



Weifu High-Technology Group Co., Ltd.

Semi-Annual Report 2017

August 2017

Section I. Important Notice, Contents and Paraphrase

Board of Directors, Supervisory Committee, all directors, supervisors and senior executives of Weifu High-Technology Group Co., Ltd. (hereinafter referred to as the Company) hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

Chen Xuejun, Principal of the Company, Ou Jianbin, person in charger of accounting works and Ou Jianbin, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of Semi-Annual Report 2017 is authentic, accurate and complete.

All directors are attended the Board Meeting for report deliberation.

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

In this report, details of relevant risks and countermeasures in operation have described, investors can be found in X. Risks and countermeasures carried in Section IV Discussion and Analysis of Operation. The *China Securities Journal*, *Securities Times*, *Hong Kong Commercial Daily* and Juchao Website (www.cninfo.com.cn) are the information disclosure media appointed by the Company, all information should be prevail on the above mentioned media, investors are advice to pay attention on investment risks.

The Company has no plan of cash dividend distributed, no cash bonus and capitalizing of common reserves either carried out.

This Report has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

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Paraphrase

Items	Refers to	Contents
Company, The Company, Weifu High-technology	Refers to	Weifu High-Technology Group Co., Ltd.
Industry Group	Refers to	Wuxi Industry Development Group Co., Ltd.
Robert Bosch、 Robert Bosch Company	Refers to	Robert Bosch Co., Ltd、 ROBERT BOSCH GMBH
Bosch Automobile Diesel、 Bosch Diesel System	Refers to	Bosch Automobile Diesel System Co., Ltd.
Weifu Automotive Diesel	Refers to	Wuxi Weifu Automotive Diesel System Co., Ltd.
Weifu Leader	Refers to	Wuxi Weifu Leader Catalytic Converter Co., Ltd.
Weifu Jinning	Refers to	Nanjing Weifu Jinning Co., Ltd.
Weifu Tianli	Refers to	Ningbo Weifu Tianli Supercharging Technique Co., Ltd.
Kunming Xitong	Refers to	Kunming Xitong Machinery Co., Ltd.
Weifu Tianshi	Refers to	Anhui Weifu Tianshi Machinery Co., Ltd.
Weifu Environment	Refers to	Wuxi Weifu Environment Catalyst Co.,Ltd.
Weifu Precision Machinery	Refers to	Weifu Precision Machinery Manufacturing Co., Ltd.
Zhonglian Electronic	Refers to	Zhonglian Automobile Electronic Co., Ltd.
CSRC	Refers to	China Securities Regulatory Commission
Reporting period	Refers to	1 January 2017 to 30 June 2017

Section II Company Profile and Main Financial Indexes

I. Company information

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

II. Person/Way to contact

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

III. Others

1. Way of contact

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

Applicable Not applicable

Registrations address, offices address and codes as well as website and email of the Company has no change in reporting period, found more details in Annual Report 2016.

2. Information disclosure and preparation place

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

Applicable Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2016

IV. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data

Yes No

	Current period	Same period of last year	Changes over last year
Operating income (RMB)	4,728,125,599.02	3,366,476,452.49	40.45%
Net profit attributable to shareholders of the listed company(RMB)	1,325,922,029.56	943,568,535.72	40.52%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	1,208,264,288.81	829,632,717.13	45.64%
Net cash flow arising from operating activities(RMB)	352,401,241.52	193,541,014.95	82.08%
Basic earnings per share (RMB/Share)	1.31	0.94	39.36%
Diluted earnings per share (RMB/Share)	1.31	0.94	39.36%
Weighted average ROE	9.84%	7.72%	2.12%
	Period-end	Period-end of last year	Changes over period-end of last year
Total assets (RMB)	18,865,622,758.77	17,263,771,897.78	9.28%
Net assets attributable to shareholder of listed company (RMB)	13,608,625,100.64	12,927,344,292.47	5.27%

V. Difference of the accounting data under accounting rules in and out of China

1. Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)

Applicable Not applicable

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

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

Applicable Not applicable

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

VI. Items and amounts of extraordinary profit (gains)/loss

Applicable Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-1,300,820.32	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	17,106,756.73	Including the compensation of new-building assets for relocation from parent company
Profit and loss of assets delegation on others' investment or management	97,021,850.83	
Held transaction financial asset, gains/losses of changes of fair values from transaction financial liabilities, and investment gains from disposal of transaction financial asset, transaction financial liabilities and financial asset available for sales, exclude the effective hedging business relevant with normal operations of the Company	24,625,516.88	
Switch back of provision for depreciation of account receivable which was singly taken depreciation test	1,208,025.21	
Other non-operating income and expenditure except for the aforementioned items	654,034.81	
Less: Impact on income tax	20,999,064.11	
Impact on minority shareholders' equity (post-tax)	658,559.28	
Total	117,657,740.75	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

Applicable Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*

Section III Summary of Company Business

I. Main businesses of the company in the reporting period

The Company belongs to auto parts industry, and its main business products include diesel fuel injection system products, vehicle's exhaust after-treatment system products and air management system products. Main business and operation model of the Company have no changes in the reporting period.

I. Main uses of the Company's products

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

(2) The vehicle's exhaust after-treatment system products mainly support the major manufacturers of automobile, motorcycle and general machinery at home which meet the National emission standards.

(3) The wheel diameter range of air management system products (supercharger) covers 30mm to 125mm whole series which matches with most of the domestic small-bore diesel engine plants and some six-cylinder diesel engine manufacturers and meet the needs of the light and heavy commercial vehicles and some passenger cars. The company has the vacuum valve control that meets the emission standards of Euro IV & Euro V, the electronically controlled variable geometry turbochargers, the titanium-aluminum alloy superchargers, the electric superchargers, the ceramic ball bearing superchargers and some kinds of gasoline engine turbochargers.

II. Business model of the company

The company follows the operating philosophy of making competitive products, creating famous brands, striving for first choices, and creating value for the users, implements the business model that parent company unifies the management and subsidiaries decentralize the production. Namely, the group company is responsible for making strategic development planning and operation targets, and making the unified management, instruction and assessment for the finance, significant personnel management, core raw materials, quality control, and technology of the subsidiaries. The subsidiaries arrange production based on the order management model of market, which makes the subsidiaries keep the consistent quality with the company, helps keep abreast of customer needs and saving logistics costs, maintain the timeliness of products production and supply, and improve the Company's economic benefits.

II. Major changes in main assets

1. Major changes in main assets

Major assets	Note of major changes
Equity assets	No major change
Fixed assets	No major change
Intangible assets	No major change
Construction in progress	Capacity developing investment of accessories

2. Main overseas assets

Applicable Not applicable

III. Core Competitiveness Analysis

The company belongs to the auto parts industry whose main business includes diesel fuel injection system products, automotive exhaust after-treatment system products and air-intake system products. The company has complete product range, stable customers, and mature market.

Over the years, the company has always been taking the research and development of diesel fuel injection system products, automobile exhaust after-treatment system products, and air-intake system products as the primary tasks, it has the domestic first-class and the world leading research and development and test center for diesel injection system, air-intake system and tail gas after-treatment system which can meet the requirements of the matching testing of the company's three major systems, has the calibration test capability for the emission regulation above national IV of heavy-duty engines and light vehicle, and reaches the comprehensive testing level approved by the national emission certification testing center. With such a platform, the company can speed up the adjustment of product structure, promote the enterprise transformation and upgrading, accelerate the automation pace of key parts and components, and comprehensively improve the R & D and manufacturing level of domestic engine core parts industry. At the same time, the company has a team of senior experts that master the core technology, and has grasped the necessary common core technologies for diesel fuel injection system, tail gas treatment system and air-intake system and reached the advanced level in the same industry over years of digestion and absorption, and research and development efforts. The company has a number of invention patents, utility model patents, and design patents.

Core competitiveness of the Company has no major changes in the Period

Section IV Discussion and Analysis of Operation

I. Overview

The data released by the China Association of Automobile Manufacturers showed that the automobile production and sales throughout the country in the first half of 2017 respectively reached 13,525,800 and 13,353,900, respectively increased by 4.64% and 3.81% on a year-on-year basis, of which the production and sales of passenger vehicles respectively reached 11,482,700 and 11,253,000, respectively increased by 3.16% and 1.61% on a year-on-year basis, and the production and sales of commercial vehicles respectively reached 2,043,000 and 2,100,900, respectively increased by 13.80% and 17.39% on a year-on-year basis.

Since this year, benefited by the stable macro economy, the national project construction investment, the governance overload, the upgrading of urban logistics needs and the steady growth of the automotive market, the company has been adhering to market-oriented business philosophy, integrating the internal and external resources, and maximumly tapping the production potential so as to meet customer needs and achieve the synchronous growth of various businesses and comprehensive economic result.

During the period, the Company has operation revenue of 4,728 million Yuan with a growth of 40.45% on a y-o-y basis; net profit amounting to 1,462 million Yuan, a y-o-y growth of 40.20% and net profit attributable to owners of parent company amounting to 1,326 million Yuan, a 40.52% growth over same period of last year.

In the next half year, the company will actively seize the market opportunities, and continue to strengthen new product development and market development, financial operation and risk control, product manufacturing and quality management, information sharing and safety management, talent construction and human resources management so as to promote the sustainable and healthy development of enterprise.

II. Main business analysis

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

Change of main financial data on a y-o-y basis

In RMB

	Current period	Same period of last year	y-o-y changes (+,-)	Reasons
Operation income	4,728,125,599.02	3,366,476,452.49	40.45%	Product sales increased
Operation cost	3,736,290,938.86	2,633,281,983.25	41.89%	Product sales increased
Sales expenses	71,559,262.66	92,799,369.25	-22.89%	
Administrative expenses	399,568,734.73	314,596,534.92	27.01%	Accrual the incentive fund by quarterly
Financial cost	1,688,051.32	-2,909,491.43		
Income tax expense	94,025,933.36	68,314,427.18	37.64%	Product sales increased
R&D investment	140,532,863.22	131,048,092.77	7.24%	

Net cash flow arising from operation activities	352,401,241.52	193,541,014.95	82.08%	Product sales increased
Net cash flow arising from investment activities	-2,563,680,842.64	-2,078,064,480.91		
Net cash flow arising from financing activities	14,285,552.13	-102,277,671.94		
Net increase of cash and cash equivalent	-2,200,012,859.87	-1,986,801,137.90		

Major changes on profit composition or profit resources in reporting period

Applicable Not applicable

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

Constitution of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase or decrease of operating revenue over same period of last year	Increase or decrease of operating cost over same period of last year	Increase or decrease of gross profit ratio over same period of last year
According to industries						
Auto parts	4,480,811,897.39	3,526,184,596.99	21.30%	41.04%	42.08%	-0.58%
According to products						
Auto fuel injection system	2,913,085,541.84	2,151,780,977.80	26.13%	54.09%	51.69%	1.17%
Post-processing system	1,384,385,244.26	1,238,343,823.36	10.55%	19.42%	28.25%	-6.16%
Induction system	183,341,111.29	136,059,795.83	25.79%	43.97%	39.24%	2.52%
According to region						
Domestic	4,322,947,409.12	3,375,340,561.68	21.92%	42.83%	44.35%	-0.82%
Overseas	157,864,488.27	150,844,035.31	4.45%	4.90%	5.14%	-0.21%

III. Analysis of non-main business

Applicable Not applicable

In RMB

	Amount	Ratio in total profit	Note	Whether be sustainable
Investment income	955,437,915.36	65.33%	Income mainly from the two joint ventures the Company (Bosch Automobile Diesel and Zhonglian Electronic)	The Company's joint ventures Bosch Automobile Diesel and Zhonglian Electronic have stable production and operation on a sustained basis
Asset impairment	-11,296,473.56	-0.77%		

Non-operating income	3,019,773.33	0.21%		
Non-operating expense	4,125,199.11	0.28%		

IV. Assets and liability

1. Major changes of assets composition

In RMB

	Period-end		Period-end of last year		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	1,846,838,076.57	9.79%	1,224,397,416.60	7.33%	2.46%	
Account receivable	2,028,796,617.26	10.75%	1,738,607,467.83	10.41%	0.34%	
Inventory	1,134,167,227.47	6.01%	907,280,742.58	5.43%	0.58%	
Investment property	24,344,196.10	0.13%	19,733,596.73	0.12%	0.01%	
Long-term equity investment	3,381,642,657.07	17.92%	2,884,406,007.82	17.28%	0.64%	
Fix assets	2,443,323,924.72	12.95%	2,342,751,201.54	14.03%	-1.08%	
Construction in process	137,789,424.89	0.73%	156,065,946.03	0.93%	-0.20%	
Short-term loans	185,000,000.00	0.98%	263,000,000.00	1.58%	-0.60%	
Long-term loans	57,500,000.00	0.30%			0.30%	

2. Assets and liability measured by fair value

√Applicable □Not applicable

In RMB

Items	Amount at the beginning period	Changes of fair value gains/losses in this period	Accumulative changes of fair value reckoned into equity	Devaluation of withdrawing in the period	Amount of purchase in the period	Amount of sale in the period	Amount at period-end
Financial assets							
3. Financial assets available for sale	361,847,700.00	-22,474,500.00	104,925,615.01			53,860,000.00	287,266,200.00
Subtotal of financial assets	361,847,700.00	-22,474,500.00	104,925,615.01			53,860,000.00	287,266,200.00
Above total	361,847,700.00	-22,474,500.00	104,925,615.01			53,860,000.00	287,266,200.00
Financial liabilities	0.00						0.00

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

□ Yes √No

3. The assets rights restricted till end of the period

In RMB

Item	Book value at period-end	Restriction reasons
Monetary fund	359,224.68	Cash deposit paid for LC
Notes receivable	47,896,098.81	Notes pledge for bank acceptance
Monetary fund	105,357,048.62	Cash deposit paid for bank acceptance and pledge of time certificate of deposit
Financial assets available for sale	232,926,896.52	In accordance with the civil ruling No.(2016)Y03MC2490 and No.(2016) Y03MC2492 of Guangdong Shenzhen Intermediate People's Court (Hereinafter referred to as "Shenzhen Intermediate People's Court"), the property with the value of 217 million Yuan under the name of the Company and other seven respondents and the third party Shenzhen Hejun Chuangye Holdings Co., Ltd. was frozen. As of the end of the reporting period, 4.71 million shares of Miracle Logistics and 11,739,102 shares of SDEC held by the Company were frozen.
Total	386,539,268.63	--

V. Investment

1. Overall situation

Applicable Not applicable

2. The major equity investment obtained in the reporting period

Applicable Not applicable

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

Applicable Not applicable

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

In RMB

Variety of securities	Code of securities	Short form of securities	Initial investment cost	Accounting measurement model	Book value at the beginning of the period	Changes in fair value of the current profit and loss	Cumulative fair value changes in equity	Current purchase amount	Current sales amount	Profit and loss in the Reporting Period	Book value at the end of the period	Accounting subject	Capital Source
Domestic and foreign stocks	600841	SDEC	199,208,000.00	Measured by fair value	293,694,000.00	-8,109,000.00	89,051,737.51		53,860,000.00	-8,109,000.00	233,478,000.00	Financial assets available for sales	Own funds

Domestic and foreign stocks	002009	Miracl e Logistics	69,331,500.00	Measured by fair value	68,153,700.00	-14,365,500.00	15,873,877.50			-14,130,000.00	53,788,200.00	Financial assets available for sales	Own funds
Total			268,539,500.00	--	361,847,700.00	-22,474,500.00	104,925,615.01	0.00	53,860,000.00	-22,239,000.00	287,266,200.00	--	--
Disclosure date of securities investment approval of the Board			24 March 2012										
Disclosure date of securities investment approval of the Board			4 June 2013										
Disclosure date of securities investment approval of the Shareholder Meeting (if applicable)			Not applicable										

(2) Derivative investment

Applicable Not applicable

The Company has no derivatives investment in the Period

VI. Significant asset and equity sales

1. Significant asset sales

Applicable Not applicable

No significant assets being sold in the Period

2. Significant equity sales

Applicable Not applicable

VII. Analysis of the main stock-jointly and controlling subsidiary

Applicable Not applicable

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

In RMB

Company name	Type	Main business	Industry	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Weifu Automotive Diesel	Subsidiary	Fuel management system	Auto parts	300,000,000.00	1,073,882,447.53	596,331,032.12	1,329,045,702.24	164,637,963.30	138,909,283.08
Weifu Leader	Subsidiary	After-treatment	Auto parts	502,596,	2,842,271,404.18	1,539,190,972.23	1,397,383,244.81	96,539,174.28	87,593,822.47

		system products		300.00					
Weifu Jinnin g	Subsidiary	Fuel management system	Auto parts	346,286,825.80	1,091,112,421.09	794,423,128.61	320,793,577.32	75,192,047.18	75,554,314.01
Bosch Automobile Diesel	Joint-stock company	Fuel management system	Auto parts	USD241,000,000.00	9,483,636,426.85	5,269,550,311.04	7,780,712,323.52	2,051,610,173.24	1,750,186,156.84
Zhonglian Electronic	Joint-stock company	Fueling system products	Auto parts	600,620,000.00	5,047,766,720.84	3,991,874,638.27	8,953,773.36	981,759,686.07	980,886,111.95

Subsidiary obtained and disposed in the Period

Applicable Not applicable

Name	Obtained/disposed way	Impact on whole production and performance
Kunming Xitong	Registration cancelled on 16 Feb. 2017	No impact
Weifu Tianshi	Registration cancelled on 14 Mar. 2017	No impact

Statement on main controlling and stock-jointly Company

1. Market needs of vehicles have a good condition from this year, heavy truck market in particular, the Company and joint ventures seized the opportunity to increasing the operation revenue and profit in fuel management system product;
2. The products of after-treatment system business have sharply delined in sales prices for the violent competition; the profit is affected by soaring costs of bulky cargo (steel) and change of product structure (emission upgrade of diesel vehicle) etc.

VIII. The structured subject controlled by the Company

Applicable Not applicable

IX. Prediction of business performance from January – September 2017

Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

Applicable Not applicable

X. Risks and countermeasures

(1) The risks of macro economy and market conditions

The company belongs to the auto parts industry which is closely related to the macroeconomic situation and the automobile industry policies. As we all know, the auto industry has become a pillar industry for China's national economic development, and the auto market demand is closely related to the national economy. At present, there

are uncertainties in the world economy, if macro economy has substantial adjustments in the future, it will certainly have an impact on the growth rate of auto industry. After experiencing over ten years of rapid growth, China's auto market starts to step in the mature stage of steady growth, in the future, the growth of automobile production and sales will slow down, which will have an impact on the company's business.

Countermeasures: The company will continue to strengthen the tracking research on macroeconomic situation and auto market dynamics, and constantly enrich the product line, strengthen the new technology reserves, improve the industrial chain, accelerate the adjustment of product structure, strengthen the quality management, and improve the product market share based on policy guidance and market conditions; at the same time, increase the technological innovation and market development efforts, speed up the development and application of new products and new technology, and improve the company's core competitiveness and overall anti-risk capability.

(2) The risks of operation management and control

In recent years, the rapid growth of the company's assets and the continuous expansion of the business scope put forward higher demands for the company's operation management and control. Over the years the company has established corresponding internal control system in accordance with the relevant national laws and regulations in the process of operation management and control, but there are still potential risks of operation management and control because of the large span and multiple links in personnel, business, finance, and capital management.

Countermeasures: The company will continue to improve the management system of subsidiaries, strengthen the business guidance and assessment of subsidiaries, and regularly evaluate and audit the operation of subsidiaries to ensure the steady growth of subsidiaries' performance; the company will optimize the management mode and organizational structure, strengthen the training and learning of middle and senior management, improve the management quality and decision-making ability, and gradually strengthen the process and systematization of internal management based on the changes in internal and external environment so as to make the company's management more systematized, standardized and scientific, and effectively avoid business management mistakes.

(3) The risks of fluctuations in raw material prices

The company's main raw materials include various grades of steel, aluminum, precious metals, etc., the continuous rise in prices will bring the risks of rising costs to the company.

Countermeasures: The company will pay close attention to the price trend of its main raw materials, and take the appropriate procurement opportunities for reasonable strategic reserves to resolve the risks of fluctuations in raw material prices.

Section V. Important Events

I. AGM and extraordinary general meeting

1. AGM held in the period

Meeting	Type	Participation ratio for investors	Holding date	Disclosure date	Index
Annual General Meeting of 2016	AGM	46.22%	19 May 2017	22 May 2017	Notice No.: 2017-013 released on Juchao Website (www.cninfo.com.cn)

2. Request for extraordinary general meeting by preferred stockholders with rights to vote

Applicable Not applicable

II. Profit distribution plan and capitalizing of common reserves in the period

Applicable Not applicable

There are no cash dividend, bonus and capitalizing of common reserves carried out in the semi-annual

III. Commitments that the company, shareholders, actual controller, offeror, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

Applicable Not applicable

There are no commitments that the company, shareholders, actual controller, offeror, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

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

Whether the semi-annual financial report had been audited

Yes No

The semi-annual report was not audited

V. Explanation on “Qualified Opinion” from CPA by the Board and Supervisory Committee

Applicable Not applicable

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

Applicable Not applicable

VII. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization in Period.

VIII. Lawsuits

Material lawsuits and arbitration

Applicable Not applicable

No material lawsuits and arbitration in the reporting

Other lawsuits

Applicable Not applicable

Basic Situation of Litigation (Arbitration)	Amount Related to the Case (Yuan)	Whether Formed Accrued Liabilities	Progress of Litigation (Arbitration)	Trial Results and Effects of Litigation (Arbitration)	Judgment Implementation of Litigation (Arbitration)	Disclosure Date	Disclosure Index
On March 6, 2017, the company received the civil ruling No.(2016)Y03MC2490 and No.(2016) Y03MC2492 from Shenzhen Intermediate People's Court about the dispute case that the plaintiff applicant China Cinda Asset Management Co., Ltd. Shenzhen Branch (hereinafter referred to as "Cinda Company") appealed the respondent Weifu High Technology and other seven respondents and the shareholders of the third party Hejun Company damaged the interests of corporate creditors, which adopted the mandatory measures to freeze the assets with value of RMB 217 million under the name of the Company and other seven respondents and Hejun Company. Freeze 4.71 million shares of Tianqi Stock and 15.3 million shares of SDEC Stock held by the company.	21,703	No	The company has engaged professional lawyers to strive to properly handle and resolve the litigation and the frozen stock equity as soon as possible through normal and legal approaches and protect the legitimate rights and interests of the company according to law. 1. By the company's application for reconsideration, Shenzhen Intermediate People's Court deemed the total assets that Cinda Company applied for preservation to be RMB 217,027,697.23. The total value of 15.3 million shares of SDEC Stock and 4.71 million shares of Tianqi Stock held by the company has exceeded the total assets that Cinda Company applied for preservation, therefore, 3,560,898 shares of SDEC Stock held by the company was unfrozen. Up to the end of the reporting period, the company's frozen assets were as follows: 4.71 million shares of Miracles Logistics held by the company and its fruits, and 11,739,102 shares of SDEC Stock held by the company and its fruits. At present, this litigation is in the first instance (not yet held a court). 2. The company has applied to Futian People's Court of Shenzhen for compulsory liquidation with Hejun Company, which has been put on record but not yet held a court.	This litigation will not affect the company's daily operating activities for the time being	Not yet implemented	March 08, 2017	(Announcement No.: 2017-002) published on www.cninfo.com.cn

IX. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

X. Integrity of the Company and its controlling shareholders and actual controllers

Applicable Not applicable

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

Applicable Not applicable

Nil

XII. Major related transaction**1. Related transaction with routine operation concerned**

Applicable Not applicable

Related party	Relationship	Type of related transaction	Content of related transaction	Pricing principle	Related transaction price	Related transaction amount (in 10 thousand Yuan)	Proportion in similar transactions (%)	Trading limit approved (in 10 thousand Yuan)	Whether over the approved limited or not (Y/N)	Clearing form for related transaction	Available similar market price	Date of disclosure	Index of disclosure
Weifu Precision Machinery	Associated company	Procurement of goods	Goods	Based on fair value of the market price	Market price	2,042.82	0.69%	4,000	N	Based on the contract terms	Market price	18 April 2017	Notice No.: 2017-008
Bosch Diesel System	Associated company, Controlling subsidiary of German Bosch Company	Procurement of goods	Goods	Based on fair value of the market price	Market price	10,190.59	3.44%	17,000	N	Based on the contract terms	Market price		
Weifu Environment	Joint venture of Weifu Leader	Procurement of goods	Goods	Based on fair value of the market price	Market price	68,335.15	23.06%	150,000	N	Based on the contract terms	Market price		
Robert Bosch Company	Second largest shareholder of the Company	Procurement of goods	Goods	Based on fair value of the market price	Market price	7,703.57	2.60%	12,000	N	Based on the contract terms	Market price		
Weifu Precision	Associated company	Sales of	Goods and	Based on fair	Market price	181.64	0.04%	300	N	Based on the	Market price		

on Machinery		goods	labors	value of the market price						contract terms		
Bosch Diesel System	Associated company、Controlling subsidiary of German Bosch Company	Sales of goods	Goods and labors	Based on fair value of the market price	Market price	168,435.04	35.62%	300,000	N	Based on the contract terms	Market price	
Weifu Environment	Joint venture of Weifu Leader	Sales of goods	Goods and labors	Based on fair value of the market price	Market price	3,701.69	0.78%	8,000	N	Based on the contract terms	Market price	
Robert Bosch Company	Second largest shareholder of the Company	Sales of goods	Goods	Based on fair value of the market price	Market price	158.35	0.03%	120	Y	Based on the contract terms	Market price	
Bosch Diesel System	Associated company、Controlling subsidiary of German Bosch Company	Other	Fee for tech-service payable etc.	Based on fair value of the market price	Market price			150	N	Based on the contract terms	Market price	
Robert Bosch Company	Second largest shareholder of the Company	Other	Royalties for technology paid	Based on fair value of the market price	Market price	246.85		800	N	Based on the contract terms	Market price	
Weifu Environment	Joint venture of Weifu Leader	Other	Rental fee	Based on fair value of the market price	Market price	119.43		250	N	Based on the contract terms	Market price	
Total				--	--	261,115.13	--	492,620	--	--	--	--
Detail of sales return with major amount involved				Not applicable								
Report the actual implementation of the normal related transactions which were projected about their total amount by types during the reporting period(if applicable)				After deliberated and approved by AGM of 2016, it is estimated that the routine related transaction for year of 2017 amounting to 4926.2 million Yuan, actually 2611.1513 million Yuan in total occurred in reporting period, including: 1. It is estimated that purchasing goods and labors from related parties amounted as 1830 million Yuan at most for year of 2017, actually 882.7213 million Yuan occurred in reporting period; 2. It is estimated that sales of goods and labors to related parties amounted as 3084.2 million Yuan at most for year of 2017, actually 1724.7672 million Yuan occurred in reporting period; 3. It is estimated that other related transactions with related parties amounted as 12 million Yuan at most for year of 2017, actually 3.6628 million Yuan occurred in reporting period;								
Reasons for major differences between trading price and market reference price (if applicable)				Not applicable								

2. Related transactions by assets acquisition and sold

Applicable Not applicable

No related transactions by assets acquisition and sold for the Company in reporting period

3. Main related transactions of mutual investment outside

Applicable Not applicable

No main related transactions of mutual investment outside for the Company in reporting period

4. Contact of related credit and debt

Applicable Not applicable

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

5. Other related transactions

Applicable Not applicable

The company had no other significant related transactions in reporting period.

VIII. Non-business capital occupying by controlling shareholders and its related parties

Applicable Not applicable

No non-business capital occupied by controlling shareholders and its related parties in Period

XIV. Significant contract and implementations

1. Trusteeship, contract and leasing

(1) Trusteeship

Applicable Not applicable

No trusteeship for the Company in reporting period

(2) Contract

Applicable Not applicable

No contract for the Company in reporting period

(3) Leasing

Applicable Not applicable

No leasing for the Company in reporting period

2. Major guarantees

Applicable Not applicable

(1) Guarantees

In 10 thousand Yuan

Particulars about the external guarantee of the Company (Barring the guarantee for subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Guarantee of the Company and the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Ningbo Tianli Turbocharging Technology Co., Ltd.	2016-10-27	6,000	2016-11-11	6,000	Joint liability guaranty	5	N	N
Total amount of approving guarantee for subsidiaries in report period (B1)			0	Total amount of actual occurred guarantee for subsidiaries in report period (B2)			6,000	
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)			6,000	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)			5,750	
Guarantee of the subsidiaries for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Total amount of guarantee of the Company(total of three abovementioned guarantee)								
Total amount of approving guarantee in report period (A1+B1+C1)			0	Total amount of actual occurred guarantee in report period (A2+B2+C2)			6,000	
Total amount of approved guarantee at the end of report period (A3+B3+C3)			6,000	Total balance of actual guarantee at the end of report period (A4+B4+C4)			5,750	
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4+C4)				0.42%				
Including:								
Amount of guarantee for shareholders, actual controller and its related parties(D)						0		
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(E)						0		
Proportion of total amount of guarantee in net assets of the Company exceed 50%(F)						0		
Total amount of the aforesaid three guarantees(D+E+F)						0		
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)						Not applicable		
Explanations on external guarantee against regulated procedures (if applicable)						Not applicable		

Explanation on guarantee with composite way

Nil

(2)Guarantee outside against the regulation Applicable Not applicable

No guarantee outside against the regulation in Period.

3. Other material contracts

Applicable Not applicable

No other material contracts for the Company in reporting period

XV. Social responsibility

1. Precise poverty alleviation social responsibility

Applicable Not applicable

2. Material environmental protection

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

No

XVI. Explanation on other significant events

Applicable Not applicable

There are no explanations on other significant events in the period

XVII. Significant event of subsidiary of the Company

Applicable Not applicable

1. Proposed investment in establishment of industrial buyout funds by a wholly-owned subsidiary of the Company
On 31 May 2016, the 8th board of directors of the Company held the 7th meeting to consider and approve the proposal relating to proposed investment in establishment of industrial buyout funds by a wholly-owned subsidiary of the Company. In order to accelerate industrial upgrade and development progress, reserve merger & acquisition projects, improve its comprehensive strength and realize its development strategy, the Company entered into initial intention of cooperation with Ping An Securities Co., Ltd. (hereinafter referred to as Ping'an Securities), pursuant to which, Weifu Automotive Diesel, a wholly-owned subsidiary of the Company, intended to cooperate with Ping'an Ronghui (a subsidiary of Ping'an Caizhi which is a wholly-owned subsidiary of Ping'an Securities) to invest in establishing industrial buyout funds. The relevant announcements (No.: 2016-013 and 2016-015) were published on *China Securities Journal*, *Securities Times*, *Hong Kong Commercial Daily* and Juchao Information Website (<http://www.cninfo.com.cn>). At the current stage, this matter is in the progress of preparation.

2. Proposed application for listing in the national middle and small enterprises stock transfer system by the controlling subsidiary Weifu Tianli

On 25 October 2016, the 8th board of directors of the Company held the 9th meeting to consider and approve the proposal relating to proposed application for listing in the national middle and small enterprises stock transfer system by the controlling subsidiary Ningbo Weifu Tianli Supercharging Technique Co., Ltd. on 30 December 2016, Weifu Tianli was served with the notice of acceptance from the National Middle and Small Enterprise Stock Transfer System Company Limited (GP2016120120). The relevant announcements (No.: 2016-020, 2016-023 and 2017-001) were published on *China Securities Journal*, *Securities Times*, *Hong Kong Commercial Daily* and Juchao Information Website (<http://www.cninfo.com.cn>). At the current stage, this matter is in the progress of consideration and approval.

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Shares

1. Changes in Shares

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Restricted shares	78,577	0.01%						78,577	0.01%
1. State Shareholdings	0							0	
2. State-owned corporate shares	0							0	
3. Other domestic shares	78,577	0.01%						78,577	0.01%
Including: domestic corporate shares	0							0	
Domestic nature person shares	78,577	0.01%						78,577	0.01%
4. Foreign shares	0							0	
Including: Foreign corporate shares	0							0	
Foreign nature person shares	0							0	
II. Unrestricted shares	1,008,871,993	99.99%						1,008,871,993	99.99%
1. RMB Ordinary shares	836,491,993	82.90%						836,491,993	82.90%
2. Domestically listed foreign shares	172,380,000	17.09%						172,380,000	17.09%
3. Foreign listed foreign shares	0							0	
4. Other	0							0	
III. Total shares	1,008,950,570	100.00%						1,008,950,570	100.00%

Reasons for share changed

Applicable Not applicable

Approval of share changed

Applicable Not applicable

Ownership transfer of share changed

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes of restricted shares

Applicable Not applicable

II. Securities issuance and listing

Applicable Not applicable

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

In share

Total common shareholders at period-end		52,791	Total preference shareholders with voting rights recovered at end of reporting period (if applicable)					0
Particulars about shares held above 5% by common shareholders or top ten common shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total common shareholders at the end of report period	Changes in report period	Amount of restrict common shares held	Amount of un-restrict common shares held	Number of share pledged/frozen	
							State of share	Amount
Wuxi Industry Development Group Co., Ltd	State-owned corporate	20.22%	204,059,398	0		204,059,398		
ROBERT BOSCH GMBH	Foreign corporate	14.16%	142,841,400	0		142,841,400		
Hong Kong Securities Clearing Company Ltd. (HKSCC)	Foreign corporate	2.57%	25,932,279	24,322,297		25,932,279		
Kangjian Assets Management Company –Client’s fund	Foreign corporate	1.53%	15,409,392	69,500		15,409,392		
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign corporate	1.41%	14,228,423	1,846,144		14,228,423		
Central Huijin Assets Management Co., Ltd.	State-owned corporate	1.27%	12,811,200	0		12,811,200		
Puxin Investment Company-Client’s fund	Foreign corporate	1.18%	11,919,831	1,694,654		11,919,831		
RBC EMERGING MARKETS EQUITY FUND	Foreign corporate	0.89%	9,005,335	-620,929		9,005,335		
CCB- Fullgoal Tianbo Innovation Theme Mix Securities Investment	Domestic non-state-	0.65%	6,551,359	234,983		6,551,359		

Fund	owned corporate							
China Securities Finance Corp.	State-owned corporate	0.54%	5,426,261	-21,129,254		5,426,261		
Strategy investors or general corporation comes top 10 shareholders due to rights issue (if applicable)	Not applicable							
Explanation on associated relationship among the aforesaid shareholders	Among the top ten shareholders, there has no associated relationship between Wuxi Industry Development Group Co., Ltd. and other shareholders, the first largest shareholder of the Company; and they do not belong to the consistent actionist regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company.							
Particular about top ten shareholders with un-restrict common shares held								
Shareholders' name	Amount of un-restrict common shares held at Period-end	Type of shares						
		Type	Amount					
Wuxi Industry Development Group Co., Ltd.	204,059,398	RMB common shares	204,059,398					
Robert Bosch Co., Ltd	142,841,400	RMB common shares	115,260,600					
		Domestically listed foreign shares	27,580,800					
Hong Kong Securities Clearing Company Ltd. (HKSCC)	25,932,279	RMB common shares	25,932,279					
Kangjian Assets Management Company –Client's fund	15,409,392	RMB common shares	15,409,392					
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	14,228,423	Foreign listed foreign shares	14,228,423					
Central Huijin Assets Management Co., Ltd.	12,811,200	RMB common shares	12,811,200					
Puxin Investment Company- Client's fund	11,919,831	RMB common shares	11,919,831					
RBC EMERGING MARKETS EQUITY FUND	9,005,335	Domestically listed foreign shares	9,005,335					
CCB- Fullgoal Tianbo Innovation Theme Mix Securities Investment Fund	6,551,359	RMB common shares	6,551,359					
China Securities Finance Corp.	5,426,261	RMB common shares	5,426,261					
Expiation on associated relationship or consistent actors within the top 10 un-restrict common shareholders and between top 10 un-restrict common shareholders and top 10 common shareholders	Among the top ten shareholders, there has no associated relationship between Wuxi Industry Development Group Co., Ltd. and other shareholders, the first largest shareholder of the Company; and they do not belong to the consistent actionist regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company.							
Explanation on top 10 shareholders involving margin business (if applicable)	Not applicable							

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

Yes No

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

IV. Changes of controlling shareholders or actual controller

Changes of controlling shareholders in reporting period

Applicable Not applicable

Changes of controlling shareholders had no change in reporting period.

Changes of actual controller in reporting period

Applicable Not applicable

Changes of actual controller in reporting period had no change in reporting period.

Section VII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the reporting.

Section VIII. Directors, Supervisors and Senior Executives

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

Applicable Not applicable

Found more in annual report 2016 for the changes of shares held by directors, supervisors and senior executives

II. Resignation and dismissal of directors, supervisors and senior executives

Applicable Not applicable

There are no changes in resignation and dismissal of directors, supervisors and senior executives in the Period, found more in annual report of 2016

Section IX Corporate Bond

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

Yes No

Section X. Financial Report

I. Audit reports

Whether the semi-annual report was audited or not

Yes No

The financial report of this semi-annual report was unaudited

II. Financial statement

Unit in note of financial statement refers to CNY: RMB (Yuan)

1. Consolidated balance sheet

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

2017-06-30

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	1,846,838,076.57	3,969,674,068.56
Settlement provisions		
Capital lent		
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial assets		
Notes receivable	1,217,598,956.03	1,279,844,777.10
Accounts receivable	2,028,796,617.26	1,324,703,543.17
Account paid in advance	100,690,123.80	74,030,486.38
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable	1,900,454.93	2,487,527.65
Dividends receivable	541,265,728.20	
Other receivables	8,377,418.93	5,907,873.92
Purchase restituted finance asset		
Inventories	1,134,167,227.47	1,349,444,535.25

Divided into assets held for sale		
Non-current assets due within one year		
Other current assets	4,674,236,184.08	1,914,225,879.67
Total current assets	11,553,870,787.27	9,920,318,691.70
Non-current assets:		
Loans and payments on behalf		
Available-for-sale financial assets	629,032,469.00	695,235,461.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	3,381,642,657.07	3,421,030,760.78
Investment property	24,344,196.10	25,113,472.54
Fixed assets	2,443,323,924.72	2,447,840,035.34
Construction in progress	137,789,424.89	90,621,102.20
Project materials		
Disposal of fixed assets		
Productive biological assets		
Oil and natural gas assets		
Intangible assets	339,561,892.54	347,206,518.76
Research and development costs		
Goodwill	1,784,086.79	1,784,086.79
Long-term deferred expenses	6,431,302.70	1,753,413.10
Deferred income tax assets	199,683,064.44	210,196,714.45
Other non-current assets	148,158,953.25	102,671,641.12
Total non-current assets	7,311,751,971.50	7,343,453,206.08
Total assets	18,865,622,758.77	17,263,771,897.78
Current liabilities:		
Short-term borrowings	185,000,000.00	150,000,000.00
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable	659,009,237.47	837,045,962.78

Accounts payable	2,264,365,529.46	1,729,250,355.93
Accounts received in advance	47,118,373.32	42,983,352.84
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	144,061,569.60	230,672,269.58
Taxes payable	78,596,242.59	62,634,922.88
Interest payable	313,792.16	437,938.27
Dividend payable	605,370,342.00	
Other accounts payable	51,678,206.75	96,514,485.59
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Divided into liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	4,035,513,293.35	3,149,539,287.87
Non-current liabilities:		
Long-term loans	57,500,000.00	60,000,000.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable	17,835,454.00	17,835,454.00
Long-term wages payable	137,198,200.42	112,815,704.51
Special accounts payable	18,265,082.11	18,265,082.11
Accrual liabilities		
Deferred income	469,575,838.60	479,211,845.88
Deferred income tax liabilities	20,595,578.89	27,674,132.89
Other non-current liabilities		
Total non-current liabilities	720,970,154.02	715,802,219.39
Total liabilities	4,756,483,447.37	3,865,341,507.26
Owners' equity:		
Share capital	1,008,950,570.00	1,008,950,570.00
Other equity instrument		

Including: preferred stock		
Perpetual capital securities		
Capital reserve	3,417,841,402.89	3,417,841,402.89
Less: Inventory shares		
Other comprehensive income	104,925,615.01	144,722,827.51
Reasonable reserve	615,338.30	89,005.19
Surplus reserve	510,100,496.00	510,100,496.00
Provision of general risk		
Retained profit	8,566,191,678.44	7,845,639,990.88
Total owners' equity attributable to parent company	13,608,625,100.64	12,927,344,292.47
Minority interests	500,514,210.76	471,086,098.05
Total owners' equity	14,109,139,311.40	13,398,430,390.52
Total liabilities and owner's equity	18,865,622,758.77	17,263,771,897.78

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

2. Balance Sheet of Parent Company

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	1,226,392,556.23	2,143,816,269.01
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial assets		
Notes receivable	388,160,459.87	216,516,806.40
Accounts receivable	875,605,550.39	611,594,846.92
Account paid in advance	59,998,299.18	34,805,212.41
Interest receivable		
Dividends receivable	526,564,394.61	
Other receivables	87,552,518.74	46,349,571.47
Inventories	225,387,663.55	202,839,001.66
Divided into assets held for sale		
Non-current assets due within one year		
Other current assets	4,577,381,587.58	1,945,446,935.23

Total current assets	7,967,043,030.15	5,201,368,643.10
Non-current assets:		
Available-for-sale financial assets	553,092,469.00	619,295,461.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	4,504,635,093.52	4,591,005,651.65
Investment property		
Fixed assets	1,386,526,889.03	1,438,192,853.38
Construction in progress	72,035,061.68	36,142,328.79
Project materials		
Disposal of fixed assets		
Productive biological assets		
Oil and natural gas assets		
Intangible assets	187,844,597.17	192,448,576.72
Research and development costs		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	90,158,850.98	96,943,564.13
Other non-current assets	49,082,459.12	31,747,194.01
Total non-current assets	6,843,375,420.50	7,005,775,629.68
Total assets	14,810,418,450.65	12,207,144,272.78
Current liabilities:		
Short-term borrowings	80,000,000.00	80,000,000.00
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable	228,579,008.37	171,760,000.00
Accounts payable	746,193,720.36	595,558,830.63
Accounts received in advance	5,756,895.86	732,252.09
Wage payable	63,640,989.73	119,456,739.08
Taxes payable	35,050,434.52	28,055,629.04
Interest payable	84,400.00	88,933.33
Dividend payable	605,370,342.00	
Other accounts payable	549,233,174.62	14,190,407.16

Divided into liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	2,313,908,965.46	1,009,842,791.33
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable	125,622,495.91	101,240,000.00
Special accounts payable		
Accrual liabilities		
Deferred income	419,080,069.39	432,695,399.27
Deferred income tax liabilities	18,516,284.99	25,539,322.49
Other non-current liabilities		
Total non-current liabilities	563,218,850.29	559,474,721.76
Total liabilities	2,877,127,815.75	1,569,317,513.09
Owners' equity:		
Share capital	1,008,950,570.00	1,008,950,570.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital reserve	3,448,408,786.39	3,448,408,786.39
Less: Inventory shares		
Other comprehensive income	104,925,615.01	144,722,827.51
Reasonable reserve		
Surplus reserve	510,100,496.00	510,100,496.00
Retained profit	6,860,905,167.50	5,525,644,079.79
Total owners' equity	11,933,290,634.90	10,637,826,759.69
Total liabilities and owner's equity	14,810,418,450.65	12,207,144,272.78

3. Consolidated Profit Statement

In RMB

Item	This period	Last period
I. Total operating income	4,728,125,599.02	3,366,476,452.49
Including: Operating income	4,728,125,599.02	3,366,476,452.49
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	4,235,672,796.49	3,051,777,186.87
Including: Operating cost	3,736,290,938.86	2,633,281,983.25
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Operating tax and extras	37,862,282.48	16,235,346.56
Sales expenses	71,559,262.66	92,799,369.25
Administration expenses	399,568,734.73	314,596,534.92
Financial expenses	1,688,051.32	-2,909,491.43
Losses of devaluation of asset	-11,296,473.56	-2,226,555.68
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)	955,437,915.36	711,952,563.17
Including: Investment income on affiliated company and joint venture	833,565,520.64	593,102,462.02
Exchange income (Loss is listed with “-”)		
Other income	15,608,007.28	
III. Operating profit (Loss is listed with “-”)	1,463,498,725.17	1,026,651,828.79
Add: Non-operating income	3,019,773.33	18,747,382.73
Including: Disposal gains of non-current asset	235,193.85	724,772.79
Less: Non-operating expense	4,125,199.11	2,335,822.02
Including: Disposal loss of non-current asset	1,536,014.17	1,461,331.21
IV. Total Profit (Loss is listed with “-”)	1,462,393,299.39	1,043,063,389.50
Less: Income tax expense	94,025,933.36	68,314,427.18

V. Net profit (Net loss is listed with “-”)	1,368,367,366.03	974,748,962.32
Net profit attributable to owner’s of parent company	1,325,922,029.56	943,568,535.72
Minority shareholders’ gains and losses	42,445,336.47	31,180,426.60
VI. Net after-tax of other comprehensive income	-39,797,212.50	-56,207,588.74
Net after-tax of other comprehensive income attributable to owners of parent company	-39,797,212.50	-56,207,588.74
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss	-39,797,212.50	-56,207,588.74
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets	-39,797,212.50	-56,207,588.74
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	1,328,570,153.53	918,541,373.58
Total comprehensive income attributable to owners of parent Company	1,286,124,817.06	887,360,946.98
Total comprehensive income attributable to minority shareholders	42,445,336.47	31,180,426.60
VIII. Earnings per share:		
(i) Basic earnings per share	1.31	0.94
(ii) Diluted earnings per share	1.31	0.94

Enterprise combine under the same control in the Period, the combined party realized net profit of 0 Yuan before combination, and realized 0 Yuan at last period for combined party.

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

4. Profit Statement of Parent Company

In RMB

Item	This period	Last period
I. Operating income	1,626,480,415.71	984,069,968.80
Less: Operating cost	1,268,622,661.58	808,344,072.54
Operating tax and extras	14,826,758.76	3,888,794.42
Sales expenses	13,791,093.39	20,239,016.93
Administration expenses	184,157,736.45	126,327,383.34
Financial expenses	-346,977.87	-6,167,195.97
Losses of devaluation of asset	48,394.70	70,937.80
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)	1,830,767,022.75	654,795,209.22
Including: Investment income on affiliated company and joint venture	767,309,765.64	537,117,080.67
Other income	13,915,329.88	
II. Operating profit (Loss is listed with “-”)	1,990,063,101.33	686,162,168.96
Add: Non-operating income	289,904.06	14,621,604.78
Including: Disposal gains of non-current asset	45,644.41	461,816.10
Less: Non-operating expense	2,277,466.80	808,445.02
Including: Disposal loss of non-current asset	1,248,544.33	591,980.61
III. Total Profit (Loss is listed with “-”)	1,988,075,538.59	699,975,328.72
Less: Income tax expense	47,444,108.88	20,758,281.95
IV. Net profit (Net loss is listed with “-”)	1,940,631,429.71	679,217,046.77
V. Net after-tax of other comprehensive income	-39,797,212.50	-56,207,588.74
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss	-39,797,212.50	-56,207,588.74
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets	-39,797,212.50	-56,207,588.74

3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
VI. Total comprehensive income	1,900,834,217.21	623,009,458.03
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	This period	Last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	3,437,449,626.28	2,605,746,532.90
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received	22,168,009.92	15,501,767.26
Other cash received concerning operating activities	19,713,087.22	17,733,683.49
Subtotal of cash inflow arising from operating activities	3,479,330,723.42	2,638,981,983.65
Cash paid for purchasing commodities and receiving labor service	2,032,254,137.91	1,589,143,730.33
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		

Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	614,817,453.84	492,300,006.76
Taxes paid	325,770,301.21	223,331,049.84
Other cash paid concerning operating activities	154,087,588.94	140,666,181.77
Subtotal of cash outflow arising from operating activities	3,126,929,481.90	2,445,440,968.70
Net cash flows arising from operating activities	352,401,241.52	193,541,014.95
II. Cash flows arising from investing activities:		
Cash received from recovering investment	3,091,512,477.03	3,452,670,890.00
Cash received from investment income	430,252,079.05	727,664,592.58
Net cash received from disposal of fixed, intangible and other long-term assets	53,235,402.65	49,158,379.90
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		30,296,467.00
Subtotal of cash inflow from investing activities	3,574,999,958.73	4,259,790,329.48
Cash paid for purchasing fixed, intangible and other long-term assets	212,687,557.71	226,897,693.98
Cash paid for investment	5,925,993,243.66	6,110,900,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		57,116.41
Subtotal of cash outflow from investing activities	6,138,680,801.37	6,337,854,810.39
Net cash flows arising from investing activities	-2,563,680,842.64	-2,078,064,480.91
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	185,000,000.00	250,000,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	185,000,000.00	250,000,000.00
Cash paid for settling debts	152,500,000.00	347,000,000.00
Cash paid for dividend and profit distributing or interest paying	17,164,736.59	5,277,671.94
Including: Dividend and profit of minority shareholder paid by subsidiaries	11,958,920.00	
Other cash paid concerning financing activities	1,049,711.28	
Subtotal of cash outflow from financing activities	170,714,447.87	352,277,671.94

Net cash flows arising from financing activities	14,285,552.13	-102,277,671.94
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-3,018,810.88	
V. Net increase of cash and cash equivalents	-2,200,012,859.87	-1,986,801,137.90
Add: Balance of cash and cash equivalents at the period -begin	3,795,223,678.11	3,040,315,198.85
VI. Balance of cash and cash equivalents at the period -end	1,595,210,818.24	1,053,514,060.95

6. Cash Flow Statement of Parent Company

In RMB

Item	This period	Last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	1,138,848,252.21	793,334,844.25
Write-back of tax received		
Other cash received concerning operating activities	505,652,991.97	1,103,292,123.70
Subtotal of cash inflow arising from operating activities	1,644,501,244.18	1,896,626,967.95
Cash paid for purchasing commodities and receiving labor service	707,951,478.67	439,155,764.29
Cash paid to/for staff and workers	277,978,923.53	196,948,347.05
Taxes paid	133,461,523.26	53,074,955.83
Other cash paid concerning operating activities	168,294,750.99	33,496,708.65
Subtotal of cash outflow arising from operating activities	1,287,686,676.45	722,675,775.82
Net cash flows arising from operating activities	356,814,567.73	1,173,951,192.13
II. Cash flows arising from investing activities:		
Cash received from recovering investment	2,974,601,492.00	3,325,000,000.00
Cash received from investment income	1,365,386,425.45	698,900,348.97
Net cash received from disposal of fixed, intangible and other long-term assets	52,252,940.94	48,066,222.19
Net cash received from disposal of subsidiaries and other units	2,410,502.57	
Other cash received concerning investing activities		25,301,600.00
Subtotal of cash inflow from investing activities	4,394,651,360.96	4,097,268,171.16
Cash paid for purchasing fixed, intangible and other long-term assets	61,095,071.88	134,171,768.94
Cash paid for investment	5,617,929,258.63	6,155,900,000.00
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		57,116.41
Subtotal of cash outflow from investing activities	5,679,024,330.51	6,290,128,885.35
Net cash flows arising from investing activities	-1,284,372,969.55	-2,192,860,714.19
III. Cash flows arising from financing activities		

Cash received from absorbing investment		
Cash received from loans	80,000,000.00	180,000,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	80,000,000.00	180,000,000.00
Cash paid for settling debts	80,000,000.00	230,000,000.00
Cash paid for dividend and profit distributing or interest paying	1,637,133.32	3,489,380.28
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	81,637,133.32	233,489,380.28
Net cash flows arising from financing activities	-1,637,133.32	-53,489,380.28
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-3,018,810.88	
V. Net increase of cash and cash equivalents	-932,214,346.02	-1,072,398,902.34
Add: Balance of cash and cash equivalents at the period -begin	2,143,377,059.99	1,734,531,427.66
VI. Balance of cash and cash equivalents at the period -end	1,211,162,713.97	662,132,525.32

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

This period

In RMB

Item	This period												
	Owners' equity attributable to parent company										Minority interests	Total owners' equity	
	Share capital	Other equity instrument		Capital reserve	Less : Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit			
	Preferred stock	Perpetual capital securities	Other										
I. Balance at the end of the last year	1,008,950,570.00				3,417,841,402.89		144,722,827.51	89,005.19	510,100,496.00		7,845,639,990.88	471,086,098.05	13,398,430,390.52
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combine under the same control													
Other													
II. Balance at the beginning of this year	1,008,950,570.00				3,417,841,402.89		144,722,827.51	89,005.19	510,100,496.00		7,845,639,990.88	471,086,098.05	13,398,430,390.52

III. Increase/ Decrease in this year (Decrease is listed with “-”)							-39,797,212.50	526,333.11			720,551,687.56	29,428,112.71	710,708,920.88
(i) Total comprehensive income							-39,797,212.50				1,325,922,029.56	42,445,336.47	1,328,570,153.53
(ii) Owners’ devoted and decreased capital												-1,039,238.28	-1,039,238.28
1.Common shares invested by shareholders													
2. Capital invested by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based payment													
4. Other												-1,039,238.28	-1,039,238.28
(III) Profit distribution											-605,370,342.00	-11,958,920.00	-617,329,262.00
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk provisions													
3. Distribution for owners (or shareholders)											-605,370,342.00	-11,958,920.00	-617,329,262.00

4. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Other												
(V) Reasonable reserve							526,333.11				-19,065.48	507,267.63
1. Withdrawal in the report period							8,969,586.03				1,184,584.27	10,154,170.30
2. Usage in the report period							8,443,252.92				1,203,649.75	9,646,902.67
(VI)Others												
IV. Balance at the end of the report period	1,008,950,570.00			3,417,841,402.89		104,925,615.01	615,338.30	510,100,496.00		8,566,191,678.44	500,514,210.76	14,109,139,311.40

Last period

In RMB

Item	Last period												
	Owners' equity attributable to parent company									Minority interests	Total owners' equity		
	Share capital	Other equity instrument			Capital reserve	Les s: Inv ent ory sh ar es	Other com pre h en s ive in co m e	Reasonable re se r ve	Surplus reserve			Pro v i s i o n o f g e n e r a l r i s k	Retained profit
Pre f e r e d s t o c k		Pe r p e t u a l	O t h e r										
I. Balance at the end of the last year	1,008,950,570.00				3,396,935,227.97		188,436,372.50	914,648.09	510,100,496.00		6,677,890,958.83	430,048,887.07	12,213,277,160.46
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combine under the same control													
Other													
II. Balance at the beginning of this year	1,008,950,570.00				3,396,935,227.97		188,436,372.50	914,648.09	510,100,496.00		6,677,890,958.83	430,048,887.07	12,213,277,160.46
III. Increase/ Decrease in this year (Decrease					20,906,174.92		-43,713,544.99	-825,642.90			1,167,749,032.05	41,037,210.98	1,185,153,230.06

is listed with “-”)												
(i) Total comprehensive income						-43,713,544.99				1,672,224,317.05	53,780,463.47	1,682,291,235.53
(ii) Owners' devoted and decreased capital					20,906,174.92		-12,418.48				12,375,177.63	33,268,934.07
1.Common shares invested by shareholders											12,800,000.00	12,800,000.00
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other					20,906,174.92		-12,418.48				-424,822.37	20,468,934.07
(III) Profit distribution										-504,475,285.00	-24,803,800.00	-529,279,085.00
1. Withdrawal of surplus reserves												
2. Withdrawal of general risk provisions												
3. Distribution for owners (or shareholders)										-504,475,285.00	-24,803,800.00	-529,279,085.00

4. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Other												
(V) Reasonable reserve							-813,224.42				-314,630.12	-1,127,854.54
1. Withdrawal in the report period							16,421,979.63				2,104,124.88	18,526,104.51
2. Usage in the report period							17,235,204.05				2,418,755.00	19,653,959.05
(VI)Others												
IV. Balance at the end of the report period	1,008,950,570.00			3,417,841,402.89		144,722,827.51	89,005.19	510,100,496.00		7,845,639,990.88	471,086,098.05	13,398,430,390.52

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

This period

In RMB

Item	This period										
	Share capital	Other equity instrument			Capital reserve	Less : Investor y 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	1,008,950,570.00				3,448,408,786.39		144,722,827.51		510,100,496.00	5,525,644,079.79	10,637,826,759.69
Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	1,008,950,570.00				3,448,408,786.39		144,722,827.51		510,100,496.00	5,525,644,079.79	10,637,826,759.69
III. Increase/ Decrease in this year (Decrease is listed with "-")							-39,797,212.50			1,335,261,087.71	1,295,463,875.21
(i) Total comprehensive income							-39,797,212.50			1,940,631,429.71	1,900,834,217.21
(ii) Owners' devoted and decreased capital											
1. Common shares invested by shareholders											
2. Capital invested by holders of other equity instruments											

3. Amount reckoned into owners equity with share-based payment											
4. Other											
(III) Profit distribution										-605,370,342.00	-605,370,342.00
1. Withdrawal of surplus reserves											
2. Distribution for owners (or shareholders)										-605,370,342.00	-605,370,342.00
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. Other											
(V) Reasonable reserve											
1. Withdrawal in the report period									1,968,399.95		1,968,399.95
2. Usage in the report period									1,968,399.95		1,968,399.95
(VI)Others											
IV. Balance at the end of the report period	1,008,950,570.00				3,448,408,786.39		104,925,615.01		510,100,496.00	6,860,905,167.50	11,933,290,634.90

Last period

In RMB

Item	Last period										
	Share capital	Other equity instrument			Capital reserve	Less : Investor y shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Total owners' equity
		Pref erre d stoc k	Perp etual capit al secu rities	Othe r							
I. Balance at the end of the last year	1,008,950,570.00				3,427,939,852.32		188,436,372.50		510,100,496.00	4,707,458,645.89	9,842,885,936.71
Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	1,008,950,570.00				3,427,939,852.32		188,436,372.50		510,100,496.00	4,707,458,645.89	9,842,885,936.71
III. Increase/ Decrease in this year (Decrease is listed with "-")					20,468,934.07		-43,713,544.99			818,185,433.90	794,940,822.98
(i) Total comprehensive income							-43,713,544.99			1,322,660,718.90	1,278,947,173.91
(ii) Owners' devoted and decreased capital					20,468,934.07						20,468,934.07
1.Common shares invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners											

equity with share-based payment										
4. Other					20,468,934.07					20,468,934.07
(III) Profit distribution									-504,475,285.00	-504,475,285.00
1. Withdrawal of surplus reserves										
2. Distribution for owners (or shareholders)									-504,475,285.00	-504,475,285.00
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. Other										
(V) Reasonable reserve										
1. Withdrawal in the report period								3,396,256.71		3,396,256.71
2. Usage in the report period								3,396,256.71		3,396,256.71
(VI)Others										
IV. Balance at the end of the report period	1,008,950,570.00				3,448,408,786.39	144,722,827.51		510,100,496.00	5,525,644,079.79	10,637,826,759.69

III. Basic information of the Company

1. Historical origin of the Company

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

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

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

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

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

In April 2005, Board of Directors of the Company has examined and approved 2004 Profit Pre-distribution Plan, and examined and approved by 2004 Shareholders’ General Meeting , the Company distributed 3 shares for each

10 shares to the whole shareholders totaling to 130,909,845 shares in 2005.

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

On 27 May 2009, Weifu Group satisfied the consideration arrangement by dispatching 0.5 shares for each 10 shares based on the number of circulating A shares as prior to Share Merger Reform, according to the aforesaid Share Merger Reform, with an aggregate of 14,039,979 shares dispatched. Subsequent to implementation of dispatch of consideration shares, Weifu Group then held 100,021,999 shares of the Company, representing 17.63% of the total share capital of the Company.

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

In accordance with the resolutions of shareholders' meeting and provisions of amended constitution, and approved by [2012] No. 109 document of China Securities Regulatory Commission, in Feb., the Company issued RMB ordinary shares (A-share) of 112,858,000 shares to Wuxi Industry Groups and overseas strategic investor, ROBERT BOSCH GMBH (hereinafter referred to as Germany BOSCH), face value was RMB 1 Yuan per share, added registered capital of RMB112,858,000 Yuan, and the registered capital after change was RMB 680,133,995 Yuan. Wuxi Industry Group is the first majority shareholder of the Company, and Germany BOSCH is the second majority shareholder of the Company.

In March 2013, the profit distribution re-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 RMB 1,020,200,992 up to 31 December 2013.

Deliberated and approved by the company's first extraordinary general meeting in 2015, the company has

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

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

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

Registered number: 91320200250456967N

The Company sets up Shareholders' General Meeting, the Board of Directors and the Supervisory Committee.

The Company sets up Administration Department, Engineering Technology Research Institution, Human Resources Department, Office of the Board, Risk Management Department, Information Systems Department, Market & Strategy Plan Department, Party-masses Security Department, Finance Control Department, Project Purchase Department, Manufacturing Quality Department, MS Business Segment, AC Business Segment, and subsidiaries such as Wuxi Weifu Leader Catalytic Converter Co., Ltd., Nanjing Weifu Jinning Co., Ltd., and Wuxi Weifu Automotive Diesel System Co., Ltd.

3. Business nature and major operation activities of the Company

Operation scope of parent company: technological development and consultancy service of machinery industry, manufacture of engine fuel oil system products, fuel oil system testers and equipment; manufacture of automotive electronics components and automotive electrical appliance components; manufacture of non-standard equipment and non-standard cutter; manufacture of after treatment system; sales of energy-oriented machinery, hardware & electric materials, chemical products and raw materials (other than chemical dangerous). Auto spare parts, autos (other than autos under-9 seats); repair of engine; lease of company-owned house; import and export business in respect of diversified commodities and technologies (other than those commodities and technologies limited or forbidden by the State for import and export) by self-operation and works as agent for such business.

Major subsidiaries respectively activate in production and sales of engine accessories, auto spare parts, mufflers, and purifiers.

4. Relevant party offering approval reporting of financial statements and date thereof

Financial statements of the Company were approved by the Board of Directors for reporting dated 23 August 2017.

5. Scope of consolidate financial statement

Name of subsidiary	Shortname of subsidiary	Shareholding ratio (%)		Proportion of votes (%)	Registered capital (in 10 thousand Yuan)	Business scope	Statement consolidate (Y/N)
		Directly	Indirectly				
Nanjing Weifu Jinning Co., Ltd.	Weifu Jinning	80.00	--	80.00	34,628.70	Internal-combustion engine and accessories	Y

Wuxi Weifu Leader Catalytic Converter Co., Ltd.	Weifu Leader	94.81	--	94.81	50,259.63	Purifier and muffler	Y
Weifu Mashan Pump Glib Co., Ltd.	Weifu Mashan	100.00	--	100.00	16,500	Internal-combustion engine and accessories	Y
Wuxi Weifu Chang'an Co., Ltd.	Weifu Chang'an	100.00	--	100.00	21,000.00	Internal-combustion engine and accessories	Y
Wuxi Weifu Automotive Diesel System Co., Ltd.	Weifu Diesel System	100.00	--	100.00	30,000	Internal-combustion engine and accessories	Y
Wuxi Weifu International Trade Co. Ltd.	Weifu International Trade	100.00	--	100.00	3,000	International trade	Y
Wuxi Weifu ITM Supercharging Technique Co., Ltd.	Weifu ITM	100.00	--	100.00	16,000	Internal-combustion engine and accessories	Y
Wuxi Weifu Schmidt Power System Spare Parts Co., Ltd.	Weifu Schmidt	66.00	--	66.00	4,800	Internal-combustion engine and accessories	Y
Ningbo Weifu Tianli Supercharging Technique Co., Ltd.	Weifu Tianli	47.9436	--	47.9436	11,136	Internal-combustion engine and accessories	Y
Anhui Weifu Tianshi Machinery Co., Ltd.	Weifu Tianshi	52.00	--	52.00	1,000	Internal-combustion engine and accessories	Y
Kunming Xitong Machinery Co., Ltd.	Kunming Xitong	70.00	--	70.00	400	Internal-combustion engine and accessories	Y
Wuxi Weifu-Autocam Fine Machinery Co. Ltd.	Weifu Autocam	51.00	--	51.00	USD1,510	Auto parts	Y
Wuxi Weifu Leader Catalytic Converter (Wuhan) Co., Ltd.	Weifu Leader (Wuhan)	--	60.00	60.00	1,000.00	Purifier and muffler	Y

(1) The voting rights of Weifu Tianli hold by the Company is not over 50%, however, Weifu Tianli still included in the consolidation scope, mainly due to the Company substantially control Weifu Tianli, found more in the “1. Equity in subsidiary” in Note IX.

(2) Subsidiary Kunming Xitong and Weifu Tianshi cancelled respectively dated 16 Feb. 2017 and 14 March 2017;

IV. Basis of preparation of financial statements

1. Preparation base

The financial statement were stated in compliance with Accounting Standard for Business Enterprises –Basic Norms issued by Ministry of Finance, the specific 41 accounting rules revised and issued dated 15 February 2006 and later, the Application Instruments of Accounting Standards and interpretation on Accounting standards and other relevant regulations (together as “Accounting Standards for Business Enterprise”), as well as the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15 – General Provision of Financial Report (Amended in 2014) issued by CSRC in respect of the actual transactions and proceedings, on a basis of ongoing operation.

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

2. Going concern

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

V. Major Accounting Policies and Estimation

Specific accounting policies and estimation attention:

The Company and its subsidiaries are mainly engaged in the manufacture and sales of engine fuel oil system products, Auto spare parts, mufflers and purifiers etc., in line with the real operational characteristics and relevant accounting standards, many specific accounting policies and estimation have been formulated for the transactions and events with revenue recognized concerned. As for the explanation on major accounting judgment and estimation, found more in “28 Other major accounting policies and estimation”.

1. Statement on observation of Accounting Standard for Business Enterprises

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

2. Accounting period

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

3. Business cycles

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

4. Recording currency

The Company's reporting currency is the RMB Yuan.

5. Accounting Treatment Method for Business Combinations

Business combination is the transaction or events that two or two above independent enterprises combined as a

reporting entity. Business combination including enterprise combined under the same control and business combined under different control.

(1) The business combination under the same control

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

(2) Combine not under the same control

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

6. Preparation method for consolidated financial statement

(1) Recognition principle of consolidated scope

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

(2) Basis of control

Control is the right to govern an investee so as to obtain variable return through participating in the investee's

relevant activities and the ability to affect such return by use of the aforesaid right over the investee. Relevant activities refers to the activities have major influence on return of the investee's.

(3) Consolidation process

Subsidiaries are consolidated from the date on which the company obtains their actual control, and are deconsolidated 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 acquiree directly when the control is lost, namely be transferred to current investment income other than the relevant part of the movement arising from re-measuring net liabilities or net assets under defined benefit scheme by the original subsidiary. Subsequent measurement of the remaining equity interests shall be in accordance with relevant accounting standards such as "Accounting Standards for business Enterprises 2 – Long-term Equity Investments" or "Accounting Standards for business Enterprises 22 – Financial Instruments Recognition and Measurement".

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

7. Joint arrangement classification and accounting treatment for joint operations

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

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

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

8. Determining standards for cash and cash equivalent

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

9. Foreign currency business and conversion

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

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

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

The following displays the methods for translating financial statements involving foreign operations into the statements in RMB: The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the owners' equity items, the items other than "undistributed profits" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements of overseas operations are translated at the average exchange rates of the

transaction dates. The exchange difference arising from the above mentioned translation are recognized in other comprehensive income and is shown separately under owner' equity in the balance sheet; such exchange difference will be reclassified to profit or loss in current year when the foreign operation is disposed according to the proportion of disposal.

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

10. Financial instrument

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

(1) Classification and measurement on financial assets and financial liability

In terms of investment purposes and economic natures, the Company divides its financial assets into financial assets (with its variation of fair value reckoned into current gains/losses), financial assets available for sale, account receivables and held-to-maturity investments, among which, transactional financial asset is measured at fair value and movement of its fair value is recorded in current gains and losses; financial asset available for sale is measured at fair value and movement of its fair value is recorded in owners' equity; account receivables and held-to-maturity investments are measured at amortized cost.

In terms of economic nature, the Company divides its financial liabilities into two groups, namely financial liabilities at fair value through gains and losses and other financial liabilities at amortized cost.

(2) Determination of fair values for financial assets and financial liabilities

The fair value refers to the price that will be received when selling an asset or the price to be paid to transfer a liability in an orderly transaction between market participants on the date of measurement. Financial instruments exist in an active market. Fair value is determined based on the quoted price in such market. An active market refers to where pricing is easily and regularly obtained from exchanges, brokers, industrial organizations and price fixing service organizations, representing the actual price of a market transaction that takes place in a fair deal. While financial instruments do not exist in an active market, the fair value is determined using valuation techniques. Valuation technologies include reference to be familiar with situation and prices reached in recent market transactions entered into by both willing parties, reference to present fair values of similar other financial instruments, cash flow discounting method and option pricing models.

As for the equity investment of the investee held by the Company, which has no controlling rights, common control or significant influence (that is under the major influence), has no quota in an active market and the fair value cannot be measure reasonably, than divided into financial assets available for sale and measured by cost.

(3) Recognition basis and measurement for transfer of financial assets

That the Company grants or delivers financial assets to party other than the issuer of such financial assets equals transfer of financial assets. Financial assets transferred could be the entire or part of such financial assets. Two

forms are listed as follows:

- ① Transfer of right for collecting cash flow of financial assets to another party;
- ② Transfer financial assets to another party, while the aforementioned right is retained, with obligation of paying such cash flow to final collector

When that the Company has transferred almost all risks and remunerations arising from ownership of all or part financial assets to another party, accordingly, recognition for such entire or part financial assets shall be ceased. Gains and losses are determined by the received consideration less the carrying value of the transferred financial assets. Meanwhile, the original accumulated gains or losses of financial assets recognized in the owners' equity shall transferred to gains and losses; when all risks and remunerations attached to ownership are retained, recognition for such entire or part financial assets shall continue, and the consideration received shall be viewed as financial liabilities.

As for the financial assets which the Company has neither transferred nor retained all risks and remunerations attached to ownership of such financial assets, while control upon such financial assets still exists, recognition shall be conducted in light of the degree of its continuous involvement in the transferred financial assets. Accordingly, relevant liabilities shall be recognized.

(4) Recognition for termination of financial assets and liability

Upon satisfaction of one of the following condition, financial assets will immediately experience discontinued recognition:

- ① Right entitled by contract in respect of collection of cash flow from such financial asset terminates.
- ② Such financial assets have been transferred and meet discontinued recognition condition for financial assets as regulated by Accounting Standard for Enterprise No.23-Transfer of Financial Assets.

Only when present obligations under financial liability have been released entirely or partly, could cease recognition of such financial liability or part thereof.

(5) Impairment of financial assets

The Company conducts inspection on carrying values of financial assets, except for transactional financial assets, as at balance sheet date. If there is objective evidence indicating that impairment has happened to financial assets, impairment reserve then shall be provided. Financial asset with great amount in single item is subject to separate impairment test. In case of any objective evidence indicating that impairment has happened to such financial asset, impairment loss shall be recognized and recorded in current gains and losses. As for the financial assets with no great amount in single item and those which prove to be not impaired after separate test, the Company will conduct impairment test on basis of credit portfolio which is determined in light of customers' credit records and historical bad debts, so as to recognize impairment loss.

Objective evidence indicating impairment happens to financial assets means the proceedings meeting the three characteristics: actually occurred subsequent to initial recognition of such financial assets, bring influence over the

estimated future cash flow of such financial assets, and such influence could be reliably measured by the Company.

The followings are included in objective evidences indicating impairment happens to financial assets:

- ① Serious financial difficulty happens to issuer or debtor;
- ② Breach of terms of contract by debtor, such as breach or overdue in repaying interest or principal;
- ③ Creditor makes concession for debtors who experience financial trouble in light of consideration for economy or laws;
- ④ Debtor is very likely to experience bankrupt or financial reorganization;
- ⑤ Financial assets are not able to be traded in active market since material financial difficulty happens to issuer;
- ⑥ It is unable to judge whether cash flow from certain asset in a group of financial assets has decreased, while it is finally found that the estimated future cash flow of such financial asset has actually decreased since its initial recognition and the decrease can be reliably measured by reference to the general valuation based on open data. For example, payment capacity of debtor of such financial assets portfolio gradually worsens, or unemployment in country or region where the debtor locates risen, price of guaranty falls greatly in the place where it locate, and the industry in which it belongs to is unpromising;
- ⑦ Material negative changes happen to technologies, markets, economy or law environment in which debtor operates, which leads to that equity instrument investor is not likely to be able to recover investment cost;
- ⑧ Fair value of equity instrument investment experiences severe or non-temporary falling;
- ⑨ Other objective evidence indicating impairment happens to financial assets.

In the event of impairment in financial asset at amortized cost, impairment loss is calculated based on the difference between carrying value and present value of estimated future cash flow discounted at effective interest rate.

After impairment loss is recognized for financial asset at amortized cost, if there is objective evidence indicating value of such financial asset has recovered, which is objectively related to proceedings occurred after recognition of such loss, the original impairment loss shall be reversed and recorded in current gains and losses. However, the carrying value subsequent to such reversal shall not exceed the amortized cost of such financial asset as at the reversal date on assumption that such impairment loss had not been provided.

Impairment of available-for-sale financial assets: in the event that decline in fair value of the available-for-sale equity instrument is regarded as “severe decline” or “non-temporary decline” on the basis of comprehensive related factors, it indicates that there is impairment loss of the available-for-sale equity instrument. In particular, “severe decline” refers to fair value is lower than 50% of the cost price and last for over one year. “Non-temporary decline” refers to fair value fell for over 6-month sessions.

When the available-for-sale financial assets impair, the accumulated loss originally included in the other comprehensive income arising from the decrease in fair value was transferred out from the capital reserve and included in the profit or loss for the period. The accumulated loss that transferred out from the capital reserve is the balance of the acquired initial cost of asset, after deduction of the principal recovered, amortized amounts,

current fair value and the impairment loss originally included in the profit or loss.

After recognition of the impairment loss, if there is objective evidence showing recovery in value of such financial assets impaired and which is related to any event occurring after such recognition in subsequent periods, the impairment loss originally recognized shall be reversed. The impairment loss reversal of the available-for-sale equity instrument will be recognized as other comprehensive income, and the impairment loss reversal of the available-for-sale debt instrument will be included in the profit or loss for the period.

When an equity investment that is not quoted in an active market and the fair value of which cannot be measured reliably, or the impairment loss of a derivative financial asset linked to the equity instrument that shall be settled by delivery of that equity instrument, then it will not be reversed.

11. Account Receivable

(1) Account Receivable withdrawal on single significant amount and with bad debt provision accrued for single item

Determine basis or amount standards for single significant amount	The Company's account receivables with above RMB 1 million in single item is defined as account receivables with significant amount in single item.
Withdrawal method for account with single significant amount and withdrawal single item bad debt provision	In line with the difference of present value of future cash flow lower its book value, carried out impairment test independently and withdrawal the bad debt reserves

(2) Receivables with bad debt provision accrual by credit portfolio:

Combination	Bad debt provision accrual
Classify to many combination based on credit portfolio for those receivables with minor account singly and those with major amount but has no impairment been found after testing independently; base on the actual loss ratio of the receivables of previous years, with same or similar credit portfolio, and combining actual condition accrual bad debt reserves	Age analysis method

In combination, accounts whose bad debts provision was accrued by age analysis:

Applicable Not applicable

Account age	Rate for receivables	Rate for other receivables
Within 1 year (one year included)	10.00%	10.00%
Within 6 months		
6 months to 1 year	10.00%	10.00%
1—2 years	20.00%	20.00%
2—3 years	40.00%	40.00%
Over 3 years	100.00%	100.00%

3—4 years	100.00%	100.00%
4—5 years	100.00%	100.00%
Over 5 years	100.00%	100.00%

In combination, withdrawal proportion of bad debt provision based on balance proportion

Applicable Not applicable

In combination, withdrawal proportion of bad debt provision based on other methods:

Applicable Not applicable

(3) Account receivable with minor single amount but with withdrawal bad debt provision for single item

Reasons for withdrawal single item bad debt provision	The present value of future cash flow has major difference with the receivable group's present value of future cash flow
Withdrawal method for bad debt provision	Carried out impairment test independently, accrual bad debt reserves according to the difference of present value of future cash flow lower its book value

12. Inventories

Does the Company need to comply with the disclosure requirement of the special industry

No

(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

A. Generally, stock materials are calculated at planned cost. Material cost difference is individually set according to classification of grant types. Pursuant to the difference between the planned cost of the received or delivered raw materials and the material cost the aforesaid cost should share after carrying forward at period-end, the Company adjusts the planned cost to effective cost; finished products are priced at effective costs, and carried forward to operating cost by weighted average method when being delivered;

B. Products in process are priced at effective costs, and carried forward to finished products at actually occurred cost;

C. Finished self-produced products are priced at effective costs, and carried forward to operating cost by weighted average method; external purchase goods (from import and export trades) are carried forward to sales cost by individual pricing method.

(3) Recognition evidence for net realizable value of inventories and withdrawal method for inventory impairment provision

Inventories as at period-end are priced at the lower of costs and net realizable values; at period end, on the basis of overall clearance about inventories, inventory impairment provision is withdrew for uncollectible part of costs of

inventories which result from destroy of inventories, out-of-time of all and part inventories, or sales price lowering than cost. Inventory impairment provision for stock goods and quantity of raw materials is subject to the difference between costs of single inventory item over its net realizable value. As for other raw materials with large quantity and comparatively low unit prices, inventory impairment provision is withdrawn pursuant to categories.

As for finished goods, commodities and materials available for direct sales, their net realizable values are determined by their estimated selling prices less estimated sales expenses and relevant taxes. For material inventories held for purpose of production, their net realizable values are determined by the estimated selling prices of finished products less estimated costs, estimated sales expenses and relevant taxes accumulated till completion of production. As for inventories held for implementation of sales contracts or service contracts, their net realizable values are calculated on the basis of contract prices. In the event that inventories held by a company exceed order amount as agreed in sales contracts, net realizable values of the surplus part are calculated on the basis of normal sale price.

(4) Inventory system

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

(5) Amortization of low-value consumables and wrappage

① Low-value consumables

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

② Wrappage

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

13. Classified as assets held for sale

The Company's component (or non-current asset) will recognize as held-for-sale while satisfied the followed conditions simultaneously: the component can be promptly sold at its existing status only according to the practice terms in connection with disposal of this kind of assets; the Company has already made resolution on disposal of such component, such as approved by shareholders in line with regulations, have already approved by general meeting or relevant authority; the Company entered into irrevocable transfer agreement with the transferee; and this transfer will be completed within one year.

Book value of the assets held-for-sale shall be adjusted on recoverable amounts (no more than the original book value while qualify held-for-sale conditions), the exceed parts from original book value and recoverable amounts after adjusted shall considered as assets impairment loss reckoned into current gains/losses. Held-for-sale fixed assets and intangible assets would be not applicable to depreciation or amortization, and would be measured at the lower of its carrying value less disposal cost and fair value less disposal cost.

If classified as held for sale no longer meets the recognition condition as non-current asset held for sale or disposal group, the Company will cease such recognition and measure the asset at the lower of the following two items:

(1) The carrying value of the asset or disposal group prior to being classified as held for sale, based on the amount adjusted with the depreciation, amortization or impairment which should have been recognized assuming it had not been classified as held for sale;

(2) The recoverable amount on the date when the Company decides to cease disposal.

14. 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 investee. 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 with any change in fair value charged to profit or loss.

(1) Determination of initial investment cost

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

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

② For a long-term equity investment acquired through a business combination involving enterprises not under common control, the initial investment cost of the long-term equity investment shall be the cost of combination on the date of acquisition. Cost of combination includes the aggregate fair value of assets paid by the acquirer,

liabilities incurred or borne and equity securities issued. (For business combination resulted in an enterprise not under common control by acquiring equity of the acquire under common control through a stage-up approach with several transactions, these transactions will be judged whether they shall be treat as “transactions in a basket”. If they belong to “transactions in a basket”, these transactions will be accounted for a transaction in obtaining control. If they are not belong to “transactions in a basket”, the initial investment cost of the long-term equity investment accounted for using cost method shall be the aggregate of the carrying amount of equity investment previously held by the acquire and the additional investment cost. For previously held equity accounted for using equity method, relevant other comprehensive income will not be accounted for. For previously held equity investment classified as available-for-sale financial asset, the difference between its fair value and carrying amount, as well as the accumulated movement in fair value previously included in the other comprehensive income shall be transferred to profit or loss for the current period.) plus the combination cost measured by costs which have directly connection with acquisition are considered as initial investment cost of such long-term equity investment. Realizable assets and liabilities undertaken by such assets (including contingent liabilities) of the party being combined as at the combination date are all measured at fair values, without consideration to amount of minority interests. The surplus of combination cost less fair value net realizable assets of the party being combined is recorded as goodwill, and the deficit is directly recognized in the consolidated statement of gains and losses.

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 investee, 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 investee 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 investee’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 investee’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 investee, 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 investee. In respect of the other movement of net profit or loss, other comprehensive income and profit distribution of investee, 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 investee’s net profits or losses based on the fair values

of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto. In the event of inconformity between the accounting policies and accounting periods of the investee and the Company, the financial statements of the investee 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 investee 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 investee 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 investee 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 investee is making profits in subsequent periods, the Group shall resume recognizing its share of profits after setting off against the share of unrecognized losses.

③ Acquisition of minority interest

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

④ Disposal of long-term equity investments

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

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

In respect of long-term equity investment accounted for using equity method with the remaining equity interest after disposal also accounted for using equity method, other comprehensive income previously under owners' equity shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant

asset or liability by investee 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 investee) 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 investee unit acquired shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by investee 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 investee unit recognized by equity method (excluding net profit or loss, other comprehensive income and profit distribution of investee) shall be transferred to profit or loss for the current period on pro rata basis.

In the event of loss of control over investee 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 investee 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 investee 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 investee, it shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by investee at the time when the control over investee is lost. Movement of other owners' equity (excluding net profit or loss, other comprehensive income and profit distribution under net asset of investee 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 investee 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 investee 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 investee 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 investee accounted for and recognized using equity method) shall be transferred to profit or loss for the current period at the time when equity method was ceased to be used.

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

period upon loss of control.

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

Found more in 20-”impairment of long-term investment”.

(4) Criteria of Joint control and significant influence

Joint control is the Company’s contractually agreed sharing of control over an arrangement, which relevant activities of such arrangement must be decided by unanimously agreement from parties who share control. All the participants or participant group whether have controlling over such arrangement as a group or not shall be judge firstly, than judge that whether the decision-making for such arrangement are agreed unanimity by the participants or not.

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

15. Investment real estate

Measurement mode

Measured by cost method

Depreciation or amortization method

Investment real estate is stated at cost. During which, the cost of externally purchased properties held-for-investment includes purchasing price, relevant taxes and surcharges and other expenses which are directly attributable to the asset. Cost of self construction of properties held for investment is composed of necessary expenses occurred for constructing those assets to a state expected to be available for use. Properties held for investment by investors are stated at the value agreed in an investment contract or agreement, but those under contract or agreement without fair value are stated at fair value.

The Company adopts cost methodology amid subsequent measurement of properties held for investment, while depreciation and amortization is calculated using the straight-line method according to their estimated useful lives. The basis of provision for impairment of properties held for investment is referred to 20-“Impairment of long-term assets”

16. Fixed assets

(1) Confirmation conditions

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

(2) Depreciation methods

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

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

The Company affirms those that conform to below one or several criteria as the finance lease fixed assets: ① Agreed in the lease contract (or made a reasonable judgment according to the correlated conditions on the lease commencement date), the ownership of lease fixed assets can be transferred to the Company after the expiry of the lease period; ②The Company has the option to purchase or lease the fixed assets, and the purchase price is estimated to be much less than the fair value of the lease of fixed assets when exercises the options, so whether the Company will exercise the option can be reasonably determined on the lease commencement date; ③Even though the fixed asset ownership is not transferred, the lease term accounts for 75% of the service life of the lease fixed assets; ④The present value of the Company of minimum lease payment on the lease commencement date is equivalent to 90% or more of the fair value of the lease fixed assets on the lease commencement date; the present value of the leaser's of minimum lease payment on the lease commencement date is equivalent to 90% or more of the fair value of the lease fixed assets on the lease commencement date; ⑤The leased assets with special properties can only be used by the Company without major modifications. The fixed assets rented by finance leases is calculated as the book value according to the lower one between the fair value of leased assets on the lease commencement date and the present value of the minimum lease payments. (4) The impairment test method of fixed assets and the method of provision for impairment see 20-“Long term asset impairment”.

17. Construction in process

From the date on which the fixed assets built by the Company come into an expected usable state, the projects under construction are converted into fixed assets on the basis of the estimated value of project estimates or pricing or project actual costs, etc. Depreciation is calculated from the next month. Further adjustments are made to the difference of the original value of fixed assets after final accounting is completed upon completion of projects.

The basis of provision for impairment of properties held for construction in process is referred to 20-“Impairment of long-term assets”.

18. Borrowing costs**(1) Recognition of capitalization of borrowing costs**

Borrowing costs comprise interest occurred, amortization of discounts or premiums, ancillary costs and exchange differences in connection with foreign currency borrowings. The borrowing costs of the Company, which incur

from the special borrowings occupied by the fixed assets that need more than one year (including one year) for construction, development of investment properties or inventories or from general borrowings, are capitalized and recorded in relevant assets costs; other borrowing costs are recognized as expenses and recorded in the profit or loss in the period when they are occurred. Relevant borrowing costs start to be capitalized when all of the following three conditions are met:

- ① Capital expenditure has been occurred;
- ② Borrowing costs have been occurred;
- ③ Acquisition or construction necessary for the assets to come into an expected usable state has been carried out.

(2) Period of capitalization of borrowing costs

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

(3) Measure of capitalization for borrowing cost

In respect of the special borrowings borrowed for acquisition, construction or production and development of the assets qualified for capitalization, the amount of interests expenses of the special borrowings actually occurred in the period less interest income derived from unused borrowings deposited in banks or less investment income derived from provisional investment, are recognized.

With respect to the general borrowings occupied for acquisition, construction or production and development of the assets qualified for capitalization, the capitalized interest amount for general borrowings is calculated and recognized by multiplying a weighted average of the accumulated expenditure on the assets in excess of the expenditure on the some assets of the special borrowings, by a capitalization rate for general borrowings. The capitalization rate is determined by calculation of the weighted average interest rate of the general borrowings.

19. Intangible assets

(1) Measurement, use of life and impairment testing

① Measurement of intangible assets

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

The cost of a purchased intangible asset shall be determined by the expenditure actually occurred and other related

costs.

The cost of an intangible asset contributed by an investor shall be determined in accordance with the value stipulated in the investment contract or agreement, except where the value stipulated in the contract or agreement is not fair.

The intangible assets acquired through exchange of non-monetary assets, which is commercial in substance, is carried at the fair value of the assets exchanged out; for those not commercial in substance, they are carried at the carrying amount of the assets exchanged out.

The intangible assets acquired through debt reorganization, are recognized at the fair value.

② Amortization methods and time limit for intangible assets:

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

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

Impairment testing methods and accrual for depreciation reserves for the intangible assets found more in 20-“Long-term assets impairment”.

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

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

- ① it is technically feasible that the intangible asset can be used or sold upon completion;
- ② there is intention to complete the intangible asset for use or sale;
- ③ the products produced using the intangible asset has a market or the intangible asset itself has a market;
- ④ there is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;
- ⑤ the expenses attributable to the development phase of the intangible asset can be measured reliably.

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

20. Impairment of long-term asset

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 restorable value.

21. Long-term deferred expenses

Long-term expenses to be amortized of the Company the expenses that are already charged and with the beneficial term of more than one year are evenly amortized over the beneficial term. For the long-term deferred expense items cannot benefit the subsequent accounting periods, the amortized value of such items is all recorded in the profit or loss during recognition.

22. Employee compensation

(1) Accounting treatment for short-term compensation

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

(2) Accounting treatment for post-employment benefit

The post-employment benefit included the defined contribution plans and defined benefit plans. Post-employment benefits plan refers to the agreement about the post-employment benefits between the enterprise and employees, or the regulations or measures the enterprise established for providing post-employment benefits to employees. Thereinto, the defined contribution plan refers to the post-employment benefits plan that the enterprise doesn't undertake the obligation of payment after depositing the fixed charges to the independent fund; the defined benefit plans refers to post-employment benefits plans except the defined contribution plan.

(3) Accounting for retirement benefits

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

(4) Accounting for other long-term employee benefits

Except for the compulsory insurance, the Company provides the supplementary retirement benefits to the employees satisfying some conditions, the supplementary retirement benefits belong to the defined benefit plans,

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

23. Accrued liability

(1) Recognition principle

An obligation related to a contingency, such as guarantees provided to outsiders, pending litigations or arbitrations, product warranties, redundancy plans, onerous contracts, reconstructing, expected disposal of fixed assets, etc. shall be recognized as an estimated liability when all of the following conditions are satisfied:

- ① the obligation is a present obligation of the Company;
- ② it is Contingent that an outflow of economic benefits will be required to settle the obligation;
- ③ the amount of the obligation can be measured reliably.

(2) Measurement method: measure on the basis of the best estimates of the expenses necessary for paying off the contingencies.

24. Revenue

Does the Company need to comply with the disclosure requirement of the special industry

No

(1) Concrete judging criteria for time of recognized

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

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

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

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

(2) Recognition of revenue of assets using right alienation

Revenue from use by others of enterprise assets shall be recognized only when the associated economic benefit can flow into the Company, and the amount of revenue can be measured reliably, revenue measured by the follow:

- ① Interest income amount: Calculated and determined in accordance with the time that others use the enterprises cash and the actual interest rate.
- ② Royalty revenue amount: Calculated and determined in accordance with the charging time and method of the relevant contract or agreement as agreed.

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

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

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

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

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

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

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

25. Government grants

(1) Determination basis and accounting for government grants related to assets

(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

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

If a government grant is in the form of a transfer of monetary asset, the item shall be measured at the amount received or receivable. If a government grant is in the form of a transfer of non-monetary asset, the item shall be measured at fair value.

(3) Accounting treatment

A government grant related to an asset shall be recognized as deferred income, and evenly amortized to profit or loss over the useful life of the asset.

The government subsidy related to the daily activities of the enterprise shall be included in other income or offset other relevant costs and expenses in accordance with the essence of the economic business, and the government subsidy unrelated to the daily activities of the enterprise shall be included in the non-operating income and expenditure.

(2) Determination basis and accounting for government grants related to income

(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

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

If a government grant is in the form of a transfer of monetary asset, the item shall be measured at the amount received or receivable. If a government grant is in the form of a transfer of non-monetary asset, the item shall be measured at fair value.

(3) Accounting treatment

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant shall be recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized; if the grant is a compensation for related expenses or losses already incurred, the grant shall be recognized immediately in profit or loss for the current period.

The government subsidy related to the daily activities of the enterprise shall be included in other income or offset other relevant costs and expenses in accordance with the essence of the economic business, and the government subsidy unrelated to the daily activities of the enterprise shall be included in the non-operating income and expenditure.

26. Deferred tax assets / deferred income tax liabilities

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

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

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

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

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

27. Lease

(1) Accounting for operating lease

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

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

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

When the company undertakes the expenses related to the lease that should be undertaken by the lessor, the

company shall deduct the expenses from the total rental income, and distribute by the deducted rental costs during the lease term.

(2) Accounting for financing lease

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

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

28. Other major accounting policy and accounting estimates

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

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

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

(1) Provision for bad debts

According to the accounting policies of the accounts receivable, the Company adopts the allowance method to calculate the bad debt losses. The impairment of receivables is based on the assessment to the collectability of the accounts receivable. The impairment of accounts receivable requires the management's judgments and estimates. The actual results and the differences between the previously estimated results shall affect the book value of accounts receivable and the provision or return of the receivables' bad debt reserves during the period estimated to be changed.

(2) Inventory impairment

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

(3) Held-to-maturity investments

The Company classifies the non-derivative financial assets that meet the requirements, have the fixed or ascertainable repayment amount and fixed due date, and that the Company has the positive intention and ability to hold to maturity as the held-to-maturity investment. This classification involves a lot of judgments. In the process of making the judgments, the Company will evaluate its willingness and ability to this held-to-maturity investment. Except in certain cases (such as the investments with insignificant sales amount when the maturity date comes), if the Company fails to hold these investments till the maturity date, then all the investments shall be reclassified to the available-for-sale financial assets which cannot be classified as the held-to-maturity investments in this fiscal year and the next two fiscal years. This kind of case may have a significant impact on the relevant financial assets value listed on the financial statements, and may affect the Company's financial instruments risk management strategy.

(4) Impairment of held-to-maturity investments

The Company determines that the impairment of held-to-maturity investments largely relies on management's judgments. The objective evidences of impairment include that the issuer has serious financial difficulties so that the financial assets cannot continue to be traded in an active market, or cannot be able to fulfill the contract terms (for example, breach the contract of paying the interests or principal), etc. In the process of making the judgments, the Company needs to evaluate the impact of the objective evidence of impairment to the expected future cash flows of the investment.

(5) Impairment of financial assets available for sale

The Company determines that the impairment of held-to-maturity investments largely relies on management's judgments and assumptions so as to determine whether it is needed to affirm its impairment loss in the profit statement. In the process of making the judgments and assumptions, the Company needs to evaluate the extent and duration when the fair value of the investment is less than the cost, as well as the financial situation and short-term business prospects of the investees, including the industry conditions, technological change, credit rating, default rates, and risks of the counterparty.

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

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

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

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

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

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

(7) Depreciation and amortization

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

(8) 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.

(9) Early retirement benefits and supplementary retirement benefits

The expenses of the Company's early retirement benefits and supplementary retirement benefits and the amount of liabilities are determined in accordance with various assumptions. These assumptions include the discount rate, the average growth rate of health care costs, the subsidy growth rate of the early retired personnel and retirees and the other factors. The differences between the actual results and assumptions will be immediately identified and included in the costs of the current year. Although the management thought the reasonable assumptions have been adopted, the changes in the actual experience and assumed conditions will impact the costs and liability balances of the Company's internal early retirement benefits and supplementary retirement benefits.

29. Changes of important accounting policy and estimation**(1) Changes of major accounting policies**

Applicable Not applicable

(2) Changes of important accounting estimate

Applicable Not applicable

VI. Taxation**1. Major taxes and tax rates**

Tax	Basis	Tax rate
VAT	Taxable revenue	17%, 11%、6% and 5% charge rate; exportation goods are declare export tax rebates on the tax refund rate regulated by the Country or “exemption, counteraction, drawback”
City maintaining & construction tax	Turnover tax payable	7%
Operation tax	Taxable income	25%, 15%
Educational surtax	Turnover tax payable	5%

Disclose reasons for different taxpaying body

Taxpaying body	Income tax rate
Parent company of Weifu Hi-Technology	15%
Weifu Jinning	15%
Weifu Diesel System	15%
Weifu Leader	15%
Weifu Tianli	15%
Weifu Autocam	15%
Weifu Mashan	25%
Weifu Chang'an	25%
Weifu International Trade	25%
Weifu ITM	25%
Weifu Schmidt	25%
Kunming Xitong	25%
Weifu Tianshi	25%
Weifu Leader (Wuhan)	25%

2. Tax preference

On 2 September 2014, the Company got a “High-Tech Enterprise Certificate” issued jointly by Science & Technology Department of Jiangsu Province, Department of Finance of Jiangsu Province, Jiangsu Provincial Office, SAT and Jiangsu Local Taxation Bureau, certificate No.: GR201432001331. Corporate income tax of the Company shall be taxed by 15% in three years since 1 January 2014 in accordance with State regulations.

On 2 September 2014, Weifu Jinning got a “High-Tech Enterprise Certificate” issued jointly by Science & Technology Department of Jiangsu Province, Department of Finance of Jiangsu Province, Jiangsu Provincial Office, SAT and Jiangsu Local Taxation Bureau, certificate No.: GR201432001794. Corporate income tax of the Weifu Jinning shall be taxed by 15% in three years since 1 January 2014 in accordance with State regulations.

On 31 October 2014, Weifu Diesel System got a “High-Tech Enterprise Certificate” issued jointly by Science & Technology Department of Jiangsu Province, Department of Finance of Jiangsu Province, Jiangsu Provincial Office, SAT and Jiangsu Local Taxation Bureau, certificate No.: GR201432002594. Corporate income tax of the Weifu Diesel System shall be taxed by 15% in three years since 1 January 2014 in accordance with State regulations.

On 2 September 2014, Weifu Leader got a “High-Tech Enterprise Certificate” issued jointly by Science & Technology Department of Jiangsu Province, Department of Finance of Jiangsu Province, Jiangsu Provincial Office, SAT and Jiangsu Local Taxation Bureau, certificate No.: GR201432001480. Corporate income tax of the Weifu Leader shall be taxed by 15% in three years since 1 January 2014 in accordance with State regulations.

On 25 September 2014, Weifu Tianli got a “High-Tech Enterprise Certificate” issued jointly by Science & Technology Bureau of Ningbo, Department of Finance of Ningbo, Ningbo Office, SAT and Ningbo, Zhejiang Provincial Local Taxation Bureau, certificate No.: GR201433100224. Corporate income tax of the Weifu Tianli shall be taxed by 15% in three years since 1 January 2014 in accordance with State regulations.

On 31 October 2014, Weifu Autocam got a “High-Tech Enterprise Certificate” issued jointly by Science & Technology Department of Jiangsu Province, Department of Finance of Jiangsu Province, Jiangsu Provincial Office, SAT and Jiangsu Local Taxation Bureau, certificate No.: GF201432001254. Corporate income tax of the Weifu Autocam shall be taxed by 15% in three years since 1 January 2014 in accordance with State regulations.

3. Other

VII. Notes to major items in consolidated financial statements

1. Monetary capital

In RMB

Item	Closing balance	Opening balance
Cash on hand	555,497.42	776,872.53
Cash in bank	1,740,566,305.85	3,893,357,790.61

Other monetary fund	105,716,273.30	75,539,405.42
Total	1,846,838,076.57	3,969,674,068.56

Other explanation

Item	2017-06-30	2016-12-31
Bank acceptance bill, L/C and other collateral	105,716,273.30	75,539,405.42

2. Note receivables

(1) Classification of notes receivable

In RMB

Item	Closing balance	Opening balance
Bank acceptance bill	1,065,807,104.55	1,150,084,383.06
Commercial acceptance bill	151,791,851.48	129,760,394.04
Total	1,217,598,956.03	1,279,844,777.10

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

In RMB

Item	Amount pledge at period-end
Bank acceptance bill	47,896,098.81
Total	47,896,098.81

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

In RMB

Item	Amount derecognition at period-end	Amount not derecognition at period-end
Bank acceptance bill	641,309,775.02	
Total	641,309,775.02	

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

3. Accounts receivable

(1) Accounts receivable by category:

In RMB

Types	Closing balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Ratio	Amount	Accru al ratio		Amount	Ratio	Amount	Accru al ratio	
Account						1,112,231	0.08%	1,112,231.00	100.00	

receivable with single significant amount and withdrawal bad debt provision separately						.00			%	
Receivables with bad debt provision accrual by credit portfolio	2,039,798,642.09	99.88%	11,002,024.83	0.54%	2,028,796,617.26	1,332,696,113.95	99.75%	7,992,570.78	1.23%	1,324,703,543.17
Accounts with single minor amount but with bad debts provision accrued individually	2,504,849.32	0.12%	2,504,849.32	100.00%		2,237,015.22	0.17%	2,237,015.22	100.00%	
Total	2,042,303,491.41	100.00%	13,506,874.15	0.66%	2,028,796,617.26	1,336,045,360.17	100.00%	11,341,817.00	1.78%	1,324,703,543.17

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

Applicable Not applicable

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

Applicable Not applicable

In RMB

Age	Closing balance		
	Account receivable	Bad debt reserve	Accrual ratio
Sub item of within one year			
Within 6 months	1,986,842,361.70		
6 months to 1 year	36,056,517.41	3,605,651.74	10.00%
Subtotal of within 1 year	2,022,898,879.11	3,605,651.74	
1-2 years	9,932,102.59	1,986,420.53	20.00%
2-3 years	2,596,179.72	1,038,471.89	40.00%
Over 3 years	4,371,480.67	4,371,480.67	100.00%
Total	2,039,798,642.09	11,002,024.83	0.54%

Explanation on combination determines:

Excluding the account receivable accrual impairment provision separately; based on actual loss ratio of the receivable groups that owes same or similar risk features, which has classify by age in previous years, determine accrual ratio for bad debt provision combine with real condition.

In combination, withdrawal proportion of bad debt provision based on balance proportion for account receivable

Applicable Not applicable

In combination, withdrawal proportion of bad debt provision based on other methods for account receivable:

Nil

(2) Bad debt provision accrual collected or switch back

Bad debt provision accrual was 3,059,424.79 Yuan; the amount collected or switches back amounting to 457,384.50 Yuan.

Important bad debt provision collected or switch back:

Nil

(3) Account receivable actual charge off in the Period

In RMB

Item	Amount written off
Changzhou Mengfa Fuel Injector Co., Ltd.	353,111.39
Cixi Sanhuan Diesel Co., Ltd.	33,901.01
Nanchang Yuqing Shengyuan Industrial Co., Ltd.	30,156.00
Dongying Branch of GAC Gonow Auto Co., Ltd	9,000.00
Chongqing Jikun Commerce Co., Ltd.	3,514.97
Urmchi Kangweisen Commerce Co., Ltd.	7,299.77
Total	436,983.14

Written-off for the major receivable:

Nil

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

Total period-end balance of top five receivables by arrears party amounting to 927,684,181.13 Yuan, takes 45.42 percent of the total account receivable at period-end, bad debt provision accrual correspondingly at period-end amounting as 29,346.35 Yuan

(5) Account receivable derecognition due to financial assets transfer

Nil

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

Nil

4. Advance payment

(1) Advance payment by age

In RMB

Age	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	96,448,493.05	95.79%	70,920,782.92	95.80%
1-2 years	2,545,782.70	2.53%	2,014,547.03	2.72%
2-3 years	1,633,759.17	1.62%	1,095,156.43	1.48%

Over 3 years	62,088.88	0.06%		
Total	100,690,123.80	--	74,030,486.38	--

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

Nil

(2) Top 5 advance payment at ending balance by prepayment object

Total period-end balance of top five advance payment by prepayment object amounting to 39,242,309.06 Yuan, takes 38.97 percent of the total advance payment at period-end

5. Interest receivable

(1) Category

In RMB

Item	Closing balance	Opening balance
Time deposit	1,900,454.93	2,487,527.65
Total	1,900,454.93	2,487,527.65

(2) Major overdue interest

Nil

6. Dividend receivables

(1) Dividend receivables

In RMB

Item (or the invested entity)	Closing balance	Opening balance
Bosch Automobile Diesel System Co., Ltd	333,230,228.20	
Zhonglian Automobile Electronic Co., Ltd.	207,800,000.00	
Miracle Automation Engineering Co., Ltd.	235,500.00	
Total	541,265,728.20	

(2) Major dividend receivable over 1 year

Nil

7. Other accounts receivable

(1) Other accounts receivable by category

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Other account receivable with single significant amount and withdrawal bad debt provision separately	2,605,552.63	18.95%	2,605,552.63	100.00%		3,358,098.66	27.84%	3,358,098.66	100.00%	
Other receivables with bad debt provision accrual by credit portfolio	11,142,800.86	81.05%	2,765,381.93	24.82%	8,377,418.93	8,705,106.54	72.16%	2,797,232.62	32.13%	5,907,873.92
Total	13,748,353.49	100.00%	5,370,934.56	39.07%	8,377,418.93	12,063,205.20	100.00%	6,155,331.28	51.03%	5,907,873.92

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

√ Applicable □ Not applicable

In RMB

Other account receivable(units)	Closing balance			
	Account receivable	Bad debt reserve	Accrual ratio	Reasons
American HESS	1,514,671.20	1,514,671.20	100.00%	The account was too old to collect
Nanjing Jinning Machinery Factory	1,090,881.43	1,090,881.43	100.00%	The account was too old to collect
Total	2,605,552.63	2,605,552.63	--	--

In combination, other accounts receivable whose bad debts provision was accrued by age analysis

√ Applicable □ Not applicable

In RMB

Age	Closing balance		
	Other accounts receivable	Bad debt provision	Accrual ratio
Sub item of within one year			
Within 6 months	6,994,433.96		
6 months to one year	574,365.45	57,436.55	10.00%
Subtotal within one year	7,568,799.41	57,436.55	
1-2 years	986,434.50	197,286.90	20.00%
2-3 years	128,180.79	51,272.32	40.00%
Over 3 years	2,459,386.16	2,459,386.16	100.00%
Total	11,142,800.86	2,765,381.93	24.82%

Explanations on combination determine:

Excluding the other account receivable accrual impairment provision separately; based on actual loss ratio of the receivable groups that owes same or similar risk features, which has classify by age in previous years, determine accrual ratio for bad debt provision combine with real condition.

In combination, withdrawal proportion of bad debt provision based on balance proportion for other account receivable:

Applicable Not applicable

In combination, withdrawal proportion of bad debt provision based on other methods for other account receivable:

Applicable Not applicable

(2) Bad debt provision accrual collected or switch back

Bad debt provision accrual was 67,343.99 Yuan; the amount collected or switches back amounting to 751,140.71 Yuan.

The major switch back or collected of the bad debt provision in the Period:

In RMB

Name	Amount switch-back or collected	Way of collection
Nanjing Jinning Machinery Factory	750,640.71	Accepted the goods
Total	750,640.71	--

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

In RMB

Item	Amount of write off
Sporadic households	100,600.00

Note of important other receivables of written-off: Nil

(4) Other receivables by nature

In RMB

Nature	Ending book balance	Opening book balance
Intercourse funds receivable from units	6,870,378.58	5,124,447.95
Staff loans and petty cash	4,753,882.12	1,958,084.34
Other	2,124,092.79	4,980,672.91
Total	13,748,353.49	12,063,205.20

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

In RMB

Company	Nature	Ending balance	Age	Ratio in total ending balance of other receivables	Ending balance of bad bet provision
Ningbo Jiangbei High-Tech Industry Park Development Construction Co., Ltd.	Performance bond	1,767,000.00	Over 3 years	12.85%	1,767,000.00

American HESS	Advance payment transfer-in	1,514,671.20	Specific identification	11.02%	1,514,671.20
Wuxi Aimingqi Automotive Electronic System Co., Ltd.	Intercourse funds of unit	1,093,143.44	Within 2 years	7.95%	186,256.41
Nanjing Jinning Machinery Factory	Intercourse funds of unit	1,090,881.43	Specific identification	7.93%	1,090,881.43
Nanjiang Yinkun Tongchan Operation Management Co., Ltd.	Intercourse funds of unit	866,342.63	Within 6 months	6.30%	
Total	--	6,332,038.70	--	46.05%	4,558,809.04

(6) Account receivables related to government subsidies

Nil

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

Nil

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

Nil

8. Inventory

(1) Inventory classification:

In RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Raw materials	384,066,575.88	78,606,491.38	305,460,084.50	344,263,200.85	95,153,127.76	249,110,073.09
Goods in process	157,645,734.54	15,979,821.61	141,665,912.93	158,783,541.69	16,100,730.42	142,682,811.27
Finished goods	830,194,810.49	143,153,580.45	687,041,230.04	1,102,621,081.29	144,969,430.40	957,651,650.89
Total	1,371,907,120.91	237,739,893.44	1,134,167,227.47	1,605,667,823.83	256,223,288.58	1,349,444,535.25

(2) Inventory depreciation reserve

In RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Accrual	Other	Switch back or write-off	Other	
Raw materials	95,153,127.76	99,454.68		16,646,091.06		78,606,491.38
Goods in process	16,100,730.42			120,908.81		15,979,821.61
Finished goods	144,969,430.40	92,208.10		1,908,058.05		143,153,580.45

Total	256,223,288.58	191,662.78		18,675,057.92		237,739,893.44
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① Net realizable value of the inventory refers to: During the day-to-day activities, results of the estimated sale price less costs which are going to happen by estimation till works completed sales price estimated and relevant taxes.

② Accrual basis for inventory depreciation reserve:

Item	Accrual basis for inventory impairment provision	Specific basis for recognition
Materials on hand	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
Finished goods	its net realizable value is lower than the book value	Results from the estimated sale price less the vary taxes which shall be taken in process of sales

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

Item	Reasons of write-off
Materials on hand	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

④ Reasons of switch-back for inventory falling price reserves:

Item	Reasons of write-off
Raw materials	The market price for the materials for selling soaring in the Period, thus switch-back in the inventory falling price reserves which was accrual

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

Nil

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

Nil

9. Other current assets

In RMB

Item	Closing balance	Opening balance
Entrust financing products	4,648,100,000.00	1,870,000,000.00
Receivable export tax rebates	9,952,301.30	8,633,684.76
Prepaid taxes and VAT retained	14,502,827.55	31,578,246.17

Input tax to be deducted and certification	1,291,820.45	937,665.59
Other	389,234.78	3,076,283.15
Total	4,674,236,184.08	1,914,225,879.67

10. Financial assets available for sale

(1) Particular about financial assets available for sale

In RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Instrument equity available for sale:	490,385,575.95	59,433,106.95	430,952,469.00	624,668,567.95	59,433,106.95	565,235,461.00
Measured by fair value	287,266,200.00		287,266,200.00	361,847,700.00		361,847,700.00
Measured by cost	203,119,375.95	59,433,106.95	143,686,269.00	262,820,867.95	59,433,106.95	203,387,761.00
Other -- financial products	198,080,000.00		198,080,000.00	130,000,000.00		130,000,000.00
Total	688,465,575.95	59,433,106.95	629,032,469.00	754,668,567.95	59,433,106.95	695,235,461.00

(2) Financial assets available for sale measured by fair value at period-end

In RMB

Type	Instrument equity available for sale	Instrument liability available for sale	Total
Cost /liability of equity instrument/ amortization cost of debt instrument	163,824,300.00		163,824,300.00
Fair value	287,266,200.00		287,266,200.00
Amount of fair value changes that accumulatively reckoned in other comprehensive gains	123,441,900.00		123,441,900.00

(3) Financial assets available for sale measured by cost at period-end

In RMB

The invested entity	Book balance				Depreciation reserves				Ratio of share-holding in invested entity	Cash dividend
	Period-beginning	Increased	Decreased	Period-end	Period-beginning	Increased	Decreased	Period-end		
Guolian Securities	12,000,000.00			12,000,000.00					0.95%	
Guangxi	1,600,000.00			1,600,000.00	1,600,000.00			1,600,000.00	1.22%	

Liufa Co., Ltd.									
Financial Company of Changchai Group Co., Ltd.	800,000.00			800,000.00	800,000.00			800,000.00	
H&J Vanguard Investment Co., Ltd.	33,000,000.00			33,000,000.00	33,000,000.00			33,000,000.00	11.72%
Nanjing Hengtai Insurance and Broker Co., Ltd.	1,000,000.00			1,000,000.00	1,000,000.00			1,000,000.00	1.85%
Henan Gushi Weining Oil Pump & Nozzle Co., Ltd.	2,033,106.95			2,033,106.95	2,033,106.95			2,033,106.95	
Beijing Foton Environmental Engine Co., Ltd.	86,940,000.00			86,940,000.00	11,000,000.00			11,000,000.00	12.66%
Wuxi Xidong Technological Industry Park Co., Ltd.	5,000,000.00			5,000,000.00					1.43%
Shanghai IMS Automotive Electronic System Co., Ltd.	10,000,000.00			10,000,000.00	10,000,000.00			10,000,000.00	12.27%
Shanghai CD Dengtong Equity Investment Fund	110,447,761.00		59,701,492.00	50,746,269.00					14.93%
Total	262,820,867.95		59,701,492.00	203,119,375.95	59,433,106.95			59,433,106.95	--

(4) Changes of impairment in Period

In RMB

Type	Instrument equity available for sale	Instrument liability available for sale	Total
Balance of impairment accrual at period-begin	59,433,106.95		59,433,106.95
Balance of impairment accrual at period-end	59,433,106.95		59,433,106.95

(5) where the fair value of equity instruments available for sale drops significantly or not contemporarily at period-end, without impairment provision is made

Nil

11. Long-term equity investment

In RMB

The invested entity	Opening balance	+,-							Closing balance	Ending balance of impairment provision	
		Additonal investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Impairment accrual			Other
I. Joint venture											
Wuxi Weifu Environment Catalyst Co., Ltd.	447,259,593.58			42,182,917.41						489,442,510.99	
Subtotal	447,259,593.58			42,182,917.41						489,442,510.99	
II. Associated enterprise											
Bosch Automobile Diesel System Co., Ltd	2,115,920,812.13			593,031,744.26			666,460,456.42			2,042,492,099.97	
Zhonglian Automobile Electronic Co., Ltd.	811,404,971.22			196,177,222.39			207,800,000.00			799,782,193.61	
Wuxi Weifu Fine Machinery Manufacturing Co., Ltd.	46,445,383.85			3,480,468.65						49,925,852.50	
Subtotal	2,973,771,167.20			792,689,435.30			874,260,456.42			2,892,200,146.08	
Total	3,421,030,760.78			834,872,352.71			874,260,456.42			3,381,642,657.07	

12. Investment real estate**(1) Investment real estate measured at cost**

In RMB

Item	House and building	Land use right	Construction in process	Total
I. original book value				
1. Opening balance	63,545,325.48			63,545,325.48
2. increased in the Period				
(1) outsourcing				
(2) Inventory\fixed assets\construction in process transfer-in				
(3) increased by combination				
3. decreased in the Period				
(1) disposal				
(2) other transfer-out				
4. Closing balance	63,545,325.48			63,545,325.48
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	38,431,852.94			38,431,852.94
2. increased in the Period	769,276.44			769,276.44
(1) accrual or amortization	769,276.44			769,276.44
3. decreased in the Period				
(1) disposal				
(2) other transfer-out				
4. Closing balance	39,201,129.38			39,201,129.38
III. Depreciation reserves				
1. Opening balance				
2. increased in the Period				
(1) accrual				
3. decreased in the Period				
(1) disposal				
(2) other transfer-out				
4. Closing balance				
IV. Book value				

1. Ending Book value	24,344,196.10			24,344,196.10
2. Opening Book value	25,113,472.54			25,113,472.54

(2) Investment real estate measured by fair value

□ Applicable√ Not applicable

(3) Investment real estate without property certification held

Nil

13. Fixed assets**(1) Fixed assets**

In RMB

Item	Housing buildings	Machinery equipment	Transportation equipment	Electronic and other equipment	Total
I. original book value					
1. Opening balance	1,325,757,440.87	2,039,144,555.18	42,046,936.44	427,745,109.70	3,834,694,042.19
2. increased in the Period	52,192,277.14	44,078,845.38	1,044,756.17	34,434,928.18	131,750,806.87
(1) Purchase		9,473,617.53	93,634.15	2,222,830.61	11,790,082.29
(2) construction in process transfer-in	52,192,277.14	34,605,227.85	951,122.02	32,212,097.57	119,960,724.58
(3) increased by combination					
3. decreased in the Period	0.00	6,931,464.73	954,793.88	4,496,493.43	12,382,752.04
(1) disposal or scrapping	0.00	6,931,464.73	954,793.88	4,496,493.43	12,382,752.04
4. Closing balance	1,377,949,718.01	2,076,291,935.83	42,136,898.73	457,683,544.45	3,954,062,097.02
II. Accumulated depreciation					
1. Opening balance	237,002,543.29	910,479,996.85	29,379,831.90	174,403,406.82	1,351,265,778.86
2. increased in the Period	22,196,297.63	84,664,403.45	1,965,950.42	24,928,001.31	133,754,652.81
(1) accrual	22,196,297.63	84,664,403.45	1,965,950.42	24,928,001.31	133,754,652.81
3. decreased in the Period	0.00	5,090,565.45	797,789.47	3,982,131.58	9,870,486.50
(1) disposal or scrapping	0.00	5,090,565.45	797,789.47	3,982,131.58	9,870,486.50
4. Closing balance	259,198,840.92	990,053,834.85	30,547,992.85	195,349,276.55	1,475,149,945.17
III. Depreciation reserves					
1. Opening balance		29,086,874.78	73,320.38	6,428,032.83	35,588,227.99
2. increased in the Period					
(1) accrual					

3. decreased in the Period		0.86			0.86
(1) disposal or scrapping		0.86			0.86
4. Closing balance		29,086,873.92	73,320.38	6,428,032.83	35,588,227.13
IV. Book value					
1. Ending Book value	1,118,750,877.09	1,057,151,227.06	11,515,585.50	255,906,235.07	2,443,323,924.72
2. Opening Book value	1,088,754,897.58	1,099,577,683.55	12,593,784.16	246,913,670.05	2,447,840,035.34

(2) Temporarily idle fixed assets

Nil

(3) Fixed assets acquired by financing lease

Nil

(4) Fixed assets acquired by operating lease

Nil

(5) Certificate of title un-completed

In RMB

Item	Book value	Reasons
Boiler room and guard house of Weifu Jinning	3,061,061.92	Still in process of relevant property procedures
Plant and office building of Weifu Chang'an	41,190,079.98	Still in process of relevant property procedures
Warehouse and power center etc of Weifu ITM	41,963,111.01	Still in process of relevant property procedures

14. Construction in progress**(1) Construction in progress**

In RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
2 nd Phase construction project in industrial park	61,132,269.51		61,132,269.51	29,844,630.44		29,844,630.44
Technical equipment of Ningbo Tianli	103,500.00		103,500.00	103,500.00		103,500.00
Sporadic engineering project	83,470,031.00	6,916,375.62	76,553,655.38	67,589,347.38	6,916,375.62	60,672,971.76
Total	144,705,800.51	6,916,375.62	137,789,424.89	97,537,477.82	6,916,375.62	90,621,102.20

(2) Changes of major projects under construction

In RMB

Item	Budget	Opening balance	increased in the Period	Fixed assets transfer-in in the Period	Other decreased in the Period	Closing balance	Proportion of project investment in budget	Progress	Accumulated amount of interest capitalization	including interest capitalized amount of the year	Interest capitalization rate of the year	Source of funds
2 nd Phase construction project in industrial park		29,844,630.44	31,287,639.07			61,132,269.51						Placement amount and owned funds
Technical equipment of Ningbo Tianli		103,500.00				103,500.00						Placement amount and owned funds
Parent company technical transformation equipment engineering		9,282,761.21	20,634,897.39	16,609,224.98		13,308,433.62						Other
Weifu Autocam equipment engineering		6,368,843.92	4,716,884.85	1,050,647.44		10,035,081.33						Other
ITM 102 warehouse		29,241,859.96	24,862,322.29	54,104,182.25								Other
Total		74,841,595.53	81,501,743.60	71,764,054.67		84,579,284.46	--	--				--

(3) The provision for impairment of construction projects Nil**15. Intangible assets****(1) Particular about intangible assets**

In RMB

Item	Land use right	Patent	Non-patent technology	Trademark and trademark license	Computer software	Total
I. original book value						
1. Opening balance	376,128,220.00		3,539,793.05	41,597,126.47	45,121,813.31	466,386,952.83
2. increased in the Period					1,830,437.35	1,830,437.35
(1) purchase					1,830,437.35	1,830,437.35
(2) internal R&D						

(3) increased by combination						
3. decreased in the Period						
(1) disposal						
4.Closing balance	376,128,220.00	3,539,793.05	41,597,126.47	46,952,250.66	468,217,390.18	
II. accumulated amortization						
1.Opening balance	62,562,716.74	1,917,389.04	9,709,000.00	28,344,428.29	102,533,534.07	
2. increased in the Period	4,131,131.67	176,989.86		5,166,942.04	9,475,063.57	
(1) Accrual	4,131,131.67	176,989.86		5,166,942.04	9,475,063.57	
3. decreased in the Period						
(1) disposal						
4.Closing balance	66,693,848.41	2,094,378.90	9,709,000.00	33,511,370.33	112,008,597.64	
III. impairment provision						
1.Opening balance			16,646,900.00		16,646,900.00	
2. increased in the Period						
(1) Accrual						
3. decreased in the Period						
(1) disposal						
4.Closing balance			16,646,900.00		16,646,900.00	
IV. Book value						
1. Ending Book value	309,434,371.59	1,445,414.15	15,241,226.47	13,440,880.33	339,561,892.54	
2. Opening Book value	313,565,503.26	1,622,404.01	15,241,226.47	16,777,385.02	347,206,518.76	

Ratio of the intangible assets from internal R&D in balance of intangible assets at period-end was 0.

(2) Land use rights without certificate of ownership

Nil

16. Goodwill

(1) Original book value of goodwill

In RMB

The invested entity or items	Opening balance	Increase during the period	Decreased during the period	Closing balance
Weifu Tianli	1,784,086.79			1,784,086.79
Total	1,784,086.79			1,784,086.79

Goodwill of the Weifu Tianli: the Company controlling and combine Weifu Tianli by increasing the capital, the goodwill is the number that combination cost greater than the fair value of identifiable net assets of Weifu Tianli

(2) Goodwill depreciation reserves

Nil

17. Long-term unamortized expenses

In RMB

Item	Opening balance	Increased in the Period	Amortized in the Period	Other decrease	Closing balance
Remodeling costs ect.	1,753,413.10	5,959,292.75	1,281,403.15		6,431,302.70
Total	1,753,413.10	5,959,292.75	1,281,403.15		6,431,302.70

18. Deferred income tax assets and deferred income tax liabilities**(1) Deferred income tax assets un-offset**

In RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Bad debt reserves	18,536,594.93	2,905,601.17	17,188,291.28	2,742,375.77
Inventory falling price reserves	210,757,525.28	33,048,983.18	229,240,920.42	36,065,833.01
Fixed assets depreciation reserves	20,616,045.58	3,283,362.83	20,616,046.44	3,283,362.97
Construction in process depreciation reserves	6,916,375.62	1,037,456.34	6,916,375.62	1,037,456.34
Intangible assets depreciation reserves	16,646,900.00	2,497,035.00	16,646,900.00	2,497,035.00
Financial assets available for sale depreciation reserves	10,000,000.00	1,500,000.00	10,000,000.00	1,500,000.00
Deferred income	465,249,836.84	69,846,522.75	474,885,844.12	71,232,876.62
Internal un-realized profit	39,293,238.95	6,321,073.81	40,535,949.54	6,461,650.41
Payable salary, accrued expenses ect.	496,317,162.06	77,220,067.52	526,809,750.78	81,793,955.82
Depreciation assets, amortization difference	13,486,412.32	2,022,961.84	13,486,412.32	2,022,961.84
Deductible loss of subsidiary			10,394,711.11	1,559,206.67
Total	1,297,820,091.58	199,683,064.44	1,366,721,201.63	210,196,714.45

(2) Deferred income tax liabilities un-offset

In RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Asset evaluation increment for combination not under the same control	13,861,959.42	2,079,293.90	14,232,069.40	2,134,810.40
Change of fair value for the financial assets available for sale	123,441,900.00	18,516,284.99	170,262,150.00	25,539,322.49
Total	137,303,859.42	20,595,578.89	184,494,219.40	27,674,132.89

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

In RMB

Item	Trade-off between the deferred income tax assets and liabilities	Ending balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets		199,683,064.44		210,196,714.45
Deferred income tax liabilities		20,595,578.89		27,674,132.89

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Closing balance	Opening balance
Deductible temporary differences - Bad debt reserves	341,213.78	308,857.00
Deductible temporary differences- Inventory falling price reserves	26,982,368.16	26,982,368.16
Deductible losses –subsidiary of Weifu ITM ect.	177,060,023.76	188,242,036.00
Deductible temporary differences- Fixed assets depreciation reserves	14,972,181.55	14,972,181.55
Deductible temporary differences- Provision for impairment of financial assets available for sale	49,433,106.95	49,433,106.95
Total	268,788,894.20	279,938,549.66

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

In RMB

Year	Ending amount	Opening amount	Note
2017	10,343,994.19	12,490,509.17	Weifu ITM and other subsidiaries have operating losses
2018	24,828,326.76	24,828,326.76	Weifu ITM and other subsidiaries have operating losses
2019	34,337,080.11	35,159,237.40	Weifu ITM and other subsidiaries have operating losses
2020	61,469,666.22	69,683,006.19	Weifu ITM and other subsidiaries have operating losses
2021	46,080,956.48	46,080,956.48	Weifu ITM and other subsidiaries have operating losses
Total	177,060,023.76	188,242,036.00	--

19. Other non-current assets

In RMB

Item	Closing balance	Opening balance
Engineering equipment paid in advance	148,158,953.25	102,671,641.12
Total	148,158,953.25	102,671,641.12

20. Short-term loans**(1) Types of short-term loans**

In RMB

Item	Closing balance	Opening balance
Credit loan	185,000,000.00	150,000,000.00
Total	185,000,000.00	150,000,000.00

(2) Overdue short-term loans without payment

Nil

21. Notes payable

In RMB

Type	Closing balance	Opening balance
Bank acceptance bill	659,009,237.47	837,045,962.78
Total	659,009,237.47	837,045,962.78

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

22. Account payable**(1) Account payable**

In RMB

Item	Closing balance	Opening balance
Within 1 year	2,171,930,046.25	1,636,965,593.87
1-2 years	17,194,133.93	16,364,736.14
2-3 years	7,431,995.91	14,228,347.57
Over 3 years	67,809,353.37	61,691,678.35
Total	2,264,365,529.46	1,729,250,355.93

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

Nil

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

In RMB

Item	Closing balance	Opening balance
Within 1 year	44,762,909.31	38,892,005.51
1-2 years	1,162,835.03	1,416,022.00
2-3 years	387,887.86	1,136,183.04
Over 3 years	804,741.12	1,539,142.29
Total	47,118,373.32	42,983,352.84

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

Nil

(3) Projects settlement without unfinished at period-end from construction contract

Nil

24. Wages payable**(1) Wages payable**

In RMB

Item	Opening balance	Increase during the period	Decreased during the period	Closing balance
I. Short-term compensation	136,636,786.19	444,131,204.15	493,586,862.47	87,181,127.87
II. Post-employment welfare-defined contribution plans	36,740,154.48	63,709,826.25	75,227,488.66	25,222,492.07
III. Dismissed welfare	3,020,952.05	0.00		3,020,952.05
IV. Other welfare due within one year	40,630,779.35	17,422,504.09	43,961,596.24	14,091,687.20
V. Other short-term welfare-Housing subsidies, employee benefits and welfare funds	13,643,597.51	2,943,219.37	2,041,506.47	14,545,310.41
Total	230,672,269.58	528,206,753.86	614,817,453.84	144,061,569.60

(2) Short-term compensation

In RMB

Item	Opening balance	Increase during the period	Decreased during the period	Closing balance
1. Wages , bonuses, allowances and subsidies	117,735,616.49	356,188,086.28	404,476,776.47	69,446,926.30
2. Welfare for workers and staff		30,946,091.58	30,946,091.58	0.00
3. Social insurance	8,302,424.95	28,170,469.85	30,308,370.37	6,164,524.43
Including: Medical insurance	6,437,720.69	22,989,629.96	24,674,760.69	4,752,589.96
Work injury insurance	1,238,371.21	3,662,767.99	3,998,471.29	902,667.91
Maternity insurance	626,333.05	1,518,071.90	1,635,138.39	509,266.56
4. Housing accumulation fund	1,059,081.00	23,687,371.62	23,511,756.00	1,234,696.62
5. Labor union expenditure and personnel education expense	9,539,663.75	5,139,184.82	4,343,868.05	10,334,980.52
Total	136,636,786.19	444,131,204.15	493,586,862.47	87,181,127.87

(3) Defined contribution plans

In RMB

Item	Opening balance	Increase during the period	Decreased during the period	Closing balance
1. Basic endowment insurance	20,102,944.48	52,791,846.88	57,814,999.26	15,079,792.10
2. Unemployment insurance	2,044,905.57	2,572,356.58	2,901,080.26	1,716,181.89
3. Enterprise annuity	14,592,304.43	8,345,622.79	14,511,409.14	8,426,518.08
Total	36,740,154.48	63,709,826.25	75,227,488.66	25,222,492.07

Other explanation:

1. Welfare-defined contribution plans:

The Company participates in the pension insurance and unemployment insurance plans established by government authorities by laws. Under these plans, the Company makes monthly contribution to these plans based on 14% and 2% of the social insurance contribution base for 2015 respectively. 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 –other important event-4.” Annuity plan”.

2. Dismiss welfare

The wages payable resulted from the implementation of inner retirement plan, the amount will pay one year later RMB 11,575,704.51 will re-classified into the long-term wage payable.

25. Tax payable

In RMB

Item	Closing balance	Opening balance
Value-added tax	30,853,863.92	8,586,317.81
Enterprise income tax	38,153,325.93	43,081,662.09
Individual income tax	1,069,895.33	2,510,107.17
Urban maintenance and construction tax	2,119,773.26	619,918.29
Educational surtax	1,514,123.75	442,680.76
Other (including stamp tax and local funds)	4,885,260.40	7,394,236.76
Total	78,596,242.59	62,634,922.88

26. Interest payable

In RMB

Item	Closing balance	Opening balance
Long-term borrowing interest for installment	75,868.00	87,083.33
Interest payable for short-term loans	237,924.16	350,854.94
Total	313,792.16	437,938.27

27. Dividend payable

In RMB

Item	Closing balance	Opening balance
Common stock dividends	605,370,342.00	
Total	605,370,342.00	

28. Other payable**(1) Classification of other payable according to nature of account**

In RMB

Item	Closing balance	Opening balance
Deposit and margin	13,503,736.76	53,757,126.76
Social insurance and reserves funds that withholding	5,903,214.56	6,213,209.51
Intercourse funds of units	26,347,970.04	25,512,145.98
Other	5,923,285.39	11,032,003.34
Total	51,678,206.75	96,514,485.59

(2) Significant other payable with over one year age

In RMB

Item	Closing balance	Reasons of un-paid or carry-over
Nanjing Jidian Industrial Group Co., Ltd.	4,500,000.00	Intercourse funds
Total	4,500,000.00	--

29. Long-term loans**(1) Classification of long-term loans**

In RMB

Item	Closing balance	Opening balance
Guaranteed loan	57,500,000.00	60,000,000.00
Total	57,500,000.00	60,000,000.00

30. Long-term account payable**(1) Listed by nature**

In RMB

Item	Closing balance	Opening balance
Hi-tech Branch of Nanjing Finance Bureau [note 1]	1,140,000.00	1,140,000.00
Hi-tech Branch of Nanjing Finance Bureau[note 2]	1,250,000.00	1,250,000.00
Hi-tech Branch of Nanjing Finance Bureau[note 3]	1,230,000.00	1,230,000.00
Loan transferred from treasury bond [note 4]	1,695,454.00	1,695,454.00

Hi-tech Branch of Nanjing Finance Bureau[note 5]	2,750,000.00	2,750,000.00
Hi-tech Branch of Nanjing Finance Bureau[note 6]	1,030,000.00	1,030,000.00
Hi-tech Branch of Nanjing Finance Bureau[note 7]	960,000.00	960,000.00
Hi-tech Branch of Nanjing Finance Bureau[note 8]	5,040,000.00	5,040,000.00
Hi-tech Branch of Nanjing Finance Bureau[note 9]	2,740,000.00	2,740,000.00
Total	17,835,454.00	17,835,454.00

Other explanation:

[Note 1] To encourage Weifu Jinning to enter Nanjing High-tech Technology Industry Development Zone, financial supporting capital is allotted by High-tech branch of Finance Bureau of Nanjing for supporting use, the term is from 20 October 2005 to 20 October 2020. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.

[Note 2] To encourage Weifu Jinning to enter Nanjing High-tech Technology Industry Development Zone, financial supporting capital is allotted by High-tech branch of Finance Bureau of Nanjing for supporting use, the term is from 20 July 2006 to 20 July 2021. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.

[Note 3] To encourage Weifu Jinning to enter Nanjing High-tech Technology Industry Development Zone, financial supporting capital is allotted by High-tech branch of Finance Bureau of Nanjing for supporting use, the term is from 17 September 2007 to 17 September 2022. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.

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

[Note 5] To encourage Weifu Jinning to enter Nanjing High-tech Technology Industry Development Zone, financial supporting capital is allotted by High-tech branch of Finance Bureau of Nanjing for supporting use, the term is from 10 November 2008 to 10 November 2023. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.

[Note 6] To encourage Weifu Jinning to enter Nanjing High-tech Technology Industry Development Zone, financial supporting capital is allotted by High-tech branch of Finance Bureau of Nanjing for supporting use, the term is from 27 October 2009 to 27 October 2024. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.

[Note 7] To encourage Weifu Jinning to enter Nanjing High-tech Technology Industry Development Zone, financial supporting capital is allotted by High-tech branch of Finance Bureau of Nanjing for supporting use, the term is from 27 December 2010 to 27 December 2025. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.

[Note 8] To encourage Weifu Jinning to enter Nanjing High-tech Technology Industry Development Zone, financial supporting capital is allotted by High-tech branch of Finance Bureau of Nanjing for supporting use, the term is from 28 December 2011 to 28 December 2026. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.

[Note 9] To encourage Weifu Jinning to enter Nanjing High-tech Technology Industry Development Zone, financial supporting capital is allotted by High-tech branch of Finance Bureau of Nanjing for supporting use,

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

31. Long-term employee payable

(1) Long-term employee payable

In RMB

Item	Closing balance	Opening balance
I. Post-employment welfare-defined contribution plans net indebtedness	0.00	0.00
II. Dismiss welfare	11,575,704.51	11,575,704.51
III. Other long-term welfare	125,622,495.91	101,240,000.00
Total	137,198,200.42	112,815,704.51

(2) Change of defined benefit plans

Nil

32. Special payable

In RMB

Item	Opening balance	Increase during the period	Decreased during the period	Closing balance	Causes
Removal compensation of subsidiary Weifu Jinning [note 1]	18,265,082.11			18,265,082.11	
Total	18,265,082.11			18,265,082.11	--

Othe note:

Explanation of removal compensation of the company:

[Note 1]Removal compensation of subsidiary Weifu Jinning: in line with regulation of the house acquisition decision of People's government of Xuanwu District, Nanjing City, Ning Xuan Fu Zheng Zi (2012) No.001, part of the lands and property of Weifu Jingning needs expropriation in order to carry out the comprehensively improvement of Ming Great Wall. According to the house expropriation and compensation agreement in state-owned lands signed between Weifu Jinning and House Expropriation Management Office of Xuanwu District, Nanjing City, RMB 19.7067 million in total are compensate, including operation losses from lessee RMB 1.4416 million in total. The above compensation was received in last period and is making up for the losses from lessee, and the above lands and property have not been collected up to 30 June 2017.

33. Deferred income

In RMB

Item	Opening balance	Increase during the period	Decreased during the period	Closing balance	Causes
Government grand	479,211,845.88	4,662,000.00	14,298,007.28	469,575,838.60	
Total	479,211,845.88	4,662,000.00	14,298,007.28	469,575,838.60	--

Item with government grants involved:

In RMB

Liabilities	Opening balance	New grants in the Period	Amount reckoned in non-operation revenue	Other changes	Closing balance	Assets related/Income related
Appropriation on industrialization project of electrical control and high voltage jet VE system of low emissions diesel	4,326,001.76				4,326,001.76	Assets related/Income related
Appropriation on reforming of production line technology and R&D ability of common rail system for diesel by distributive high-voltage	7,100,000.00				7,100,000.00	Assets related
Fund of industry upgrade (2012)	60,400,000.00				60,400,000.00	Income related
Fund of industry upgrade (2013)	60,520,000.00				60,520,000.00	Income related
Appropriation on central basic construction investment	3,571,428.58				3,571,428.58	Assets related
R&D and industrialization of the high pressure variable pump of the common rail system of diesel engine for automobile	11,500,000.00				11,500,000.00	Assets related
Research institute of motor vehicle exhaust aftertreatment technology	4,000,000.00				4,000,000.00	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	196,590,113.55			13,615,329.88	182,974,783.67	Assets related
Fund of industry upgrade (2016)	40,000,000.00				40,000,000.00	Income related
Guiding capital for the technical	9,740,000.00				9,740,000.00	Assets related

reform from State Hi-Tech Technical Commission						
Implementation of the variable cross-section turbocharger for diesel engine	16,970,000.00				16,970,000.00	Assets related
Other	27,663,301.99	4,662,000.00		682,677.40	31,642,624.59	Income related /Assets related
Total	479,211,845.88	4,662,000.00		14,298,007.28	469,575,838.60	--

Other explanation:

(1) Appropriation on industrialization project of electrical control and high voltage jet VE system of low emissions diesel: in September 2009, Weifu Jinning signed “Project Contract of Technology Outcome Transferring Special Capital in Jiangsu Province” with Nanjing Technical Bureau, according to which Weifu Jinning received appropriation RMB 6.35 million in 2009, RMB 4.775 million received in 2010 and RMB 0.875 million received in 2011. According to the contract, the attendance date of this project was: from October of 2009 to March of 2012. This contract agreed 62% of newly increased investment in project would be spent in fixed assets investment which are belongs to the government grand with assets/income concerned. In 2013, accepted by the science & technology agency of Jiangsu Province, and RMB 4,789,997.04 with income related was reckoned into current operation revenue directly; the RMB 7,210,002.96 with assets related was amortized during the predicted service period of the assets.

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

(3) Industry upgrading funds (2012): In accordance with the document Xi Xin Guanjing Fa [2012] No.216 and Document Xi Xin Guancai Fa [2012] No. 85, the Company received funds of 60.4 million Yuan appropriated for industry upgrading this year.

(4) Industry upgrading funds (2013): In accordance with the document Xi Xin Guan Jing Fa [2013] No.379, Xi Xin Guan Jing Fa [2013] No.455, Xi Xin Guan Cai Fa [2013] No.128 and Xi Xin Guan Cai Fa [2013] No.153, the Company received funds of 60.52 million Yuan appropriated for industry upgrading in 2013.

(5) Appropriation for investment of capital construction from the central government: In accordance with the document Xi Caijian [2012] No.43, the Company received appropriation of 5 million Yuan for investment of capital construction from the central government in 2012. The project has passed the acceptance check in current period, this appropriation should be amortized within the surplus service life of current assets.

(6) R&D and industrialization of the high pressure variable pump of the common rail system of diesel engine for automobile: the Company received appropriated for the project in 2013 with 8.05 million Yuan in line with documents of Xi Ke Ji [2013] No.186, Xi Ke Ji [2013] No.208, Xi Cai Gong Mao [2013] No.104 and Xi Cai

Gong Mao [2013] No.138. In 2014, RMB 3 million received. In the period, RMB 0.45 million received. And belongs to government grants with assets concerned, and shall be amortized in the use of period for assets after project completed. Project terms from September 2013 to August 2016.

(7) Vehicle exhaust after-treatment technology research institute project: in 2012, the subsidiary Weifu Leader has applied for equipment purchase assisting funds to Wuxi Huishan Science and Technology Bureau and Wuxi Science and Technology Bureau for the vehicle exhaust after-treatment technology research institute project. This declaration has been approved by Wuxi Huishan Science and Technology Bureau and Wuxi Science and Technology Bureau in 2012, and the company has received appropriation of 2.4 million Yuan in 2012, and received appropriation of 1.6 million Yuan in 2013. This appropriation belongs to government subsidies related to assets and will be amortized within the useful life of relevant assets when the project is completed.

(8) Industry upgrading funds (2014): In accordance with the document Xi Xin Guan Jing Fa [2014] No.427 and Xi Xin Guan Cai Fa [2014] No.143, the Company received funds of 36.831 million Yuan appropriated for industry upgrading in 2014.

(9) New-built assets compensation after the removal of parent company: According to the “State-owned land use right of Wuxi City purchase contract” signed between parent company and Wuxi Land Reserve Center, this amount is amortized according to the depreciation and amortization schedule of new-built assets, and the write-off amount in current period is 13,615,329.88 Yuan.

(10) Industry upgrading funds (2016): In accordance with the document Xi Xin Guan Jing Fa [2016] No.585 and Xi Xin Fa [2016] No.70, the Company received funds of 40 million Yuan appropriated for industry upgrading in 2016.

(11) Guiding capital for the technical reform from State Hi-Tech Technical Commission: In accordance with the document Xi Jing Xin ZH [2016] No.9 and Xi Cai GM [2016] No.56, the Company received a 9.74 million Yuan for the guiding capital of technical reform (1st batch) from Wuxi for year of 2016, which included in the government subsidy with assets-concerned.

(12) Implementation of the variable cross-section turbocharger for diesel engine: In accordance with the document YCZ Fa[2016] NO.623 and “Strong Industrial Base Project Contract for year of 2016”, controlling subsidiary Ningbo Tianli received a specific subsidy of 16.97 million Yuan, 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.

(13) Other change of 14,298,007.28 Yuan transferred to other income in the period

34. Share capital

In RMB

	Opening balance	Change during the period(+,-)					Closing balance
		New shares issued	Bonus share	Shares transferred from capital reserve	Other	Subtotal	
Total shares	1,008,950,570.00						1,008,950,570.00

35. Capital reserve

In RMB

Item	Opening balance	Increase during the period	Decreased during the period	Closing balance
Capital premium (Share capital premium)	3,372,647,413.97			3,372,647,413.97
Other Capital reserves	45,193,988.92			45,193,988.92
Total	3,417,841,402.89			3,417,841,402.89

36. Other consolidated income

In RMB

Item	Opening balance	Current Period					Closing balance
		Account before income tax in the period	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less : income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	
II. Other comprehensive income items which will be reclassified subsequently to profit or loss	144,722,827.51	-22,474,500.00	20,693,887.50	-3,371,175.00	-39,797,212.50		104,925,615.01
Gains or losses arising from changes in fair value of available-for-sale financial assets	144,722,827.51	-22,474,500.00	20,693,887.50	-3,371,175.00	-39,797,212.50		104,925,615.01
Total of other consolidated income	144,722,827.51	-22,474,500.00	20,693,887.50	-3,371,175.00	-39,797,212.50		104,925,615.01

Other explanation, including the effective portion of the cash flow hedging gains to be adjusted for the initial confirmation amount of the hedged item: Nil

37. Reasonable reserve

In RMB

Item	Opening balance	Increase during the period	Decrease during this period	Closing balance
Safety production costs	89,005.19	8,969,586.03	8,443,252.92	615,338.30
Total	89,005.19	8,969,586.03	8,443,252.92	615,338.30

Other explanation, including changes and reasons for changes:

According to the “management method of extraction and use the safety production costs for enterprise” Cai Qi [2012] No.16 jointly issued by Ministry of Finance and Administration of Production Safety Supervision, the provision is based on the actual operation revenue of last period, extract on average month-by-month basis through excess regressive method

Among the above safety production costs, including the safety production costs accrual by the Company in line with regulations and the parts enjoy by shareholders of the Company in safety production costs accrual by subsidiary in line with regulations.

38. Surplus reserves

In RMB

Item	Opening balance	Increase during the period	Decrease during this period	Closing balance
Statutory surplus reserves	510,100,496.00			510,100,496.00
Total	510,100,496.00			510,100,496.00

Other explanation, including changes and reasons for changes:

Pursuit to the Company Law and Article of Association, the Company extracted statutory surplus reserve on 10 percent of the net profit. No more amounts shall be withdrawal if the accumulated statutory surplus reserve takes over 50 percent of the registered capital.

39. Retained profit

In RMB

Item	This period	Last period
Retained profits at the end of last year before adjustment	7,845,639,990.88	6,677,890,958.83
Retained profits at the beginning of the year after adjustment	7,845,639,990.88	6,677,890,958.83
Add: The net profits belong to owners of patent company of this period	1,325,922,029.56	1,672,224,317.05
Common dividend payable	605,370,342.00	504,475,285.00
Retained profit at period-end	8,566,191,678.44	7,845,639,990.88

Details about adjusting the retained profits at the beginning of the period:

- 1) The retroactive adjustments to Accounting Standards for Business Enterprises and its relevant new regulations affect the retained profits at the beginning of the period amounting to 0 Yuan.
- 2) The changes in accounting policies affect the retained profits at the beginning of the period amounting to 0 Yuan.
- 3) The major accounting error correction affects the retained profits at the beginning of the period amounting to 0 Yuan
- 4) Merge scope changes caused by the same control affect the retained profits at the beginning of the period amounting to 0 Yuan.
- 5) Other adjustments affect the retained profits at the beginning of the period amounting to 0 Yuan

40. Operating income and cost

In RMB

Item	Current Period		Last Period	
	Income	Cost	Income	Cost
Main operating	4,480,811,897.39	3,526,184,596.99	3,177,043,549.95	2,481,834,855.65
Other operating	247,313,701.63	210,106,341.87	189,432,902.54	151,447,127.60
Total	4,728,125,599.02	3,736,290,938.86	3,366,476,452.49	2,633,281,983.25

41. Business tax and surcharges

In RMB

Item	Current Period	Last Period
City maintenance and construction tax	15,554,573.84	9,408,912.57
Educational surtax	11,107,313.56	6,720,242.66
Property tax	6,488,252.36	
Land use tax	3,131,115.90	
Vehicle use tax	18,915.00	
Stamp duty	1,556,803.30	
Other tax	5,308.52	106,191.33
Total	37,862,282.48	16,235,346.56

Other note:

In accordance with the document Cai Kuai [2016] No.22, the “business tax and surcharge” listed in profit statement adjusted into the item of “taxes and surcharge”; at the same time, the property tax, land-use tax, vehicle and vessel usage tax and stamp tax, which listed in “Administration expenses” arising from operation activity since 1 May 2016, re-classified into the item of “taxes and surcharge”

42. Sales expenses

In RMB

Item	Current Period	Last Period
Salary and fringe benefit	16,800,347.95	15,018,158.08
Consumption of office materials and business travel charge	5,184,310.23	4,076,419.39
Transportation charge	17,050,992.80	16,189,625.90
Warehouse charge	1,546,815.48	8,754,937.47
Three-guarantee fee	20,963,280.32	41,790,075.02
Business entertainment fee	6,230,440.89	4,354,155.93
Other	3,783,074.99	2,615,997.46
Total	71,559,262.66	92,799,369.25

43. Administration expenses

In RMB

Item	Current Period	Last Period
Salary and fringe benefit	116,204,076.96	117,414,017.83
Depreciation charger and long-term assets amortization	23,516,873.88	22,851,390.36
Consumption of office materials and business travel charge	10,088,373.09	8,977,407.83
Tax		9,072,563.99
Incentive fund	41,805,000.00	
Other	207,954,410.80	156,281,154.91
Total	399,568,734.73	314,596,534.92

44. Financial expenses

In RMB

Item	Current Period	Last Period
Interest expenses	4,482,686.51	7,012,656.62
Note discount interest expenses	402,851.58	499,399.16
Saving interest income	-9,918,625.28	-11,331,400.72
Gains/losses from exchange	6,084,256.36	362,741.04
Handling charges	636,882.15	547,112.47
Total	1,688,051.32	-2,909,491.43

45. Asset impairment loss

In RMB

Item	Current Period	Last Period
I. Bad debt loss	1,918,243.57	-2,438,608.07
II. Inventory falling price loss	-13,214,717.13	212,052.39
Total	-11,296,473.56	-2,226,555.68

46. Investment income

In RMB

Item	Current Period	Last Period
Income of long-term equity investment calculated based on equity	833,565,520.64	593,102,462.02
Investment income from disposal of long-term equity investments	-10,472.99	

Investment income from holding financial assets available for sales	235,500.00	
Investment income obtained from disposal of financial assets available for sales	24,625,516.88	20,210,318.13
Entrust financial income	97,021,850.83	98,639,783.02
Total	955,437,915.36	711,952,563.17

47. Other income

In RMB

Resources	Current Period	Last Period
Depreciation amortization of the assets compensation, transfer-in from deferred income after parent company relocation	13,615,329.88	
Deferred income transfer-in to other government grants	682,677.40	
Industrial development fund for capacity enlargement and technology improvement from Binhu District in the period	530,000.00	
Technology improvement fund received from Xinwu Finance Bureau	300,000.00	
Specific supporting fund received from Huishan District	480,000.00	
Total	15,608,007.28	

48. Non-operating income

In RMB

Item	Current Period	Last Period	Amount reckoned into current non-recurring gains/losses
Non-current assets disposal gains	235,193.85	724,772.79	235,193.85
Including: fixed assets disposal gains	235,193.85	724,772.79	235,193.85
Government subsidy	1,498,749.45	15,821,482.47	1,498,749.45
Other	1,285,830.03	2,201,127.47	1,285,830.03
Total	3,019,773.33	18,747,382.73	3,019,773.33

Government subsidy reckoned into current gains/losses:

In RMB

Item	Issuing subject	Issuing cause	Property type	Whether the impact of subsidies on the current profit and loss	Whether special subsidies	Amount of this period	Amount of last period	Assets related/Income related
Steady post subsidy of Wuxi City				No	No	1,402,281.45	1,747,144.00	Income related
Social insurance subsidy for the				No	No	27,468.00		Income

college graduates employment by medium small & micro-sized enterprises in Ningbo City								related
Subsidy of economy and information for Hubin District Wuxi				No	No		210,000.00	Income related/Assets related
Budget subsidy of the 1 st technology project of Ningbo for year of 2016				No	No		240,000.00	Income related
Industrialization project for injection VE pump system with electronically controlled high pressure for less-emission diesel used				No	No		721,000.30	Assets related
Compensation of relocation losses of parent company				No	No		57,116.41	Income related/Assets related
Depreciation / amortization compensation of new assets after the relocation of the parent company				No	No		12,645,145.76	Income related/Assets related
Other				No	No	69,000.00	201,076.00	Income related/Assets related
Total	--	--	--	--	--	1,498,749.45	15,821,482.47	--

49. Non-operating expenditure

In RMB

Item	Current Period	Last Period	Amount reckoned into current non-recurring gains/losses
Non-current assets disposal losses	1,536,014.17	1,461,331.21	1,536,014.17
Including: fixed assets disposal losses	1,536,014.17	1,461,331.21	1,536,014.17
Donations	13,500.00	13,500.00	13,500.00
Relocation expenditures of parent company	0.00	57,116.41	
Local fund etc.	1,957,389.72	415,449.09	
Other	618,295.22	388,425.31	618,295.22
Total	4,125,199.11	2,335,822.02	2,167,809.39

50. Income tax expense

(1) Statement of income tax expense

In RMB

Item	Current Period	Last Period
Current income tax expense	84,212,598.76	70,384,886.62

Adjusted the previous income tax	-644,798.91	-855,649.30
Increase/decrease of deferred income tax assets	10,513,650.01	-1,159,293.64
Increase/decrease of deferred income tax liability	-55,516.50	-55,516.50
Total	94,025,933.36	68,314,427.18

(2) Adjustment on accounting profit and income tax expenses

In RMB

Item	Current Period
Total profit	1,462,393,299.39
Income tax measured by statutory/applicable tax rate	219,358,994.91
Impact by different tax rate applied by subsidies	1,845,959.56
Adjusted the previous income tax	-644,798.91
Impact by non-taxable revenue	-125,968,931.82
Impact by the deductible losses of the un-recognized previous deferred income tax	-2,795,503.06
The deductible temporary differences or deductible losses of the un-recognized differed income tax assets in the Period	55,052.30
Other	2,175,160.38
Income tax expense	94,025,933.36

51. Other comprehensive income

See Note VII. 36 “Other comprehensive income”

52. Items of statement of cash flow

(1) Other cash received in relation to operation activities

In RMB

Item	Current Period	Last Period
Income from bank deposit interest	10,505,698.00	12,545,169.83
Operational government subsidy	8,156,049.45	3,742,518.00
Other	1,051,339.77	1,445,995.66
Total	19,713,087.22	17,733,683.49

(2) Other cash paid in relation to operation activities

In RMB

Item	Current Period	Last Period
Expenses of sales cash paid	45,844,220.52	65,790,445.89
Expenses of management cash paid	104,847,303.37	72,594,294.94
Other	3,396,065.05	2,281,440.94
Total	154,087,588.94	140,666,181.77

(3) Cash received from other investment activities

In RMB

Item	Current Period	Last Period
Government subsidy received relevant to assets		4,994,867.00
Relocation compensation received		25,301,600.00
Total		30,296,467.00

(4) Cash paid related with investment activities

In RMB

Item	Current Period	Last Period
Relocation expenses paid		57,116.41
Total		57,116.41

(5) Other cash received in relation to financing activities

Nil

(6) Cash paid related with financing activities

In RMB

Item	This period	Last period
Amount paid to minority for subsidiary liquidation	1,049,711.28	
Total	1,049,711.28	

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

In RMB

Supplementary information	This Period	Last Period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	1,368,367,366.03	974,748,962.32
Add: Assets impairment provision	-11,296,473.56	-2,226,555.68
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	134,523,929.25	110,533,165.50
Amortization of intangible assets	9,475,063.57	9,213,054.51
Amortization of long-term deferred expenses	1,281,403.15	4,364,011.79
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with “-”)	1,300,820.32	736,558.42
Financial expenses (gain is listed with “-”)	5,167,986.51	7,012,656.62
Investment loss (gain is listed with “-”)	-953,391,921.75	-708,009,958.62
Decrease of deferred income tax asset(increase is listed with “-”)	10,513,650.01	-1,159,293.64
Increase of deferred income tax liability (decrease is listed with “-”)	-55,516.50	-55,516.50
Decrease of inventory (increase is listed with “-”)	228,492,024.91	-40,577,084.43
Decrease of operating receivable accounts (increase is listed with “-”)	-684,474,762.93	-489,337,981.64
Increase of operating payable accounts (decrease is listed with “-”)	255,605,734.75	340,555,506.97
Other	-13,108,062.24	-12,256,510.67
Net cash flow arising from operating activities	352,401,241.52	193,541,014.95
2. Material investment and financing not involved in cash flow	--	--
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	1,595,210,818.24	1,053,514,060.95
Less: Balance of cash equivalent at year-begin	3,795,223,678.11	3,040,315,198.85
Net increasing of cash and cash equivalents	-2,200,012,859.87	-1,986,801,137.90

(2) Net cash payment for the acquisition of a subsidiary of the current period

Nil

(3) Net cash received from the disposal of subsidiaries

Nil

(4) Constitution of cash and cash equivalent

Item	Closing balance	Opening balance
I . Cash	1,595,210,818.24	3,795,223,678.11
Including: stock cash	555,497.42	776,872.53
Bank deposit available for payment at any time	1,594,655,320.82	3,794,446,805.58
III. Balance of cash and cash equivalent at period-end	1,595,210,818.24	3,795,223,678.11

54. Notes for the statement of owners equity changes

Explain the items and adjusted amount which have adjusted in “Other” of last year’s ending balance: nil

55. Assets with ownership or use right restricted

In RMB

Item	Book value at Period-end	Reason
Monetary fund	359,224.68	Margins paid for opening the LC
Notes receivable	47,896,098.81	Notes pledge for opening bank acceptance bill
Monetary fund	105,357,048.62	Fixed deposit receipt of margins and pledge paid for opening the LC
Financial assets available for sale	232,926,896.52	Frozen
Total	386,539,268.63	--

Other note:

In accordance with the civil ruling No.(2016)Y03MC2490 and No.(2016) Y03MC2492 of Shenzhen Intermediate People's Court of Guangdong Province (Hereinafter referred to as “Shenzhen Intermediate People's Court”), the property with the value of RMB 217 million under the name of the Company and other seven respondents and the third party Shenzhen Hejun Chuangye Holdings Co., Ltd. was frozen. As of the end of the reporting period, 4.71 million shares of Miracle Logistics and 11,739,102 shares of SDEC held by the Company were frozen.

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

In RMB

Item	Closing balance of foreign currency	Rate of conversion	Ending RMB balance converted
Monetary fund			
Including: USD	25,011,368.31	6.7744	169,437,013.48
EUR	729,587.64	7.7496	5,654,012.26
HKD	94,831.80	0.8679	82,304.52
JPY	4,856,723.00	0.060485	293,758.89
Accounts receivable			

Including: USD	2,557,708.39	6.7744	17,326,939.79
EUR	974,071.78	7.7496	7,548,666.65
JPY	9,327,135.40	0.060485	564,151.78
Accounts payable			
Including: USD	705,203.98	6.7744	4,777,333.82
EUR	6,016,585.33	7.7496	46,626,129.67
CHF	81,959.15	7.0888	580,992.02
JPY	327,467,610.00	0.060485	19,806,878.39

(2) Explanation on foreign operational entity, including as for the major foreign operational entity, disclosed main operation place, book-keeping currency and basis for selection; if the book-keeping currency changed, explain reasons

Applicable Not applicable

VIII. Changes of consolidation range

1. Enterprise merger not under the same control

Nil

2. Enterprise merger under the same control

Nil

3. Reverse purchase

Nil

4. The disposal of subsidiaries

Nil

5. Other reasons for consolidation range changed

Change of consolidation (i.e. New subsidiary or subsidiary liquidation etc.) and relevant information:

(1) In February, Kunming Xitong nullified; the profit statement and cash flow statement of Kunming Xitong from period-begin to cancellation date included in the consolidation range.

(2) In March, Weifu Tianshi nullified; the profit statement and cash flow statement of Weifu Tianshi from period-begin to cancellation date included in the consolidation range.

IX. Equity in other entity

1. Equity in subsidiary

(1) Constitute of enterprise group

Subsidiary	Main operation place	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
Weifu Jinning	Nanjing	Nanjing	Spare parts of internal-combustion engine	80.00%		Enterprise merger under the same control
Weifu Leader	Wuxi	Wuxi	Automobile exhaust purifier, muffler	94.81%		Enterprise merger under the same control
Weifu Mashan	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00%		Investment
Weifu Chang'an	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00%		Investment
Weifu Diesel System	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00%		Investment
Weifu International Trade	Wuxi	Wuxi	International trade	100.00%		Enterprise merger under the same control
Weifu ITM	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00%		Enterprise merger not under the same control
Weifu Schmidt	Wuxi	Wuxi	Spare parts of internal-combustion engine	66.00%		Investment
Weifu Tianli	Ningbo	Ningbo	Spare parts of internal-combustion engine	47.94%		Enterprise merger not under the same control
Weifu Autocam	Wuxi	Wuxi	Spare parts of internal-combustion engine	51.00%		Enterprise merger not under the same control
Weifu Leader (Wuhan)	Wuhan	Wuhan	Automobile exhaust purifier, muffler		60.00%	Investment
Weifu Tianshi	Quanjiao	Quanjiao	Spare parts of internal-combustion engine	52.00%		Investment
Kunming Xitong	Kunming	Kunming	Spare parts of internal-combustion engine	70.00%		Enterprise merger not under the same control

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

Basis of the invested unit control by the Company though holds half or below voting rights; and the invested unit without controls by the Company but with over half voting rights hold:

In July 2016, subsidiary Weifu Tianli increasing register capital of 6.67 million Yuan, the capital was contributed by Ningbo Xintu Investment Enterprise (Limited Partnership), after register capital changed, owner's equity in Weifu Tianli turns from 51.00% to 47.9436.

The Company controls Weifu Tianli though holds less than 50.00% equity in Weifu Tianli:

(1) the Company is the largest shareholder of Weifu Tianli with 47.9436% equity holding, though holds less than 50.00% equity;

(2) BOD of Weifu Tianli has seven people, including four members from the Company; according to the Article of Association of Weifu Tianli, the resolution made by the Board would pass by half of the members in the Board;

(3) Chairman and GM of the Weifu are from the Company.

Other note:

Subsidiary Kunming Xitong and Weifu Tianshi cancelled respectively dated 16 Feb. 2017 and 14 March 2017;

(2) Important non-wholly-owned subsidiary

In RMB

Subsidiary	Share-holding ratio of minority	Gains/losses attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority
Weifu Jinning	20.00%	15,097,733.72	11,958,920.00	158,567,434.55
Weifu Schmidt	34.00%	-180,691.33		-225,112.22
Weifu Leader	5.19%	4,478,551.50		80,212,116.13
Weifu Tianli	52.06%	317,873.16		105,804,293.58
Weifu Autocam	49.00%	22,797,932.17		156,155,478.71
Weifu Tianshi	48.00%	0.00		0.00
Kunming Xitong	30.00%	-66,062.76		0.00
Total		42,445,336.47	11,958,920.00	500,514,210.76

Explanation on holding ratio different from the voting right ratio for minority shareholders:

Nil

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

In RMB

Subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability
Weifu Jinning	768,781,014.23	322,331,406.86	1,091,112,421.09	244,687,050.10	52,002,242.38	296,689,292.48	704,567,574.80	334,497,494.21	1,039,065,069.01	208,605,344.48	52,002,242.38	260,607,586.86
Weifu Schmidt	63,130,298.35	31,834,734.75	94,965,033.10	95,224,527.45		95,224,527.45	43,023,122.51	29,182,497.84	72,205,620.35	71,942,032.80		71,942,032.80
Weifu Leader	1,917,603,844.05	924,667,560.13	2,842,271,404.18	1,277,874,985.41	25,205,446.54	1,303,080,431.95	1,958,025,236.22	845,267,016.51	2,803,292,252.73	1,330,812,656.43	20,882,446.54	1,351,695,102.97
Weifu Tianli	268,021,465.77	226,797,834.69	494,819,300.46	224,766,222.17	78,464,320.91	303,230,543.08	241,373,421.77	233,429,329.63	474,802,751.40	188,362,850.74	83,442,808.71	271,805,659.45

Weifu Autocam	262,885,305.51	174,645,995.28	437,531,300.79	121,683,194.41		121,683,194.41	214,880,467.89	161,333,232.95	376,213,700.84	106,756,967.31		106,756,967.31
Weifu Tianshi							19,979.13		19,979.13			
Kunming Xitong							3,660,443.91		3,660,443.91			
Total	3,280,421,927.91	1,680,277,531.71	4,960,699,459.62	1,964,235,979.54	155,672,009.83	2,119,907,989.37	3,165,550,246.23	1,603,709,571.14	4,769,259,817.37	1,906,479,851.76	156,327,497.63	2,062,807,349.39

In RMB

Subsidiary	Current Period				Last Period			
	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity
Weifu Jinning	320,793,577.32	75,554,314.01	75,554,314.01	51,524,867.08	251,871,381.48	33,326,813.22	33,326,813.22	-15,144,839.00
Weifu Schmidt	63,231,942.41	-523,081.90	-523,081.90	-3,177,601.27	18,095,244.63	-7,031,822.34	-7,031,822.34	2,058,637.80
Weifu Leader	1,397,383,244.81	87,593,822.47	87,593,822.47	83,180,660.24	1,218,577,303.58	130,828,227.30	130,828,227.30	31,688,157.98
Weifu Tianli	160,306,384.47	804,668.07	804,668.07	7,731,426.95	118,889,212.91	-414,592.85	-414,592.85	15,712,439.69
Weifu Autocam	258,060,091.53	46,391,372.85	46,391,372.85	18,287,063.55	229,131,152.17	41,800,776.02	41,800,776.02	69,446,207.30
Weifu Tianshi					117,324.79	-119,307.07	-119,307.07	189,561.81
Kunming Xitong		-220,209.19	-220,209.19	900,116.46	119,032.65	-155,584.77	-155,584.77	1,839,997.79
Total	2,199,775,240.54	209,600,886.31	209,600,886.31	158,446,533.01	1,836,800,652.21	198,234,509.51	198,234,509.51	105,790,163.37

(4) Significant restrictions on the use of enterprise group assets and pay off debts of the enterprise group

Nil

(5) Financial or other supporting offers to the structured entity included in consolidated financial statement range

Nil

2. Transaction that has owners equity shares changed in subsidiary but still with controlling rights**(1) Explanation on equity ratio changed in subsidiary**

Nil

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

Nil

3. Equity in joint venture and cooperative enterprise**(1) Important joint venture and cooperative enterprise**

Name	Main operation place	Registered place	Business nature	Share-holding ratio		Accounting treatment on investment for joint venture and cooperative enterprise
				Directly	Indirectly	
I. Joint venture						
Wuxi Weifu Environment Catalyst Co., Ltd.(referred to as "Weifu Environment ")	Wuxi	Wuxi	Catalyst		49.00%	Equity method
II. Cooperative enterprise						
Bosch Automobile Diesel System Co., Ltd(referred to as "Bosch Diesel System")	Wuxi	Wuxi	Internal combustion engine and attachment	32.50%	1.50%	Equity method
Zhonglian Automobile Electronic Co., Ltd.(referred to as "Zhonglian Automobile ")	Shanghai	Shanghai	Internal combustion engine and attachment	20.00%		Equity method
Wuxi Weifu Fine Machinery Manufacturing Co., Ltd. (referred to as "Weifu Fine Machinery ")	Wuxi	Wuxi	Internal combustion engine and attachment	20.00%		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:

Nil

(2) Main financial information of the important joint venture

In RMB

	Closing balance /Current Period	Opening balance /Last Period
	Weifu Environment	Weifu Environment
Current assets	2,486,970,908.53	1,530,401,216.10
Including: cash and cash equivalents	102,805,211.67	11,576,044.86
Non -current assets	262,659,452.33	258,367,134.06
Total assets	2,749,630,360.86	1,788,768,350.16
Current liabilities	1,741,128,785.55	866,593,669.41
Non –current liabilities	9,639,308.00	9,400,000.00
Total liabilities	1,750,768,093.55	875,993,669.41
Minority shareholders' equity	998,862,267.31	912,774,680.75
Attributable to parent company shareholders' equity	489,442,510.99	447,259,593.58
Book value of equity investment in joint ventures	489,442,510.99	447,259,593.58
Operation income	1,571,581,523.69	1,197,521,245.04
Financial expense	30,728,151.56	17,722,869.23
Income tax expense	17,908,910.36	13,843,582.93
Net profit	90,618,512.17	72,422,856.93
Total comprehensive income	90,618,512.17	72,422,856.93

(3) Main financial information of the important cooperative enterprise

In RMB

	Closing balance /Current Period			Opening balance /Last Period		
	Bosch Diesel	Zhonglian Automobile	Weifu Fine Machinery	Bosch Diesel	Zhonglian Automobile	Weifu Fine Machinery
Current assets	6,759,422,501.09	1,163,306,064.76	221,990,301.01	5,471,459,217.00	122,411,917.46	204,443,742.38
Non -current assets	2,724,213,925.76	3,884,460,656.08	127,364,869.75	2,909,694,161.00	3,951,068,747.60	132,442,239.42
Total assets	9,483,636,426.85	5,047,766,720.84	349,355,170.76	8,381,153,378.00	4,073,480,665.06	336,885,981.80
Current liabilities	4,214,086,115.81	1,053,634,432.57	96,948,450.96	2,901,611,413.00	21,234,488.74	101,953,828.01
Non –current liabilities		2,257,650.00			2,257,650.00	
Total liabilities	4,214,086,115.81	1,055,892,082.57	96,948,450.96	2,901,611,413.00	23,492,138.74	101,953,828.01
Attributable to parent company shareholders' equity	5,269,550,311.04	3,991,874,638.27	252,406,719.80	5,479,541,965.00	4,049,988,526.32	234,932,153.79

Share of net assets calculated by shareholding ratio	1,791,647,105.75	798,374,927.65	50,481,343.96	1,863,044,268.10	809,997,705.26	46,986,430.76
--Goodwill	267,788,761.35	1,407,265.96		267,788,761.35	1,407,265.96	
--Unrealized profit of internal trading	-16,943,766.10		-26,457.43	-14,912,217.04		-12,012.88
--Other	-1.03		-529,034.03	-0.28		-529,034.03
Book value of equity investment in joint ventures	2,042,492,099.97	799,782,193.61	49,925,852.50	2,115,920,812.13	811,404,971.22	46,445,383.85
Operation income	7,780,712,323.52	8,953,773.36	120,872,329.06	4,980,318,551.05	6,785,544.55	82,788,909.34
Net profit	1,750,186,156.84	980,886,111.95	17,474,566.01	1,125,855,393.67	862,587,593.21	13,701,757.56
Total comprehensive income	1,750,186,156.84	980,886,111.95	17,474,566.01	1,125,855,393.67	862,587,593.21	13,701,757.56
Dividends received from joint venture in the year	318,528,894.62			625,424,809.56		3,600,000.00

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

Nil

(5) Major limitation on capital transfer ability to the Company from joint venture or affiliates

Nil

(6) Excess loss occurred in joint venture or affiliates

Nil

(7) Unconfirmed commitment with joint venture investment concerned

Nil

(8) Intangible liability with joint venture or affiliates investment concerned

Nil

4. Major conduct joint operation

Nil

5. Structured body excluding in consolidate financial statement

Nil

X. Risk related with financial instrument

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

Aims of engaging in the risk management is to achieve equilibrium between the risk and benefit, lower the adverse impact on performance of the Company to minimum standards, and maximized the benefit for shareholders and other investors. Base on the risk management targets, the basic tactics of the risk management is to recognized and analyzed the vary risks that the Company counted, established an appropriate risk exposure baseline and carrying 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. Risk management department and financial control department manager and monitor those risk exposure to ensuring the risks are control in a limited range.

1. Credit Risk

Credit risk refers to the one party fails to perform the obligation of the financial instruments, form the other party company mainly face credit risk for financial loss caused by the customer credit risks. In order to prevent the risks, the Company formulated an evaluation system for the new client's credit and system to analyze the book credit for regular customer. The evaluation system for the new client's credit aims at the new clients, the Company will conduct an background investigation based on the established process, with purpose of determine whether offer credit limit to the client and the amount of the credit and credit terms or not. Whereby, the Company setting a credit limits and credit period for every new client and such limit is the maximum amount without additional approval. The system to analyze the book credit for regular customer refers to after purchase order received by regular customer, the Company will examine the order amount and outstanding balance, if the total over the credit limit, on the premise of additional approval, sales on account shall be realized, or prepayments for relevant amount shall be required.

Furthermore, as for the sales on account occurred, the Company will guarantee the total credit risks in a controlling range by analyzed and review the monthly report of the risk attention for account receivables.

The maximum credit risk exposure of the Company is the book amount of such financial assets, till end of 30 June 2017; lists of the maximum credit risk exposure of the Company are as:

Item	Amount of merge	Amount of parent company
Accounts receivable	2,028,796,617.26	875,605,550.39
Other receivables	8,377,418.93	87,552,518.74

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 produces, mainly includes the IRR, FX risk and other price risk.

(1) Interest rate risk (IRR)

IRR refers to the fluctuate risks on Company's financial status and cash flow arising from rates changes in market. IRR of the Company mainly related with the bank loans. In order to lower the fluctuate of IRR, the Company, in line with the anticipative change orientation, choose floating rate or fixed rate, that is the rate in future period will goes up prospectively, than choose fixed rate; if the rate in future period will decline prospectively, than choose the floating rate. In order to minor the bad impact from difference between the expectation and real condition, loans for liquid funds of the Company are choose the short-term period, and agreed the terms of prepayment in particular.

(2) Foreign exchange (FX) risk

FX risks refer to the losses arising from exchange rate movement. The FX risk sustain by the Company mainly related with the USD, EUR, SF and JPY, except for the USD, EUR, SF and JPY carried out for the equipment purchasing of parent company and Autocam, system material purchasing from Weifu Diesel, system technical service and trademark usage costs from Weifu Diesel and the import and export of Weifu International Trade, 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 30 June 2017, except for the follow assets or liabilities listed with foreign currency, assets and liabilities of the Company are carried with RMB

Foreign currency assets of the Company till end of 30 June 2017:

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted	Ratio in assets(%)
Monetary fund				
Including: USD	25,011,368.31	6.7744	169,437,013.48	0.90
EUR	729,587.64	7.7496	5,654,012.26	0.03
JPY	4,856,723.00	0.060485	293,758.89	
HKD	94,831.80	0.8679	82,304.52	
Accounts receivable				
Including: USD	2,557,708.39	6.7744	17,326,939.79	0.09
EUR	974,071.78	7.7496	7,548,666.65	0.04
JPY	9,327,135.40	0.060485	564,151.78	
Total ratio in assets				1.06

Foreign currency liabilities of the Company till end of 30 June 2017:

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted	Ratio in liabilities(%)
Accounts payable				
Including: USD	705,203.98	6.7744	4,777,333.82	0.10
EUR	6,016,585.33	7.7496	46,626,129.67	0.98
CHF	81,959.15	7.0888	580,992.02	0.01
JPY	327,467,610.00	0.060485	19,806,878.39	0.42
Total ratio in liabilities				1.51

③Other pricing risk

Classification of the Company held is the equity investments in financial assets available for sale, and such investment can be measured by fair value on balance sheet date, thus, the Company owns risks of stock market changes.

Furthermore, on the premise of deliberated and approved in 16th meeting of 7th session of the Board, the Company exercise entrust financing with the self-owned idle capital; therefore, the Company has the risks of collecting no principal due to entrust financial products default. Aims at such risk, the Company formulated a “Management Mechanism of Capital Financing”, and well-defined the authority approval, investment decision-making, calculation management and risk controls for the entrust financing in order to guarantee a security funds and prevent investment risk efficiently. In order to lower the adverse impact from unpredictable factors, the Company choose short-term and medium period for investment and investment product’s term is up to 3 years in principle; in variety of investment, the Company did not invested for the stocks, derivative products, security investment fund and the entrust financial products aims st security investment as well as other investment with securities concerned.

3. Liquidity risk

Liquidity risk refers to the capital shortage risk occurred during the clearing obligation implemented by the enterprise in way of cash paid or other financial assets. The Company aims at guarantee the Company has rich capital to pay the due debts, therefore, a financial control department is established for collectively controlling such risks. On the one hand, the financial control department monitoring the cash balance, the marketable securities which can be converted into cash at any time and the rolling forecast on cash flow in future 12 months, ensuring the Company, on condition of reasonable prediction, owes rich capital to paid the debts; on the other hand, building a favorable relationship with the banks, rationally design the line of credit, credit products and credit terms, guarantee a sufficient limit for bank credits in order to satisfy vary short-term financing requirements.

XI. Disclosure of fair value

1. Ending fair value of the assets and liabilities measured by fair value

In RMB

Item	Ending fair value			
	First-order	Second-order	Third-order	Total
I. Sustaining measured by fair value	--	--	--	--
(II) Available for sale financial assets	287,266,200.00			287,266,200.00
(2) Equity instrument investment	287,266,200.00			287,266,200.00
Total assets sustaining measured by fair value	287,266,200.00			287,266,200.00
II. Non-persistent measure	--	--	--	--

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

According to relevant requirement of accounting standards, the Company continues to measure the financial assets available for sale-equity instrument investment by fair value on balance sheet date. On 30 June 2017, the financial assets available for sale-equity instrument investment held by the Company refers to the SDEC (stock code: 600841) and Miracle Logistics (Stock code: 002009), determining basis of the market price at period-end refers to the current closing price.

XII. Related party and related transactions

1. Parent company of the enterprise

Parent company	Registration place	Business nature	Registered capital	Share-holding ratio on the enterprise for parent company	Voting right ratio on the enterprise
Wuxi Industry Group	Wuxi	Operation of state-owned assets	RMB 3,688,671,000	20.22%	20.22%

Explanation on parent company of the enterprise

Wuxi Industry Development Group Co., Ltd was solely state-owned enterprise funded and established by Wuxi Municipal People's Government which mainly took responsibility of authorizing the state-owned assets operation within a certain areas, investment management of significant project, investment and development of manufacturing and services and venture capital in high-tech achievement

Ultimate controller of the Company is State-owned Assets Supervision & Administration Commission of Wuxi Municipality of Jiangsu Province.

2. Subsidiary of the Enterprise

Found more in Note IX. 1." Equity in subsidiary"

3. Cooperative enterprise and joint venture

Found more in Note IX.3. "Equity in joint venture and cooperative enterprise"

4. Other related party

Other related party	Relationship with the Enterprise
Germany BOSCH	The second largest shareholder of the Company
Key executive	Director, supervisor and senior executive of the Company

5. Related transaction

(1) Goods purchasing, labor service providing and receiving

Goods purchasing/labor service receiving

In RMB

Related party	Content	Current Period	Approved transaction limit	Whether more than the transaction limit	Last Period
Weifu Fine Machinery	Goods	20,428,172.03	40,000,000.00	No	16,692,661.89
Bosch Diesel System	Goods	101,905,922.60	170,000,000.00	No	71,879,082.59
Weifu Environment	Goods	683,351,475.87	1,500,000,000.00	No	572,939,263.87
Germany BOSCH	Goods	77,035,723.88	120,000,000.00	No	44,661,132.84

Goods sold/labor service providing

In RMB

Related party	Content	Current Period	Last Period
Weifu Fine Machinery	Goods	1,816,410.96	1,609,312.89
Bosch Diesel System	Goods	1,684,350,434.59	916,860,426.59
Weifu Environment	Goods	37,016,920.13	11,734,655.85
Germany BOSCH	Goods	1,583,518.80	570,053.25

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

Nil

(3) Related lease

As a lessor for the Company:

In RMB

Lessee	Assets type	Lease income in recognized in the Period	Lease income in recognized last the Period
Weifu Environment Protection	Workshop	1,194,313.00	

Explanation on related lease

Weifu Leader entered into the house leasing contract with Weifu Environment Protection, as for the plant locates at No.9 Linjiang Road, Wuxi new district, owed by Weifu Leader, rent-out to Weifu Environment Protection, agreements are made as: Rental from 1 January 2017 to 31 December 2017 was RMB 2,388,626, the amount has settlement on schedule in the period

(4) Related guarantee

Nil

(5) Related party's borrowed funds

Nil

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

Nil

(7) Remuneration of key manager

In RMB

Item	Current Period	Last Period
Remuneration of key manager	2,310,000.00	2,184,000.00

(8) Other related transactions

Item	Related party	Current Period	Last Period
Fixed assets purchased	Weifu Environment		170,940.17
Technology royalties paid etc.	Germany BOSCH	2,468,484.66	4,346,866.88
Sales of fixed assets	Weifu Environment		141,880.34

6. Receivable/payable items of related parties**(1) Receivable item**

In RMB

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt reserves	Book balance	Bad debt reserves
Account receivable	Weifu Fine Machinery	654,444.16		457,862.89	
Account receivable	Bosch Diesel System	541,879,180.80		306,666,005.52	
Account receivable	Germany BOSCH	1,184,640.20	18,830.66	188,306.61	18,830.66
Account receivable	Weifu Environment	3,056,402.92		6,927,940.03	
Account paid in advance	Weifu Environment			1,034,644.92	

(2) Payable item

In RMB

Item	Related party	Ending book balance	Opening book balance
Note payable	Weifu Environment	200,000,000.00	570,000,000.00
Account payables	Weifu Fine Machinery	12,394,613.24	10,028,895.19
Account payables	Weifu Environment	339,010,717.85	33,078,755.66

Account payables	Bosch Diesel System	6,410,268.69	11,419,814.38
Account payables	Germany BOSCH	37,296,923.44	17,804,420.30

7. Commitments of related party

Nil

XIII. Share-based payment

Nil

XIV. Commitment or contingency

1. Important commitments

Important commitments in balance sheet date

Nil

2. Contingency

(1) Contingency on balance sheet date

① Guarantees to subsidiary

Guarantee provided	Guarantee received	Debit bank	Guarantee amount (in 10 thousand Yuan)	Starting from	Terminated dated	Whether guarantee implemented or not
Weifu High-Technology Group Co., Ltd.	Weifu Tianli	Ningbo branch of China Everbright Bank	6,000.00	2016-11-15	2021-11-10	N

(2) For the important contingency not necessary to disclosed by the Company, explained reasons

The Company has no important contingency that need to disclosed

XV. Events after balance sheet date

1. Important non adjustment matters

Nil

2. Profit distribution

In RMB

Profit or dividend plans to distributed	605,370,342.00
Profit or dividend declare to distributed which have been approved	605,370,342.00

3. Sales return

Nil

4. Other events after balance sheet date

The first extraordinary shareholders general meeting 2017 was held on 25 July 2017 for deliberation and approved the proposal of consolidation by merger of subsidiary Weifu Diesel

XVI. Other important events

1. Previous accounting errors collection

Nil

2. Debt restructuring

Nil

3. Assets replacement

Nil

4. Pension plan

The “Enterprise Annuity Plan under the name of WFHT” has deliberated and approved by 8th meeting of 7th session of the Board: 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 amount paid by enterprise shall not over the 1/12 of the total salary of last years, amount paid by individual and enterprise shall not over the 1/6 of the total salary of last year, in accordance with the State’s annuity policy, the Company will adjusted the economic benefits in due time, in principle of responding to the economic strength of the enterprise, the amount paid by the enterprise at current period control in the 5 percent of the total salary of last year, specific paying ratio later shall be adjust 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

(1) Recognition basis and accounting policy for reportable segment

(1) Recognition basis and accounting policy for reportable segment

Determine the operating segments in line with the internal organization structure, management requirement and internal reporting system. Operating segment of the Company refers to the followed components that have been satisfied at the same time:

- ①the component is able to generate revenues and expenses in routine activities;
- ②management of the Company is able to assess the operation results regularly, and determine resources allocation and performance evaluation for the component;
- ③being analyzed, financial status, operation results and cash flow of the components are able to required by the Company

The Company mainly engaged in the manufacture of fuel system of internal combustion engine products, auto parts, muffler and purifier etc., based on the product segment, the Company determine three reporting segment as auto fuel injection system, air intake system and car after-treatment system. Accounting policy for the three reporting segments are shares the same policy state in Note III.

The segment assets do not include the equity investments that are measured at fair value and its changes are included in the current profits and losses, and derivatives, dividends receivable, interest receivable, and financial products that are due within one year, available-for-sale financial assets, long-term equity investments, and other unallocated assets, mainly due to these assets are not related to the operation of each product.

(2) Financial information for reportable segment

In RMB

Item	Product segment of automotive fuel injection system	Automotive air intake system	Automotive post-processing system	Add: Investments or earnings checked by equity method, financial products or their holdings and disposal gains, available-for-sale financial assets or holding and disposal gains and other unallocated assets or gains and losses	Offset of segment	Total
Operating revenue	3,166,415,412.10	1,435,665,004.15	214,131,784.44		88,086,601.67	4,728,125,599.02
Operating cost	2,374,086,242.73	1,287,372,861.30	162,107,148.35		88,086,601.67	3,735,479,650.71
Total profit	441,051,606.33	62,831,980.19	3,071,797.51	955,437,915.36	0.00	1,462,393,299.39
Net profit	375,026,194.32	53,268,305.54	2,882,055.97	937,190,810.20	0.00	1,368,367,366.03
Total assets	8,370,809,158.40	2,355,730,067.77	690,330,439.22	8,639,270,162.01	1,190,517,068.63	18,865,622,758.77
Total liabilities	4,200,267,277.25	1,333,603,269.05	413,065,062.03		1,190,452,160.96	4,756,483,447.37

6. Major transaction and events makes influence on investor's decision

Nil

XVII. Principle notes of financial statements of parent company**1. Accounts receivable****(1) Category**

In RMB

Types	Closing balance					Opening balance				
	Book balance		Bad debt reserves		Book value	Book balance		Bad debt reserves		Book value
	Amount	Ratio	Amount	Accru al ratio		Amount	Ratio	Amount	Accru al ratio	
Receivables with bad debt provision accrual by credit portfolio	878,478,316.92	100.00 %	2,872,766.53	0.33%	875,605,550.39	614,418,718.75	100.00 %	2,823,871.83	0.46%	611,594,846.92
Total	878,478,316.92	100.00 %	2,872,766.53	0.33%	875,605,550.39	614,418,718.75	100.00 %	2,823,871.83	0.46%	611,594,846.92

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

 Applicable Not applicable

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

 Applicable Not applicable

In RMB

Age	Closing balance		
	Account receivable	Bad debt reserves	Accrual ratio
Sub item of within one year			
Within 6 months	348,560,948.08		
6 months to one year	4,125,412.12	412,541.21	10.00%
Subtotal within one year	352,686,360.20	412,541.21	
1-2 years	4,311,150.63	862,230.13	20.00%
2-3 years	352,117.36	140,846.95	40.00%
Over 3 years	1,457,148.24	1,457,148.24	100.00%
Total	358,806,776.43	2,872,766.53	0.80%

Explanations on combination determine:

Except for the receivables with impairment reserves accrual singly; base on the actual loss ratio of the receivables of previous years, with same or similar credit portfolio, and combining actual condition accrual bad debt reserves to determined the accrual ratio for bad debt reserves

In combination, withdrawal proportion of bad debt provision based on balance proportion for account receivable:

 Applicable Not applicable

In combination, withdrawal proportion of bad debt provision based on other methods for account receivable:

Nil

(2) Bad debt provision accrual, collected or reversed

Accrual bad debt provision 48,894.70 Yuan; collected or reversed 0.00 Yuan.

(3) Receivables actually written-off during the reporting period

Nil

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

Total receivables collected by arrears party for the Period amounting to RMB 672,707,340.08, takes 76.58 percent in closing balance of the account receivables, RMB 0 are accrual correspondingly for bad debt reserves.

(5) Account receivable derecognition due to financial assets transfer

Nil

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

Nil

2. Other accounts receivable**(1) Classification**

In RMB

Type	Closing balance					Opening balance				
	Book balance		Bad debt reserves		Book value	Book balance		Bad debt reserves		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Other receivable with single significant amount and withdrawal bad debt provision separately	87,563,791.06	100.00%	11,272.32	0.01%	87,552,518.74	46,361,343.79	100.00%	11,772.32	0.03%	46,349,571.47
Total	87,563,791.06	100.00%	11,272.32	0.01%	87,552,518.74	46,361,343.79	100.00%	11,772.32	0.03%	46,349,571.47

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

Applicable Not applicable

In combination, other accounts receivable whose bad debts provision was accrued by age analysis:

Applicable Not applicable

In RMB

Age	Closing balance		
	Other receivable	Bad debt reserves	Accrual ratio
Sub item of within one year			
Within 6 months	1,824,629.77		
Subtotal within one year	1,824,629.77		
2-3 years	28,180.79	11,272.32	40.00%
Total	1,852,810.56	11,772.32	0.64%

Explanations on combination determine:

Except for the other receivables with impairment reserves accrual singly; base on the actual loss ratio of the

receivables of previous years, with same or similar credit portfolio, and combining actual condition accrual bad debt reserves to determined the accrual ratio for bad debt reserves

In combination, withdrawal proportion of bad debt provision based on balance proportion for other account receivable

Applicable Not applicable

In combination, withdrawal proportion of bad debt provision based on other methods for other account receivable

Applicable Not applicable

(2) Bad debt provision accrual, collected or reversed

Accrual bad debt provision 0.00 Yuan; collected or reversed 500.00 Yuan

Including major amount of bad debt provision which switch-back or collected in the Period: nil

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

Nil

(4) Other receivables by nature

In RMB

Nature	Ending book balance	Opening book balance
Staff loans and petty cash	1,772,429.77	690,885.00
Balance of related party within the scope of the merger	85,710,980.50	45,000,000.00
Other	80,380.79	670,458.79
Total	87,563,791.06	46,361,343.79

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

In RMB

Company	Nature	Closing balance	Book age	Ratio in total ending balance of other receivables	Ending balance of bad bet provision
Weifu Chang'an	Current money with the subsidiary	45,000,000.00	Within 6 months	51.39%	
Weifu Schmidt	Current money with the subsidiary	33,480,000.00	Within 6 months	38.23%	
Weifu Mashan	Current money with the subsidiary	7,230,980.50	Within 6 months	8.26%	
Financial Bureau of new district of the People's Government of Wuxi	Wall special fund for the 2 nd phase of industry park	421,810.00	Within 6 months	0.48%	
Employee 1	Reserve fund	146,900.00	Within 6 months	0.17%	
Total	--	86,279,690.50	--	98.53%	

(6) Account receivable with government grand involved

Nil

(7) Other account receivable derecognition due to financial assets transfer

Nil

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

Nil

3. Long-term equity investment

In RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Investment for subsidiary	1,692,749,189.17		1,692,749,189.17	1,701,571,723.71		1,701,571,723.71
Investment for associates and joint venture	2,811,885,904.35		2,811,885,904.35	2,889,433,927.94		2,889,433,927.94
Total	4,504,635,093.52		4,504,635,093.52	4,591,005,651.65		4,591,005,651.65

(1) Investment for subsidiary

In RMB

The invested entity	Opening balance	Increased	Decreased	Closing balance	Impairment accrual	Ending balance of impairment provision
Weifu Jinning	178,639,593.52			178,639,593.52		
Weifu Leader	460,113,855.00			460,113,855.00		
Weifu Diesel System	260,187,500.00			260,187,500.00		
Weifu Mashan	168,693,380.51			168,693,380.51		
Weifu Chang'an	220,902,037.30			220,902,037.30		
Weifu International Trade	30,999,996.22	1,849,258.63		32,849,254.85		
Weifu ITM	167,000,000.00			167,000,000.00		
Weifu Schmidt	31,680,000.00			31,680,000.00		
Weifu Tianli	90,229,100.00			90,229,100.00		
Weifu Autocam	82,454,467.99			82,454,467.99		
Kunming Xitong	5,471,793.17		5,471,793.17			
Weifu Tianshi	5,200,000.00		5,200,000.00			
Total	1,701,571,723.71	1,849,258.63	10,671,793.17	1,692,749,189.17		

(2) Investment for associates and joint venture

In RMB

Company	Opening balance	+,-								Closing balance	Ending balance of impairment provision
		Additional investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Impairment accrual	Other		

I. Joint venture											
II. Associated enterprise											
Bosch Diesel	2,031,654,137.70			567,647,961.46			-637,057,789.23			1,962,244,309.93	
Zhonglian Automobile	811,404,971.22			196,177,222.39			-207,800,000.00			799,782,193.61	
Weifu Fine Machinery	46,374,819.02			3,484,581.79						49,859,400.81	
Subtotal	2,889,433,927.94			767,309,765.64			-844,857,789.23			2,811,885,904.35	
Total	2,889,433,927.94			767,309,765.64			-844,857,789.23			2,811,885,904.35	

4. Operating income and cost

In RMB

Item	Current Period		Last Period	
	Income	Cost	Income	Cost
Main business	1,473,896,379.07	1,129,630,086.97	900,441,396.25	732,893,304.94
Other business	152,584,036.64	138,992,574.61	83,628,572.55	75,450,767.60
Total	1,626,480,415.71	1,268,622,661.58	984,069,968.80	808,344,072.54

5. Investment gains

In RMB

Item	Current Period	Last Period
Income of long-term equity investment calculated based on cost	949,835,680.00	
Income of long-term equity investment calculated based on equity	767,309,765.64	537,117,080.67
Investment income from disposal of long-term equity investments	-8,261,290.60	
Investment income from period of holding the financial assets available for sale	235,500.00	1,584,389.13
Investment income obtained from disposal of financial assets available for sale	24,625,516.88	20,210,318.13
Entrust financial income	97,021,850.83	95,883,421.29
Total	1,830,767,022.75	654,795,209.22

XVIII. Supplementary Information**1. Current non-recurring gains/losses**

√ Applicable □ Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset	-1,300,820.32	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	17,106,756.73	including the compensation for the new construction assets after parent company relocation
Profit and loss of assets delegation on others' investment or management	97,021,850.83	
Held transaction financial asset, gains/losses of changes of fair values from transaction financial liabilities, and investment gains from disposal of transaction financial asset, transaction financial liabilities and financial asset available for sales, exclude the effective hedging business relevant with normal operations of the Company	24,625,516.88	
Switch-back of impairment of account receivable that practice impairment test independent	1,208,025.21	
Other non-operating income and expenditure except for the aforementioned items	654,034.81	
Less: Impact on income tax	20,999,064.11	
Impact on minority shareholders' equity	658,559.28	
Total	117,657,740.75	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

□ Applicable √ Not applicable

2. REO and earnings per share

Profits during report period	Weighted average ROE	Earnings per share	
		Basic EPS (RMB/Share)	Diluted EPS (RMB/Share)
Net profits belong to common stock stockholders of the Company	9.84%	1.31	1.31
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	8.97%	1.20	1.20

3. Difference of the accounting data under accounting rules in and out of China**(1) Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)**

□ Applicable √ Not applicable

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

Applicable Not applicable

(3) Explain difference of the accounting data under accounting rules in and out of China, and where there is a adjustment on the data audited by foreign auditing organ, listed the name of such foreign organ

Nil

4. Other

Nil

Section XI. Documents available for reference

- I. Financial statement carrying the signatures and seals of person in charge of the company, principal of the accounting works and person in charge of accounting organ (accounting Supervisor);
- II. Original documents of the Company and manuscripts of public notices that disclosed in the website Juchao (<http://www.cninfo.com.cn>) designated by CSRC in the report period;
- III. Semi-Annual report published on *China Securities Journal*, *Securities Times* and *Hong Kong Commercial Daily* during the Period.

Board of Directors of
Weifu High-Technology Group Co., Ltd.

Chairman: _____

Chen Xuejun

25 August 2017