



WEIFU HIGH-TECHNOLOGY GROUP CO., LTD.

ANNUAL REPORT 2023

April 2024

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 Rong Bin, person in charger of accounting works, and Wu Junfei, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2023 Annual Report is authentic, accurate and complete.

All directors have attended the BoD 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.

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 “Prospect of future development of the Company” under the “Discussion and Analysis of the Management” 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 977,162,793, distributed 10.00 yuan (tax included) bonus in cash for every 10-share held 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.

Content

Section I. Important Notice, Contents and Interpretation	2
Section II Company Profile and Main Financial Indexes	7
Section III Discussion and Analysis of the Management	11
Section IV. Corporate Governance	37
Section V. Environmental and Social Responsibility	56
Section VI. Important Matters	63
Section VII. Changes in Shares and Particulars about Shareholders	78
Section VIII. Preferred Stock	86
Section IX. Corporate Bonds	87
Section X. Financial Report	88

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 were disclosed in the website designated by CSRC in the reporting period;
- IV. Text of the Annual Report 2023 containing the signature of the legal representative of the Company;
- V. Place for preparation: BoD office 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.
VHIO	Refers to	VHIT S.p.A. Societ à Unipersonale
VHWX	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.
Auto Link	Refers to	Wuxi Chelian Tianxia Information Technology Co., Ltd
Changchun Xuyang	Refers to	Changchun Xuyang Weifu Automotive Parts Technology 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

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 the reporting period

Applicable Not applicable

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

	2023	2022	Year-on-year increase(+)/decrease(-)	2021
Operation income (RMB)	11,093,141,950.98	12,729,634,917.03	-12.86%	13,682,426,710.95
Net profit attributable to shareholders of the listed company(RMB)	1,837,291,259.68	118,819,836.30	1446.28%	2,575,371,419.80
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	1,597,321,239.86	119,966,549.62	1231.47%	2,544,559,926.75
Net cash flows arising from operating activities (RMB)	1,626,249,911.90	-2,575,742,649.43	163.14%	627,712,593.41
Basic earnings per share (RMB/Share)	1.88	0.09	1,988.89%	2.57
Diluted earnings per share (RMB/Share)	1.88	0.09	1,988.89%	2.57
Weighted average ROE	9.92%	0.64%	9.28%	13.67%

	Year-end of 2023	Year-end of 2022	Year-on-year increase(+)/decrease(-)	Year-end of 2021
Total assets (RMB)	28,081,087,791.81	28,528,913,065.01	-1.57%	27,970,858,427.84
Net assets attributable to shareholder of listed company (RMB)	19,399,892,671.78	17,696,679,170.72	9.62%	19,398,607,689.65

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 reporting 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 reporting period.

VIII. Quarterly main financial index

In RMB

	Q1	Q2	Q3	Q4
Operation income	3,144,363,323.69	2,985,285,723.71	2,212,553,381.53	2,750,939,522.05
Net profit attributable to shareholders of the listed company	414,774,676.43	533,986,183.12	373,315,787.47	515,214,612.66
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	355,542,161.23	475,336,090.14	365,662,980.94	400,780,007.55
Net cash flows arising from operating activities	545,452,710.09	544,508,527.33	41,786,089.96	494,502,584.52

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

Yes No

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

Applicable Not applicable

In RMB

Item	2023	2022	2021	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	126,538,939.67	-148,566.90	-12,350,725.86	
Governmental grants reckoned into current gains/losses (except for those with normal operation business concerned, and conform to the national policies & regulations and are enjoyed at a fixed basis according to certain standards and continuously affect the gains/losses of the company)	31,251,345.14	111,917,334.77	71,274,511.67	
Except for effective hedging business related to the normal operation of the company, the fair value gains and losses arising from the holding of financial assets and financial liabilities by non-financial enterprises, as well as the gains and losses arising from the disposal of financial assets and financial liabilities	23,096,322.48	-145,070,562.29	-29,889,140.23	
Gains/losses of assets delegation on others' investment or management	94,647,509.98	1,236,142.58	2,425.40	
Reversal of provision for depreciation of account receivable which was singly taken depreciation test	5,862,949.67	1,265,113.45	8,976,264.09	
Gains/losses from debt reorganization	-323,525.00			
Other non-operating income and expenditure except for the aforementioned items	22,253,986.90	39,799,099.77	130,837.12	
Accounts receivable collected in the current period while written off in previous years	63,149.93			
Less: Impact on income tax	40,956,611.82	1,952,583.99	4,345,456.60	
Impact on minority shareholders' equity (post-tax)	22,464,047.13	8,192,690.71	2,987,222.54	
Total	239,970,019.82	-1,146,713.32	30,811,493.05	--

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 company is in the industry of auto parts manufacturing. 2023 was the first year of economic recovery and development, although the automobile industry was disturbed by multiple factors such as the purchase tax of fuel vehicles at the beginning of the year and the withdrawal of new energy vehicles from the state subsidy, and price war, under the support of national and local policies to promote consumption and stabilize growth, as well as the high growth of new energy vehicles and exports, the annual sales presented a "ascending and gradually improving trend", and achieved rapid growth. In 2023, the automobile production and sales in China were 30.161 million and 30.094 million, respectively, with a year-on-year increase of 11.6% and 12.0%, and the production and sales exceeded 30 million for the first time, hitting a record high.

1. Commercial vehicle market situation

In 2023, under the background of economic recovery, consumption recovery, increasing logistics demand, the oil and gas price difference supported the outbreak of gas heavy trucks, coupled with the elimination of national standard IV vehicles and the Belt and Road policy and the Russia-Ukraine conflict to boost export growth, showing a recovery growth trend throughout the year. In 2023, the production and sales of commercial vehicles were 4.037 million and 4.031 million, respectively, with a year-on-year increase of 26.8% and 22.1%, the annual export was 770,000, with a year-on-year increase of 32.2%.

In terms of production and sales of different models, in 2023, the production and sales of trucks were 3.539 million, with a year-on-year increase of 27.4% and 22.4%. The production and sales of passenger cars were 498,000 and 492,000, respectively, with a year-on-year increase of 22.5% and 20.6%.

In terms of segment models, among the varieties of truck, all models achieved double-digit year-on-year growth, of which heavy trucks increased most significantly. The sales of heavy trucks was 911,000, with a year-on-year increase of 35.6%; the sales of medium trucks was 107,000, with a year-on-year increase of 12.0%; the sales of light trucks was 1.895 million, with a year-on-year increase of 17.1% year on year; the sales of mini trucks was 626,000, with a year-on-year increase of 23.6%. Among the varieties of passenger car, the sales of light passenger cars presented rapid growth, medium and light passenger cars increased slightly. Among them, the sales of large passenger cars was 54,000, with a year-on-year increase of 4.0%; the sales of medium passenger cars was 38,000, with a year-on-year increase of 3.8%; the sales of light passenger cars was 400,000, with a year-on-year increase of 25.1%.

In 2023, the commercial vehicle market was still dominated by traditional fuels, with diesel vehicles and gasoline vehicles accounting for 52.6% and 31.9% of the annual commercial vehicle market, respectively; new energy vehicles (pure electric, plug-in hybrid, fuel cell) accounted for about 10.7%, of which pure electric vehicles accounted for the highest, which was 10.2%; other alternative fuels accounted for only 0.19%; gas vehicles accounted for 4.7%, with a year-on-year increase of 3.3% under the support of the increase in oil and gas price difference and the prominent advantage of operating cost.

2. Passenger car market situation

In 2023, the passenger car market was affected by factors such as policy switching and industry price competition at the beginning of the year, and market demand fell significantly. However, under the frequent emergence of national and local consumption boost policies, driven by new energy and exports, the sales was gradually increased, maintaining the double growth of production and sales

throughout the year, which played an important role in stabilizing the basic condition of automobile consumption. The production and sales of passenger cars were 26.124 million and 26.063 million, with a year-on-year increase of 9.6% and 10.6% respectively. The exports reached 4.14 million, with a year-on-year increase of 63.7%. Supported by continuous improvement of product competitiveness, new energy penetration and rapid growth of exports, the annual market share of independent brands reached 56%.

3. New energy vehicle market situation

The price war was spreading under the trend of diversified supply of automobile enterprises and continuous reduction of raw material prices, coupled with the effect of policies such as the extension of purchase tax reduction and new energy vehicles going to the countryside, the new energy vehicle market continued to expand. In 2023, the production and sales were 9.587 million and 9.495 million respectively, with a year-on-year increase of 35.8% and 37.9% respectively, and the market share reached 31.6%, with a year-on-year increase of 5.9%. Among them, the sales of pure electric vehicles was 6.685 million, with a year-on-year increase of 24.6%; the sales of plug-in hybrid vehicles was 2.804 million, with a year-on-year increase of 84.7%; the sales of fuel cell vehicles was 6 thousand, with a year-on-year increase of 72.0%.

4. Off-road vehicle market situation

In 2023, the macroeconomic repair was not as expected, the real estate industry continued to slump, the demand for infrastructure was weak, but the overseas market performed well, and the construction machinery industry maintained overall growth; agricultural machinery improved on the back of a rebound in farming demand. In 2023, the sales of diesel internal combustion engines for construction machinery was 893,000, with a year-on-year increase of 8.6%; the sales of diesel internal combustion engines for agricultural machinery was 1.556 million, with a year-on-year increase of 22.4%.

(Note: The above industry data sources are China Association of Automobile Manufacturers, CNWORLD, China Internal Combustion Engine Industry Association)

5. Matching between company operation and the industry

In 2023, the operating conditions of the company basically matched the development of the industry. Affected by the macroeconomic environment, intensifying competition in the automobile industry, declining prices of precious metals, outstanding performance of natural gas heavy trucks and export markets, the company achieved operating income of 11.093 billion yuan during the reporting period, with a year-on-year decrease of 12.86%. The net profit attributable to shareholders of listed companies was 1.837 billion yuan, with a year-on-year increase of 1446.28%.

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 main business of the company is the research and development, production and sales of core automotive parts, and currently has four business segments, including energy conservation and emission reduction, green hydrogen energy, intelligent electric, industrial and other. During the reporting period, the main products sold were diesel fuel injection system, exhaust aftertreatment system, air intake system, core parts of fuel cells, core parts of electric drive systems, core parts of thermal management systems, cabin core parts, core parts of brake systems, etc.

1. Diesel fuel injection system, including high pressure oil pump, high pressure oil rail, injector, filter and other products, widely used in diesel engines of all levels of power, supporting various trucks, buses, construction machinery, marine, agricultural machinery, generator sets, and can meet the national standard VI, off-road stage IV emission regulations, leading in the product

variety, production scale, market share. While doing a good job in supporting domestic engines, some products are exported to the Americas, Southeast Asia, the Middle East and other regions.

2. Exhaust aftertreatment system, including diesel purifier, gasoline purifier, natural gas purifier, muffler, catalyst and other products, can meet the national VI standard, off-road stage IV emission regulations, with leading technical level, market scale and production capacity in China, widely used in traditional power & plug-in hybrid passenger vehicles, commercial vehicles, off-road machinery and other fields, and can provide strong support for product upgrading and renewal of OEMs.

3. Air intake system, including diesel supercharger, gasoline supercharger, natural gas supercharger and other products, can meet the national VI, off-road stage IV emission regulations, with the scope of application covering commercial vehicles, traditional power & plug-in hybrid passenger vehicles, construction machinery, agricultural machinery, generator sets and other fields, and can support the major domestic OEMs and automobile manufacturers .

4. Core parts of fuel cells, including membrane electrode, bipolar plate (graphite, metal), catalyst and BOP critical parts (such as valves, pumps, air compressor critical parts) and other products, mainly support domestic and foreign hydrogen fuel cell stack and system manufacturers and energy storage enterprises.

5. Core parts of electric drive systems, including motor shaft, end cover, water jacket and other products, mainly support domestic and foreign new energy passenger car enterprises or electric drive system manufacturers.

6. Core parts of thermal management systems, including electronic oil pump, electronic water pump, thermostat and other products, mainly support domestic and foreign new energy passenger vehicles, commercial vehicle enterprises.

7. Cabin core parts, including car seat assembly, seat skeleton, electric long slide, shock absorber and other products, mainly support domestic mainstream commercial vehicles, passenger car enterprises.

8. Core parts of brake systems, including mechanical vacuum pump and other products, mainly support domestic and foreign mainstream passenger car enterprises.

(II) Operation 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	202.55	182.19	11.17%	199.35	217.79	-8.47%
Fuel management system-	242.71	148.23	63.73%	217.50	184.20	18.08%

fuel injector						
After-treatment system - diesel purifier	46.76	55.51	-15.75%	43.90	61.55	-28.68%
After-treatment system - gasoline purifier	366.81	282.68	29.76%	342.79	309.08	10.91%
Air management system – turbocharger	97.81	81.73	19.68%	90.36	80.66	12.03%
Brake system - vacuum pump	737.68	-		734.32	-	
By vehicle facilities						
By after-sale service market						
Fuel management system-multi-cylinder pumps	0.28	0.32	-10.52%	0.29	0.41	-30.96%
Fuel management system-fuel injector	0.29	0.61	-53.28%	0.08	0.60	-86.49%
Air management system – turbocharger	1.12	1.07	4.31%	1.16	1.14	1.30%
Other classification						
By domestic area						
Fuel management system-multi-cylinder pumps	202.83	182.51	11.13%	199.63	218.20	-8.51%
Fuel management system-fuel injector	243.00	148.80	63.30%	217.58	184.80	17.74%
After-treatment system – purifier	413.57	338.19	22.29%	386.69	370.63	4.33%
Air management system – turbocharger	98.93	82.80	19.48%	91.52	81.80	11.88%
Brake system - vacuum pump	249.34	-		248.00	-	
By oversea area						
Brake system - vacuum pump	488.34	-		486.32	-	

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

Applicable Not applicable

The rapid growth in production of fuel injectors and gasoline purifiers is mainly due to the growth of market orders.

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	2,530,000 pieces	713,200 pieces	733,300 pieces	106,464,546.51
Core parts for E-drive	3,820,000 pieces	2,670,000 pieces	2,627,000 pieces	358,065,220.36
Exhaust (PEHV) cleaner	886,000 pieces	326,000 pieces	270,400 pieces	930,875,527.74
Intake(PHEV) supercharger	150,000 pieces	120,000 units	107,000 units	97,621,470.00

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 of China and ranked 35th on the 2023 Top 100 Chinese Automotive Parts Enterprises.

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, research and development capabilities for renewable energy hydrogen production, core parts of E-drive, thermal management system components, intelligent perception modules, and other product technologies.

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 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 Company 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. Main business

1. Overview

2023 is the 65th anniversary of Weifu. In the face of complex and severe macroeconomic situation and competitive pressure in the automotive industry, the Company closely adhered to the “14th Five-Year Plan” development objective, implemented the annual work policy of “aiming at strategic goals, making efforts for management improvement, and being devoted to the cultivation of new business”. All employees worked together, resisted the pressure, continuously improved the quality of operation, and ensured the smooth operation of the company. During the reporting period, the Company achieved operating income of 11.093 billion yuan, with a year-on-year decrease of 12.86%; the net profit attributable to shareholders of listed companies was 1.837 billion yuan, with a year-on-year increase of 1446.28%; the total assets were 28.081 billion yuan, with a year-on-year decrease of 1.57%; the net assets attributable to shareholders of listed companies were 19.399 billion yuan, with a year-on-year increase of 9.62%.

Main work carried out by the company during the reporting period:

1. Consolidate market advantages of core business and strengthen market development for new business

The product market share of core business maintained advantages: In terms of fuel system products, the annual sales of common rail pumps exceeded 1.45 million, increasing steadily; the annual sales of VE distribution pumps was nearly 390,000; benefiting from the growth of the export market, the annual sales of mechanical pumps were nearly 170,000, maintaining the growth. In terms of aftertreatment system products: Gasoline purifiers presented outstanding performance in the hybrid passenger car market, with annual sales of nearly 2.8 million, and year-on-year increase of nearly 30%; the annual sales of diesel purifiers exceeded 260,000,

with the market share and competitiveness steadily increased, and key customer share in some off-road markets exceeding 50%; the annual sales of natural gas purifiers exceeded 60,000, with a year-on-year increase exceeding 150%. In terms of air intake system products, the annual sales of four-cylinder diesel superchargers reached a record high of nearly 580,000, continuing to maintain the first position in market share in the industry in China; mass production of gasoline superchargers was achieved in a number of domestic head passenger car customer projects, with the annual sales of more than 260,000, continuing to maintain growth; six-cylinder superchargers were selected for a number of diesel and alternative fuel projects of domestic key customers.

Market development for new business has achieved positive results: the VH business at home and abroad that the company acquired in 2022 has been promoted smoothly, and the vacuum pump and electronic oil pump products have made positive progress, especially the special electronic oil pump products have been selected for a number of designated projects of domestic and foreign head passenger car and commercial vehicle customers and have achieved batch production. The business volume of electric drive core parts maintained high growth, the annual sales of motor shaft products reached nearly 1.4 million, with a year-on-year increase of nearly 150%. The construction of three major bases of hydrogen fuel cell business in the world has been steadily advanced, and the business volume maintained steady growth. 4D imaging radar products reached strategic cooperation with KargoBot and Arbe, and the sample delivery and road testing were completed; the company has reached strategic cooperation with Shanxi Anshu Intelligent Technology to promote the commercial application in the field of smart mines; at the same time, the company carried out test verification with a number of OEMs.

2. Promote the efficient development of main products and accelerate the development of new products

Efficient and clean internal combustion power products: Completed the B sample performance test of 2000bar products in GP project and several customer engine tests; completed the engine performance test of the key components of the diesel-natural gas dual fuel injection system; initiated the pre-research of high pressure direct injection technology of alternative fuel cylinder and the experimental research of hydrogen internal combustion engine injection technology, and obtained the development projects of key customers; completed the development, mass production and supply of CB6-25 two-cylinder high pressure pump; completed VP system off-road stage IV product upgrade; completed the B sample development of hybrid high-efficiency gasoline supercharger platform, and realized the batch production of variable nozzle turbochargers for gasoline engines of key customers; completed key customer project acquisition and batch production and supply of the second generation platform products of six-cylinder diesel and natural gas engine supercharger; completed D sample development of heavy-duty, light-duty and off-road stage IV diesel purifiers, and realized batch production of several customer projects.

Green hydrogen energy and intelligent electric products: In terms of core parts of hydrogen fuel cells, completed the domestic production capacity construction and trial production of 1.1 million membrane electrodes per year; completed the first phase of production capacity construction and trial production of metal bipolar plate in China; completed the function test of bottle valve and pressure reducing valve of the high-pressure hydrogen subsystem; achieved stable supply of hydrogen ejector and isolation valve of the low-pressure hydrogen subsystem; started small-batch supply of exhaust valves and electric superchargers. In terms of renewable energy hydrogen production, realized the equipment integration and demonstration operation of the first set of 100-kilowatt PEM electrolytic water hydrogen production system. In terms of thermal management, realized batch supply of electronic oil pump for electric drive; realized small batch supply of electronic thermostats for cell stack; completed C sample development of electronic water pumps for medium power cell stack. In terms of situation awareness, completed the construction and acceptance of the radar production line in the cabin; completed the design and trial production of short range radar prototype; completed B sample design and customer sample delivery of barrier gate radar; completed B sample design verification and cost reduction protocol design of 4D imaging forward radar.

3. Build a strategic planning operation system and promote the layout of new business investment cooperation

Strategic planning: Completed the mid-term review of the 14th Five-Year strategic plan of the company; combined with radar, PEM electrolytic water hydrogen production, thermal management, hydraulic and other business, dynamically studied and formulated relevant strategic planning and action plans; completed the planning of Huishan Intelligent Industrial Park and Hydrogen Energy Industrial Park, and promoted research on coating capacity and intelligent manufacturing. In terms of investment cooperation: Focused on promoting the industrialization process of radar business, initiated independent operation, and actively pursued

cooperation with strategic partners; accelerated investment cooperation in the seat business, smoothly expanded the passenger car customer market, and promoted the large-scale development of the seat business; continuously promote the further cooperation with the existing strategic partners in the posttreatment catalyst and new materials business, and extended to the development of new energy and new materials through the new cooperation platform; actively pursued strategic cooperation in new business areas such as PEM electrolytic water hydrogen production and high pressure hydrogen storage, and deepened investment cooperation in wheel hub motor business. At the same time, strengthened the post-investment management of participating enterprises such as Auto Link and Weifu Precision Machinery and further research on strategic actions.

4. Strengthen quality and safety management and steadily promote project construction

Achieved steady improvement of quality level of core business products, and zero kilometer fault of some products was less than 10PPM; carried out full coverage and quality improvement on-site verification of all elements of the key processes in a normalized and stratified manner; promoted the comprehensive promotion and systematic application of measurement management standardization; continuously promoted the information construction of manufacturing system, and awarded the first national intelligent manufacturing demonstration factory in Wuxi City. Integrated and launched the EHS information supervision platform and production safety intelligent visual operation center; initiated the construction of the energy management platform project, and successfully passed the ISO50001 energy management system review. Advanced the R&D building and plot 103 project in an orderly manner, and completed the preparatory work for the construction of the Hydrogen Energy Industrial Park. Initiated the construction of the procurement platform project, and continuously improved the digital capacity of supply chain management; advanced the promotion implementation of intelligent manufacturing and standardization of system modules, completed the pilot promotion of some standardized modules, and complete the pilot promotion of intelligent warehouse management system; promoted data service and analysis projects, continuously improved the data management construction of each business segment, and mined the value of data. Explored the localized application of innovative technologies, and fully built Weifu industry Internet platform.

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

Strengthened the monitoring and analysis of operation, seriously carried out deviation correction and closed loop of operation, and promoted the integration of business plans and budgets. Excavated technology to reduce costs, refined category management strategies, established electronic category procurement channels, improved procurement specialization, and integrated new business planning; further strengthened the analysis and disposal of slow-moving inventory, reviewed and gave early warning of production scheduling, and focused on the control of long-cycle materials. Continuously promoted the construction of intelligent finance, optimized intelligent reports and management cockpit, launched profitability analysis system, and promoted product cost optimization and improvement; launched the procurement expenditure contract management system, and improved the efficiency of contract management process. Carried out special inspection of internal control, identified problems, followed up the implementation and closed loop of rectification; organized the re-learning and publicity of relevant systems and processes, enhanced the risk control awareness of all staff, and continuously optimized the internal control system. Optimized the allocation of human resources, adjusted the structure of talent team, and improved the efficiency of personnel; focused on promoting major strategic cooperation projects and strategic emerging business personnel allocation, and expanded talent introduction channels; explored overseas talent exchange and training models, formulated security mechanisms, and promoted the construction of international talent echelons.

2.Revenue and cost

(1) Composition of operation revenue

In RMB

	2023		2022		Year-on-year increase(+)/decrease(-)
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total operation revenue	11,093,141,950.98	100%	12,729,634,917.03	100%	-12.86%

By industry					
Automotive components	10,926,750,670.90	98.50%	12,333,099,421.87	96.88%	-11.40%
Other business	166,391,280.08	1.50%	396,535,495.16	3.12%	-58.04%
By product					
Automotive fuel management system	5,077,092,133.74	45.76%	5,556,437,665.29	43.65%	-8.63%
Automotive after-treatment system	3,409,054,236.79	30.73%	5,757,095,151.92	45.22%	-40.79%
Air management system	662,890,661.90	5.98%	567,829,177.40	4.46%	16.74%
Other automotive components	1,777,713,638.47	16.03%	451,737,427.26	3.55%	293.53%
Other business	166,391,280.08	1.50%	396,535,495.16	3.12%	-58.04%
By region					
Domestic	9,497,551,219.78	85.62%	11,917,440,065.87	93.62%	-20.31%
Foreign	1,595,590,731.20	14.38%	812,194,851.16	6.38%	96.45%
By sales model					
Direct sale	11,093,141,950.98	100.00%	12,729,634,917.03	100.00%	-12.86%

(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	10,926,750,670.90	9,083,184,521.77	16.87%	-11.40%	-14.78%	3.29%
By product						
Automotive fuel management system	5,077,092,133.74	3,908,250,189.19	23.02%	-9.24%	-12.57%	2.72%
Automotive after-treatment system	3,409,054,236.79	2,982,136,889.95	12.52%	-40.79%	-43.47%	4.15%
Air management system	662,890,661.90	514,254,765.44	22.42%	16.74%	9.84%	4.87%
Other automotive components	1,777,713,638.47	1,678,542,677.19	5.58%	301.01%	252.64%	13.23%
By region						
Domestic sales	9,331,159,939.70	7,615,983,251.26	18.38%	-19.01%	-24.32%	5.73%
Foreign sales	1,595,590,731.20	1,467,201,270.51	8.05%	96.45%	146.86%	-18.77%
By sales mode						
Direct sales	10,926,750,670.90	9,083,184,521.77	16.87%	-11.40%	-14.78%	3.29%

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	2023	2022	Year-on year increase(+)/decrease(-)
Fuel management system- multi-cylinder pumps	Sales volume	In 10 thousand sets	199.63	218.20	-8.51%
	Output	In 10 thousand sets	202.83	182.51	11.13%
	Storage	In 10 thousand sets	5.51	2.31	138.53%
Fuel management system- fuel injector	Sales volume	In 10 thousand suits	217.58	184.80	17.74%
	Output	In 10 thousand suits	243.00	148.80	63.31%
	Storage	In 10 thousand suits	41.42	16.00	158.88%
After-treatment system - purifier	Sales volume	In 10 thousand pieces	386.69	370.63	4.33%
	Output	In 10 thousand pieces	413.57	338.19	22.29%
	Storage	In 10 thousand pieces	75.73	48.56	55.95%
Air management system -turbocharger	Sales volume	In 10 thousand sets	91.52	81.80	11.88%
	Output	In 10 thousand sets	98.93	82.80	19.48%
	Storage	In 10 thousand sets	25.60	18.00	42.22%
Brake system - vacuum pump	Sales volume	In 10 thousand sets	734.32		
	Capacity	In 10 thousand sets	737.68		
	Inventory	In 10 thousand sets	16.17		

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

Applicable Not applicable

Market demand and customer share rose, resulting in an increase in year-end inventory.

(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	2023		2022		Year-on-year increase(+)/decrease(-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Automotive components	Direct material	6,555,172,710.12	72.17%	8,095,497,519.84	75.95%	-19.03%
Automotive components	Labor cost	1,032,120,288.45	11.36%	929,458,806.34	8.72%	11.05%
Automotive components	Depreciation	365,295,186.48	4.02%	343,934,013.85	3.23%	6.21%
Automotive components	Varieties of consumption	1,130,596,336.72	12.45%	1,289,391,589.88	12.10%	-12.32%

In RMB

Products	Item	2023		2022		Year-on-year increase(+)/decrease(-)
		Amount	Ratio in operation	Amount	Ratio in operation	

			cost		cost	
Fuel management system	Direct material	2,254,464,928.67	57.68%	2,825,991,694.28	63.81%	-20.22%
Fuel management system	Labor cost	609,871,806.26	15.60%	645,954,393.05	14.59%	-5.59%
Fuel management system	Depreciation	253,355,374.61	6.48%	224,295,673.29	5.06%	12.96%
Fuel management system	Varieties of consumption	790,558,079.65	20.23%	732,339,489.37	16.54%	7.95%
After-treatment system	Direct material	2,667,691,488.46	89.46%	4,565,803,028.05	86.55%	-41.57%
After-treatment system	Labor cost	47,234,645.82	1.58%	149,342,308.89	2.83%	-68.37%
After-treatment system	Depreciation	27,439,285.16	0.92%	72,074,926.36	1.37%	-61.93%
After-treatment system	Varieties of consumption	239,771,470.51	8.04%	488,030,494.27	9.25%	-50.87%
Air management system	Direct material	449,083,528.19	87.34%	410,313,252.05	87.64%	9.45%
Air management system	Labor cost	33,448,206.33	6.50%	31,326,998.91	6.69%	6.77%
Air management system	Depreciation	17,304,418.13	3.36%	16,459,950.43	3.52%	5.13%
Air management system	Varieties of consumption	14,418,612.79	2.80%	10,070,533.76	2.15%	43.18%
Other automotive components	Direct material	1,183,932,764.80	70.53%	293,389,545.46	60.33%	303.54%
Other automotive components	Labor cost	341,565,630.04	20.35%	102,835,105.49	21.15%	232.15%
Other automotive components	Depreciation	67,196,108.58	4.00%	31,103,463.77	6.40%	116.04%
Other automotive components	Varieties of consumption	85,848,173.77	5.11%	58,951,072.47	12.12%	45.63%

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

Yes No

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

Applicable Not applicable

(8) Major sales and main suppliers

Major sales clients of the Company

Total top five clients in sales (RMB)	4,875,550,091.28
Proportion in total annual sales volume for top five clients	43.95%
Ratio of the related party sales in total annual sales from top five clients	32.03%

Information of top five clients of the Company

Serial No.	Name	Sales (RMB)	Proportion in total annual sales
1	Robert Bosch Company	1,878,794,642.29	16.94%
2	RBCD	1,673,734,280.25	15.09%
3	Client 1	517,223,548.99	4.66%
4	Client 2	451,962,380.68	4.07%

5	Client 3	353,835,239.07	3.19%
Total	--	4,875,550,091.28	43.95%

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)	2,211,016,690.60
Proportion in total annual purchase amount for top five suppliers	24.57%
Ratio of the related party purchase in total annual purchase amount from top five suppliers	16.07%

Information of top five suppliers of the Company

Serial No.	Suppliers	Purchasing amount (RMB)	Ratio in annual total purchasing amount
1	WFEC	956,576,727.30	10.63%
2	Supplier 1	596,707,260.00	6.63%
3	RBCD	267,248,230.21	2.97%
4	Robert Bosch Company	222,259,377.33	2.47%
5	Supplier 2	168,225,095.76	1.87%
Total	--	2,211,016,690.60	24.57%

Other notes of main suppliers of the Company

Applicable Not applicable

WFEC, RBCD and Robert Bosch Company are the Company's related parties. 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

	2023	2022	Year-on-year increase(+)/decrease(-)	Note of major changes
Sales expenses	230,571,186.60	189,528,090.71	21.66%	
Administration expenses	612,096,726.09	586,386,474.32	4.38%	
Financial expenses	48,040,932.65	82,327,615.76	-41.65%	Mainly due to the decrease in loan interest
R&D expenses	667,871,159.95	581,488,711.88	14.86%	

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, some models have entered customer application.	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, some models have entered customer application.	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 models have entered customer application and are in the stage of adaptive design.	Resulting the diesel fuel injection parts 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 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	Have been batch produced	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, some models have already entered customer applications, and a small number 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	Have been batch produced	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 of exhaust system technology for hybrid vehicles	Develop exhaust systems to meet the requirements of insulation, capacity reduction, cost reduction, and high noise reduction performance in hybrid and extended range projects	In progress, some models have already entered customer applications, and a small number of models have started to be supplied in small batches.	Through the development of high reliability in the hot end and new technologies for silencers, develop post-treatment products satisfying hybrid vehicle models and are applied in 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	Have been batch produced	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, some models have already entered customer applications, and a small number of models have started to be supplied in small batches.	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	Development on the supercharger products for natural gas engine that meets the National	In progress, some models have already entered customer	Resulting the supercharger products for natural gas engine that meets the National	Enhance the existing products and extend the life of traditional products

to meet the National VI emission standards	VI emission standards	applications, and a small number of models have started to be supplied in small batches.	VI emission standards and put them on the market	
Development and application of the supercharger for automotive incremental engine	Development on the supercharger for automotive incremental engine	The project is completed, and some models have entered customer applications. They are equipped with a series of well-known brand products in the industry and are starting to be supplied in batch.	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 of turbochargers for hybrid engines in vehicles	Develop turbochargers for hybrid engines in vehicles	In progress, some models have already entered customer applications, and a small number of models have started to be supplied in small batches.	Develop hybrid engine supercharger products for vehicles and put them into 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, the relevant products have been produced in small batches and have entered customer applications. A small amount of models have been supplied in small batch.	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 electric drive components for new energy vehicles	Develop new energy vehicle electric drive components products	In progress, the relevant products have been mass-produced and have entered customer applications.	Develop new energy vehicle electric drive components products and put on market	Main direction of the emerging business of the Company in the future and new business growth points
Development and application of intelligent perception core module products	Develop intelligent perception core module products (millimeter wave radar)	In progress, the sample of relevant products have been delivered.	Develop intelligent perception core module products and put on market	Main direction of the emerging business of the Company in the future and new business growth points
Development and integration of intelligent seat products	Develop and promotion of intelligent seat products	Commercial vehicles have achieved batch production and application in multiple projects, and passenger cars have obtained multiple projects. They are currently in the research and development stage and	Enhance market recognition and continuously expand market scale.	Main direction of the emerging business of the Company in the future and new business growth points

		will soon be put into production and application.		
Development of mechanical components related to intelligent seat products	Development and promotion of intelligent seat products	In the research and development stage, there are already potential customers	Develop innovative products and put on 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 been applied in batch	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	Some products have entered the stage of mass production and delivery, while for others, the company is communicating with customers	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 equipment has been used by customers for manufacturing and testing, and new equipment design has been carried out according to requirements.	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

	2023	2022	Change ratio
Number of R&D (person)	1,258	1,232	2.11%
Ratio of number of R&D	21.84%	20.92%	0.92%
Education background			
Undergraduate	697	708	-1.55%
Master	279	240	16.25%
Age composition			
Under 30	446	328	35.98%
30~40	512	649	-21.11%

Investment of R&D

	2023	2022	Change ratio
R&D investment (RMB)	667,871,159.95	581,488,711.88	14.86%
R&D investment/Operation revenue	6.02%	4.57%	1.45%
Capitalization of R&D investment (RMB)	0.00	0.00	0.00%
Capitalization of R&D investment/R&D investment	0.00%	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	2023	2022	Year-on-year growth rate
Subtotal of cash inflow arising from operating activities	12,367,352,240.11	16,421,144,267.50	-24.69%
Subtotal of cash outflow arising from operating activities	10,741,102,328.21	18,996,886,916.93	-43.46%
Net cash flows arising from operating activities	1,626,249,911.90	-2,575,742,649.43	163.14%
Subtotal of cash inflow from investing activities	5,806,265,016.93	12,081,224,107.55	-51.94%
Subtotal of cash outflow from investing activities	4,595,753,280.52	8,485,283,459.06	-45.84%
Net cash flows arising from investing activities	1,210,511,736.41	3,595,940,648.49	-66.34%
Subtotal of cash inflow from financing activities	2,696,375,308.64	4,817,002,243.34	-44.02%
Subtotal of cash outflow from financing activities	5,769,684,317.11	4,681,832,516.84	23.24%
Net cash flows arising from financing activities	-3,073,309,008.47	135,169,726.50	-2,373.67%
Net increase of cash and cash equivalents	-215,130,910.41	1,183,098,668.09	-118.18%

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

Applicable Not applicable

1. The net cash flow arising from operating activities increased yoy, mainly due to the platform trade cash outflow in the same period last year;
2. The net cash flow arising from generated from investment activities decreased by 2.385 billion yuan yoy, mainly due to changes in the financial management structure and the decrease in scale during the reporting period;
3. The net cash flow arising from financing activities decreased by 3.208 billion yuan yoy. For the cash inflow arising from financing activities in the reporting period, borrowings reduced by 2.00 billion yuan; For the cash outflow arising from financing activities, repayment of loans rose by 3.00 billion yuan yoy and dividends decreased by 1.5 billion yuan.

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

Applicable Not applicable

V. Analysis of the non-main business

Applicable Not applicable

In RMB

	Amount	Ratio in total profit	Cause description	Whether be sustainable
Investment earnings	1,701,990,058.24	87.99%	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	9,767,646.64	0.50%		
Asset impairment	-331,275,532.54	-17.13%		
Non-operating income	17,111,807.24	0.88%		
Non-operating	4,411,191.85	0.23%		

expense				
---------	--	--	--	--

VI. Assets and liability analysis

1. Major changes of assets composition

In RMB

	Year-end of 2023		Year-begin of 2023		Ratio changes (+/-)	Note of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary funds	2,274,771,699.14	8.10%	2,389,551,930.76	8.38%	-0.28%	
Account receivable	3,857,539,958.20	13.74%	3,127,490,177.25	10.96%	2.78%	
Inventory	2,068,533,030.94	7.37%	2,283,119,656.27	8.00%	-0.63%	
Investment real estate	46,926,716.49	0.17%	49,296,869.73	0.17%	0.00%	
Long-term equity investment	5,947,633,507.07	21.18%	6,282,818,108.96	22.02%	-0.84%	
Fixed assets	3,969,574,102.87	14.14%	3,769,984,185.94	13.21%	0.93%	
Construction in progress	564,605,931.90	2.01%	509,105,587.49	1.78%	0.23%	
Right-of-use assets	48,832,472.85	0.17%	41,865,100.38	0.15%	0.02%	
Short-term borrowings	838,889,557.51	2.99%	3,604,376,527.82	12.63%	-9.64%	Repay loans
Contract Liability	77,686,881.24	0.28%	94,850,083.23	0.33%	-0.05%	
Long-term borrowings	299,800,000.00	1.07%	238,000,000.00	0.83%	0.24%	
Lease liability	37,733,196.51	0.13%	31,589,277.20	0.11%	0.02%	
Goodwill	122,316,819.20	0.44%	237,682,375.72	0.83%	-0.39%	Provision for impairment of goodwill

Foreign assets account for a relatively high proportion

Applicable Not applicable

2. Assets and liability measured by fair value

Applicable Not applicable

In RMB

Item	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 asset(excluding derivative financial assets)	4,045,429,568.87	9,762,106.38			2,337,700,000.00	189,637,156.20	-3,007,417,254.03	3,195,837,265.02
2.Other equity instrument investment	677,790,690.00							677,790,690.00
3.Receivable financing	1,918,368,845.21						-256,618,895.75	1,661,749,949.46
Subtotal of financial assets	6,641,589,104.08	9,762,106.38			2,337,700,000.00	189,637,156.20	-3,264,036,149.78	5,535,377,904.48

Above total	6,641,589,104.08	9,762,106.38			2,337,700,000.00	189,637,156.20	3,264,036,149.78	-	5,535,377,904.48
Financial liabilities	747,115.75						-747,115.75		0.00

Other changes: Maturity redemption

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

Yes No

3.The assets rights restricted till end of the reporting period

In RMB

Item	Book value at period-end	Restriction reason
Monetary funds	22,174,151.94	Dollar margin for foreign exchange contracts
Monetary funds	7,902,000.00	IRD performance bond
Monetary funds	210,720.00	Mastercard earnest money
Monetary funds	4,000.00	ETC freezing
Note receivable	97,820,000.00	Notes pledge for bank acceptance
Receivable financing	568,256,134.85	Notes pledge for bank acceptance
Receivable	14,581,430.53	Pledge to obtain loans
Total	710,948,437.32	

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	78,834,732.00	-2,078,016.00				-2,078,016.00	76,756,716.00	Trading financial asset	Own fund

Domestic and foreign stocks	002009	Miracle Automation	69,331,500.00	Measured by fair value	66,693,600.00	4,380,300.00				4,380,300.00	71,073,900.00	Trading financial asset	Own fund
Domestic and foreign stocks	601456	Guolian Securities	12,000,000.00	Measured by fair value	186,608,914.00	3,571,786.00			189,096,700.00	3,571,786.00	1,084,000.00	Other non-current financial assets	Own fund
Domestic and foreign stocks	601777	Lifan Technology	62,845.00	Measured by fair value	48,516.34	14,328.66			62,845.00	14,328.66		Trading financial asset	Own fund
Domestic and foreign stocks	000980	Zoyte Auto	613,265.48	Measured by fair value	462,414.48	15,196.72			477,611.20	15,196.72		Trading financial asset	Own fund
Total			281,215,610.48	--	332,648,176.82	5,903,595.38	0.00	0.00	189,637,156.20	5,903,595.38	148,914,616.00	--	--
Disclosure date of securities investment approval of the Board	2012-03-24												
	2013-06-04												

(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	5,476,474,238.91	2,785,367,797.04	3,605,313,446.67	217,659,495.26	232,172,143.48
WFJN	Subsidiary	Fuel management system products	346,286,825.80	1,563,336,557.28	1,157,841,673.30	661,256,020.17	181,227,419.10	164,076,571.71
RBCD	Equity participation enterprise	Fuel management system products	USD 382,500,000.00	16,510,061,525.44	8,109,015,591.15	13,269,586,309.56	2,998,823,919.91	2,971,177,035.99
Zhonglian Electronics	Equity participation enterprise	Gasoline system products	600,620,000.00	8,432,987,196.13	8,420,473,903.85	30,337,704.69	2,047,599,416.43	2,040,443,663.38

Subsidiary acquired and disposed in the reporting period

Applicable Not applicable

Explanation of the main controlling and participating companies

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”, “Intelligent electric” and “Other core components”.

(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, After-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.

① Enhance 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.

② Synchronize 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.

③ Upgrade 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 perception 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.

① Build core competencies and achieve commercial breakthroughs. Build a market-oriented independent business operation team with industry competitiveness, complete the development, testing, and production line construction of 3D/4D product platforms, achieve commercialization breakthroughs, and seek opportunities for expanding investment, mergers and acquisitions, and deep cooperation with strategic partners.

② Focus on improving segmented markets and industrial scale. Focusing on segmented scenarios such as trunk logistics, integrating resources, with localized service capabilities as the core, building large-scale industrialization capabilities, and enhancing commercialization capabilities through resource integration and support with strategic partners, forming independent business units for commercial operation.

③ The ability to transform the main scene and form system solution. The accumulated resources from segmented scenes are transformed into the main scene, establishing a system supply capability of radar and domain control combination, forming market competitiveness and customer combination, and improving data closed-loop accumulation, with the ability to provide multi-sensor fusion solution services.

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 2024

1. Continuously promoting the operation of the strategic system and effectively ensuring the layout of new businesses

Promote the implementation of the 14th Five Year Plan, with a focus on implementing several improvement suggestions from the mid-term evaluation; Deepen the planning of new business directions such as hydraulic and thermal management, and seek new strategic development opportunities for the company; Follow up and implement strategic planning around potential strategic projects such as radar, car seats, and hydrogen storage. Promote the implementation of projects for independent operation of intelligent perception services, accelerate investment and cooperation with strategic partners in the seat business, and advance investment and development in the new stage of the seat business; Promote investment cooperation in important potential strategic businesses such as high-pressure hydrogen storage, and continue to follow up on post investment cooperation and strategic investment actions for projects such as Auto Link and WFPM ,etc.

2. Continuously improving product market performance and fully expanding market share

In terms of fuel injection systems, ensure the delivery of common rail pump orders, ensure the market share of VE pumps, continuously explore incremental markets, and ensure the export of mechanical pumps and supply to special markets; Promote the supply of GP products in key customer projects. In terms of post-processing systems, promote the expansion of market business in hybrid passenger vehicles, natural gas commercial vehicles, pickup trucks, non road vehicles, etc., and complete project iteration continuation and new project batch production. In terms of intake system, steadily increasing the market share of existing customers for four cylinder gasoline turbochargers and accelerating the development of new customers for hybrid projects. Focusing on the expansion of four cylinder variable nozzle turbochargers and special series diesel turbochargers projects; Accelerate the mass production of multiple key customer projects for six cylinder turbochargers and further expand the market for alternative fuels. Relying on the "the Belt and Road" strategy, consolidate and expand overseas markets, aim at domestic market opportunities, reserve after-sales products in advance, actively develop large fleet businesses, and seek new growth points; Continuously seeking domestic customer cooperation opportunities and obtaining demonstration projects for hub motor products; strive to complete key customer projects for mass production of fuel cell components such as membrane electrodes, graphite bipolar plates, metal bipolar plates, and hydrogen supply components, and actively seek new project opportunities; Realize the supply of gate radar and cabin radar projects, complete technical verification and product delivery for multiple customer projects, and verify the 4D radar target list client; Find more passenger car customer projects for automotive seat products.

3. Continuously conquering core technologies of new products and assisting in breakthroughs in the new product market

Efficient internal combustion power products, completed the development of a 2000 bar upgrade platform for the GP system, and completed engine tests for top customers, achieving small-scale supply; Complete the development and small-scale supply of sample C for the dual fuel injector project; Complete the standard durability verification and engine performance verification of the methanol cylinder high-pressure injection system oil pump platform; Complete the pre research of low-pressure direct injection technology for hydrogen internal combustion engine injectors and ignite the engine; Conduct research on ammonia injection system technology; Complete batch supply release of CB6-25 single cylinder high-pressure pump. Accelerate the application of post-treatment hybrid exhaust systems, expand export projects, accelerate the pre research of non road low-cost technology route projects, National Seven post-treatment and alternative fuel post-treatment systems. Focus on promoting the acquisition and development of four stage fuel

consumption and hybrid technology roadmap projects for four cylinder turbochargers, strengthening the development of efficient six cylinder turbochargers for internal combustion engines, optimizing and improving alternative fuel turbochargers, and obtaining and mass producing key customer projects.

In terms of core materials for hydrogen fuel cells, follow up with customers, plan and develop high-performance catalysts simultaneously, and complete the development of second-generation high-performance membrane electrodes; Develop gas diffusion layer products and complete the construction of incubation production lines; Complete the development of high-pressure valve and hydrogen circulation pump B samples; Complete the verification of the second-generation low-pressure valve platform; Complete the reliability verification of the air bearing, the core component of the air compressor. In terms of thermal management systems, strive for new customer projects for thermostats and electronic water pumps and achieve mass production; Complete the development of electronic oil pump samples for 120W and above 200W. In the field of PEM electrolysis water hydrogen production, industrial production demonstration application of a hundred kilowatt level hydrogen production system has been completed, and research on a megawatt level electrolysis cell platform has been initiated. In terms of situational awareness system, complete the designated customer project for in cabin radar and achieve mass production; Complete gate radar product testing and deliver in small batches; Complete the development and small batch delivery of 3D angle radar B samples; Complete coal safety certification and application implementation of mining radar; Targeted and small-scale delivery of projects to new radar clients before completing 4D imaging; Complete the development of 4D imaging angle radar B samples.

4. Continuously creating a quality culture atmosphere, comprehensively promoting intelligent manufacturing applications

Optimize the quality management system architecture, quality manual, and external audit improvement experience management; Promote the application of special feature screening methods and quality valve evaluation mechanisms; Continuously improve process compliance by combining layered process audits, Q11, and full process element management and evaluation. Continuously promote lean production management, deepen continuous improvement of systems and workshops, and implement refined analysis and management of labor costs. Continuously improving the research and application capabilities of intelligent manufacturing, accelerating the comprehensive implementation of the company's intelligent manufacturing blueprint; Pilot manufacturing of big data application scenarios, establishment of industrial mechanism business models, and exploration of data value.

The R&D building project and the construction of the sixth phase of the 103 plot factory building project have been delivered on schedule, and the preliminary design of the hydrogen energy industry park has been completed; Complete the pilot construction of the energy management platform and continue to promote green office. Benchmark the environmental, health, and safety management system, optimize compliance control of major safety risks and special equipment, and improve the investigation of hidden dangers in sudden environmental accidents. Strengthen grid management, rely on EHS information supervision platform and on-site hierarchical control, achieve hierarchical responsibility implementation, and normalize and refine control.

5. Continuously strengthening excellent operational management, working together to promote high-quality development

Comprehensively promote the construction of organizational functions, authorization, and institutional process systems in the business unit, continuously promote the deep integration of business plans and budgets, strengthen business monitoring analysis and organizational performance management, and promote the platformization of project management. Continuously strengthening the ability to respond to tax risks; Optimize the prediction of peak and valley values of funds, and improve the efficiency of fund utilization; Implement measures to optimize and improve the profitability of key customers and products, and continuously enhance the company's profitability. Coordinate the construction of supplier management platforms, strengthen investment in technology cost reduction projects, and focus on improving the quality level and delivery capacity of new energy procurement component suppliers; Focusing on supplier sourcing, cultivation, assistance, and exit management, focusing on slow flow generation, monitoring, and disposal, strengthening order review, material risk assessment, and the ability to dispose of long-term stagnant materials. Promote digital business transformation and achieve the launch of supplier management platforms; Promote the application of standardized modules in intelligent manufacturing and continuously build analytical capabilities for big data; Improve the information security system and accelerate the application of artificial intelligence technology in manufacturing and business scenarios. Carry out knowledge and concept sharing, comprehensively promote special internal control inspections in key areas and core links, and conduct internal control self inspections in business units; Focus on carrying out legal revisions to the articles of association of

domestic subsidiaries, and provide legal services for major projects and businesses. Strengthen the introduction of key project technical talents and core high-level talents, improve the talent development mechanism, promote personnel structure adjustment, and optimize the layout of core business talents; Strengthen the construction of international talent capacity, formulate overseas talent selection standards and training plans; Promote the construction of special capabilities for key functions and key business positions of "three airlines and one craftsman"; Comprehensively plan long-term incentives for core talents, deepen new business incentive models, and optimize employee performance systems.

(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
February 6, 2023	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.	http://www.cninfo.com.cn

					2023-001)	
February 8, 2023	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. 2023-001)	http://www.cninfo.com.cn
From January 1, 2023 to December 31, 2023	Interactive platform of investor relationship	Written inquiry	Other	Other	Basic company information and view of the market	Answered 65 questions online through the interactive platform for investor relations
From January 1, 2023 to December 31, 2023	Company tel.	Telephoning	Other	Other	Basic company information and view of the market	1371 telephone communications with investors

XIII. Implementation of the Action Plan for “Double Improvement of Quality and Return”

Whether the company discloses the Action Plan for “Double Improvement of Quality and Return”

Yes No

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*. During the reporting period, the company revised its Articles of Association twice, prepared the Operating Rules for Related Party Transaction Management, and optimized and improved multiple internal control documents; Organized multiple promotional and learning activities related to internal control systems and processes, shared the concept and knowledge of risk internal control, enhanced the risk control awareness of all employees, and continuously optimized the company's internal control 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 *2023 Internal Control Evaluation Report* on www.cninfo.com.cn which is the information disclosure website designated by SZSE.

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 2022	AGM	40.58%	May 26, 2023	May 27, 2023	(www.cninfo.com.cn) (Notice No.: 2023-026) published on Juchao Website(www.cninfo.com.cn)
1 st extraordinary general meeting of 2023	Extraordinary general meeting	39.77%	June 19, 2023	June 20, 2023	(Notice No.: 2023-036) 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	Gender	Age	Title	Working status	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	Male	57	Chairman	Currently in office	May 28, 2020	May 19, 2024	420,781		120,000		300,781	The company bought back and canceled the restricted shares which were granted but not lifted
Kirsch Christoph	Male	62	Vice chairman	Currently in office	May 20, 2021	May 19, 2024	0				0	
Xu Yunfeng	Male	52	Vice chairman, GM	Currently in office	May 28, 2020	May 19, 2024	363,000		105,000		258,000	The company bought back and canceled the restricted shares which were granted but not lifted
Feng Zhiming	Male	54	Director	Currently in office	June 19, 2023	May 19, 2024					65,192	
			Vice GM	Currently in office	June 1, 2023	May 19, 2024						
Chen Yudong	Male	62	Director	Currently in office	March 7, 2012	May 19, 2024	0				0	
Zhao Hong	Female	42	Director	Currently in office	May 20, 2021	May 19, 2024	0				0	
Huang Rui	Male	39	Director	Currently in office	May 20, 2021	May 19, 2024	0				0	
Yu Xiaoli	Female	60	Independent Director	Currently in office	June 27, 2018	May 19, 2024	0				0	
Xing Min	Male	69	Independent Director	Currently in office	May 20, 2021	May 19, 2024	0				0	
Feng Kaiyan	Female	50	Independent Director	Currently in office	May 20, 2021	May 19, 2024	0				0	
Pan Xinggao	Male	52	Independent Director	Currently in office	May 20, 2021	May 19, 2024	0				0	
Ma Yuzhou	Male	49	Chairman of the Supervisory Committee	Currently in office	May 20, 2021	May 19, 2024	0				0	
Chen Ran	Male	51	Supervisor	Currently in	May 28, 2020	May 19, 2024	1,000				1,000	

				office								
Liu Songxue	Female	38	Supervisor	Currently in office	May 20, 2021	May 19, 2024	0				0	
Xu Sheng	Male	49	Deputy GM	Currently in office	May 28, 2020	May 19, 2024	280,000		84,000		196,000	The Company repurchased and canceled the restricted shares which were granted but not lifted
Rong Bin	Male	48	Deputy GM	Currently in office	May 28, 2020	May 19, 2024	280,000		84,000		196,000	
Liu Jinjun	Male	48	Deputy GM and Secretary of the Board	Currently in office	May 28, 2020	May 19, 2024	280,000		84,000		196,000	
Li Gang	Male	53	Chief engineer	Currently in office	May 28, 2020	May 19, 2024	280,000		84,000		196,000	
Ou Jianbin	Male	57	Director	Leave office	March 7, 2012	June 19, 2023	290,000		84,000		206,000	
			Executive deputy GM and financial manager	Leave office	March 7, 2012	March 5, 2024						
Miao Yuming	Male	60	Deputy GM	Leave office	April 16, 2003	May 26, 2023	290,000		168,000		122,000	
Total	--	--	--	--			2,484,781	0	813,000		1,736,973	--

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

Yes No

1. On May 27, 2023, the Company disclosed the “*Notice on the Retirement and Resignation of Senior Management Personnel*”. Mr. Miao Yuming applied to resign from the position of deputy GM of the company as he reached the statutory retirement age. According to relevant regulations, Mr. Miao Yuming’s resignation report took effect from the date of delivery to the company’s board of directors.

2. The Company held the 17th meeting of the 10th session of the Board of Directors on June 1, 2023, and convened 2023 the first extraordinary shareholders meeting on June 19, 2023, deliberating and approving the “*Proposal on Dismissing the Non- Independent Directors*” and approving to dismiss the position of Mr. Ou Jianbin as a non independent director.

Changes of directors, supervisors and senior executives

Applicable Not applicable

Name	Title	Type	Date	Reason
Ou Jianbin	Director	Leave office	June 19, 2023	The company's shareholders proposed to dismiss the director's position
Miao Yuming	Deputy GM	Be dismissed	May 26, 2023	Retire
Feng Zhiming	Deputy GM	Be employed	June 1, 2023	
Feng Zhiming	Director	Be elected	June 19, 2023	

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. Feng Zhiming, born in November 1969, Chinese nationality, member of the CPC, Master's degree in Business Administration, and a senior engineer. He has served as the deputy manager of the Power Branch of Wuxi Weifu Group Co., Ltd., the Director and Deputy Chief Engineer of the Engineering Department of Wuxi Weifu Group Co., Ltd., the Director of the Engineering Procurement Department of WFHT, the General Manager of WFMA, the general manager and Chairman of Wuxi Xidong Technology Industrial Park Co., Ltd., the general manager of Wuxi Hongyuan Electromechanical Technology Co., Ltd., the Office Director of Wuxi Industry Development Group Co., Ltd, and the Chairman and General Manager of Jiangsu Taiji Industrial New Materials Co., Ltd. He is currently the director and deputy general manager 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 and president of Bosch (China) Investment Ltd. Now he serves as the part-time consultant of China affairs of the BOD of BOSCH and the 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 director of operations and employee supervisor 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 the director of the Company.

Ms. Yu Xiaoli, born in January 1963, Chinese nationality and no permanent residence abroad, member of the CPC and Ph.D. 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 the professor at the School of Energy Engineering of Zhejiang University and the doctoral supervisor, the chairman of the Society of Automotive Engineers of Zhejiang, the director of Zhejiang Bozhong Automobile Technology Co., Ltd., the independent director of Zhejiang Wanding Precision Technology Co., Ltd (unlisted), the independent director of Xuelong Group Co., Ltd., and independent director of Zhejiang Xinchai 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, the independent director of Changchai Company Limited, the director of Anhui Aikelan Environmental Protection Co., Ltd, and the 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, the responsible person of the Sunan Branch, Jiangsu Fuhua Engineering Cost Consulting Co., Ltd, the independent director of yuancheng Cable Co., Ltd, the independent director of Kangxin New Material Co., Ltd, the president of Wuxi Bankruptcy Administrator Association and the 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 senior 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. 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 a senior 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	April 1, 2023		Y
Chen Yudong	Bosch (China) Investment Ltd.	Part-time consultant of China affairs of BOSCH Group	January 1, 2024		Y
Zhao Hong	Wuxi Industry Development Group Co., Ltd.	Operation director	April 19, 2021		Y
Zhao Hong	Wuxi Industry Development Group Co., Ltd.	Employee supervisor	September 8, 2023		Y
Huang Rui	Wuxi Industry Development Group Co., Ltd.	GM of investment banking department	May 1, 2021		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	Professor and doctoral supervisor	1985-08-01		Y
Yu Xiaoli	Society of Automotive Engineers of Zhejiang	Chairman	2015-06-01		N
Yu Xiaoli	Zhejiang Bozhong Automobile Technology Co., Ltd	Director	2008-04-01		N
Yu Xiaoli	Xuelong Group Co., Ltd	Independent director	2022-09-15	2025-09-14	Y
Yu Xiaoli	Zhejiang Wanding Precision Technology Co., Ltd	Independent director	2019-11-01		Y
Yu Xiaoli	Zhejiang Xinchai Co., Ltd	Independent director	2022-09-22		Y
Xing Min	China Internal Combustion Engine Industry Association	Executive vice president and secretary general	2008-08-01		Y
Xing Min	Anhui Aikelan Environmental Protection Co., Ltd	Director	2021-11-22	2024-11-21	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		N
Feng Kaiyan	Yuancheng Cable Co., Ltd.	Independent director	2019-11-22		Y
Feng Kaiyan	Kangxin New Material Co., Ltd	Independent director	2023-04-20	2026-01-03	Y
Feng Kaiyan	Wuxi Bankruptcy Administrator Association	President	2024-01-07		N

Pan Xinggao	Beijing Tongshang Law Firm	Partner	2007-10-01		Y
Pan Xinggao	Huarui Transportation Technology Co., Ltd	Independent director	2022-02-26		Y

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 the reporting period

In ten thousand yuan

Name	Gender	Age	Title	Post-holding status	Total remuneration obtained from the Company (before taxes)	Whether remuneration obtained from related party of the Company (Y/N)
Wang Xiaodong	Male	57	Chairman	Currently in office	91	N
Kirsch Christoph	Male	62	Vice chairman	Currently in office	0	Y
Xu Yunfeng	Male	52	Vice Chairman, GM	Currently in office	82	N
Feng Zhiming	Male	54	Director, vice GM	Currently in office	32	N
Chen Yudong	Male	62	Director	Currently in office	0	Y
Zhao Hong	Female	42	Director	Currently in office	0	Y
Huang Rui	Male	39	Director	Currently in office	0	Y
Yu Xiaoli	Female	60	Independent director	Currently in office	15	N
Xing Min	Male	69	Independent director	Currently in office	15	N
Feng Kaiyan	Female	50	Independent director	Currently in office	15	N
Pan Xinggao	Male	52	Independent director	Currently in office	15	N

Ma Yuzhou	Male	49	Chairman of the Supervisory Committee	Currently in office	63	N
Chen Ran	Male	51	Supervisor	Currently in office	57	N
Liu Songxue	Female	38	Supervisor	Currently in office	22	N
Xu Sheng	Male	49	Deputy GM	Currently in office	63	N
Rong Bin	Male	48	Deputy GM	Currently in office	63	N
Liu Jinjun	Male	48	Deputy GM, Secretary of the Board	Currently in office	63	N
Li Gang	Male	53	Deputy GM	Currently in office	63	N
Miao Yuming	Male	60	Deputy GM	Leave office	0	Y
Ou Jianbin	Male	57	Director, executive deputy GM and financial principle	Leave office	63	N
	--	--		--	722	--

Explanation of other situations

Applicable Not applicable

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 resolution
The 15 th meeting of 10 th session of the BOD	2023-02-24	2023-02-28	The Notice of the Resolution of 15 th meeting of 10 th session of the BOD (Notice No.: 2023-005) published on Juchao Website (www.cninfo.com.cn)
The 16 th meeting of 10 th session of the BOD	2023-04-26	2023-04-28	The Notice of the Resolution of 16 th meeting of 10 th session of the BOD (Notice No.: 2023-009) published on Juchao Website (www.cninfo.com.cn)
The 17 th meeting of 10 th session of the BOD	2023-06-01	2023-06-02	The Notice of the Resolution of 17 th meeting of 10 th session of the BOD (Notice No.: 2023-029) published on Juchao Website (www.cninfo.com.cn)
The 18 th meeting of 10 th session of the BOD	2023-08-03	2023-08-04	The Notice of the Resolution of 18 th meeting of 10 th session of the BOD (Notice No.: 2023-040) published on Juchao Website (www.cninfo.com.cn)
The 19 th meeting of 10 th session of the BOD	2023-08-18		The Resolution of 19 th meeting of 19 th session of the BOD (not required for announcement according to relevant regulations)
The 20 th meeting of 10 th session of the BOD	2023-10-23	2023-10-25	The Notice of the Resolution of 20 th meeting of 10 th session of the BOD (Notice No.: 2023-044) published on Juchao Website (www.cninfo.com.cn)
The 21 th meeting of 10 th session of the BOD	2023-11-14	2023-11-16	The Notice of the Resolution of 21 th meeting of 10 th session of the BOD (Notice No.: 2023-051) 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	Times of Presence	Times of attending the Board	Times of entrusted presence	Times of Absence	Absent the Meeting for the second	Times of attend the general

	supposed to attend in the report period		Meeting by communication			time in a row (Y/N)	meeting
Wang Xiaodong	7	2	5			N	2
Kirsch Christoph	7	0	7			N	2
Xu Yunfeng	7	2	5			N	2
Ou Jianbin	3	1	2			N	0
Chen Yudong	7	0	7			N	2
Zhao Hong	7	2	5			N	2
Huang Rui	7	2	5			N	2
Yu Xiaoli	7	1	6			N	2
Xing Min	7	1	6			N	2
Feng Kaiyan	7	1	6			N	2
Pan Xinggao	7	1	6			N	2
Feng Zhiming	4	1	3			N	0

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 reporting 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,	1	2023-04-26	Consideration of the Strategic Vision of the Company's Future Development	The Strategy Committee verified and deliberated on	N/A	N/A

	Xu Yunfeng Xing Min Yu Xiaoli				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.		
The 10 th Session of Remuneration Committee	Yu Xiaoli, Feng Kaiyan, Huang Rui	2	2023-04-26	Consideration of the (1) Proposal Report on Remuneration Assessment for Senior Executives and Payout for year of 2022; (2) Proposal on Buy-back and Cancellation of the Restricted Stocks Partially Granted under 2020 Restricted Stock Incentive Plan	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
			2023-10-23	Consideration of the Proposal on Buying Back and Canceling Part Restricted Stocks and Adjusting Buy-back Prices	The 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
The 10 th session of Audit Committee	Feng Kaiyan, Pan Xinggao, Zhao Hong	3	2023-04-26	Consideration of the (1) 2022 Annual Report and its Summary; (2) Proposal on Provision for Impairment; (3) Proposal on Correction of Accounting Errors in the Previous Period; (4) 2022 Financial Final Account Report; (5) the Summary Report on Audit Work for the Year 2022; (6) 2022 Internal Control Evaluation Report; (7) Proposal on Carrying out Bill Pool Business; (8) Proposal on the Estimated Total Amount of Daily Related Party Transactions in 2023; (9) Proposal on the Estimated External Guarantee Amount for 2023; (10) Proposal on Entrusting Wealth Management with Free Idle Funds; (11) Deliberation of the	The 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

				Proposal on Hiring Audit Institution for Financial Reports for the Year 2023; (12) Deliberation of the Proposal on Hiring an Internal Control Evaluation Audit Institution for the Year 2023; (13). Review of the First Quarter Report 2023			
			2023-08-18	Consideration of the Semi-Annual Report of 2023 (full-text) and Summary of Semi-Annual Report 2023		N/A	N/A
			2023-10-23	Consideration of the Third Quarter Report of 2023		N/A	N/A
The 10 th session of Nominating Committee	Pan Xingao, Xing Min, Chen Yudong	1	2023-06-01	Consideration of the (1) Proposal on the Appointment of Deputy General Managers; (2) Proposal on By-election of Non-independent Directors	The Nominating Committee verified and deliberated on the matters strictly in terms of the Rules of Work of Nominating Committee of the Board and relevant laws and regulations, relevant proposals are unanimously agreed.	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)	2,636
The total number of current employees to receive pay (person)	3,123
Retired employee' s expenses borne by the parent Company and main subsidiaries (person)	5,759
The total number of current employees at year end (person)	5,759
The total number of current employees to receive salaries (person)	0
Professional composition	
Category of professional composition	Number of professional composition(person)
Production personnel	3,348

Sales personnel	167
Technical personnel	1,455
Financial personnel	92
Administrative personnel	697
Total	5,759
Education background	
Category of education background	Numbers(person)
Master degree and above	542
Undergraduate	1,724
Junior college	1,065
Technical secondary school	437
High school	512
Other	1,479
Total	5,759

2. Remuneration policy

The company further improves its performance management and salary management system, closely aligns with the company's strategy and business plan, fully leverages the guiding and driving role of goals, closely links the total salary with the company's operating results, and fully leverages incentive effectiveness. Meanwhile, the company further leverages the role of incentive funds, strengthens the promotion and incentive efforts of major innovation and development projects, encourages patent applications, and plays a positive role in promoting the achievement of the company's strategic goals. The company pays social insurance for all employees and continues to implement employee pension and medical accident commercial insurance to maximize employee motivation and creativity. Besides, the company has established a long-term service award to encourage employees to serve the company for the long term, stabilize the workforce, attract high-quality talents, and provide talent security for the realization of the company's strategy.

3. Training plan

The company actively promotes the construction of a strategic talent team, based on the "San Hang Yi Jiang" talent training system, and deeply develops the job competency of employees. According to the requirements of the company's international business development, explore and prepare international talent development and training plans, promote the digital transformation of key positions, provide technical ability enhancement training through online and offline integration, and improve the cultivation of intelligent high skilled talents based on the "Master Studio". Strengthen internal knowledge sharing, focus on training effectiveness conversion, comprehensively enhance employee job competency and business technical ability, and help the company upgrade its talent capabilities.

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 2022, based on the shares which exclude the buy-back shares on buy-back account (25,000,000 A-stock) from total share capital 1,002,579,793 shares, distributed 1 yuan (tax included) cash dividend for every 10 shares held, without capitalization from capital reserves. The plan was completed in July 2023. 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
If the company does not distribute cash dividends, specific reasons should be disclosed, as well as the measures to be taken next to enhance investor returns:	Not applicable
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

Number of bonus shares per 10 shares (Share)	0
Dividend payout per 10 shares (Yuan) (Tax included)	10.00
Equity base of distribution plan (Share)	977,162,793
Cash dividend amount(Yuan) (Tax included)	977,162,793.00
Cash dividend by other ways (share buy-back included) (RMB)	71,917,549.61
Total cash dividends(Include other ways) (Yuan)	1,049,080,342.61
Profits available for distribution (RMB)	12,253,874,983.95
Proportion of the total cash dividend (other ways included) in total profit distribution	100%
Cash dividend situation this time	
Other	
Detail explanation on profit distribution or capitalization from capital reserves	
<p>The company's 2023 annual profit distribution plan: based on the 977,162,793 shares which exclude the buy-back shares on buy-back account (25,000,000 A-stock) from total share capital 1,002,162,793 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 10.00 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 977,162,793 yuan (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</p>	

independent opinions and agreed to the above proposal. The profit distribution plan will be submitted for consideration at the 2023 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 determined 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.

On April 26, 2023, the company held the 16th meeting of the 10th session of Board of Directors and approved the Proposal on Buy-Back and Cancellation of Partial Restricted Stocks in 2020 Restricted Stock Incentive Plan. It was decided to buy back and cancel a total of 5,593,500 restricted stocks that had been granted to 568 incentive recipients but did not meet the conditions for lifting restrictions. As of June 16, 2023, the company has completed the repurchase and cancellation procedures for the above-mentioned

shares at Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. After this cancellation, there were 568 incentive recipients firstly granted with restricted stocks under 2020 restricted stock incentive plan, holding a total of 5,593,500.00 shares of restricted stock.

On October 23, 2023, the company held the 20th meeting of the 10th session of Board of Directors and approved the Proposal on Buy-back and Cancellation of the Restricted Stocks Partially Granted in 2020 Restricted Stock Incentive Plan. It was decided to buy back and cancel a total of 417,000 restricted stocks that have been granted to 33 incentive recipients but do not meet the conditions for lifting restrictions. As of December 19, 2023, the company has completed the buy-back and cancellation procedures for the above-mentioned shares at the Shenzhen branch of China Securities Depository and Clearing Corporation Limited. After this cancellation, there were 535 incentive recipients firstly granted with restricted stocks under 2020 restricted stock incentive plan, holding a total of 5,176,500.00 shares of restricted stock.

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							15.07	240,000	120,000		15.48	120,000
Xu Yunfeng	Vice Chairman, GM							15.07	210,000	105,000		15.48	105,000
Xu Sheng	Deputy GM							15.07	168,000	84,000		15.48	84,000
Rong Bin	Deputy GM							15.07	168,000	84,000		15.48	84,000
Liu Jinjun	Deputy GM, Secretary of the Board							15.07	168,000	84,000		15.48	84,000
Li Gang	Chief engineer							15.07	168,000	84,000		15.48	84,000
Ou Jianbin(Leave office)	Director, executive vice president and head of finance							15.07	168,000	84,000		15.48	84,000
Miao Yuming(Leave office)	Deputy GM							15.07	168,000	168,000		15.48	0
Total	--	0	0	0	0	--	0	--	1,458,000	813,000	0	--	645,000

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.

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 further strictly followed the Basic Norms for Enterprise Internal Control and its supporting guidelines, starting from comprehensively strengthening the internal control of the Company and its subsidiaries, combined with changes in business scale, business scope, internal control measures and methods, and conducted in-depth self-examination and self correction. The Company comprehensively sorted out, optimized, and improved the systems and processes of new business/project management, authorization management, supplier and customer management, contract and seal management, fund management, and related party transaction management in various business areas. The Company invited external risk control experts to conduct specialized risk control training for relevant personnel, further enhanced risk control management capabilities, increased the Company's risk assessment and control efforts at all levels, and continuously promoted the construction of the Company's risk control system and risk warning mechanism.

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

Yes No

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	2024-04-16	
Disclosure index of full internal control assessment report	For more details, please refer to the <i>Self-assessment Report of Internal Control for 2023</i> published on in Juchao Website (www.cninfo.com.cn) appointed by Shenzhen Stock Exchange	
The proportion of total assets of units included in the evaluation scope to the total assets of the company's consolidated financial statements	100%	
The proportion of operating income of units included in the evaluation scope to the operating income of the company's consolidated financial statements	100%	
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 Assessment of Internal Controls in 2023 <i>Annual Internal Control Self-Assessment Report</i> disclosed on www.cninfo.com.cn dated April 16, 2024.	See details in (II) Basis for assessment of internal controls and defect recognition criteria of internal controls of III Assessment of Internal Controls in 2023 <i>Annual Internal Control Self-Assessment Report</i> disclosed on www.cninfo.com.cn dated April 16, 2024.
Quantitative standard	See details in (II) Basis for assessment of internal controls and defect recognition criteria of internal controls of III Assessment of Internal Controls in 2023 <i>Annual Internal Control Self-Assessment Report</i> disclosed on www.cninfo.com.cn dated April 16, 2024.	See details in (II) Basis for assessment of internal controls and defect recognition criteria of internal controls of III Assessment of Internal Controls in 2023 <i>Annual Internal Control Self-Assessment Report</i> disclosed on www.cninfo.com.cn dated April 16, 2024.
Number of senior defects in financial reports	0	
Number of senior defects in non-financial reports	0	
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, 2023.	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	2024-04-16
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 2023</i> published on Juchao website (www.cninfo.com.cn) appointed by Shenzhen Stock Exchange
Opinion type of auditing report of IC	Standard unqualified opinions
Whether the non-financial report had major defects (Y/N)	N

Carried out modified opinion for internal control audit report from CPA

Yes No

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

Yes No

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

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 2023 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, 2023 to March 26, 2028; *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/length	Standard for emission of pollutants implemented	Total emissions	Total emissions approved	Excessive emission
WFHT	Water pollutants	Chemical oxygen demand, ammonia nitrogen,	After being treated by the company's sewage treatment	1	WFMS sewage discharge outlet	Chemical oxygen demand 48mg/l, ammonia nitrogen 3.24mg/l, total phosphorus	Water Quality Standards for Sewage Discharged	Chemical oxygen demand 23.948 tons,	Chemical oxygen demand 78 tons,	NA

		total nitrogen, total phosphorus, petroleum	station, it is connected to the municipal sewage pipeline network for discharge			0.144mg/l, total nitrogen 7.32mg/l, petroleum 0.47mg/l	into Urban Sewers (GB/T3196 2-2015)	ammonia nitrogen 3.342 tons, total phosphorus 0.053 tons, total nitrogen 4.135 tons, petroleum 0.259 tons	ammonia nitrogen 7.8 tons, total phosphorus 0.52 tons, total nitrogen 10.4 tons, petroleum 1.95 tons	
WFHT	Water pollutants	Chemical oxygen demand, ammonia nitrogen, petroleum, total nitrogen, petroleum	After being treated by the company's sewage treatment station, it is connected to the municipal sewage pipeline network for discharge	1	WFAC sewage discharge outlet	Chemical oxygen demand 86mg/l, ammonia nitrogen 9.64mg/l, total nitrogen 32.8mg/l, total phosphorus 2.84mg/l, petroleum 1mg/l	Water Quality Standards for Sewage Discharged into Urban Sewers (GB/T3196 2-2015)	Chemical oxygen demand 4.515 tons, ammonia nitrogen 0.506 tons, total nitrogen 1.722 tons, 0.149 tons of total phosphorus, 0.053 tons of petroleum	Chemical oxygen demand ≤ 19.0125 tons, ammonia nitrogen ≤ 1.416 tons, total nitrogen ≤ 2.2422 tons, total phosphorus ≤ 0.2627 tons, petroleum ≤ 0.5935 tons	NA
WFHT	Air pollutant	Non methane total hydrocarbons	Organized emissions of exhaust gas after being adsorbed by an oil mist processor and secondary activated carbon	19	5 machining workshops, 10 heat treatment workshops, and 4 assembly workshops	2.6mg/m3	Integrated Emission Standards for Air Pollutants (GB16297-1996)	2.265 tons	2.523 tons	NA
WFHT	Air pollutant	Non methane total hydrocarbons	Organized emissions of exhaust gas after being adsorbed by an	4	4 in 101 workshop	4.73mg/m3 5.24mg/m3 5.53mg/m3 5.7mg/m3	Comprehensive Emission Standards for Air	0.5088 tons	1.5529 tons	NA

			oil mist processor and secondary activated carbon				Pollutants (GB16297-1996)			
WFHT	Air pollutant	Non methane total hydrocarbons	Organized emissions of exhaust gas after being adsorbed by an oil mist processor and secondary activated carbon	2	2 in workshop 103	2.51mg/m ³ 2.2mg/m ³	Comprehensive Emission Standards for Air Pollutants (GB16297-1996)	0.2713 tons	NA	NA
WFHT	Air pollutant	Non methane total hydrocarbons	Organized emissions of exhaust gas after being adsorbed by an oil mist processor and secondary activated carbon	1	1 in workshop 104	3.26mg/m ³	Comprehensive Emission Standards for Air Pollutants (GB16297-1996)	0.1878 tons	NA	NA
WFHT	Air pollutant	Ammonia	Organized emissions after ammonia spray tower adsorption+secondary activated carbon adsorption	2	1 heat treatment workshop and 1 sewage treatment station	0.94mg/m ³	Emission Standard for Odor Pollutants (GB14554-93)	0.048 tons	0.071 tons	NA
WFHT	Air pollutant	Particulate matter	Organized emissions after bag dust removal	2	2 heat treatment workshops	1.2mg/m ³ 1.3mg/m ³	Integrated Emission Standards for Air Pollutants (GB16297-1996)	0.0085 tons	0.048 tons	NA
WFHT	Solid waste	Hazardous waste such as waste oil, waste emulsion, cleaning waste liquid, grinding wheel ash, sewage pre-treatment sludge, oily filter	Entrust a legally qualified unit for disposal	Not applicable	Not applicable	Not applicable	Not applicable	931.7 tons	3958.2 tons	NA

		cartridges, etc								
WFCA	Water pollutants	Chemical oxygen demand, ammonia nitrogen, total phosphorus, total nitrogen, suspended solids	After being treated by the company's sewage treatment station, it is connected to the municipal sewage pipeline network for discharge	1	Sewage discharge outlet	Chemical oxygen demand 86mg/L, suspended solids 15mg/L, ammonia nitrogen 5.64mg/L, total phosphorus 0.07mg/L, total nitrogen 6.01mg/L	Water Quality Standards for Sewage Discharged into Urban Sewers (GB/T31962-2015)	Chemical oxygen demand is 6.708 tons, suspended solids are 1.17 tons, ammonia nitrogen is 0.439 tons, total phosphorus is 0.0055 tons, and total nitrogen is 0.468 tons	Chemical oxygen demand 35.018 tons, suspended solids 26.263 tons, ammonia nitrogen 2.626 tons, total phosphorus 0.438 tons, and total nitrogen 3.502 tons	NA
WFJN	Water pollutants	Chemical oxygen demand, ammonia nitrogen	After being treated by the company's sewage treatment station, it is connected to the municipal sewage pipeline network for discharge	1	Sewage discharge outlet	Chemical oxygen demand 93mg/L, ammonia nitrogen 17mg/L, total phosphorus 0.38 mg/L, petroleum 1 mg/L	Water Quality Standards for Sewage Discharged into Urban Sewers (GB/T31962-2015)	Chemical oxygen demand 7.3 tons, ammonia nitrogen 1.3 tons, total phosphorus 0.03 tons, petroleum 0.008 tons	Not applicable	NA
WFJN	Solid waste	Hazardous waste such as waste oil, oily sludge, grinding wheel ash, empty drums, activated carbon, filter cartridges, etc	Entrust qualified units for disposal	Not applicable	Not applicable	Not applicable	Not applicable	403 tons	Not applicable	NA

Treatment of pollutants

The company mainly focuses on mechanical processing and generates oil mist exhaust gas (non methane total hydrocarbons). The oil mist exhaust gas generated in WFAC101 workshop is treated by the high-efficiency oil mist purifier and discharged into the workshop. After being treated by the secondary activated carbon adsorption device on the roof, the oil mist exhaust gas is discharged through four 15m-high exhaust funnels; The oil mist exhaust gas generated in WFAC103 workshop is treated by an efficient oil mist purifier and a secondary activated carbon adsorption device, and then discharged through two 15m-high exhaust funnels. The oil mist exhaust gas generated in WFAC104 workshop is treated by an efficient oil mist purifier and a secondary activated carbon adsorption device, and discharged through one 15 meter high exhaust pipe; The oil mist exhaust gas generated in the WFMS machining workshop is treated by a high-efficiency oil mist purifier and a secondary activated carbon adsorption device, and then discharged through four 15m-high exhaust funnels; The cleaning exhaust gas (non methane total hydrocarbons) is treated by an efficient oil mist purifier and a secondary activated carbon adsorption device, and then discharged through two 15m-high exhaust funnels; Quenching exhaust gas (non methane total hydrocarbons) is treated by an efficient oil mist purifier and discharged through three 15m-high exhaust funnels; The test exhaust gas (non methane total hydrocarbons) is treated by an efficient oil mist purifier and discharged through a 15m-high exhaust funnels; The shot blasting exhaust gas (particulate matter) is treated by a bag filter and discharged through two 15m-high exhaust funnels; The waste gas (ammonia, methanol, non methane total hydrocarbons) generated by the carbon nitrogen co infiltration process is treated by an acid spray tower and a secondary activated carbon adsorption device, and then discharged through a 15 meter high exhaust pipe; The carburized exhaust gas (non methane total hydrocarbons) is treated by a fire curtain combustion and secondary activated carbon adsorption device, and then discharged through six 15m-high exhaust funnels; After being treated by a secondary activated carbon adsorption device, the waste gas from drying and solidifying adhesive (non methane total hydrocarbons, tin and its compounds) is discharged through two 15m-high exhaust funnels; The waste gas (ammonia, hydrogen sulfide) from the sewage station is adsorbed and treated by dry chemical filtration media, and discharged through a 15 meter high exhaust pipe. The remaining waste gas is discharged unorganized in the workshop. The company has built a comprehensive sewage treatment station with a designed processing capacity of 1600m³/day in the WFMS plant area. After the production wastewater is regulated by an air flotation tank, it is discharged into the biochemical system of the sewage station together with the domestic wastewater treated by septic tanks and oil separators for treatment. The treated wastewater is connected to the municipal pipe network for standard discharge; One production wastewater treatment station with a designed processing capacity of 120m³/day and one domestic wastewater treatment station with a designed processing capacity of 200m³/day have been constructed in the WFAC factory area. After being regulated by an air flotation tank and treated by biochemical treatment, the production wastewater is discharged together with the treated domestic wastewater into the sewage discharge outlet. The treated wastewater is connected to the municipal pipeline network for standard discharge.

WFCA 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.

WFJN 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 2023* 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.

Measures to reduce carbon emissions during the reporting period and effects

Applicable Not applicable

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

Company or subsidiary name	Reason for punishment	Violation situation	Punishment results	The impact on the production and operation of listed companies	The company's rectification measures
NA	NA	NA	NA	NA	NA

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

Not applicable

II. Social responsibility

For details, please refer to the Social Responsibility Report for Year of 2023 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.

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 reporting 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 the reporting period.

III. External guarantee out of the regulations

Applicable Not applicable

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

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

Applicable Not applicable

On April 26, 2023, Gongzheng Tianye Certified Public Accountants (Special General Partnership) issued an unqualified audit report on the company’s financial report for the year 2022, with emphasis on certain matters.

(1) Emphasize the matters involved in the paragraph

As shown in XVIII-7. Major transaction and events influencing investor’ decision, 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 stage of transferring for review and prosecution, and the outcome of the case is uncertain in the future.

(2) Explanation of changes and disposal of the matters involved

From January 1, 2023 to the disclosure date of this report, RMB199,235,800 of other receivables received was received. In addition, the company is also fully cooperating with the public security organs in the recovery of stolen goods and damages. However, as the matter is in the stage of transferring for review and prosecution by the public security organs, the company will fulfill its disclosure obligations in a timely manner according to the progress of subsequent case investigations.

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

Applicable Not applicable

For details, refer to the announcement disclosed by the company in Juchao Website (www.cninfo.com.cn) on the same day.

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

On November 30, 2022, the Ministry of Finance issued Interpretation No. 16 of the Enterprise Accounting Standards (CK[2022]No.31), which stipulated that “deferred income tax related to assets and liabilities arising from individual transactions shall not be subject to the accounting treatment of initial recognition exemption”. This regulation shall come into effect on January 1, 2023. Our company has made corresponding changes to the accounting policy changes in accordance with the above requirements. Please refer to “Section X. Financial Report” and “V-36 (1) Significant Accounting Policy Changes” in this report for details.

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

Applicable Not applicable

There are no changes in the scope of consolidated statement of the Company in the reporting period.

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 for domestic accounting firm	193
Continuous life of auditing service for domestic accounting firm	32
Name of domestic CPA	Gu Zhi, Zhang Qianqian
Continuous life of auditing service for domestic accounting firm	Gu Zhi (3 year), Zhang Qianqian (4 year)

Re-appointed accounting firms in this reporting period

Yes No

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

Applicable Not applicable

After deliberation at the 2022 Annual General Meeting of Shareholders of the Company, the Company employed Gongzheng Tianye as the Company’s internal control auditing accounting firm in 2023. The Company paid the internal control auditing accounting firm 250,000 yuan during the reporting period.

IX. Particular about delisting after annual report disclosed

Applicable Not applicable

X. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in the reporting period

XI. Major litigation and arbitration

Applicable Not applicable

No significant litigation or arbitration matters for the company in the reporting period.

XII. Penalty and rectification

Applicable Not applicable

Name	Type	Reason	Investigation and punishment types	Conclusion	Disclosure date	Disclosure resource
WFHT	Other	1. Inaccurate disclosure of financial information 2. Failure to fulfill related party transaction review procedures and disclosure obligations in accordance with regulations 3. No disclosure of 2022 performance forecast	China Securities Regulatory Commission takes administrative regulatory measures	Jiangsu Securities Regulatory Bureau issued a warning letter (Administrative regulatory measures) and recorded in the integrity file of the securities and futures market	March 28, 2024	The Company disclosed on the Juchao Information Network (www.cninfo.com.cn) "Announcement on Receiving a Warning Letter from Jiangsu Securities Regulatory Bureau" (No.2024-005)
Wang Xiaodong	Director	Failure to diligently fulfill responsibilities				
Xun Yunfeng	Director					
Ou Jianbin	Other					
WFHT	Other	Failure to disclose the 2022 performance forecast in accordance with regulations in time	Disciplined by the stock exchange	Circulate a notice of criticism	March 27, 2024	Official website of SZSE "Decision on Giving Notice of Criticism and Punishment to Wuxi Weifu High tech Group Co., Ltd. and relative objects"
Wang Xiaodong	Director	Failure to fulfill duties and fulfill obligations of honesty and diligence				
Xun Yunfeng	Director					
Ou Jianbin	Other					

Explanation of rectification situation:

Applicable Not applicable

After receiving the warning letter from Jiangsu Securities Regulatory Bureau, the Company attaches great importance to it, earnestly learns from its lessons, strengthens the study of relevant laws and regulations, normative documents, strengthens information disclosure management, improves the level of standardized operation, and prevents such incidents from happening again. The Company and relevant personnel have submitted a written rectification report to the Jiangsu Securities Regulatory Bureau as required.

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
WFM	Associated enterprise	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	4,166.98	0.46%	5,600	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017
RBCD	Associated enterprise, controlling subsidiary of Robert Bosch Company	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	26,696.50	2.97%	38,000	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017
WFC	Joint venture of WFLD	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	95,532.57	10.61%	105,100	N	According to the contract	Market price	2023-04-28, 2023-11-16	Announcement No.: 2023-017、2023-053
Robert Bosch Company	Second largest shareholder of the Company	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	19,940.45	2.22%	30,000	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017
Changchun Xuya	Joint venture of	Procurement of	Procurement of	Fair market	Market price	0	0.00%	150	N	According to the	Market price	2023-04-28	Announcement No.:

ng	WFLD	goods and services	goods and services	pricing						contract			2023-017
Guokai Metal	Holding subsidiary of Wuxi Industry Group	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	1,586.70	0.18%	0	Y	According to the contract	Market price		
Lezhuo Bowei	Associated enterprise	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	0	0.00%	100	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017
FALCONTECH	Holding company of Wuxi Industry Development Group Co., Ltd.	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	5.06	0.00%	0	Y	According to the contract	Market price		
HLA	Holding company of Wuxi Industry Development Group Co., Ltd.	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	51.53	0.01%	0	Y	According to the contract	Market price		
WFP M	Associated enterprise	Sales of goods and services	Sales of goods and services	Fair market pricing	Market price	53.22	0.00%	500	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017
RBCD	Associated enterprise, controlling subsidiary	Sales of goods and services	Sales of goods and services	Fair market pricing	Market price	167,373.43	15.09%	300,000	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017

	of Robert Bosch Company												
WFE C	Joint venture of WFLD	Sales of goods and services	Sales of goods and services	Fair market pricing	Market price	729.04	0.07%	900	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017
Robert Bosch Company	Second largest shareholder of the Company	Sales of goods and services	Sales of goods and services	Fair market pricing	Market price	186,872.80	16.85%	219,305	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017
Changchun Xuyang	Joint venture of WFLD	Sales of goods and services	Sales of goods and services	Fair market pricing	Market price	101.12	0.01%	500	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017
Lezhuo Bowei	Associated enterprise	Sales of goods and services	Sales of goods and services	Fair market pricing	Market price	969.54	0.09%	2,000	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017
WFM	Associated enterprise	Others	Procurement of fixed assets	Fair market pricing	Market price	18.60		200	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017
RBC D	Associated enterprise, controlling subsidiary of Robert Bosch Company	Others	Payable technical service fees, etc	Fair market pricing	Market price	0		50	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017
RBC D	Associated enterprise, controlling subsidiary of Robert	Others	Payment of technical commission fees, etc	Fair market pricing	Market price	0		150	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017

	t Bosch Comp any												
RBC D	Assoc iated enterp rise, contro lling subsidi ary of Rober t Bosch Comp any	Other s	Procu remen t of fixed assets	Fair marke t pricin g	Marke t price	28.32		450	N	Accor ding to the contra ct	Marke t price	2023- 04-28	Announ cement No.: 2023- 017
RBC D	Assoc iated enterp rise, contro lling subsidi ary of Rober t Bosch Comp any	Other s	Provi de techni cal servic es, etc	Fair marke t pricin g	Marke t price	0		250	N	Accor ding to the contra ct	Marke t price	2023- 04-28	Announ cement No.: 2023- 017
RBC D	Assoc iated enterp rise, contro lling subsidi ary of Rober t Bosch Comp any	Other s	Recei vable lease fees	Fair marke t pricin g	Marke t price	23.40		0	Y	Accor ding to the contra ct	Marke t price	2023- 04-28	Announ cement No.: 2023- 017
Rober t Bosch Comp any	Secon d larges t shareh older of the Comp any	Other s	Paym ent of techni cal comm ission fees, etc	Fair marke t pricin g	Marke t price	251.75		300	N	Accor ding to the contra ct	Marke t price	2023- 04-28	Announ cement No.: 2023- 017
Rober t Bosch Comp any	Secon d larges t shareh older of the Comp any	Other s	Procu remen t of fixed assets	Fair marke t pricin g	Marke t price	2,033.73		1,000	N	Accor ding to the contra ct	Marke t price	2023- 04-28	Announ cement No.: 2023- 017

Robert Bosch Company	Second largest shareholder of the Company	Others	Receivable lease fees	Fair market pricing	Market price	0	250	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017
Robert Bosch Company	Second largest shareholder of the Company	Others	Receivable kinetic energy fees	Fair market pricing	Market price	0	80	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017
Robert Bosch Company	Second largest shareholder of the Company	Others	Provide technical services	Fair market pricing	Market price	260.14	400	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017
Robert Bosch Company	Second largest shareholder of the Company	Others	Payable technical service fees	Fair market pricing	Market price	1,006.67	0	Y	According to the contract	Market price		
WFE C	Joint venture of WFLD	Others	Payable technical service fees	Fair market pricing	Market price	3.34	20	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017
WFE C	Joint venture of WFLD	Others	Provide technical services	Fair market pricing	Market price	0	30	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017
WFE C	Joint venture of WFLD	Others	Receivable lease fees	Fair market pricing	Market price	200.66	250	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017
WFE C	Joint venture of WFLD	Others	Payable kinetic	Fair market pricing	Market price	121.76	150	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-

			energy fees	g						ct			017
WFE C	Joint venture of WFLD	Others	Sales of fixed asset	Fair market pricing	Market price	25.3		0	Y	According to the contract	Market price		
Lezhuo Bowei	Associated enterprise	Others	Receivable lease fees	Fair market pricing	Market price	271.59		250	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017
Lezhuo Bowei	Associated enterprise	Others	Receivable kinetic energy fees	Fair market pricing	Market price	0.00		80	N	According to the contract	Market price	2023-04-28	Announcement No.: 2023-017
Lezhuo Bowei	Associated enterprise	Others	Provide technical services	Fair market pricing	Market price	11.03		0	Y	According to the contract	Market price		
Urban public delivery Holding	Holding company of Wuxi Industry Group	Others	Procurement of cafeteria ingredients	Fair market pricing	Market price	207.41		0	Y	According to the contract	Market price		
Wuxi Industry Group	The parent company of the WFHT	Others	Provide technical services	Fair market pricing	Market price	16.06		0	Y	According to the contract	Market price		
Wuxi IoT	Holding company of Wuxi Industry Group	Others	Procurement of fixed assets	Fair market pricing	Market price	60.22		0	Y	According to the contract	Market price		
Total				--	--	508,618.92	--	706,065	--	--	--	--	--
Detail of sales return with major amount involved				Not applicable									
Report the actual implementation of the daily related transactions which were projected about their total amount by types during the reporting period (if applicable)				Deliberated and approved by 2022 general meeting of shareholders of the Company, it is estimated that the total amount of daily related party transactions for the year 2023 will be 7,060.65 million yuan, and the actual total amount of daily related party transactions during the reporting period is 5,086,189,200yuan. By category, it is expected that the amount of goods and services purchased from related parties in 2023 will not exceed 1,789.50 million yuan, and the actual amount incurred during the reporting period is 1,479,797,900 yuan; 2. It is expected that the sales of goods and services to related parties in 2023 will not exceed 5,232.05 million yuan, and the actual amount incurred during the									

	reporting period is 3,560,991,500 yuan; 3. It is expected that other related party transactions with related parties in 2023 will not exceed 39.10 million yuan, and the actual amount incurred during the reporting period is 45,399,800 yuan.
Reasons for major differences between trading price and market reference price (if applicable)	Not applicable

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

Is there any non operating related debt and debt transaction

Yes No

Receivable debt from related parties

Related party	Related relationship	Cause of formation	Is there any occupation of non operating funds?	Beginning balance('0000 yuan)	Increase in current period('0000 yuan)	Amount received in current period('0000 yuan)	Interest rate	Interest in current period('0000 yuan)	Ending balance('0000 yuan)
Hebei Machinery and its related parties	Company controlled by the older brother of the former director/senior management of the company	"platform trade" business	N	- 212,548.78					- 212,548.78
Hebei Jinda	Companies controlled by Hebei Machinery			201,522.43		5,675.38			195,847.05
Hebei Deshuang				143,675.72				143,675.72	
Hebei Lanpai				60,940.49			60,940.49		
Hebei Mianzhuo				47,925.33			47,925.33		

Total				241,515.1 9		5,675.38			235,839.8 1
The impact of related debt on the Company's operating results and financial condition				For details on the impact on the company's operating results and financial condition, please refer to the description of ""Provision for expected credit losses on other receivables formed by "platform trade" business""					

Note1: Hebei Machinery refers to Hebei Machinery Import and Export Co., Ltd., Hebei Jinda refers to Hebei Jinda Import and Export Co., Ltd., Hebei Lanpai refers to Hebei Lanpai Technology Co., Ltd., Hebei Mianzhuo refers to Hebei Mianzhuo Electromechanical Equipment Sales Co., Ltd. Hebei Deshuang refers to Hebei Deshuang Trading Co., Ltd.

Note2: According to the principle of substance over form, the company did not treat Weifu International Trade's "platform trade" business as a normal trade business, but accounted for it as a fund receipt and payment. Because Hebei Jinda, Hebei Deshuang, Hebei Lanpai and Hebei Mianzhuo are controlled by Hebei Machinery, based on the business essence of "platform trade" business, WFTR listed the difference between the "purchase payment" paid by WFTR to Hebei Jinda, Hebei Deshuang, Hebei Lanpai and Hebei Mianzhuo based on "platform trade" business and the "sales payment" received from Hebei Machinery 2,358,398,084.78 yuan as other receivables, including: The "sales payment" received from Hebei Machinery is presented as a negative number. As of December 31, 2023, the Company has made a bad debt provision of 1,448,358,922.04 yuan for the balance of other receivables; The bad debt provision balance is calculated by 80.10%, which is the proportion of other receivables balance of Hebei Machinery and its controlled companies 2,415,151,888.80 yuan to other receivables balance of WFTR's "platform trade" business portfolio 2,741,499,131.95 yuan as of December 31, 2022 multiply the bad debt provision for other accounts receivable balances in WFTR's "platform trade" business portfolio 1,644,068, 327.93 yuan.

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

There were no other significant related party transactions during the reporting period of the company.

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. Significant guarantee

Applicable Not applicable

In ten thousand yuan

The Company' guarantee towards subsidiaries										
Name of guaranteed object	Disclose 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
VHWX	2022-12-09	1,000	2022-12-12	1,000	Joint liability guarantee	N	N	From the date of execution of the main contract up to the two years from the date of expiry of the performance period of the obligations under the main contract or December 30, 2026 (inclusive, whichever is the earlier)	N	N
VHIO	2023-04-28	55,000	2023-07-13	7,784	Joint liability guarantee	N	N	Three years from the date of receipt of the guarantee by the Italian tax bureau	N	N
Wuxi Weifu Autosmart Seating System Co., Ltd.	2023-04-28	4,000	2023-08-26	462	Joint liability guarantee	N	N	To be individually calculated according to each financing provided by the creditor to the debtor under the main contract, for each financing, the guarantee period is three years from the expiration date of the debt performance period under that financing	N	N
VHIO	2023-04-	55,00	2023-11-	5,309	Joint	N	N	Six months from the	N	N

	28	0	16		liability guarantee			maturity date of each guaranteed debt, but no later than June 30, 2028		
Approved total guaranteed amount towards the subsidiaries within the reporting period (B1)					84,000	Total actual amount occurred towards subsidiaries within the reporting period (B2)				13,555
Approved total guaranteed amount towards the subsidiaries at the year end (B3)					85,000	Total actual guarantee balance towards subsidiaries at the year end (B4)				14,555
Guarantee of subsidiaries to subsidiaries										
Total amount of the company's guarantee (total of the top three)										
Approved total amount guaranteed within the reporting period (A1+B1+C1)	84,000			Total actual guaranteed amount occurred within the reporting period (A2+B2+C2)						13,555
Approved total amount guaranteed at the year end (A3+B3+C3)	85,000			Actual total guarantee balance at the year end (A4+B4+C4)						14,555
Proportion of actual total guaranteed amount (A4+B4+C4) to net assets										0.75%
Including:										
Explanation of situations where there is guarantee liability or evidence indicating the possibility of joint and several repayment liability for unexpired guarantee contracts during the reporting period (if any)				(Not involved)						
Explanation of providing guarantees to external parties in violation of prescribed procedures (if any)				(Not involved)						

Specific description for using the guarantee by complex method: Nil

3. Trusted cash asset management

(1) Trust financing

Applicable Not applicable

Trust financing during the reporting 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
Bank financial products	Own funds	78,450	64,000	0	0
Securities financial products	Own funds	77,000	42,000	0	0
Trust financial products	Own funds	126,550	42,054	0	0
Other type	Own funds	114,231	92,712	0	0
Total		396,231	240,766	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)
Bank	Bank	Guaranteed floating income	87,800	Own funds	2023-01-10	2024-04-01	Structure deposited	Reference annual rate of return by the contract	2.60%-2.91%	853.42	275.87	Reference annual rate of return by the contract		Yes	Yes	2023-04-28(Announcement No.:2023-018)
Bank	Bank	Non-guaranteed floating income	75,670	Own funds	2023-02-02	2023-12-29	Cash management products	Reference annual rate of return by the contract	2.00%-2.5%	165.68	183.83	Reference annual rate of return by the contract		Yes	Yes	2023-04-28(Announcement No.:2023-018)
Securities	Securities	Non-guaranteed floating income	25,000	Own funds	2023-01-06	2025-02-10	Asset Management Plan, beneficiary Certificate	Reference annual rate of return by the contract	9.00%-15.9%	7,219.38	4,019.43	Reference annual rate of return by the contract		Yes	Yes	2023-04-28(Announcement No.:2023-018)
Trust	Trust	Non-guaranteed floating income	40,000	Own funds	2023-02-09	2023-03-31	Collective trust plan	Reference annual rate of return by the contract	3.40%-3.70%	107.4	4,374.13	Reference annual rate of return by the contract		Yes	Yes	2023-04-28(Announcement No.:2023-018)
Other	Other	Non-		O			Pri	Referen	2.60%-		608.44	Referen		Yes	Yes	2023-

		guaranteed floating income		wn fund			value equity fund products	ce annual rate of return by the contract	2.91%			ce annual rate of return by the contract				04-28(Announcement No.:2023-018)
Total			228,470	--	--	--	--	--	--	8,345.88	9,461.7	--		--	--	--

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

There are no other significant matters that need to be explained during the reporting period of the company.

XVII. Material matters of subsidiary of the Company

Applicable Not applicable

On April 13, 2023, the company disclosed the Announcement on the Receipt of Case Registration Notice and Major Risk Warning from Public Security Organs by the Company's wholly-owned Subsidiary WFTR. At present, the case is in the the stage of transferring for review and prosecution.

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	12,021,836.00	1.19%				-6,370,606.00	-6,370,606.00	5,651,230.00	0.56%
1. State-owned shares									
2. State-owned legal person's shares									
3. Other domestic shares	12,021,836.00	1.19%				-6,370,606.00	-6,370,606.00	5,651,230.00	0.56%
Including: Domestic legal person's shares									
Domestic natural person's shares	12,021,836.00	1.19%				-6,370,606.00	-6,370,606.00	5,651,230.00	0.56%
4. Foreign shares									
Including: Foreign legal person's shares									
Foreign natural person's shares									
II. Unrestricted shares	996,581,457.00	98.81%				-69,894.00	-69,894.00	996,511,563.00	99.44%
1. RMB ordinary shares	824,201,457.00	81.72%				-69,894.00	-69,894.00	824,131,563.00	82.24%
2. Domestically listed foreign shares	172,380,000.00	17.09%						172,380,000.00	17.20%
3. Overseas listed foreign shares									
4. Others									
III. Total shares	1,008,603,293.00	100.00%				-6,440,500.00	-6,440,500.00	1,002,162,793.00	100.00%

Reasons for share changed

Applicable Not applicable

1. During the reporting period, the Company bought back and canceled a total of 6,440,500 shares of restricted stock that had been granted but not unlocked in three installments, resulting in changes in stocks subjects to limited sales conditions;

2. During the reporting period, some directors, supervisors, and senior executives of the company underwent adjustments, resulting in changes in the lock in shares of senior executives, leading to changes in stocks subject to limited and unlimited sales conditions.

Approval status of share changes

Applicable Not applicable

1. On December 7, 2022, the Company held the 14th meeting of the 10th session of the Board of Directors, deliberated and approved the Proposal on Buy-back and Cancellation of 2020 Partially Restricted Stocks that Have Been Granted but Not Unlocked. It was agreed to buy back and cancel 430,000 shares of restricted stocks held by 23 incentive recipients that have been granted but not yet

unlocked. As of February 16, 2023, the company has completed the repurchase and cancellation procedures for the above-mentioned shares at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

2. On April 26, 2023, the Company held the 16th meeting of the 10th session of Board of Directors and approved the Proposal on Buy-back and Cancellation of Partial Restricted Stocks under 2020 Restricted Stock Incentive Plan. It was agreed to buy back and cancel a total of 5,593,500 restricted stocks that had been granted to 568 incentive recipients but did not meet the conditions for lifting restrictions. As of June 16, 2023, the company has completed the buy-back and cancellation procedures for the above-mentioned shares at the Shenzhen branch of China Securities Depository and Clearing Corporation Limited.

3. On October 23, 2023, the Company held the 20th meeting of the 10th session of the Board of Directors and approved the Proposal on Repurchase and Cancellation of Partial Restricted Stocks and Adjustment of Buy-back Prices. It agreed to buy-back and cancel 417,000 shares of restricted stocks held by 33 incentive recipients that have been granted but not yet unlocked. As of December 18, 2023, the company has completed the buy-back and cancellation procedures for the above-mentioned shares at the Shenzhen branch of China Securities Depository and Clearing Corporation Limited.

4. On May 27, 2023, the Company disclosed a notice on the retirement and resignation of senior management personnel. Mr. Miao Yuming applied to resign from the position of deputy GM of the company due to reaching the statutory retirement age. According to relevant regulations, the resignation report took effect from the date of delivery to the company's board of directors.

5. On June 1, 2023, the Company held the 17th meeting of the 10th Board of Directors and approved the Proposal on Appointment of Deputy General Manager and Proposal on the by-election of non-independent directors. It was agreed to appoint Mr. Feng Zhiming as the deputy GM of the company and to elect him as the non-independent director of the 10th session of the Board of Directors. On June 19, 2023, the company held its first extraordinary general meeting of shareholders, deliberated and approved the Proposal on the By-election of Non-independent Directors.

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 the reporting 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	315,586		120,000	195,586	Lock-up shares held by senior executives and Restricted Stock Incentive Plan for year of 2020	June 16, 2023
Xu Yunfeng	272,250		105,000	167,250	Lock-up shares held by senior executives and Restricted Stock Incentive Plan for year of 2020	June 16, 2023
Feng Zhiming		48,894		48,894	Lock-up shares held by senior executives	NA
Ou Jianbin	217,500		84,000	133,500	Lock-up shares held by senior executives and Restricted Stock	June 16, 2023

					Incentive Plan for year of 2020	
Miao Yuming	217,500	21,000	168,000	70,500	Lock-up shares held by senior executives	June 16, 2023 December 18, 2023
Rong bin	210,000		84,000	126,000	Lock-up shares held by senior executives and Restricted Stock Incentive Plan for year of 2020	June 16, 2023
Liu Jinjun	210,000		84,000	126,000	Lock-up shares held by senior executives and Restricted Stock Incentive Plan for year of 2020	June 16, 2023
Li Gang	210,000		84,000	126,000	Lock-up shares held by senior executives and Restricted Stock Incentive Plan for year of 2020	June 16, 2023
Xu Sheng	210,000		84,000	126,000	Lock-up shares held by senior executives and 2020 Restricted Stock Incentive Plan	June 16, 2023
Middle management	10,159,000		5,627,500	4,531,500	Restricted Stock Incentive Plan for the year 2020	February 16, 2023 June 16, 2023 December 18, 2023
Total	12,021,836	69,894	6,440,500	5,651,230	--	

Note: In the aforesaid table, shares released in this reporting period refer to the number of granted but not released from restricted sales which were bought back and canceled by the Company.

II. Securities issuance and listing

1. Security offering (without preferred stock) in the 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 Company has repurchased and cancelled 6,440,500 shares of 2020 restricted stock that have been granted but not unlocked. Total share capital of the Company comes to 1,002,162,793 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	65,078	Total common stock shareholders at end of last month	64,523	Total preference shareholders with voting rights recovered at end of reporting	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed (refer to Note 8)	0
---	--------	--	--------	--	---	--	---

		before annual report disclose d		period (refer to Note 8)				
Particulars about shares held above 5% by shareholders or top ten shareholders								
Full name of Shareholders	Nature of sharehold er	Proporti on of shares held	Total shareholders at the end of report period	Changes in report period	Number of lock-up stocks held	Amount of un-lock up stock held	Information of shares pledged, tagged or frozen	
							State of share	Amou nt
Wuxi Industry Development Group Co., Ltd.	State- owned corporate	20.36%	204,059,398	0	0	204,059,398	Not applicable	0
ROBERT BOSCH GMBH	Foreign corporate	14.25%	142,841,400	0	0	142,841,400	Not applicable	0
Hong Kong Securities Clearing Company	Foreign corporate	1.77%	17,702,321	-1,960,917	0	17,702,321	Not applicable	0
NSSF-413	Other	1.02%	10,230,000	120,000	0	10,230,000	Not applicable	0
Basic Pension Insurance Fund- 1003	Other	0.76%	7,641,693	3,117,337	0	7,641,693	Not applicable	0
FIDELITY INVM T TRT FIDELITY INTL SMALL CAP FUND	Foreign corporate	0.72%	7,210,386	347,000	0	7,210,386	Not applicable	0
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign corporate	0.70%	7,053,913	-6,952,402	0	7,053,913	Not applicable	0
Guolian An Fund - China Pacific Life Insurance Co., Ltd. - Dividend Insurance - Guolian An Fund - China Pacific Life Stock Relative Yield (Dividend) Single Asset Management Plan	Other	0.69%	6,887,979	3,885,265	0	6,887,979	Not applicable	0
Tianan Life Insurance Co., Ltd. - Traditional Products	Other	0.52%	5,257,824	5,257,824	0	5,257,824	Not applicable	0
Xie Zuogang	Domestic natural person	0.51%	5,132,967	0	0	5,132,967	Not applicable	0
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	N/A							

delegate/entrusted voting rights and abstention from voting rights.			
Special note on the repurchase account among the top 10 shareholders (refer to Note 10)	As of Dec. 31, 2023, the repurchase special securities account of Weifu High-Technology Group Co., Ltd has 25,000,000 shares of ordinary A-Share, hereby stated that, in accordance with 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	17,702,321	RMB common shares	17,702,321
NSSF-413	10,230,000	RMB common shares	10,230,000
Basic Pension Insurance Fund- 1003	7,641,693	RMB common shares	7,641,693
FIDELITY INVMT TRT FIDELITY INTL SMALL CAP FUND	7,210,386	Domestically listed foreign shares	7,210,386
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	7,053,913	Domestically listed foreign shares	7,053,913
Guolian An Fund - China Pacific Life Insurance Co., Ltd. - Dividend Insurance - Guolian An Fund - China Pacific Life Stock Relative Yield (Dividend) Single Asset Management Plan	6,887,979	RMB common shares	6,887,979
Tianan Life Insurance Co., Ltd. - Traditional Products	5,257,824	RMB common shares	5,257,824
Xie Zuogang	5,132,967	Domestically listed foreign shares	5,132,967
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) (refer to note 4)	NA		

The top 10 shareholders participating in the lending of shares through refinancing business

Applicable Not applicable

Changes in top 10 shareholders compared to last reporting period

Applicable Not applicable

Unit: share

Changes in top 10 shareholders compared to last period			
Full name of shareholders	New/Exiting shareholder in current period	At the end of the period, the number of shares lent through refinancing and not yet repaid	The number of shares held in the ordinary account and credit account of shareholders at the end of the period, as well as the shares lent through refinancing

		and not yet repaid			
		Total quantity	Ratio in total shares	Total quantity	Ratio in total shares
Guolian An Fund - China Pacific Life Insurance Co., Ltd. - Dividend Insurance - Guolian An Fund - China Pacific Life Stock Relative Yield (Dividend) Single Asset Management Plan	New shareholder	0	0.00%	0	0.00%
Tianan Life Insurance Co., Ltd. - Traditional Products	New shareholder	0	0.00%	0	0.00%
Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Yingzhi Fund	Exiting shareholder	0	0.00%	0	0.00%
Fei Guohua	Exiting shareholder	0	0.00%	0	0.00%

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

Yes No

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

2. Controlling shareholder of the Company

Nature of controlling shareholders: local state-owned holding

Type of controlling shareholders: legal person

Controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
Wuxi Industry Development Group Co., Ltd.	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 controlled by the controlling shareholder as well as stock-joint in report period	1. The majority shareholder of the Company, Wuxi Industry Group, is the controlling shareholder of Wuxi Taiji Industry Corporation Limited (stock code: 600667) and hold 30.42% stakes of the latter. 2. The majority shareholder of the Company, Wuxi Industry Group, directly holds 15.65% stakes of Wuxi New Hongtai Electrical Technology Co., Ltd. (Stock Code: 603016), and indirectly holds 12.26% stakes of Wuxi New Hongtai Electrical Technology Co., Ltd. (Stock Code: 603016) through Wuxi Guosheng Asset Management Co., Ltd actually controlled by it.			

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

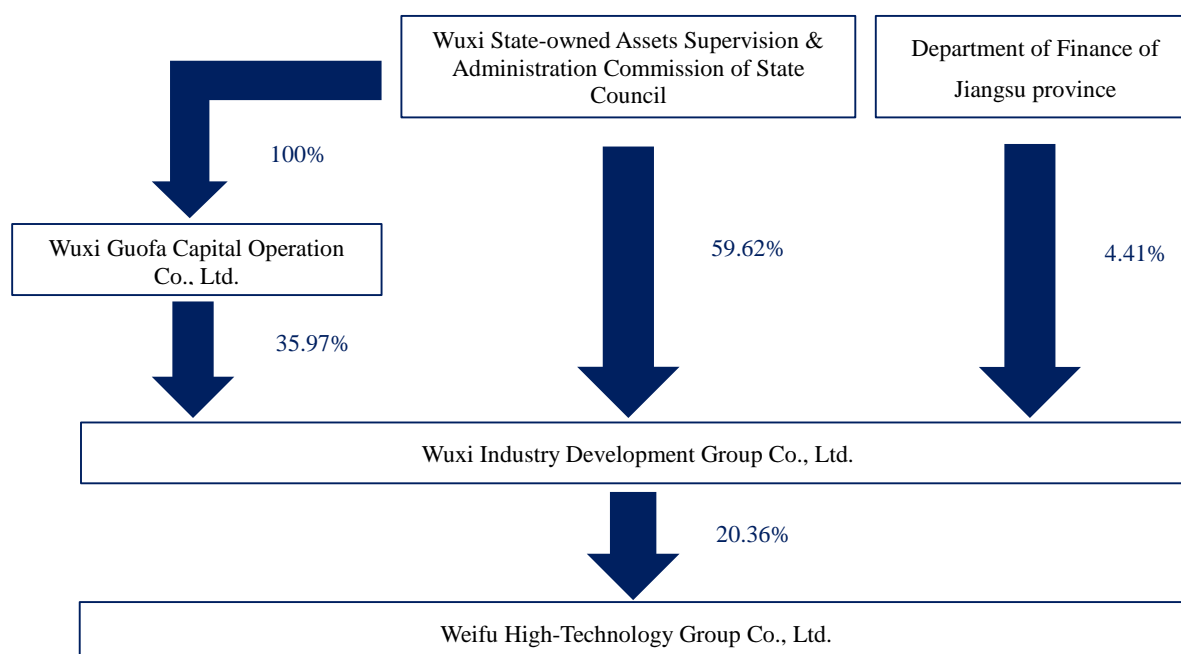
Name of actual controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
The State-owned Assets Supervision & Administration Commission of Wuxi Municipality of Jiangsu Province	Zhang Jianchun		~	State-owned Assets management
Equity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

Changes of actual controller in the reporting period

Applicable Not applicable

No changes of actual controllers for the Company in the 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	1.2 billion 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.

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)
April 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	25,000,000	

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 the reporting 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 15, 2024
Name of audit institute	Gongzheng Tianye Certified Public Accountants (Special General Partnership)
Serial of Auditing Report	Su Gong W 【2024】 No. A366
Name of CPA	Gu Zhi, Zhang Qianqian

Auditor's Report

Su Gong W 【2024】 No. A366

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

1. 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 2023 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 2023 and its operation results and cash flows for the year ended.

2. 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.

3. Highlighted paragraphs

We remind users of financial statements to pay attention: As described in Note XVIII-7 "Major transaction and events influencing investor's decision", WFHT's Wholly-owned subsidiary WFTR's "platform trade" business contract fraud is in the stage of transferring for review and prosecution, there is still uncertainty about the outcome of the case in the future.

This paragraph does not affect the published audit opinion.

4. 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:

(1) Revenue recognition

1) Matter description

As described in Note V-31 "Revenue" and Note VII-47 "Operating income and cost" carried in the financial statement, WFHT achieved an operation revenue of CNY 11.093 billion for year of 2023. 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 WFHT management (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.

(2) Provision for expected credit losses of WFTR's "platform trade" business portfolio in other receivables

1) Matter description

As described in Note XVIII-7 "Major transaction and events influencing investor's decision", As of December 31, 2023, the book balance of other receivables formed by WFTR due to "platform trade" contract fraud was CNY 2.5423 billion, and an expected credit loss of CNY 1.6441 billion has been provisioned. The management has made a comprehensive judgment based on information from relevant authorized departments, the recoverable amount of the "platform trade" business portfolio debt has not undergone significant changes compared to the end of the previous year, and there is no need for further provision or significant reversal of its expected credit losses. Due to the significant accounting estimates and judgments made by management in relation to the recoverable amount of claims in the "platform trade" business portfolio, which is significant to the financial statements, we

have identified the provision for expected credit losses in the "platform transaction" business portfolio in other receivables as a key audit matter.

2) The solution to the matter in auditing

(1) Obtain the accounting estimation method and results of the management's provision of expected credit losses for the debt portfolio of the "platform trade" business, asking the sources of significant judgments made by the management regarding the recoverability amount of the debt portfolio of the "platform trade" business, compare and analyze the changes in the basis of the recoverability amount of the debt portfolio of the "platform trade" business compared to the end of the previous year, and evaluate its rationality;

(2) Conduct interviews to authorized departments based on the sources of estimates made by management, verify the authenticity and reliability of the sources, and verify the changes in the basis for the recoverable amount compared to the end of the previous year and the reasons for such changes;

(3) Based on the information obtained from interviews to the related authorized departments, conduct interviews to the main "customers" and "suppliers" of the "platform trade" business to evaluate the authenticity of relevant evidence;

(4) Re execute the calculation program based on the recoverable amount of debt in the "platform trade" business portfolio and compare it with the estimated results of management, further judgment on whether the management's conclusion regarding the expected credit loss of the "platform trade" business portfolio debt does not require further provision or significant reversal is reasonable.

(5) Check whether information related to "platform trade" business has been appropriately presented and disclosed in the financial statements.

5. Other information

The management of WFHT is responsible for other information which includes the information covered in the Company's 2023 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 no matters to report.

6. 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.

7. 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 as 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

15 April, 2024

II. Financial Statement

Statement in Financial Notes are carried in RMB

1. Consolidated Balance Sheet

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

Dec. 31, 2023

In RMB

Item	Dec. 31, 2023	Jan. 1, 2023
Current assets:		
Monetary funds	2,274,771,699.14	2,389,551,930.76
Settlement provisions		
Capital lent		
Trading financial assets	2,391,487,144.96	2,718,820,654.87
Derivative financial assets		
Note receivable	144,976,174.84	135,559,024.27
Account receivable	3,857,539,958.20	3,127,490,177.25
Receivable financing	1,661,749,949.46	1,918,368,845.21
Accounts paid in advance	76,202,271.16	94,323,853.87
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	919,684,126.81	1,264,507,456.47
Including: Interest receivable		
Dividend receivable		147,000,000.00
Buying back the sale of financial assets		
Inventories	2,068,533,030.94	2,283,119,656.27
Contract assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	325,909,383.11	430,547,201.24
Total current assets	13,720,853,738.62	14,362,288,800.21
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		

Long-term equity investment	5,947,633,507.07	6,282,818,108.96
Investment in other equity instrument	677,790,690.00	677,790,690.00
Other non-current financial assets	804,350,120.06	1,326,608,914.00
Investment real estate	46,926,716.49	49,296,869.73
Fixed assets	3,969,574,102.87	3,769,984,185.94
Construction in progress	564,605,931.90	509,105,587.49
Productive biological asset		
Oil and gas asset		
Right-of-use assets	48,832,472.85	41,865,100.38
Intangible assets	484,834,882.53	487,627,987.92
Expense on research and development		
Goodwill	122,316,819.20	237,682,375.72
Long-term expenses to be apportioned	24,714,632.10	28,586,235.84
Deferred income tax asset	311,912,955.07	275,627,772.45
Other non-current asset	1,356,741,223.05	479,630,436.37
Total non-current asset	14,360,234,053.19	14,166,624,264.80
Total assets	28,081,087,791.81	28,528,913,065.01
Current liabilities:		
Short-term loans	838,889,557.51	3,604,376,527.82
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		747,115.75
Note payable	1,759,062,642.60	1,411,089,606.00
Account payable	3,668,850,423.29	3,454,601,023.60
Accounts received in advance	2,911,439.65	3,633,878.33
Contractual liability	77,686,881.24	94,850,083.23
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	334,810,352.56	317,434,386.24
Taxes payable	56,581,082.49	54,586,315.53
Other account payable	108,893,486.63	198,990,948.23
Including: Interest payable		
Dividend payable		
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year	38,084,321.10	14,285,348.90

Other current liabilities	257,139,908.60	211,763,779.77
Total current liabilities	7,142,910,095.67	9,366,359,013.40
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	299,800,000.00	238,000,000.00
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability	37,733,196.51	31,589,277.20
Long-term account payable	28,035,082.11	30,785,082.11
Long-term wages payable	129,844,482.80	154,093,044.28
Accrued liability	38,016,428.52	10,106,268.87
Deferred income	188,773,622.29	223,123,978.78
Deferred income tax liabilities	37,752,122.87	40,149,550.99
Other non-current liabilities		
Total non-current liabilities	759,954,935.10	727,847,202.23
Total liabilities	7,902,865,030.77	10,094,206,215.63
Owner's equity:		
Share capital	1,002,162,793.00	1,008,603,293.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital reserve	3,308,170,140.96	3,398,368,567.63
Less: inventory shares	533,289,512.24	541,623,002.63
Other comprehensive income	54,156,915.97	-911,310.13
Reasonable reserve	3,641,439.97	2,119,800.95
Surplus public reserve	510,100,496.00	510,100,496.00
Provision of general risk		
Retained profit	15,054,950,398.12	13,320,021,325.90
Total owner's equity attributable to parent company	19,399,892,671.78	17,696,679,170.72
Minority interests	778,330,089.26	738,027,678.66
Total owner's equity	20,178,222,761.04	18,434,706,849.38
Total liabilities and owner's equity	28,081,087,791.81	28,528,913,065.01

Legal representative: Wang Xiaodong

Person in charge of accounting works: Rong Bin

Person in charge of accounting institute: Wu Junfei

2. Balance Sheet of Parent company

Item	In RMB	
	Dec. 31, 2023	Jan. 1, 2023
Current assets:		
Monetary funds	714,826,120.43	823,574,329.53
Trading financial assets	2,251,060,973.85	2,693,150,975.20
Derivative financial assets		
Note receivable	23,523,055.70	29,575,852.04
Account receivable	1,384,059,380.88	906,808,283.22
Receivable financing	227,811,949.87	216,462,262.44
Accounts paid in advance	45,875,061.25	56,037,892.68
Other account receivable	1,370,649,392.28	1,472,102,439.27
Including: Interest receivable	842,323.12	206,325.34
Dividend receivable		
Inventories	549,696,080.27	571,571,431.95
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	11,054,042.33	107,462,112.82
Total current assets	6,578,556,056.86	6,876,745,579.15
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	8,008,012,424.29	8,369,843,351.10
Investment in other equity instrument	601,850,690.00	601,850,690.00
Other non-current financial assets	804,350,120.06	1,326,608,914.00
Investment real estate	34,453,448.06	35,584,279.11
Fixed assets	2,376,023,503.55	2,251,495,050.80
Construction in progress	218,670,126.54	251,304,655.41
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets	4,290,695.37	6,061,693.75
Intangible assets	220,397,330.28	209,246,490.17
Research and development costs		
Goodwill		
Long-term deferred expenses	3,759,490.67	6,895,352.43
Deferred income tax assets	109,441,564.66	109,624,761.50
Other non-current assets	731,758,973.92	168,744,695.04

Total non-current assets	13,113,008,367.40	13,337,259,933.31
Total assets	19,691,564,424.26	20,214,005,512.46
Current liabilities		
Short-term borrowings	480,490,722.23	2,121,354,415.53
Trading financial liability		
Derivative financial liability		737,424.50
Notes payable	365,959,174.48	251,867,652.05
Account payable	1,166,435,681.25	1,048,268,519.52
Accounts received in advance		
Contract liability	8,548,593.06	6,564,332.93
Wage payable	168,228,976.90	166,314,985.33
Taxes payable	5,327,449.07	6,048,505.30
Other accounts payable	216,435,787.01	926,276,130.15
Including: Interest payable	1,123,734.04	835,069.83
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year	28,000,984.47	4,306,935.71
Other current liabilities	38,294,705.54	102,322,311.03
Total current liabilities	2,477,722,074.01	4,634,061,212.05
Non-current liabilities:		
Long-term loans	299,800,000.00	
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability	1,836,800.62	2,690,812.43
Long-term account payable		
Long term employee compensation payable	95,678,717.83	121,683,760.89
Accrued liabilities	10,709,925.00	13,750.00
Deferred income	160,462,135.18	198,149,511.20
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	568,487,578.63	322,537,834.52
Total liabilities	3,046,209,652.64	4,956,599,046.57
Owners' equity:		
Share capital	1,002,162,793.00	1,008,603,293.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital reserve	3,412,506,010.91	3,515,005,861.23
Less: Inventory shares	533,289,512.24	541,623,002.63

Other comprehensive income		
Special reserve		
Surplus reserve	510,100,496.00	510,100,496.00
Retained profit	12,253,874,983.95	10,765,319,818.29
Total owner's equity	16,645,354,771.62	15,257,406,465.89
Total liabilities and owner's equity	19,691,564,424.26	20,214,005,512.46

3. Consolidated Profit Statement

In RMB

Item	2023	2022
I. Total operating income	11,093,141,950.98	12,729,634,917.03
Including: Operating income	11,093,141,950.98	12,729,634,917.03
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	10,773,357,152.61	12,526,691,966.36
Including: Operating cost	9,150,312,640.74	11,016,385,488.80
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	64,464,506.58	70,575,584.89
Sales expense	230,571,186.60	189,528,090.71
Administrative expense	612,096,726.09	586,386,474.32
R&D expense	667,871,159.95	581,488,711.88
Financial expense	48,040,932.65	82,327,615.76
Including: Interest expenses	95,145,829.10	107,737,432.78
Interest income	40,360,794.63	41,020,724.48
Add: other income	97,464,970.76	112,665,397.27
Investment income (Loss is listed with "-")	1,701,990,058.24	1,849,145,500.50
Including: Investment income on affiliated company and joint venture	1,596,392,131.72	1,636,986,684.96
The termination of income recognition for financial assets measured by amortized cost(Loss is listed with "-")		
Exchange income (Loss is listed with "-")		
Net exposure hedging income (Loss is listed with "-")		
Income from change of fair value (Loss is listed with "-")	9,767,646.64	-157,622,752.09
Loss of credit impairment (Loss is listed with "-")	-4,402,449.07	-1,645,881,142.40

”)		
Losses of devaluation of asset (Loss is listed with “-”)	-331,275,532.54	-181,610,433.12
Income from assets disposal (Loss is listed with “-”)	128,314,484.53	1,986,804.53
III. Operating profit (Loss is listed with “-”)	1,921,643,976.93	181,626,325.36
Add: Non-operating income	17,111,807.24	5,699,768.04
Less: Non-operating expense	4,411,191.85	7,711,660.06
IV. Total profit (Loss is listed with “-”)	1,934,344,592.32	179,614,433.34
Less: Income tax expense	21,195,062.23	-11,331,574.91
V. Net profit (Net loss is listed with “-”)	1,913,149,530.09	190,946,008.25
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with “-”)	1,913,149,530.09	190,946,008.25
2.termination of net profit (net loss listed with “-”)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	1,837,291,259.68	118,819,836.30
2.Minority shareholders’ gains and losses	75,858,270.41	72,126,171.95
VI. Net after-tax of other comprehensive income	55,068,226.10	35,835,034.47
Net after-tax of other comprehensive income attributable to owners of parent company	55,068,226.10	35,835,034.47
(i) Other comprehensive income items which will not be reclassified subsequently to profit of loss	-1,189,898.59	-399,165.06
1.Changes of the defined benefit plans that re-measured	-1,189,898.59	-399,165.06
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	56,258,124.69	36,234,199.53
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	56,258,124.69	36,234,199.53
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	1,968,217,756.19	226,781,042.72
Total comprehensive income attributable to owners of parent Company	1,892,359,485.78	154,654,870.77
Total comprehensive income attributable to minority shareholders	75,858,270.41	72,126,171.95
VIII. Earnings per share:		
(i) Basic earnings per share	1.88	0.09
(ii) Diluted earnings per share	1.88	0.09

Legal Representative: Wang Xiaodong

Person in charge of accounting works: Rong Bin

Person in charge of accounting institute: Wu Junfei

4. Profit Statement of Parent Company

In RMB

Item	2023	2022
I. Operating income	3,568,007,626.04	3,864,504,995.80
Less: Operating cost	2,860,201,219.79	3,263,994,952.63
Taxes and surcharge	26,020,608.91	21,016,396.56
Sales expenses	37,348,009.82	24,032,764.17
Administration expenses	317,148,490.36	312,390,634.03
R&D expenses	256,555,205.86	215,942,706.30
Financial expenses	43,029,546.08	-47,492,346.99
Including: interest expenses	70,100,281.69	75,002,506.86
Interest income	22,232,354.69	123,450,262.42
Add: other income	60,045,052.24	78,660,020.95
Investment income (Loss is listed with “-”)	1,551,999,553.88	1,698,892,386.70
Including: Investment income on affiliated Company and joint venture	1,372,133,258.69	1,427,651,731.23
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 “-”)	9,325,222.30	-157,794,622.92
Loss of credit impairment (Loss is listed with “-”)	599,535.81	-1,645,695,111.31
Losses of devaluation of asset (Loss is listed with “-”)	-71,109,221.75	-94,397,143.24
Income on disposal of assets (Loss is listed with “-”)	8,262,258.43	208,706.65
II. Operating profit (Loss is listed with “-”)	1,586,826,946.13	-45,505,874.07
Add: Non-operating income	978,746.24	236,560.76
Less: Non-operating expense	1,204,343.16	1,624,603.88
III. Total profit (Loss is listed with “-”)	1,586,601,349.21	-46,893,917.19
Less: Income tax	288,204.25	-24,338,482.27
IV. Net profit (Net loss is listed with “-”)	1,586,313,144.96	-22,555,434.92
(i) continuous operating net profit (net loss listed with “-”)	1,586,313,144.96	-22,555,434.92
(ii) termination of net profit (net loss listed with “-”)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		

4.Fair value change of enterprise's credit risk		
5. Other		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	1,586,313,144.96	-22,555,434.92
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	2023	2022
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	11,815,615,875.97	12,431,900,362.84
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received	247,423,811.65	306,395,040.32
Other cash received concerning operating activities	304,312,552.49	3,682,848,864.34
Subtotal of cash inflow arising from operating activities	12,367,352,240.11	16,421,144,267.50
Cash paid for purchasing commodities and receiving labor service	8,080,288,216.69	10,077,477,240.02
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	1,566,762,591.01	1,384,027,081.31
Taxes paid	421,031,865.46	580,286,995.87
Other cash paid concerning operating activities	673,019,655.05	6,955,095,599.73
Subtotal of cash outflow arising from operating activities	10,741,102,328.21	18,996,886,916.93
Net cash flows arising from operating activities	1,626,249,911.90	-2,575,742,649.43
II. Cash flows arising from investing activities:		
Cash received from recovering investment	3,313,684,345.66	10,740,023,339.08
Cash received from investment income	2,327,386,986.20	1,183,837,077.82
Net cash received from disposal of fixed, intangible and other long-term assets	146,353,685.07	20,576,391.79
Net cash received from disposal of subsidiaries and other units		136,787,298.86
Other cash received concerning investing activities	18,840,000.00	
Subtotal of cash inflow from investing activities	5,806,265,016.93	12,081,224,107.55
Cash paid for purchasing fixed, intangible and other long-term assets	1,113,912,460.11	1,152,415,535.85
Cash paid for investment	3,455,088,494.14	7,116,445,479.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained	13,716,100.33	70,190,329.71
Other cash paid concerning investing activities	13,036,225.94	146,232,114.50
Subtotal of cash outflow from investing activities	4,595,753,280.52	8,485,283,459.06
Net cash flows arising from investing activities	1,210,511,736.41	3,595,940,648.49
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	2,696,375,308.64	4,692,002,243.34
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	2,696,375,308.64	4,817,002,243.34
Cash paid for settling debts	5,372,848,659.59	2,328,551,163.70
Cash paid for dividend and profit distributing or interest paying	232,202,783.52	1,761,911,157.57
Including: Dividend and profit of minority shareholder paid by subsidiaries	40,453,107.58	54,977,987.52
Other cash paid concerning financing activities	164,632,874.00	591,370,195.57
Subtotal of cash outflow from financing activities	5,769,684,317.11	4,681,832,516.84
Net cash flows arising from financing activities	-3,073,309,008.47	135,169,726.50
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	21,416,449.75	27,730,942.53
V. Net increase of cash and cash equivalents	-215,130,910.41	1,183,098,668.09
Add: Balance of cash and cash equivalents at the period -begin	2,277,117,604.82	1,094,018,936.73
VI. Balance of cash and cash equivalents at the period -end	2,061,986,694.41	2,277,117,604.82

6. Cash Flow Statement of Parent Company

In RMB

Item	2023	2022
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	2,992,755,592.93	3,542,749,700.01
Write-back of tax received	125,190,524.09	184,495,154.77
Other cash received concerning operating activities	77,926,649.97	47,404,163.66
Subtotal of cash inflow arising from operating activities	3,195,872,766.99	3,774,649,018.44
Cash paid for purchasing commodities and receiving labor service	1,844,781,220.30	2,601,006,413.32
Cash paid to/for staff and workers	663,056,090.53	707,858,677.98
Taxes paid	141,072,774.09	209,864,912.81
Other cash paid concerning operating activities	253,804,167.34	186,707,374.55
Subtotal of cash outflow arising from operating activities	2,902,714,252.26	3,705,437,378.66
Net cash flows arising from operating activities	293,158,514.73	69,211,639.78
II. Cash flows arising from investing activities:		
Cash received from recovering investment	2,492,465,818.32	7,606,003,001.77
Cash received from investment income	2,060,589,193.54	1,230,308,621.08
Net cash received from disposal of fixed, intangible and other long-term assets	14,663,395.44	7,573,333.23
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	326,061,324.33	1,345,164,876.69
Subtotal of cash inflow from investing activities	4,893,779,731.63	10,189,049,832.77
Cash paid for purchasing fixed, intangible and other long-term assets	641,672,060.41	676,750,590.56
Cash paid for investment	2,112,142,787.05	5,495,846,939.59
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	223,723,855.14	4,200,652,968.77
Subtotal of cash outflow from investing activities	2,977,538,702.60	10,373,250,498.92
Net cash flows arising from investing activities	1,916,241,029.03	-184,200,666.15
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	1,795,000,000.00	2,765,016,400.00
Other cash received concerning financing activities	300,000,000.00	668,810,047.94
Subtotal of cash inflow from financing activities	2,095,000,000.00	3,433,826,447.94
Cash paid for settling debts	3,107,144,800.00	926,483,000.00
Cash paid for dividend and profit distributing or interest paying	153,437,599.42	1,660,892,442.17
Other cash paid concerning financing activities	1,137,043,447.66	426,203,919.97
Subtotal of cash outflow from financing activities	4,397,625,847.08	3,013,579,362.14
Net cash flows arising from financing activities	-2,302,625,847.08	420,247,085.80
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	3,332,858.57	9,734,626.92
V. Net increase of cash and cash equivalents	-89,893,444.75	314,992,686.35
Add: Balance of cash and cash equivalents at the period -begin	803,410,185.18	488,417,498.83
VI. Balance of cash and cash equivalents at the period -end	713,516,740.43	803,410,185.18

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

Current Period

In RMB

Item	2023														
	Owners' equity attributable to the parent Company													Minority interests	Total owners' equity
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other	Subtotal		
	Preferred stock	Perpetual capital securities	Other												
I. Balance at the end of the last year	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
Add: Changes of accounting policy															
Error correction of the last period															
Other															
II. Balance at the beginning of this year	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
III. Increase/Decrease in this year (Decrease is listed with "-")	6,440,500.00				90,198,426.67	-8,333,490.39	55,068,226.10	1,521,639.02			1,734,929,072.22		1,703,213,501.06	40,302,410.60	1,743,515,911.66
(i) Total comprehensive income							55,068,226.10				1,837,291,259.68		1,892,359,485.78	75,858,270.41	1,968,217,756.19
(ii) Owners' devoted and decreased capital	6,440,500.00				103,260,862.78	-8,333,490.39							101,367,872.39	4,072,852.94	-97,295,019.45
1.Common shares invested by shareholders						71,917,549.61							71,917,549.61	5,000,000.00	-66,917,549.61
2.Capital invested by holders of other equity															

instruments																				
3. Amount reckoned into owners equity with share-based payment					- 30,009,672.7 8									- 30,009,672.7 8	-929,399.14	-30,939,071.92				
4. Other	- 6,440,500.0 0				- 73,251,190.0 0	- 80,251,040. 00								559,350.00	2,252.08	561,602.08				
(III) Profit distribution														- 102,362,187. 46	- 102,362,187. 46	- 40,453,107. 58	-142,815,295.04			
1. Withdrawal of surplus reserves																				
2. Withdrawal of general risk provisions																				
3. Distribution for owners (or shareholders)														- 97,757,979.3 0	- 97,757,979.3 0	- 40,453,107. 58	-138,211,086.88			
4. Other														-4,604,208.16	-4,604,208.16	-4,604,208.16				
(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																	1,521,63	1,521,639.02	201,878.14	1,723,517.16

							9.02							
1. Withdrawal in the report period							30,768,590.85					30,768,590.85	3,311,493.50	34,080,084.35
2. Usage in the report period							29,246,951.83					29,246,951.83	3,109,615.36	32,356,567.19
(VI)Others					13,062,436.11							13,062,436.11	622,516.69	13,684,952.80
IV. Balance at the end of the report period	1,002,162,793.00				3,308,170,140.96	533,289,512.24	54,156,915.97	3,641,439.97	510,100,496.00		15,054,950,398.12	19,399,892,671.78	778,330,089.26	20,178,222,761.04

Last Period

In RMB

Item	2022														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	1,008,659,570.00				3,371,344,172.82	270,249,797.74	-36,746,344.60	712,215.31	510,100,496.00		14,814,787,377.86		19,398,607,689.65	564,094,065.82	19,962,701,755.47	
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				3,371,344,172.82	270,249,797.74	-36,746,344.60	712,215.31	510,100,496.00		14,814,787,377.86		19,398,607,689.65	564,094,065.82	19,962,701,755.47	
III. Increase/Decrease in this year (Decrease is listed with "-")	-56,277.00				27,024,394.81	271,373,204.89	35,835,034.47	1,407,585.64			-1,494,766,051.96		-1,701,928,518.93	173,933,612.84	-1,527,994,906.09	
(i) Total comprehensive income							35,835,034.47				118,819,836.30		154,654,870.77	72,126,171.95	226,781,042.72	
(ii) Owners' devoted and decreased capital	-56,277.00				27,024,394.81	271,373,204.89							-244,405,087.08	130,826,610.83	-113,578,476.25	

1.Common shares invested by shareholders						397,804,542.63								-	397,804,542.63	130,000,000.00	-	267,804,542.63
2. Capital invested by holders of other equity instruments																		
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						-	1,092,500.74								125,282,560.00			125,282,560.00
(III) Profit distribution														-	-	-	-	-
1. Withdrawal of surplus reserves														1,613,585.88	1,613,585.88	29,306,887.52		1,642,892,775.78
2. Withdrawal of general risk provisions																		
3. Distribution for owners (or shareholders)														-	-	-	-	-
4. Other														1,609,059.68	1,609,059.68	29,306,887.52		1,638,366,556.32
(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							1,407,585.64				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

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

Current Period

In RMB

Item	2023											
	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	1,008,603,293.00				3,515,005,861.23	541,623,002.63			510,100,496.00	10,765,319,818.29		15,257,406,465.89
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at the beginning of this year	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
III. Increase/	-6,440,500.00				-102,499,850.32	-8,333,490.39				1,488,555,165.66		1,387,948,305.73

Decrease in this year (Decrease is listed with “-”)												
(i) Total comprehensive income										1,586,313,144.96		1,586,313,144.96
(ii) Owners’ devoted and decreased capital	-6,440,500.00				-104,190,261.92	-8,333,490.39						-102,297,271.53
1. Common shares invested by shareholders						71,917,549.61						-71,917,549.61
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment					-30,939,071.92							-30,939,071.92
4. Other	-6,440,500.00				-73,251,190.00	-80,251,040.00						559,350.00
(III) Profit distribution										-97,757,979.30		-97,757,979.30
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-97,757,979.30		-97,757,979.30
3. Other												
(IV) Carrying forward internal owners’ equity												
1. Capital reserves conversed to capital (share capital)												
2. Surplus reserves conversed to capital (share capital)												
3. 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								6,474,505.00				6,474,505.00
2. Usage in the report period								6,474,505.00				6,474,505.00
(VI) Others					1,690,411.60							1,690,411.60
IV. Balance at the end of the report period	1,002,162,793.00				3,412,506,010.91	533,289,512.24			510,100,496.00	12,253,874,983.95		16,645,354,771.62

Last 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 payment					28,943,506.38						28,943,506.38
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

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 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.

In 2023, deliberated and approved by the 14th, 16th, and 20th meetings of the 10th session of the Board of Directors, the company bought back and canceled 430,000, 5,593,500, and 417,000 restricted shares granted for the first time under the 2020 Restricted Stock Incentive Plan. The company completed the cancellation procedures for the bought back shares on February 16, 2023, June 16, 2023, and December 18, 2023 at the Shenzhen branch of China Securities Depository and Clearing Corporation Limited. The company's paid in capital (share capital) after the change was RMB 1,002,162,793.00.

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, Borit NV, VHIO 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 15, 2024.

5. Unless otherwise stated in the notes to these financial statements, the following company names are abbreviated as follows:

Name of subsidiary	Short name of subsidiary
Nanjing WFJN Co., Ltd.	WFJN
Wuxi Weifu Lida Catalytic Converter Co., Ltd.	WFLD
Wuxi Weifu Mashan Fuel Injection Equipment Co., Ltd.	WFMA
Wuxi Weifu Chang'an Co., Ltd.	WFCA
Wuxi Weifu International Trade Co., Ltd.	WFTR
Wuxi Weifu Schmitter Powertrain Components Co., Ltd.	WFSC
Ningbo WFTT Turbocharging Technology Co., Ltd.	WFTT
Wuxi WFAM Precision Machinery Co., Ltd.	WFAM
Wuxi Weifu Lida Catalytic Converter(Wuhan) Co., Ltd.	WFLD (Wuhan)
Weifu Lida (Chongqing) Automotive Components Co., Ltd.	WFLD (Chongqing)
Nanchang Weifu Lida Automotive Components Co., Ltd.	WFLD (Nanchang)
Wuxi Weifu Autosmart Seating System Co., Ltd.	WFAS
Wuxi Weifu E-drive Technologies Co., Ltd.	WFDT
Wuxi Weifu Qinglong Power Technology Co., Ltd.	WFQL
VHIT Automotive Systems(Wuxi) Co.Ltd	VHWX
Weifu Holding ApS	SPV
IRD Fuel Cells A/S	IRD
IRD FUEL CELLS LLC	IRD America
Borit NV	Borit
Borit Inc.	Borit America
VHIT S.p.A	VHIO

IV. Basis of Preparation of Financial Statements

1. Preparation base

The financial statements are stated in compliance with *Accounting Standard for Business Enterprises –Basic Norms* issued by the Ministry of Finance, the specific accounting rules revised and issued dated Feb. 15, 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 2023) 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. “Changes of important accounting policies and estimation”.

1. Statement on observation of Accounting Standard for Business Enterprises

Financial statements prepared by the Company were in accordance with requirements of Accounting Standard for Business Enterprises, which truly and completely reflected the financial information of the Company dated December 31, 2023, such as financial status, operation achievements and cash flow for the year of 2023.

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 January 1 to December 31.

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 recording currency is the RMB yuan.

5. Method for determining importance criteria and selection criteria

Applicable Not applicable

Item	Importance criteria
------	---------------------

Important prepayments with an aging of over 1 year	Prepayment with aging over 1 year accounting for more than 10% of the total prepaid amount and with an amount greater than 15 million yuan
Important construction in progress	The budget for a single project is greater than 80 million yuan
Important accounts payable with an aging of over 1 year	Account payable with aging over 1 year accounting for more than 10% of the total accounts payable and with an amount greater than 80 million yuan
Other important payables with aging of over 1 year	Other payables with aging over 1 year accounting for more than 10% of the total other payables and an amount greater than 15 million yuan
Important contract liabilities with aging of over 1 year	Contract liabilities with aging over 1 year account for more than 10% of the total contract liabilities and the amount greater than 15 million yuan
Important non-wholly-owned subsidiaries	The net assets of subsidiaries account for more than 5% of the net assets in the consolidated financial statements, or the net profit of subsidiaries accounts for more than 10% of the net profit in the consolidated financial statements
Important joint ventures or associates	The book value of long-term equity investments in an invested entity accounts for more than 5% of the net assets in the consolidated financial statements and the amount exceeds 1 billion yuan, or the investment gains/losses under the equity method account for more than 10% of the net profits in the consolidated financial statements and the amount exceeds 100 million yuan

6. 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. The balance of net asset's book value acquired by combining party and combine consideration paid (or total book value of the shares issued), shall be used to adjust capital reserve (share premium); if the capital reserve (share premium) is not enough for deducted, the retained earnings shall be adjusted. directly expenses occurred for enterprise combination, the combining party shall reckon expenses directly occurring for enterprise combination into current gains/losses at the time of occurrence. Combination day is the date when the combining party obtains 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, the 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, shall be 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.

7. Criteria for judging control and preparation method for consolidated financial statement

(1) Criteria for judging control

The consolidation scope of the consolidated financial statements is determined based on control. Control refers to the company having the power over the invested entity, enjoying variable returns through participating in related activities of the invested entity, and having the ability to use the power over the invested entity to influence its return amount. When changes in relevant facts and circumstances result in changes in the relevant elements involved in the definition of control, the company will conduct a reassessment.

When determining whether to include a structured entity in the scope of consolidation, our company takes into account all facts and circumstances, including evaluating the purpose and design of the establishment of the structured entity, identifying the types of variable returns, and evaluating whether to control the structured entity by participating in its related activities and assuming some or all of the variability of returns.

(2) Preparation method for consolidated financial statements

(1) Recognition principle of consolidation 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) 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 package deal. When the economic effects and terms and conditions of the disposal transactions meet one or more of the following situations, the transactions shall normally be accounted for as package deal: 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 package deal, 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 package deal, 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 transaction 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.

8. 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.

9. 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.

10. Foreign currency business and conversion

For foreign currency transactions, convert the foreign currency amount into the accounting base currency amount.

At the initial recognition of foreign currency transactions, the foreign currency amount shall be converted into the accounting base currency amount with the spot exchange rate on the transaction date. On the balance sheet date, the foreign currency monetary items shall be converted with the spot exchange rate on the balance sheet date. The settlement and monetary item discount differences arising from this are recognized in the current period's profit and loss, except for the differences arising from foreign currency special borrowings related to the acquisition and construction of assets that meet capitalization conditions and are treated according to the principle of borrowing cost capitalization. Foreign currency non-monetary items measured at historical cost shall be still converted with the exchange rate used at the initial recognition without changing their accounting base currency amount. Foreign currency non-monetary items measured at fair value shall be converted with the spot exchange rate on the fair value determination date, and the resulting differences are recognized in the current period's profit and loss. The subsequent difference shall be booked into current profit or loss or other comprehensive income in terms of the feature of non-monetary items.

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.

11. Financial instrument

Financial instrument is the contract that forms the financial assets for an enterprise and forms the financial liability or equity instrument for other units.

(1) Classification and initial measurement

The company recognizes a financial asset or liability when it becomes a party to a financial instrument contract.

1) Classification and initial 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 for the 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 the financing component that does not exceed one year isn't considered, it shall be initially measured at 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.

2) Classification and initial 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.

(2) Subsequent measurement

1) The subsequent measurement of financial assets depends on their classification:

① Financial assets measured at amortized cost

The Company classifies the financial assets that meet the following conditions and are not 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 will be only used to pay for the principal and interest based on the outstanding principal amount.

After initial recognition, such financial assets are measured at amortized cost with 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 are not 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 used to pay for 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 with the effective interest method are included in profit or loss for the period, and other gains or losses are included in other comprehensive income. At the time of derecognition, the accumulated gains or losses previously included in other comprehensive income shall be carried forward from other comprehensive income to 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.

2) The subsequent measurement of financial liabilities depends on their classification:

① Financial liabilities measured at fair value and with variation reckoned into current gains/losses

Financial liabilities measured at fair value and with variation reckoned into current gains/losses include tradable financial liabilities 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 at amortized cost

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

(3) Transfer and derecognition of financial instruments

1) Transfer and derecognition of 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.

For those who continue to be involved by providing financial guarantees for the transferred financial assets, the assets formed by further involvement shall be recognized based on the lower of the book value of the financial assets and the amount of financial guarantees. The financial guarantee amount refers to the highest amount of consideration received that will be required to be repaid.

2) General principles for derecognition of financial instruments

If the following conditions are met, the company will derecognize the financial assets (or a portion of financial assets, or a group of similar financial assets), that is, charge off them from their accounts and balance sheets:

① The right to receive cash flows from financial assets has expired;

②The right to receive cash flows from financial assets has been transferred, or assume the obligation to timely and fully pay the cash flows received to the third party under a “pass-through agreement”; and (a) substantially transferred almost all the risks and rewards of ownership of the financial asset, or (b) relinquished control over the financial asset even though substantially neither transferred nor retained almost all the risks and rewards of ownership of the financial asset.

In case the liability for financial liabilities has been fulfilled, revoked or expired, such financial liabilities shall be derecognized. If the existing financial liability is replaced by another financial liability with substantially different terms by the same creditor, or if the terms of the existing liability are substantially modified, such replacement or modification shall be treated as derecognition of the original liability and recognition of new liability, and the difference shall be booked into the current period’s profit and loss.

The financial assets which are bought or sold in a conventional manner shall be recognized or derecognized according to the accounting on the transaction date. Buying and selling financial assets in a conventional manner refers to the purchase or sale of financial assets in accordance with contractual provisions, and the terms of the contract stipulate that financial assets are delivered according to the time schedule usually determined by regulations or market practices. The trading day refers to the date on which the company promises to buy or sell financial assets.

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

As the company 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.

(5) Fair value of financial instruments

For financial instruments with active markets, their fair value shall be determined based on their quoted prices in the active market. For financial instruments that do not have an active market, their fair value shall be determined with valuation techniques. At the time of valuation, the company adopts valuation techniques that are applicable in the current situation and have sufficient available data and other information support, selects input values that are consistent with the asset or liability characteristics considered by market participants in the transaction of related assets or liabilities, and uses relevant observable input values as much as possible, and use unobservable input values when relevant observable input values cannot be obtained or are not feasible.

(6) Impairment of financial instruments

Based on expected credit losses, the company withdraws provisions for impairment loss and recognizes credit impairment losses for financial assets measured at amortized cost, debt instrument investments measured at fair value with changes recognized in other comprehensive income, and financial guarantee contracts.

For accounts receivable, bills receivable, and accounts receivable financing that do not contain significant financing components, the company adopts a simplified measurement method to measure the provision for impairment losses based on the expected credit loss amount in the entire existence period.

For accounts receivable, notes receivable, and accounts receivable financing that contain significant financing components, the company chooses to use a simplified measurement method to measure the provision for losses based on the expected credit loss amount equivalent to the entire existence period.

For financial assets other than those using simplified measurement methods mentioned above, the Company assesses on each balance sheet date whether their credit risk has significantly increased since initial recognition. If credit risk has not significantly increased since initial recognition and is in the first stage, the Company measures loss provisions based on the expected amount of credit loss in the next 12 months; If credit risk has significantly increased since initial recognition but credit impairment has not yet occurred, and is in the second stage, the company measures the provision for losses at an amount equivalent to the expected credit loss for the entire existence period; Financial instruments that have experienced credit impairment since initial recognition are in the third stage, and the company measures the provisions for impairment loss based on expected credit losses over the entire existence period.

For financial instruments with lower credit risk on the balance sheet date, the Company assumes that their credit risk has not significantly increased since initial recognition and measures loss provisions based on expected credit losses over the next 12 months.

Except for accounts receivable that are individually assessed for credit risk, our company divides other accounts receivable into several portfolios based on credit risk characteristics and calculates expected credit losses on the basis of these combinations.

Accounts receivable that are individually assessed for credit risk, such as those in dispute with the other party or involved in litigation or arbitration; there are clear indications that the debtor may not be able to fulfill their repayment obligations for accounts receivable, etc.

Due to similar credit risk characteristics, no provision for bad debts is made for accounts receivable between companies within the scope of our consolidated financial statements that have no impairment in a single test.

Except for separately evaluating credit risk accounts receivable, the company divides accounts receivable into different portfolios based on common risk characteristics and evaluates credit risk on the basis of the portfolio. The specific basis for determining different portfolios and methods for measuring expected credit losses are as follows:

Item	Basis for determining the portfolio	Specific methods for measuring expected credit losses
Accounts receivable financing - bank acceptance bill portfolio	Bank acceptance bill	For accounts receivable within six months, the company does not provide for expected credit losses; In addition, the company believes that the credit risk of the bank acceptance bills it holds is relatively low and will not cause significant losses due to bank defaults. Therefore, the expected credit losses shall not be measured for the corresponding receivables financing bank acceptance portfolio.
Accounts receivable - commercial acceptance bill portfolio	Commercial acceptance bill	For accounts receivable within six months, the company does not provide for expected credit losses; In addition, the credit risk of the commercial acceptance bills held by our company is relatively low, as these bills are mainly issued by reputable automobile manufacturers. Based on historical experience, there have been no significant defaults. Therefore, the company doesn't measure expected credit losses for the portfolio of accounts receivable and commercial acceptance bills
Accounts Receivable - Customer Portfolio	Accounts receivable other than accounts receivable from internal related parties and those for which credit impairment losses have been individually provisioned	Measure expected credit losses based on aging
Other receivables - accounts receivable other portfolio	Other receivables except for accounts receivable from internal related parties and accounts for which credit impairment losses have been individually provisioned	Based on historical credit loss experience, combined with current conditions and predictions of future economic conditions, the expected credit loss is calculated by default risk exposure and the expected credit loss rate for the next 12 months or the entire duration.

For accounts receivable that are measured for expected credit losses based on their aging, their aging is calculated continuously from the initial recognition date of the debt. The corresponding provision ratio for expected credit losses at different aging stages is as follows:

Aging	Provision ratio (%)
Within 6 months	--
6 months - 1 year	10.00
1 - 2 years	20.00
2 -3 years	40.00
Over three years	100.00

12. Note receivable

Note receivable 1: bank acceptance bill

Note receivable 2: commercial acceptance bill

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. 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.

14. 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(inclusive) from the date of acquisition. Refer to more relevant accounting policies in NoteV. 11. “Financial Instrument”.

15. 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.

16. Contract assets

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” account and credit the “contract asset impairment provision” account 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. 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 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

The company adopts a perpetual inventory system and conducts regular physical inventory checks.

(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.

18. 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, firstly deduct the carrying value of the goodwill in the disposal group, 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 assets 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.

19. 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 at fair value and with variation reckoned into current gains/losses. As for other accounting policies found more in Note V -11. "Financial instrument".

(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 resulting 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 treated as "package deal". If they belong to "package deal", these transactions will be accounted for a transaction in obtaining control. If they are not belonging to "package deal", 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 treated as "package deal". If they belong to "package deal", these transactions will be accounted for a transaction in obtaining control. If they are not belonging to "package deal", 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-7. “Criteria for judging control and preparation method for consolidated financial statement”.

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 "package deal", 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) 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. When determining whether there is joint control, firstly judge whether all the participants or participant group have controlling over such arrangement as a group or not, and then judge 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. When determining whether significant influence can be exerted on the invested entity, 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 considered.

20. Investment real estate

Measurement model of investment real estate

Cost measurement

Depreciation or amortization

Investment real estate is stated at cost. 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 investment real estate is subsequently measured by the Company with cost method. The depreciation and amortization is calculated with the straight-line method on the basis of their estimated useful lives.

21. 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 longer than one year and higher unit value.

(2) Depreciation methods

Category	Depreciation method	Years of depreciation	Scrap value rate	Yearly depreciation rate
Permanent ownership land	Straight-line depreciation	Indefinite		No depreciation
House and building	Straight-line depreciation	20~35	5%	2.71~4.75
Machinery equipment	Straight-line depreciation	10	5%	9.50
Transportation equipment	Straight-line depreciation	4~5	5%	19.00~23.75
Electronic and other equipment	Straight-line depreciation	3~10	5%	9.50~31.67

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

The Company shall review the useful life, estimated net residual value, and depreciation method of fixed assets at least at the end of each fiscal year, and make necessary adjustments.

22. 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.

23. Borrowing cost

(1) Recognition of capitalization of borrowing cost

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) Measurement 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.

24. Intangible assets

(1) Service life and its determination basis, estimate, amortization method or review procedure

(1) Service life and its determination basis, estimate, amortization method or review procedure

① Measurement of intangible assets

The intangible assets of the Company include 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:

The land use rights of the company shall be amortized on an average basis over the transfer period from the date of transfer (the date of obtaining the land use rights); 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.

Our company shall review the useful life and amortization method of intangible assets at least at the end of each fiscal year, and make necessary adjustments.

(2) The collection scope and related accounting treatment methods of R&D expenditure

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 expense

Long-term expenses to be amortized of the Company implies 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 provides service to the Company, the short-term remuneration actual occurred shall be recognized as liability and be reckoned into current gains/losses. During the accounting period when staff provides service to the Company, the actual short-term compensation occurred shall be recognized as liabilities and be reckoned into current gains/losses, except for those in line with accounting standards or being allowed to be reckoned into capital costs; the welfare occurred shall be reckoned into current gains/losses or relevant assets costs at the time of actual occurrence. The employee compensation shall be recognized as liabilities and be reckoned into current gains/losses or relevant assets costs at the time of actual occurrence. The employee benefits that belong to non-monetary benefits are measured at 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 relevant provisions 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 be 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 includes 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. 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

In case 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 certain 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 with the expected accumulated welfare unit method by the independent actuary on the basis of 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. 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

30. 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.

31. Revenue

(1) Accounting policies used in revenue recognition and measurement

1) Revenue recognition principle

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

When one of the following conditions is met, it belongs to the performance obligation within a certain period of time, otherwise, it belongs to the performance obligation at a certain point in time: ① The customer obtains and consumes the economic benefits brought by the company's performance while the company performs the contract; ② The customer can control the goods or services 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 received 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

Nil

32. 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 government grant shall be measured at fair value and it shall be measured by nominal amount in case the fair value can not be reliably acquired.

(3) Accounting treatment

The 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.

The government grant related to income which is used to make up relevant expenses and losses for later period shall be recognized as deferred income, and be reckoned into current gain/loss during the period while relevant expenses are recognized; The government grant related to income which is used to make up relevant expenses and losses that occurred shall be reckoned into current gains/losses.

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

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

33. Deferred income tax assets/Deferred income tax liabilities

The company adopts the balance sheet debt method to calculate deferred income tax based on the temporary difference between the book value and tax basis of assets and liabilities on the balance sheet date, as well as the temporary difference between the book value and tax basis of items that have not been recognized as assets and liabilities but can be determined according to tax laws.

All types of taxable temporary differences are recognized as deferred income tax liabilities, unless: ① taxable temporary differences arise in the following transactions: initial recognition of goodwill, or initial recognition of assets or liabilities arising from a single transaction with the following characteristics: the transaction is not a business merger. When the transaction occurs, it neither affects accounting profits nor taxable income or deductible losses, and the initially recognized assets and liabilities do not result in equal taxable temporary differences and deductible temporary differences; ② For taxable temporary differences related to investments in subsidiaries, joint ventures, and associates, the timing of the reversal of such temporary differences can be controlled, and it is likely that such temporary differences will not be reversed in the foreseeable future.

For deductible temporary differences that can be carried forward deductible loss in future years or deduce taxes, the Company recognizes deferred income tax assets based on the future taxable income that is likely to be obtained to offset the deductible temporary differences, deductible losses, and tax deductions that can be carried forward to future years, unless: ① the deductible temporary differences arise from a single transaction that is not a business merger. The transaction does not affect accounting profits or taxable income or deductible losses at the time of occurrence, and the initially recognized assets and liabilities do not result in equivalent taxable temporary differences or deductible temporary differences. ② For deductible temporary differences related to investments in subsidiaries, joint ventures, and associates, such temporary differences are likely to be reversed in the foreseeable future and are likely to receive taxable income to be used to offset such temporary differences.

On the balance sheet date, the company measures deferred income tax assets and liabilities in accordance with tax laws and regulations, at the applicable tax rate during the expected period of asset recovery or liability settlement, and reflects the tax impact of the expected method of asset recovery or liability settlement on the balance sheet date.

On the balance sheet date, the company reviews the book value of deferred income tax assets. If it is likely that sufficient taxable income will not be available in the future to offset the benefits of deferred income tax assets, the book value of deferred income tax assets will be written down. On the balance sheet date, the Company reassesses unconfirmed deferred income tax assets and recognizes deferred income tax assets to the extent that sufficient taxable income is likely to be available for the reversal of all or part of the deferred income tax assets.

When the following conditions are met simultaneously, deferred income tax assets and deferred income tax liabilities are presented at the net amount after offsetting: having the legal right to settle current income tax assets and current income tax liabilities at the net amount; Deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax collection and management department on the same taxable entity or on different taxpayers. However, in the period during which significant

deferred income tax assets and deferred income tax liabilities are reversed in the future, the involved taxpayers intend to settle the current income tax assets and liabilities on a net basis or acquire assets and settle debts simultaneously.

34. 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

On the commencement date of the lease term, the company recognizes leases with a lease term not exceeding 12 months and excluding purchase options as short-term leases; Leases with lower value when a single leased asset is considered a brand new asset are recognized as low value asset leases.

If the company subleases or expects to sublease leased assets, the original lease is not recognized as a low value asset lease.

For all short-term leases and low value asset leases, the Company recognizes lease payments in the relevant asset cost or current profit and loss on a straight-line basis during each period of the lease term.

Except for the simplified short-term leases and low value asset leases mentioned above, the Company recognizes the right-of-use assets and lease liabilities for leases on the commencement date of the lease term.

1) Right-of-use assets

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

On the commencement date of the lease term, the right-of-use asset is initially measured at cost. This cost includes:

①The initial measurement amount of lease liabilities; ②If the lease payment is made on or before the start date of the lease term and the relevant amount of the lease incentive already enjoyed shall be deducted in case there is a lease incentive; ③The initial direct expenses incurred by the lessee; ④The expected cost incurred by the lessee in dismantling and removing the leased asset, restoring the site where the leased asset is located, or restoring the leased asset to the state agreed upon in the lease terms. The company recognizes and measures the cost in accordance with the recognition standards and measurement methods for estimated liabilities, as detailed in Note V-29 "Accrued liability". The aforementioned costs incurred for the production of inventory will be included in the inventory cost.

The depreciation of right-of-use assets is classified and provisioned with the straight-line method. In case it can reasonably determine that ownership of the leased asset will be obtained upon the expiration of the lease term, the depreciation rate shall be determined based on the category of the right-of-use asset and the estimated net residual value rate within the expected remaining useful life of the leased asset; In case it cannot reasonably determine that ownership of the leased asset will be acquired upon the expiration of the lease term, the depreciation rate shall be determined based on the category of the right-of-use asset during the shorter of the lease term and the remaining useful life of the leased asset.

2) Lease liability

Lease liabilities shall be initially measured at the present value of the lease payments that have not yet been paid on the commencement date of the lease term. The lease payment amount includes the following five items: ① fixed payment amount and substantial fixed payment amount. If there is a lease incentive, the relevant amount of the lease incentive shall be deducted; ② Variable lease payments depending on index or ratio; ③ The exercise price of the purchase option, provided that the lessee reasonably determines that the option will be exercised; ④ The amount to be paid for exercising the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease; ⑤ The expected amount to be paid

based on the residual value of the guarantee 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.

(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 lease receipts is recognized by the company as rental income with 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 booked in the current profits and losses when actually incurred.

2) Finance lease

On the beginning date of the lease term, the financial lease receivables is recognized by the company 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) Accounting treatment of lease changes

1) Lease change as a separate lease

If there is a change in lease and the following conditions are met simultaneously, the company will treat the lease change as a separate lease for accounting treatment: ① The lease change expands the lease scope by adding the right to use one or more leased assets; ② The increased consideration is equivalent to the individual price for the expansion of the lease scope, adjusted according to the situation of the contract.

2) Lease change not treated as a separate lease

① the company as the lessee

On the effective date of the lease change, the company re-determines the lease term and uses the revised discount rate to discount the revised lease payment amount, in order to remeasure the lease liability. When calculating the present value of lease payments after changes, the implicit interest rate of the remaining lease period is used as the discount rate; If the implicit interest rate of the remaining lease term cannot be determined, the incremental loan interest rate on the effective date of the lease change shall be used as the discount rate.

Regarding the impact of the lease liability adjustment mentioned above, distinguish the following situations for accounting treatment:

A. If the lease change results in a reduction in the lease scope or lease term, the book value of the right-of-use assets shall be reduced, and the relevant gains/losses arising from partial or complete termination of the lease shall be recognized in the current profit and loss;

B. For other lease changes, the book value of the right-of-use assets shall be adjusted accordingly.

② The company as the lessor

If there is a change in the operating lease, the company will treat it as a new lease for accounting treatment from the effective date of the change. The advance receipts or receivable lease payments related to the lease before the change are considered as the new lease payments.

If the change in financing lease is not accounted for as a separate lease, the Company will treat the changed lease as follows: if the lease change takes effect on the lease commencement date, and the lease will be classified as an operating lease, the Company will treat it as a new lease from the effective date of the lease change and use the net lease investment before the effective date of the lease change as the book value of the leased asset; If the lease change takes effect on the lease commencement date, and the lease will be classified as a financing lease, the company will conduct accounting treatment in accordance with the provisions on modifying or renegotiating the contract.

(4) Sale leaseback

The company evaluates and determines whether the asset transfer in the sale 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 leaseback transaction is a sale, 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 leaseback transaction is not a sale, the company will continue to recognize the transferred asset, and meanwhile 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 leaseback transaction is a sale, 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 leaseback transaction is not a sale, 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.

35. Other major accounting policy and estimation

Nil

36. Changes of important accounting policies and estimation

(1) Changes of important accounting policies

Applicable Not applicable

(1) Significant accounting policy changes

Accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions not subject to initial recognition exemption:

On November 30, 2022, the Ministry of Finance issued the Interpretation No. 16 of the Accounting Standards for Enterprises (CK[2022] No. 31, hereinafter referred to as "Interpretation No. 16").

According to Interpretation No. 16, for individual transactions that are not business combinations and do not affect accounting profits or taxable income (or deductible losses) at the time of transaction, and the initially recognized assets and liabilities result in equal

taxable temporary differences and deductible temporary differences (including leasing transactions in which the lessee initially recognizes the lease liability and books it in the right-of-use asset on the lease term start date, as well as transactions in which the lessee recognizes the expected liability and books it in the cost of related assets due to abandonment obligations of fixed assets, etc.), the provisions exempting the initial recognition of deferred income tax liabilities and deferred income tax assets are not applicable. Enterprises should recognize the corresponding deferred income tax liabilities and deferred income tax assets separately in accordance with Accounting Standards for Enterprises No. 18- Income Tax and other relevant provisions at the time of transaction. This regulation will come into effect since January 1, 2023. For individual transactions that apply this regulation that occur between the beginning and the implementation date of the earliest period in which this regulation is first implemented in financial statements, the lease liabilities and the right-of-use assets recognized at the beginning of the earliest period in financial statements due to the application of this regulation in individual transactions, as well as the expected liabilities and corresponding assets related to abandonment obligations, if there are taxable temporary differences and deductible temporary differences, the company shall make adjustments in accordance with this regulation. The implementation of this regulation will not have any impact on the amounts of each account in the company's financial statements as of January 1, 2023, but will have an impact on the presentation of the notes to the financial statements as of January 1, 2023, as follows:

Note 20 to the consolidated financial statements: Deferred tax assets/deferred tax liabilities:

(1) Deferred tax assets that have not been offset:

Item	December 31, 2022		Affected amount		January 1, 2023	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Lease liabilities	1,345,462.74	234,721.68	13,227,441.18	2,578,204.66	14,572,903.92	2,812,926.34

(2) Deferred income tax liabilities that have not been offset

Item	December 31, 2022		Affected amount		January 1, 2023	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Right-of-use assets	--	--	13,227,441.18	2,578,204.66	13,227,441.18	2,578,204.66

(3) Deferred tax assets or liabilities presented as net after offsetting:

Item	December 31, 2022		Affected amount		January 1, 2023	
	Offset between deferred income tax assets and liabilities offset at the end of the period	Ending balance of deferred income tax assets or liabilities after offset	Offset amount between deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after offset	Offset amount between deferred income tax assets and liabilities at the beginning of the period	Opening balance of deferred income tax assets or liabilities after offsetting
Deferred tax assets	126,261,238.77	275,627,772.45	2,578,204.66	--	128,839,443.43	275,627,772.45
Deferred tax liability	126,261,238.77	40,149,550.99	2,578,204.66	--	128,839,443.43	40,149,550.99

Note to the main items in the financial statements of the parent company: Nil.

(2) Changes of important accounting estimation

Applicable Not applicable

(3) Implementation of new accounting standards adjustment for the first time starting from 2023, and implementation of relevant financial statement items at the beginning of the year for the first time

Applicable Not applicable

37. Significant accounting judgments and estimates

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 entries of financial statements which 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 shall be 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 uses 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 depreciation reserve

According to the inventory accounting policy, the company measures inventory at the lower of cost and net realizable value. For inventory with costs higher than net realizable value, as well as obsolete and unsold inventory, the inventory depreciation reserve shall be made. 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 relevant information 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 estimate 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 with 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

For financial instruments that there is no active market to provide quotes, valuation techniques shall be used 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 applies the market information as much as possible and applies 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.

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% (VHIO, 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%, 22%, 25%, 24% + regional tax 3.9%
Educational surtax	Turnover tax payable	5%

Disclose reasons for different taxpaying objects:

Taxpaying body	Income tax rate
The Company, WFJN, WFLD, WFTT, WFMA, WFAM, WFSC, WFSC, WFLD(Chongqing)	15%
WFLD(Wuhan), WFLD(Nanchang)	20%
IRD America, Borit America	21%
IRD(Denmark)	22%
WFCA, WFTR, WFDT, WFQL, VHWX, WFAS, Borit(Belgium)	25%
VHIO(Italy)	24% + Regional tax 3.9%

2. Tax incentives

The Company, WFJN, WFLD, WFTT and WFMA are recognized as high-tech enterprises in 2023 and enjoy a preferential income tax rate of 15% from January 1, 2023 to December 31, 2025. 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 year of 2023, WFLD (Chongqing) paid its corporate income tax at the tax rate of 15%.

In 2023, WFLD (Wuhan), WFLD (Nanchang) was a qualified small and low-profit enterprises. According to the *Announcement on Further Supporting the Development of Small and Micro Enterprises and Individual Businesses Related to Tax Policies* (Announcement No. 12 of the Ministry of Finance and the State Administration of Taxation in 2023), the taxable income of small and micro profit enterprises will be calculated at a reduced rate of 25%, and the enterprise income tax policy will be paid at a tax rate of 20%, which will be extended until December 31, 2027.

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	6,343.24	51,818.51
Cash in bank	2,241,980,351.17	2,304,848,889.90
Other Monetary funds	32,785,004.73	84,651,222.35
Total	2,274,771,699.14	2,389,551,930.76
Including: total amount of funds deposited overseas	126,839,309.52	324,409,336.06

Other explanation

The ending balance of other monetary fund includes RMB 22,174,151.94 deposited in the bank acceptance deposit, Mastercard earnest money RMB 210,720.00, in-transit dividends RMB 1,309,380.00, IRD performance bond RMB 7,902,000.00, in-transit

foreign exchange fund RMB 1,184,752.79, and ETC freezing RMB 4,000.00. The in-transit dividends RMB 1,309,380.00 was a portion of the dividend distributed by Miracle Automation (002009), a trading financial asset held by the company, from 2017 to 2023, 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	2,391,487,144.96	2,718,820,654.87
Including:		
SNAT	76,756,716.00	78,834,732.00
Miracle Automation	71,073,900.00	66,693,600.00
Lifan Technology		48,516.34
Toyze Auto		462,414.48
Other debt and equity instrument investments	2,243,656,528.96	2,572,781,392.05
Including:		
Total	2,391,487,144.96	2,718,820,654.87

3. Note receivable

(1) Classification of notes receivable

In RMB

Item	Ending balance	Opening balance
Trade acceptance bill	144,976,174.84	135,559,024.27
Total	144,976,174.84	135,559,024.27

(2) Classification of accrued bad debt reserve

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 accrued on portfolio	144,976,174.84	100.00%			144,976,174.84	135,559,024.27	100.00%			135,559,024.27
Including:										

Portfolio 1: bank acceptance bill									
Portfolio 2: trade acceptance bill	144,976,174.84	100.00%			144,976,174.84	135,559,024.27	100.00%		135,559,024.27
Total	144,976,174.84	100.00%			144,976,174.84	135,559,024.27	100.00%		135,559,024.27

If the provision for bad debts of note receivable is made in accordance with the general model of expected credit losses:

Applicable Not applicable

(3) Bad debt provision accrued, collected or reversal

Provision for bad debts in the current period:

Applicable Not applicable

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

In RMB

Item	Amount pledge at period-end
Commercial acceptance bill	97,820,000.00
Total	97,820,000.00

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

Nil

(6) Note receivable actually charged off in the period

Nil

(7) 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
Commercial acceptance bill	4,270,595.02

Other explanation

The commercial 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 BD Petrochemical Group Co., Ltd. and the bills accepted by BD Petrochemical Group Finance Co., Ltd. (hereinafter referred to as "BD bills").

4. Account receivable

(1) By account age

In RMB

Aging	Ending book balance	Opening book balance
Within one year (One year included)	3,841,921,162.54	3,118,871,487.62
Including: within 6 months	3,732,178,445.50	3,025,753,558.24

6 months to one year	109,742,717.04	93,117,929.38
1-2 years	26,336,964.64	19,350,208.92
2-3 years	13,723,160.78	8,919,358.15
Over 3 years	57,510,391.30	59,823,351.18
3-4 years	5,607,074.80	20,264,074.06
4-5 years	19,615,877.12	26,120,004.96
> 5 years	32,287,439.38	13,439,272.16
Total	3,939,491,679.26	3,206,964,405.87

(2) Accrued of bad debt provision

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	53,281,843.03	1.35%	53,281,843.03	100.00%		57,806,705.14	1.80%	57,806,705.14	100.00%	
Including:										
Account receivable with bad debt provision accrued on portfolio	3,886,209,836.23	98.65%	28,669,878.03	0.74%	3,857,539,958.20	3,149,157,700.73	98.20%	21,667,523.48	0.69%	3,127,490,177.25
Including:										
Total	3,939,491,679.26	100.00%	81,951,721.06	2.08%	3,857,539,958.20	3,206,964,405.87	100.00%	79,474,228.62	2.48%	3,127,490,177.25

Bad debt provision accrued on single basis: 53,281,843.03

In RMB

Name	Openin balance		Ending balance			
	Book balance	Bad debt reserve	Book balance	Bad debt reserve	Accrued ratio	Accrued causes
Hubei Meiyang Auto Industry Co., Ltd.	20,139,669.45	20,139,669.45	17,610,371.91	17,610,371.91	100.00%	Difficult to recover
Hunan Leopard Auto Co., Ltd.	8,367,245.47	8,367,245.47	8,077,361.13	8,077,361.13	100.00%	Difficult to recover
BD bills	7,201,691.00	7,201,691.00	4,270,595.02	4,270,595.02	100.00%	Difficult to recover
Linyi Zotye Automobile Components	6,193,466.77	6,193,466.77	6,193,466.77	6,193,466.77	100.00%	Difficult to recover

Manufacturing Co., Ltd.						
Tongling Ruineng Purchasing Co., Ltd.	4,320,454.34	4,320,454.34	4,320,454.34	4,320,454.34	100.00%	Difficult to recover
Brilliance Automotive Group Holdings Co., Ltd.	3,469,091.33	3,469,091.33	3,469,091.33	3,469,091.33	100.00%	Difficult to recover
Dongfeng Chaoyang Diesel Co., Ltd.	1,823,262.64	1,823,262.64	1,823,262.64	1,823,262.64	100.00%	Difficult to recover
Jiangsu Kawei Auto Industrial Group Co., Ltd.	1,932,476.26	1,932,476.26	1,932,476.26	1,932,476.26	100.00%	Difficult to recover
Jiangsu Jintan Automobile Industry Co., Ltd.	1,059,798.43	1,059,798.43	1,059,798.43	1,059,798.43	100.00%	Difficult to recover
Tianjin Levol Engine Co., Ltd.	1,018,054.89	1,018,054.89	1,018,054.89	1,018,054.89	100.00%	Difficult to recover
Other clients	2,281,494.56	2,281,494.56	3,506,910.31	3,506,910.31	100.00%	Difficult to recover
Total	57,806,705.14	57,806,705.14	53,281,843.03	53,281,843.03		

Bad debt provision Accrued on portfolio: 28,669,878.03

In RMB

Name	Ending balance		
	Book balance	Bad debt reserve	Accrued ratio
Within 6 months	3,730,857,043.84		
6 months to one year	108,718,559.21	10,871,855.93	10.00%
1-2 years	26,336,964.64	5,267,392.93	20.00%
2-3 years	12,944,398.96	5,177,759.59	40.00%
Over 3 years	7,352,869.58	7,352,869.58	100.00%
Total	3,886,209,836.23	28,669,878.03	

Explanation on determining the basis for this portfolio:

The provision for bad debts of accounts receivable is made in accordance with the general model of expected credit losses:

Applicable Not applicable

(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	Charged off	Other	
Bad debt provision	79,474,228.62	5,788,060.03	3,464,139.38	43,813.01	197,384.80	81,951,721.06
Total	79,474,228.62	5,788,060.03	3,464,139.38	43,813.01	197,384.80	81,951,721.06

(4) Account receivable actually charged off in the Period

In RMB

Item	Amount charged off
Account receivable actually charged off	43,813.01

(5) Top five receivables and contract assets at ending balance by arrears party

In RMB

Name	Ending balance of account receivable	Ending balance of contract assets	Ending balance of account receivable and contract assets	Ratio in total ending balance of account receivables and contract assets	Ending balance of reserve for bad debts and contract assets
RBCD	686,424,501.80			17.43%	1,017,817.82
Robert Bosch Company	596,846,772.56			15.15%	782,592.70
Client 3	337,776,101.99			8.57%	1,651,960.47
Client 4	200,972,141.72			5.10%	76,326.16
Client 5	127,691,257.56			3.24%	7,633,344.34
Total	1,949,710,775.63			49.49%	11,162,041.49

5. Receivable financing**(1) Category of receivable financing**

In RMB

Item	Ending balance	Opening balance
Bill receivable- bank acceptance bill	1,661,749,949.46	1,918,368,845.21
Total	1,661,749,949.46	1,918,368,845.21

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:

In RMB

Item	Amount pledge at period-end
Bank acceptance bill	568,256,134.85
Commercial acceptance bill	
Total	568,256,134.85

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

In RMB

Item	Amount derecognized at period-end	Amount not derecognized at period-end
Bank acceptance bill	258,965,040.65	
Commercial acceptance bill		

Total	258,965,040.65	
-------	----------------	--

(4) Receivable financing actually charged off in current period

Nil

(5) Increase/decrease of receivable financing and changes in fair value of receivable financing in current period

Nil

(6) Other explanation

Nil

6. Other account receivables

In RMB

Item	Ending balance	Opening balance
Dividend receivable		147,000,000.00
Other account receivables	919,684,126.81	1,117,507,456.47
Total	919,684,126.81	1,264,507,456.47

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

Nil

2) Significant overdue interest

Nil

3) Accrued of bad debt provisionApplicable Not applicable**4) Bad debt provision accrued, collected or reversal**

Nil

5) Interest receivable actually charged off in current period

Nil

(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**3) Accrued of bad debt provision**

Applicable Not applicable

4) Bad debt provision accrued, collected or reversal in current period**5) Dividend receivable actually charged off in current period****(3) Other accounts receivable****1) By nature**

In RMB

Nature	Ending book balance	Opening book balance
Intercourse funds from units	4,084,594.65	1,894,818.08
Cash deposit	10,215,094.41	9,087,881.41
Staff loans and petty cash	904,305.07	1,823,842.27
Social security and provident fund paid	12,537,832.68	11,341,820.83
WFTR “platform trade” business portfolio	2,542,263,370.70	2,741,499,131.95
Other	38,770.10	66,663.56
Total	2,570,043,967.61	2,765,714,158.10

2) By aging

In RMB

Aging	Ending book balance	Opening book balance
Within one year (One year included)	18,850,121.91	2,758,812,664.93
Within 6 months	18,448,595.63	1,919,096,046.09
6 months to one year	401,526.28	839,716,618.84
1-2 years	2,544,896,026.07	1,358,405.20
2-3 years	954,984.11	2,962,710.00
Over 3 years	5,342,835.52	2,580,377.97
3-4 years	4,524,432.51	1,987,937.97
4-5 years	801,603.01	0.00
Over 5 years	16,800.00	592,440.00

Total	2,570,043,967.61	2,765,714,158.10
-------	------------------	------------------

3) Accrued of bad debt provision

Applicable Not applicable

Expected credit loss general model for provision of bad debt reserves:

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, 2023	4,106,646.90		1,644,100,054.73	1,648,206,701.63
Balance of Jan. 1, 2023 in the period				
Current accrued	3,055,915.03			3,055,915.03
Current reversal	977,386.61			977,386.61
Other changes	74,610.75			74,610.75
Balance on Dec. 31, 2023	6,259,786.07		1,644,100,054.73	1,650,359,840.80

Classification basis and bad debt provision ratio for each stage

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

Applicable Not applicable

4) 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	Charged off	Other	
Bad debt provision	1,648,206,701.63	3,055,915.03	977,386.61		74,610.75	1,650,359,840.80
Total	1,648,206,701.63	3,055,915.03	977,386.61		74,610.75	1,650,359,840.80

5) Other accounts actually charged off during the reporting period

Nil

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

In RMB

Enterprise	Nature	Ending balance	Aging	Ratio in total ending balance of other accounts receivables	Ending balance of bad debt reserve
WFTR "platform trade" business portfolio	See "Other explanation"	2,542,263,370.70	1-2 years	98.92%	1,644,068,327.93
Robert Bosch Company	Intercourse	2,500,307.00	Within 1	0.10%	

	funds from units		year		
Wuxi China Resources Gas Co. LTD	Deposit margin	1,364,750.00	Over years 3	0.05%	1,364,750.00
Zhenkunxing Industrial Supermarket (Shanghai) Co., LTD	Deposit margin	1,000,000.00	Over years 3	0.04%	1,000,000.00
BYD	Deposit margin	900,000.00	With year 1	0.03%	
Total		2,548,028,427.70		99.14%	1,646,433,077.93

Other explanation: For details of WFTR “platform trade” business portfolio, please refer to the description in Note-XVIII- 7 “Other Significant Transactions and Matters Affecting Investors' Decisions”. The ending balance of WFTR’s “platform trade” business portfolio balance include the balance of other receivables listed in Note-XIV. 6(3).

7) Listed as other receivables due to centralized fund management

Nil

7. Account paid in advance

(1) By aging

In RMB

Aging	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	56,627,071.44	74.31%	88,207,782.70	93.51%
1-2 years	17,692,490.92	23.22%	5,066,837.28	5.37%
2-3 years	1,879,201.90	2.47%	778,819.68	0.83%
Over 3 years	3,506.90	0.00%	270,414.21	0.29%
Total	76,202,271.16		94,323,853.87	

Explanation on 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

In RMB

Enterprise	Prepayment ending balance	Proportion to the total ending balance of prepayments (%)
State Grid Jiangsu Electric Power Co., Ltd. Wuxi Power Supply Branch	11,142,648.70	14.62
AIDA ENGINEERING	9,206,995.00	12.08
Daye Special Steel Co., Ltd	5,838,762.94	7.66
CITIC Taifu Steel Trading Co., Ltd	5,583,484.29	7.33
Shanghai Baogang Trading Co., Ltd	3,382,034.68	4.44
Total	35,153,925.61	46.13

8. Inventory

Whether 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	Book value	Book balance	Inventory depreciation reserve	Book value
Stock materials	590,057,187.69	116,560,014.49	473,497,173.20	796,941,337.63	160,326,360.21	636,614,977.42
Goods in process	463,097,639.20	30,595,290.34	432,502,348.86	437,653,321.23	31,641,606.69	406,011,714.54
Finished goods	1,336,512,057.06	173,978,548.18	1,162,533,508.88	1,382,835,104.89	142,342,140.58	1,240,492,964.31
Total	2,389,666,883.95	321,133,853.01	2,068,533,030.94	2,617,429,763.75	334,310,107.48	2,283,119,656.27

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

In RMB

Item	Opening balance	Current increase		Current decrease		Ending balance
		Accrued	Translation of foreign currency statements	Reversal or write-off	Other	
Stock materials	160,326,360.21	50,809,350.00	812,321.77	95,388,017.49		116,560,014.49
Goods in process	31,641,606.69	13,255,762.45	583,073.30	14,885,152.10		30,595,290.34
Finished goods	142,342,140.58	141,101,760.51	273,331.29	109,738,684.20		173,978,548.18
Total	334,310,107.48	205,166,872.96	1,668,726.36	220,011,853.79		321,133,853.01

① The net realizable value of inventory refers to the estimated selling price of inventory in daily activities, minus the estimated costs to be incurred until completion, estimated sales expenses, and related 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 depreciation 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

(5) Other credit investment maturing within one year

Nil

9. Other current assets

In RMB

Item	Ending balance	Opening balance
Receivable export tax rebates	9,103,488.70	14,325,020.52
VAT refund receivable	114,079,600.14	25,444,657.63
Prepaid taxes and VAT retained	173,908,288.11	364,556,192.43
Input tax to be deducted and certification	2,162,292.69	1,192,752.68
Other	26,655,713.47	25,028,577.98
Total	325,909,383.11	430,547,201.24

10. Other equity instrument investment

In RMB

Item	Ending balance	Opening balance	Gains recognized in other comprehensive income for the current period	Losses recognized in other comprehensive income for the current period	Accumulated gains recognized in other comprehensive income at the end of this period	Accumulated losses recognized in other comprehensive income at the end of this period	Dividend income recognized in this period	Reasons for designating fair value measurement with changes recognized in other comprehensive income
Wuxi Xichang Microchip Semi-Conductor	592,742,690.00	592,742,690.00						Non-trading equity instrument investments
Other	85,048,000.00	85,048,000.00						Non-trading equity instrument investments
Total	677,790,690.00	677,790,690.00						

Sub-item disclosure of current non-trading equity instrument investments

In RMB

Item	Dividends income	Accumulated gains	Accumulated losses	Amount of other comprehensive income transferred to retained earnings	Reasons for defining fair value measurement with changes recognized in other comprehensive income	Reasons for transferring other comprehensive income to retained earnings

Wuxi Xichang Microchip Semi-Conductor						Non-trading equity instrument investments	Not applicable
Other						Non-trading equity instrument investments	Not applicable

11. Long-term equity investment

In RMB

Invested entity	Opening balance (book value)	Opening balance of impairment provision	Current changes (+/-)								Ending balance (book value)	Ending balance of depreciation reserves	
			Additio nal invest ment	Capit al reduc tion	Investment gain/loss recognized under equity	Other compre hensive income adjust ment	Other equity change	Cash dividend or profit announc ed to issued	Impair ment Accrue d	Oth er			
I. Joint venture													
II. Associated enterprise													
WFEC	824,528,809.89				196,588,496.35		11,994,541.20		117,600,000.00			915,511,847.44	
RBCD	3,659,761,310.97				1,029,151,455.57				1,673,605,474.71			3,015,307,291.83	
Zhongli an Electro nic	1,559,413,314.05				408,088,732.68				282,000,000.00			1,685,502,046.73	
WFPM	54,829,812.51				-11,779,921.19		1,585,695.67					41,464,195.65	
Change hun Xuyang	9,621,734.83				-538,911.04							9,082,823.79	
Precors GmbH	5,517,924.56		2,875,994.14		-197,141.96						390,712.88	8,587,489.62	
Auto Link	169,145,202.15				10,247,396.31		3,288,259.15					182,680,857.61	
Lezhuo Bowe			110,000,000.00		-20,489,295.60						-13,750.00	89,496,954.40	
Subtotal	6,282,818,108.96		112,875,994.14		1,611,070,811.12		13,697,104.68		2,073,205,474.71		376,962.88	5,947,633,507.07	
Total	6,282,818,108.96		112,875,994.14		1,611,070,811.12		13,697,104.68		2,073,205,474.71		376,962.88	5,947,633,507.07	

Note::

Wuxi Weifu Precision Machinery Manufacturing Co., Ltd. was renamed into Wuxi Weifu Precision Machinery Manufacturing Company Limited on February 28, 2024.

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

Wuxi Chelian Tianxia Information Technology Co., Ltd. (hereinafter referred to as "Auto Link")

The Company holds 9.6372% equity of Auto Link, and appointed a director to Auto Link. Though the representative, the Company can participate in the operation policies formulation of Auto Link, and thus exercise a significant influence over Auto Link.

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

Applicable Not applicable

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not applicable

12. Other non-current financial assets

In RMB

Item	Ending balance	Opening balance
Guolian Securities	1,084,000.00	186,608,914.00
Investments in other debt instruments and equity instruments held for more than one year	803,266,120.06	1,140,000,000.00
Total	804,350,120.06	1,326,608,914.00

Other explanation: Nil

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	97,691,776.27			97,691,776.27
2. Current increased				
(1) Outsourcing				
(2) Inventory\fixed assets\construction in process transfer-in				
(3) Increased by combination				
3. Current decreased	2,364,090.24			2,364,090.24
(1) Disposal	2,364,090.24			2,364,090.24
(2) Other transfer-out				
4. Ending balance	95,327,686.03			95,327,686.03
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	48,394,906.54			48,394,906.54
2. Current increased	2,299,230.53			2,299,230.53
(1) Accrued or amortization	2,299,230.53			2,299,230.53
3. Current decreased	2,293,167.53			2,293,167.53
(1) Disposal	2,293,167.53			2,293,167.53
(2) Other transfer-out				
4. Ending balance	48,400,969.54			48,400,969.54
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	46,926,716.49			46,926,716.49
2. Opening Book value	49,296,869.73			49,296,869.73

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

Applicable Not applicable

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not applicable

(2) Investment real estate measured at fair value

Applicable Not applicable

(3) Converted into investment real estate and measured at fair value: Nil

(4) Investment real estate without property certification held: Nil

14. Fixed assets

In RMB

Item	Ending balance	Opening balance
Fixed assets	3,969,574,102.87	3,769,984,185.94
Disposal of fixed assets		
Total	3,969,574,102.87	3,769,984,185.94

(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	1,934,526,060.96	4,613,504,836.29	38,612,263.18	1,046,301,287.16	30,483,292.05	7,663,427,739.64
2. Current increased	89,391,390.28	427,272,709.17	6,381,131.81	210,102,119.29		733,147,350.55
(1) Purchase	364,604.28	9,056,652.41		14,344,915.25		23,766,171.94
(2) Construction in progress transfer-in	89,026,786.00	418,216,056.76	6,381,131.81	195,757,204.04		709,381,178.61
(3) Increased by combination						
3. Current decreased	955,274.75	59,944,842.11	3,200,574.01	38,613,164.29		102,713,855.16
(1) Disposal or scrapping	955,274.75	59,944,842.11	3,200,574.01	38,613,164.29		102,713,855.16
4. Conversion of foreign currency financial statement	9,145,379.18	26,069,448.48	246,984.23	18,609,850.23	1,792,007.08	55,863,669.20
5. Ending balance	2,032,107,555.67	5,006,902,151.83	42,039,805.21	1,236,400,092.39	32,275,299.13	8,349,724,904.23
II. Accumulated depreciation						
1. Opening balance	536,810,138.49	2,470,972,225.66	21,621,368.25	664,099,659.92		3,693,503,392.32

2.Current increased	65,701,668.30	306,039,806.95	2,743,926.07	153,201,005.59		527,686,406.91
(1) Accrued	65,701,668.30	306,039,806.95	2,743,926.07	153,201,005.59		527,686,406.91
3.Current decreased	636,001.26	53,285,381.97	1,358,113.33	26,616,861.94		81,896,358.50
(1) Disposal or scrapping	636,001.26	53,285,381.97	1,358,113.33	26,616,861.94		81,896,358.50
4.Conversion of foreign currency financial statement	3,304,279.62	17,949,887.19	1,105.28	14,270,712.69		35,525,984.78
5.Ending balance	605,180,085.15	2,741,676,537.83	23,008,286.27	804,954,516.26		4,174,819,425.51
III. Depreciation reserves						
1.Opening balance	14,097,320.49	148,903,639.01	73,319.90	21,710,795.11	15,155,086.87	199,940,161.38
2.Current increased		502,006.79				502,006.79
(1) Accrued		502,006.79				502,006.79
3.Current decreased	5,366.68	1,046,191.48		163,374.04		1,214,932.20
(1) Disposal or scrapping	5,366.68	1,046,191.48		163,374.04		1,214,932.20
4.Conversion of foreign currency financial statement	828,599.73	3,644,352.76		740,272.36	890,915.03	6,104,139.88
5.Ending balance	14,920,553.54	152,003,807.08	73,319.90	22,287,693.43	16,046,001.90	205,331,375.85
IV. Book value						
1.Ending Book value	1,412,006,916.98	2,113,221,806.92	18,958,199.04	409,157,882.70	16,229,297.23	3,969,574,102.87
2.Opening 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) 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 WFCA	30,437,612.45	Still in process of relevant property procedures

(5) Impairment testing of fixed assets□Applicable Not applicable**(6) Disposal of fixed assets**

Other explanation: Nil

15. Construction in progress

In RMB

Item	Ending balance	Opening balance
Construction in progress	564,605,931.90	509,105,587.49

Total	564,605,931.90	509,105,587.49
-------	----------------	----------------

(1) Construction in progress

In RMB

Item	Ending balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Renovation of Xinan Branch, No. 1 workshop of the company	148,242,724.89		148,242,724.89	41,493,029.41		41,493,029.41
Lot 103 phase VI	7,509,742.36		7,509,742.36			
Production line and equipment under installation and debugging	391,286,034.94	184,615.38	391,101,419.56	386,221,995.02		386,221,995.02
Sporadic construction and installation projects	5,265,721.92		5,265,721.92	41,326,068.85		41,326,068.85
Software and system under installation and debugging	12,486,323.17		12,486,323.17	40,064,494.21		40,064,494.21
Total	564,790,547.28	184,615.38	564,605,931.90	509,105,587.49		509,105,587.49

(2) Changes of major construction in progress

In RMB

Item	Budget	Opening balance	Current increase	Fixed assets transfer-in in the Period	Other decreased in the Period	Ending balance	Proportion of project investment in budget	Progress	Accumulated amount of interest capitalization	including: interest capitalization amount of the year	Interest capitalization rate of the year	Source of funds
Renovation of Xinan Branch, No. 1 workshop of the company		41,493,029.41	106,749,695.48			148,242,724.89	35.06%	35.06%				The Company's accumulated funds
Lot 103 phase VI			7,509,742.36			7,509,742.36	9%	9%				The Company's accumulated funds
Total		41,493,029.41	114,259,437.84			155,752,467.25						

(3) The provision for impairment of construction projects

In RMB

Item	Opening balance	Current increase	Current decrease	Ending balance	Reason for withdrawal
Equipment installation		184,615.38		184,615.38	Equipment debugging acceptance failed
Total		184,615.38		184,615.38	--

(4) Impairment testing of construction in progress
Applicable Not applicable

(5) Engineering material

Other explanation: Nil

16. Right-of-use assets**(1) Right-of-use assets**

In RMB

Item	Building	Mechanical equipment	Total
I. Original book value:			
1. Opening balance	34,416,049.86	25,021,445.63	59,437,495.49
2. Current increased	19,076,134.73	1,030,006.72	20,106,141.45
(1) Increased lease	19,076,134.73	1,030,006.72	20,106,141.45
3. Current decreased	533,688.55		533,688.55
(1) Disposal	533,688.55		533,688.55
4. Conversion of foreign currency financial statement	1,454,205.70	948,261.18	2,402,466.88
5. Ending balance	54,412,701.74	26,999,713.53	81,412,415.27
II. Accumulated depreciation			
1. Opening balance	11,035,938.99	6,536,456.12	17,572,395.11
2. Current increased	9,820,732.13	5,049,925.02	14,870,657.15
(1) Accrued	9,820,732.13	5,049,925.02	14,870,657.15
3. Current decreased	533,688.55		533,688.55
(1) Disposal	533,688.55		533,688.55
4. Conversion of foreign currency financial statement	382,978.91	287,599.80	670,578.71
5. Ending balance	20,705,961.48	11,873,980.94	32,579,942.42
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	33,706,740.26	15,125,732.59	48,832,472.85
2. Opening Book value	23,380,110.87	18,484,989.51	41,865,100.38

(2) Impairment testing of right-of-use assets□Applicable Not applicable

Other explanation: Nil

17. Intangible assets**(1) Intangible assets**

In RMB

Item	Land use right	Patented and non patented technologies	Computer software	Trademark and trademark license	Total
I. Original book value					
1. Opening balance	381,867,130.62	247,735,742.07	156,331,661.37	41,597,126.47	827,531,660.53
2. Current increased		5,000,000.00	58,288,088.04		63,288,088.04
(1) Purchase			3,880,588.41		3,880,588.41

(2) Internal R&D					
(3) Increased by combination					
(4) Transfer from construction in progress			54,407,499.63		54,407,499.63
(5) Shareholders' capital contribution		5,000,000.00			5,000,000.00
3. Current decreased	8,922,112.00		894,373.20		9,816,485.20
(1) Disposal or scrapping	8,922,112.00		894,373.20		9,816,485.20
4. Conversion of foreign currency financial statement		12,457,935.72	1,138,252.40		13,596,188.12
5. Ending balance	372,945,018.62	265,193,677.79	214,863,628.61	41,597,126.47	894,599,451.49
II. Accumulated amortization					
1. Opening balance	112,319,506.81	82,143,152.44	118,642,946.06	9,709,000.00	322,814,605.31
2. Current increased	8,106,024.88	22,663,087.20	42,059,366.96		72,828,479.04
(1) Accrued					
(2) Amortization	8,106,024.88	22,663,087.20	42,059,366.96		72,828,479.04
3. Current decreased	7,410,097.90		894,373.20		8,304,471.10
(1) Disposal	7,410,097.90		894,373.20		8,304,471.10
4. Conversion of foreign currency financial statement		4,816,986.79	493,908.13		5,310,894.92
5. Ending balance	113,015,433.79	109,623,226.43	160,301,847.95	9,709,000.00	392,649,508.17
III. Depreciation reserves					
1. Opening balance			442,167.30	16,646,900.00	17,089,067.30
2. Current increased					
(1) Accrued					
3. Current decreased					
(1) Disposal					
4. Conversion of foreign currency financial statement			25,993.49		25,993.49
5. Ending balance			468,160.79	16,646,900.00	17,115,060.79
IV. Book value					
1. Ending Book value	259,929,584.83	155,570,451.36	54,093,619.87	15,241,226.47	484,834,882.53
2. Opening Book value	269,547,623.81	165,592,589.63	37,246,548.01	15,241,226.47	487,627,987.92

The proportion of intangible assets formed through internal R&D of the company to the balance of intangible assets at the end of this period.

(2) Land use right without property certification held

Other explanation: Nil

(3) Impairing test of intangible assets

Applicable Not applicable

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	235,898,288.93		13,067,389.94			248,965,678.87
Total	237,682,375.72		13,067,389.94			250,749,765.66

(2) Goodwill depreciation reserve

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						
Merged with Borit		125,422,037.41	3,010,909.05			128,432,946.46
Total		125,422,037.41	3,010,909.05			128,432,946.46

(3) Related information of asset group or asset portfolio of the goodwill

Name	Component and basis for asset group or asset portfolio	Operation branch and basis	Is consistent with previous year?
WFTT	Long term assets related to the merger of WFTL's goodwill; The management made it clear that this asset group will be used and operated independently of other assets, and will generate cash inflows independently	Automotive intake system product division; Category of asset group output products	Yes
Borit	Long term assets related to the merger of Borit's goodwill; The management made it clear that this asset group will be used and operated independently of other assets, and will generate cash inflows independently	Other automotive parts divisions; Category of asset group output products	Yes

Changes in asset group or asset portfolio

Other explanation: Nil

(4) Specific method of determining the recoverable amount

For asset groups with signs of impairment, the Company estimates the recoverable amount of the asset group based on the higher of its fair value minus disposal expenses and the present value of expected future cash flows; For asset groups with no signs of impairment, the company determines the recoverable amount of the asset group based on the present value of its expected future net cash flows.

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

Applicable Not applicable

In RMB

Item	Book value	Recoverable amount	Depreciation amount	Method of determining fair value and disposal expense	Key parameters	Basis to determine key parameters
Borit	350,313,045.41	224,891,008.00	125,422,037.41	Market method	Market multiplier	Average value of comparable

						company
Total	350,313,045.41	224,891,008.00	125,422,037.41			

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not applicable

In RMB

Item	Book value	Recoverable amount	Depreciation amount	The year limited of the prediction period	Key parameters for the prediction period	Key parameters for the stable period	Basis for determining key parameters for the stable period
WFTT	178,481,237.44	230,519,591.10		5 years	Income growth rate: 3% -16%; Profit margin: 3% -5%; Discount rate is 12.88%	Income growth rate: 0%; Profit margin: 4.33%; Discount rate is 12.88%	Based on prudence, consider a stable period of income growth of 0%
Total	178,481,237.44	230,519,591.10					

Reasons for significant discrepancies between the aforementioned information and the information or external information used in previous years' impairment testing: Nil

Reasons for significant discrepancies between the information used in the company's previous annual impairment tests and the actual situation of the current year: Nil

(5) Completion of performance commitments and corresponding impairment of goodwill

When goodwill is formed, there is a performance commitment and the reporting period or the previous period is within the performance commitment period

Applicable Not applicable

Other explanation: Nil

19. Long-term deferred expense

In RMB

Item	Opening balance	Current increase	Amortized in the Period	Other decrease	Ending balance
Decoration expense, etc.	28,586,235.84	3,490,177.61	7,361,781.35		24,714,632.10
Total	28,586,235.84	3,490,177.61	7,361,781.35		24,714,632.10

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	58,038,282.16	10,362,240.10	43,939,348.59	8,056,161.37

Deductible loss	1,021,893,078.26	153,283,961.74	942,706,826.57	142,138,790.82
Bad debt provision	82,811,787.71	12,593,312.59	79,078,766.93	11,972,961.27
Inventory depreciation reserve	286,016,361.30	45,423,673.61	299,752,548.93	46,412,618.47
Depreciation reserves of fixed assets	95,427,114.11	16,503,823.10	70,008,612.21	12,701,929.36
Depreciation reserve of construction in progress	184,615.38	27,692.31		
Depreciation reserves of intangible assets	16,646,900.00	2,497,035.00	16,646,900.00	2,497,035.00
Deferred income	182,861,766.95	27,634,668.38	222,850,907.79	33,668,167.75
Payable salary, accrued expenses etc.	787,779,009.37	148,065,821.58	849,436,667.00	139,593,056.66
Depreciation assets, amortization difference	21,482,750.97	3,311,127.10	25,570,352.82	4,153,581.52
Equity incentive			3,066,582.11	459,987.32
Lease liability	50,855,198.17	11,460,004.56	14,572,903.92	2,812,926.34
Changes in fair value	17,858,685.16	2,678,802.77		
Total	2,621,855,549.54	433,842,162.84	2,567,630,416.87	404,467,215.88

(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	9,724,500.55	1,458,675.07	10,192,264.15	1,528,839.60
The difference between the fair value and taxation basis of IRD assets in a merger not under the same control	54,330,413.17	11,952,690.89	61,131,061.24	13,448,833.47
The difference between the fair value and taxation basis of Borit assets in a merger not under the same control	19,310,735.89	4,827,683.93	21,378,918.49	5,344,729.59
The difference between the fair value and taxation basis of VH business in a merger not under the same control	53,064,614.54	12,735,507.49	59,291,649.88	14,229,995.98
Change in fair value of transaction financial asset	8,339,996.55	1,259,587.67	161,415,403.78	24,226,534.89
Accelerated depreciation of fixed assets	761,694,832.59	116,424,109.44	700,548,497.31	107,631,856.23
Right-of-use assets	48,832,472.85	11,023,076.15	13,227,441.18	2,578,204.66
Total	955,297,566.14	159,681,330.64	1,027,185,236.03	168,988,994.42

(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	121,929,207.77	311,912,955.07	128,839,443.43	275,627,772.45
Deferred income tax liabilities	121,929,207.77	37,752,122.87	128,839,443.43	40,149,550.99

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Ending balance	Opening balance
Bad debt reserve	1,649,499,774.15	1,648,602,163.32
Inventory depreciation reserve	35,117,491.71	34,557,558.55
Loss from subsidiary	845,349,190.11	529,884,134.82
Depreciation reserves of fixed assets	109,904,261.74	129,931,549.17
Depreciation reserves of intangible assets	468,160.79	442,167.30
Other equity instrument investment	13,600,000.00	13,600,000.00
Wages payable, withholding expense, etc.	4,572,812.40	
Total	2,658,511,690.90	2,357,017,573.16

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

In RMB

Maturity year	Ending amount	Opening amount	Note
2023		2,380,501.89	Operating loss occurs in domestic subsidiaries
2024	3,792,427.29	12,087,441.12	Operating loss occurs in domestic subsidiaries
2025	12,140,693.54	12,140,693.54	Operating loss occurs in domestic subsidiaries
2026	46,418,486.84	46,418,486.83	Operating loss occurs in domestic subsidiaries
2027	126,802,486.76	160,833,781.13	Operating loss occurs in domestic subsidiaries
2028 and the following years	101,104,099.31		Operating loss occurs in domestic subsidiaries
No expiration date	555,090,996.37	296,023,230.31	Operating loss occurs in overseas subsidiaries
Total	845,349,190.11	529,884,134.82	

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
Engineering equipment paid in advance	232,894,913.95		232,894,913.95	239,775,014.10		239,775,014.10
Contract acquisition cost	11,333,809.10		11,333,809.10	19,855,422.27		19,855,422.27
Large deposit certificates with a maturity of more than one year	1,112,512,500.00		1,112,512,500.00	220,000,000.00		220,000,000.00
Total	1,356,741,223.05		1,356,741,223.05	479,630,436.37		479,630,436.37

22. Assets with ownership or use right restricted

In RMB

Item	Ending				Opening			
	Book balance	Book value	Restriction type	Restriction reason	Book balance	Book value	Restriction type	Restriction reason

Monetary funds	22,174,151.94	22,174,151.94	Cash deposit	Notes pledge for bank acceptance	24,368,385.65	24,368,385.65	Cash deposit	Notes pledge for bank acceptance
Bill receivable	97,820,000.00	97,820,000.00	Pledge	Notes pledge for bank acceptance	82,908,186.94	82,908,186.94	Pledge	Notes pledge for bank acceptance
Monetary funds	7,902,000.00	7,902,000.00	Cash deposit	IRD performance bond	7,487,250.00	7,487,250.00	Cash deposit	IRD performance bond
Monetary funds	210,720.00	210,720.00	Cash deposit	Cash deposit for Mastercard	199,660.00	199,660.00	Cash deposit	Cash deposit for Mastercard
Monetary funds	4,000.00	4,000.00	Cash deposit	ETC freezing	5,000.00	5,000.00	Cash deposit	ETC freezing
Monetary funds					18,840,000.00	18,840,000.00	Cash deposit	Forex Contracts USD Margin
Monetary funds					180,000.00	180,000.00	Freezing	Court freezing
Receivables financing	568,256,134.85	568,256,134.85	Cash deposit	Notes pledge for bank acceptance	530,337,600.45	530,337,600.45	Cash deposit	Notes pledge for bank acceptance
Account receivable	16,201,589.48	14,581,430.53	Cash deposit	Pledge to obtain loans				
Total	712,568,596.27	710,948,437.32			664,326,083.04	664,326,083.04		

23. Short-term borrowings

(1) Category of short-term borrowings

In RMB

Item	Ending balance	Opening balance
Guaranteed loan	3,000,000.00	89,074,800.00
Credit loan	818,592,983.28	3,511,504,373.65
Factory financing	16,201,589.48	
Accrued interest	1,094,984.75	3,797,354.17
Total	838,889,557.51	3,604,376,527.82

(2) Overdue short-term loans without payment

The total amount of overdue and unpaid short-term loans at the end of this period is 0.00 yuan

24. Derivative financial liabilities

In RMB

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

25. Note payable**(1) Note payable**

In RMB

Category	Ending balance	Opening balance
Bank acceptance bill	1,759,062,642.60	1,411,089,606.00
Total	1,759,062,642.60	1,411,089,606.00

Other explanation:

To issue the above-mentioned bank acceptance bill, the Company paid a deposit of 22,174,151.94 yuan, pledge notes receivable and accounts receivable financing of 660,076,134.85 yuan.

(2) The total amount of unpaid notes receivable at the end of the period is 0 yuan.**26. Account payable****(1) Account payable**

In RMB

Item	Ending balance	Opening balance
Operating expenses such as labor or goods payable	3,547,366,822.23	3,202,009,901.75
Accounts payable for engineering equipment	121,483,601.06	252,591,121.85
Total	3,668,850,423.29	3,454,601,023.60

(2) Significant accounts payable over one year or overdue

Other explanation: Nil

27. Other account payable

In RMB

Item	Ending balance	Opening balance
Other accounts payable	108,893,486.63	198,990,948.23
Total	108,893,486.63	198,990,948.23

(1) Interest payable

Nil

(2) Dividend payable

Nil

(3) Other account payable**1) By nature**

In RMB

Item	Ending balance	Opening balance
Deposit and margin	13,422,590.66	15,452,400.65

Social insurance and reserves funds that withholding	1,282,686.66	1,967,741.92
Intercourse funds of unit	25,512,145.98	25,512,145.98
Restricted stock repurchase obligations	63,567,420.00	138,495,060.00
Payable unpaid investment funds		13,308,176.65
Other	5,108,643.33	4,255,423.03
Total	108,893,486.63	198,990,948.23

2) Significant other payable over one year or overdue

In RMB

Item	Ending balance	Reasons for not repaying or carry-over
Ningbo Jiangbei High-tech Industrial Park Development and Construction Co., Ltd	19,026,000.00	Intercourse funds
Restricted stock repurchase business	63,567,420.00	Restricted stock repurchase business
Total	82,593,420.00	

28. Accounts received in advance

(1) Accounts received in advance

In RMB

Item	Ending balance	Opening balance
Within 1 year	2,911,439.65	3,633,878.33
Total	2,911,439.65	3,633,878.33

(2) Significant accounts receivable in advance whose aging is over 1 year or overdue: Nil

29. Contract liabilities

In RMB

Item	Ending balance	Opening balance
Within one year	63,409,595.72	60,916,157.84
1-2 years	3,625,754.55	31,275,903.90
2-3 years	8,677,954.57	1,518,759.78
Over three years	1,973,576.40	1,139,261.71
Total	77,686,881.24	94,850,083.23

30. Wage payable

(1) Wage payable

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
I. Short-term compensation	241,874,758.99	1,360,126,274.45	1,333,519,922.47	268,481,110.97
II. Post-employment welfare-defined contribution plans	27,678,116.81	217,004,551.50	216,890,672.01	27,791,996.30
III. Dismissed welfare	973,200.33	1,317,459.95	1,326,154.17	964,506.11
IV. Incentive funds paid within one year	30,740,000.00	9,475,043.06	22,015,043.06	18,200,000.00

V. Other short-term welfare- Housing subsidies, employee benefits and welfare funds	16,168,310.11	4,604,208.16	1,399,779.09	19,372,739.18
Total	317,434,386.24	1,592,527,537.12	1,575,151,570.80	334,810,352.56

① Explanation of the current increase in incentive funds paid within one year:

The incentive fund paid within one year has increased by 9,475,043.06 yuan in the current period, which is due to the reclassification of long-term employee compensation payable to employee compensation payable, the reclassification amount is determined based on the company's future payment plan.

② Explanation of the dismissed welfare

Dismissal benefits refer to the employee compensation payable formed by the internal retirement plan implemented by the company, the expected amount to be paid in the following year is reported under the undergraduate project.

(2) Short-term compensation

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Wages, bonuses, allowances and subsidies	228,262,797.86	1,109,739,091.02	1,083,836,037.69	254,165,851.19
2. Welfare for workers and staff		77,988,085.29	77,988,085.29	
3. Social insurance	279,543.63	58,086,131.45	58,042,437.08	323,238.00
Including: Medical insurance	242,824.57	45,982,995.55	45,957,179.46	268,640.66
Work injury insurance	27,398.20	6,521,781.05	6,508,696.96	40,482.29
Maternity insurance	9,320.86	5,581,354.85	5,576,560.66	14,115.05
4. Housing accumulation fund	785,727.00	84,368,651.34	84,284,320.34	870,058.00
5. Labor union expenditure and personnel education expense	9,960,112.99	16,258,839.42	16,482,847.27	9,736,105.14
Other short-term compensation - social security	2,586,577.51	13,685,475.93	12,886,194.80	3,385,858.64
Total	241,874,758.99	1,360,126,274.45	1,333,519,922.47	268,481,110.97

(3) Define contribution plans

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Basic endowment premium	6,829,377.95	166,179,217.39	164,485,029.84	8,523,565.50
2. Unemployment insurance	36,478.41	4,130,074.00	4,119,344.29	47,208.12
3. Enterprise annuity	20,812,260.45	46,695,260.11	48,286,297.88	19,221,222.68
Total	27,678,116.81	217,004,551.50	216,890,672.01	27,791,996.30

Other explanation:

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 XVIII-4 "Annuity plan".

31. Tax payable

In RMB

Item	Ending balance	Opening balance
------	----------------	-----------------

Value-added tax	8,011,069.82	27,961,474.84
Corporation income tax	30,183,553.14	7,847,731.79
Individual income tax	7,904,270.96	6,846,289.60
City maintaining & construction tax	568,820.85	1,546,043.92
Educational surtax	410,526.96	1,105,937.33
Other (including stamp tax and local funds)	9,502,840.76	9,278,838.05
Total	56,581,082.49	54,586,315.53

32. Non-current liabilities due within one year

In RMB

Item	Ending balance	Opening balance
Long-term borrowings due within one year	24,700,000.00	2,000,000.00
Lease payments due within one year	13,122,001.66	12,044,793.34
Interest payable	262,319.44	240,555.56
Total	38,084,321.10	14,285,348.90

33. Other current liabilities

In RMB

Item	Ending balance	Opening balance
Rebate payable	253,258,241.31	201,734,082.52
Pending sales tax	3,881,667.29	8,815,298.56
Undue bill endorsed/discounted		1,214,398.69
Total	257,139,908.60	211,763,779.77

Changes in short-term bonds payable: Nil

34. Long-term borrowings

(1) Category of long-term borrowings

In RMB

Item	Ending balance	Opening balance
Credit loan	299,800,000.00	238,000,000.00
Total	299,800,000.00	238,000,000.00

35. Lease liability

In RMB

Item	Ending balance	Opening balance
Lease payments	37,733,196.51	31,589,277.20
Total	37,733,196.51	31,589,277.20

Other explanation: Nil

36. Long-term account payable

In RMB

Item	Ending balance	Opening balance
Long-term account payable	9,770,000.00	12,520,000.00
Special accounts payable	18,265,082.11	18,265,082.11
Total	28,035,082.11	30,785,082.11

(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 (2008)		2,750,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ②) Financial support funds (2009)	1,030,000.00	1,030,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ③) Financial support funds (2010)	960,000.00	960,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ④) Financial support funds (2011)	5,040,000.00	5,040,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ⑤) Financial support funds (2013)	2,740,000.00	2,740,000.00
Total	9,770,000.00	12,520,000.00

Other explanation:

Note to long-term accounts payable

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 November 17, 2008 to November 17, 2023. 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 October 27, 2009 to October 27, 2024. 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 December 27, 2010 to December 27, 2025. 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 December 28, 2011 to December 28, 2026. 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 December 18, 2013 to December 18, 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 were compensated, 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 December 31, 2023.

37. Long-term wages payable**(1) Long-term wages payable**

In RMB

Item	Ending balance	Opening balance
I. Post-employment benefits - Defined benefit plan net liabilities	21,238,891.62	20,380,744.73
II. Dismiss welfare	12,926,873.35	12,028,538.66
III. Other long-term welfare	95,678,717.83	121,683,760.89
Total	129,844,482.80	154,093,044.28

(2) Changes in defined benefit plan

Present value of defined benefit plan

In RMB

Item	Current period	Last period
I. Opening balance	20,380,744.73	19,594,011.39
II. Cost of defined benefit plan booked into current profit and loss	783,750.58	38,706.27
1. Current service cost	783,750.58	38,706.27
III. Cost of defined benefit plan booked into other comprehensive income	1,664,679.09	399,165.06
1. Actuarial gains (losses are represented by "-")	1,664,679.09	399,165.06
IV. Other changes	-1,590,282.78	348,862.01
1. Welfare paid	-2,780,181.37	-345,481.69
2. Translation difference of foreign currency statements	1,189,898.59	694,343.70
V. Ending balance	21,238,891.62	20,380,744.73

Other explanation:

According to relevant regulations in Italy, the Trattamento di Fine Rapporto (TFR) system is established. VHIO 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 VHIO, 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.

38. Estimated debts

In RMB

Item	Ending balance	Opening balance	Formation cause
Product quality assurance	26,946,035.59	8,695,322.61	
Payable rebates	10,709,925.00		
Investment losses in joint ventures		13,750.00	
Environmental protection commitment	301,008.27	1,150,543.24	
Pending dispute and litigation	59,459.66	246,653.02	
Total	38,016,428.52	10,106,268.87	

39. Deferred income

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance	Cause of formation
Government grant	223,123,978.78	26,727,836.90	61,078,193.39	188,773,622.29	
Total	223,123,978.78	26,727,836.90	61,078,193.39	188,773,622.29	--

Other explanation:

Item with government grants involved:

In RMB

Items of liabilities	Opening balance	New grants in the Period	Amount reckoned into other income in the period	Translation of foreign currency statements	Ending balance	Assets related/Income related
Appropriation for research and development ability of distributive high-pressure common rail system for diesel engine use and production line technological transformation project	5,536,697.24	--	781,651.40	--	4,755,045.84	Assets related
Fund of industry upgrade (2013)	18,710,191.69	--	11,457,713.56	--	7,252,478.13	Income related
R&D and industrialization of the high-pressure variable pump of the common rail system of diesel engine for automobile	2,699,860.97	--	1,012,586.51	--	1,687,274.46	Assets related
Research institute of motor vehicle exhaust after-treatment technology	117,789.93	--	95,763.54	--	22,026.39	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	63,443,087.73	--	18,616,741.70	--	44,826,346.03	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	3,787,113.97	--	1,214,425.00	--	2,572,688.97	Assets related
Implementation of the variable cross-section turbocharger for diesel engine	4,254,433.18	--	1,548,680.15	--	2,705,753.03	Assets related
Demonstration project for intelligent manufacturing	431,887.80	--	180,038.20	--	251,849.60	Assets related
The 2 nd batch of provincial special funds for industry transformation of industrial and information in 2019	1,849,844.13	--	1,200,987.63	--	648,856.50	Assets related
Municipal technological reform fund allocation in 2020	3,527,096.61	--	615,897.08	--	2,911,199.53	Assets related
Strategic cooperation agreement funding for key enterprise of smart manufacturing in high-tech zone	3,374,618.86	--	833,156.76	--	2,541,462.10	Assets related
The 3 rd batch of provincial special funds for industry transformation of industrial and information in 2021	13,500,000.00	--	9,554,476.19	--	3,945,523.81	Assets related
2023 Wuxi Industrial Transformation and Upgrading Fund	--	10,000,000.00	998,752.96	--	9,001,247.04	Assets related
Technical renovation and capacity optimization project for annual production of 150,000 sets of turbochargers	--	2,000,000.00	323,880.62	--	1,676,119.38	Assets related
Other	25,060,356.67	14,584,244.26	12,643,442.09	143,592.64	27,144,751.48	Assets related/Income related
Total	223,123,978.78	26,584,244.26	61,078,193.39	143,592.64	188,773,622.29	

Other explanation:

(1) The appropriation for research and development ability of distributive high-pressure common rail system for diesel engine use and production line technological transformation project: according to X CJ No. [2010] 59, the Company 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 was asset-related government grant and 781,651.40 yuan was written off based on the depreciation schedule of the related assets during the period.

(2) 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 11,457,713.56 yuan was written off in the year.

(3) R&D and industrialization of the high pressure variable pump of the common rail system of diesel engine for automobile: the Company received 8.05 million yuan appropriated for the project in 2013 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 were asset-related government grant, and shall be written off according to the depreciation process, amount of 1,012,586.51 yuan was written off in the year.

(4) Vehicle exhaust after-treatment technology research institute project: in 2012, the subsidiary WFLD 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 was approved by Wuxi Huishan Science and Technology Bureau and Wuxi Science and Technology Bureau in 2012, and the company received appropriation of 2.4 million yuan in 2012, and received appropriation of 1.6 million yuan in 2013. Such funds were asset-related government grants and shall be written off according to the depreciation process, and amount of 95,763.54 yuan was written off in the year.

(5) 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.

(6) 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 18,616,741.70 yuan was written off in the year.

(7) 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.

(8) 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 1,214,425.00 yuan was written off in the year.

(9) 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 1,548,680.15 yuan was written off in the year.

(10) 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 180,038.20 yuan was written off in the year.

(11) 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 1,200,987.63 yuan was written off in the year.

(12) 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 615,897.08 yuan was written off in the year.

(13) 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 in 2021, 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 833,156.76 yuan was written off in the year.

(14) 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. According to the depreciation progress of related assets, amount of 9,554,476.19 yuan was written off in the year.

(15) 2023 Wuxi Industrial Transformation and Upgrading Fund: The government grant 10 million yuan received in 2023 was used for the company's new motor shaft, water jacket, injector seat, and gasoline rail expansion project, which is a government subsidy related to assets. According to the depreciation progress of related assets, amount of 998,752.96 yuan was written off in the year.

(16) Technical renovation and capacity optimization project for annual production of 150,000 sets of turbochargers: According to BQJX[2021] No.31 and BQJX[2022]No. 29 documents, the subsidiary WFTL received a government subsidy of 2 million yuan in 2023 for the annual production of 150,000 sets of turbochargers technology renovation and capacity optimization project. This subsidy belongs to asset related government grant. According to the depreciation progress of related assets, amount of 323,880.62 yuan was written off in the year.

40. 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	1,008,603,293.00				- 6,440,500.0 0	- 6,440,500.0 0	1,002,162,793.00

Other explanation:

Decreased in share capital was due to the buy-back and cancellation of 6,440,500 restricted shares initially granted under the Restricted Shares Incentive Plan.

41. Capital reserve

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
Capital premium (Share capital premium)	3,318,949,527.98		73,251,190.00	3,245,698,337.98
Other capital reserve	79,419,039.65	13,074,587.99	30,021,824.66	62,471,802.98
Total	3,398,368,567.63	13,074,587.99	103,273,014.66	3,308,170,140.96

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

(1) Share capital premium has increased RMB73,251,190.00 in the period, because the 6,440,500 shares under restricted stock incentive plan which were unable to be unlocked were canceled by the Company.

(2) The increase of 13,074,587.99 yuan in other capital reserves in the current period is due to changes in other equity of joint ventures, which the company enjoys in proportion to its shareholding; The decrease of 30,021,824.66 yuan in other capital reserves in the current period is composed of two parts: ① a net amount of 30,009,672.78 yuan after deducting 929,399.14 yuan attributable to minority shareholders from the equity settled share payment expenses of 30,939,071.92 yuan; ② The handling fee for buy backing shares is 12,151.88 yuan.

42. Treasury stock

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
------	-----------------	-------------------	-------------------	----------------

Stock repurchases	397,804,542.63	71,917,549.61		469,722,092.24
Repurchase obligation of restricted stock incentive plan	143,818,460.00		80,251,040.00	63,567,420.00
Total	541,623,002.63	71,917,549.61	80,251,040.00	533,289,512.24

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

Share buy-back: the increase of 71,917,549.61 yuan due to share buy-back by way of centralized bidding in 2023;

Repurchase obligation of restricted stock incentive plan: has RMB 80,251,040.00 decreased in the Period, mainly including two parts: ① RMB559,350.00 cash dividends received by restricted stock incentive recipients during the period; and ② RMB 79,691,690.00 is the buying back and cancellation of 6,440,500 restricted shares, the first batch of unlocked in the Company's restricted stock incentive plan by the Company as treasury stock.

43. 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	-383,156.26	-1,189,898.59				- 1,189,898.59	- 1,573,054.85
Including: Remeasure changes in defined benefit plans	-399,165.06	-1,189,898.59				- 1,189,898.59	- 1,589,063.65
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	-528,153.87	56,258,124.69				56,258,124.69	55,729,970.82
Conversion difference of foreign currency financial statement	-528,153.87	56,258,124.69				56,258,124.69	55,729,970.82
Total other comprehensive	-911,310.13	55,068,226.10				55,068,226.10	54,156,915.97

income								
--------	--	--	--	--	--	--	--	--

44. Reasonable reserve

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
Safety production costs	2,119,800.95	30,768,590.85	29,246,951.83	3,641,439.97
Total	2,119,800.95	30,768,590.85	29,246,951.83	3,641,439.97

Other explanation, including changes and reasons for changes:

(1) Explanation on 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.

45. 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.

46. Retained profit

In RMB

Item	Current period	Last period
Retained profits at the end of last year before adjustment	13,320,021,325.90	14,814,787,377.86
Retained profits at the beginning of the year after adjustment	13,320,021,325.90	14,814,787,377.86
Add: The net profits belong to owners of patent company of this period	1,837,291,259.68	118,819,836.30
Less: Withdraw employee rewards and welfare funds	4,604,208.16	4,526,219.46
Less: Cash dividends payable	97,757,979.30	1,609,059,668.80
Retained profit at period-end	15,054,950,398.12	13,320,021,325.90

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

47. Operating income and cost

In RMB

Item	Current period		Last Period	
	Income	Cost	Income	Cost
Main operating	10,926,750,670.90	9,083,184,521.77	12,333,099,421.87	10,658,281,929.91
Other business	166,391,280.08	67,128,118.97	396,535,495.16	358,103,558.89
Total	11,093,141,950.98	9,150,312,640.74	12,729,634,917.03	11,016,385,488.80

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

Yes No

Breakdown information of operating income and operating cost:

In RMB

Type of contract	Automotive fuel injection systems and fuel cell components product segment		Automotive aftertreatment system product segment		Automotive intake system product segment		Other automotive components segment		Total	
	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost
Classified by the time of transfer of goods										
Including:										
Main business										
Including: Confirm at a certain point in time	5,080,741,962.36	3,913,984,197.78	3,409,054,236.79	2,981,940,280.48	660,060,994.40	509,537,527.46	1,776,893,477.35	1,677,722,516.05	10,926,750,670.90	9,083,184,521.77
Confirm at a certain time period										
Other business										
Including: Confirm at a certain point in time	98,121,765.05	41,281,642.58	28,752,318.79	7,542,581.44	6,177,719.02	857,866.05	7,682,787.10	9,845,827.41	140,734,589.96	59,527,917.48
Confirm at a certain time period										
Rental Income	22,700,928.04	5,093,327.35	2,006,634.03	2,032,502.22	949,128.05	474,371.92			25,656,690.12	7,600,201.49
Total	5,201,564,655.45	3,960,359,167.71	3,439,813,189.61	2,991,515,364.14	667,187,841.47	510,869,765.43	1,784,576,264.45	1,687,568,343.46	11,093,141,950.98	9,150,312,640.74

Other explanation: Nil

48. Operating tax and extra

In RMB

Item	Current period	Last Period
City maintaining & construction tax	16,905,414.53	22,771,182.73
Educational surtax	12,088,114.70	16,273,199.41
Property tax	21,212,224.67	18,009,579.96
Land use tax	3,992,127.78	4,517,681.71
Vehicle use tax	29,435.60	19,195.41
Stamp duty	8,287,007.60	8,187,585.86
Other taxes	1,950,181.70	797,159.81
Total	64,464,506.58	70,575,584.89

49. Administration expenses

In RMB

Item	Current period	Last Period
Salary and wage related expense	314,566,474.57	312,885,696.17
Depreciation charger and long-term assets amortization	109,483,887.51	80,103,136.06
Consumption of office materials and business travel charge	27,671,402.47	20,460,578.25
Share-based payment	-19,732,503.59	18,889,058.87
Other	180,107,465.13	154,048,004.97
Total	612,096,726.09	586,386,474.32

50. Sales expenses

In RMB

Item	Current period	Last Period
Salary and wage related expense	73,662,318.04	59,134,720.55
Consumption of office materials and business travel charge	12,536,232.60	7,978,020.25
Warehouse charge	21,000,061.65	12,489,955.81
Three guarantees and quality cost	88,247,974.30	73,394,539.28
Business entertainment fee	14,118,610.14	16,300,099.96
Other	21,005,989.87	20,230,754.86
Total	230,571,186.60	189,528,090.71

51. R&D expenditure

In RMB

Item	Current period	Last period
Technology development expenditure	667,871,159.95	581,488,711.88
Total	667,871,159.95	581,488,711.88

52. Financial expenses

In RMB

Item	Current period	Last Period
Interest expenses	95,145,829.10	107,737,432.78
Less: interest income	40,360,794.63	41,020,724.48
Gains/losses from exchange	-10,232,320.08	10,099,986.41
Handling charges	3,488,218.26	5,510,921.05
Total	48,040,932.65	82,327,615.76

53. Other income

In RMB

Sources of income generated	Current period	Last period
Government grants with routine operation activity concerned	75,786,785.30	108,331,768.29
VAT instant refund	13,900,358.81	
Tax credit for overseas subsidiaries	6,945,676.32	3,338,966.48
Refund of individual income tax handling fee	832,150.33	994,662.50
Total	97,464,970.76	112,665,397.27

Details of government subsidies included in other income:

Subsidy projects	Current period	Last period	Related to assets/income
Industrialization project of electric controlled high-pressure injection VE pump system for low emission diesel engines	--	721,000.26	Related to assets/income
Jiangsu Province Key Laboratory of Motor Vehicle Exhaust Pollution Control (Engineering Center)	140,833.00	170,000.00	Related to assets/income
Funding for Wuxi Key Laboratory	35,000.00	70,000.00	Related to assets/income
Support Fund for Technical Renovation of Commercial Vehicle Catalytic Reduction System Packaging Line with an Annual Production of 140,000 Units (2014)	259,000.00	259,000.00	Related to assets
Annual production of 300,000 four cylinder engine supercharger technology renovation project	56,878.65	96,266.37	Related to assets
Annual production of 150,000 gasoline engine turbochargers project	--	24,239.76	Related to assets
Depreciation/amortization compensation for newly built assets after the relocation of the parent company	18,616,741.70	19,691,341.21	Related to assets
Technical transformation of catalytic reduction system for commercial vehicles with an annual output of 180,000 units	233,555.56	233,555.56	Related to assets
Research and industrialization project of high-pressure variable pump for common rail system of automotive diesel engine	1,012,586.51	1,117,613.70	Related to assets
Intelligent manufacturing demonstration project funds	180,038.20	220,493.70	Related to assets
Research Institute of Motor Vehicle Exhaust Aftertreatment Technology	95,763.54	530,870.24	Related to assets
Implementation plan for variable cross-section turbochargers in diesel engines	1,548,680.15	1,628,355.53	Related to assets
Subsidy for the annual production of 200,000 gasoline engine turbochargers technology renovation project	276,403.68	130,825.45	Related to assets
Annual production of 150,000 gasoline engine	246,974.99	282,056.24	Related to assets

Subsidy projects	Current period	Last period	Related to assets/income
turbochargers			
Technical Transformation Guidance Fund of the National High tech Management Committee	1,214,425.00	1,270,553.36	Related to assets
Industrial upgrading fund	11,977,713.56	47,459,608.31	Related to assets
Funding for Wuxi Science and Technology Research and Development Institutions in 2015	--	140,000.00	Related to assets/income
R&D capability and production line technology transformation project of distributed high-pressure common rail system for diesel engines	781,651.40	781,651.38	Related to assets
Anione	168,069.46	264,812.57	Related to income
Neptune	147,478.34	357,572.17	Related to income
Funding for municipal level technological renovation projects in 2020	615,897.08	616,309.46	Related to assets
The second batch of provincial special funds for industrial and information industry transformation in 2019	1,200,987.63	1,596,505.99	Related to assets
Borit R&D subsidy	--	35,419.76	Related to income
ECOethylene	529,630.58	1,250,899.19	Related to income
Borit withholding's returning	--	1,400,901.38	Related to income
Subsidies for stabilizing and expanding positions	2,715,586.61	3,820,755.20	Related to income
WFJN financial Support Fund	2,750,000.00	1,230,000.00	Related to income
Key technology research and development project for intelligent management of diesel engine electronic control fuel system	155,154.12	680,983.13	Related to income
Selection of Top 50 Enterprises in Jiangbei District, Ningbo	--	1,030,000.00	Related to income
Development funds for small and medium-sized enterprises	--	2,000,000.00	Related to income
Special funds for high-quality development	--	1,000,000.00	Related to income
Strategic Cooperation Agreement Funds for Key Intelligent Manufacturing Enterprises in High tech Zone	833,156.76	1,076,250.73	Related to income
2021 Industrial Development Funds for Investment Attracting Enterprises in Tongliang District	--	6,913,300.00	Related to income
Training subsidies	143,800.00	432,575.00	Related to income
Talent policy subsidies	663,250.00	1,135,000.00	Related to income
Special funds for intelligent transformation and digital transformation	2,300,000.00		Related to income
2022 Headquarters Enterprise Rewards	1,000,000.00		Related to income
2020 Wuxi Science and Technology Development Fund	4,500,000.00		Related to income
Technical renovation awards and guidance funds	1,030,000.00		Related to income
Wuxi Industrial Transformation and Upgrading Fund	11,678,229.15		Related to assets/income
Technical Renovation and Capacity Optimization Project for Annual Production of 150,000 Turbochargers	323,880.62		Related to assets
Other	8,355,419.01	8,663,052.64	Related to assets/income
Total	75,786,785.30	108,331,768.29	

54. Income from change of fair value

In RMB

Sources	Current period	Last period
Changes in the fair value of wealth management products	3,864,051.26	-12,803,609.57
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	5,903,595.38	-144,072,026.77
Changes in fair value of foreign exchange contracts		-747,115.75
Total	9,767,646.64	-157,622,752.09

55. Investment income

In RMB

Item	Current period	Last period
Income of long-term equity investment calculated based on equity method	1,596,392,131.72	1,636,986,684.96
Investment income from holding of trading financial assets	94,704,109.98	216,491,612.58
Investment income from disposal of trading financial assets	13,328,675.84	137,682.59
Dividend income obtained from other equity instrument investments during the holding period		683,455.00
Income from debt restructuring	-323,525.00	
Gains/losses recognized when financing of accounts receivable is terminated for discounting	-2,111,334.30	-5,153,934.63
Total	1,701,990,058.24	1,849,145,500.50

56. Credit impairment loss

In RMB

Item	Current period	Last period
Bad debt loss of accounts receivable	-2,323,920.65	-227,652.91
Bad debt loss of other accounts receivable	-2,078,528.42	-1,645,653,489.49
Total	-4,402,449.07	-1,645,881,142.40

57. Asset impairment loss

In RMB

Item	Current period	Last period
1. Loss of inventory falling price and loss of contract performance cost impairment	-205,166,872.96	-181,610,433.12
2. Impairment loss of fixed assets	-502,006.79	
3. Impairment loss of construction in progress	-184,615.38	
4. Impairment loss of goodwill	-125,422,037.41	
Total	-331,275,532.54	-181,610,433.12

58. Income from assets disposal

In RMB

Sources	Current period	Last period
Income from disposal of non-current assets	129,441,950.49	3,687,970.49

Losses from disposal of non-current assets	-1,127,465.96	-1,701,165.96
Total	128,314,484.53	1,986,804.53

Other explanation: In 2023, the Housing Acquisition Management Office of Qixia District, Nanjing City signed the Nanjing State owned Land Housing Acquisition and Compensation Agreement with its subsidiary, WFJN. According to the agreement, the land, houses, and building attachments of Weifu Jinning located at No. 69 Taiping Village, Yanziji Town, Qixia District will be expropriated by the government. The compensation method for expropriation is monetary compensation, with a compensation amount of 119,435,904.00 yuan, which is mainly determined based on the evaluation results issued by the evaluation company. As of December 31, 2023, the Company has delivered the expropriated houses and land in accordance with the agreement, and has also delivered the relevant original house ownership certificates and state-owned land use certificates to the Housing Expropriation Management Office of Qixia District, Nanjing City. In 2023, WFJN has received full compensation.

59. Non-operating income

In RMB

Item	Current period	Last period	Amount reckoned into current non-recurring gains/losses
Payables that do not require payment	16,309,506.68	2,048,698.72	16,309,506.68
Price difference for business combinations not under the same control		3,181,563.57	
Liquidated damages and compensation income	28,044.25	281,760.53	28,044.25
Other	774,256.31	187,745.22	774,256.31
Total	17,111,807.24	5,699,768.04	17,111,807.24

60. Non-operating expense

In RMB

Item	Current period	Last period	Amount reckoned into current non-recurring gains/losses
Donation	520,000.00	5,013,500.00	520,000.00
Non-current assets disposal losses	1,776,304.86	2,135,371.43	1,776,304.86
Including: loss on scrapping of fixed assets	1,776,304.86	2,135,371.43	1,776,304.86
Loss on scrapping of intangible assets			
Other	2,114,886.99	562,788.63	1,094,335.42
Total	4,411,191.85	7,711,660.06	4,411,191.85

61. Income tax expense

(1) Income tax expense

In RMB

Item	Current period	Last period
Payable tax in current period	61,654,852.13	11,061,046.36
Adjust previous income tax	-96,623.66	2,032,113.63
Increase/decrease of deferred income tax assets	-29,999,459.03	-56,032,739.30
Increase/decrease of deferred income tax liability	-10,363,707.21	31,608,004.40
Total	21,195,062.23	-11,331,574.91

(2) Adjustment on accounting profit and income tax expenses

In RMB

Item	Current period
Total profit	1,934,344,592.32
Income tax measured by statutory/applicable tax rate	290,151,688.85
Impact by different tax rate applied by subsidies	-11,444,237.30
Impact from adjusting the previous income tax	-96,623.66
Impact by non-taxable revenue	-241,119,377.31
Impact on cost, expenses and losses that unable to deducted	43,791,316.04
Impact by the deductible losses of the un-recognized previous deferred income tax	-20,847,787.63
The deductible temporary differences or deductible losses of the un-recognized deferred income tax assets in the Period	27,720,065.21
Impact on additional deduction	-64,268,987.24
Other	-2,690,994.73
Income tax expense	21,195,062.23

62. Other comprehensive income

See Note VII-43“Other comprehensive income”.

63. Items of cash flow statement**(1) Cash received in relation to operation activities**

Other cash received in relation to operation activities

In RMB

Item	Current period	Last period
Interest income	40,360,794.63	41,020,724.48
Government grants	38,542,836.17	32,507,707.23
Margin on operation bill	5,804,353.60	170,000.00
Capital inflow of WFTR “platform trade” business portfolio	199,235,761.25	3,604,252,294.46
Other	20,368,806.84	4,898,138.17
Total	304,312,552.49	3,682,848,864.34

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

Other cash paid in relation to operation activities

In RMB

Item	Current period	Last period
Cash cost	653,211,963.42	571,583,226.93
Capital outflow of WFTR “platform trade” business portfolio		6,345,751,426.41
Other	19,807,691.63	37,760,946.39
Total	673,019,655.05	6,955,095,599.73

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

(2) Cash in relation to investment activities

Other cash received in related to investment activities

In RMB

Item	Current period	Last period
Recovery of forward foreign exchange settlement and sales deposit	18,840,000.00	
Total	18,840,000.00	

Significant cash received in related to investment activities: Nil

Explanation on other cash received in related to investment activities: Nil

Cash paid in related to investment activities

In RMB

Item	Current period	Last period
Deposit paid for the purchase of VH WX		136,739,145.73
Payment of foreign exchange contract deposit and loss of foreign exchange contract	13,036,225.94	9,492,968.77
Total	13,036,225.94	146,232,114.50

Significant cash paid in related to investment activities: Nil

Explanation on other cash paid in related to investment activities: Nil

(3) Cash in related to financing activities

Other cash paid in related to financing activities

In RMB

Item	Current period	Last period
Repayment of non-financial enterprise loans		163,470,112.06
Borrowing return by WFLD		5,470,000.00
Lease payments	18,319,242.80	19,302,140.88
Repurchase of A shares	71,917,549.61	397,804,542.63
Shares repurchase for restricted stock incentive plan unlocked	74,368,290.00	5,323,400.00
Other	27,791.59	
Total	164,632,874.00	591,370,195.57

Explanation on other cash paid in relation to financing activities: Nil

Changes in liabilities arising from financing activities

Applicable Not applicable

In RMB

Item	Beginning balance	Current increase		Current decrease		Ending balance
		Changes in cash	Changes in non-cash	Changes in cash	Changes in non-cash	
Short-term borrowing	3,604,376,527.82	2,271,375,308.64	77,537,480.05	5,114,399,759.00		838,889,557.51
Long-term borrowing	238,000,000.00	425,000,000.00		338,500,000.00	24,700,000.00	299,800,000.00
Non-current liabilities maturing within one year	14,285,348.90		49,784,362.77	25,985,390.57		38,084,321.10
Lease liabilities	31,589,277.20		23,663,633.85	4,397,712.88	13,122,001.66	37,733,196.51
Total	3,888,251,153.92	2,696,375,308.64	150,985,476.67	5,483,282,862.45	37,822,001.66	1,214,507,075.12

Other Explanation: Current increase in short-term loans - non cash changes including exchange gains and losses - RMB 1,811,249.94; The current decrease in long-term borrowings and lease liabilities - non cash changes due to reclassification of amounts due within one year to non current liabilities due within one year.

(4) Explanation on cash flow listed at net amount

Nil

(5) Significant activities and financial impacts that do not involve current cash inflows and outflows but affect the financial condition of the enterprise or may affect the cash flow of the enterprise in the future

Nil

64. 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	1,913,149,530.09	190,946,008.25
Add: Assets impairment provision	335,677,981.61	1,827,491,575.52
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	529,985,637.44	423,381,573.22
Depreciation of right-of-use assets	14,870,657.15	10,487,347.35
Amortization of intangible assets	72,828,479.04	47,414,586.57
Amortization of long-term deferred expenses	7,361,781.35	5,676,279.94
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains shall be filled in with the sign of "-")	-128,314,484.53	-1,986,804.53
Losses on scrapping of fixed assets(gains shall be filled in with the sign of "-")	1,791,596.04	2,135,371.43
Gains/losses of fair value changes(gains shall be filled in with the sign of "-")	-9,767,646.64	157,622,752.09
Financial expenses(gains shall be filled in with the sign of "-")	83,562,038.16	106,707,239.68
Investment loss (gains shall be filled in with the sign of "-")	-1,715,570,129.25	-1,874,322,320.27
Decrease of deferred income tax asset(increase shall be filled in with the sign of "-")	-29,999,459.03	-56,032,739.30
Increase of deferred income tax liability(decrease shall be filled in with the sign of "-")	-10,363,707.21	31,608,004.40
Decrease of inventory(increase shall be filled in with the sign of "-")	14,264,964.67	1,073,359,311.32
Decrease of operating receivable accounts (increase shall be filled in with the sign of "-")	-231,126,963.47	-3,936,816,340.90
Increase of operating payable accounts(decrease shall be filled in with the sign of "-")	804,259,836.29	-608,366,974.35
Other	-26,360,199.81	24,952,480.15
Net cash flows arising from operating activities	1,626,249,911.90	-2,575,742,649.43
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	2,061,986,694.41	2,277,117,604.82
Less: Balance of cash equivalent at year-begin	2,277,117,604.82	1,094,018,936.73

Add: Balance at year-end of cash equivalents		
Less: Balance at year-begin of cash equivalents		
Net increase of cash and cash equivalents	-215,130,910.41	1,183,098,668.09

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

In RMB

	Amount
Add: Cash or cash equivalents paid in the current period for the business acquisition that occurred in previous periods	13,716,100.33
Including:	
Net cash payment for the acquisition of subsidiaries	13,716,100.33

Other explanation: Nil

(3) Net cash received from the disposal of subsidiaries

Nil

(4) Constitution of cash and cash equivalent

In RMB

Item	Ending balance	Opening balance
I. Cash	2,061,986,694.41	2,277,117,604.82
Including: Cash on hand	6,343.24	51,818.51
Bank deposit available for payment at any time	2,061,980,351.17	2,277,065,786.31
II. Balance of cash and cash equivalents at the period-end	2,061,986,694.41	2,277,117,604.82

(5) Items whose application scope is restricted but are still listed as cash and cash equivalents**(6) Monetary items not belonging to cash and cash equivalents**

In RMB

Item	Current period	Last period	Reasons for not belonging to cash and cash equivalents
Bank deposit-Bank fixed deposits of more than 3 months	180,000,000.00	60,000,000.00	Does not meet the definition of cash and cash equivalents
Other monetary funds- Foreign exchange contract USD margin		18,840,000.00	Does not meet the definition of cash and cash equivalents
Other monetary funds- Deposit paid for issuing bank acceptance bills	22,174,151.94	24,368,385.65	Does not meet the definition of cash and cash equivalents
Other monetary funds- IRD performance bond	7,902,000.00	7,487,250.00	Does not meet the definition of cash and cash equivalents
Other monetary funds- Mastercard earnest money	210,720.00	199,660.00	Does not meet the definition of cash and cash equivalents
Other monetary funds- ETC freeze	4,000.00	5,000.00	Does not meet the definition of cash and cash equivalents
Other monetary funds- Judicial freeze		180,000.00	Does not meet the definition of cash and cash equivalents
Other monetary funds- Foreign exchange funds in transit	1,184,752.79	91,750.29	Does not meet the definition of cash and cash equivalents
Other monetary funds- Dividends in transit	1,309,380.00	1,262,280.00	Does not meet the definition of cash and cash equivalents
Total	212,785,004.73	112,434,325.94	

Other explanation: Nil

(7) Notes to other significant activities**65. Note of the changes of owners' equity**

Explain the items and amount at period-end adjusted for “Other” at end of the last year:

In this period, the Company did not make any adjustments to the year-end balance of the previous year, including the names and amounts of other items.

66. Item of foreign currency**(1) Item of foreign currency**

In RMB

Item	Ending balance of foreign currency	Rate of conversion	Ending RMB balance converted
Monetary funds			
Including: USD	9,668,849.38	7.0827	68,481,559.49
EUR	31,497,419.60	7.8592	247,544,520.12
HKD	914,138.23	0.90622	828,410.35
JPY	7,975,655.00	0.050213	400,481.57
DKK	15,008,361.83	1.0536	15,812,810.02
Account receivable			
Including: USD	3,671,490.42	7.0827	26,004,065.20
EUR	26,826,563.09	7.8592	210,835,324.64
HKD			
JPY	15,066,940.00	0.050213	756,556.26
DKK	9,465,657.99	1.0536	9,973,017.26
Long-term borrowings			
Including: USD			
EUR			
HKD			
Other account receivables			
Including: EUR	277,184.18	7.8592	2,178,445.91
DKK	2,180,889.68	1.0536	2,297,785.37
Account payable			
Including: USD	1,259,805.06	7.0827	8,922,821.30
EUR	29,745,541.80	7.8592	233,776,162.12
JPY	19,496,400.00	0.050213	978,972.73
DKK	23,043,173.79	1.0536	24,278,287.91
GBP	2,450.00	9.0411	22,150.70
CHF	317,934.39	8.4184	2,676,498.87
Other account payable			
Including: EUR	13,639.91	7.8592	107,198.78
DKK	1,230,912.02	1.0536	1,296,888.90
Non-current liabilities due within one year			
Including: USD	156,484.17	7.0827	1,108,330.43
EUR	601,051.35	7.8592	4,723,782.77
DKK	1,257,635.41	1.0536	1,325,044.67

Leasing liabilities			
Including: USD	230,805.29	7.0827	1,634,724.63
EUR	1,140,990.24	7.8592	8,967,270.49
DKK	19,974,012.44	1.0536	21,044,619.51

(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 VHIO was established in Italy in 2000. The Company acquired 100.00% equity of VHIO 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. Lease

(1) The company as the lessee

Variable lease payments not included in the measurement of lease liabilities

Applicable Not applicable

Leasing costs of simplified handling of short-term leasing or leasing costs for low value assets

Applicable Not applicable

Leasing cost of simplified handling of short-term leasing or leasing costs for low value assets is 8,493,394.15 yuan; The total cash outflow related to leasing is 26,928,749.23 yuan.

The relevant information on the right-of-use assets can be found in NoteVII-16 “Right of use assets”.

Situations involving lease sales-back

(2) The company as the lessor

Operating lease with the company as the lessor

Applicable Not applicable

In RMB

Item	Rental income	Including: income related to variable lease payments not included in rental income
Rental of houses and equipment	25,656,690.12	
Total	25,656,690.12	

Financing lease with the company as the lessor

Applicable Not applicable

Annual un-discounted rental income for the next five years

Applicable Not applicable

Adjustment table for un-discounted rental income and net lease investments

(3) Recognize gains/losses arising from financing lease sale with the company as producer or dealer

Applicable Not applicable

68. Others

Nil

VIII. R&D expenditure

In RMB

Item	Current period	Last period
Employee compensation	285,889,549.54	252,383,929.03
Direct investment	195,791,776.44	189,668,890.73
Depreciation and amortization	117,384,698.44	95,794,189.07
Other	68,805,135.53	43,641,703.05
Total	667,871,159.95	581,488,711.88
Including: expensed R&D expenditure	667,871,159.95	581,488,711.88

1. R&D items that meet capitalization conditions: Nil**2. Important outsourced projects under research: Nil****IX. Changes of consolidation scope****1. Enterprise combine not under the same control****(1) Enterprise combines not under the same control occurred in the period**

Nil

(2) Consolidation cost and goodwill

Nil

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

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 merged party's identifiable assets and liabilities cannot be reasonable determined

Nil

(6) Other explanation

Nil

2. Enterprise combination under the same control**(1) Enterprise combination 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

Nil

4. Disposal of subsidiaries

Whether there is a single disposal of an investment in a subsidiary that resulted in a loss of control

Yes No

Whether there is a step-by-step disposal of investment in a subsidiary through multiple transactions and loss of control during the period

Yes No**5. Changes in the scope of consolidation due to other reasons**

Nil

6. Others

Nil

X. Equity in other entity**1. Equity in subsidiary****(1) Constitute of enterprise group**

In ten thousand yuan

Subsidiary	Registered capital	Main operation place	Registered place	Business nature	Share-holding ratio		Acquired way
					Directly	Indirectly	
WFJN	34,628.68	Nanjing	Nanjing	Spare parts of internal-combustion engine	80.00%		Enterprise combines under the same control
WFLD	50,259.63	Wuxi	Wuxi	Automobile exhaust purifier, muffler	94.81%		Enterprise combines under the same control
WFMA	16,500	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00%		Investment
WFCA	21,000	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00%		Investment
WFTR	3,000	Wuxi	Wuxi	Trading	100.00%		Enterprise combines under the same control

WFSC	7,600	Wuxi	Wuxi	Spare parts of internal-combustion engine	66.00%		Investment
WFTT	11,136	Ningbo	Ningbo	Spare parts of internal-combustion engine	98.83%	1.17%	Enterprise combines not under the same control
WFAM	USD3,310	Wuxi	Wuxi	Spare parts of internal-combustion engine	51.00%		Enterprise combines not under the same control
WFLD (Wuhan)	1,000	Wuhan	Wuhan	Automobile exhaust purifier, muffler		60.00%	Investment
WFLD (Chongqing)	5,000	Chongqing	Chongqing	Automobile exhaust purifier, muffler		100.00%	Investment
WFLD (Nanchang)	5,000	Nanchang	Nanchang	Automobile exhaust purifier, muffler		100.00%	Investment
WFAS	10,000	Wuxi	Wuxi	Smart car equipment		66.00%	Investment
WFDT	USD2,000	Wuxi	Wuxi	Hub Motor	80.00%		Enterprise combines not under the same control
WFQL	50,000	Wuxi	Wuxi	Fuel cell components	45.00%	30.00%	Investment
VHWX	13,400	Wuxi	Wuxi	Vacuum and hydraulic pump	100.00%		Enterprise combines not under the same control
SPV	DKK9,257	Denmark	Denmark	Investment	100.00%		Investment
IRD	DKK10,579	Denmark	Denmark	Fuel cell components		100.00%	Enterprise combines not under the same control
IRD America	USD1,201.83	America	America	Fuel cell components		100.00%	Enterprise combines not under the same control
Borit	EUR1,183.21	Belgium	Belgium	Fuel cell components		100.00%	Enterprise combines not under the same control
Borit America	USD0.10	America	America	Fuel cell components		100.00%	Enterprise combines not under the same control
VHIO	EUR500	Italy	Italy	Vacuum and hydraulic pump		100.00%	Enterprise combines not under the same control

Explanation on share-holding ratio in subsidiary different from ratio of voting right: Nil

Basis for holding half or less of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee: Nil

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: Nil

(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%	32,888,445.77	11,641,107.58	231,399,302.98
WFLD	5.19%	3,426,727.50		156,465,455.26
Total		36,315,173.27	40,453,107.58	387,864,758.24

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	800,008,834.76	763,327,722.52	1,563,336,557.28	372,678,469.77	32,816,414.21	405,494,883.98	858,419,058.16	577,359,266.26	1,435,778,324.42	346,383,138.63	35,181,853.60	381,564,992.23
WFLD	3,887,564,531.99	1,588,909,706.92	5,476,474,238.91	2,658,216,800.87	20,989,867.90	2,679,206,668.77	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
Total	4,687,573,366.75	2,352,237,429.44	7,039,810,796.19	3,030,895,270.64	53,806,282.11	3,084,701,552.75	5,727,792,719.76	1,989,596,937.38	7,717,389,657.14	3,858,499,825.31	253,257,372.39	4,111,757,197.70

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	661,256,020.17	164,076,571.71	164,076,571.71	7,886,426.15	732,361,563.72	83,150,768.43	83,150,768.43	62,087,338.85
WFLD	3,605,313,446.67	232,172,143.48	232,172,143.48	814,222,683.45	5,937,549,034.42	265,352,997.31	265,352,997.31	87,740,237.63
Total	4,266,569,466.84	396,248,715.19	396,248,715.19	822,109,109.60	6,669,910,598.14	348,503,765.74	348,503,765.74	149,827,576.48

(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

Other explanation: 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	

WFEC	Wuxi	Wuxi	Catalyst		49.00%	Equity method
RBCD	Wuxi	Wuxi	Internal-combustion engine accessories	32.50%	1.50%	Equity method
Zhonglian Electronics.	Shang hai	Shang hai	Internal-combustion engine accessories	20.00%		Equity method
WFPM	Wuxi	Wuxi	Internal-combustion engine accessories	20.00%		Equity method
Changchun Xuyang	Chang chun	Chang chun	Automobile components		34.00%	Equity method
PrecorsGmbH	Germa ny	Germa ny	Fuel cell components		43.39%	Equity method
Auto Link	Wuxi	Wuxi	Telematics services	9.6372 %		Equity method
Lezhuo Bowei	Shang hai	Shang hai	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:

The Company holds 9.6372% equity of Auto Link, and appointed a director to Auto Link. Though the representative, the Company can participate in the operation policies formulation of Auto Link, and thus exercise a significant influence over Auto Link.

(2) Main financial information of the important joint venture

Other explanation: Nil

(3) Main financial information of the important associated enterprise

In RMB

	Ending balance/Current period			Opening balance/Last Period		
	WFEC	RBCD	Zhonglian Electronics	WFEC	RBCD	Zhonglian Electronics
Current assets	3,309,330,261.33	13,057,353,298.24	156,804,165.22	3,507,976,754.16	15,426,523,373.99	241,595,079.15
Including: cash and cash equivalent	695,880,608.87	16,224,264.19	131,177,239.01	813,874,175.27	10,773,921.81	225,052,854.96
Non-current assets	417,489,997.17	3,452,708,227.20	8,276,183,030.91	333,764,427.43	3,421,035,986.82	7,557,124,612.32
Total assets	3,726,820,258.50	16,510,061,525.44	8,432,987,196.13	3,841,741,181.59	18,847,559,360.81	7,798,719,691.47
Current liabilities	1,402,974,842.29	8,401,045,934.29	7,530,191.60	1,665,411,123.81	8,810,309,639.09	6,171,780.23
Non-current liabilities	455,453,890.82		4,983,100.68	493,618,200.85		2,517,670.77
Total liabilities	1,858,428,733.11	8,401,045,934.29	12,513,292.28	2,159,029,324.66	8,810,309,639.09	8,689,451.00
Minority interests						
Attributable to parent company shareholders' equity	1,868,391,525.39	8,109,015,591.15	8,420,473,903.85	1,682,711,856.93	10,037,249,721.72	7,790,030,240.47
Share of net assets calculated by shareholding ratio	915,511,847.44	2,757,065,300.99	1,684,094,780.77	824,528,809.90	3,412,664,905.38	1,558,006,048.09
Adjustment matters						

--Goodwill		267,788,761.35	1,407,265.96		267,788,761.35	1,407,265.96
--Unrealized profit of internal trading		-9,546,770.23			-20,692,355.48	
--Other		-0.28			-0.28	
Book value of equity investment in associated enterprise	915,511,847.44	3,015,307,291.83	1,685,502,046.73	824,528,809.90	3,659,761,310.97	1,559,413,314.05
Fair value of equity investment for the affiliates with consideration publicly						
Operation income	3,925,439,987.43	13,269,586,309.56	30,337,704.69	4,983,370,807.15	13,443,929,728.58	26,913,563.07
Financial expense	7,037,634.39	83,168,950.55	-4,623,827.42	37,298,423.01	-12,919,599.29	-3,814,000.75
Income tax expense	59,152,017.79	287,380,800.90	7,155,753.05	43,882,305.71	494,166,513.51	4,465,983.95
Net profit	422,428,917.15	2,994,134,912.69	2,040,443,663.38	354,097,545.31	3,059,444,530.82	1,876,187,641.39
Net profit from discontinued operations						
Other comprehensive income						
Total comprehensive income	422,428,917.15	2,994,134,912.69	2,040,443,663.38	354,097,545.31	3,059,444,530.82	1,876,187,641.39
Dividends received from associated enterprise in the year	117,600,000.00	1,673,605,474.71	282,000,000.00	147,000,000.00	765,837,710.23	194,400,000.00

Other explanation

Adjustment item for other "-0.28": the differential tail;

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

In RMB

	Ending balance/Current period	Opening balance/Last period
Joint venture:		
Amount based on share-holding ratio		
Associated enterprise:		
Total book value of investment	331,312,321.07	239,114,674.05
Amount based on share-holding ratio		
--Net profit	-22,757,873.48	7,198,399.91
--Total comprehensive income	-22,757,873.48	7,198,399.91

Other explanation: Nil

(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 joint operation

Nil

5. Structured body excluding in consolidated financial statement

Relevant explanations for structured entities not included in the scope of the consolidated financial statements: Nil

6. Other

Nil

XI. Government grant**1. Government grant recognized at report ending in terms of amount receivable**Applicable Not applicable

Reasons for not receiving the expected amount of government grants at the expected time point

Applicable Not applicable**2. Liabilities involved with government grant**Applicable Not applicable

In RMB

Accounting title	Opening balance	Current increase in government grant	Amount booked into non-business income in current period	Amount carried forward to other income	Other changes in current period	Ending balance	Asset/income related
Deferred income	124,014,866.23	16,385,000.00		44,535,440.16		95,864,426.07	Asset related
Deferred income	3,404,849.87			490,987.12		2,913,862.75	Asset/income related
Deferred income	95,704,262.68	10,199,244.26		16,051,766.11	143,592.64	89,995,333.47	Income related
Total	223,123,978.78	26,584,244.26		61,078,193.39	143,592.64	188,773,622.29	

3. Government grant booked into current gains/losses

Applicable Not applicable

In RMB

Accounting title	Current period	Last period
Other revenue	75,786,785.30	108,331,768.29

Other explanation: Nil

XII. Risk related with financial instrument**1. Various risks arising from financial instruments**

Main financial instrument of the Company including monetary funds, structured deposits, account receivable, equity instrument investment, financial products, loans, and account payable etc., more details of the financial instrument can be found in relevant items of Note V. Risks concerned with the above-mentioned financial instrument, and the risk management policy takes for lower the risks are as follow:

Aims of engaging in the risk management is to achieve equilibrium between the risk and benefit, lower the adverse impact on performance of the Company to minimum standards, and maximized the benefit for shareholders and other investors. Base on the risk management targets, the basic tactics of the risk management is to recognized and analyzed the vary risks that the Company counted, established an appropriate risk exposure baseline and caring risk management, supervise the vary risks timely and reliably in order to control the risk in a limited range.

In business process, the risks with financial instrument concerned happen in front of the Company mainly including credit exposure, market risk and liquidity risk. BOD of the Company takes full charge of the risk management target and policy-making, and takes ultimate responsibility for the target of risk management and policy. Compliance department and financial control department manager and monitor those risk exposures to ensuring the risks are control in a limited range.

(1) Credit Risk

Credit risk refers to the risk that one party of a financial instrument fails to perform its obligations, and resulting in the financial loss of other party. The company's credit risk mainly comes from monetary funds, structured deposits, note receivable, account receivable, other account receivables. The management has established an appropriate credit policy and continuously monitors the exposure to these credit risks.

The monetary funds and structured deposits held by the Company are mainly deposited in financial institutions such as commercial banks, the management believes that these commercial banks have higher credit and asset status, and have lower credit risks. The Company adopts quota policies to avoid credit risks to any financial institutions.

For accounts receivable, other receivables and bills receivable, the Company sets relevant policies to control the credit risk exposure. To prevent the risks, the company has formulated a new customer credit evaluation system and an existing customer credit sales balance analysis system. The new customer credit evaluation system aims at new customers, the company will investigate a customer's background according to the established process to determine whether to give the customer a credit line and the credit line size and credit period. Accordingly, the company has set a credit limit and a credit period for each customer, which is the maximum amount that does not require additional approval. The analysis system for credit sales balance of existing customers means that after receiving a purchase order from an existing customer, the company will check the order amount and the balance of the accounts owed by the customer so far, if the total of the two exceeds the credit limit of the customer, the company can only sell to the customer on the premise of additional approval, otherwise the customer must be required to pay the corresponding amount in advance. In addition, for the credit sales that have occurred, the company analyzes and audits the monthly statements for risk warning of accounts

receivable to ensure that the company's overall credit risk is within a controllable range.

The maximum credit risk exposure of the Company is the carrying amount of each financial asset on the balance sheet.

(2) Market risk

Market risk of the financial instrument refers to the fair value of financial instrument or future cash flow due to fluctuations in the market price changes and produce, mainly includes the IRR, FX risk and other price risk.

(1) Interest rate risk (IRR)

IRR refers to the fluctuate risks on Company's financial status and cash flow arising from rates changes in market. IRR of the Company mainly related with the bank loans. In order to lower the fluctuate of IRR, the Company, in line with the anticipative change orientation, choose floating rate or fixed rate, that is the rate in future period will goes up prospectively, 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 VHIO 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 2023, 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 2023:

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted	Ratio in assets (%)
Monetary funds				
Including: USD	9,668,849.38	7.0827	68,481,559.49	0.24
EUR	31,497,419.60	7.8592	247,544,520.12	0.88
HKD	914,138.23	0.90622	828,410.35	0.00
JPY	7,975,655.00	0.050213	400,481.57	
DKK	15,008,361.83	1.0536	15,812,810.02	0.06
Account receivable				
Including: USD	3,671,490.42	7.0827	26,004,065.20	0.09
EUR	26,826,563.09	7.8592	210,835,324.64	0.75
JPY	15,066,940.00	0.050213	756,556.26	0.00
DKK	9,465,657.99	1.0536	9,973,017.26	0.04
Other account receivables				
Including: EUR	277,184.18	7.8592	2,178,445.91	0.01
DKK	2,180,889.68	1.0536	2,297,785.37	0.01
Total ratio in assets				2.08

② Foreign currency liability of the Company till end of 31st December 2023:

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted	Ratio in assets(%)
Account payable				
Including: USD	1,259,805.06	7.0827	8,922,821.30	0.11
EUR	29,745,541.80	7.8592	233,776,162.12	2.96
JPY	19,496,400.00	0.050213	978,972.73	0.01

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted	Ratio in assets(%)
DKK	23,043,173.79	1.0536	24,278,287.91	0.31
GBP	2,450.00	9.0411	22,150.70	0.00
CHF	317,934.39	8.4184	2,676,498.87	0.03
Other account payable				
Including: EUR	13,639.91	7.8592	107,198.78	0.00
DKK	1,230,912.02	1.0536	1,296,888.90	0.02
Non-current liabilities due within one year				
Including: USD	156,484.17	7.0827	1,108,330.43	0.01
EUR	601,051.35	7.8592	4,723,782.77	0.06
DKK	1,257,635.41	1.0536	1,325,044.67	0.02
Leasing liabilities				
Including USD	230,805.29	7.0827	1,634,724.63	0.02
EUR	1,140,990.24	7.8592	8,967,270.49	0.11
DKK	19,974,012.44	1.0536	21,044,619.51	0.27
Total ratio in liabilities				3.93

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.

2. Hedge

(1) Risk management for hedge business

Applicable Not applicable

(2) The company conducts eligible hedging business and applies hedging accounting

Nil

(3) The company conducts hedging business for risk management. It is expected to achieve risk management goals but has not applied hedging accountingApplicable Not applicable**3. Financial assets****(1) By transfer manner**Applicable Not applicable

In RMB

Transfer method	Nature of transferred financial assets	Amount of transferred financial asset	Derecognized or not	Judgment basis for derecognition
Bill endorsement	Bank acceptance bills in accounts receivable financing that have not yet matured	127,359,498.05	Derecognized	Almost all of its risks and rewards have been transferred
Bill discounting	Bank acceptance bills in accounts receivable financing that have not yet matured	131,605,542.60	Derecognized	Almost all of its risks and rewards have been transferred
Factoring	Unexpired network supply chain "e-communication" in accounts receivable	14,581,430.53	Not derecognized	
total		273,546,471.18		

(2) Financial assets derecognized due to transferApplicable Not applicable

In RMB

Item	Methods of transferring financial assets	Amount of derecognized financial assets	Gains/losses related to de-recognition
Accounts receivable financing	Bill endorsement	127,359,498.05	
Accounts receivable financing	Bill discounting	131,605,542.60	-2,111,334.30
Total		258,965,040.65	-2,111,334.30

(3) Financial assets which are transferred and involved continuouslyApplicable Not applicable

In RMB

Item	Methods of transferring financial assets	Amount of asset continuously involved	Amount of liability continuously involved
Accounts receivable	Factoring	14,581,430.53	16,111,371.14
Total		14,581,430.53	16,111,371.14

Other explanation: Nil

XIII. 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 at fair value	--	--	--	--
1. Financial assets measured at fair value and whose changes are included in current profit or loss	148,914,616.00		3,046,922,649.02	3,195,837,265.02
(I) Trading financial assets	147,830,616.00		2,243,656,528.96	2,391,487,144.96
(1) Equity instrument investment	147,830,616.00			147,830,616.00
(2) Other liability instruments and equity instrument investment			2,243,656,528.96	2,243,656,528.96
2. Other non-current financial assets	1,084,000.00		803,266,120.06	804,350,120.06
(1) Equity instrument investment	1,084,000.00		653,266,120.06	654,350,120.06
(2) Other liability instruments and equity instrument investment			150,000,000.00	150,000,000.00
(II) Financial assets measured at fair value and whose changes are included in current profit or loss			2,339,540,639.46	2,339,540,639.46
1. Receivable financing			1,661,749,949.46	1,661,749,949.46
2. Other equity instrument investment			677,790,690.00	677,790,690.00
Total asset sustaining measured by fair value	148,914,616.00		5,386,463,288.48	5,535,377,904.48
II. Non-persistent measure of fair value	--	--	--	--

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

On 31 December 2023, the financial assets available for sale, equity instrument investments held by the Company include SNAT (stock code: 600841) and Miracle Automation (Stock code: 002009). The fair value at the end of the period is determined at the closing price as of December 29, 2023.

On 31 December 2023, the 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 as of December 29, 2023

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

Nil

4. Continuous and non continuous third level fair value measurement items

(1) Accounts receivable financing

For this portion of financial assets, the company uses discounted cash flow valuation techniques to determine their fair value. Among them, important unobservable input values mainly include discount rate, contract cash flow maturity period, etc. Cash flows with a contract maturity of 12 months or less are not discounted, and their fair value is based on cost.

(2) Other equity instrument investments

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

(3) Other debt instruments and equity instrument investments

For this portion of financial assets, our company adopts the discounted cash flow valuation technique for determination. Among them, important unobservable input values mainly include expected annualized return, risk coefficient, etc.

5. Continuous third-level fair value measurement items, adjustment information between the opening and closing book value and sensitivity analysis of unobservable parameters

Nil

6. Continuous fair value measurement items, if there is a conversion between various levels in the current period, the reasons for the conversion and the policy for determining the timing of the conversion

Nil

7. Changes in valuation technology during the current period and reasons for the changes

Nil

8. The fair value of financial assets and financial liabilities not measured by fair value

Nil

9. Other

Nil

XIV. 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	20.36%	20.36%

Note: On January 18, 2024, the registered capital of Wuxi Industrial Group was changed from RMB 5,496,785,600.00 to RMB 5,927,940,200.00.

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 X-1. "Equity in subsidiary"

3. Joint venture and associated enterprise

For more details, please refer to Note X.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 Metal	Enterprises controlled by the parent company
Urban Public Distribution	Enterprises controlled by the parent company
FAILCONTECH	Enterprises controlled by the parent company
Jiangsu Huilian Aluminum Industry Co., Ltd. (hereinafter referred to as "Huilian Aluminum Industry")	Enterprises controlled by the parent company
Wuxi IoT Innovation Center Co., Ltd. (hereinafter referred to as "Wuxi IoT")	Enterprises controlled by the parent company
Hebei Machinery Import and Export Co., Ltd. (Hereinafter referred to as "Hebei Machinery")	Enterprises controlled by the Company's former director/senior management elder brother
Hebei Deshuang Trading Co., Ltd. (Hereinafter referred to as "Hebei Deshuang")	Enterprises controlled by Hebei Machinery
Hebei Jinda Import and Export Co., Ltd. (Hereinafter referred to as "Hebei Jinda")	Enterprises controlled by Hebei Machinery
Hebei Lanpai Technology Co., Ltd. (Hereinafter referred to as "Hebei Lanpai")	Enterprises controlled by Hebei Machinery
Hebei Mianzhuo Electromechanical Equipment Sales Co., Ltd. (Hereinafter referred to as "Hebei Mianzhuo")	Enterprises controlled by Hebei Machinery
Key executive	Director, supervisor and senior executive of the Company

Other explanation: Nil

5. Related transaction situation

(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	41,669,848.47	56,000,000.00	N	52,775,709.71
RBCD	Goods and labor	266,965,044.36	380,000,000.00	N	301,077,307.73
WFEC	Goods and labor	955,325,713.19	1,051,000,000.00	N	575,378,265.05
Robert Bosch Company	Goods and labor	199,404,542.49	300,000,000.00	N	232,163,763.73
Changchun Xuyang	Goods		1,500,000.00	N	342,520.00
Guokai Metal	Goods	15,867,033.58		Y	14,516,381.84
FAILCONTECH	Goods and labor	50,600.00		Y	
Huilian Aluminum Industry	Goods	515,250.00		Y	

Goods sold/labor service providing

In RMB

Related party	Content of related transaction	Current period	Last Period
WFPM	Goods and labor	532,192.80	980,889.25
RBCD	Goods and labor	1,673,734,280.25	2,220,345,511.60
WFEC	Goods and labor	7,290,384.61	944,537.87
Robert Bosch Company	Goods and labor	1,868,727,976.48	1,475,458,231.00
Changchun Xuyang	Goods and labor	1,011,193.02	286,036.62
Lezhuo Bowei	Goods and labor	9,695,369.27	

Explanation on related transactions in the purchase and sale of goods, provision and acceptance of labor services: Nil.

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

Nil

(3) Related lease

The Company as lessor:

In RMB

Lessee	Assets type	Lease income recognized in the Period	Lease income recognized at last Period
WFEC	Workshop	2,006,634.03	2,380,758.09
RBCD	Parking lost	234,000.00	
Lezhuo Bowei	Workshop and equipment	2,715,935.47	

The Company as lessee: Nil

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 income from January 1, 2023 to December 31, 2022 was 2,006,634.03 yuan.

WFJN signed a house leasing contract with Lezhuo Bowei. Lezhuo Bowei leases a portion of WFJN's plant located at No. 12 Liuzhou North Road, Pukou District, Nanjing City. The lease term is from January 1, 2023 to December 31, 2024. WFJN has confirmed the rental income of 2,373,906.08 yuan for the year 2023; Lezhuo Bowei also rented some equipment from WFJN, and WFJN confirmed equipment rental income of 342,029.39 yuan in 2023.

(4) Connected guarantee

Nil

(5) Related party's borrowed/lending funds: Nil**(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 manager	6,620,000	6,790,000

(8) Related transactions of "platform trade" business

Name of related parties	Current period		Last period	
	Received "sales payment"	Paid "purchase price"	Received "sales payment"	Paid "purchase price"
Hebei Machinery			2,125,487,770.72	
Hebei Jinda		-56,753,804.02		2,015,224,288.59
Hebei Deshuang				1,436,757,179.96
Hebei Lanpai				609,404,930.22
Hebei Mianzhuo				479,253,260.75
Total		-56,753,804.02	2,125,487,770.72	4,540,639,659.52

Other explanation: Because Hebei Jinda, Hebei Deshuang, Hebei Lanpai and Hebei Mianzhuo are controlled by Hebei Machinery, based on the business essence of "platform trade" business, WFTR listed the difference between the "purchase payment" paid by WFTR to Hebei Jinda, Hebei Deshuang, Hebei Lanpai and Hebei Mianzhuo and the "sales payment" received from Hebei Machinery as other receivables. During the year of 2023, the negative amount of "purchase payment" paid by WFTR to Hebei Jinda is the "purchase payment" returned by Hebei Jinda

(9) Other related transactions

Related party	Contents of item	Current period	Last Period
WFPM	Purchase of fixed assets	186,000.00	50,000.00
RBCD	Purchase of fixed assets	283,185.85	4,503,484.90
RBCD	Technology royalties paid etc.	--	1,147,294.75
RBCD	Providing of technical services, etc.	--	2,053,000.00
Robert Bosch Company	Technology royalties paid etc.	2,517,526.28	2,316,825.65
Robert Bosch Company	Purchase of fixed assets	20,337,308.56	49,061,191.70
Robert Bosch Company	Providing of technical services, etc.	2,601,403.49	--
Robert Bosch Company	Sales of fixed assets	10,066,665.81	--
WFEC	Payable for technical services	33,396.23	102,075.47
WFEC	Utilities payable	1,217,617.88	1,187,817.04
WFEC	Provide technical services, etc		42,169.81
WFEC	Selling fixed assets	253,046.93	--
Lezhuo Bowei	Providing of technology service, etc.	110,344.34	--
Urban public distribution	Purchase canteen ingredients, etc	2,074,056.16	1,392,464.33
Wuxi Industry Group	Providing of technology service, etc.	160,613.21	--
Wuxi IOT	Purchase of fixed assets	602,233.50	--

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	170,770.59		299,389.13	10,925.29
Account receivable	RBCD	686,424,501.80	1,017,817.82	461,493,652.46	174,766.71
Account receivable	Robert Bosch Company	596,846,772.56	782,592.70	363,021,724.83	882,016.11
Other account receivables	Robert Bosch Company	2,500,307.00			
Account receivable	Changchun Xuyang	220,134.29		5,464.91	
Account receivable	WFEC	1,787,498.57		514,638.29	
Other account receivables	WFEC			147,000,000.00	
Account receivable	Lezhuo Bowei	3,520,841.22			
Prepayments	Robert Bosch Company			5,249,715.46	
Other non-current assets	Robert Bosch Company	470,000.00		1,470,000.00	
Other non-current assets	Wuxi Industry Group	5,452,800.00		5,452,800.00	

(2) Payable item

In RMB

Item	Related party	Ending book balance	Opening book balance
Account payable	WFPM	15,511,126.97	17,783,464.23
Other account payable	WFPM	29,000.00	29,000.00
Account payable	WFEC	480,670,597.42	274,115,921.53
Account payable	RBCD	49,028,994.76	37,603,958.72
Account payable	Robert Bosch Company	18,947,846.60	49,500,046.68
Account payable	Guokai Metal		3.12
Other current liabilities	RBCD	0.05	0.05
Other current liabilities	WFEC		76,030.18
Other current liabilities	Robert Bosch Company		63,572.08
Other account payable	Robert Bosch Company		13,308,176.65
Contract liability	RBCD	0.36	0.36
Contract liability	Robert Bosch Company	6,986,398.10	510,212.12
Contract liability	WFPM		584,847.43

(3) Related debts of “platform trade” business

Item	Related party	Ending balance	Opening balance
Other receivables	Hebei Machinery	-2,125,487,770.72	-2,125,487,770.72
Other receivables	Hebei Jinda	1,958,470,484.57	2,015,224,288.59
Other receivables	Hebei Deshuang	1,436,757,179.96	1,436,757,179.96
Other receivables	Hebei Lanpai	609,404,930.22	609,404,930.22
Other receivables	Hebei Mianzhuo	479,253,260.75	479,253,260.75
Total		2,358,398,084.78	2,415,151,888.80

Note: Because Hebei Jinda, Hebei Deshuang, Hebei Lanpai and Hebei Mianzhuo are controlled by Hebei Machinery, based on the

business essence of "platform trade" business, WFTR listed the difference between the "purchase payment" paid by WFTR to Hebei Jinda, Hebei Deshuang, Hebei Lanpai and Hebei Mianzhuo and the "sales payment" received from Hebei Machinery 2,358,398,084.78 yuan as other receivables, including: The "sales payment" received from Hebei Machinery is presented as a negative number. As of December 31, 2023, the Company has made a bad debt provision of 1,448,358,922.04 yuan for the balance of other receivables; The bad debt provision balance is calculated by 80.10%, which is the proportion of other receivables balance of Hebei Machinery and its controlled companies 2,415,151,888.80 yuan to other receivables balance of WFTR's "platform trade" business portfolio 2,741,499,131.95 yuan as of December 31, 2022 multiply the bad debt provision for other accounts receivable balances in WFTR's "platform trade" business portfolio 1,644,068,327.93 yuan.

7. Undertakings of related party

Nil

8. Other

Nil

XV. Share-based payment

1. Overall situation of share-based payment

Applicable Not applicable

In RMB

Category of grant object	Granted in current period		Executed in current period		Unlocked in current period		Expired in current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Sales staff							264,264.00	6,897,290.40
Administrative staff							3,507,814.00	91,553,945.40
R&D staff							1,180,287.00	30,805,490.70
Production staff							641,135.00	16,733,623.50
Total							5,593,500.00	145,990,350.00

Stock options or other equity instruments issued to the public at the end of the period

Applicable Not applicable

Other explanation: Nil

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
Important parameters for determining the fair value of equity instruments on the grant date	Closing price at grant date
Basis for determining the number of vesting equity instruments	Unlocking conditions
Reasons for the significant difference between estimate in the current period	Not applicable

and estimate in the prior period	
Cumulative amount of equity-settled share-based payments included in the capital reserve	81,051,840.00
Total amount of expenses confirmed by equity-settled share-based payments in the current period	-30,939,071.92

Other explanation: Nil

3. Share-based payment settled by cash

Applicable Not applicable

4. Current share-based payment expenses

Applicable Not applicable

In RMB

Category of grant object	Equity settled share based payment expenses	Cash settled share based payment expenses
Sales staff	-1,418,102.07	
Administrative staff	-19,732,503.59	
R&D staff	-6,276,034.25	
Production staff	-3,512,432.01	
Total	-30,939,071.92	

Other explanation: Nil

5. Modification and termination of share-based payment

Nil

6. Other

Nil

XVI. Undertakings or contingency

1. Important undertakings

Important undertakings on balance sheet date

Nil

2. Contingency

(1) Contingency on balance sheet date

Guarantee for subsidiaries:

As of December 31, 2023, the Company has provided guarantees for all debts arising from the performance of its subsidiaries, VHWX and Shenzhen BYD Supply Chain Management Co., Ltd., with the guarantee amount not exceeding RMB 10.00 million.

As of December 31, 2023, the Company has provided guarantees of up to RMB 40 million and RMB 55 million respectively for

its subsidiary Zhixing Seats and its subsidiary VHIO, the scope of guarantee includes but is not limited to financing guarantees for financing business applications (including loans, bank acceptance bills, foreign exchange derivative transactions, letters of credit, guarantees, etc.) as well as performance guarantees for daily operations.

(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

XVII. Events Occurring after the Balance Sheet Date

1. Important undertakings

In RMB

Item	Content	The impact on financial condition and operating results	The reason for the inability to estimate the number of impacts
Issuance of stocks and bonds	NA	NA	NA
Important outbound investment	NA	NA	NA
Major debt restructuring	NA	NA	NA
Natural calamities	NA	NA	NA
Significant changes in foreign exchange rates	NA	NA	NA

2. Profit distribution

Proposed distribution of dividends per 10 shares(yuan)	10.00
Plan to distribute every 10 bonus shares(share)	0
Proposed allocation of additional shares for every 10 shares(share)	0
The dividend payout for every 10 shares declared after review and approval(yuan)	10.00
Every 10 dividend shares declared for distribution after review and approval(yuan)	0

Proposed allocation of additional shares for every 10 shares after review and approval(share)	0
Profit distribution plan	The company's 2023 annual profit distribution plan: based on the 977,162,793 shares which exclude the buy-back shares on buy-back account (25,000,000 A-stock) from total share capital 1,002,162,793 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 10.00 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 977,162,793yuan (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 2023 Annual General Meeting.

3. Return of sales

Nil

XVIII. Other important events

1. Previous accounting errors correction

Nil

2. Debt restructuring

Significant debt restructuring not required to be disclosed by the company in this period

3. Asset 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 adjust 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 information

(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

If two or more operating segments have similar economic characteristics and meet certain conditions, they can be merged into one operating segment.

The Company considers the principle of importance and determines the reporting segments based on the operating segments. The reporting segment of the company is a business unit that provides different products or services or operates in different regions. Due to the need for different technologies and market strategies in various businesses or regions, the company independently manages the production and operation activities of each reporting segment, evaluates their operating results individually, and decides to allocate resources to them and evaluate their performance.

(2) Financial information for reportable segment

In RMB

Item	Automotive fuel injection system segment	Automotive post processing system segment	Air management system segment	Other automotive components products segment	Offsetting between segments	Total
Revenue	5,201,564,655.45	3,439,813,189.61	667,187,841.47	1,784,576,264.45		11,093,141,950.98
Cost	3,960,359,167.71	2,991,515,364.14	510,869,765.43	1,687,568,343.46		9,150,312,640.74

(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

The Company mainly produces automotive internal combustion engine fuel systems products, automotive components, silencers, purifiers, vacuum and hydraulic pumps, and other related products. The Company determines the reporting segments based on product or service content, but due to the mixed operation of related businesses, the total assets, total liabilities, and period expenses have not been allocated.

(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 stage of transferring for review and prosecution, 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. As of December 31, 2023, the balance of the "Platform Trade" business portfolio was RMB2,542,263,400 yuan, and an expected credit loss of RMB1,644,068,300.00 has been provisioned. Based on the comprehensive judgment of information from authorized departments, the company has determined that there has been no significant change in the recoverable amount of debt in the "platform trade" business portfolio, and there is no need for further provision or significant reversal of expected credit losses. The recoverable amount of debt in the "platform trade" business combination is highly dependent on a series of judicial procedures such as investigation, prosecution, trial, judgment, and execution of the case, and the results still have uncertainty.

8. Other

Nil

XIX. Principal notes of financial statements of parent company**1. Account receivable****(1) By account aging**

In RMB

Aging	Ending book balance	Beginning book balance
Within one year(inclusive)	1,376,943,595.48	906,775,190.29
Including: within six months	1,365,664,197.96	889,181,770.09
Six months to one year	11,279,397.52	17,593,420.20
1-2 years	9,348,871.78	1,173,006.18
2-3 years	732,334.63	1,935,713.65
Over three years	6,457,957.26	8,653,217.73
3 - 4 years	1,522,747.95	172,796.03
4 - 5 years	101,188.83	7,881,589.10

Over 5 years	4,834,020.48	598,832.60
Total	1,393,482,759.15	918,537,127.85

(2) Accrued of bad debt provision

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	4,774,540.26	0.34%	4,774,540.26	100.00%		7,705,636.24	0.84%	7,705,636.24	100.00%	
Including:										
Account receivable with bad debt provision accrued on portfolio	1,388,708,218.89	99.66%	4,648,838.01	0.33%	1,384,059,380.88	910,831,491.61	99.16%	4,023,208.39	0.44%	906,808,283.22
Including:										
Including: receivables from customers	1,219,857,129.33	87.54%	4,648,838.01	0.38%	1,215,208,291.32	768,218,575.70	83.63%	4,023,208.39	0.52%	764,195,367.31
Receivables from internal related parties	168,851,089.56	12.12%			168,851,089.56	142,612,915.91	15.53%			142,612,915.91
Total	1,393,482,759.15	100.00%	9,423,378.27	0.68%	1,384,059,380.88	918,537,127.85	100.00%	11,728,844.63	1.28%	906,808,283.22

Bad debt provision accrued on single basis: 4,774,540.26

In RMB

Name	Beginning balance		Ending balance			
	Book balance	Bad debt reserve	Book balance	Bad debt reserve	Accrued ratio	Accrued causes
BD bills	7,201,691.00	7,201,691.00	4,270,595.02	4,270,595.02	100.00%	Have difficulty in collection
Tianjin Leiwo Engine Co., Ltd.	503,945.24	503,945.24	503,945.24	503,945.24	100.00%	Have difficulty in collection
Total	7,705,636.24	7,705,636.24	4,774,540.26	4,774,540.26		

Bad debt provision accrued on portfolio: 4,648,838.01

In RMB

Name	Ending balance		
	Book balance	Bad debt reserve	Accrual ratio
Within 6 months	1,200,695,320.63		
6 months to one year	7,548,478.39	754,847.85	10.00%
1-2 years	9,197,578.68	1,839,515.74	20.00%
2-3 years	602,128.69	240,851.48	40.00%
Over 3 years	1,813,622.94	1,813,622.94	100.00%
Total	1,219,857,129.33	4,648,838.01	

Explanation on determining the basis of this portfolio:

In the portfolio③, accounts receivable from internal related parties:

Name of related party	Amount	Ratio of bad debt provision (%)
WFTR	67,146,422.58	--

WFSC	62,445,825.31	--
VHWX	21,771,307.71	
WFLD	8,062,933.87	--
WFTT	4,374,383.39	--
WFQL	3,737,701.70	
WFAS	1,312,515.00	
Total	168,851,089.56	--

If the provision for bad debts of accounts receivable is made according to the general model of expected credit losses:

Applicable Not applicable

(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	11,728,844.63		2,282,334.65	23,131.71		9,423,378.27
Total	11,728,844.63		2,282,334.65	23,131.71		9,423,378.27

Important bad debt provision collected or reversal: Nil

(4) Account receivable actual charged off in the Period

In RMB

Item	Amount charged off
Jiangsu Nonghua Smart Agricultural Technology Co., Ltd	23,131.71

Major charge-off for the major receivable: Nil

(5) Top 5 receivables and contract assets at ending balance by arrears party

In RMB

Name	Ending balance of account receivable	Ending balance of contract assets	Ending balance of account receivable and contract assets	Ratio in total ending balance of account receivable and contract assets	Ending balance of bad debt reserve and impairment reserve of contract assets
RBCD	686,424,501.80		686,424,501.80	49.26%	1,017,817.82
Robert Bosch Company	199,928,467.18		199,928,467.18	14.35%	294,416.19
Client 3	143,735,925.57		143,735,925.57	10.31%	394,188.46
WFTR	67,146,422.58		67,146,422.58	4.82%	
WFSC	62,445,825.31		62,445,825.31	4.48%	
Total	1,159,681,142.44		1,159,681,142.44	83.22%	1,706,422.47

2. Other accounts receivable

In RMB

Item	Ending balance	Opening balance
------	----------------	-----------------

Interest receivable	842,323.12	206,325.34
Other account receivables	1,369,807,069.16	1,471,896,113.93
Total	1,370,649,392.28	1,472,102,439.27

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

In RMB

Item	Ending balance	Opening balance
Interest receivable of subsidiary	842,323.12	206,325.34
Total	842,323.12	206,325.34

2) Significant overdue interest

Other explanation: Nil

3) Accrued of bad debt provisionApplicable Not applicable**4) Bad debt provision accrued, collected or reversal**

Nil

5) Interest receivable actually charged off during the reporting period

Nil

(2) Dividend receivable**1) Category of dividend receivable: Nil****2) Important dividend receivable with account age over one year: Nil****3) Accrued of bad debt provision**Applicable Not applicable**4) Bad debt provision accrued, collected or reversal**

Nil

5) Dividend receivable actually charged off during the reporting period

Nil

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

In RMB

Nature	Ending book balance	Opening book balance
Staff loans and petty cash	520,080.00	1,279,080.00
Balance of related party in the consolidate scope	3,006,132,546.93	3,106,006,521.72
Security deposit	3,920,799.33	3,738,299.33
Social security and provident fund paid	6,119,110.70	6,429,166.22
Other	371,066.21	16,781.83
Total	3,017,063,603.17	3,117,469,849.10

2) By account age

In RMB

Account age	Ending book balance	Beginning book balance
Within one year (One year included)	365,322,657.63	3,114,813,019.10
Including: within 6 months	134,688,758.70	768,880,846.69
6 months to one year	230,633,898.93	2,345,932,172.41
1-2 years	2,648,713,049.33	588,300.00
2-3 years	218,000.00	1,300,000.00
Over 3 years	2,809,896.21	768,530.00
3-4 years	2,032,820.00	761,330.00
4-5 years	769,876.21	0.00
Over five years	7,200.00	7,200.00
Total	3,017,063,603.17	3,117,469,849.10

3) Accrued of bad debt provision

Provision for bad debts based on the general model of expected credit losses:

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, 2023	1,505,407.24		1,644,068,327.93	1,645,573,735.17
Balance of Jan. 1, 2023 in the period				
Current reversal	1,682,798.84			1,682,798.84
Balance on Dec. 31, 2023	3,188,206.08		1,644,068,327.93	1,647,256,534.01

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

Applicable Not applicable

4) 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	1,645,573,735.	1,682,798.84				1,647,256,534.

provision	17				01
Total	1,645,573,735.17	1,682,798.84			1,647,256,534.01

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

5) Other receivables actually charged off during the reporting period

Nil

6) 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	2,838,260,000.00	Within 2 year	94.08%	1,644,068,327.93
WFCA	Balance of related party in the consolidate scope	96,628,898.93	Within 1 year	3.20%	
IRD	Balance of related party in the consolidate scope	63,384,448.00	Within 1 year	2.10%	
Borit	Balance of related party in the consolidate scope	7,859,200.00	Within 1 year	0.26%	
Zhenkunxing Industrial Supermarket (Shanghai) Co., Ltd.	Security deposit	1,000,000.00	Over 3 years	0.03%	1,000,000.00
Total		3,007,132,546.93		99.67%	1,645,068,327.93

7) Those booked into other account receivables due to centralized fund management

Nil

3. Long-term equity investments

In RMB

Item	Ending balance			Opening balance		
	Book balance	Provision for impairment loss	Book value	Book balance	Provision for impairment loss	Book value
Investment in subsidiary	3,116,879,242.19		3,116,879,242.19	3,080,762,302.11		3,080,762,302.11
Investment in associates and joint venture	4,891,133,182.10		4,891,133,182.10	5,289,081,048.99		5,289,081,048.99
Total	8,008,012,424.29		8,008,012,424.29	8,369,843,351.10		8,369,843,351.10

(1) Investment in subsidiary

In RMB

Investee	Opening balance (book value)	Opening balance of provision for impairment loss	Changes in current period				Ending balance (book value)	Ending balance of depreciation reserves
			Additional Investment	Negative Investment	Provision for impairment loss	Share-based Payment		
WFJN	188,389,084.34					-2,684,532.52	185,704,551.82	
WFLD	470,853,106.52					-2,996,654.72	467,856,451.80	
WFMA	171,807,584.71					-821,389.36	170,986,195.35	
WFCA	223,351,717.03					-686,980.02	222,664,737.01	
WFTR	34,067,014.70					-340,503.19	33,726,511.51	
WFSC	51,490,044.27					-373,358.80	51,116,685.47	
WFTT	239,283,022.00					-1,219,642.00	238,063,380.00	
WFAM	82,454,467.99						82,454,467.99	
WFDT	54,081,519.52					-68,699.29	54,012,820.23	
SPV	1,195,280,223.97		45,630,287.05				1,240,910,511.02	
WFLD(Chongqing)	265,832.07					-74,672.07	191,160.00	
WFAS	878,805.00					-246,915.00	631,890.00	
WFQL	225,000,000.00						225,000,000.00	
VHWX	143,559,879.99						143,559,879.99	
Total	3,080,762,302.11		45,630,287.05			-9,513,346.97	3,116,879,242.19	

(2) Investment in associated enterprises and joint venture

In RMB

Investee	opening balance (book value)	Opening balance of provision for impairment loss	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	3,505,746,633.77				986,062,287.07			1,599,769,939.06			2,892,038,981.78	
Zhonglian Electronics	1,559,413,314.05				408,088,732.68			282,000,000.00			1,685,502,046.73	
WFPM	54,775,899.02				-11,775,861.77		-1,585,695.67				41,414,341.58	

Auto Link	169,145 .202.15				10,247,39 6.31		3,288,2 59.15				182,680.8 57.61	
Lezhuo Bowe			110,000.0 00.00		- 20,489,29 5.60					- 13,75 0.00	89,496.95 4.40	
Subtotal	5,289.0 81,048. 99		110,000.0 00.00		1,372,133. 258.69		1,702,5 63.48	1,881.76 9,939.06		- 13,75 0.00	4,891,133. 182.10	
Total	5,289.0 81,048. 99		110,000.0 00.00		1,372,133. 258.69		1,702.5 63.48	1,881.76 9,939.06		- 13,75 0.00	4,891,133. 182.10	

(3) Other explanations

Nil

4. Operating income and cost

In RMB

Item	Current period		Last period	
	Income	Cost	Income	Cost
Main business	3,398,402,921.46	2,767,688,522.76	3,524,971,219.66	2,995,507,161.73
Other business	169,604,704.58	92,512,697.03	339,533,776.14	268,487,790.90
Total	3,568,007,626.04	2,860,201,219.79	3,864,504,995.80	3,263,994,952.63

5. Investment income

In RMB

Item	Current period	Last Period
Investment income from holding transaction financial asset	89,973,294.02	201,399,105.37
Investment income in subsidiaries	76,552,430.32	69,841,550.10
Investment income in joint ventures and associated enterprises	1,372,133,258.69	1,427,651,731.23
Investment income obtained from the disposal of trading financial assets	13,352,570.85	
Revenue from debt restructuring	-12,000.00	
Total	1,551,999,553.88	1,698,892,386.70

6. Others

Nil

XX. 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, including the offsetting portion of the provision for impairment of assets that has been provisioned	126,538,939.67	
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)	31,251,345.14	
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	23,096,322.48	

Gains/losses of assets delegation on others' investment or management	94,647,509.98	
Reserve for impairment of receivables separately tested for impairment transfer back	5,862,949.67	
Gains/losses of debt restructuring	-323,525.00	
Other non-operating income and expenditure except for the aforementioned items, etc.	22,253,986.90	
Accounts receivable charged off in previous years and recovered in current year	63,149.93	
Less: Impact on income tax	40,956,611.82	
Impact on minority shareholders' equity	22,464,047.13	
Total	239,970,019.82	--

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 (RMB/Share)	Diluted earnings per share (RMB/Share)
Net profits belong to common stock stockholders of the Company	9.92%	1.88	1.88
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	8.63%	1.64	1.64

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

Please refer to Note V-36 " Changes of important accounting policies and estimation".

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

Chairman: _____

16 April 2024