



公证天业会计师事务所(特殊普通合伙)

Gongzheng Tianye Certified Public Accountants, SGP

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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 XV-6 "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 III-28 "Revenue" and Note V-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 XV-6 "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 we the relevant precautions (if applicable).

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

Jiangsu Gongzheng Tianye CPA
(Special General Partnership)

Wuxi China

Chinese CPA: Gu Zhi
(Engagement partner)

Chinese CPA: Zhang Qianqian

15 April, 2024

Consolidated Balance Sheet

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

In RMB

Assets	Note	Dec. 31, 2023	Jan. 1, 2023
Current assets:			
Monetary funds	V-1	2,274,771,699.14	2,389,551,930.76
Trading financial assets	V-2	2,391,487,144.96	2,718,820,654.87
Derivative financial assets			
Note receivable	V-3	144,976,174.84	135,559,024.27
Account receivable	V-4	3,857,539,958.20	3,127,490,177.25
Receivable financing	V-5	1,661,749,949.46	1,918,368,845.21
Accounts paid in advance	V-7	76,202,271.16	94,323,853.87
Other account receivable	V-6	919,684,126.81	1,264,507,456.47
Including: Interest receivable			
Dividend receivable			147,000,000.00
Inventories	V-8	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	V-9	325,909,383.11	430,547,201.24
Total current assets		13,720,853,738.62	14,362,288,800.21
Non-current assets:			
Debt investment			
Other debt investment			
Long-term account receivable			
Long-term equity investment	V-10	5,947,633,507.07	6,282,818,108.96
Investment in other equity instrument	V-11	677,790,690.00	677,790,690.00
Other non-current financial assets	V-12	804,350,120.06	1,326,608,914.00
Investment real estate	V-13	46,926,716.49	49,296,869.73
Fixed assets	V-14	3,969,574,102.87	3,769,984,185.94
Construction in progress	V-15	564,605,931.90	509,105,587.49
Productive biological asset			
Oil and gas asset			
Right-of-use assets	V-16	48,832,472.85	41,865,100.38
Intangible assets	V-17	484,834,882.53	487,627,987.92
Expense on research and development			
Goodwill	V-18	122,316,819.20	237,682,375.72
Long-term expenses to be apportioned	V-19	24,714,632.10	28,586,235.84
Deferred income tax asset	V-20	311,912,955.07	275,627,772.45
Other non-current asset	V-21	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
Liabilities and owner's equity (or shareholder's equity)	Note	Dec. 31, 2023	Jan. 1, 2023
Current liabilities:			
Short-term loans	V-23	838,889,557.51	3,604,376,527.82
Trading financial liability			
Derivative financial liability	V-24		747,115.75
Note payable	V-25	1,759,062,642.60	1,411,089,606.00
Account payable	V-26	3,668,850,423.29	3,454,601,023.60
Accounts received in advance	V-28	2,911,439.65	3,633,878.33
Contractual liability	V-29	77,686,881.24	94,850,083.23
Wage payable	V-30	334,810,352.56	317,434,386.24
Taxes payable	V-31	56,581,082.49	54,586,315.53
Other account payable	V-27	108,893,486.63	198,990,948.23
Including: Interest payable			
Dividend payable			
Liability held for sale			
Non-current liabilities due within one year	V-32	38,084,321.10	14,285,348.90
Other current liabilities	V-33	257,139,908.60	211,763,779.77
Total current liabilities		7,142,910,095.67	9,366,359,013.40
Non-current liabilities:			
Long-term loans	V-34	299,800,000.00	238,000,000.00
Bonds payable			
Including: Preferred stock			
Perpetual capital securities			
Lease liability	V-35	37,733,196.51	31,589,277.20
Long-term account payable	V-36	28,035,082.11	30,785,082.11
Long-term wages payable	V-37	129,844,482.80	154,093,044.28
Accrued liability	V-38	38,016,428.52	10,106,268.87
Deferred income	V-39	188,773,622.29	223,123,978.78
Deferred income tax liabilities	V-20	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	V-40	1,002,162,793.00	1,008,603,293.00
Other equity instrument			
Including: Preferred stock			
Perpetual capital securities			

Capital reserve	V-41	3,308,170,140.96	3,398,368,567.63
Less: inventory shares	V-42	533,289,512.24	541,623,002.63
Other comprehensive income	V-43	54,156,915.97	-911,310.13
Reasonable reserve	V-44	3,641,439.97	2,119,800.95
Surplus public reserve	V-45	510,100,496.00	510,100,496.00
Retained profit	V-46	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

The accompanying notes are parts of these financial statements

Legal representative:

Person in charge of accounting works:

Person in charge of accounting institute:

Balance Sheet of Parent Company

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

In RMB

Assets	Note	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	XVI-1	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	XVI-2	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	XVI-3	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
Liabilities and owner's equity (or shareholder's equity)		Dec. 31, 2023	Jan. 1, 2023
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

The accompanying notes are parts of these financial statements

Legal representative:

Person in charge of accounting works:

Person in charge of accounting institute:

Consolidated Profit Statement

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

In RMB

Item	Note	2023	2022
I. Total operating income	V-47	11,093,141,950.98	12,729,634,917.03
Less: Operating cost	V-47	9,150,312,640.74	11,016,385,488.80
Tax and extras	V-48	64,464,506.58	70,575,584.89
Sales expense	V-49	230,571,186.60	189,528,090.71
Administrative expense	V-50	612,096,726.09	586,386,474.32
R&D expense	V-51	667,871,159.95	581,488,711.88
Financial expense	V-52	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	V-53	97,464,970.76	112,665,397.27
Investment income (Loss is listed with “-”)	V-54	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 “-”)			
Net exposure hedging income (Loss is listed with “-”)			
Income from change of fair value (Loss is listed with “-”)	V-55	9,767,646.64	-157,622,752.09
Loss of credit impairment (Loss is listed with “-”)	V-56	-4,402,449.07	-1,645,881,142.40
Losses of devaluation of asset (Loss is listed with “-”)	V-57	-331,275,532.54	-181,610,433.12
Income from assets disposal (Loss is listed with “-”)	V-58	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	V-59	17,111,807.24	5,699,768.04
Less: Non-operating expense	V-60	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	V-61	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	V-62	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			
(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. The effective portion of cash flow hedging gains and losses			
3.Change of fair value of other debt investment			
4.Amount of financial assets re-classify to other comprehensive income			
5.Credit impairment provision for other debt investment			
6.Cash flow hedging reserve			
7.Translation differences arising on translation of foreign currency financial statements		56,258,124.69	36,234,199.53
8.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

The accompanying notes are parts of these financial statements

Legal representative:

Person in charge of accounting works:

Person in charge of accounting institute:

Profit Statement of Parent Company

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

In RMB

Item	Note	2023	2022
I. Operating income	XVI-4	3,568,007,626.04	3,864,504,995.80
Less: Operating cost	XVI-4	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 “-”)	XVI-5	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			

(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. The effective portion of cash flow hedging gains and losses			
3. Change of fair value of other debt investment			
4. Amount of financial assets re-classify to other comprehensive income			
5. Credit impairment provision for other debt investment			
6. Cash flow hedging reserve			
7. Translation differences arising on translation of foreign currency financial statements			
8. 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			

The accompanying notes are parts of these financial statements

Legal representative:

Person in charge of accounting works:

Person in charge of accounting institute:

Consolidated Cash Flow Statement

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

In RMB

Item	Note	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
Write-back of tax received		247,423,811.65	306,395,040.32
Other cash received concerning operating activities	V-63	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
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	V-63	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	V-64	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	V-63	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 cash received from subsidiaries and other units obtained		13,716,100.33	70,190,329.71
Other cash paid concerning investing activities	V-63	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			125,000,000.00

minority shareholders' investment by subsidiaries			
Cash received from loans		2,696,375,308.64	4,692,002,243.34
Cash received from bonds			
Other cash received concerning financing activities	V-63		
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	V-63	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	V-64	-215,130,910.41	1,183,098,668.09
Add: Balance of cash and cash equivalents at the period -begin	V-64	2,277,117,604.82	1,094,018,936.73
VI. Balance of cash and cash equivalents at the period -end	V-64	2,061,986,694.41	2,277,117,604.82

The accompanying notes are parts of these financial statements

Legal representative:

Person in charge of accounting works:

Person in charge of accounting institute:

Cash Flow Statement of Parent Company

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

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
Cash received from bonds		
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		-	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

The accompanying notes are parts of these financial statements

Legal representative:

Person in charge of accounting works:

Person in charge of accounting institute:

Statement of Changes in Owners' Equity (Consolidated)

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

Period: year 2023

In RMB

Item	Note	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	Retained profit	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		6,440,500.00				103,260,862.78	-8,333,490.39				101,367,872.39	-4,072,852.94		-97,295,019.45

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 comprehen sive income														
6. Other														
(V) Reasonable reserve								1,521,639. 02			1,521,639.02	201,878.14	1,723,517.16	
1. Withdrawal in the report period								30,768,590 .85			30,768,590.85	3,311,493.5 0	34,080,084.35	
2. Usage in the report period								29,246,951 .83			29,246,951.83	3,109,615.3 6	32,356,567.19	
(VI)Others						13,062,436.1 1					13,062,436.11	622,516.69	13,684,952.80	
IV. Balance at the end		1,002,162,79 3.00				3,308,170,14 0.96	533,289,51 2.24	54,156,915. 97	3,641,439. 97	510,100,49 6.00	15,054,950,39 8.12	19,399,892,67 1.78	778,330,08 9.26	20,178,222,76 1.04

Statement of Changes in Owners' Equity (Consolidated)

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

Period: year 2022

In RMB

Item	Note	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	Retained profit			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		-56,277.00				27,024,394.81	271,373,204.89					-244,405,087.08	130,826,610.83	-113,578,476.25

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 comprehen sive 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	2,700,074.0 3	28,787,160.37	
2. Usage in the report period								24,679,500 .70			24,679,500.70	2,412,356.4 5	27,091,857.15	
(VI)Others														
IV. Balance at the end		1,008,603,29 3.00			3,398,368,56 7.63	541,623,00 2.63	- 911,310.13	2,119,800. 95	510,100,49 6.00	13,320,021,32 5.90	17,696,679,17 0.72	738,027.67 8.66	18,434,706,84 9.38	

based payment												
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 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										6,474,505.00		6,474,505.00

period												
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

The accompanying notes are parts of these financial statements

Legal representative:

Person in charge of accounting works:

Person in charge of accounting institute:

Statement of Changes in Owners' Equity (Parent Company)

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

Period: year 2022

In RMB

Item	Note	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	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-						28,943,506.38						28,943,506.38

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

The accompanying notes are parts of these financial statements

Legal representative:

Person in charge of accounting works:

Person in charge of accounting institute:

Notes to Financial Statement

I. Basic information of the Company

1. Historical origin of the Company

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

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

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

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

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

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

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

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

On May 27, 2009, Weifu Group satisfied the consideration arrangement by dispatching 0.5 shares for each 10 shares based on the number of circulating A share as prior to Share Merger Reform, according to the aforesaid Share Merger

Reform, with an aggregate of 14,039,979 shares dispatched. Subsequent to implementation of dispatch of consideration shares, Weifu Group then held 100,021,999 shares of the Company, representing 17.63% of the total share capital of the Company.

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

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

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

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

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

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

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 and Borit NV, etc.

3. Business nature and major operation activities of the Company

Operation scope of parent company: Technology development and consulting service in the machinery industry; manufacture of engine fuel oil system products, fuel oil system testers and equipment, manufacturing of auto electronic parts, automotive electrical components, non-standard equipment, non-standard knife tool and exhaust after-treatment system; sales of the general machinery, hardware & electrical equipment, chemical products & raw materials (excluding hazardous chemicals), automotive components and vehicles (excluding nine-seat passenger car); internal combustion engine maintenance; leasing of the own houses; import and export business in respect of diversified commodities and technologies (other than those commodities and technologies limited or forbidden by the State for import and export) by self-operation and works as agent for such business. Research and test development of engineering and technical; R&D of the energy recovery system; manufacture of auto components and accessories; general equipment manufacturing (excluding special equipment manufacturing), (any projects that needs to be approved by laws can only be carried out after getting approval by relevant authorities) General items: engage in investment activities with self-owned funds (except for items subject to approval according to the law, independently carry out business activities according to laws with business licenses)

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

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

Financial report of the Company was approved by the Board of Directors for reporting dated April 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 Nanshan 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

Name of subsidiary	Short name of subsidiary
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

II. 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.

III. 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 III- 34. 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 transactions before loss of control shall be recognized as other comprehensive income, and reclassified as profit or loss arising from the loss of control when control is lost.

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;

② The 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

12. 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 Note III. 11. "Financial Instrument".

13. 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.

14. 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.

15. 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.

16. 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 III-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 treat 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 III-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.

17. 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.

18. 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	Years of depreciation	Scrap value rate	Yearly depreciation rate
Permanent ownership land	Indefinite		No depreciation
House and building	20~35	5%	2.71~4.75
Machinery equipment	10	5%	9.50
Transportation equipment	4~5	5%	19.00~23.75
Electronic and other equipment	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

Our 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.

19. 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.

20. 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.

21. 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.

22. 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.

23. 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.

24. 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.

25. 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.

26. 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.

27. 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:

- ①The obligation is a present obligation of the Company;
- ②It is Contingent that an outflow of economic benefits will be required to settle the obligation;
- ③The 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

28. Revenue

Accounting policies used in revenue recognition and measurement

1)Revenue recognition principle

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

When one of the following conditions is met, it belongs to the performance obligation within a certain period of time, otherwise, it belongs to the performance obligation at a certain point in time: ①The customer obtains and consumes the economic benefits brought by the company's performance while the company performs the contract; ②The customer can control the goods or services in progress during the company's performance; ③The 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: ①The company has the current right to receive payment for the goods, that is, the customer has the current payment obligation for the goods; ②The company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods; ③The company has transferred the goods to the customer in kind, that is, the customer has physically taken possession of the goods; ④The 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; ⑤The customer has received the goods; ⑥ Other signs that the customer has obtained control of the goods.

2)Revenue measurement principle

- ①The company measures revenue based on the transaction price allocated to each individual performance obligation.

The transaction price is the amount of consideration that the company expects to be entitled to receive due to the transfer of goods or services to customers, and does not include payments collected on behalf of third parties and payments expected to be returned to customers.

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

③If 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.

③If 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.

29. 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.

30. 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.

31. 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.

32. Other major accounting policy and estimation

Nil

33. Changes of important accounting policies and estimation

(1) Changes of important accounting policies

(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

Nil

34. 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.

IV. Taxation

1. Major taxes and tax rates

Tax	Basis	Tax rate
VAT	The output tax is calculated based on the taxable income, and VAT is calculated based on the difference after deducting the input tax available for deduction for the current period	25%(IRD, Denmark), 22%(VHIT, Italy),21%(Borit, Belgium), 13%, 9%, 6%, Collection rate 5%
City maintaining & construction tax	Turnover tax payable	7%,5%
Corporation income tax	Taxable income	15%, 20%, 21%, 22%, 25%, 24% + regional tax 3.9%
Educational surtax	Turnover tax payable	5%

Disclose reasons for different taxpaying body:

Taxpaying body	Income tax rate
The Company, WFJN, WFLD, WFTT, WFMA, WFAM, 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.

V. Notes to major items in consolidated financial statements

(The following items have no special instructions, and the unit of amount is RMB yuan. The end of the period refers to December 31, 2023, the beginning refers to January 1, 2023, the current period refers to the year 2023, and the previous period refers to the year 2022.)

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
Deposits with financial companies		
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
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
Bank acceptance bill		
Trade acceptance bill	144,976,174.84	135,559,024.27
Total	144,976,174.84	135,559,024.27

(2) Accrued bad debt reserve

Category	Ending balance				Book value
	Book balance		Bad debts reserve		
	Amount	Ratio	Amount	Accrued ratio	
Note receivable with bad debt provision accrued on portfolio	144,976,174.84	100.00%			144,976,174.84
Portfolio 1: bank acceptance bill					
Portfolio 2: trade acceptance bill	144,976,174.84	100.00%			144,976,174.84
Total	144,976,174.84	100.00%			144,976,174.84

Category	Opening balance				Book value
	Book balance		Bad debts reserve		
	Amount	Ratio	Amount	Accrued ratio	
Note receivable with bad debt provision accrued on portfolio	135,559,024.27	100.00			135,559,024.27
Portfolio 1: bank acceptance bill					
Portfolio 2: trade acceptance bill	135,559,024.27	100.00			135,559,024.27
Total	135,559,024.27	100.00			135,559,024.27

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

In RMB

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

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

Item	Termination confirmation amount at the end of the period	Termination unconfirmed amount at the end of the period
Bank acceptance bill		
Trade acceptance bill		
Total		

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

In RMB

Item	Amount transfer to account receivable at period-end
Trade acceptance bill	4,270,595.02

Other explanation

The trade acceptance bill that the company transferred to the accounts receivable due to in 2018 the failure of the drawer to perform the agreement at the end of the period were the bills of the subsidiaries controlled by BD Petrochemical Group Co., Ltd. and the bills accepted by BD Petrochemical Group Finance Co., Ltd. (hereinafter referred to as “BD bills”).

(6) Note receivable actually charged off in the period

Nil

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
Total	3,939,491,679.26	3,206,964,405.87

(2) Accrued of bad debt provision

In RMB

Category	Ending balance				
	Book balance		Bad debt reserve		Book value
	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%	
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
Total	3,939,491,679.26	100.00%	81,951,721.06	2.08%	3,857,539,958.20

Category	Opening balance		
	Book balance	Bad debt reserve	Book value

	Amount	Ratio	Amount	Accrued ratio	
Account receivable with bad debt provision accrued on a single basis	57,806,705.14	1.80%	57,806,705.14	100.00%	
Account receivable with bad debt provision accrued on portfolio	3,149,157,700.73	98.20%	21,667,523.48	0.69%	3,127,490,177.25
Total	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:

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 Leopaard 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 Manufacturing Co., Ltd.	6,193,466.77	6,193,466.77	6,193,466.77	6,193,466.77	100.00%	Difficult to recover
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:

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	

In the combination, there are no accounts receivable that have been provisioned for bad debts using other methods.

(3) Bad debt provision accrued collected or reversal:

Category	Opening balance	Amount changed in the period					Ending balance
		Accrued	Collected or reversal	Charged off	Translation of foreign currency statements	Other previously written off, recovered in the current period	
Bad debt provision	79,474,228.62	5,788,060.03	3,464,139.38	43,813.01	134,234.87	63,149.93	81,951,721.06

Significant amount of bad debt reserves recovered or reversed in this period: Nil

(4) Account receivable actually charged off in the Period

In RMB

Item	Amount charged off	Whether the payment generated by related party transactions
Account receivable actually charged off	43,813.01	N

Important accounts receivable actually written off in this period: Nil

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

In RMB

Name	Ending balance of account receivable	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
Including: Bank acceptance bills	1,661,749,949.46	1,918,368,845.21

Trade Acceptance Bill		
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:

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

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

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

(4) Receivable financing actually charged off in current period

Nil

6. Other account receivables

In RMB

Item	Ending balance	Opening balance
Interest receivable		
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

Nil

(2) Dividend receivable

1) Details of dividend receivable

In RMB

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

2) Important dividend receivable with account age over one year

Nil

(3) 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
Total	2,570,043,967.61	2,765,714,158.10

3) Classified disclosure based on expected credit loss general model

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				
--Transfer into Phase II				
--Transfer into Phase III				
--Transfer back to Phase II				
--Transfer back to Phase I				

Current accrued	3,055,915.03			3,055,915.03
Current reversal	977,386.61			977,386.61
Current period write off				
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

4) Bad debt provision accrued, collected or reversal

In RMB

Category	Opening balance	Change in current period					Ending balance
		Accrued	Collected or reversal	Charged off	Translation of foreign currency statements	Other	
Bad debt provision	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	Ending balance of bad debt reserve
WFTR “platform trade” business portfolio	See “Other explanations”	2,542,263,370.70	1-2 years	98.92%	1,644,068,327.93
Robert Bosch Company	Intercourse funds from units	2,500,307.00	Within 1 year	0.10%	
Wuxi China Resources Gas Co. LTD	Deposit margin	1,364,750.00	Over 3 years	0.05%	1,364,750.00
Zhenkunxing Industrial Supermarket (Shanghai) Co., LTD	Deposit margin	1,000,000.00	Over 3 years	0.04%	1,000,000.00
BYD	Deposit margin	900,000.00	With 1 year	0.03%	
Total		2,548,028,427.70		99.14%	1,646,433,077.93

Other explanations: For details of WFTR “platform trade” business portfolio, please refer to the description in Note-XV- 6 “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-XI- 6(5).

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		270,414.21	0.29%
Total	76,202,271.16	100.00%	94,323,853.87	100.00%

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

Nil

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

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

(1) Category of inventory

In RMB

Item	Ending balance			Opening balance		
	Book balance	Inventory depreciation reserve or provision for impairment of contract performance costs	Book value	Book balance	Inventory depreciation reserve or provision for impairment of contract performance costs	Book value
Stock materials	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

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

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. Long-term equity investment

In RMB

Invested entity	Opening balance (book value)	Current changes (+/-)							Ending balance (book value)	Ending balance of depreciation reserves
		Additional investment	Capital reduction	Investment gain/loss recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Impairment Accrued		
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
Zhonglian Electronic	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
Changchun Xuyang	9,621,734.83			-538,911.04						9,082,823.79
PrecorsGmbH	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 Bowei		110,000,000.00		-20,489,295.60					-13,750.00	89,496,954.40
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.

11. Other equity instrument investment

(1) Other equity instrument investment situation

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
Wuxi Xichang Microchip Semi-Conductor	592,742,690.00	592,742,690.00		
Other	85,048,000.00	85,048,000.00		
Total	677,790,690.00	677,790,690.00		

Continued

In RMB

Item	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				Non-trading equity instrument investments
Other				Non-trading equity instrument investments
Total				

(2) Explanation of termination of recognition in this period:

Nil

(3) 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

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

13. Investment real estate

(1) Investment real estate measured by cost

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. Current decreased	2,364,090.24			2,364,090.24
(1) Disposal	2,364,090.24			2,364,090.24
(2) Transfer from rental to self use				
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
(2) Inventory, fixed assets, and construction in progress transferred in				
3. Current decreased	2,293,167.53			2,293,167.53
(1) Disposal	2,293,167.53			2,293,167.53
(2) Transfer from rental to self use				
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
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(2) Investment real estate using fair value measurement model:

Nil

14. Fixed assets

(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. 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	3,304,279.62	17,949,887.19	1,105.28	14,270,712.69		35,525,984.78

foreign currency financial statement						
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 on 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

15. Construction in progress

In RMB

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

Item	Opening balance	Current increased	Fixed assets transfer-in in the Period	Other decreased in the Period	Ending balance
Renovation of Xinan Branch, No. 1 workshop of the company	41,493,029.41	106,749,695.48			148,242,724.89
Lot 103 phase VI		7,509,742.36			7,509,742.36

Continued

Item	Proportion of project investment in budget	Progress	Accumulated amount of interest capitalization	including: interest capitalized amount of the year	Interest capitalization rate of the year	Source of funds
Renovation of Xinan Branch, No. 1 workshop of the company	35.06%	35.06%				The Company's accumulated funds
Lot 103 phase VI	9%	9%				The Company's accumulated funds
Total						

(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	--

16. Right-of-use assets

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. Translation of foreign currency statements			
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

17. Intangible assets

(1) Intangible assets situation

Item	Land use right	Computer software	Trademark and trademark license	Patented and non patented technologies	Total
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I. Original book value					
1. Opening balance	381,867,130.62	156,331,661.37	41,597,126.47	247,735,742.07	827,531,660.53
2. Current increased		58,288,088.04		5,000,000.00	63,288,088.04
(1) Purchase		3,880,588.41			3,880,588.41
(2) Transfer from construction in progress		54,407,499.63			54,407,499.63
(3) 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
(2) Other					
4. Conversion of foreign currency financial statement		1,138,252.40		12,457,935.72	13,596,188.12
5. Ending balance	372,945,018.62	214,863,628.61	41,597,126.47	265,193,677.79	894,599,451.49
II. Accumulated amortization					
1. Opening balance	112,319,506.81	118,642,946.06	9,709,000.00	82,143,152.44	322,814,605.31
2. Current increased	8,106,024.88	42,059,366.96		22,663,087.20	72,828,479.04
(1) Amortization	8,106,024.88	42,059,366.96		22,663,087.20	72,828,479.04
(2) Other					
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
(2) Other					
4. Conversion of foreign currency financial statement		493,908.13		4,816,986.79	5,310,894.92
5. Ending balance	113,015,433.79	160,301,847.95	9,709,000.00	109,623,226.43	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					
(2) Other					
3. Current decreased					
(1) Disposal					
(2) Other					
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	54,093,619.87	15,241,226.47	155,570,451.36	484,834,882.53	
2. Opening Book value	269,547,623.81	37,246,548.01	15,241,226.47	165,592,589.63	487,627,987.92	

(2) The situation of land use rights without completed property rights certificates: Nil

18. Goodwill

(1) Original book value of goodwill

The invested entity or matters forming goodwill	Opening balance	Current increased	Current decreased	Translation of foreign currency statements	Ending balance
		Formed by business combination	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

The invested entity or matters forming goodwill	Opening balance	Current increased	Current decreased	Translation of foreign currency statements	Ending balance
		Formed by business combination	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?
WFTL	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

(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.

1) WFTT: Determine the recoverable amount based on the present value of expected future cash flows

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%

2) Borit: Determine its recoverable amount based on the net amount of fair value minus disposal expenses

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

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

Nil

19. Long-term deferred expense

Item	Opening balance	Current increase	Amortized in the Period	Translation of foreign currency statements	Ending balance
Decoration expense, etc.	28,586,235.84	2,875,577.03	7,361,781.35	614,600.58	24,714,632.10

20. Deferred income tax assets/Deferred income tax liabilities

(1) Deferred income tax assets that are not offset

Item	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
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
Unrealized profit from insider transactions	58,038,282.16	10,362,240.10	43,939,348.59	8,056,161.37
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
Deductible loss	1,021,893,078.26	153,283,961.74	942,706,826.57	142,138,790.82
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

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

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

Item	Ending balance	Opening balance	Note
Bad debt reserve	1,649,499,774.15	1,648,602,163.32	There is uncertainty about whether sufficient taxable income can be obtained in the future
Inventory depreciation reserve	35,117,491.71	34,557,558.55	There is uncertainty about whether sufficient taxable income can be obtained in the future

Loss from subsidiary	845,349,190.11	529,884,134.82	There is uncertainty about whether sufficient taxable income can be obtained in the future
Depreciation reserves of fixed assets	109,904,261.74	129,931,549.17	There is uncertainty about whether sufficient taxable income can be obtained in the future
Depreciation reserves of intangible assets	468,160.79	442,167.30	There is uncertainty about whether sufficient taxable income can be obtained in the future
Other equity instrument investment	13,600,000.00	13,600,000.00	Due to the uncertainty in obtaining evidence required by tax authorities
Wages payable, withholding expense, etc.	4,572,812.40	--	There is uncertainty about whether sufficient taxable income can be obtained in the future
Total	2,658,511,690.90	2,357,017,573.16	

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

Maturity year	Ending balance	Opening balance	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

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

22. Assets with ownership or use right restricted

Item	Ending			
	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
Monetary funds	7,902,000.00	7,902,000.00	Cash deposit	IRD performance bond
Monetary funds	210,720.00	210,720.00	Cash deposit	Cash deposit for Mastercard
Monetary funds	4,000.00	4,000.00	Cash deposit	ETC freezing
Bill receivable	97,820,000.00	97,820,000.00	Pledge	Notes pledge for bank acceptance

Receivables financing	568,256,134.85	568,256,134.85	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		

Continued

Item	Opening			
	Book balance	Book value	Restriction type	Restriction reason
Monetary funds	18,840,000.00	18,840,000.00	Cash deposit	Foreign exchange contract USD margin
Monetary funds	24,368,385.65	24,368,385.65	Cash deposit	Deposit paid for issuing bank acceptance bills
Monetary funds	7,487,250.00	7,487,250.00	Cash deposit	IRD performance bond
Monetary funds	199,660.00	199,660.00	Cash deposit	Cash deposit for Mastercard
Monetary funds	180,000.00	180,000.00	Freezing	ETC freezing
Monetary funds	5,000.00	5,000.00	Cash deposit	Judicial freeze
Bill receivable	82,908,186.94	82,908,186.94	Pledge	Notes pledge for bank acceptance
Receivables financing	530,337,600.45	530,337,600.45	Pledge	Notes pledge for bank acceptance
Total	664,326,083.04	664,326,083.04		

23. Short-term borrowings

(1) Category of short-term borrowings

Item	Ending balance	Opening balance
Credit loan	818,592,983.28	3,511,504,373.65
Guaranteed loan	3,000,000.00	89,074,800.00
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

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

25. Note payable

In RMB

Category	Ending balance	Opening balance
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Bank acceptance bill	1,759,062,642.60	1,411,089,606.00
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Other explanation:

To issue the above-mentioned bank acceptance bill, a deposit of 22,174,151.94 yuan was paid, and a financing of 666,076,134.85 yuan was secured by pledging accounts receivable and notes receivable.

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

26. Account payable

(1) Account payable

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

Nil

27. Other account payable

Item	Ending balance	Opening balance
Interest payable	--	--
Dividend Payable	--	--
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

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

Item	Ending balance	Reasons for not repaying or carry-over
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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

28. Accounts received in advance

(1) Accounts received in advance

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

(1) Contract liabilities

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

(2) Significant contractual liabilities with an aging of over 1 year

Nil

(3) The amount and reasons for significant changes in book value during the reporting period

Nil

30. Wage payable

(1) Wage payable

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

①Explanation of the current decrease 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.

②Explanation 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

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
6. 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) Post employment benefits - defined contribution plan

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

Post employment benefits - defined contribution plan explanation:

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 XV-4 “Annuity plan”.

31. Tax payable

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
City maintaining & construction tax	568,820.85	1,546,043.92
Educational surtax	410,526.96	1,105,937.33
Individual income tax	7,904,270.96	6,846,289.60
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

Item	Ending balance	Opening balance
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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

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

34. Long-term borrowings

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

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

36. Long-term account payable

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

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

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

Item	Opening balance	Ending balance
Removal compensation of subsidiary WFJN	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

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 - Incentive Fund	130,878,717.83	169,323,760.89
Less: Incentive funds paid within one year	35,200,000.00	47,640,000.00
Other long-term benefits - Incentive fund balance	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

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

Plan assets: Nil

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

Item	Ending balance	Opening balance
Product quality assurance	26,946,035.59	8,695,322.61
Withholding sales discounts	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

Item	Opening balance	Current increased	Current decreased	Translation of foreign currency statements	Ending balance
Government grant	223,123,978.78	26,584,244.26	61,078,193.39	143,592.64	188,773,622.29

Item with government grants involved:

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	4,254,433.18	--	1,548,680.15	--	2,705,753.03	Assets related

turbocharger for diesel engine						
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 XCJ 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

Item	Opening balance	Change during the year (+/-)					Ending balance
		New shares issued	Bonus share	Shares transferred from capital reserve	Other-cancellation	Subtotal	
Total shares	1,008,603,293.00	--	--	--	- 6,440,500.00	- 6,440,500.00	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

Item	Opening balance	Current increased	Current decreased	Ending balance
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:

(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

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:

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

Item	Opening balance	Current period				Ending balance
		Account before income tax in the year	Less: income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	
I. Other comprehensive income that cannot be reclassified to profit or loss	-383,156.26	- 1,189,898.5 9		-1,189,898.59		- 1,573,054.85
Including: Other comprehensive income that cannot be transferred to profit or loss under the equity method	16,008.80					16,008.80
Remeasure changes in defined benefit plans	-399,165.06	- 1,189,898.5 9		-1,189,898.59		- 1,589,063.65

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
Including: Conversion difference of foreign currency financial statement	-528,153.87	56,258,124.69		56,258,124.69		55,729,970.82
Total	-911,310.13	55,068,226.10		55,068,226.10		54,156,915.97

44. Reasonable reserve

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

Other explanation:

(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

Item	Opening balance	Current increased	Current decreased	Ending balance
Statutory surplus reserves	510,100,496.00			510,100,496.00

Explanation on statutory surplus reserve withdrawal:

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

Item	Current period	Last period	Extraction or allocation ratio
Retained profits at the end of last year before adjustment	13,320,021,325.90	14,814,787,377.86	
Total undistributed profits at the beginning of the adjustment period (increase+, decrease -)			
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: Withdrawal legal surplus			
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	1 yuan/10 shares this year, 16 yuan/10 shares last year
Less: Common stock dividends converted into capital			
Add: Impact of disposal of other equity instrument investments			
Retained profit at period-end	15,054,950,398.12	13,320,021,325.90	

47. Operating income and cost

(1) Operating income and cost situation

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

(2) Operating income and costs divided by the time of goods transfer

Type of contract	Automotive fuel injection systems and fuel cell components product segment		Automotive after-treatment system product segment	
	Operating income	Operating cost	Operating income	Operating cost
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
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
Confirm at a certain time period				
Rental Income	22,700,928.04	5,093,327.35	2,006,634.03	2,032,502.22
Total	5,201,564,655.45	3,960,359,167.71	3,439,813,189.61	2,991,515,364.14

Continued

Type of contract	Automotive intake system product segment		Other automotive components segment		Total	
	Operating income	Operating cost	Operating income	Operating income	Operating cost	Operating income
Main business						
Including: Confirm at a certain point in time	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	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	949,128.05	474,371.92			25,656,690.12	7,600,201.49
Total	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

48. Operating tax and extra

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. Sales expenses

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

50. Administration expenses

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

51. R&D expenditure

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

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

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-	1,012,586.51	1,117,613.70	Related to assets

Subsidy projects	Current period	Last period	Related to assets/income
pressure variable pump for common rail system of automotive diesel engine			
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 turbochargers	246,974.99	282,056.24	Related to assets
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

Subsidy projects	Current period	Last period	Related to assets/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 150000 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. Investment income

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
Dividend income obtained from other equity instrument investments during the holding period		683,455.00
Investment income from disposal of trading financial assets	13,328,675.84	137,682.59
Gains/losses recognized when financing of accounts receivable is terminated for discounting	-2,111,334.30	-5,153,934.63
Income from debt restructuring	-323,525.00	--
Total	1,701,990,058.24	1,849,145,500.50

55. Income from change of fair value

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

56. Credit impairment loss

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

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

58. Income from assets disposal

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

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

Item	Current period	Last period	Amount reckoned into current non-recurring gains/losses
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			
Donation	520,000.00	5,013,500.00	520,000.00
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

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

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
Total	21,195,062.23

62. Other comprehensive income

See Note V-43“Other comprehensive income”.

63. Items of cash flow statement

(1) Cash received in relation to operation activities

①Other cash received in relation to operation activities

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

②Other cash paid in relation to operation activities

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

(2) Cash in relation to investment activities

①Other cash received in related to investment activities

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

②Significant cash received in related to investment activities: Nil

③Cash paid in related to investment activities

Item	Current period	Last period
Deposit paid for the purchase of VHWX		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

(3) Cash in related to financing activities

①Other cash received in related to financing activities

Nil

②Other cash paid in related to financing activities

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

③Changes in liabilities arising from financing activities

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

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 “-”)	-134,092,953.43	-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	-9,767,646.64	157,622,752.09

of “-”)		
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 “-”)	810,038,305.19	-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. 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

Item	Amount
The cash or cash equivalents paid in the current period for the merger of enterprises that occurred in the current period	
Less: Cash and cash equivalents held by the company on the date of purchase	
Add: Cash or cash equivalents paid in the current period for the business acquisition that occurred in previous periods	13,716,100.33
Total	13,716,100.33

(3) Net cash received from the disposal of subsidiaries

Nil

(4) Constitution of cash and cash equivalent

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
Other monetary funds available for payment at any time		
I. Cash equivalents		
Including: Bond investments due within three months		
III. Balance of cash and cash equivalents at the period-end	2,061,986,694.41	2,277,117,604.82
Including: Restricted cash and cash equivalents used by the parent company or		

subsidiaries within the group		
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(5) Items whose application scope is restricted but are still listed as cash and cash equivalents

Nil

(6) Monetary items not belonging to cash and cash equivalents

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	

(7) Notes to other significant activities

Nil

65. Note of the changes of owners' equity

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

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

JPY	15,066,940.00	0.050213	756,556.26
DKK	9,465,657.99	1.0536	9,973,017.26
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

Explanation: overseas operating entities

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

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 Note V- 16 “Right of use assets”.

(2) The company as the lessor

Operating lease with the company as the lessor

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	

68. R&D expenditure

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
Capitalized R&D expenses		

VI. Changes of consolidation scope (RMB)

1. Enterprise combines not under the same control occurred in the period

Nil

2. Enterprise combines under the same control occurred in the period

Nil

3. Reverse purchase

Nil

4. Disposal of subsidiaries

Nil

VII. Equity in other entity (RMB)

1. Equity in subsidiary

(1) Constitute of enterprise group

In ten thousand yuan

Subsidiary	Main operation place	Egistered place	Business nature	Direct shareholding ratio(%)	Indirect shareholding ratio(%)	Voting rights ratio (%)	Acquired way
WFJN	Nanjing	Nanjing	Spare parts of internal-	80.00	--	80.00	Enterprise combines

			combustion engine				under the same control
WFLD	Wuxi	Wuxi	Automobile exhaust purifier, muffler	94.81	--	94.81	Enterprise combines under the same control
WFMA	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00	--	100.00	Investment
WFCA	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00	--	100.00	Investment
WFTR	Wuxi	Wuxi	Trading	100.00	--	100.00	Enterprise combines under the same control
WFSC	Wuxi	Wuxi	Spare parts of internal-combustion engine	66.00	--	66.00	Investment
WFTT	Ningbo	Ningbo	Spare parts of internal-combustion engine	98.83	1.17	100.00	Enterprise combines not under the same control
WFAM	Wuxi	Wuxi	Spare parts of internal-combustion engine	51.00	--	51.00	Enterprise combines not under the same control
WFLD (Wuhan)	Wuhan	Wuhan	Automobile exhaust purifier, muffler	--	60.00	60.00	Investment
WFLD (Chongqing)	Chongqing	Chongqing	Automobile exhaust purifier, muffler	--	100.00	100.00	Investment
WFLD (Nanchang)	Nanchang	Nanchang	Automobile exhaust purifier, muffler	--	100.00	100.00	Investment
WFAS	Wuxi	Wuxi	Smart car equipment	--	66.00	66.00	Investment
WFDT	Wuxi	Wuxi	Hub Motor	80.00	--	80.00	Enterprise combines not under the same control
WFQL	Wuxi	Wuxi	Fuel cell components	45.00	30.00	75.00	Investment
VHWX	Wuxi	Wuxi	Vacuum and hydraulic pump	100.00	--	100.00	Enterprise combines not under the same control
SPV	Denmark	Denmark	Investment	100.00	--	100.00	Investment
IRD	Denmark	Denmark	Fuel cell components	--	100.00	100.00	Enterprise combines not under the same

							control
IRD America	America	America	Fuel cell components	--	100.00	100.00	Enterprise combines not under the same control
Borit	Belgium	Belgium	Fuel cell components	--	100.00	100.00	Enterprise combines not under the same control
Borit America	America	America	Fuel cell components	--	100.00	100.00	Enterprise combines not under the same control
VHIO	Italy	Italy	Vacuum and hydraulic pump	--	100.00	100.00	Enterprise combines not under the same control

(2) Important non-wholly-owned subsidiary

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%	32,815,314.34	11,641,107.58	231,399,302.98
WFLD	5.19%	2,868,752.26		155,910,365.23
Total		81,309,877.12	40,453,107.58	647,634,107.86

(3) Main finance of the important non-wholly-owned subsidiary

Subsidiary	Ending balance					
	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
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
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

Subsidiary	Opening balance					
	Current assets	Current assets	Current assets	Current assets	Current assets	Current assets
WFJN	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	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	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

Subsidiary	Current period			
	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

WFLD	3,605,313,446.67	232,172,143.48	232,172,143.48	814,222,683.45
Total	4,266,569,466.84	396,248,715.19	396,248,715.19	822,109,109.60

Subsidiary	Last period			
	Operation Income	Operation Income	Operation Income	Operation Income
WFJN	732,361,563.72	83,150,768.43	83,150,768.43	62,087,338.85
WFLD	5,937,549,034.42	265,352,997.31	265,352,997.31	87,740,237.63
Total	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

2. Transaction that has owners' equity shares changed in subsidiary but still with controlling rights

Nil

3. Equity in joint venture and associated enterprise

(1) Joint venture and associated enterprise

Joint venture or associated enterprise	Enterprise abbreviation	Main operation place	Registered place	Business nature	Share-holding ratio		Accounting treatment on investment for joint venture and associated enterprise
					Directly	Indirectly	
Wuxi WFECal Catalysts. Co., Ltd.	WFEC	Wuxi	Wuxi	Catalyst		49.00%	Equity method
Robert Bosch Powertrain Ltd.	RBCD	Wuxi	Wuxi	Internal-combustion engine accessories	32.50%	1.50%	Equity method
Zhonglian Automobile Electronics Co., Ltd.	Zhonglian Electronics.	Shanghai	Shanghai	Internal-combustion engine accessories	20.00%		Equity method
Wuxi Weifu Precision Machinery Manufacturing Co., Ltd	WFPM	Wuxi	Wuxi	Internal-combustion engine accessories	20.00%		Equity method
Changchun Xuyang Weifu Automotive Parts Technology	Changchun Xuyang	Changchun	Changchun	Automobile components		34.00%	Equity method

Co., Ltd							
PrecorsGmbH	PrecorsGmbH	Germany	Germany	Fuel cell components		43.39%	Equity method
Wuxi ChelianTianxia Information Technology Co., Ltd.	Auto Link	Wuxi	Wuxi	Telematics services	9.6372%		Equity method
Lezhuo Bowei Hydraulic Technology (Shanghai) Co., Ltd	Lezhuo Bowei	Shanghai	Shanghai	Automobile components	50.00%		Equity method

Holding shares ratio different from the voting right ratio: Nil

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

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 associated enterprise

	Ending balance/Current period		
	WFEC	RBCD	Zhonglian Automobile
Current assets	3,309,330,261.33	13,057,353,298.24	156,804,165.22
Including: cash and cash equivalent	695,880,608.87	16,224,264.19	131,177,239.01
Non-current assets	417,489,997.17	3,452,708,227.20	8,276,183,030.91
Total assets	3,726,820,258.50	16,510,061,525.44	8,432,987,196.13
Current liabilities	1,402,974,842.29	8,401,045,934.29	7,530,191.60
Non-current liabilities	455,453,890.82	--	4,983,100.68
Total liabilities	1,858,428,733.11	8,401,045,934.29	12,513,292.28
Minority interests	--	--	
Attributable to parent company shareholders' equity	1,868,391,525.39	8,109,015,591.15	8,420,473,903.85
Share of net assets calculated by shareholding ratio	915,511,847.44	2,757,065,300.99	1,684,094,780.77
Adjustment matters	--	--	
--Goodwill	--	267,788,761.35	1,407,265.96
--Unrealized profit of internal trading	--	-9,546,770.23	
--Other	--	-0.28	
Book value of equity investment in associated enterprise	915,511,847.44	3,015,307,291.83	1,685,502,046.73
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
Financial expense	7,037,634.39	83,168,950.55	-4,623,827.42

Income tax expense	59,152,017.79	287,380,800.90	7,155,753.05
Net profit	422,428,917.15	2,994,134,912.69	2,040,443,663.38
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
Dividends received from associated enterprise in the year	117,600,000.00	1,673,605,474.71	282,000,000.00

Other explanation

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

	Opening balance/Current period		
	WFEC	RBCD	Zhonglian Automobile
Current assets	3,507,976,754.16	15,426,523,373.99	241,595,079.15
Including: cash and cash equivalent	813,874,175.27	10,773,921.81	225,052,854.96
Non-current assets	333,764,427.43	3,421,035,986.82	7,557,124,612.32
Total assets	3,841,741,181.59	18,847,559,360.81	7,798,719,691.47
Current liabilities	1,665,411,123.81	8,810,309,639.09	6,171,780.23
Non-current liabilities	493,618,200.85	--	2,517,670.77
Total liabilities	2,159,029,324.66	8,810,309,639.09	8,689,451.00
Minority interests	--	--	--
Attributable to parent company shareholders' equity	1,682,711,856.93	10,037,249,721.72	7,790,030,240.47
Share of net assets calculated by shareholding ratio	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
--Unrealized profit of internal trading	--	-20,692,355.48	--
--Other	--	-0.28	--
Book value of equity investment in associated enterprise	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	4,983,370,807.15	13,443,929,728.58	26,913,563.07
Financial expense	37,298,423.01	-12,919,599.29	-3,814,000.75
Income tax expense	43,882,305.71	494,166,513.51	4,465,983.95
Net profit	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	354,097,545.31	3,059,444,530.82	1,876,187,641.39
Dividends received from associated enterprise in the year	147,000,000.00	765,837,710.23	194,400,000.00

(3) Excess loss occurred in joint venture or associated enterprise

Nil

(4) Unconfirmed commitment with joint venture investment concerned

Nil

(5) Intangible liability with joint venture or associated enterprise investment concerned

Nil

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

	Ending balance/Current period	Opening balance/Last period
Joint venture:		
Total investment book value		
Amount based on share-holding ratio		
--Net profit		
-- Other comprehensive income		
-- Total comprehensive income		
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
--Other comprehensive income		
--Total comprehensive income	-22,757,873.48	7,198,399.91

5. Major joint operation

Nil

6. Structured body excluding in consolidated financial statement

Nil

VIII. Government grant

1. Government grant recognized at report ending in terms of amount receivable

Nil

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	Amount carried forward to other income	Other changes in current period	Ending balance	Asset/income related
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			s income in current period				
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

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

IX. 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	
JPY	7,975,655.00	0.050213	400,481.57	
DKK	15,008,361.83	1.0536	15,812,810.02	0.06

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted	Ratio in assets (%)
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	
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

②Foreign 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
DKK	23,043,173.79	1.0536	24,278,287.91	0.31
GBP	2,450.00	9.0411	22,150.70	
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	
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

③Other 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

Nil

3. Financial assets

(1) By transfer manner

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 transfer

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 continuously

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

X. 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
Total liabilities sustaining measured by fair value				
II. Non-persistent measure of fair value	--	--	--	--
Total asset non-persistent measured by fair value				
Total liabilities non-persistent measured by 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. 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.

XI. Related party and related party transactions

1. Parent company of the enterprise

Parent company	Related relationship	Business nature	Registration place	legal representative	Business nature	Registered capital
Wuxi Industry Group	Parent company	Operation of state-owned assets	Wuxi	Yao Zhiyong	Operation of state-owned assets	5,496,785,600

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.

Parent company	Share-holding ratio on the enterprise for parent company	Voting right ratio on the enterprise	The ultimate controlling party of this enterprise	Unified Social Credit Code
Wuxi Industry Group	20.36%	20.36%	Wuxi State owned Assets Supervision and Administration Commission	913202001360026543

Explanation of the situation of the parent company of the Company

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).

2. Subsidiary of the Company

For more details of the Company’s subsidiaries, please refer to VII- 1. “Equity in subsidiary”

3. Joint venture and associated enterprise

For more details, please refer to Note VII-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

5. Related transaction situation

(1) Goods purchasing, labor service providing and receiving

①Goods purchasing/labor service receiving

Related party	Content of related transaction	Current period	Last Period
WFPM	Goods and labor	41,669,848.47	52,775,709.71
RBCD	Goods and labor	266,965,044.36	301,077,307.73
WFEC	Goods and labor	955,325,713.19	575,378,265.05
Robert Bosch Company	Goods and labor	199,404,542.49	232,163,763.73
Changchun Xuyang	Goods	--	342,520.00
GuokaiMetals	Goods	15,867,033.58	14,516,381.84

FAILCONTECH	Goods and labor	50,600.00	--
Huilian Aluminum Industry	Goods	515,250.00	--

②Goods sold/labor service providing

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	--

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

Nil

(3) Related lease

The company as lessor:

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 lot	234,000.00	
Lezhuo Bowei	Workshop and equipment	2,715,935.47	

Explanation on related lease

WFLD entered into a house leasing contract with WFEC. The plant locating at No.9 Linjiang Road, Wuxi Xinwu District, owned 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

Item	Current period(Ten thousand yuan)	Last period(Ten thousand yuan)
Remuneration of key manager	662.00	679.00

(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

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	--	--	--

(2) Prepayments item

Item	Related party	Ending balance	Opening balance
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

(3) Payable item

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 Metals	--	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

(4) Payable item

Item	Related party	Ending book balance	Opening book balance
Advance payments and contract reliability	RBCD	0.36	0.36
Advance payments and contract reliability	Robert Bosch Company	6,986,398.10	510,212.12
Advance payments and contract reliability	WFPM		584,847.43

(5) 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

XII. Share-based payment

1. Overall situation of share-based payment

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							5,593,500.0 0	145,990,350.0 0
-------	--	--	--	--	--	--	------------------	--------------------

2. Share-based payment settled by equity

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 and estimate in the prior period	Not applicable
Cumulative amount of equity-settled share-based payments included in the capital reserve(yuan)	81,051,840.00
Total amount of expenses confirmed by equity-settled share-based payments in the current period(yuan)	-30,939,071.92

3. Share-based payment settled by cash

Nil

4. Current share-based payment expenses

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	

5. Modification and termination of share-based payment

Nil

XIII. 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

XIV. Events Occurring after the Balance Sheet Date

1. Important undertakings

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

	<p>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.</p>
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3. Return of sales

Nil

4. Other explanations on Events Occurring after the Balance Sheet Date:

Nil

XV. 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. Segment information

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.

Financial information for reportable segment:

Item	Automotive fuel injection system component segment	Automotive post processing system segment	Air management system segment	Other automotive components segment	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

6. 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.

XVI. Principal notes of financial statements of parent company

1. Account receivable

(1) By account aging

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
Total	1,393,482,759.15	918,537,127.85

(2) Accrued of bad debt provision

Category	Ending balance				
	Book balance		Bad debt reserve		Book value
	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%	
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
Including: receivables from customers	1,219,857,129.33	87.54%	4,648,838.01	0.38%	1,215,208,291.32
Receivables from internal related parties	168,851,089.56	12.12%			168,851,089.56
Total	1,393,482,759.15	100.00%	9,423,378.27	0.68%	1,384,059,380.88

Category	Opening balance				
	Book balance		Bad debt reserve		Book value
	Amount	Ratio	Amount	Accrued ratio	
Account receivable with bad debt provision accrued on a single basis	7,705,636.24	0.84%	7,705,636.24	100.00%	

Account receivable with bad debt provision accrued on portfolio	910,831,491.61	99.16%	4,023,208.39	0.44%	906,808,283.22
Including: receivables from customers	768,218,575.70	83.63%	4,023,208.39	0.52%	764,195,367.31
Receivables from internal related parties	142,612,915.91	15.53%			142,612,915.91
Total	918,537,127.85	100.00%	11,728,844.63	1.28%	906,808,283.22

① Bad debt provision accrued on single basis

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	100.00	

② Bad debt provision accrued on portfolio

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	0.38

③ In the portfolio, 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	--

(3) Bad debt provision accrued collected or reversal

Category	Opening balance	Amount changed in the period			Ending balance
		Accrued	Collected or reversal	Written-off	
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

Including: Important bad debt provision collected or reversal: Nil

(4) Account receivable actual charged off in the Period

Item	Amount charged off	Is the payment generated by related party transactions
Jiangsu Nonghua Smart Agricultural Technology Co., Ltd	23,131.71	N
Total	23,131.71	

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

Name	Ending balance of account receivable	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	49.26	1,017,817.82
Robert Bosch Company	199,928,467.18	14.35	294,416.19
Client 3	143,735,925.57	10.31	394,188.46
WFTR	67,146,422.58	4.82	--
WFSC	62,445,825.31	4.48	--
Total	1,159,681,142.44	83.22	1,706,422.47

2. Other accounts receivable

Item	Ending balance	Opening balance
Interest receivable	842,323.12	206,325.34
Dividend receivable	--	--
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**

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

Nil

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

Nil

2) Important dividend receivable with account age over one year

Nil

(3) Other account receivable

1) Other account receivables classification by nature

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
Margin	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

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
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:

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				
--Transfer into Phase II				
--Transfer into Phase III				
--Transfer back to Phase II				
--Transfer back to Phase I				
Current reversal	1,682,798.84			1,682,798.84
Current transfer back				
Current write off				

Other change				
Balance on Dec. 31, 2023	3,188,206.08		1,644,068,327.93	1,647,256,534.01

4) Bad debt provision accrued, collected or reversal

Category	Opening balance	Amount changed in the period				Ending balance
		Accrued	Collected or reversal	Written-off	Converted difference in Foreign Currency Statements	
Bad debt provision	1,645,573,735.17	1,682,798.84				1,647,256,534.01
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

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.	Margin	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

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

Investee	Opening balance (book value)	Changes in current period				Ending balance (book value)	Ending balance of depreciation reserves
		Additional Investment	Negative Investment	Provision for impairment loss	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.					143,559,879.	--

		99				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
			Addition al 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				10,247,396.31		--	3,288,259.15		--	182,680,857.61	
Lezhuo Bowei	--		110,000,000.00		20,489,295.60		--	--		13,750.00	89,496,954.40	
Total	5,289,081,048.99		110,000,000.00		1,372,133,258.69		1,702,563.48	1,881,769,939.06		13,750.00	4,891,133,182.10	

4. Operating income and cost

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 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 from holding transaction financial asset	89,973,294.02	201,399,105.37
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

XVII. Supplementary Information

1. Current non-recurring gains/losses

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

Note: The number "+" in the table represents income and gains, while "-" represents losses or expenses

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)

Not available

(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)

Not available

4. Supplementary information related to changes in accounting policies

Please refer to Note III- 33 " Changes of important accounting policies and estimation".