251,304,655.41	239,183,999.25
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets	6,061,693.75	1,240,879.96
Intangible assets	209,246,490.17	209,952,168.75
Research and development costs		
Goodwill		
Long-term deferred expenses	6,895,352.43	348,970.34
Deferred income tax assets	109,624,761.50	85,012,991.24
Other non-current assets	168,744,695.04	185,646,711.53
Total non-current assets	13,337,259,933.31	11,274,660,724.39
Total assets	20,214,005,512.46	20,134,849,289.95
Current liabilities		
Short-term borrowings	2,121,354,415.53	272,578,883.63

Trading financial liability		
Derivative financial liability	737,424.50	
Notes payable	251,867,652.05	569,405,391.94
Account payable	1,048,268,519.52	1,012,390,712.80
Accounts received in advance		
Contract liability	6,564,332.93	7,879,319.15
Wage payable	166,314,985.33	220,719,432.58
Taxes payable	6,048,505.30	12,427,327.61
Other accounts payable	926,276,130.15	392,455,373.80
Including: Interest payable	835,069.83	117,777.78
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year	4,306,935.71	462,484.41
Other current liabilities	102,322,311.03	143,935,332.78
Total current liabilities	4,634,061,212.05	2,632,254,258.70
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability	2,690,812.43	1,003,106.55
Long-term account payable		
Long term employee compensation payable	121,683,760.89	103,482,333.50
Accrued liabilities	13,750.00	
Deferred income	198,149,511.20	265,509,545.34
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	322,537,834.52	369,994,985.39
Total liabilities	4,956,599,046.57	3,002,249,244.09
Owners' equity:		
Share capital	1,008,603,293.00	1,008,659,570.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital reserve	3,515,005,861.23	3,487,154,855.59
Less: Inventory shares	541,623,002.63	270,249,797.74
Other comprehensive income		
Special reserve		
Surplus reserve	510,100,496.00	510,100,496.00
Retained profit	10,765,319,818.29	12,396,934,922.01

Total owner's equity	15,257,406,465.89	17,132,600,045.86
Total liabilities and owner's equity	20,214,005,512.46	20,134,849,289.95

3.Consolidated Profit Statement

Item	In RMB	
	2022	2021
I. Total operating income	12,729,634,917.03	13,682,426,710.95
Including: Operating income	12,729,634,917.03	13,682,426,710.95
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	12,526,691,966.36	12,772,618,230.58
Including: Operating cost	11,016,385,488.80	11,220,367,713.57
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	70,575,584.89	60,256,733.73
Sales expense	189,528,090.71	264,651,432.56
Administrative expense	586,386,474.32	611,872,150.24
R&D expense	581,488,711.88	595,406,951.64
Financial expense	82,327,615.76	20,063,248.84
Including: Interest expenses	107,737,432.78	38,698,621.09
Interest income	41,020,724.48	41,478,845.32
Add: other income	112,665,397.27	71,276,971.68
Investment income (Loss is listed with "-")	1,849,145,500.50	1,954,523,836.59
Including: Investment income on affiliated company and joint venture	1,636,986,684.96	1,632,117,748.78
The termination of income recognition for financial assets measured by amortized cost(Loss is listed with "-")		-959,296.18
Exchange income (Loss is listed with "-")		
Net exposure hedging income (Loss is listed with "-")		
Income from change of fair value (Loss is listed with "-")	-157,622,752.09	-40,270,333.81
Loss of credit impairment (Loss is listed with "-")	-1,645,881,142.40	4,059,750.80
Losses of devaluation of asset (Loss is listed with "-")	-181,610,433.12	-138,117,315.80
Income from assets disposal (Loss is listed with "-")	1,986,804.53	3,932,344.07
III. Operating profit (Loss is listed with "-")	181,626,325.36	2,765,213,733.90
Add: Non-operating income	5,699,768.04	656,202.07
Less: Non-operating expense	7,711,660.06	25,509,569.87

IV. Total profit (Loss is listed with “-”)	179,614,433.34	2,740,360,366.10
Less: Income tax expense	-11,331,574.91	90,995,689.95
V. Net profit (Net loss is listed with “-”)	190,946,008.25	2,649,364,676.15
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with “-”)	190,946,008.25	2,649,364,676.15
2.termination of net profit (net loss listed with “-”)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	118,819,836.30	2,575,371,419.80
2.Minority shareholders’ gains and losses	72,126,171.95	73,993,256.35
VI. Net after-tax of other comprehensive income	35,835,034.47	-50,662,087.73
Net after-tax of other comprehensive income attributable to owners of parent company	35,835,034.47	-50,662,964.07
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss	-399,165.06	16,008.80
1.Changes of the defined benefit plans that re-measured	-399,165.06	
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		16,008.80
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	36,234,199.53	-50,678,972.87
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	36,234,199.53	-50,678,972.87
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		876.34
VII. Total comprehensive income	226,781,042.72	2,598,702,588.42
Total comprehensive income attributable to owners of parent Company	154,654,870.77	2,524,708,455.73
Total comprehensive income attributable to minority shareholders	72,126,171.95	73,994,132.69
VIII. Earnings per share:		
(i) Basic earnings per share	0.09	2.57
(ii) Diluted earnings per share	0.09	2.57

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	2022	2021
I. Operating income	3,864,504,995.80	4,832,340,790.45
Less: Operating cost	3,239,655,060.78	3,605,342,507.48
Taxes and surcharge	21,016,396.56	29,689,175.82
Sales expenses	24,032,764.17	44,807,972.25
Administration expenses	312,390,634.03	324,244,883.74
R&D expenses	215,942,706.30	225,949,431.82
Financial expenses	-47,492,346.99	-15,417,294.04
Including: interest expenses	75,002,506.86	7,427,980.88
Interest income	123,450,262.42	26,881,455.19
Add: other income	78,660,020.95	41,029,454.01
Investment income (Loss is listed with “-”)	1,698,892,386.70	1,758,393,772.54
Including: Investment income on affiliated Company and joint venture	1,427,651,731.23	1,366,704,678.23
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 “-”)	-157,794,622.92	-40,747,662.86
Loss of credit impairment (Loss is listed with “-”)	-1,645,695,111.31	-654,218.49
Losses of devaluation of asset (Loss is listed with “-”)	-94,397,143.24	-40,950,682.53
Income on disposal of assets (Loss is listed with “-”)	208,706.65	850,642.47
II. Operating profit (Loss is listed with “-”)	-45,505,874.07	2,335,645,418.52
Add: Non-operating income	236,560.76	527,726.36
Less: Non-operating expense	1,624,603.88	24,178,368.73
III. Total Profit (Loss is listed with “-”)	-46,893,917.19	2,311,994,776.15
Less: Income tax	-24,338,482.27	101,437,713.12
IV. Net profit (Net loss is listed with “-”)	-22,555,434.92	2,210,557,063.03
(i)continuous operating net profit (net loss listed with “-”)	-22,555,434.92	2,210,557,063.03
(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 or 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	-22,555,434.92	2,210,557,063.03
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5.Consolidated Cash Flow Statement

In RMB

Item	2022	2021
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	12,431,900,362.84	15,555,511,937.16
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	306,395,040.32	50,070,441.00
Other cash received concerning operating activities	3,682,848,864.34	86,168,562.99
Subtotal of cash inflow arising from operating activities	16,421,144,267.50	15,691,750,941.15
Cash paid for purchasing commodities and receiving labor service	10,077,477,240.02	12,479,791,466.70
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	1,384,027,081.31	1,436,357,958.29
Taxes paid	580,286,995.87	499,681,099.37
Other cash paid concerning operating activities	6,955,095,599.73	648,207,823.38

Subtotal of cash outflow arising from operating activities	18,996,886,916.93	15,064,038,347.74
Net cash flows arising from operating activities	-2,575,742,649.43	627,712,593.41
II. Cash flows arising from investing activities:		
Cash received from recovering investment	10,740,023,339.08	18,129,191,548.43
Cash received from investment income	1,183,837,077.82	1,238,803,864.71
Net cash received from disposal of fixed, intangible and other long-term assets	20,576,391.79	15,303,195.04
Net cash received from disposal of subsidiaries and other units	136,787,298.86	9,000,000.00
Other cash received concerning investing activities		1,680,766.91
Subtotal of cash inflow from investing activities	12,081,224,107.55	19,393,979,375.09
Cash paid for purchasing fixed, intangible and other long-term assets	1,152,415,535.85	753,581,993.49
Cash paid for investment	7,116,445,479.00	18,668,448,932.90
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained	70,190,329.71	
Other cash paid concerning investing activities	146,232,114.50	
Subtotal of cash outflow from investing activities	8,485,283,459.06	19,422,030,926.39
Net cash flows arising from investing activities	3,595,940,648.49	-28,051,551.30
III. Cash flows arising from financing activities		
Cash received from absorbing investment	125,000,000.00	
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	125,000,000.00	
Cash received from loans	4,692,002,243.34	1,711,808,897.47
Other cash received concerning financing activities		5,470,000.00
Subtotal of cash inflow from financing activities	4,817,002,243.34	1,717,278,897.47
Cash paid for settling debts	2,328,551,163.70	575,619,575.18
Cash paid for dividend and profit distributing or interest paying	1,761,911,157.57	1,561,591,089.99
Including: Dividend and profit of minority shareholder paid by subsidiaries	54,977,987.52	13,970,282.31
Other cash paid concerning financing activities	591,370,195.57	17,596,686.60
Subtotal of cash outflow from financing activities	4,681,832,516.84	2,154,807,351.77
Net cash flows arising from financing activities	135,169,726.50	-437,528,454.30
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	27,730,942.53	-13,059,669.78
V. Net increase of cash and cash equivalents	1,183,098,668.09	149,072,918.03
Add: Balance of cash and cash equivalents at the period -begin	1,094,018,936.73	944,946,018.70
VI. Balance of cash and cash equivalents at the period -end	2,277,117,604.82	1,094,018,936.73

6. Cash Flow Statement of Parent Company

Item	In RMB	
	2022	2021
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	3,542,749,700.01	5,563,589,299.47
Write-back of tax received	184,495,154.77	

Other cash received concerning operating activities	47,404,163.66	42,028,025.86
Subtotal of cash inflow arising from operating activities	3,774,649,018.44	5,605,617,325.33
Cash paid for purchasing commodities and receiving labor service	2,601,006,413.32	3,605,626,128.99
Cash paid to/for staff and workers	707,858,677.98	788,560,324.22
Taxes paid	209,864,912.81	283,285,319.76
Other cash paid concerning operating activities	186,707,374.55	172,424,308.24
Subtotal of cash outflow arising from operating activities	3,705,437,378.66	4,849,896,081.21
Net cash flows arising from operating activities	69,211,639.78	755,721,244.12
II. Cash flows arising from investing activities:		
Cash received from recovering investment	7,606,003,001.77	14,660,350,548.43
Cash received from investment income	1,230,308,621.08	1,117,355,887.53
Net cash received from disposal of fixed, intangible and other long-term assets	7,573,333.23	675,341.73
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	1,345,164,876.69	32,072,638.81
Subtotal of cash inflow from investing activities	10,189,049,832.77	15,810,454,416.50
Cash paid for purchasing fixed, intangible and other long-term assets	676,750,590.56	466,841,006.41
Cash paid for investment	5,495,846,939.59	15,006,974,321.57
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	4,200,652,968.77	
Subtotal of cash outflow from investing activities	10,373,250,498.92	15,473,815,327.98
Net cash flows arising from investing activities	-184,200,666.15	336,639,088.52
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	2,765,016,400.00	376,524,000.00
Other cash received concerning financing activities	668,810,047.94	100,000,000.00
Subtotal of cash inflow from financing activities	3,433,826,447.94	476,524,000.00
Cash paid for settling debts	926,483,000.00	202,000,000.00
Cash paid for dividend and profit distributing or interest paying	1,660,892,442.17	1,520,286,898.73
Other cash paid concerning financing activities	426,203,919.97	4,385,823.06
Subtotal of cash outflow from financing activities	3,013,579,362.14	1,726,672,721.79
Net cash flows arising from financing activities	420,247,085.80	-1,250,148,721.79
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	9,734,626.92	-4,982,656.55
V. Net increase of cash and cash equivalents	314,992,686.35	-162,771,045.70
Add: Balance of cash and cash equivalents at the period -begin	488,417,498.83	651,188,544.53
VI. Balance of cash and cash equivalents at the period -end	803,410,185.18	488,417,498.83

3. Amount reckoned into owners equity with share-based payment					28,116,895.55								28,116,895.55	826,610.83	28,943,506.38
4. Other	-56,277.00				- 1,092,500.74	- 126,431,337.74							125,282,560.00		125,282,560.00
(III) Profit distribution										- 1,613,585,888.26			- 1,613,585,888.26	- 29,306,887.52	- 1,642,892,775.78
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)										- 1,609,059,668.80			- 1,609,059,668.80	- 29,306,887.52	- 1,638,366,556.32
4. Other										-4,526,219.46			-4,526,219.46		-4,526,219.46
(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							1,407,585.64					1,407,585.64	287,717.58	1,695,303.22	
1. Withdrawal in the report period							26,087,086.34					26,087,086.34	2,700,074.03	28,787,160.37	
2. Usage in the report period							24,679,500.70					24,679,500.70	2,412,356.45	27,091,857.15	
(VI)Others															
IV. Balance at the end of the report period	1,008,603,293.00				3,398,368,567.63	541,623,002.63	-911,310.13	2,119,800.95	510,100,496.00		13,320,021,325.90	17,696,679,170.72	738,027,678.66	18,434,706,849.38	

Last Period

In RMB

Item	2021														Minority interests	Total owners' equity
	Owners' equity attributable to the parent Company															
	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 stock	Perpetual capital securities	Other													
I. Balance at the end of the last year	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	
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				3,294,242,368.28	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	
III. Increase/Decrease in this year (Decrease is listed with "-")	-291,000.00				77,101,804.54	-33,378,180.00	-50,662,964.07	-1,621,274.72			1,058,684,953.24		1,116,589,698.99	51,646,157.46	1,168,235,856.45	
(i) Total comprehensive income							-50,662,964.07				2,575,371,419.80		2,524,708,455.73	73,994,132.69	2,598,702,588.42	
(ii) Owners' devoted and decreased capital	-291,000.00				70,463,804.54	-33,378,180.00							103,550,984.54	17,321,034.44	120,872,018.98	
1. Common shares invested by shareholders	-291,000.00												-291,000.00	15,000,000.00	14,709,000.00	
2. Capital invested by																

holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment					74,241,533.60								74,241,533.60	2,321,034.44	76,562,568.04
4. Other					-3,777,729.06	-33,378,180.00							29,600,450.94		29,600,450.94
(III) Profit distribution													-1,517,422,799.42	-1,517,422,799.42	-39,641,382.31
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)													-1,513,341,439.50	-1,513,341,439.50	-39,641,382.31
4. Other													-4,081,359.92	-4,081,359.92	-4,081,359.92
(IV) Carrying forward internal owners' equity															
1. Capital reserves conversed to capital (share capital)															
2. Surplus reserves conversed 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								- 1,621,274.7 2					-1,621,274.72	-27,627.36	-1,648,902.08
1. Withdrawal in the report period								22,714,778. 27					22,714,778.27	2,284,337.8 5	24,999,116.12
2. Usage in the report period								24,336,052. 99					24,336,052.99	2,311,965.2 1	26,648,018.20
(VI)Others					6,638,000.0 0						736,332.86		7,374,332.86		7,374,332.86
IV. Balance at the end of the report period	1,008,659,5 70.00				3,371,344,1 72.82	270,249,7 97.74	- 36,746,344. 60	712,215.31	510,100,496 .00		14,814,787,37 7.86		19,398,607,68 9.65	564,094,065 .82	19,962,701,755.4 7

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

Current Period

In RMB

Item	2022											
	Share capital	Other equity instrument			Capital 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	1,008,659,570.00				3,487,154,855.59	270,249,797.74			510,100,496.00	12,396,934,922.01		17,132,600,045.86
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at the beginning of this year	1,008,659,570.00				3,487,154,855.59	270,249,797.74			510,100,496.00	12,396,934,922.01		17,132,600,045.86
III. Increase/Decrease in this year (Decrease is listed with "-")	-56,277.00				27,851,005.64	271,373,204.89				-1,631,615,103.72		-1,875,193,579.97
(i) Total comprehensive income										-22,555,434.92		-22,555,434.92
(ii) Owners' devoted and decreased capital	-56,277.00				27,851,005.64	271,373,204.89						-243,578,476.25
1.Common shares invested by shareholders						397,804,542.63						-397,804,542.63
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based					28,943,506.38							28,943,506.38

payment												
4. Other	-56,277.00				-1,092,500.74	-126,431,337.74						125,282,560.00
(III) Profit distribution										-1,609,059,668.80		-1,609,059,668.80
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-1,609,059,668.80		-1,609,059,668.80
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								6,791,507.46				6,791,507.46
2. Usage in the report period								6,791,507.46				6,791,507.46
(VI) Others												
IV. Balance at the end of the report period	1,008,603,293.00				3,515,005,861.23	541,623,002.63			510,100,496.00	10,765,319,818.29		15,257,406,465.89

Last Period

In RMB

Item	2021											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred	Perpetual	Other								

		stock	capital securities			income					
I. Balance at the end of the last year	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
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				3,407,732,016.61	303,627,977.74			510,100,496.00	11,698,982,965.62	16,322,138,070.49
III. Increase/Decrease in this year (Decrease is listed with "-")	-291,000.00				79,422,838.98	-33,378,180.00				697,951,956.39	810,461,975.37
(i) Total comprehensive income										2,210,557,063.03	2,210,557,063.03
(ii) Owners' devoted and decreased capital	-291,000.00				72,784,838.98	-33,378,180.00					105,872,018.98
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					76,562,568.04						76,562,568.04
4. Other	-291,000.00				-3,777,729.06	-33,378,180.00					29,309,450.94
(III) Profit distribution										-1,513,341,439.50	-1,513,341,439.50
1. Withdrawal of surplus reserves											
2. Distribution for owners (or shareholders)										-1,513,341,439.50	-1,513,341,439.50
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								6,436,417.80				6,436,417.80
2. Usage in the report period								6,436,417.80				6,436,417.80
(VI)Others					6,638,000.00					736,332.86		7,374,332.86
IV. Balance at the end of the report period	1,008,659,570.00				3,487,154,855.59	270,249,797.74			510,100,496.00	12,396,934,922.01		17,132,600,045.86

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 May 27, 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 112,858,000 yuan, and the registered capital after change was 680,133,995 yuan. 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 1,020,200,992 yuan up to December 31, 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.

After deliberation and approved by the 5th meeting of 10th session of the BOD for year of 2021, the 291,000 restricted shares are buy-back and canceled by the Company initially granted under the 2020 Restricted Share Incentive Plan. The cancellation of the above mentioned buy-back shares are completed at the Shenzhen Branch of CSDC on December 20, 2021; the paid-in capital (equity) of the Company comes to 1,008,659,570.00 yuan after changed.

After deliberation and approved by the 8th meeting of 10th session of the BOD for year of 2022, the 56,277 restricted shares are buy-back and canceled by the Company initially granted under the 2020 Restricted Share Incentive Plan. The cancellation of the above mentioned buy-back shares are completed at the Shenzhen Branch of CSDC on July 8, 2022; the paid-in capital (equity) of the Company comes to 1,008,603,293.00 yuan after changed.

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-masses Department, Finance Department, Purchase Department, Manufacturing Quality Department, MS (Mechanical System) division, AC(Automotive Components) division and DS (Diesel System) division, etc. and subsidiaries such as WUXI WEIFU LIDA CATALYTIC CONVERTER CO., LTD, NANJING WFJN 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), automotive 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) General items: engage in investment activities with self-owned funds (except for items subject to approval according to the law, independently carry out business activities according to laws with business licenses)

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

4. Authorized reporting parties and reporting dates for the financial report

Financial report of the Company was approved by the Board of Directors for reporting dated April 26, 2023.

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	State consolidated (Y/N)
		Directly	Indirectly				
NANJING WFJN CO., LTD.	WFJN	80.00	--	80.00	34,628.70	Internal-combustion engine accessories	Y
WUXI WEIFU LIDA CATALYTIC CONVERTER CO., LTD.	WFLD	94.81	--	94.81	50,259.63	Purifier and muffler	Y

WUXI WEIFU MASHAN FUEL INJECTION EQUIPMENT CO., LTD.	WFMA	100.00	--	100.00	16,500	Internal-combustion engine accessories	Y
WUXI WEIFU CHANG AN CO.,LTD.	WFCA	100.00	--	100.00	21,000	Internal-combustion engine accessories	Y
WUXI WEIFU INTERNATIONAL TRADE CO.,LTD.	WFTR	100.00	--	100.00	3,000	Trade	Y
WUXI WEIFU SCHMITTER POWERTRAIN COMPONENTS CO.,LTD.	WFSC	66.00	--	66.00	7,600	Internal-combustion engine accessories	Y
NINGBO WFTT TURBOCHARGING TECHNOLOGY CO.,LTD.	WFTT	98.83	1.17	100.00	11,136	Internal-combustion engine accessories	Y
WUXI WFAM PRECISION MACHINERY CO.,LTD.	WFAM	51.00	--	51.00	USD2,110	Automotive components	Y
WUXI WEIFU LIDA CATALYTIC CONVERTER (WUHAN) CO., LTD.	WFLD (WUHAN)	--	60.00	60.00	1,000	Purifier and muffler	Y
Weifu Lida (Chongqing) Automotive components Co., Ltd.	WFLD (Chongqing)	--	100.00	100.00	5,000	Purifier and muffler	Y
Nanchang Weifu Lida Automotive Components Co., Ltd.	WFLD (Nanchang)	--	100.00	100.00	5,000	Purifier and muffler	Y
WUXI WEIFU AUTOSMART SEATING SYSTEM CO., LTD.	WFAS	--	66.00	66.00	10,000	Smart car device	Y
WUXI WEIFU E-DRIVE TECHNOLOGIES CO., LTD.	WFDT	80.00	--	80.00	USD2,000	Wheel motor	Y
Wuxi Weifu Qinglong Power Technology Co., Ltd.	WFQL	45.00	30.00	75.00	50,000	Fuel cell components	Y
VHIT Automotive Systems(Wuxi) Co.Ltd	VHCN	100.00	--	100.00	13,400	Vacuum and hydraulic pump	Y
Weifu Holding ApS	SPV	100.00	--	100.00	DKK8,638	Investment	Y
IRD Fuel Cells A/S	IRD	--	100.00	100.00	DKK10,108	Fuel cell components	Y
IRD FUEL CELLS LLC	IRD America	--	100.00	100.00	USD651.91	Fuel cell components	Y
Borit NV	Borit	--	100.00	100.00	EUR1035.32	Fuel cell components	Y
Borit Inc.	Borit America	--	100.00	100.00	USD0.1	Fuel cell components	Y
VHIT S.p.A	VHIT	--	100.00	100.00	EUR500	Vacuum and hydraulic pump	Y

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 Accrued basis. Except for certain financial instruments, the financial statement measured on historical cost. Assets have impairment been found, corresponding depreciation reserves shall Accrued 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, automotive components, mufflers, purifiers and fuel cell components etc., in line with the actual 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, found more in Note V- 36. Other major accounting policy 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 2022, such as financial status, operation achievements and cash flow for the year of 2022.

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 reckon 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. There into, 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. There into, 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;
- ③the 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- Receivable financing

Receivable financing 1: bank acceptance

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, receivable 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 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.

② Assessment 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).

③ Financial 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. Receivable 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 withdrawn 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

① Low-value consumables

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

② Wrappage

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

16.Contract assets

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 belonging 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.)

③ Long-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

- ① Presented controlling ability on invested party, the investment shall use cost method for measurement.
- ② Long-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.

③ Acquisition 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 Note V-25 "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, then 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- 25 “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	Straight-line depreciation	3~10	5%	9.50~31.67

equipment				
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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 and provision for impairment of fixed assets

The impairment test method and provision for impairment of fixed assets found more in Note V-25. "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 construction in progress 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-"25. 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 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. Right-of-use assets

The right-of-use asset refers to the right of the Company, as the lessee, to use the leased asset during the lease term.

On the commencement date of the lease term, the Company recognizes the right-of-use assets for leases other than short-term leases and leases of low-value assets. Right-of-use assets are initially measured at cost. The cost includes the initial measurement amount of the lease liability; the lease payments made on or before the commencement date of the lease term, deduct the relevant amount of the lease incentive already enjoyed if there is

a lease incentive; the initial direct expenses incurred by the lessee; the cost expected to be incurred by the lessee to dismantle and remove the leased assets, restore the site where the leased assets locate, or restore the leased assets to the condition agreed upon in the lease terms, but this does not include the cost attributable to the production of inventory.

The Company subsequently uses the straight-line method to depreciate the right-of-use assets. If it can be reasonably determined that the ownership of the leased asset can be obtained at the expiration of the lease term, the Company shall accrue depreciation over the remaining useful life of the leased asset. If it cannot be reasonably determined that the ownership of the leased asset can be obtained at the expiration of the lease term, the Company shall accrue depreciation within the shorter of the lease term and the remaining useful life of the leased asset. When the recoverable amount is lower than the book value of the right-of-use asset, the Company shall write down its book value to the recoverable amount.

24. 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 Accrued for depreciation reserves for the intangible assets found more in Note V-25 “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.

25. 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.

26. 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.

27. 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 contractual liabilities, such as the amount that the company has received before the transfer of the promissory goods.

28. 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 asses 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.

29. Lease liability

Substantial On the commencement date of the lease term, the Company recognizes the present value of the unpaid lease payments as lease liabilities. Lease payments include the following five items: fixed payments and in-substance fixed payments, if there is a lease incentive, deduct the amount related to the lease incentive; variable lease payments that depend on an index or ratio, which are determined at the initial measurement according to the index or ratio determination on the commencement date of lease term; exercise price for a purchase option provided that the lessee is reasonably certain that the option shall be exercised; payments for exercising the option to terminate the lease provided that the lease term reflects that the lessee shall exercise the option to terminate the lease option; estimated payments due based on guaranteed residual value provided by the lessee.

When calculating the present value of lease payments, the interest rate implicit in the lease is used as the discount rate. If the interest rate implicit in the lease cannot be determined, the company's incremental borrowing rate is used as the discount rate. The Company calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate, and includes it in the current profit and loss, unless it is otherwise stipulated to be included in the cost of the relevant assets. Variable lease payments that are not included in the measurement of lease liabilities are included in the current profit and loss when they are actually incurred, unless otherwise stipulated to be included in the cost of the relevant assets. After the commencement date of the lease term, when there is a change in the in-substance fixed payment, or a change in the estimated amount payable for the guaranteed residual value, or a change in the index or ratio used to determine the lease payment, or a change in the evaluation results of the purchase option, renewal option or termination option or when the actual exercise situation changes, the Company shall re-measure the lease liability according to the present value of the changed lease payments.

30. Accrued liability

(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

31. 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 canceled, 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.

32. Revenue

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 in progress 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; ② The company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods; ③ The 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; ⑥ Other signs that the customer has obtained control of the goods.

2) Revenue measurement principle

① The 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.

② If 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.

④ If 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 criteria for the recognition of commodity income and specific criteria for the recognition time:

The Company's domestic sales revenue recognition time: The company shall deliver the goods according to the agreement of the order, and check with the buyer the goods received and inspected by the buyer from the previous reconciliation date to the current reconciliation date. After the check by both parties, the risks and rewards shall be transferred to the buyer. The Company shall issue invoices to the buyer according to the varieties, quantities and amounts confirmed by the reconciliation and confirm the realization of sales income on the reconciliation date.

The Company's foreign sales revenue recognition time: after the completion of the customs audit, the company in accordance with the export date specified in the customs declaration, to confirm the realization of sales revenue.

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

N/A

33. 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.

34. 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

35. Lease

(1) Accounting for operating lease

Lease refers to a contract in which the lessor transfers the right to use assets to the lessee for consideration within a certain period of time. On the commencement date of the contract, the company evaluates whether the contract is a lease or includes a lease. If one party in the contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract is a lease or includes a lease. If the contract includes multiple separate leases at the same time, the company will split the contract and conduct accounting treatment for each separate lease. If the contract includes both the leased and non leased parts, the

lessee and the lessor shall separate the leased and non leased parts.

(1) The company as lessee

For the general accounting treatment of the company as the lessee, see Note III, 20 “Right-to-use assets” and Note III-26 “Lease liabilities”.

For short-term leases with a lease term of no more than 12 months and low value asset leases with a lower value when a single asset is new, the company chooses not to recognize the right to use assets and lease liabilities, and the relevant rental expenses are included in the current profit and loss or the cost of relevant assets according to the straight-line method in each period of the lease term.

If the lease changes and meets the following conditions at the same time, the company will treat the lease change as a separate lease for Accounting: the lease change expands the lease scope by adding the right to use one or more leased assets; The increased consideration is equivalent to the amount adjusted according to the conditions of the contract at the separate price for most of the expansion of the lease scope. If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the company will re allocate the consideration of the contract after the change, re determine the lease term, and re measure the lease liability according to the present value calculated by the lease payment after the change and the revised discount rate.

(2) The company as lessor

On the lease commencement date, the company classifies leases that have substantially transferred almost all the risks and rewards related to the ownership of the leased assets as financial leases, and all other leases are operating leases.

1) Operating lease

During each period of the lease term, the company recognizes the lease receipts as rental income according to the straight-line method, and the initial direct expenses incurred are capitalized, amortized on the same basis as the recognition of rental income, and included in the current profit and loss by stages. The variable lease payments obtained by the company related to operating leases that are not included in the lease receipts are included in the current profits and losses when actually incurred.

2) Finance lease

On the beginning date of the lease term, the company recognizes the financial lease receivables according to the net amount of the lease investment (the sum of the unsecured residual value and the present value of the lease collection not received on the beginning date of the lease term discounted according to the embedded interest rate of the lease), and terminates the recognition of the financial lease assets. During each period of the lease term, the company calculates and recognizes the interest income according to the interest rate embedded in the lease. The amount of variable lease payments obtained by the company that are not included in the measurement of net lease investment shall be included in the current profit and loss when actually incurred.

(3) Sale leaseback

The company evaluates and determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with the accounting standards for Business Enterprises No. 14 - revenue.

1) The company as lessee

If the asset transfer in the sale and leaseback transaction is sales, the company measures the right to use assets

formed by the sale and leaseback according to the part of the book value of the original assets related to the right to use obtained by the leaseback, and only recognizes the relevant gains or losses on the rights transferred to the lessor.

If the asset transfer in the sale and leaseback transaction does not belong to sales, the company will continue to recognize the transferred asset, recognize a financial liability equal to the transfer income, and carry out accounting treatment for the financial liability in accordance with the accounting standards for Business Enterprises No. 22 - recognition and measurement of financial instruments.

2) The company as lessor

If the asset transfer in the sale and leaseback transaction belongs to sales, the company will conduct accounting treatment for asset purchase in accordance with other applicable accounting standards for business enterprises, and accounting treatment for asset lease in accordance with accounting standards for Business Enterprises No. 21 - leasing.

If the asset transfer in the sale and leaseback transaction does not belong to sales, the company does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income, and carries out accounting treatment for the financial asset in accordance with the accounting standards for Business Enterprises No. 22 - recognition and measurement of financial instruments.

(2) Accounting treatment for financing lease

Not applicable

36. Other major 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 and 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.

37. Changes of important accounting policies and estimation

(1) Changes of important accounting policies

Applicable Not applicable

Content and reasons for changes in accounting policies	Approval process	Note
On Dec. 30, 2021, the Ministry of Finance issued Interpretation No. 15 of the Accounting Standards for Business Enterprises	Not applicable	
On Nov. 30, 2021, the Ministry of Finance issued Interpretation No. 16 of the Accounting Standards for Business Enterprises	Not applicable	

(1) Significant changes in accounting policy

1) On Dec. 30, 2021, the Ministry of Finance issued Interpretation No. 15 of the Accounting Standards for Business Enterprises (Cai Kuai [2021] No. 35, hereinafter referred to as "Interpretation No. 15").

① Accounting treatment for trial operation sales

Interpretation No. 15 stipulates the accounting treatment and presentation of products or by-products generated during the development process or before fixed assets reach their intended usable state for external sales by enterprises. It also stipulates that the net amount of trial operation sales revenue after offsetting costs should not be offset against fixed asset costs or research and development expenses. This regulation came into effect from January 1, 2022, and retrospective adjustments shall be made to trial sales that occurred between the beginning of the earliest period for financial statement presentation and January 1, 2022. The implementation of this regulation has not had a significant impact on the company's financial condition and operating results.

② Judgment on loss contracts

Interpretation No. 15 clarifies that the “cost of performing the contract” considered by enterprises in determining whether the contract constitutes a loss contract should include both the incremental cost of performing the contract and the allocation amount of other costs directly related to performing the contract. This regulation came into effect on January 1, 2022, and the Company shall implement such provision for contracts whose obligation hasn’t been fulfilled by January 1, 2022. The cumulative impact shall be adjusted to the retained earnings and other related financial statement accounts at the beginning of the year on the implementation date, without adjusting the comparative financial statement data in the previous period. The implementation of this regulation has not had a significant impact on the company’s financial condition and operating results.

2) On Nov. 30, 2022, the Ministry of Finance issued Interpretation No. 16 of the Accounting Standards for Business Enterprises (Cai Kuai [2022] No. 31, hereinafter referred to as “Interpretation No. 16”).

① Accounting treatment for the income tax impact of dividends related to financial instruments classified as equity instruments by the issuer

Interpretation No. 16 stipulates that for financial instruments classified as equity instruments by enterprises, if the relevant dividend expenses are deducted before corporate income tax in accordance with relevant tax policies, the income tax impact related to the dividends should be recognized when determining the payable dividends, and the accounting treatment should be consistent with the accounting treatment used in past transactions or events that generate distributable profits. The impact of dividend income tax shall be booked into the current period’s profit or loss or owner’s equity (including other comprehensive income items). This regulation came into effect from the date of promulgation. The relevant dividends payable, in case of occurring between January 1, 2022 and the implementation date, shall be adjusted in accordance with this regulation; If the relevant dividends were paid before January 1, 2022 and the relevant financial instruments have not been derecognized on January 1, 2022, retrospective adjustments should be made. The implementation of this regulation has not had a significant impact on the company’s financial condition and operating results.

② Accounting treatment for enterprises to modify cash settled share-based payments to equity settled share-based payments

Interpretation No. 16 clarifies that if an enterprise modifies the terms and conditions of a cash settled share-based payment agreement to become an equity settled share-based payment, on the modification date (whether occurring during the waiting period or after the end), the equity settled share-based payment shall be measured at the fair value of the granted equity instrument on the date of modification, and the services obtained shall be included in the capital reserve and meanwhile, the recognition of cash settled share-based payments that have been recognized as liabilities on the modification date shall be terminated, and the difference between the two is recorded in the current profit and loss. This regulation shall come into effect from the date of promulgation, and any new transactions occurring from January 1, 2022 to the implementation date shall be adjusted in accordance with such regulation; If the relevant transactions that occurred before January 1, 2022 were not processed in accordance with this regulation, retrospective adjustments should be made, and the cumulative impact should be adjusted to the retained earnings and other related items as of January 1, 2022, without adjusting the comparative financial

statement data in the previous period. The implementation of this regulation has not had a significant impact on the company's financial condition and operating results.

(2) Changes of important accounting estimations

Applicable Not applicable

38.Others

Nil

VI. Taxation

1.Major taxes and tax rates

Tax	Basis	Tax rate
VAT	The output tax is calculated based on the taxable income, and VAT is calculated based on the difference after deducting the input tax available for deduction for the current period	25% (IRD,Denmark), 22% (VHIT, Italy),21% (Borit,Belgium), 13%, 9%, 6%, Collection rate 5%
City maintaining & construction tax	Turnover tax payable	7%.5%
Corporation income tax	Taxable income	15%, 20%, 21% (IRD America, Borit America), 22% (IRD,Denmark), 24% (VHIT, Italy), 25% (Borit,Belgium)
Educational surtax	Turnover tax payable	5%

Disclose reasons for different taxpaying body

Taxpaying body	Income tax rate
WFCA, WFTR, WFAS, WFLD(Nanchang), WFDT, Borit	25%
The Company, WFJN, WFLD, WFTT, WFLD(Chongqing), WFAM,WFMA,WFSC	15%
WFLD(Wuhan)	20%
IRD America, Borit America	21%
SPV.IRD	22%

2.Tax incentives

The Company, WFJN, WFLD, WFTT and WFMA are recognized as high-tech enterprises in 2020 and enjoy a preferential income tax rate of 15% from January 1, 2020 to December 31, 2022. WFAM is recognized as a high-tech enterprise in 2021 and will enjoy a preferential income tax rate of 15% from January 1, 2021 to December 31, 2023. WFSC is recognized as a high-tech enterprise in 2022 and will enjoy a preferential income tax rate of 15% from January 1, 2022 to December 31, 2024.

According to the "Continuation of the Enterprise Income Tax Policies for Western Development" No.23 (Year of 2020) issued together by Ministry of Finance, SAT and NDRC, from January 1, 2011 to December 31, 2030, the enterprises located in the west region and mainly engaged in the industrial projects stipulated in the Catalogue of Encouragement Industries in Western China, and whose main business income accounting for more than 60% of

the total income of the enterprise in the current year can pay the corporate income tax at the tax rate of 15%. In the first half year of 2022, WFLD (Chongqing) paid its corporate income tax at the tax rate of 15%.

In 2022, WFLD (Wuhan) was a qualified 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 12.5%, 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 25%, and the corporate income tax was paid at the tax rate of 20%.

3. Other

Nil

VII. Notes to major items in consolidated financial statements

1. Monetary funds

In RMB

Item	Ending balance	Opening balance
Cash on hand	51,818.51	150,438.79
Cash in bank	2,304,848,889.90	1,864,868,497.94
Other Monetary funds	84,651,222.35	31,044,328.96
Total	2,389,551,930.76	1,896,063,265.69
Including: total amount of funds deposited overseas	324,409,336.06	69,969,414.25
The total amount of funds restricted on use due to mortgage, pledge, or freezing	51,080,295.65	31,044,328.96

Other explanation

The ending balance of other monetary fund includes RMB 32,216,896.41 deposited in the stock repurchase account and RMB 24,368,385.65 deposited in the bank acceptance deposit, cash deposit for Mastercard RMB 199,660.00, in-transit dividends RMB 1,262,280.00, IRD performance bond RMB 7,487,250.00, the foreign exchange contract margin RMB 188,400,000.00, in-transit foreign exchange fund RMB 91,750.29, judicial frozen fund RMB 180,000.00, and ETC freezing RMB 5,000.00. The in-transit dividends RMB 1,262,280.00 was a portion of the dividend distributed by Miracle Automation (002009), a trading financial asset held by the company, from 2017 to 2022, which was not transferred to the company's current account due to account issues.

2. Trading financial asset

In RMB

Item	Ending balance	Opening balance
Financial assets measured at fair value and whose changes are included in current profit or loss	2,718,820,654.87	6,076,436,069.42
Including:		
SNAT	78,834,732.00	153,643,308.00
Miracle Automation	66,693,600.00	113,793,600.00
Lifan Technology	48,516.34	77,802.11

Toyze Auto	462,414.48	
Foreign exchange contracts		74,734,940.30
Other debt and equity instrument investments	2,572,781,392.05	5,734,186,419.01
Including:		
Total	2,718,820,654.87	6,076,436,069.42

3. Note receivable

(1) Classification of notes receivable

In RMB

Item	Ending balance	Opening balance
Bank acceptance bill		968,022,652.08
Trade acceptance bill	135,559,024.27	148,527,534.13
Total	135,559,024.27	1,116,550,186.21

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debts reserve		Book value	Book value		Bad debts reserve		Book value
	Amount	Ratio	Amount	Accrued ratio		Amount	Ratio	Amount	Accrued ratio	
Including:										
Note receivable with bad debt provision	135,559,024.27	100.00%			135,559,024.27	1,116,550,186.21	100.00%			1,116,550,186.21
Accrued on portfolio										
Including:										
Portfolio 1: bank acceptance bill						968,022,652.08	86.70%			968,022,652.08
Portfolio 2: trade acceptance bill	135,559,024.27	100.00%			135,559,024.27	148,527,534.13	13.30%			148,527,534.13
Total	135,559,024.27	100.00%			135,559,024.27	1,116,550,186.21	100.00%			1,116,550,186.21

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 Accrued, collected or reversal

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

Item	Amount pledge at period-end
Trade acceptance bill	82,908,186.94
Total	82,908,186.94

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

In RMB

Item	Amount derecognized at period-end	Amount not derecognized at period-end
Trade acceptance bill		1,214,398.69
Total		1,214,398.69

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

In RMB

Item	Amount transfer to account receivable at period-end
Trade acceptance bill	7,201,691.00
Total	7,201,691.00

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 and 2 million yuan were respectively recovered in 2019 and 2020. and enforced money 98,309 yuan was received in the year.

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

Nil

4. Account receivable**(1) Classification of account receivable**

In RMB

Category	Ending balance			Opening balance		
	Book balance	Bad debt reserve	Book	Book balance	Bad debt reserve	Book

	Amount	Ratio	Amount	Accrued ratio	value	Amount	Ratio	Amount	Accrued ratio	value
Account receivable with bad debt provision Accrued on a single basis	57,806,705.14	1.80%	57,806,705.14	100.00%		61,361,142.44	2.87%	61,361,142.44	100.00%	
Including:										
Account receivable with bad debt provision Accrued on portfolio	3,149,157,700.73	98.20%	21,667,523.48	0.69%	3,127,490,177.25	2,076,986,857.82	97.13%	23,186,564.05	1.12%	2,053,800,293.77
Including:										
Total	3,206,964,405.87	100%	79,474,228.62	2.48%	3,127,490,177.25	2,138,348,000.26	100.00%	84,547,706.49	3.95%	2,053,800,293.77

Bad debt provision Accrued on single basis: 57,806,705.14

In RMB

Name	Ending balance			
	Book balance	Bad debt reserve	Accrued ratio	Accrued 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.	8,367,245.47	8,367,245.47	100.00%	Have difficulty in collection
BD bills	7,201,691.00	7,201,691.00	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
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
Dongfeng Chaoyang Diesel Co., Ltd.	1,823,262.64	1,823,262.64	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
Jiangsu Jintan Automobile Industry Co., Ltd.	1,059,798.43	1,059,798.43	100.00%	Have difficulty in collection
Tianjin Levol Engine Co., Ltd.	1,018,054.89	1,018,054.89	100.00%	Have difficulty in collection
Other clients	2,281,494.56	2,281,494.56	100.00%	Have difficulty in collection
Total	57,806,705.14	57,806,705.14		

Bad debt provision Accrued on portfolio: 3,149,157,700.73

In RMB

Name	Ending balance		
	Book balance	Bad debt reserve	Accrued ratio
Within 6 months	3,024,862,168.01	--	
6 months to one year	92,819,798.57	9,281,979.84	10.00%
1-2 years	18,948,517.89	3,789,703.59	20.00%

2-3 years	6,552,293.67	2,620,917.46	40.00%
Over 3 years	5,974,922.59	5,974,922.59	100.00%
Total	3,149,157,700.73	21,667,523.48	

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

Account age	Book balance
Within one year (One year included)	3,118,871,487.62
Including: within 6 months	3,025,753,558.24
6 months to one year	93,117,929.38
1-2 years	19,350,208.92
2-3 years	8,919,358.15
Over 3 years	59,823,351.18
3-4 years	59,823,351.18
Total	3,206,964,405.87

(2) Bad debt provision Accrued collected or reversal

Bad debt provision Accrued in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrued	Collected or reversal	Charged off	Other	
Bad debt provision	84,547,706.49	2,904,080.14	2,676,427.23	5,608,467.36	307,336.58	79,474,228.62
Total	84,547,706.49	2,904,080.14	2,676,427.23	5,608,467.36	307,336.58	79,474,228.62

Important bad debt provision collected or reversal: Nil

(3) Account receivable actually charged off in the Period

In RMB

Item	Amount charged off
Zhejiang Zotye Automobile Co., Ltd.	3,059,115.67
Ruili Jifeng Import and Export Co., Ltd	1,091,409.60
Chongqing Branch of Hunan Jiangnan Auto Co., Ltd	935,638.55
Sporadic clients	522,303.54
Total	5,608,467.36

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

Name	In RMB		
	Ending balance of account receivable	Ratio in total ending balance of account receivables	Ending balance of bad debt reserve
RBCD	461,493,652.46	14.39%	174,766.71
Client 2	376,840,900.77	11.75%	70,035.30
Robert Bosch Company	363,021,724.83	11.32%	882,016.11
Client 4	142,812,092.97	4.45%	60,548.15
Client 5	130,978,870.40	4.09%	2,955,417.69
Total	1,475,147,241.43	46.00%	4,142,783.96

(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**(1) Category of receivable financing:**

Item	In RMB	
	Ending balance	Opening balance
Bill receivable- bank acceptance bill	1,918,368,845.21	713,017,014.50
Total	1,918,368,845.21	713,017,014.50

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.

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

Item	Amount pledge at period-end
Bank acceptance bill	530,337,600.45

Trade acceptance bill	--
Total	530,337,600.45

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

Item	Amount derecognized at period-end	Amount not derecognized at period-end
Bank acceptance bill	269,050,791.15	--
Trade acceptance bill	--	--
Total	269,050,791.15	--

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

In RMB

Account age	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	88,207,782.70	93.51%	172,019,278.72	96.61%
1-2 years	5,066,837.28	5.37%	3,318,636.20	1.86%
2-3 years	778,819.68	0.83%	1,140,843.34	0.64%
Over 3 years	270,414.21	0.29%	1,580,491.73	0.89%
Total	94,323,853.87		178,059,249.99	

Explanation of the reasons why prepayments with an aging of over 1 year and significant amounts were not settled in a timely manner

Nil

(2) Top 5 accounts 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 45,793,646.66 yuan, takes 48.55 percent of the total advance payment at year-end.

Other explanation: Nil

7. Other account receivables

In RMB

Item	Ending balance	Opening balance
Dividend receivable	147,000,000.00	
Other account receivables	1,117,507,456.47	17,908,078.54
Total	1,264,507,456.47	17,908,078.54

(1) Interest receivable**1) Category of interest receivable**

Nil

2) Significant overdue interest

Nil

3) Accrued of bad debt provision Applicable Not applicable**(2) Dividend receivable****1) Category of dividend receivable**

In RMB

Item (or invested enterprise)	Ending balance	Opening balance
Wuxi WFEC Catalyst Co., Ltd.	147,000,000.00	
Total	147,000,000.00	

2) Important dividend receivable with account age over one year

Nil

3) Accrued of bad debt provision Applicable Not applicable**(3) Other accounts receivable****1) Classify other accounts receivable by nature**

In RMB

Nature	Ending book balance	Opening book balance
Intercourse funds from units	1,894,818.08	1,991,247.85
Cash deposit	9,087,881.41	6,212,842.61
Staff loans and petty cash	1,823,842.27	555,076.61
Social security and provident fund paid	11,341,820.83	10,547,050.70
WFTR "platform trade" business portfolio	2,741,499,131.95	
Other	66,663.56	1,952,403.17
Total	2,765,714,158.10	21,258,620.94

2) Accrued of bad debt provision

In RMB

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, 2022	3,318,719.00		31,823.40	3,350,542.40
Balance of Jan. 1, 2022 in the period				
Current Accrued	1,785,811.16		1,644,068,327.93	1,645,854,139.09
Current reversal	200,553.00		96.60	200,649.60
Current charge off	1,774,500.00			1,774,500.00
Other changes	977,169.74			977,169.74
Balance on Dec. 31, 2021	4,106,646.90		1,644,100,054.73	1,648,206,701.63

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

 Applicable Not applicable

By account age

In RMB

Account age	Book balance
Within one year (One year included)	2,758,812,664.93
Within 6 months	1,919,096,046.09
6 months to one year	839,716,618.84
1-2 years	1,358,405.20
2-3 years	2,962,710.00
Over 3 years	2,580,377.97
3-4 years	2,580,377.97
Total	2,765,714,158.10

3) Bad debt provision Accrued, collected or reversal

Bad debt provision Accrued in the period:

In RMB

Category	Opening balance	Change in current period				Ending balance
		Accrued	Collected or reversal	Charge off	Other	
Bad debt provision	3,350,542.40	1,645,854,139.09	200,649.60	1,774,500.00	977,169.74	1,648,206,701.63
Total	3,350,542.40	1,645,854,139.09	200,649.60	1,774,500.00	977,169.74	1,648,206,701.63

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

4) Other accounts actually charged off during the reporting period

In RMB

Item	Amount charged off
------	--------------------

Ningbo Jiangbei High-Tech Industry Park Development Construction Co., Ltd.	1,767,000.00
Other sporadic	7,500.00
Total	1,774,500.00

Note of important other receivables of written-off:

Nil

5) Top 5 other accounts receivable at ending balance by arrears party

In RMB

Enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other accounts receivables	Ending balance of bad debt reserve
WFTR "platform trade" business portfolio	See "Other explanations"	2,741,499,131.95	Within one year	99.12	1,644,068,327.93
Wuxi China Resources Gas Co. LTD	Deposit margin	1,364,750.00	Within 3 years	0.05	492,910.00
Zhenkunxing Industrial Supermarket (Shanghai) Co., LTD	Deposit margin	1,000,000.00	2-3 years	0.04	400,000.00
Wuxi Xingzhou Energy Development Co. LTD	Deposit margin	887,227.72	Within one year	0.03	28,176.35
Wuxi Youlian Thermoelectric Co. LTD	Deposit margin	750,000.00	Over 3 years	0.03	750,000.00
Total		2,745,501,109.67		99.27	1,645,739,414.28

Other explanations: For details of WFTR "platform trade" business portfolio, please refer to the description in Note-XVI, 7 "Other Significant Transactions and Matters Affecting Investors' Decisions".

6) Other account receivables related to government grants

Nil

7) Other accounts receivable derecognized due to the transfer of financial assets

Nil

8) The amount of assets and liabilities formed by transferring other receivables and continuing to be involved

Nil

8. Inventory

Does the Company need to comply with disclosure requirements in the real estate industry?

No

(1) Category of inventory

In RMB

Item	Ending balance			Opening balance		
	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
Stock materials	796,941,337.63	160,326,360.21	636,614,977.42	693,636,748.61	84,791,307.00	608,845,441.61
Goods in process	437,653,321.23	31,641,606.69	406,011,714.54	406,224,039.14	18,593,866.28	387,630,172.86
Finished goods	1,382,835,104.89	142,342,140.58	1,240,492,964.31	2,578,635,721.74	129,714,961.12	2,448,920,760.62
Total	2,617,429,763.75	334,310,107.48	2,283,119,656.27	3,678,496,509.49	233,100,134.40	3,445,396,375.09

(2) Inventory depreciation reserve or provision for impairment of contract performance costs

In RMB

Item	Opening balance	Current increased		Current decreased		Ending balance
		Accrued	Other	Reversal or write-off	Other	
Stock materials	84,791,307.00	84,615,829.62	13,105,601.77	22,186,378.18		160,326,360.21
Goods in process	18,593,866.28	20,325,267.14	3,015,928.19	10,293,454.92		31,641,606.69
Finished goods	129,714,961.12	76,669,336.36	2,399,284.44	66,441,441.34		142,342,140.58
Total	233,100,134.40	181,610,433.12	18,520,814.40	98,921,274.44		334,310,107.48

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

② Accrued basis for inventory depreciation reserve:

Cash on hand	Accrued 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	Accrued basis for inventory impairment provision	Specific basis for recognition

③ Reasons of inventory falling price reserves written off in current period:

Cash on hand	Reasons of written 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) Explanation of the current amortization amount of contract performance cost

Nil

9. Other current assets

In RMB

Item	Ending balance	Opening balance
Receivable export tax rebates	14,325,020.52	6,457,803.72
VAT refund receivable	25,444,657.63	3,985,115.26
Prepaid taxes and VAT retained	364,556,192.43	204,700,549.12
Input tax to be deducted and certification	1,192,752.68	6,274.43
Other	25,028,577.98	5,171,179.97
Total	430,547,201.24	220,320,922.50

10. Long-term equity investment

In RMB

The invested entity	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 Accrued	Other		
I. Joint venture											
II. Associated enterprise											
Wuxi WFEC Catalyst Co., Ltd.	794,489,840.10			177,038,969.79			147,000,000.00			824,528,809.89	
Robert Bosch Powertrain Ltd.	3,340,114,235.45			1,085,484,785.75			765,837,710.23			3,659,761,310.97	
Zhonglian Automobile Electronic Co., Ltd.	1,378,575,785.77			375,237,528.28			194,400,000.00			1,559,413,314.05	
Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.	46,014,272.27			18,815,540.24			10,000,000.00			54,829,812.51	
Changchun Xuyang Weifu	10,348,819.93			-727,085.10						9,621,734.83	

Automobile components Technology Co., Ltd.										
Precors GmbH	5,345,878.98			20,698.24				151,347.34	5,517,924.56	
Wuxi Chelian Tianxia Information Technology Co., Ltd.	143,055,955.62	37,000,000.00		-10,910,753.47					169,145,202.15	
Subtotal	5,717,944,788.12	37,000,000.00		1,644,959,683.73			1,117,237,710.23	151,347.34	6,282,818,108.96	
Total	5,717,944,788.12	37,000,000.00		1,644,959,683.73			1,117,237,710.23	151,347.34	6,282,818,108.96	

Other explanation

Explanation on those holding less than 20% of the voting rights but with significant influence:

(1) Precors GmbH:

The wholly-owned subsidiary of the Company, Borit, holds 8.11% equity of Precors GmbH. Borit appointed a director to Precors GmbH. Though the representative, Borit can participate in the operation policies formulation of Precors GmbH, and thus exercise a significant influence over Precors GmbH.

(2) Wuxi Chelian Tianxia Information Technology Co., Ltd. (Hereinafter referred to as "Chelian Tianxia"):

The Company holds 9.8452% equity of Chelian Tianxia, and appointed a director to Chelian Tianxia. Though the representative, the Company can participate in the operation policies formulation of Chelian Tianxi, and thus exercise a significant influence over Chelian Tianxi.

11. Other equity instrument investment

In RMB

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	592,742,690.00	200,000,000.00
Total	677,790,690.00	285,048,000.00

12. Other non-current financial assets

In RMB

Item	Ending balance	Opening balance
Guolian Securities	186,608,914.00	208,795,178.00
Investments in other debt instruments and equity instruments held for more than one year	1,140,000,000.00	1,482,000,000.00
Total	1,326,608,914.00	1,690,795,178.00

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

Applicable Not applicable

In RMB

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	41,662,196.86			41,662,196.86
(1) Outsourcing				
(2) Inventory\fixed assets\construction in process transfer-in	41,662,196.86			41,662,196.86
(3) Increased by combination				
3. Current decreased	9,494,473.20			9,494,473.20
(1) Disposal				
(2) Other transfer-out				
(3) Transfer from rental to self use	9,494,473.20			9,494,473.20
4. Ending balance	97,691,776.27			97,691,776.27
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	46,136,306.05			46,136,306.05
2. Current increased	7,278,108.90			7,278,108.90
(1) Accrued or amortization	2,331,022.21			2,331,022.21
(2) Transferred from inventory, fixed assets, and construction in progress	4,947,086.69			4,947,086.69
3. Current decreased	5,019,508.41			5,019,508.41
(1) Disposal				
(2) Other transfer-out				
(3) Transfer from rental to self use	5,019,508.41			5,019,508.41
4. Ending balance	48,394,906.54			48,394,906.54
III. Depreciation reserves				
1. Opening balance				
2. Current increased				
(1) Accrued				
3. Current decreased				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance				
IV. Book value				
1. Ending Book value	49,296,869.73			49,296,869.73
2. Opening Book value	19,387,746.56			19,387,746.56

(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

Item	Ending balance	Opening balance
Fixed assets	3,769,984,185.94	2,932,210,452.51
Total	3,769,984,185.94	2,932,210,452.51

(1) Fixed assets

In RMB

Item	House and Building	Machinery equipment	Transportation equipment	Electronic and other equipment	Land	Total
I. Original book value:						
1. Opening balance	1,570,238,484.44	3,540,288,690.19	32,772,506.07	714,328,321.31		5,857,628,002.01
2. Current increased	414,184,200.80	1,105,926,860.71	7,106,091.81	385,478,644.98	29,446,173.31	1,942,141,971.61
(1) Purchase	244,898.40	7,530,517.28	367,371.68	713,097.76		8,855,885.12
(2) Construction in progress transfer-in	282,682,532.87	743,087,427.45	6,738,720.13	91,270,299.75	--	1,123,778,980.20
(3) Investment real estate transfer-in	8,639,863.02					8,639,863.02
(4) Financial lease transfer in		12,268,137.32				12,268,137.32
(5) Increased by combination	122,616,906.51	343,040,778.66		293,495,247.47	29,446,173.31	788,599,105.95
3. Current decreased	54,225,619.75	48,213,762.73	1,332,428.09	64,336,862.53		168,108,673.10
(1) Disposal or scrapping	12,563,422.89	48,213,762.73	1,332,428.09	64,336,862.53		126,446,476.24
(2) Transfer to investment real estate	41,662,196.86					41,662,196.86
4. Conversion of foreign currency financial statement	4,328,995.47	15,503,048.12	66,093.39	10,831,183.40	1,037,118.74	31,766,439.12
5. Ending balance	1,934,526,060.96	4,613,504,836.29	38,612,263.18	1,046,301,287.16	30,483,292.05	7,663,427,739.64
II. Accumulated depreciation						
1. Opening balance	439,825,229.29	1,952,082,761.65	20,404,183.79	422,378,184.50		2,834,690,359.23
2. Current increased	110,150,684.48	535,453,321.58	2,253,579.24	283,691,538.26	--	931,549,123.56
(1) Accrued	52,819,069.57	255,295,980.54	2,253,579.24	110,637,163.27		421,005,792.62
(2) Investment real estate transfer-in	4,699,630.83					4,699,630.83
(3) Financial lease transfer in		10,448,678.64				10,448,678.64
(4) increased by	52,631,984.08	269,708,662.40		173,054,374.99		495,395,021.47

combination						
3.Current decreased	15,056,913.30	27,569,646.38	1,038,351.23	49,907,798.40		93,572,709.31
(1) Disposal or scrapping	10,109,826.61	27,569,646.38	1,038,351.23	49,907,798.40		88,625,622.62
(2) Transfer to investment real estate	4,947,086.69					4,947,086.69
4.Conversion of foreign currency financial statement	1,891,138.02	11,005,788.81	1,956.45	7,892,977.17		20,791,860.45
5.Ending balance	536,810,138.49	2,470,972,225.66	21,621,368.25	664,099,659.92		3,693,503,392.32
III. Depreciation reserves						
1.Opening balance		84,541,933.61	73,319.90	6,111,936.76		90,727,190.27
2.Current increased	13,624,811.05	76,592,762.00		17,270,992.75	14,639,472.46	122,128,038.26
(1) Accrued						
(2)Increased by combination	13,624,811.05	76,592,762.00		17,270,992.75	14,639,472.46	122,128,038.26
3.Current decreased	7,045.42	14,338,942.29		2,101,139.20		16,447,126.91
(1) Disposal or scrapping	7,045.42	14,338,942.29		2,101,139.20		16,447,126.91
4.Conversion of foreign currency financial statement	479,554.86	2,107,885.69		429,004.80	515,614.41	3,532,059.76
5.Ending balance	14,097,320.49	148,903,639.01	73,319.90	21,710,795.11	15,155,086.87	199,940,161.38
IV. Book value						
1.Ending Book value	1,383,618,601.98	1,993,628,971.62	16,917,575.03	360,490,832.13	15,328,205.18	3,769,984,185.94
2.Opening Book value	1,130,413,255.15	1,503,663,994.93	12,295,002.38	285,838,200.05		2,932,210,452.51

(2) Temporarily idle fixed assets

Nil

(3) Fixed assets acquired by operating lease

Nil

(4) Fixed assets without property certification held

In RMB

Item	Book value	Reasons for without the property certification
Plant and office building of Weifu Chang'an	32,165,954.92	Still in process of relevant property procedures

Other explanation: Nil

(5) Disposal of fixed assets

Nil

15. Construction in progress

In RMB

Item	Ending balance	Opening balance
Construction in progress	509,105,587.49	387,429,933.08
Total	509,105,587.49	387,429,933.08

(1) Construction in progress

In RMB

Item	Ending balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Technical transformation of parent company	132,814,463.95		132,814,463.95	88,688,772.85		88,688,772.85
Lot 103 phase V of the parent company				89,599,174.42		89,599,174.42
WFMS rebuilding of the parent company	20,562,758.75		20,562,758.75	12,185,858.74		12,185,858.74
Renovation of Xinan Branch, No. 6 Huashan Road of Parent Company	41,493,029.41		41,493,029.41			
Technical transformation of WFAM	69,450,019.06		69,450,019.06	72,318,870.79		72,318,870.79
Technical transformation of WFLD	16,739,199.84		16,739,199.84	13,368,288.81		13,368,288.81
Technical transformation of Denmark RID	82,081,060.63		82,081,060.63	23,293,601.39		23,293,601.39
Technical transformation of Italy VHIT	47,822,275.01		47,822,275.01			
Other projects	98,142,780.84		98,142,780.84	87,975,366.08		87,975,366.08
Total	509,105,587.49		509,105,587.49	387,429,933.08		387,429,933.08

(2) Changes of major construction in progress

In RMB

Item	Budget	Opening balance	Current increased	Fixed assets transferred-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		88,688,772.85	530,483,541.73	484,206,373.45	2,151,477.18	132,814,463.95						Company accumulation funds
Lot 103 phase V of		89,599,174.4	25,082,992.3	114,682,166.								Company

the parent company		2	8	80							accumulation funds
WFMS rebuilding of the parent company		12,185,858.74	8,376,900.01			20,562,758.75					Company accumulation funds
Renovation of Xinan Branch, No. 6 Huashan Road of Parent Company			41,493,029.41			41,493,029.41					Company accumulation funds
Technical transformation of WFAM		72,318,870.79	142,114,233.06	144,334,625.25	648,459.54	69,450,019.06					Company accumulation funds
Technical transformation of WFLD		13,368,288.81	74,672,106.28	71,074,193.84	227,001.41	16,739,199.84					Company accumulation funds
Technical transformation of Denmark RID		23,293,601.39	60,594,550.01	1,807,090.77		82,081,060.63					Company accumulation funds
Technical transformation of Italy VHIT			59,336,857.04	11,514,582.03		47,822,275.01					Company accumulation funds
Other projects		299,454,567.00	942,154,209.92	827,619,032.14	3,026,938.13	410,962,806.65					

(3) The provision for impairment of construction projects

Nil

(4) Engineering materials

Nil

16. Right-of-use assets

In RMB

Item	Building	Mechanical equipment	Total
I. Original book value:			
1. Opening balance	17,604,684.01	21,763,912.85	39,368,596.86
2. Current increased	15,589,326.89	15,206,270.58	30,795,597.47
(1) Increased lease	13,711,753.69	15,206,270.58	28,918,024.27

(2)Increased by combination	1,877,573.20		1,877,573.20
3.Current decreased		12,268,137.32	12,268,137.32
(1) Transfer to own assets		12,268,137.32	12,268,137.32
4. Conversion of foreign currency financial statement	1,222,038.96	319,399.52	1,541,438.48
5.Ending balance	34,416,049.86	25,021,445.63	59,437,495.49
II. Accumulated depreciation			
1.Opening balance	4,140,756.41	12,079,434.87	16,220,191.28
2.Current increased	6,596,209.61	4,961,207.02	11,557,416.63
(1) Accrued	5,526,140.33	4,961,207.02	10,487,347.35
(2)increased by combination	1,070,069.28		1,070,069.28
3.Current decreased		10,448,678.64	10,448,678.64
(1) Disposal			
(2) Transfer to own assets		10,448,678.64	10,448,678.64
4. Conversion of foreign currency financial statement	298,972.97	-55,507.13	243,465.84
5.Ending balance	11,035,938.99	6,536,456.12	17,572,395.11
III. Depreciation reserves			
1.Opening balance			
2.Current increased			
(1) Accrued			
3.Current decreased			
(1) Disposal			
4.Ending balance			
IV. Book value			
1.Ending Book value	23,380,110.87	18,484,989.51	41,865,100.38
2.Opening Book value	13,463,927.60	9,684,477.98	23,148,405.58

17. Intangible assets

(1) Intangible assets

In RMB

Item	Land use right	Patent	Non-patent technology	Computer software	Trademark and trademark license	Total
I. Original book value						
1.Opening balance	381,012,520.44		181,889,330.47	123,152,207.22	41,597,126.47	727,651,184.60
2.Current increased	854,610.18		59,548,754.53	35,211,964.82		95,615,329.53
(1) Purchase			3,804,434.00	1,689,742.12		5,494,176.12
(2)Construction in progress				25,168,225.22		25,168,225.22
(3) Increased by combination			50,744,320.53	8,353,997.48		59,098,318.01
(4) Shareholders' capital contribution			5,000,000.00			5,000,000.00
(5)Transfer from rental to self use	854,610.18					854,610.18
3.Current decreased				2,578,043.96		2,578,043.96
(1)disposal or scrapping				2,578,043.96		2,578,043.96
4.Conversion of foreign currency financial statement			6,297,657.07	545,533.29		6,843,190.36
5.Ending balance	381,867,130.62		247,735,742.07	156,331,661.37	41,597,126.47	827,531,660.53

II. accumulated amortization						
1. Opening balance	103,617,738.03		64,204,353.94	92,880,072.81	9,709,000.00	270,411,164.78
2. Current increased	8,701,768.78		15,612,492.50	28,089,883.82		52,404,145.10
(1) Amortization	8,381,891.20		15,612,492.50	23,420,202.87		47,414,586.57
(2) Transfer from rental to self use	319,877.58					319,877.58
(3) increased by combination				4,669,680.95		4,669,680.95
3. Current decreased				2,578,043.96		2,578,043.96
(1) Disposal or scrapping				2,578,043.96		2,578,043.96
4. Conversion of foreign currency financial statement			2,326,306.00	251,033.39		2,577,339.39
5. Ending balance	112,319,506.81		82,143,152.44	118,642,946.06	9,709,000.00	322,814,605.31
III. Depreciation reserves						
1. Opening balance					16,646,900.00	16,646,900.00
2. Current increased				427,123.63		427,123.63
(1) Accrued						
(2) Increased by combination				427,123.63		427,123.63
3. Current decreased						
(1) Disposal or scrapping						
4. Conversion of foreign currency financial statement				15,043.67		15,043.67
5. Ending balance				442,167.30	16,646,900.00	17,089,067.30
IV. Book value						
1. Ending Book value	269,547,623.81		165,592,589.63	37,246,548.01	15,241,226.47	487,627,987.92
2. Opening Book value	277,394,782.41		117,684,976.53	30,272,134.41	15,241,226.47	440,593,119.82

(2) Land use right without property certification held

Nil

18. Goodwill

(1) Original book value of goodwill

In RMB

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 WFTT	1,784,086.79					1,784,086.79

Merged with Borit	229,470,928.96		6,427,359.97			235,898,288.93
Total	231,255,015.75		6,427,359.97			237,682,375.72

(2) Goodwill depreciation reserves

1) Goodwill generated by merging Weifu TT:

In 2010, the company consolidated Weifu Tianli through a cash capital increase, and the goodwill is the part of the merger cost greater than the fair value share of Weifu Tianli's identifiable net assets. At the end of the period, the Company conducted an impairment test on goodwill to estimate the recoverable amount of the asset group related to goodwill based on the present value of future cash flows, that is, estimating the present value of future cash flows base on the financial budget for the next 5 years set by management and 12.39% discount rate, cash flows remain stable for years beyond the five-year budget. The asset group identified at the time of goodwill impairment test did not change.

The key parameters determined by goodwill impairment test are as follows: 18%-19% gross profit rate and 8%-11% growth rate of operating revenue in the forecast period are used as key parameters to calculate the present value of expected future cash flows of the asset group related to goodwill. Management determines these parameters based on historical conditions prior to the forecast period and its forecast of market development. After the test above, the Company's goodwill does not need to draw impairment reserves.

2) Goodwill generated by merging Borit:

In 2020, the Company acquired 100.00% of Borit's equity by cash purchase, and goodwill is the amount of merger cost greater than the fair value share of Borit's identifiable net assets. According to the Asset Appraisal Report issued by Wanlong (Shanghai) Asset Appraisal Co., LTD. (Wanlong Appraisal Word (2023) No. 40032). The recoverable value of the company's goodwill combined with Borit in the asset group is RMB 32,4221,500, which is higher than the book value of RMB 311,238,500, so there is no impairment loss of goodwill.

19. Long-term deferred expense

In RMB

Item	Opening balance	Current increased	Amortized in the Period	Other decrease	Ending balance
Remodeling costs etc.	15,304,783.57	18,957,732.21	5,676,279.94		28,586,235.84
Total	15,304,783.57	18,957,732.21	5,676,279.94		28,586,235.84

20. Deferred income tax assets/Deferred income tax liabilities

(1) Deferred income tax assets that are not offset

In RMB

Item	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Unrealized profit from insider transactions	43,939,348.59	8,056,161.37	65,251,129.55	10,531,677.19
Deductible loss	942,706,826.57	142,138,790.82	53,658,338.05	11,465,129.69
Bad debt provision	79,078,766.93	11,972,961.27	87,681,266.17	13,383,420.21
Inventory depreciation reserve	299,752,548.93	46,412,618.47	224,955,223.94	37,688,819.01

Depreciation reserves of fixed assets	70,008,612.21	12,701,929.36	57,218,038.14	8,677,481.50
Depreciation reserves of intangible assets	16,646,900.00	2,497,035.00	16,646,900.00	2,497,035.00
Deferred income	222,850,907.79	33,668,167.75	295,502,674.12	44,620,545.44
Payable salary, accrued expenses etc.	849,436,667.00	139,593,056.66	1,236,037,621.62	188,472,847.67
Depreciation assets, amortization difference	25,570,352.82	4,153,581.52	54,047,597.49	8,868,412.34
Equity incentive	3,066,582.11	459,987.32	80,742,533.73	12,498,678.30
Fiscal and tax differences for leasing business	1,345,462.74	234,721.68	378,997.84	72,554.36
Total	2,554,402,975.69	401,889,011.22	2,172,120,320.65	338,776,600.71

(2) Deferred income tax liabilities that are not offset

In RMB

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 WFTT assets in a merger not under the same control	10,192,264.15	1,528,839.60	10,660,027.75	1,599,004.14
The difference between the fair value and taxation basis of IRD assets in a merger not under the same control	61,131,061.24	13,448,833.47	68,854,748.78	15,148,044.73
The difference between the fair value and taxation basis of Borit assets in a merger not under the same control	21,378,918.49	5,344,729.59	25,246,551.70	6,311,637.91
The difference between the fair value and taxation basis of VH business in a merger not under the same control	59,291,649.88	14,229,995.98		
Change of fair value of transaction financial asset	161,415,403.78	24,226,534.89	318,337,329.74	47,794,985.96
Accelerated depreciation of fixed assets	700,548,497.31	107,631,856.23	294,934,456.08	48,772,268.60
Total	1,013,957,794.85	166,410,789.76	718,033,114.05	119,625,941.34

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

In RMB

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	-126,261,238.77	275,627,772.45	-96,528,406.14	242,248,194.57
Deferred income tax liabilities	-126,261,238.77	40,149,550.99	-96,528,406.14	23,097,535.20

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Ending balance	Opening balance
Bad debt reserve	1,648,602,163.32	216,982.72
Inventory depreciation reserve	34,557,558.55	8,144,910.46

Loss from subsidiary	529,884,134.82	279,247,744.04
Depreciation reserves of fixed assets	129,931,549.17	33,509,152.13
Depreciation reserves of intangible assets	442,167.30	
Other equity instrument investment	13,600,000.00	13,600,000.00
Equity incentive		2,304,871.81
Total	2,357,017,573.16	337,023,661.16

(5) Deductible losses of unrecognized deferred income tax assets expired in following years

In RMB

Maturity year	Ending amount	Opening amount	Note
2022		3,781,066.93	Operating loss occurs in domestic subsidiaries
2023	2,380,501.89	1,171,973.53	Operating loss occurs in domestic subsidiaries
2024	12,087,441.12	18,520,699.71	Operating loss occurs in domestic subsidiaries
2025	12,140,693.54	12,151,503.80	Operating loss occurs in domestic subsidiaries
2026	46,418,486.83	22,596,818.84	Operating loss occurs in domestic subsidiaries
2027 and the following years	160,833,781.13		Operating loss occurs in domestic subsidiaries
No expiration period	296,023,230.31	221,025,681.23	Operating loss occurs in overseas subsidiaries
Total	529,884,134.82	279,247,744.04	

21. Other non-current assets

In RMB

Item	Ending balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Contract acquisition cost	19,855,422.27		19,855,422.27			
Engineering equipment paid in advance	239,775,014.10		239,775,014.10	267,941,354.57		267,941,354.57
Large deposit certificates with a maturity of more than one year	220,000,000.00		220,000,000.00			
Total	479,630,436.37		479,630,436.37	267,941,354.57		267,941,354.57

22. Short-term borrowings

(1) Category of short-term borrowings

In RMB

Item	Ending balance	Opening balance
Guaranteed Loan	89,074,800.00	72,197,000.00
Credit loan	3,511,504,373.65	1,264,241,086.57

Bill financing		100,000,000.00
Accrued interest	3,797,354.17	1,520,119.98
Total	3,604,376,527.82	1,437,958,206.55

(2) Overdue short-term loans without payment**23. Derivative financial liabilities**

In RMB

Item	Ending balance	Opening balance
Forward settlement and sales of foreign exchange	747,115.75	
Total	747,115.75	

24. Note payable

In RMB

Category	Ending balance	Opening balance
Bank acceptance bill	1,411,089,606.00	1,760,032,216.30
Total	1,411,089,606.00	1,760,032,216.30

At the end of the current period, the total amount of matured but unpaid notes payable is 0.00 yuan.

Other notes:

A deposit of 24,307,521.30 yuan and pledge notes receivable of 613,245,787.39 yuan have been paid for the issuance of the banker's acceptance above.

25. Account payable**(1) Account payable**

In RMB

Item	Ending balance	Opening balance
Within one year	3,165,855,712.48	3,066,299,727.36
1-2 years	207,702,168.86	64,962,570.18
2-3 years	31,919,163.40	52,067,026.49
Over three years	49,123,978.86	23,324,378.56
Total	3,454,601,023.60	3,206,653,702.59

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

Nil

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

In RMB

Item	Ending balance	Opening balance
Within 1 year	3,633,878.33	2,854,518.96
Total	3,633,878.33	2,854,518.96

27.Contract liabilities

In RMB

Item	Ending balance	Opening balance
Within one year	60,916,157.84	132,406,102.56
1-2 years	31,275,903.90	2,681,086.39
2-3 years	1,518,759.78	132,196.85
Over three years	1,139,261.71	1,208,250.59
Total	94,850,083.23	136,427,636.39

28.Wage payable

(1) Wage payable

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
I. Short-term compensation	207,822,331.67	1,204,097,708.74	1,170,045,281.42	241,874,758.99
II. Post-employment welfare- defined contribution plans	20,279,307.31	185,708,871.69	178,310,062.19	27,678,116.81
III. Dismissed welfare	1,245,327.09	1,396,110.65	1,668,237.41	973,200.33
IV. Incentive funds paid within one year	93,880,000.00		63,140,000.00	30,740,000.00
V. Other short-term welfare- Housing subsidies, employee benefits and welfare funds	16,661,536.63	4,526,219.46	5,019,445.98	16,168,310.11
Total	339,888,502.70	1,395,728,910.54	1,418,183,027.00	317,434,386.24

(2) Short-term compensation

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Wages, bonuses, allowances and subsidies	197,176,934.90	956,189,963.48	925,104,100.52	228,262,797.86
2. Welfare for workers and staff	72,058.92	71,285,245.35	71,357,304.27	
3. Social insurance	192,691.73	70,075,762.32	69,988,910.42	279,543.63
Including: Medical insurance	172,605.50	57,511,916.86	57,441,697.79	242,824.57
Work injury insurance	16,653.30	6,718,325.13	6,707,580.23	27,398.20
Maternity insurance	3,432.93	5,845,520.33	5,839,632.40	9,320.86
4. Housing accumulation fund	656,874.00	83,027,391.00	82,898,538.00	785,727.00
5. Labor union expenditure and personnel education expense	9,611,229.93	16,982,993.17	16,634,110.11	9,960,112.99
6. Other short-term compensation - social security	112,542.19	6,536,353.42	4,062,318.10	2,586,577.51
Total	207,822,331.67	1,204,097,708.74	1,170,045,281.42	241,874,758.99

(3) Define contribution plans

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Basic endowment premium	416,445.06	133,875,890.13	127,462,957.24	6,829,377.95

2. Unemployment insurance	25,533.44	4,031,116.95	4,020,171.98	36,478.41
3. Enterprise annuity	19,837,328.81	47,801,864.61	46,826,932.97	20,812,260.45
Total	20,279,307.31	185,708,871.69	178,310,062.19	27,678,116.81

Other explanation:

1.Explanation to decrease in incentive funds paid within a year

The decrease of incentive funds paid within a year in the current period of 63.14 million yuan includes a reclassification of employee compensation payable to long-term employee compensation payable of 34,501,427.39 yuan, which is determined based on the company's future payment plan.

2. Dismiss welfare

The wages payable results from the implementation of inner retirement plan, and the amount paid in the next year is booked into such item.

3. 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 XIV-4 “Annuity plan”.

29.Tax payable

In RMB

Item	Ending balance	Opening balance
Value-added tax	27,961,474.84	24,533,584.80
Corporation income tax	7,847,731.79	2,317,331.81
Individual income tax	6,846,289.60	3,528,037.22
City maintaining & construction tax	1,546,043.92	1,750,188.23
Educational surtax	1,105,937.33	1,250,134.44
Other (including stamp tax and local funds)	9,278,838.05	6,726,372.38
Total	54,586,315.53	40,105,648.88

30.Other account payable

In RMB

Item	Ending balance	Opening balance
Interest payable		6,184.14
Dividends payable		25,671,100.00
Other accounts payable	198,990,948.23	334,228,033.32
Total	198,990,948.23	359,905,317.46

(1) Interest payable

In RMB

Item	Ending balance	Opening balance
Other		6,184.14
Total		6,184.14

Major overdue interest: Nil

(2) Dividend payable

In RMB

Item	Ending balance	Opening balance
Common stock dividend		25,671,100.00
Total		25,671,100.00

Other explanations, including important dividends payable that have not been paid for more than one year, disclose the reason for not paying: Nil

(3) Other account payable

1) Classification of other accounts payable according to nature of account

In RMB

Item	Ending balance	Opening balance
Deposit and margin	15,452,400.65	24,601,774.89
Social insurance and reserves funds that withholding	1,967,741.92	1,695,074.09
Intercourse funds of unit	25,512,145.98	33,562,145.98
Restricted stock repurchase obligations	138,495,060.00	269,101,020.00
Payable unpaid investment funds	13,308,176.65	
Other	4,255,423.03	5,268,018.36
Total	198,990,948.23	334,228,033.32

2) Significant other payable over one year

In RMB

Item	Ending balance	Reasons for non-repayment or carry-over
Nanjing Jidian Industrial Group Co., Ltd.	4,500,000.00	Intercourse funds
Restricted stock repurchase business	138,495,060.00	Restricted stock repurchase business
Total	142,995,060.00	

Other explanation: Nil

31. Non-current liabilities due within one year

In RMB

Item	Ending balance	Opening balance
Long-term borrowings due within one year	2,000,000.00	27,744,527.80
Lease payments due within one year	12,044,793.34	6,318,273.66
Interest payable	240,555.56	25,972.22
Total	14,285,348.90	34,088,773.68

32. Other current liabilities

In RMB

Item	Ending balance	Opening balance
Rebate payable	201,734,082.52	198,936,922.68
Pending sales tax	8,815,298.56	14,032,348.87
Undue bill endorsed/discounted	1,214,398.69	
Total	211,763,779.77	212,969,271.55

Changes in short-term bonds payable: Nil

33. Long-term borrowings

(1) Category of Long-term borrowings

In RMB

Item	Ending balance	Opening balance
Guaranteed loan	238,000,000.00	
Total	238,000,000.00	

34. Lease liability

In RMB

Item	Ending balance	Opening balance
Lease Payments	31,589,277.20	15,795,469.25
Total	31,589,277.20	15,795,469.25

35. Long-term account payable

In RMB

Item	Ending balance	Opening balance
Long-term account payable	12,520,000.00	13,750,000.00
Special accounts payable	18,265,082.11	18,265,082.11
Total	30,785,082.11	32,015,082.11

(1) Long-term account payable listed by nature

In RMB

Item	Ending balance	Opening balance
Hi-tech Branch of Nanjing Finance Bureau (note ①) Financial support funds (2007)		1,230,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ②) Financial support funds (2008)	2,750,000.00	2,750,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ③) Financial support funds (2009)	1,030,000.00	1,030,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ④) Financial support funds (2010)	960,000.00	960,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ⑤) Financial support funds (2011)	5,040,000.00	5,040,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ⑥) Financial support funds (2013)	2,740,000.00	2,740,000.00
Total	12,520,000.00	13,750,000.00

Other explanation:

Note ①: To encourage WFJN 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. This support capital has been in use for 15 years in this period, so it has been transferred to other income.

Note ②: To encourage WFJN 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 ③: To encourage WFJN 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 ④: To encourage WFJN 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 ⑤: To encourage WFJN 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 ⑥: To encourage WFJN 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

Item	Opening balance	Current increased	Current decreased	Ending balance	Cause of formation
Removal compensation of subsidiary WFJN	18,265,082.11			18,265,082.11	
Total	18,265,082.11			18,265,082.11	

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 WFJN 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 WFJN and House Expropriation Management Office of Xuanwu District, Nanjing City, 19.7067 million yuan in total are compensate, including operation losses from lessee 1.4416 million yuan 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 2022.

35. Long-term wages payable

(1) Long-term wages payable

In RMB

Item	Ending balance	Opening balance
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I. Post-employment benefits - Defined benefit plan net liabilities	20,380,744.73	
II. Dismiss welfare	12,028,538.66	4,829,589.69
III. Other long-term welfare	121,683,760.89	103,482,333.50
Total	154,093,044.28	108,311,923.19

(2) Defined benefit plan

Present value of defined benefit plan

In RMB

Item	Current period	Last period
I. Opening balance	19,594,011.39	
II. Cost of defined benefit plan booked into current profit and loss	38,706.27	
1. Current service cost	38,706.27	
III. Cost of defined benefit plan booked into other comprehensive income	399,165.06	
1. Actuarial gains (losses are represented by “-”)	399,165.06	
IV. Other changes	348,862.01	
1. Welfare paid	-345,481.69	
2. Translation difference of foreign currency statements	694,343.70	
V. Ending balance	20,380,744.73	

Other explanation:

According to relevant regulations in Italy, the Trattamento di Fine Rapporto (TFR) system is established. VHIT shall calculate and offer severance to employees in accordance with employees' employment period and taxable base salary when they leave or are dismissed. The plan predicts future cash outflows at the inflation rate and determines its present value at the discount rate. The above-mentioned benefit plan poses actuarial risks to VHIT, mainly including interest rate risk and inflation risk. The decrease in interest rates will lead to an increase in the present value of the defined benefit plan obligations. In addition, the present value of benefit plan obligations is related to the future payment standards of the plan, which are determined based on inflation rates. Therefore, an increase in inflation rate will also lead to an increase in planned liabilities.

37. Anticipated liability

In RMB

Item	Ending balance	Opening balance	Formation cause
Pending litigation total	246,653.02		
Product quality assurance	8,695,322.61		
Investment losses in joint ventures	13,750.00		
Environmental Protection Commitment	1,150,543.24		
Total	10,106,268.87		

Other explanations, including important assumptions and estimation explanations related to significant estimated liabilities: Nil

38.Deferred income

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance	Cause of formation
Government grant	298,052,867.56	3,084,179.93	78,013,068.71	223,123,978.78	
Total	298,052,867.56	3,084,179.93	78,013,068.71	223,123,978.78	--

Item with government grants involved:

In RMB

Items of liabilities	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	721,000.26			721,000.26				Asset/Income related
Appropriation on reforming of production line technology and R&D ability of common rail system for diesel by distributive high-voltage	6,318,348.62			781,651.38			5,536,697.24	Assets related
Fund of industry upgrade (2013)	60,520,000.00			41,809,808.31			18,710,191.69	Income related
R&D and industrialization of the high-pressure variable pump of the common rail system of diesel engine for automobile	3,817,474.67			1,117,613.70			2,699,860.97	Assets related
Research institute of motor vehicle exhaust after-treatment technology	648,660.17			530,870.24			117,789.93	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	83,134,428.94			19,691,341.21			63,443,087.73	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	5,057,667.33			1,270,553.36			3,787,113.97	Assets related
Implementation of the variable cross-section turbocharger for diesel engine	5,882,788.71			1,628,355.53			4,254,433.18	Assets related

Demonstration project for intelligent manufacturing	652,381.50			220,493.70			431,887.80	Assets related
The 2 nd batch of provincial special funds for industry transformation of industrial and information in 2019	3,446,350.12			1,596,505.99			1,849,844.13	Assets related
Municipal technological reform fund allocation in 2020	4,143,406.07			616,309.46			3,527,096.61	Assets related
Strategic cooperation agreement funding for key enterprise of smart manufacturing in high-tech zone	4,450,869.59			1,076,250.73			3,374,618.86	Assets related
The 3 rd batch of provincial special funds for industry transformation of industrial and information in 2021	13,500,000.00						13,500,000.00	Assets related
Other	28,928,491.58	3,109,983.11		6,952,314.84		-25,803.18	25,060,356.67	Assets related/Income related
Total	298,052,867.56	3,109,983.11		78,013,068.71		-25,803.18	223,123,978.78	

Other explanation:

(1) Appropriation on industrialization project of electrical control and high voltage jet VE system of low emissions diesel: in September 2009, WFJN signed “Project Contract of Technology Outcome Transferring Special Capital in Jiangsu Province” with Nanjing Technical Bureau, according to which WFJN 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 4,789,997.04 yuan with income related was reckoned into current operation revenue directly; the 7,210,002.96 yuan with assets related was amortized during the predicted service period of the assets, and 721,000.26 yuan was written off 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 XCJ 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 grants related to assets, amount of 781,651.38 yuan was written off based on the depreciation schedule of the related assets during the period.

(3) 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 and amount of 41,809,808.31 yuan was written off in the year.

(4) 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. the company received 8.05 million yuan, 3 million yuan and 0.45 million yuan respectively in 2013, 2014 and 2015; such funds belong to government grant with assets concerned, and shall be written off according to the depreciation process, amount of 1,117,613.70 yuan was written off in the year.

(5) Vehicle exhaust after-treatment technology research institute project: in 2012, the subsidiary WFLD 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 grants related to assets and will be written off according to the depreciation process, amount of 530,870.24 yuan was written off in the year.

(6) 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.

(7) New-built assets compensation after the removal of parent company: policy relocation compensation received by the Company, and will be written off according to the depreciation of new-built assets, amount of 19,691,341.21 yuan was written off in the year.

(8) 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.

(9) 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 written off according to the depreciation process, amount of 1,270,553.36 yuan was written off in the year.

(10) 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 2017”, subsidiary WFTT received a specific subsidy of 16.97 million yuan in 2016 and of 760,000 yuan in 2018, 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; It belongs to government grant with assets concerned, and shall be written off according to the depreciation process. Amount of 1,628,355.53 yuan was written off in the year.

(11) 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 WFLD in 2017 to be utilized for transformation and upgrade of WFLD’s intelligent manufacturing facilities. This subsidy belongs to government grant related to assets which shall be written off based on the depreciation progress of the assets. Amount of 220,493.70 yuan was written off in the year.

(12) 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 grants related to assets. and shall be written off according to the depreciation process, amount of 1,596,505.99 yuan was written off in the year.

(13) 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 grants related to assets. and shall be written off according to the depreciation process. Amount of 616,309.46 yuan was written off in the year.

(14) 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 and 0.7 million yuan received in the year, this grant was related to the intelligent transformation project and belonged to the government grants related to assets. and shall be written off according to the depreciation process, amount of 1,076,250.73 yuan was written off in the year.

(15) The 3rd batch of provincial special funds for industry transformation of industrial and information in 2021: according to the SCGM [2021] No.92, the government grant 13.5 million yuan received in 2021 was for the research, development and

industrialization of membrane electrodes for high-performance automotive proton exchange membrane fuel cells, which was an assets related government grants.

39.Share

In RMB

	Opening balance	Change during the year (+/-)					Ending balance
		New shares issued	Bonus share	Shares transferred from capital reserve	Other	Subtotal	
Total shares	1,008,659,570.00				-56,277.00	-56,277.00	1,008,603,293.00

Other explanation:

Decreased in share capital was due to the buy-back and cancellation of 56,277 restricted shares initially granted under the Restricted Shares Incentive Plan for year of 2020.

40.Capital reserve

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
Capital premium (Share capital premium)	3,238,990,188.72	81,051,840.00	1,092,500.74	3,318,949,527.98
Other Capital reserve	132,353,984.10	28,116,895.55	81,051,840.00	79,419,039.65
Total	3,371,344,172.82	109,168,735.55	82,144,340.74	3,398,368,567.63

Other explanation, including changes in the period and reasons for changes;

(1) Share capital premium has increased RMB 81,051,840.00 in the Period, mainly because the capital reserves (other capital reserves) of the restricted stock unlocked during the waiting period are transferred into the capital premium; Share capital premium has decreased RMB 1,092,500.74 in the Period, mainly because the 56,277.00 shares for restricted stock incentive plan were repurchased and cancellation by the Company.

(2) Other capital reserve has increased RMB 28,116,895.55 in the Period, which is a net amount after deducting RMB 826,610.83 attributable to minority from RMB 28,943,506.38, the expenses of share-based payment settled by equity; Other capital reserve has decreased RMB 81,051,840.00 in the Period, which is because the amount of capital reserves (other capital reserves) recognized during the waiting period of the restricted stock unlocked in this period is transferred to the equity premium.

41.Treasury stock

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
Stock repurchases	1,148,777.74	397,804,542.63	1,148,777.74	397,804,542.63
Repurchase obligation of restricted stock incentive plan	269,101,020.00		125,282,560.00	143,818,460.00
Total	270,249,797.74	397,804,542.63	126,431,337.74	541,623,002.63

Other explanations, including changes in the current period and explanations of the reasons for the changes:

Share buy-back: the increase of 397,804,542.63 yuan due to share buy-back by way of centralized bidding in 2022; The decrease of RMB 1,148,777.74 in the current period was caused by the cancellation of 56277.00 shares remaining in the special securities account repurchased by the company's Restricted Stock Incentive Plan.

Repurchase obligation of restricted stock incentive plan: has RMB 125,282,560.00 decreased in the Period, mainly including two parts: ① RMB 30,798,400.00 cash dividends received by restricted stock incentive recipients during the period; and ② RMB 94,484,160.00 is the repurchase and cancellation of 7,632,000.00 restricted shares, the first batch of unlocked in the company's restricted stock incentive plan by the Company as treasury stock.

42. Other comprehensive income

In RMB

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	
I. Other comprehensive income that cannot be reclassified to profit or loss	16,008.80	-399,165.06				-399,165.06	-383,156.26
Including: Remeasure changes in defined benefit plans		-399,165.06				-399,165.06	-399,165.06
Other comprehensive income that cannot be transferred to profit or loss under the equity method	16,008.80						16,008.80
II. Other comprehensive income items which will be reclassified subsequently to profit or loss	- 36,762,353.40	36,234,199.53				36,234,199.53	-528,153.87
Conversion difference of foreign currency financial statement	- 36,762,353.40	36,234,199.53				36,234,199.53	-528,153.87
Total other comprehensive income	- 36,746,344.60	35,835,034.47				35,835,034.47	-911,310.13

43. Reasonable reserve

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
Safety production costs	712,215.31	26,087,086.34	24,679,500.70	2,119,800.95

Total	712,215.31	26,087,086.34	24,679,500.70	2,119,800.95
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Other explanation, including changes and reasons for changes:

(1) Instructions for the withdrawing of special reserves (safe production cost): According to the CZ [2022] No.136-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 Accrued by the Company in line with regulations and the parts enjoy by shareholders of the Company in safety production costs Accrued by subsidiary in line with regulations.

44.Surplus reserve

In RMB

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 withdraws statutory surplus reserve on 10% of the net profit. No more amounts shall be withdrawal if the accumulated statutory surplus reserve takes over 50% of the registered capital.

45.Retailed profit

In RMB

Item	Current period	Last period
Retained profits at the end of last year before adjustment	14,814,787,377.86	13,756,102,424.62
Retained profits at the beginning of the year after adjustment	14,814,787,377.86	13,756,102,424.62
Add: The net profits belong to owners of patent company of this period	118,819,836.30	2,575,371,419.80
Common stock dividends converted into capital stock		
Less: Cash dividends payable	1,609,059,668.80	1,513,341,439.50
Less: Withdraw employee rewards and welfare funds	4,526,219.46	4,081,359.92
Add: Net effect of disposal other equity instrument investment		736,332.86
Retained profit at period-end	13,320,021,325.90	14,814,787,377.86

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 0 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

46. Operating income and cost

In RMB

Item	Current period		Last Period	
	Income	Cost	Income	Cost
Main operating	12,333,099,421.87	10,658,281,929.91	13,184,138,129.88	10,822,600,520.90
Other business	396,535,495.16	358,103,558.89	498,288,581.07	397,767,192.67
Total	12,729,634,917.03	11,016,385,488.80	13,682,426,710.95	11,220,367,713.57

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

Yes No**47. Operating tax and extra**

In RMB

Item	Current period	Last Period
City maintaining & construction tax	22,771,182.73	19,681,944.17
Educational surtax	16,273,199.41	14,058,531.57
Property tax	18,009,579.96	17,669,096.06
Land use tax	4,517,681.71	4,507,402.14
Vehicle use tax	19,195.41	27,218.52
Stamp duty	8,187,585.86	3,834,974.65
Other taxes	797,159.81	477,566.62
Total	70,575,584.89	60,256,733.73

48. Sales expenses

In RMB

Item	Current period	Last Period
Salary and wage related expense	59,134,720.55	56,098,840.97
Consumption of office materials and business travel charge	7,978,020.25	9,301,927.42
Warehouse charge	12,489,955.81	17,101,049.13
Three guarantees and quality cost	73,394,539.28	138,960,972.56
Business entertainment fee	16,300,099.96	28,210,881.07
Other	20,230,754.86	14,977,761.41
Total	189,528,090.71	264,651,432.56

49. Administration expenses

In RMB

Item	Current period	Last Period
Salary and wage related expense	312,885,696.17	322,167,980.30
Depreciation charger and long-term assets amortization	80,103,136.06	71,899,617.49
Consumption of office materials and business travel charge	20,460,578.25	24,870,963.21
Share-based payment	18,889,058.87	48,352,297.07
Other	154,048,004.97	144,581,292.17
Total	586,386,474.32	611,872,150.24

50.R&D expenses

In RMB

Item	Current period	Last Period
Technological development expenses	581,488,711.88	595,406,951.64
Total	581,488,711.88	595,406,951.64

51.Financial expenses

In RMB

Item	Current period	Last Period
Interest expenses	107,737,432.78	38,698,621.09
Note discount interest expenses		19,837,754.67
Less: interest income	41,020,724.48	41,478,845.32
Gains/losses from exchange	10,099,986.41	-1,982,034.19
Handling charges	5,510,921.05	4,987,752.59
Total	82,327,615.76	20,063,248.84

52.Other income

In RMB

Sources of income generated	Current period	Last Period
Government grants with routine operation activity concerned	111,670,734.77	69,734,194.44
VAT instant refund		2,460.01
Refund of individual income tax handling fee	994,662.50	1,540,317.23
Total	112,665,397.27	71,276,971.68

53.Investment income

In RMB

Item	Current period	Last period
Income of long-term equity investment calculated based on equity method	1,636,986,684.96	1,632,117,748.78
Investment income from disposal of long-term equity investments		8,701,134.99
Investment income from holding financial assets available for sales	216,491,612.58	314,664,249.00
Dividend income obtained from other equity instrument investments during the holding period	683,455.00	
Investment income from the disposal of trading financial assets	137,682.59	
Recognition of profit and loss from financing discount of receivables	-5,153,934.63	
Interest payments on discounted bills		-959,296.18
Total	1,849,145,500.50	1,954,523,836.59

54.Income from change of fair value

In RMB

Sources	Current period	Last period
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Changes in the fair value of wealth management products	-12,803,609.57	-380,318.88
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	-144,072,026.77	-38,709,334.89
Changes in fair value of foreign exchange contracts	-747,115.75	-1,180,680.04
Total	-157,622,752.09	-40,270,333.81

55.Credit impairment loss

In RMB

Item	Current period	Last period
Bad debt loss	-1,645,881,142.40	4,059,750.80
Total	-1,645,881,142.40	4,059,750.80

56.Asset impairment loss

In RMB

Item	Current period	Last period
Loss of inventory falling price and loss of contract performance cost impairment	-181,610,433.12	-134,434,667.54
Impairment loss of fixed assets		-3,682,648.26
Total	-181,610,433.12	-138,117,315.80

57.Income form assets disposal

In RMB

Sources	Current period	Last period
Income from disposal of non-current assets	3,687,970.49	6,580,346.41
Losses from disposal of non-current assets	-1,701,165.96	-2,648,002.34
Total	1,986,804.53	3,932,344.07

58.Non-operating income

In RMB

Item	Current period	Last Period	Amount reckoned into current non-recurring gains/losses
Payables that do not require payment	2,048,698.72		2,048,698.72
Price difference for business combinations not under the same control	3,181,563.57		3,181,563.57
Liquidated damages and compensation income	281,760.53	397,361.84	281,760.53
Other	187,745.22	258,840.23	187,745.22
Total	5,699,768.04	656,202.07	5,699,768.04

Government grants included in the current profit and loss: Nil

59.Non-operating expense

In RMB

Item	Current period	Last Period	Amount reckoned into current non-recurring gains/losses
Donation	5,013,500.00	237,041.06	5,013,500.00
Non-current assets disposal losses	2,135,371.43	24,984,204.92	2,135,371.43
Including: loss on scrapping of fixed assets	2,135,371.43	24,615,193.78	2,135,371.43
Loss on scrapping of intangible assets		369,011.14	
Other	562,788.63	288,323.89	562,788.63
Total	7,711,660.06	25,509,569.87	7,711,660.06

60. Income tax expense

(1) Income tax expense

In RMB

Item	Current period	Last period
Payable tax in current period	11,061,046.36	140,397,942.05
Adjusted the previous income tax	2,032,113.63	941,390.84
Increase/decrease of deferred income tax assets	-56,032,739.30	-54,019,435.84
Increase/decrease of deferred income tax liability	31,608,004.40	3,675,792.90
Total	-11,331,574.91	90,995,689.95

(2) Adjustment on accounting profit and income tax expenses

In RMB

Item	Current period
Total profit	179,614,433.34
Income tax measured by statutory/applicable tax rate	26,942,165.00
Impact by different tax rate applied by subsidies	-178,056,001.37
Adjusted the previous income tax	2,032,113.63
Impact by non-taxable revenue	-249,319,108.30
Impact on cost, expenses and losses that unable to deducted	11,515,020.27
Impact by the deductible losses of the un-recognized previous deferred income tax	-3,778,371.61
The deductible temporary differences or deductible losses of the un-recognized deferred income tax assets in the Period	455,617,403.14
Impact on additional deduction	-104,482,259.45
Other	28,197,463.78
Income tax expense	-11,331,574.91

61. Other comprehensive income

See Note V-42 "Other comprehensive income".

62. Items of cash flow statement

(1) Other cash received in relation to operation activities

In RMB

Item	Current period	Last period
Interest income	41,020,724.48	41,478,845.32

Government grants	32,507,707.23	38,578,031.24
Margin on operation bill	170,000.00	3,237,920.90
Capital inflow of WFTR “platform trade” business portfolio	3,604,252,294.46	
Other	4,898,138.17	2,873,765.53
Total	3,682,848,864.34	86,168,562.99

Explanation to other cash received in relation to operation activities: Nil

(2) Other cash paid in relation to operation activities

In RMB

Item	Current period	Last period
Cash cost	571,583,226.93	628,017,019.32
Capital outflow of WFTR “platform trade” business portfolio	6,345,751,426.41	
Other	37,760,946.39	20,190,804.06
Total	6,955,095,599.73	648,207,823.38

Explanation to other cash paid in relation to operation activities: Nil

(3) Cash received from other investment activities

In RMB

Item	Current period	Last period
The contingent consideration received for the purchase of Borit’s equity		1,136,214.91
Other		544,552.00
Total		1,680,766.91

Explanation to cash received from other investment activities: Nil

(4) Cash paid related with investment activities

In RMB

Item	Current period	Last period
Deposit paid for the purchase of VHCN	136,739,145.73	
Payment of foreign exchange contract deposit	9,492,968.77	
Total	146,232,114.50	

Explanation to cash paid related with investment activities: Nil

(5) Other cash received in relation to financing activities

In RMB

Item	Current period	Last period
Borrowings received by WFLD		5,470,000.00
Total		5,470,000.00

Explanation to other cash received in relation to financing activities: Nil

(6) Cash paid related with financing activities

In RMB

Item	Current period	Last period
Repayment loan of RBIT	163,470,112.06	
National debt paid transfer to loans		339,090.00
Borrowing return by WFLD	5,470,000.00	5,470,000.00
Lease payments	19,302,140.88	7,718,867.54
Repurchase of A shares	397,804,542.63	
Shares repurchase and cancellation for restricted stock incentive plan and handling charge	5,323,400.00	4,068,729.06
Total	591,370,195.57	17,596,686.60

Explanation to other cash paid related with financing activities: Nil

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

In RMB

Supplementary information	Current period	Last Period
1. Net profit adjusted to cash flow of operation activities:		
Net profit	190,946,008.25	2,649,364,676.15
Add: Assets impairment provision	1,827,491,575.52	134,057,565.00
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	423,381,573.22	399,184,362.08
Depreciation of right-of-use assets	10,487,347.35	8,672,462.76
Amortization of intangible assets	47,414,586.57	42,460,206.35
Amortization of long-term deferred expenses	5,676,279.94	4,800,457.79
Loss from disposal of fixed assets, intangible assets and other long-term assets	-1,986,804.53	-3,932,344.07
Losses on scrapping of fixed assets	2,135,371.43	24,984,204.92
Gain/loss of fair value changes	157,622,752.09	40,270,333.81
Financial expenses	106,707,239.68	31,368,748.20
Investment loss	-1,874,322,320.27	-1,944,475,801.41
Decrease of deferred income tax asset	-56,032,739.30	-54,019,435.84
Increase of deferred income tax liability	31,608,004.40	3,675,792.90
Decrease of inventory	1,073,359,311.32	-723,297,146.60
Decrease of operating receivable accounts	-3,936,816,340.90	1,615,814,968.48
Increase of operating payable accounts	-608,366,974.35	-1,676,121,153.69
Other	24,952,480.15	74,904,696.58
Net cash flows arising from operating activities	-2,575,742,649.43	627,712,593.41
2. Major investments and financing activities that do not involve cash receipts and payments		
debt-to-capital		
Convertible bonds maturing within one year		
Financing to lease fixed assets		
3. Net change of cash and cash equivalents:		
Balance of cash at period end	2,277,117,604.82	1,094,018,936.73
Less: Balance of cash equivalent at year-begin	1,094,018,936.73	944,946,018.70
Add: Balance at year-end of cash equivalents		
Less: Balance at year-begin of cash equivalents		
Net increase of cash and cash equivalents	1,183,098,668.09	149,072,918.03

(2) Net cash payment for the acquisition of subsidiaries in the period

In RMB

	Amount
Cash or cash equivalents paid in the current period for the business acquisition in the current period	182,950,038.25
Including:	
Less: Cash and cash equivalents held by subsidiaries at the purchase date	112,759,708.54
Including:	
Add: Cash or cash equivalents paid in the current period for the business acquisition that occurred in previous periods	
Including:	
Net cash payment for the acquisition of subsidiaries	70,190,329.71

Other explanation: Nil

(3) Net cash received from the disposal of subsidiaries

In RMB

	Amount
Cash or cash equivalents received in the current period for the disposal of subsidiaries in the current period	
Including:	
Less: Cash and cash equivalents held by subsidiaries at the loss control date	
Including:	
Add: Cash or cash equivalents received in the current period for the disposal of subsidiaries in the previous period	136,787,298.86
Including:	
Net cash received from the disposal of subsidiaries	136,787,298.86

Other explanation:

Net cash received for disposal of subsidiaries during the period is that VHIT disposed its subsidiary before October 31, 2022 and received the equity disposal payment in December 2022.

(4) Constitution of cash and cash equivalent

In RMB

Item	Ending balance	Opening balance
I. Cash	2,277,117,604.82	1,094,018,936.73
Including: Cash on hand	51,818.51	150,438.79
Bank deposit available for payment at any time	2,277,065,786.31	1,093,868,497.94
II. Balance of cash and cash equivalents at the period-end	2,277,117,604.82	1,094,018,936.73

Other explanation:

The difference between bank deposits available for payment at any time and the bank deposits in Note V-1 “Monetary Funds” is the company's fixed deposits in the bank.

64. 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

65. Assets with ownership or use right restricted

In RMB

Item	Ending book value	Restriction reason
Monetary funds	18,840,000.00	Forex Contracts USD Margin
Monetary funds	24,368,385.65	Notes pledge for bank acceptance
Monetary funds	7,487,250.00	IRD performance bond
Monetary funds	199,660.00	Cash deposit for Mastercard
Monetary funds	180,000.00	Court freezing
Monetary funds	5,000.00	ETC freezing
Note receivable	82,908,186.94	Notes pledge for bank acceptance
Receivables financing	530,337,600.45	Notes pledge for bank acceptance
Total	664,326,083.04	

66. Item of foreign currency

(1) Item of foreign currency

In RMB

Item	Closing balance of foreign currency	Rate of conversion	Ending RMB balance converted
Monetary funds			
Including: USD	21,346,973.12	6.9646	148,673,128.99
EUR	48,296,719.62	7.4229	358,501,720.07
HKD	17,293,992.68	0.89327	15,448,204.84
JPY	46,929,606.00	0.052358	2,457,140.31
DKK	111,164,111.86	0.9983	110,975,132.87
Account receivable			
Including: USD	4,732,628.22	6.9646	32,960,862.50
EUR	27,066,494.35	7.4229	200,911,880.92
JPY	13,084,572.00	0.052358	685,082.02
DKK	6,966,207.98	0.9983	6,954,365.43
Long-term borrowings			
Including: USD			
EUR			
HKD			
Other account receivables			
Including: DKK	2,035,772.98	0.9983	2,032,312.17
Short-term borrowings			
Including: USD	457,403.05	6.9646	3,185,629.28

EUR	18,989,418.64	7.4229	140,956,555.62
Account payable			
Including: USD	885,151.79	6.9646	6,164,728.16
EUR	36,055,545.43	7.4229	267,636,708.17
JPY	50,362,512.00	0.052358	2,636,880.41
DKK	6,081,507.53	0.9983	6,071,168.97
GBP	2,450.00	8.3941	20,565.55
Other account payable			
Including: EUR	5,172.58	7.4229	38,395.54
DKK	151,513.30	0.9983	151,255.73
Non-current liabilities due within one year			
Including: USD	156,513.08	6.9646	1,090,051.00
EUR	496,988.78	7.4229	3,689,098.02
DKK	575,121.48	0.9983	574,143.77
Leasing liabilities			
Including: USD	386,008.72	6.9646	2,688,396.33
EUR	1,285,051.24	7.4229	9,538,806.85
DKK	11,525,669.67	0.9983	11,506,076.03

(2) Explanation on foreign operational entities, 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 acquired by the Company in cash in April 2019. In October 2020, the company acquired the remaining 34.00% equity of IRD in cash, thus the Company holds 100% equity of IRD. IRD is denominated in Danish krone, and IRD is mainly engaged in R&D, production and sales of fuel cell components.

Subsidiary Borit was established in Belgium in 2010. The Company acquired 100% equity of Borit in cash in November 2020. Borit is denominated in Euro and engaged in R&D, production and sales of fuel cell components.

Subsidiary VHIT was established in Italy in 2000. The Company acquired 100.00% equity of VHIT in cash in October 2022. The company is denominated in Euro and engaged in R&D, production, and sales of vacuum and hydraulic pumps.

67. Government grants

(1) Government grants

In RMB			
Category	Amount	Item	Amount reckoned in current gain/loss
Development of variable nozzle turbochargers that meet the requirements of National VI B	950,000.00	Deferred income, other income	424,674.33
2022 Technical Transformation Fund Allocation	990,000.00	Deferred income	
Development of Turbochargers for Automotive Hybrid Engines	120,000.00	Deferred income	

Subsidy funds for water-saving enterprises in the construction of water-saving carriers in Nanjing	110,000.00	Deferred income	
Borit R&D subsidy	-22,124.54	Deferred income, other income	35,419.76
Annual output of 150,000 gasoline engine turbochargers	-40,300.00	Deferred income, other income	282,056.24
Neptune	250,509.22	Deferred income, other income	357,572.17
3 R	751,898.43	Other income	751,898.43
Job stabilization and expanding subsidy	3,820,755.20	Other income	3,820,755.20
Training subsidy	432,575.00	Other income	432,575.00
Talent policy subsidy	1,135,000.00	Other income	1,135,000.00
2021 Industrial Development Fund for Investment Attracting Enterprises in Tongliang District	6,913,300.00	Other income	6,913,300.00
BORIT withholding refund	1,400,901.38	Other income	1,400,901.38
Industrial upgrading fund	5,649,800.00	Other income	5,649,800.00
Special funds for high-quality development	1,000,000.00	Other income	1,000,000.00
Development funds for small and medium-sized enterprises	2,000,000.00	Other income	2,000,000.00
Selection of Top 50 Enterprises in Jiangbei District, Ningbo	1,030,000.00	Other income	1,030,000.00
Other	5,706,368.00	Other income	5,706,368.00
Financial discount	246,600.00	Financial expense	246,600.00
Total	32,445,282.69		

(2) Government grants rebate

Applicable Not applicable

In RMB

Item	Amount	Reason
Borit R&D subsidy	22,124.54	The company transferred out government subsidies expected to be refunded
Annual output of 150,000 gasoline engine turbochargers	40,300.00	Government recovery of duplicate subsidy funds
Total	62,424.54	

68.Others

None

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

Name of the purchased party	Date of equity acquisition	Cost of equity acquisition	Equity acquisition ratio	Method of acquiring equity	Purchase date	Basis for determining the purchase	Income of the purchased party from	Net profit of the purchased party from
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						date	the purchase date to the end of the period	the purchase date to the end of the period
VHIT/VH CN(Collectively known as vacuum and hydraulic pump business)	Oct. 31, 2022	196,258,214.90	100.00%	Cash acquisition	Oct. 31, 2022	Transfer of control right	177,911,433.07	1,516,124.59

(2) Consolidation cost

In RMB

Consolidation cost	
--Cash	196,258,214.90
--Fair value of non-cash assets	
--Fair value of debt issued or assumed	
--Fair value of equity securities issued	
--Fair value of contingent consideration	
--Fair value of equity held before the purchase date at the purchase date	
--Other	
Total consolidated costs	196,258,214.90
Less: Fair value share of identifiable net assets obtained	199,439,778.47
The amount of goodwill/merger cost less than the fair value share of identifiable net assets obtained	3,181,563.57

Method for determining the fair value of merger costs, explanation of contingent consideration and its changes: Nil

The main reason for the formation of large goodwill: Nil

Other explanation: Nil

(3) Book value of assets and liabilities of the merged party on the merger date

In RMB

	vacuum and hydraulic pump	
	Fair value on merge date	Book value on merge date
Assets:		
Monetary funds	112,759,708.54	112,759,708.54
Accounts receivable	176,472,824.41	176,472,824.41
Inventory	75,714,864.30	75,193,955.32
Fixed assets	171,076,046.21	163,063,849.08
Intangible assets	54,001,513.43	3,227,177.74
Prepayments	30,000.00	30,000.00
Other receivables	139,400,701.37	139,400,701.37
Other current assets	24,017,677.49	24,017,677.49
Construction in progress	64,268,995.00	64,268,995.00
Right-of-use assets	810,420.49	810,420.49

Deferred tax assets	7,079,671.21	7,079,671.21
Other non-current assets	19,478,954.99	19,478,954.99
Liabilities:		
Loan		
Payables	234,320,004.21	234,320,004.21
Deferred Tax Liability	14,239,001.21	
Contractual liabilities	3,921,267.48	3,921,267.48
Payable employee compensation	33,153,750.99	33,153,750.99
Taxes and fees payable	2,552,462.68	2,552,462.68
Other payables	304,829,051.67	304,829,051.67
Non-current liabilities due within one year	324,718.81	324,718.81
Other current liabilities	12,987,488.80	12,987,488.80
Lease liabilities	539,932.04	539,932.04
Long term employee compensation payable	27,863,535.89	27,863,535.89
Anticipated liabilities	10,940,385.19	10,940,385.19
Net assets	199,439,778.47	154,371,337.88
Less: Minority shareholders' equity		
Net assets acquired	199,439,778.47	154,371,337.88

Method for determining the fair value of identifiable assets and liabilities: Nil

Contingent liabilities assumed by the acquiree in a business merger: Nil

Other instructions: 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 merge 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 explanation

Nil

2. Enterprise combines under the same control

(1) Business combinations under the same control that occurred in the current period

Nil

(2) Consolidation cost

Nil

(3) Book value of assets and liabilities of the merged party on the merger date

Nil

3. Reverse purchase

NA

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.Changes in the scope of consolidation due to other reasons**

Explanation on changes in the scope of consolidation due to other reasons (e.g. new establishment of a subsidiary, subsidiary liquidation, etc.) and related information:

In the Period, Wuxi Weifu Qinglong Power Technology Co., Ltd was jointly funded by the Company with IRD FUEL CELLS A/S, BORIT NV, ROBERT BOSCH INTERNATIONALE BETEILIGUNGEN AG and Wuxi High-Tech Zone New Dynamic Industrial Development Fund (Limited Partnership). The Company holds 45% equity directly and 30% equity indirectly via IRD and Borit. The Company is the actual controller of Wuxi Weifu Qinglong Power Technology Co., Ltd.

6.Others

Nil

IX. Equity in other entity**1.Equity in subsidiary****(1) Constitue of enterprise group**

Subsidiary	Main operation place	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
WFJN	Nanjing	Nanjing	Spare parts of internal-combustion engine	80.00%		Enterprise combines under the same control
WFLD	Wuxi	Wuxi	Automobile exhaust purifier, muffler	94.81%		Enterprise combines under the same control
WFMA	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00%		Investment
WFCA	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00%		Investment
WFTR	Wuxi	Wuxi	Trading	100.00%		Enterprise combines under the same control
WFSC	Wuxi	Wuxi	Spare parts of internal-combustion engine	66.00%		Investment
WFTT	Ningbo	Ningbo	Spare parts of internal-combustion engine	98.83%	1.17%	Enterprise combines not under the same control

WFAM	Wuxi	Wuxi	Spare parts of internal-combustion engine	51.00%		Enterprise combines not under the same control
WFLD (Wuhan)	Wuhan	Wuhan	Automobile exhaust purifier, muffler		60.00%	Investment
WFLD (Chongqing)	Chongqing	Chongqing	Automobile exhaust purifier, muffler		100.00%	Investment
WFLD (Nanchang)	Nanchang	Nanchang	Automobile exhaust purifier, muffler		100.00%	Investment
WFAS	Wuxi	Wuxi	Smart car equipment		66.00%	Investment
WFDT	Wuxi	Wuxi	Hub Motor	80.00%		Enterprise combines not under the same control
WFQL	Wuxi	Wuxi	Fuel cell components	45.00%	30.00%	Investment
VHCN	Wuxi	Wuxi	Vacuum and hydraulic pump	100.00%		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 America	America	America	Fuel cell components		100.00%	Enterprise combines not under the same control
VHIT	Italy	Italy	Vacuum and hydraulic pump		100.00%	Investment

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

Basis for inclusion in the scope of consolidation of significant structured entities, control: Nil

Basis for determining whether a company is an agent or a principal: Nil

Other explanation

(2) Important non-wholly-owned subsidiary

In RMB

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
WFJN	20.00%	17,248,806.27	66,468,437.62	210,600,503.32
WFSC	34.00%	5,564,553.15		26,591,139.14
WFLD	5.19%	7,744,005.93		147,668,021.86
WFAM	49.00%	42,540,064.71	32,680,000.00	216,555,779.48
Total		73,097,430.06	99,148,437.62	601,415,443.80

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

Subsidiary	Ending balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
WFJN	858,41	577,35	1,435,	346,383	35,181,	381,564	1,163,2	312,639	1,475,8	403,140	39,065,	442,206

	9,058.16	9,266.26	778,324.42	,138.63	853.60	,992.23	44,507.43	,160.97	83,668.40	,636.22	672.06	,308.28
WFSC	204,138,588.74	48,627,033.79	252,765,622.53	174,162,086.64		174,162,086.64	216,066,879.24	46,302,741.60	262,369,620.84	200,467,446.49		200,467,446.49
WFLD	4,869,373,661.60	1,412,237,671.12	6,281,611,332.72	3,512,116,686.68	218,075,518.79	3,730,192,205.47	4,503,223,903.30	1,354,614,615.10	5,857,838,518.40	3,558,321,743.41	21,480,042.25	3,579,801,785.66
WFA M	434,472,654.85	554,774,642.02	989,247,296.87	449,094,531.03	99,748,081.81	548,842,612.84	413,380,063.83	483,832,825.41	897,212,889.24	450,194,211.90	59,932,162.99	510,126,374.89
Total	6,366,403,963.35	2,592,998,613.19	8,959,402,576.54	4,481,756,442.98	353,005,454.20	4,834,761,897.18	6,295,915,353.80	2,197,389,343.08	8,493,304,696.88	4,612,124,038.02	120,477,877.30	4,732,601,915.32

In RMB

Subsidiary	Current period				Last Period			
	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity
WFJN	732,361,563.72	83,150,768.43	83,150,768.43	62,087,338.85	825,822,469.06	96,549,390.54	96,549,390.54	79,645,579.97
WFSC	387,505,622.39	16,361,964.13	16,361,964.13	23,846,712.63	350,165,714.10	12,839,649.76	12,839,649.76	38,135,056.28
WFLD	5,937,549,034.42	265,352,997.31	265,352,997.31	87,740,237.63	6,527,268,564.43	337,097,184.96	337,114,070.10	323,189,683.23
WFAM	704,346,941.59	90,524,389.14	90,524,389.14	145,137,886.56	641,120,626.61	81,627,198.42	81,627,198.42	53,533,412.73
Total	7,761,763,162.12	455,390,119.01	455,390,119.01	271,118,750.41	8,344,377,374.20	528,113,423.68	528,130,308.82	151,875,634.25

(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**

Nil

(2) Impact on minority's interest and owners' equity attributable to parent company

Nil

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 Environmental Catalysts. Co., Ltd.	Wuxi	Wuxi	Catalyst		49.00%	Equity method
RBCD	Wuxi	Wuxi	Internal-combustion engine accessories	32.50%	1.50%	Equity method
Zhonglian Automobile Electronics Co., Ltd.	Shanghai	Shanghai	Internal-combustion engine accessories	20.00%		Equity method
Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.	Wuxi	Wuxi	Internal-combustion engine accessories	20.00%		Equity method
Changchun Xuyang Weifu Automobile Components Technology Co., Ltd.	Changchun	Changchun	Automobile components		34.00%	Equity method
Precors GmbH	Germany	Germany	Fuel cell components		8.11%	Equity method
Wuxi ChelianTianxia Information Technology Co., Ltd.	Wuxi	Wuxi	Telematics services	8.83%		Equity method
Lezhuo Bawei Hydraulic Technology (Shanghai) Co., Ltd	Shanghai	Shanghai	Automobile components	50.00%		Equity method

Holding shares ratio different from the voting right ratio: nil

Has major influence with less 20% voting rights hold, or has minor influence with over 20% (20% included) voting rights hold:

(1) Precors GmbH:

Wholly-owned subsidiary of the Company - Borit, holds 8.11% equity of Precors, Borit appointed a director to Precors. Though the representative, Borit can participate in the operation policies formulation of Precors, and thus exercise a significant influence over Precors.

(2) ChelianTianxia:

The Company holds 9.8452% equity of Chelian Tianxia, and appointed a director to Chelian Tianxia. Though the representative, the Company can participate in the operation policies formulation of Chelian Tianxia, and thus exercise a significant influence over Chelian Tianxi.

(2) Main financial information of the important joint venture

Nil

(3) Main financial information of the important associated enterprise

In RMB

	Ending balance/Current period			Opening balance/Last Period		
	WFEC	RBCD	Zhonglian Automobile	WFEC	RBCD	Zhonglian Automobile

Current assets	3,507,976,754.16	15,426,523,373.99	241,595,079.15	4,359,756,878.88	14,697,384,325.87	71,871,241.06
Non-current assets	333,764,427.43	3,421,035,986.82	7,557,124,612.32	344,385,727.94	3,080,929,311.51	6,819,520,183.89
Total assets	3,841,741,181.59	18,847,559,360.81	7,798,719,691.47	4,704,142,606.82	17,778,313,637.38	6,891,391,424.95
Current liabilities	1,665,411,123.81	8,810,309,639.09	6,171,780.23	2,858,118,635.51	8,623,318,592.84	2,970,685.68
Non-current liabilities	493,618,200.85		2,517,670.77	224,616,134.38		2,578,140.19
Total liabilities	2,159,029,324.66	8,810,309,639.09	8,689,451.00	3,082,734,769.89	8,623,318,592.84	5,548,825.87
Including: cash and cash equivalent	813,874,175.27	10,773,921.81	225,052,854.96	158,561,233.69	10,186,961.74	68,250,913.00
Minority interests						
Attributable to parent company shareholders' equity	1,682,711,856.93	10,037,249,721.72	7,790,030,240.47	1,621,407,836.93	9,154,995,044.54	6,885,842,599.08
Share of net assets calculated by shareholding ratio	824,528,809.90	3,412,664,905.38	1,558,006,048.09	794,489,840.10	3,112,698,315.15	1,377,168,519.82
Adjustment matters						
--Goodwill		267,788,761.35	1,407,265.96		267,788,761.35	1,407,265.96
--Unrealized profit of internal trading		-20,692,355.48			-40,372,840.77	
--Other		-0.28			-0.28	-0.01
Book value of equity investment in associated enterprise	824,528,809.90	3,659,761,310.97	1,559,413,314.05	794,489,840.10	3,340,114,235.45	1,378,575,785.77
Fair value of equity investment for the affiliates with consideration publicly						
Operation income	4,983,370,807.15	13,443,929,728.58	26,913,563.07	7,595,559,889.80	15,712,821,656.32	24,479,957.39
Net profit	354,097,545.31	3,059,444,530.82	1,876,187,641.39	432,505,306.32	3,237,912,797.87	1,699,134,647.28
Net profit from discontinued operations						
Other comprehensive income				34,459.46		
Total comprehensive income	354,097,545.31	3,059,444,530.82	1,876,187,641.39	432,539,765.78	3,237,912,797.87	1,699,134,647.28
Financial expense	37,298,423.01	-12,919,599.29	-3,814,000.75	108,452,297.18	-56,513,383.09	-3,139,306.82
Income tax expense	43,882,305.71	494,166,513.51	4,465,983.95	51,379,165.70	674,071,693.78	3,579,421.41
Dividends received from	147,000,000.00	765,837,710.23	194,400,000.00	98,000,000.00	558,125,544.30	198,800,000.00

associated enterprise in the year						
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Other explanation

Adjustment item for other “-0.28”: the differential tail;

(4) Financial summary for non-important Joint venture and associated enterprise

In RMB

	Ending balance/Current period	Opening balance/Last period
Joint venture:		
Amount based on share-holding ratio		
Associated enterprise:		
Total book value of investment	239,114,674.05	204,764,926.80
Amount based on share-holding ratio		
--Net profit	7,198,399.91	-13,039,885.78
--Total comprehensive income	7,198,399.91	-13,039,885.78

(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

6. Other

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 VII. 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, then 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, operation of Borit, and operation of VHIT and 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 2022, 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 2022:

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted	Ratio in assets (%)
Monetary funds				
Including: USD	21,346,973.12	6.9646	148,673,128.99	0.52
EUR	48,296,719.62	7.4229	358,501,720.07	1.26
HKD	17,293,992.68	0.89327	15,448,204.84	0.05
JPY	46,929,606.00	0.052358	2,457,140.31	0.01
DKK	111,164,111.86	0.9983	110,975,132.87	0.39
Account receivable				
Including: USD	4,732,628.22	6.9646	32,960,862.50	0.12
EUR	27,066,494.35	7.4229	200,911,880.92	0.70
JPY	13,084,572.00	0.052358	685,082.02	0.00
DKK	6,966,207.98	0.9983	6,954,365.43	0.02

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted	Ratio in assets (%)
Other account receivables				
Including: DKK	2,035,772.98	0.9983	2,032,312.17	0.01
Total ratio in assets				3.08

② Foreign currency liability of the Company till end of 31st December 2022:

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted	Ratio in assets(%)
Short-term borrowings				
Including: USD	457,403.05	6.9646	3,185,629.28	0.03
EUR	18,989,418.64	7.4229	140,956,555.62	1.40
Account payable				
Including: USD	885,151.79	6.9646	6,164,728.16	0.06
EUR	36,055,545.43	7.4229	267,636,708.17	2.65
JPY	50,362,512.00	0.052358	2,636,880.41	0.03
DKK	6,081,507.53	0.9983	6,071,168.97	0.06
GBP	2,450.00	8.3941	20,565.55	0.00
Other account payable				
Including: EUR	5,172.58	7.4229	38,395.54	0.00
DKK	151,513.30	0.9983	151,255.73	0.00
Non-current liabilities due within one year				
Including: USD	156,513.08	6.9646	1,090,051.00	0.01
EUR	496,988.78	7.4229	3,689,098.02	0.04
DKK	575,121.48	0.9983	574,143.77	0.01
Leasing liabilities				
Including USD	386,008.72	6.9646	2,688,396.33	0.03
EUR	1,285,051.24	7.4229	9,538,806.85	0.09
DKK	11,525,669.67	0.9983	11,506,076.03	0.11
Total ratio in liabilities				4.52

③ Other pricing risk

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 meeting of 8th session of the 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 the *Management Mechanism of Capital Financing*, and well-defined the authority to entrust financial management, audit process, reporting system, Choice of trustee, daily monitoring and verification and investigation of responsibility, etc. 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 5 years in principle; The variety of investment includes bank financial products, trust plans of trust companies, asset management plans of asset management companies, various products issued by securities companies, fund companies and insurance companies, etc.

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

Item	Ending fair value			
	First level	Second level	Third level	Total
I. Sustaining measured by fair value	--	--	--	--
(I) Financial assets measured at fair value and whose changes are included in current profit or loss	146,039,262.82	186,608,914.00	3,712,781,392.05	4,045,429,568.87
1.Trading financial assets	146,039,262.82		2,572,781,392.05	2,718,820,654.87
(1)Investment in equity instrument	146,039,262.82			146,039,262.82
(2)Investment in other liability instruments and equity instrument			2,572,781,392.05	2,572,781,392.05
2. Other non-current financial assets		186,608,914.00	1,140,000,000.00	1,326,608,914.00
(1)Equity instrument investment		186,608,914.00	515,000,000.00	701,608,914.00
(2)Investment in other liability instruments and equity instrument			625,000,000.00	625,000,000.00
(II) Financial assets measured at fair value and whose changes are included in current profit or loss			2,596,159,535.21	2,596,159,535.21
1. Receivable financing			1,918,368,845.21	1,918,368,845.21
2. Other equity instrument investment			677,790,690.00	677,790,690.00
Total asset sustaining measured by fair value	146,039,262.82	186,608,914.00	6,308,618,136.15	6,641,266,312.97
(I) Financial liabilities measured at fair value and whose changes are included in current profit or loss		747,115.75		747,115.75
Derivative financial liability- foreign exchange contract		747,115.75		747,115.75
Total liability sustaining measured by fair value		747,115.75		747,115.75
II. Non-persistent measure	--	--	--	--

2. Recognized basis for the market price sustaining and non-persistent measured by fair value on first level

On 31 December 2022, the financial assets available for sale, equity instrument investments held by the Company include SNAT (stock code: 600841), Miracle Automation (Stock code: 002009), ifan Technology (Stock Code: 601777) and Zoyte Auto(000980). The fair value at the end of the period is determined at the closing price as of December 30, 2022

3. The qualitative and quantitative information for the valuation technique and critical parameter that sustaining and non-persistent measured by fair value on second level

On 31 December 2022, other non-current financial assets, equity instrument investments held by the Company include Guolian Securities (stock code: 601456). The fair value at the end of the period is determined at the closing price and liquidity discount as of December 30, 2022.

The derivative financial liabilities that continue to be measured at the second level of fair value are forward foreign exchange settlement and sales contracts, and the fair value is measured at the fair value of the forward foreign exchange settlement and sales contracts provided by the contracting bank.

4. The qualitative and quantitative information for the valuation technique and critical parameter that sustaining and non-persistent measured by fair value on third level

(1) Accounts receivable financing

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.

(2) Investment in other equity instruments

For this part of financial assets, due to the lack of market liquidity, the Company adopts replacement cost method to determine their fair value. Among them, the important unobservable input values mainly include the financial data of the invested company.

(3) Investment in other debt instruments and equity instruments

For this part of financial assets, the company uses discounted cash flow valuation technology to determine. Among them, the important unobtainable input values mainly include expected annual return rate and risk coefficient.

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	5,496,785,600	20.23%	20.23%

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 Company

For more details of the Company's subsidiaries, please refer to IX. 1. "Equity in subsidiary"

3. Joint venture and associated enterprise

For more details, please refer to 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 Company
Robert Bosch Company	Second largest shareholder of the Company
Guokai Metals	Enterprises controlled by the parent company
Urban Public Distribution	Enterprises controlled by the parent company
Company A(Because it is still in the investigation stage of the public security organs, for the sake of case confidentiality,	Enterprises controlled by relatives of directors of the Company

temporarily use “Company A” to indicate)	
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

Related party	Content of related transaction	Current period	Approved transaction limit	Whether more than the transaction limit (Y/N)	Last Period
WFPM	Goods and labor	52,775,709.71	40,000,000.00	Y	49,839,916.90
RBCD	Goods and labor	301,077,307.73	450,000,000.00	N	359,903,131.37
WFEC	Goods	575,378,265.05	700,000,000.00	N	823,962,918.45
Robert Bosch Company	Goods and labor	232,163,763.73	300,000,000.00	N	216,576,637.98
Changchun Xuyang	Goods	342,520.00	1,500,000.00	N	1,712,596.87
Guolai Metals	Goods	14,516,381.84		N	57,991,174.20

Goods sold/labor service providing

In RMB

Related party	Content of related transaction	Current period	Last Period
WFPM	Goods and labor	980,889.25	29,501,561.74
RBCD	Goods and labor	2,220,345,511.60	3,137,245,415.70
WFEC	Goods and labor	944,537.87	7,630,155.96
Robert Bosch Company	Goods and labor	1,475,458,231.00	1,224,350,229.77
Shinwell Automobile	Goods		29,250.79
Changchun Xuyang	Goods and labor	286,036.62	21,436,170.70

Description of related transactions in the purchase and sale of goods, provision and acceptance of labor services

Shinwell Automobile Technology (Wuxi) Co., Ltd., formerly an affiliated company of the subsidiary WFTR, was transferred in 2021

(2) Related trusteeship management/contract & entrust management/ outsourcing

Nil

(3) Related lease

As a lessor for the Company:

In RMB

Lessee	Assets type	Lease income recognized in the Period	Lease income recognized at last Period
WFEC	Workshop	2,380,758.09	1,683,130.70

Explanation on related lease

WFLD entered into a house leasing contract with WFEC.,The plant locating at No.9 Linjiang Road, Wuxi Xinwu district, owed by WFLD, was rented out to WFEC. It is agreed that the rental from 1 January 2022 to 31 December 2022 was 2,380,758.09 yuan.

(4) Related guarantee

Nil

(5) Related party's borrowed/lending funds

In RMB

Related party	Loan amount	Start date	Maturity	Description
Lending				
Wuxi Industry Group	5,470,000.00	2021-07-29	2023-07-20	This year, WFLD paid lending funds to Wuxi Industry Group.

(6) Related party's assets transfer and debt reorganization

Nil

(7) Remuneration of key manager

In RMB

Item	Current period	Last Period
Remuneration of key executives	6,790,000	26,170,000.00

(8) Other related transactions

Equity related transactions

① During the report period, the Company and its wholly-owned subsidiary SPV acquired vacuum and hydraulic pump business from Robert Bosch Company and its subsidiary Robert Bosch S.p.A. Società à Unipersonale at a consideration of RMB 182,950,038.25. The net assets acquired are detailed in Note VI, 1 “Merger of Enterprises Not Under Common Control”.

② During the report period, the Company entered into a joint venture contract with Robert Bosch International Beteiligungen AG, a subsidiary of Robert Bosch Company, and Bosch (China) Investment Ltd., in which the three parties jointly invested to establish Lezhuo Bowei Hydraulic Technology (Shanghai) Co., Ltd. (hereinafter referred to as “Lezhuo Bowei”). Robert Bosch International Beteiligungen AG and Bosch (China) Investment Ltd. subscribed RMB 220 million, accounting for 50% of the registered capital of Lezhuo Bowei.

③ During the report period, Wuxi Weifu Qinglong Power Technology Co., Ltd was jointly funded by the Company with IRD FUEL CELLS A/S, BORIT NV, ROBERT BOSCH INTERNATIONALE BETEILIGUNGEN AG (a subsidiary of Robert Bosch Company) and Wuxi High-Tech Zone New Dynamic Industrial Development Fund (Limited Partnership). ROBERT BOSCH INTERNATIONALE BETEILIGUNGEN AG, a subsidiary of Robert Bosch Company, subscribed RMB 75.00 million, accounting for 15% of the registered capital of Wuxi Weifu Qinglong Power Technology Co., Ltd.

Other related transactions

Related party	Contents of item	Current period	Last Period
WFPM	Purchase of fixed assets	50,000.00	--
RBCD	Payable for technical services	--	455,591.30
RBCD	Purchase of fixed assets	4,503,484.90	528,378.37
RBCD	Technology royalties paid etc.	1,147,294.75	2,332,313.62

Related party	Contents of item	Current period	Last Period
RBCD	Providing of technical services, etc.	2,053,000.00	--
Robert Bosch Company	Technology royalties paid etc.	2,316,825.65	5,577,508.74
Robert Bosch Company	Purchase of fixed assets	49,061,191.70	927,851.05
WFEC	Purchase of fixed assets	--	20,353.98
WFEC	Payable for technical services	102,075.47	450,000.00
WFEC	Utilities payable	1,187,817.04	--
WFEC	Providing of technology service, etc.	42,169.81	873,420.02
Urban public distribution	Purchase canteen ingredients, etc	1,392,464.33	

6. Receivable/payable items of related parties

(1) Receivable item

In RMB

Item	Related party	Ending balance		Opening balance	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
Account receivable	WFPM	299,389.13	10,925.29	1,233,084.39	
Account receivable	RBCD	461,493,652.46	174,766.71	48,954,455.60	56,805.74
Account receivable	Robert Bosch Company	363,021,724.83	882,016.11	236,685,486.17	426,203.85
Other account receivables	Robert Bosch Company			692,995.30	
Account receivable	Changchun Xuyang	5,464.91		995,215.93	
Account receivable	WFEC	514,638.29		6,212,780.39	
Other account receivables	WFEC	147,000,000.00			
Prepayments	Robert Bosch Company	5,249,715.46		539,263.12	
Other non-current assets	Robert Bosch Company	1,470,000.00		9,932,547.00	
Other non-current assets	Wuxi Industry Group	5,452,800.00			

(2) Payable item

In RMB

Item	Related party	Ending book balance	Opening book balance
Account payable	WFPM	17,783,464.23	11,634,159.55
Other account payable	WFPM	29,000.00	29,000.00
Account payable	WFEC	274,115,921.53	299,939,408.63
Account payable	RBCD	37,603,958.72	33,418,536.50
Account payable	Robert Bosch Company	49,500,046.68	16,412,385.58
Account payable	Guokai Metals	3.12	2.86
Other current liabilities	RBCD	0.05	120,466,375.78
Other current liabilities	WFPM	76,030.18	

Other current liabilities	Robert Bosch Company	63,572.08	39,165.98
Other account payable	Wuxi Industry Group		5,476,184.14
Other account payable	Guokai Metals		2,717,849.00
Other account payable	Robert Bosch Company	13,308,176.65	--
Contract liability	RBCD	0.36	0.36
Contract liability	Robert Bosch Company	510,212.12	796,325.77
Contract liability	WFPM	584,847.43	

(3) Related claims of "platform trade" business

Item	Related party	Ending balance	Opening balance
Other receivables	Company A	2,415,151,888.80	--

Note: Based on the principle of caution, Company A combines the balance of 4 companies that may be controlled by Company A into the following list. The balance is the difference between the "purchase fund" paid by WFTR based on the "platform trade" business and the "sales fund" received by WFTR. In accordance with the principle of substance over form, the company does not treat the "platform trade" business of WFTR as normal trade business but as fund collection and payment business for accounting treatment, so it is listed as other receivables.

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

Total amount of various equity instruments granted by the Company in the current period	0.00
Total amount of various equity instruments exercised by the Company in the current period	199,195,200.00
Total amount of various equity instruments invalidated by the company in the current period	157,213,350.00
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 3 years and 11 months.
The scope of the exercise price of other equity instruments issued by the company at	N/A

the end of the period and the remaining period of the contract	
--	--

.2. Share-based payment settled by equity

Applicable Not applicable

In RMB

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	111,990,911.92
Total amount of expenses confirmed by equity-settled share-based payments in the current period	28,943,506.38

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 recipients 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 RBCD and Zhonglian Electronics.

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

The Company need to comply with the disclosure requirement on related industry of automobile manufacturing in the *Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No.3 - Disclosure of Industry Information*

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

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

The Company need to comply with the disclosure requirement on related industry of automobile manufacturing in the *Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No.3 - Disclosure of Industry Information*

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

Profit or dividend plans to distributed	98,317,329.30
Profit or dividend declare to be	98,317,329.30

distributed which have been approved	
Profit distribution plan	<p>Based on the 983,173,293 shares which exclude the buy-back shares on buy-back account (25,000,000 A-stock) from total share capital 1,008,173,293 shares (According to the provisions of the <i>The Company Law of the People's Republic of China</i>, the listed company does not have the right to participate in the profit distribution and the conversion of the capital reserve into the share capital by repurchasing the shares held by the company through the special securities account), distributing 1.00 yuan (tax included) cash dividend for every 10 shares held, no bonus shares, without capitalization from capital reserves. The remaining undistributed profit is carried forward to the next year. The total amount of cash dividend to be paid is RMB 98,317,329.3 (tax included). If the total share capital of the Company changes before the implementation of the distribution plan, the Company will be allocated according to the principle of unchanged distribution proportion and adjustment of the total amount of distribution.</p> <p>The profit distribution plan will be submitted for consideration at the 2022 Annual General Meeting.</p>

3. Return of sales

Nil

4. Other events after balance sheet date

The company's wholly-owned subsidiary WFTR received the "case notice" issued by the Wuxi Public Security Bureau Xinwu branch in April 12, 2023 evening. It was informed: Weifu TR contract fraud case, in line with the conditions for filing criminal cases, has decided to file.

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 meeting of 7th session of the 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, purifier, vacuum pump and hydraulic pump, etc., based on the product segment, the Company determine four reporting segments as auto fuel injection system and fuel cell components, automotive post processing system, air management system and vacuum pump and hydraulic pump. Also, as mentioned in Note XVI-7, WFTR launched a new "platform trade" business in 2022, WFTR was defrauded by contracts in its "platform trade" business and has been launched a criminal investigation on the case by the security organs. The management of the company comprehensively judges that the business does not belong to normal trade business with a high probability, in order to accurately present the normal operation of the Company, the Company presents the "platform trade" business as a separate segment. The accounting policies for each reporting segment are consistent with the describe in the Note III.

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

Item	auto fuel injection system and fuel cell component segment	Automotive post processing system segment	Air management system segment	Vacuum pump and hydraulic pump segment	"platform trade" business segment	Add: Investments accounted for by the equity method or Investment in income, debt and equity instruments or Gains/losses on undistributed assets such as income from holding and disposal	Offsetting between segments	Total
Revenue	6,234,413,040.37	5,977,419,455.46	612,416,043.11	177,911,433.07			272,525,054.98	12,729,634,917.03
Cost	5,149,497,567.61	5,468,414,735.16	487,027,797.49	158,596,347.31			247,150,958.77	11,016,385,488.80
Total Profit	1,516,701,226.17	46,173,852.85	651,918.79	52,436,497.65	1,644,068,327.93	1,703,230,223.10		179,614,433.34
Net profit	129,708,365.321	58,011,659.04	3,946,252.07	51,714,919.01	1,644,068,327.93	1,695,062,978.76		190,946,008.25
Asset	10,783,021,465.98	5,302,347,622.37	941,428,806.01	914,361,224.61	1,097,430,804.02	11,133,227,006.24	1,642,903,864.22	28,528,913,065.01
Liability	5,889,731,119.01	3,784,419,888.22	501,890,891.17	709,572,116.76		38,848.42	791,446,647.95	10,094,206,215.63

(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 influencing investor's decision

(1) The security organs have launched a criminal investigation on the case that WFTR was defrauded by contracts in its "platform trade" business. (For details, please refer to the company's announcement No. 2023-007 disclosed on www.cninfo.com.cn and other information disclosure websites on April 13, 2023). At present, the case is in the investigation stage, and the outcome of the case is uncertain in the future.

(2) Based on the "platform trade" business's background, transaction chain, sales and purchase contract signing, transaction process, physical flow and so on, the company carefully analyzed and made comprehensive judgment, finds that the probability of this business not belonging to normal trade business is extremely high. In terms of accounting treatment, the company follows the principle of substance over form and does not treat it as normal trade business, but according to the receipt and payment of funds, prudently counts as claims and liabilities, respectively, purchases actually paid to "suppliers" and sales collected from "customers", Other

receivables are reported on a net basis in the financial statements as a "platform trading" portfolio. In the year 2022, the outflow amount of the "platform trade" business is RMB 634,575.14 million, and the inflow amount is RMB 360,4.2523 million. As of December 31, 2022, the net outflow amount of RMB 2,741,499,100 is reported to other receivables. An expected credit loss of \$164,068,300 has been accrued against the other receivables.

8. Other

Nil

XVII. Principal notes of financial statements of parent company

1. Account receivable

(1) Classification of account receivable

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Ratio	Amount	Accrued ratio		Amount	Ratio	Amount	Accrued ratio	
Account receivable with bad debt provision Accrued on a single basis	7,705,636.24	0.84%	7,705,636.24	100.00%		7,803,945.24	1.42%	7,803,945.24	100.00%	
Including:										
Account receivable with bad debt provision Accrued on portfolio	910,831,491.61	99.16%	4,023,208.39	0.44%	906,808,283.22	540,453,844.97	98.58%	3,495,954.75	0.65%	536,957,890.22
Including:										
Including: receivables from customers	768,218,575.70	83.63%	4,023,208.39	0.52%	764,195,367.31	324,001,494.50	59.10%	3,495,954.75	1.08%	320,505,539.75
Receivables from internal related parties	142,612,915.91	15.53%			142,612,915.91	216,452,350.47	39.48%			216,452,350.47
Total	918,537,127.85	100.00%	11,728,844.63	1.28%	906,808,283.22	548,257,790.21	100.00%	11,299,899.99	2.06%	536,957,890.22

Bad debt provision Accrued on single basis: 7,705,636.24

In RMB

Name	Ending balance			
	Book balance	Bad debt reserve	Accrued ratio	Accrued causes
BD bills	7,201,691.00	7,201,691.00	100.00%	Have difficulty in collection
Tianjin Leiwo Engine Co., Ltd.	503,945.24	503,945.24	100.00%	Have difficulty in collection
Total	7,705,636.24	7,705,636.24		

Bad debt provision Accrued on portfolio: 4,023,208.39

Unit:RMB/CNY

Name	Ending balance
------	----------------

	Book balance	Bad debt reserve	Accrual ratio
Within 6 months	746,778,955.46		
6 months to one year	17,383,318.92	1,738,331.87	10.00%
1-2 years	1,042,800.24	208,560.05	20.00%
2-3 years	1,561,974.35	624,789.74	40.00%
Over 3 years	1,451,526.73	1,451,526.73	100.00%
Total	768,218,575.70	4,023,208.39	

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

Account age	Book balance
Within one year (One year included)	906,775,190.29
Including: within 6 months	889,181,770.09
6 months to one year	17,593,420.20
1-2 years	1,173,006.18
2-3 years	1,935,713.65
Over 3 years	8,653,217.73
3-4 years	8,653,217.73
Total	918,537,127.85

(2) Bad debt provision Accrued collected or reversal

Bad debt provision Accrued in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrued	Collected or reversal	Written-off	Other	
Bad debt provision	11,299,899.99	428,948.14		3.50		11,728,844.63
Total	11,299,899.99	428,948.14		3.50		11,728,844.63

Important bad debt provision collected or reversal: nil

(3) Account receivable actual charged off in the Period

In RMB

Item	Amount charged off
Sporadic difference	3.50
Total	3.50

Major charge-off for the major receivable: nil

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

In RMB

Name	Ending balance of	Ratio in total ending balance of account	Ending balance of bad
------	-------------------	--	-----------------------

	account receivable	receivables	debt reserve
RBCD	461,437,152.46	50.24%	174,766.71
Robert Bosch Company	78,085,229.03	8.50%	0.01
Client 3	60,026,741.00	6.53%	737,492.51
WFTR	57,565,163.84	6.27%	
WFSC	38,994,998.99	4.24%	
Total	696,109,285.32	75.78%	

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

Nil

(6) Account receivable derecognition due to financial assets transfer

Nil

2.Other accounts receivable

In RMB

Item	Ending balance	Opening balance
Interest receivable	206,325.34	113,055.56
Dividend receivable		26,718,900.00
Other account receivables	1,471,896,113.93	177,293,562.07
Total	1,472,102,439.27	204,125,517.63

(1) Interest receivable**1) Category of interest receivable**

In RMB

Item	Ending balance	Opening balance
Interest receivable of subsidiary	206,325.34	113,055.56
Total	206,325.34	113,055.56

2) Significant overdue interest

Nil

3) Accrued of bad debt provision□Applicable Not applicable

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

In RMB

Item (or invested enterprise)	Ending balance	Opening balance
WFAM		26,718,900.00
Total		26,718,900.00

2) Important dividend receivable with account age over one year

Nil

3) Accrued of bad debt provision□Applicable Not applicable**(3) Other account receivables****1) Other account receivables classification by nature**

In RMB

Nature	Ending book balance	Opening book balance
Staff loans and petty cash	1,279,080.00	400,080.00
Balance of related party in the consolidate scope	3,106,006,521.72	169,746,521.72
Margin	3,738,299.33	1,518,640.00
Social security and provident fund paid	6,429,166.22	5,926,527.66
Other	16,781.83	9,364.69
Total	3,117,469,849.10	177,601,134.07

2) Accrued of bad debt provision

In RMB

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, 2022	307,572.00			307,572.00
Balance of Jan. 1, 2022 in the period				
Current Accrued	1,228,175.24		1,644,068,327.93	1,645,296,503.17
Current reversal	30,340.00			30,340.00
Balance on Dec. 31, 2022	1,505,407.24		1,644,068,327.93	1,645,573,735.17

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

□Applicable Not applicable

By account age

In RMB

Account age	Book balance
Within one year (One year included)	3,114,813,019.10
Including: within 6 months	768,880,846.69
6 months to one year	2,345,932,172.41
1-2 years	588,300.00
2-3 years	1,300,000.00
Over 3 years	768,530.00
3-4 years	768,530.00
Total	3,117,469,849.10

3) Bad debt provision Accrued, collected or reversal

Bad debt provision Accrued in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrued	Collected or reversal	Written-off	Other	
Bad debt provision	307,572.00	1,645,296,503.17	30,340.00			1,645,573,735.17
Total	307,572.00	1,645,296,503.17	30,340.00			1,645,573,735.17

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

4) Other receivables actually charged off during the reporting period

Nil

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

In RMB

Name of enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other receivables	Ending balance of bad debt reserve
WFTR	Balance of related party in the consolidate scope	3,077,260,000.00	Within 1 year	98.71%	1,644,068,327.93
WFCA	Balance of related party in the consolidate scope	28,193,906.00	With six months	0.91%	
Zhenkunxing Industrial Supermarket (Shanghai) Co., Ltd.	Margin	1,000,000.00	2-3 years	0.03%	400,000.00
Wuxi Youlian Thermal Power Co., Ltd	Margin	750,000.00	Over three years	0.02%	750,000.00
Wuxi Xingzhou Energy Development Co., Ltd	Margin	676,232.43	Within 1 year	0.02%	28,176.35
Total		3,107,880,138.43		99.69%	1,645,246,504.28

6) Other account receivables related to government grants

Nil

7) Other receivables derecognized due to the transfer of financial assets

Nil

8) The amount of assets and liabilities formed by transferring other receivables and continuing to be involved

Nil

3. Long-term equity investments

In RMB

Item	Ending balance			Opening balance		
	Book balance	Depreciated on reserves	Book value	Book balance	Depreciated on reserves	Book value
Investment for subsidiary	3,080,762,302.11		3,080,762,302.11	2,106,415,908.37		2,106,415,908.37
Investment for associates and joint venture	5,289,081,048.99		5,289,081,048.99	4,760,866,320.19		4,760,866,320.19
Total	8,369,843,351.10		8,369,843,351.10	6,867,282,228.56		6,867,282,228.56

(1) Investment for subsidiary

In RMB

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		
WFJN	185,974,031.01				2,415,053.33	188,389,084.34	
WFLD	468,968,346.39				1,884,760.13	470,853,106.52	
WFMA	170,998,252.32				809,332.39	171,807,584.71	
WFCA	222,778,790.43				572,926.60	223,351,717.03	
WFTR	33,924,529.85				142,484.85	34,067,014.70	
WFSC	51,150,646.86				339,397.41	51,490,044.27	
WFTT	238,112,165.62				1,170,856.38	239,283,022.00	
WFAM	82,454,467.99					82,454,467.99	
WFDT	54,116,034.53				-34,515.01	54,081,519.52	
SPV	597,938,643.37	597,341,580.60				1,195,280,223.97	
WFLD(Chongqing)					265,832.07	265,832.07	
WFAS					878,805.00	878,805.00	
WFQL		225,000,000.00				225,000,000.00	

VHCN		143,559,879.99				143,559,879.99	
Total	2,106,415,908.37	965,901,460.59			8,444,933.15	3,080,762,302.11	

(2) Investment for associates and joint venture

In RMB

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 Accrued	Other		
I. Joint venture											
II. Associated enterprise											
RBCD	3,193,389,537.44			1,019,943,798.76			732,050,752.43			3,505,746,633.77	
Zhongli and Automobile	1,378,575,785.77			375,237,528.28			194,400,000.00			1,559,413,314.05	
WFPM	45,845,041.36			18,930,857.66			10,000,000.00			54,775,899.02	
Chelian Tianxia	143,055,955.62	37,000,000.00		-10,910,753.47						169,145,202.15	
Subtotal	4,760,866,320.19	37,000,000.00		1,403,201,431.23			936,450,752.43			5,289,081,048.99	
Total	4,760,866,320.19	37,000,000.00		1,403,201,431.23			936,450,752.43			5,289,081,048.99	

(3) Other explanations

Nil

4. Operating income and cost

In RMB

Item	Current period		Last Period	
	Income	Cost	Income	Cost
Main business	3,524,971,219.66	2,995,507,161.73	4,392,019,155.83	3,267,569,244.02
Other business	339,533,776.14	268,487,790.90	440,321,634.62	337,773,263.46
Total	3,864,504,995.80	3,263,994,952.63	4,832,340,790.45	3,605,342,507.48

5. Investment income

In RMB

Item	Current period	Last Period
Investment income from holding transaction financial asset	201,399,105.37	309,089,065.06
Investment income in subsidiaries	69,841,550.10	82,600,029.25
Investment income in joint ventures and associated enterprises	1,427,651,731.23	1,366,704,678.23
Total	1,698,892,386.70	1,758,393,772.54

6. Others

Nil

XVIII. Supplementary Information**1. Current non-recurring gains/losses**Applicable Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset	-148,566.90	
Governmental grants reckoned into current gains/losses (except for those with normal operation business concerned, and conform to the national policies & regulations and are continuously enjoyed at a fixed or quantitative basis according to certain standards)	111,917,334.77	
Profit and loss of assets delegation on others' investment or management	1,236,142.58	
Except for the effective hedging operations related to normal business operation of the Company, the gains/losses of fair value changes from holding the trading financial assets and trading financial liabilities, and the investment earnings obtained from disposing the trading financial asset, trading financial liability and financial assets available for sale	-145,070,562.29	
Reserve for impairment of receivables separately tested for impairment transfer back	1,265,113.45	
Other non-operating income and expenditure except for the aforementioned items	39,799,099.77	
Less: Impact on income tax	1,952,583.99	
Impact on minority shareholders' equity	8,192,690.71	
Total	-1,146,713.32	--

Specific information on other items of profits/losses that qualified the definition of non-recurring profit(gain)/loss

Applicable Not applicable

The Company does not have other items of profits/losses that qualified the definition of non-recurring profit(gain)/loss

Information on the definition of non-recurring profit(gain)/loss that listed in the *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary (non-recurring) Profit(gain)/loss* as the recurring profit(gain)/loss

Applicable Not applicable**2. ROE and earnings per share**

Profits during report period	Weighted average ROE	Earnings per share	
		Basic earnings per share	Diluted earnings per

		(RMB/Share)	share (RMB/Share)
Net profits belong to common stock stockholders of the Company	0.64%	0.09	0.09
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	0.65%	0.09	0.09

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

Nil

4. Other

Nil

BOD of Weifu High-Technology Group Co., Ltd.

Chairman: _____

28 April 2023