

# **CHANGCHAI COMPANY, LIMITED**

## **SEMI-ANNUAL REPORT 2012**



**August 2012**

## **I. Important Notes**

The Board of Directors, the Supervisory Committee as well as Directors, Supervisors and Senior Executives of Changchai Company, Limited (hereinafter referred to as “the Company”) warrant that this report does not contain any false or misleading statements or omit any material facts and shall take individual and joint responsibility for the factuality, accuracy and completeness of the contents of this report.

Director He Jianguang, Lu Jiangxiang, Zhu Jianming from the Board meeting due to some reasons, and respectively entrusted Director Shi Jianchun , Xu Zhenping, Shen Ningwu to vote on his behalf.

The financial statements for the first half of 2012 have not been audited by a CPAs firm.

Mr. Xue Guojun, company principal, Mr. He Jianguang, head of the accounting work, and Mr. Jiang He, head of the accounting department (chief of accounting) hereby confirm that the financial statements enclosed in this report are true and complete.

*English Translation for Reference Only. Should there be any discrepancy between the two versions, the Chinese version shall prevail.*

## II. Company Profile

### ( I ) Basic information

A-share code	000570	B-share code	200570
A-share abbreviation	Su Changchai A	B-share abbreviation	Su Changchai B
Stock exchange listed with	Shenzhen Stock Exchange		
Legal Chinese name of the Company	常柴股份有限公司		
Abbr. of the legal Chinese name of the Company			
Legal English name of the Company	CHANGCHAI COMPANY,LIMITED		
Abbr. of the legal English name of the Company	CHANGCHAI CO.,LTD.		
Legal representative of the Company	Xue Guojun		
Registered address	No. 123, Huaide Middle Road, Changzhou, Jiangsu		
Postal code for the registered address	213002		
Office address	No. 123, Huaide Middle Road, Changzhou, Jiangsu		
Postal code for the office address	213002		
Internet website of the Company	<a href="http://www.changchai.com.cn">http : //www.changchai.com.cn</a>		
Email address	cctqm@public.cz.js.cn		

### ( II ) For contact

	Secretary to the Board of Directors	Securities Affairs Representative
Name	Shi Jianchun	He Jianjiang
Contact address	No. 123, Huaide Middle Road, Changzhou, Jiangsu	No. 123, Huaide Middle Road, Changzhou, Jiangsu
Tel.	( 86 ) 519-86610041	( 86 ) 519-68683155
Fax	( 86 ) 519-86630954	( 86 ) 519-86630954
E-mail	ccsjc@changchai.com	cchjj@changchai.com

### ( III ) About information disclosure and where the semi-annual report is placed

Newspapers designated by the Company for information disclosure	Securities Times, Ta Kung Pao
Internet website designated by CSRC for disclosing the semi-annual report	<a href="http://www.cninfo.com.cn">http : //www.cninfo.com.cn</a>
Where the semi-annual report is placed	Secretariat of the Board

### III. Summary of Financial Highlights and Business Highlights

#### (I) Major accounting data and financial indexes

Any retrospective adjustment in previous financial statements?

Yes  No

Major accounting data

Major accounting data	Reporting period (Jan.-Jun.)	Same period of last year	Increase/decrease (%)
Gross operating revenues (RMB Yuan)	1,599,480,212.75	1,702,548,109.24	-6.05
Operating profit (RMB Yuan)	31,197,735.95	40,931,592.25	-23.78
Total profit (RMB Yuan)	35,528,457.99	47,558,149.99	-25.29
Net profit attributable to shareholders of the Company (RMB Yuan)	29,802,438.47	37,156,614.70	-19.79
Net profit attributable to shareholders of the Company after deducting non-recurring gains and losses (RMB Yuan)	25,424,883.61	31,604,115.97	-19.55
Net cash flow from operating activities (RMB Yuan)	207,869,158.63	-48,652,001.52	—
	As at the end of this reporting period	As at the end of last year	Increase/decrease (%)
Total assets (RMB Yuan)	3,083,920,367.41	2,870,088,394.73	7.45
Owners' equity attributable to shareholders of the Company (RMB Yuan)	1,854,820,864.26	1,742,701,667.71	6.43
Share capital (share)	561,374,326.00	561,374,326.00	0.00

Major financial indexes

Major financial indexes	Reporting period (Jan.-Jun.)	Same period of last year	Increase/decrease (%)
Basic EPS (RMB Yuan/share)	0.05	0.07	-28.57
Diluted EPS (RMB Yuan/share)	0.05	0.07	-28.57
Basic EPS after deducting non-recurring gains and losses (RMB Yuan/share)	0.05	0.06	-16.67
Fully diluted ROE ( % )	1.61	1.95	-0.34
Weighted average ROE ( % )	1.66	1.87	-0.21
Fully diluted ROE after deducting non-recurring gains and losses ( % )	1.37	1.66	-0.29
Weighted average ROE after deducting non-recurring gains and losses ( % )	1.41	1.59	-0.18
Net cash flow per share from operating activities (RMB Yuan/share)	0.37	-0.09	—
	As at the end of this	As at the end of last year	Increase/decrease (%)

	reporting period		
Net assets per share attributable to shareholders of the Company (RMB Yuan/share)	3.30	3.10	6.45
Liability/asset ratio (%)	39.40	38.80	0.6

## (II) Accounting data differences under the domestic and overseas accounting standards

### 1. Net profit and net asset differences between financial reports disclosed according to the international and Chinese accounting standards respectively

Applicable Inapplicable

Unit: RMB Yuan

	Net profit attributable to shareholders of the Company		Owners' equity attributable to shareholders of the Company	
	Reporting period	Same period of last year	Closing amount	Opening amount
As per Chinese accounting standards	29,802,438.47	37,156,614.70	1,854,820,864.26	1,742,701,667.71
Items and amounts adjusted according to international accounting standards:				
As per international accounting standards	29,802,438.47	37,156,614.70	1,854,820,864.26	1,742,701,667.71

### 2. Net profit and net asset differences between financial reports disclosed according to the overseas and Chinese accounting standards respectively

Applicable Inapplicable

Unit: RMB Yuan

	Net profit attributable to shareholders of the Company		Owners' equity attributable to shareholders of the Company	
	Reporting period	Same period of last year	Closing amount	Opening amount
As per Chinese accounting standards	29,802,438.47	37,156,614.70	1,854,820,864.26	1,742,701,667.71
Items and amounts adjusted according to international accounting standards:				
As per international accounting standards	29,802,438.47	37,156,614.70	1,854,820,864.26	1,742,701,667.71

### (III) Items of non-recurring gains and losses

Applicable Inapplicable

Item	Amount (RMB Yuan)	Note
Gains and losses on disposal of non-current assets	2,454,786.74	Including: net income of RMB 2,454,786.74 from fixed asset disposal

Tax rebate, reduction or exemption due to un-authorized approval or the lack of formal approval documents		
Government grants recognized in the current year, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards	1,600,000.00	
Capital occupation fees received from non-financial enterprises that are included in current gains and losses	750,000.00	
Gains generated when the investment costs of the Company's acquiring subsidiaries, associates and joint ventures are less than the fair value of identifiable net assets in the investees attributable to the Company in the acquisition of the investments		
Exchange gains and losses of non-monetary assets		
Gains and losses through entrusting others to invest or manage assets		
Various asset impairment provisions due to acts of God such as natural disasters		
Gains and losses on debt restructuring		
Enterprise reorganization expenses, such as expenses on employee settlement and integration		
Gains and losses on the parts exceeding the fair value when prices of transactions become unfair		
Net current gains and losses from the period-begin to the combination date of subsidiaries due to business combinations under the same control		
Gains and losses on contingent matters which are irrelevant to the normal operation of the Company		
Gains and losses on fair value changes of transactional financial assets and liabilities, and investment gains on disposal of transactional financial assets and liabilities and available-for-sale financial assets, except for the effective hedging business related to the Company's normal operation	230,463.19	Disposal of trading financial assets to obtain investment returns.
Reversal of impairment provisions for accounts receivable which are separately tested for impairment signs		
Gains and losses on entrustment loans from external parties		
Gains and losses on fair value changes of investing properties for which the fair value method is adopted for subsequent measurement		
Current gain and loss effect due to a just-for-once adjustment to current gains and losses according to requirements of taxation and accounting laws and regulations		
Custodian fee income from entrusted operations with the Company		

Other non-operating incomes and expenses besides the items above	275,935.30	
Other gain and loss items that meet the definition of non-recurring gains and losses		
Minority interests effects	-38,906.26	
Income tax effects	-894,724.11	
Total	4,377,554.86	

Explanation given by the Company to “other gain and loss items that meet the definition of non-recurring gains and losses” and when it recognizes a non-recurring gain and loss item as a recurring one according to the nature and features of its ordinary business

Item	Amount involved (RMB Yuan)	Notes
	0	

## IV. Changes in Share Capital and Particulars about Shareholders

### ( I ) Changes in share capital

#### 1. Statement of changes of shares

Applicable Inapplicable

#### 2. Changes of shares subject to trading moratorium

Applicable Inapplicable

### ( II ) Issuance and listing of securities

#### 1. Securities issues in the previous three years

Applicable Inapplicable

#### 2. Changes of the Company’s share number and structure, as well as the corresponding changes in its asset-liability structure

Applicable Inapplicable

#### 3. Existing employee shares

Applicable Inapplicable

### ( III ) Shareholders and actual controller

#### 1. Total number of shareholders at the end of the reporting period

The Company had 90562 shareholders in total at the end of the reporting period.

#### 2. Shareholding of the top ten shareholders

Particulars about shares held by the top ten shareholders						
Name of shareholder (full name)	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Number of non-tradable shares held	Pledged or frozen shares	
					Status of shares	Number of shares
State-owned	Assets	State-owned	30.02	168,497,736	0	

Supervision and Administration Commission of Changzhou Municipal People's Government	corporation					
Xi Yanping	Domestic natural person	0.24	1,355,131	0		
Wang Zhinan	Domestic natural person	0.19	1,083,000	0		
Wang Litian	Domestic natural person	0.17	960,000	0		
Guotai Junan Securities (Hong Kong) Limited	Overseas corporation	0.16	876,150	0		
Li Tao	Domestic natural person	0.15	838,391	0		
Dai Yi	Domestic natural person	0.15	823,247	0		
Sinoauto Company, Ltd.	Overseas corporation	0.15	820,000	0		
Feng Yan	Domestic natural person	0.14	796,850	0		
Wang Huimin	Domestic natural person	0.14	766,636	0		
Explanation on particulars of shareholders						

Particulars about shares held by the top ten shareholders holding tradable shares

√ Applicable □ Inapplicable

Name of shareholder	Number of tradable shares held at period-end	Type and number of shares	
		Type	Number
State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government	168,497,736	A-shares	168,497,736
Xi Yanping	1,355,131	A-shares	1,355,131
Wang Zhinan	1,083,000	A-shares	1,083,000
Wang Litian	960,000	A-shares	960,000
Guotai Junan Securities (Hong Kong) Limited	876,150	B-shares	876,150
Li Tao	838,391	B-shares	838,391
Dai Yi	823,247	A-shares	823,247
Sinoauto Company, Ltd.	820,000	B-shares	820,000
Feng Yan	796,850	A-shares	796,850
Wang Huimin	766,636	A-shares	766,636

It is unknown whether there was any associated relationship among the top ten shareholders and among the top ten shareholders not subject to trading moratorium, or whether they are persons acting in concert as described by Measures for the Administrative of Disclosure of Shareholder Equity Changes.



Strategic investors or general legal persons becoming the top ten shareholders due to placing of new shares

Applicable Inapplicable

### 3. Controlling shareholder and actual controller

#### (1) Change of the controlling shareholder and actual controller

Applicable Inapplicable

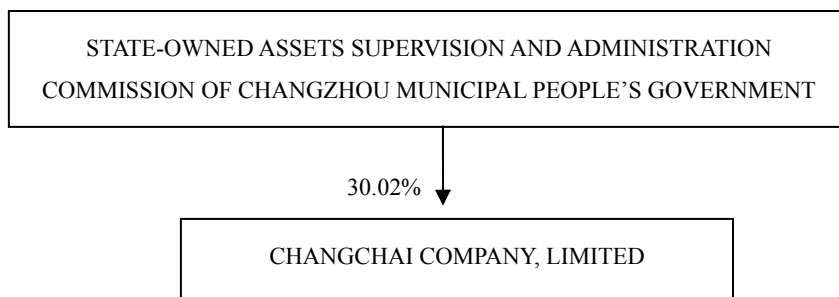
#### (2) Particulars about the controlling shareholder and actual controller

Is there a new actual controller?

Yes  No

Name of the actual controller	State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government
Type of the actual controller	Local State-owned Assets Supervision and Administration Commission

#### (3) Illustration on the relationship between the Company and its actual controller



#### (4) The actual controller controls the Company via trust or other ways of asset management.

Applicable Inapplicable

### 4. Other corporate shareholders with a shareholding over 10%

Applicable Inapplicable

#### (IV) Convertible corporate bonds

Applicable Inapplicable

## V. Directors, Supervisors and Senior Management

### (I) Shareholding changes of directors, supervisors and senior management

□Applicable √Inapplicable

Name	Position	Sex	Age	Office term	Shares held at year-begin	Shares held at year-end	Reason for change
Xue Guojun	Chairman of the Board	Male	49	From 17 May 2010 to 17 May 2013	0	0	
He Jianguang	Director, General Manager, Chief Engineer	Male	48	From 17 May 2010 to 17 May 2013	0	0	
Lu Jiaxiang	Director	Male	57	From 17 May 2010 to 17 May 2013	0	0	
Shi Jianchun	Director, Deputy General Manager, Secretary of the Board	Male	50	From 17 May 2010 to 17 May 2013	0	0	
Xu Zhenping	Director, Deputy General Manager	Male	55	From 17 May 2010 to 17 May 2013	0	0	
Zhuang Rongfa	Director	Male	68	From 17 May 2010 to 17 May 2013	0	0	
Shen Ningwu	Independent Director	Male	70	From 17 May 2010 to 17 May 2013	0	0	
Zhu Jianming	Independent Director	Male	56	From 17 May 2010 to 17 May 2013	0	0	
Cao Huiming	Independent Director	Male	63	From 17 May 2010 to 17 May 2013	0	0	
Yin Lihou	Deputy General Manager	Male	48	From 17 May 2010 to 17 May 2013	0	0	
Xu Yi	Deputy General Manager	Male	48	From 17 May 2010 to 17 May 2013	0	0	
Ni Shiyuan	Deputy General Manager	Male	56	From 17 May 2010 to 17 May 2013	0	0	
Liu Xiaoyun	Deputy General Manager	Male	50	From 31 Dec. 2011 to 17 May 2013	0	0	

Lv Weimin	Chairman of the Supervisory Committee, Secretary of Party Committee	Male	58	From 17 May 2010 to 17 May 2013	0	0	
Yuan Xiaodong	Supervisor	Female	49	From 17 May 2010 to 17 May 2013	0	0	
Ni Mingliang	Supervisor	Male	45	From 17 May 2010 to 17 May 2013	0	0	
Lu Zhonggui	Supervisor	Male	45	From 17 May 2010 to 17 May 2013	0	0	
Wu Keyun	Supervisor	Male	48	From 17 May 2010 to 17 May 2013	0	0	

Equity incentives granted to directors, supervisors and senior management during the reporting period

Applicable Inapplicable

## ( II ) Post-holding particulars

Post-holding in shareholders units

Applicable Inapplicable

Name of the person holding any post in any shareholder unit	Name of the shareholder unit	Position in the shareholder unit	Beginning date of office term	Ending date of office term	Receives payment from the shareholder unit?
Lu Jiayang	State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government	Deputy Director	Jun. 2007	—	Yes
Yuan Xiaodong	State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government	Chief Officer	Nov. 2005	—	Yes
Notes to post-holding in shareholder units					

Post-holding in other units

Applicable Inapplicable

Name of the person holding any post in other units	Name of other unit	Position in other unit	Beginning date of office term	Ending date of office term	Receives payment from other unit?
Zhu Jianming	Wuxi Fuel Injection Equipment Research Institute	Institute director	Mar. 2000	—	Yes
Notes to post-holding in					

other units	
-------------	--

### ( III ) Remuneration for directors, supervisors and senior management

Decision-making procedure for the remuneration of directors, supervisors and senior management	The remuneration for the Company's senior management was submitted to the Board for review and approval after the Remuneration & Appraisal Committee under the Board making relevant appraisal contracts.
Basis for determining the remuneration of directors, supervisors and senior management	The annual remuneration drawn by directors, supervisors and senior management from the Company was paid on monthly according to the relevant provisions of wage management and rank standard established by the Company, and paid bonus at the end of the year based on the debriefing situation made by the Staffs' Congress of the Company and appraisal results.
Actual payment of the remuneration of directors, supervisors and senior management	During the reporting period, the company directors, supervisors, the actual payment of senior management personnel remuneration amounted to RMB390,000.

### ( IV ) Change of directors, supervisors and senior management

Applicable Inapplicable

### ( V ) Employees

Number of on-job employees	3194
Number of retired employees for whom the Company shall bear expenses	0
Function structure	
Type of function	Number of personnel
Production	2318
Sale	243
Technical	133
Financial	33
Administration	370
Level of education	
Level of education	Number of personnel
Master's degree	13
University	235
Junior college	397
High school	1043
Junior middle schools and below	1506

## VI. Report of the Board of Directors

### ( I ) Discussion and analysis by the management

For the first half of 2012, the Company accumulatively sold various diesel engines and power generation sets of 646,900 in number, a decrease of 7.63% year on year, including 555,400 units of single-cylinder diesel engines, down 8.64% from a year earlier, representing 51% of the annual target; 88,700 sets of multi-cylinder diesel engines, down 2.16% as compared with the same period of last year, representing 55% of the annual target; and 2,731 units of engine sets and power units, representing a year-on-year growth of 78.73%. It achieved export earnings of US\$ 11.36 million, down 50.18% from a year earlier. Meanwhile, it realized sales revenues of RMB 1,599,480,200, a decrease of 6.05% year on year and realized a net profit attributable to shareholders of the Company of RMB 29,802,400, down 19.79% from a year earlier.

Despite drops in the Company's diesel engine production and sales volumes, sales income, profit and other indexes due to the macro-environment and the supply-demand relation in the first half of 2012, the Company as a whole maintained a healthy and steady development trend. The production and sales volumes of single-cylinder diesel engines decreased but remained at the top of the industry. Multi-cylinder diesel engines saw some growth in the field of non-road vehicles such as reapers. Despite a weak automobile industry and a sharp slowdown in growth, the Company still managed to maintain its market share in producing diesel engines for automobiles. The technical transformation projects involving casting and machine tooling where the Company's inputs focused were proceeding in an orderly manner, which provided strong support for expanding the production capacity and improving the product quality of the Company in the future.

In the reporting period, affected by the decreased sales volume and income and growing labor cost and other factors, the achieved profit of the Company dropped to some degree on a year-on-year basis.

Is the Company's actual business performance 20% lower or higher than any earning forecast or business plan for the reporting period which has been publicly disclosed earlier?

Yes  No

Analysis to the business and performances of the Company's main subsidiaries and stock-participating companies:

1. With a registered capital of RMB 35 million and the Company holding 60% of its equity interests, Changchai Wanzhou Diesel Engine Co., Ltd. is mainly engaged in production and manufacture of diesel engines. Up to 30 Jun. 2012, the total assets of the Company stood at RMB 127,879,000 and the net assets at RMB 48,111,300. And for Jan.-Jun. 2012, the Company achieved sales income of RMB 61,004,700 and net profit of RMB 1,409,500.

2. With a registered capital of RMB 33,786,400 and the Company holding 75% of its equity interests, Changchai Benniu Diesel Engine Fittings Co., Ltd. is mainly engaged in production and manufacture of diesel engine fittings. Up to 30 Jun. 2012, the total assets of the Company stood at RMB 186,239,900 and the net assets at RMB 61,721,300. And for Jan.-Jun. 2012, the Company achieved sales income of RMB 98,023,900 and net profit of RMB 876,400.

3. With a registered capital of RMB 200,000 and the Company holding 100% of its equity interests, Chansun

International (Pte.) Ltd. (Chansun) is mainly engaged in Purchasing, sales and technical service of starting engine of diesel engine, gasoline engine, components, supporting equipment of starting engine of diesel engine and gasoline engine, agricultural equipments etc. Up to 30 Jun. 2012, the total assets of the Company stood at RMB 1,468,042.30 and the net assets at RMB 1,328,547.56. And for Jan.-Jun. 2012, the Company achieved sales income of RMB 2,201,907.41 and net profit of RMB 59,656.24.

4. With a registered capital of RMB 37,254,000 and the Company holding 33% of its equity interests, Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd. is mainly engaged in production and manufacture of gasoline engines. Up to 30 Jun. 2012, the total assets of the Company stood at RMB 82,410,900 and the net assets at RMB 56,312,500. And for Jan.-Jun. 2012, the Company achieved sales income of RMB 93,166,000 and net profit of RMB 162,200.

All risk factors that might have adverse impact on the Company's effort to realize its future development strategy and business goals:

Weaker domestic and foreign demand, fiercer market competition, growing labor cost and other factors would affect the Company's profit index in the future to some degree.

The Company will try to maintain its market share in terms of the sales volume through adjusting the product and market structures, as well as developing new products. In face of the homogenization competition in the single-cylinder diesel engine market, the Company will give full play to its advantages regarding brand and quality, carry out the product brightening project and the excellent product project, take a path of differentiation and solidify and expand its market share. As for the multi-cylinder diesel engine market, the Company will focus on pushing forward mass production of new products such as EV80, 3M78 and 4G33, improving quality and expanding sales. Meanwhile, the Company will enhance management, specify appraisal, continue to reduce costs and overcome difficulties so as to improve its business performance.

## 1. Main business lines and their operating results

### (1) Main business lines classified by industries and products

Unit: RMB Yuan

Industries/products	Operating revenue	Operating cost	Gross profit rate (%)	Increase/decrease of operating revenue compared with the same period last year (%)	Increase/decrease of operating cost compared with the same period last year (%)	Increase/decrease of gross profit rate compared with the same period last year (%)
<b>Industries</b>						
Diesel engines and fittings	1,567,714,421.37	1,443,552,908.36	7.92	-7.09	-7.19	0.09
<b>Products</b>						
Diesel engines	1,567,714,421.37	1,443,552,908.36	7.92	-7.09	-7.19	0.09

and fittings						
--------------	--	--	--	--	--	--

Explanation to the main business performances classified by industries and products:

Explanation to the reasons for any significant year-on-year change of the gross profit rate:

**(2) Main business lines classified by regions**

Unit: RMB Yuan

Region	Operating revenue	Increase/decrease compared with the same period last year (%)
East China	778,764,744.57	-2.18
Northeast China	82,503,124.63	7.19
Southwest China	158,542,506.44	8.33
Central China	176,067,223.19	-20.46
North China	89,884,109.80	-14.46
Northwest China	72,965,341.01	30.40
South China	119,240,235.58	-21.04
Export	89,747,136.15	-33.28

**(3) Reasons for significant changes in main business and its structure**

Applicable Inapplicable

**(4) Reasons for significant changes in profitability of main business (gross profit rate) compared with that in the last year**

Applicable Inapplicable

**(5) Analysis on reasons of significant changes in profit breakdown compared with the last year**

Applicable Inapplicable

**2. Internal control rules in relation to fair value measurement**

Applicable Inapplicable

Items related to fair value measurement:

Unit: RMB Yuan

Item	Opening amount	Gains/losses on fair value	Accumulative fair value changes	Impairment provisions for	Closing amount

		changes in the reporting period	recorded into equity	the reporting period	
Financial assets					
Including: 1. Financial assets measured at fair value whose changes are recorded into current gains and losses					
Of which: derivative financial assets					
2. Available-for-sale financial assets	420,057,000.00		96,824,000.00		516,881,000.00
Subtotal of financial assets	420,057,000.00		96,824,000.00		516,881,000.00
Financial liabilities					
Investing property					
Production biological assets					
Others					
Total	420,057,000.00		96,824,000.00		516,881,000.00

Where the value estimation technique was adopted to determine fair value for the same or similar items within the two years, is there any significant difference between the value estimation results? If yes, please state in detail.

Yes  No

### 3. Foreign-currency financial assets and liabilities held

Applicable  Inapplicable

Unit: RMB Yuan

Item	Opening amount	Gains/losses on fair value changes in the reporting period	Accumulative fair value changes recorded into equity	Impairment provisions for the reporting period	Closing amount
Financial assets					
Including: 1. Financial assets measured at fair value whose changes are recorded into current gains and losses					
Of which: derivative financial assets					
2. Loans and receivables	30,377,505.94				22,365,700.23
3. Available-for-sale					



financial assets					
4. Held-to-maturity investments					
Subtotal of financial assets	30,377,505.94				22,365,700.23
Financial liabilities					

## ( II ) Investments

### 1. General utilization of the raised funds

Applicable Inapplicable

### 2. Projects promised to be invested with raised funds

Applicable Inapplicable

### 3. Change of projects invested with raised funds

Applicable Inapplicable

### 4. Significant projects invested with non-raised funds

Applicable Inapplicable

Unit: RMB Ten thousand

Project name	Disclosure date of the first announcement	Amount for the project	Project progress	Project earnings
Controlled subsidiary Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd. capital increase project	6 Jun. 2012	5000	The project has been reviewed and approved by the board. And formalities for the change of business registration are currently being handled.	
Total		5000	--	--

#### Notes to significant projects invested with non-raised funds

As reviewed and approved at the First Shareholders' General Meeting for 2012 of Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd. (hereinafter referred to as "Changchai Benniu") on 31 May 2012, it was decided that shareholders of Changchai Benniu should increase cash of RMB 66,666,700 according to their shareholding ratios. To be specific, the Company should increase a capital of RMB 50 million according to its shareholding ratio while Mr. Qiang Jinlong, the other natural shareholder of Changchai Benniu, should increase a capital of RMB 16,666,700 according to his shareholding ratio.

The Company held a special board session by way of telecommunication on 5 Jun. 2012, at which the Company was agreed to increase capital of RMB 50 million to Changchai Benniu and the Company's chairman was authorized to the relevant capital increase and share expansion agreement with Changchai Benniu. On 21 Jun. 2012, the Company and Changchai Benniu officially signed the capital increase and share expansion agreement.

Currently, the formalities for the change of business registration are being handled.

### **( III ) Revision of the Board of Directors' business plan for the second half of the year**

Applicable Inapplicable

### **( IV ) Business performance estimate for Jan.-Sept. 2012**

Warnings of estimated possible losses or major changes of the accumulative net profit achieved during the period from the beginning of the year to the end of the next reporting period compared with the same period of last year, as well as the reasons

Applicable Inapplicable

### **( V ) Explanation of the Board of Directors on “Non-standard Auditing Report” issued by the CPA firm for the reporting period**

Applicable Inapplicable

### **( VI ) Explanation of the Board of Directors on changes and solutions of the issues involved in the “Non-standard Auditing Report” issued by the CPA firm for last year**

Applicable Inapplicable

### **( VII ) State the discussion results of the Board of Directors on the reasons and influence of the Company's accounting policy and estimate alterations or significant accounting error correction**

Applicable Inapplicable

### **( VIII ) Formulation and execution of the Company's cash dividend policy**

According to the requirements of the Notice on Further Implementing Matters Related to Cash Dividend Distribution of Listed Companies (Zheng-Jian-Fa [2012] No. 37) issued by CSRC and the Notice on Further Implementing Rules Related to Cash Dividend Distribution of Listed Companies (Su-Zheng-Jian-Gong-Si-Zi [2012] No. 276) issued by CSRC Jiangsu Bureau, the Company convened a special board session on 6 Aug. 2012 to review the proposal on amending some articles in the Company's Articles of Association, which was later reviewed and approved at the First Special Shareholders' General Meeting for 2012 held on 22 Aug. 2012. The new dividend-related articles in the amendment proposal are in line with relevant laws and regulations, explicitly specifying dividend standards, conditions and ratios, as well as the relevant decision-making procedure. The Company will strictly execute the said regulations and rules. The amendment proposal was disclosed on Securities Times, Ta Kung Pao and <http://www.cninfo.com.cn> dated 7 Aug. 2012.

**( IX ) Pre-plan for profit distribution or turning capital reserve into share capital**

Applicable Inapplicable

**( X ) The accumulative retained profit as at the end of 2011 is a positive number but the Company has not put forward a cash dividend pre-plan.**

Applicable Inapplicable

**( XI ) Formulation and execution of the information insider registration and management rules**

According to requirements of Shenzhen Stock Exchange, CSRC Jiangsu Bureau and other regulatory authorities, the Company has formulated the Management Rules for Information Insiders and the Management Rules for External Users of Information. And the Company has strictly followed the said rules in its management over information insiders. For the reporting period, no insider took advantage of the insider information and traded the Company's shares before significant and sensitive information that would affect the Company's share price was disclosed, and thus received punishments or rectification requirements from regulatory authorities.

Does the Company investigate to find information insiders trading the Company's stock and its derivatives and pursue those responsible?

Yes  No

Have regulatory authorities impose any regulatory measure or administrative punishment on the Company and relevant personnel due to the execution of the information insider registration and management rules or their involvement in insider dealings?

Yes  No

**( XII ) Other matters that need to be disclosed**

Applicable Inapplicable

**( XIII ) The Company's liabilities, credit changes and future cash arrangements for debt-clearing (Only listed companies with convertible corporate bonds are required to fill the table below.)**

Applicable Inapplicable

## VII. Significant Events

### (I) Corporate governance

In the reporting period, the Company was strictly in line with laws, statutes such as Company Law, Securities Laws, Code of Corporate Governance of Listed Companies, Guide Opinion on Establishment of Independent Director System by Listed Companies and Guidelines on Internal Controls of Listed Companies and so on, continuously perfected corporate governance, established and accomplished internal management and control system, consistently and deeply put forward corporate governance activities, so as to further normalized operation of the Company, raising corporate governance level, laying a guard for steady and healthy development of the Company, protect legal rights and interests of the Company and all shareholders.

During the reporting period, in order to implement the Basic Norms for Internal Control of Enterprises and its mating guidelines, and according to the Notice on Doing a Good Job in the Implementation of Internal Control Norms by Listed Companies in Jiangsu (Su-Zheng-Jian-Zi [2012] No. 101) issued by CSRC Jiangsu Bureau, the Board of Directors of the Company has reviewed and approved the work plan for the implementation of internal control norms on 29 Mar. 2012. Currently, various internal control improvements are proceeding in an orderly manner according to the said work plan.

### **(II) Execution of the plans for profit distribution, turning capital reserve into share capital or new share issuance which had been made in the previous period and were carried out in the reporting period**

Applicable Inapplicable

As reviewed and approved at the 11<sup>th</sup> Session of the 6<sup>th</sup> Board of Directors and later at the 2011 Annual Shareholders' General Meeting, the Company decided to, based on the total 561,374,326 shares as at 31 Dec. 2011, distribute a cash dividend of RMB 0.20 (tax included) to all shareholders for every 10 shares they held. The Company disclosed the 2011 annual dividend distribution announcement on 5 Jun. 2012. And the 2011 annual profit distribution plan has been executed.

### (III) Significant litigations and arbitrations

√Applicable □Inapplicable

Complainant	Respondent	Party with joint responsibility	Type of the lawsuit/arbitration	Basic information about the lawsuit/arbitration	Amount involved in the lawsuit/arbitration (RMB Ten thousand)	Progress of the lawsuit/arbitration	Trial result and influence of the lawsuit/arbitration	Execution of the judge of the lawsuit/arbitration	Disclosure date of the relevant interim announcement	Serial No. of the relevant interim announcement
Changchai Company, Limited	Shandong Hongli Group Co., Ltd.				1436	In the process of liquidation and bankruptcy				
Changchai Company, Limited	Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd					In the process of retrial, with no judge yet			31 Dec. 2011, 13 Apr. 2012, 5 May 2012	2011-015 2012-003 2012-008

Details of the significant lawsuits and arbitrations:

1. About the lawsuit case of Shandong Hongli Group Co., Ltd., the accused company owed accumulatively RMB 14.36 million to the Company. The Company sued to Changzhou Intermediate People's Court in 2001 and sued for compulsory execution in April, 2002. Currently, the defendant has started the bankruptcy procedure.
2. Changchai Benniu Diesel Engine Fittings Co., Ltd. (Changchai Benniu) is the controlled subsidiary of the Company with a register capital of RMB 33,786,400, of which the Company invested RMB 25,339,800, accounting for 75% of the total register capital, while the natural person of Qiang Jinlong invested RMB 8,446,600, accounting for 25% of the total register capital. In accordance with the provisions of Articles of Association of the Company, the term of operation of Changchai Benniu Diesel Engine Fittings Co., Ltd. was from 17 Jun. 1996 to 16 Jun. 2011.

Changchai Benniu Diesel Engine Fittings Co., Ltd. convened the First Special Shareholders' General Meeting for 2011 on 19 Jul. 2011, at which reviewed the Proposal on Extending the Term of Operation and Revising the Articles of Association for Changchai Benniu Diesel Engine Fittings Co., Ltd., making a Resolution on Extending the Term of Operation from 17 Jun. 2011 to 16 Jun. 2026 for Changchai Benniu Diesel Engine Fittings Co., Ltd.. The Company believes that the resolution is effective, which has a restraint on the shareholders. However, the third party of Qiang Jinlong always denies the effectiveness of the resolution made at the session. Therefore, the Company

sued to Changzhou Wujin District People's Court on 28 Dec. 2011, appealing the court to confirm the effectiveness and legality of the resolution made at the First Special Shareholders' General Meeting for 2011, extending the term of operation to 16 Jun. 2026 for Changchai Benniu Diesel Engine Fittings Co., Ltd..

On 9 Apr. 2012, Changzhou Wujin District People's Court issued a Civil Judgment ([2012] WSC Zi No. 25), deciding that it was in line with relevant laws and regulation for the appeal of the Company on confirming the effectiveness and legality of the resolution made at the First Special Shareholders' General Meeting for 2011 convened by Changchai Benniu Diesel Engine Fittings Co., Ltd. on 19 Jul. 2011, thus the court supported it. And it was legal and effective for the resolution made at the shareholders' general meeting, which was about "the original Article 4 of the Articles of Association stipulated the term of joint operation with shareholders was from 17 Jun. 1996 to 16 Jun. 2011, and now extending the term for 15 years, i.e. from 17 Jun. 2011 to 16 Jun. 2026".

Changzhou Wujin Administration for Industry & Commerce issued the Business License for Enterprise of Changchai Benniu Diesel Engine Fittings Co., Ltd. on 20 Apr. 2012, with the term of operation from 17 Jun. 1996 to 16 Jun. 2026.

Qiang Jinlong refused to accept the court decision as final. He appealed to Changzhou Intermediary People's Court, which opened a court session on 27 Jun. 2012 to try this case. No verdict has been reached so far.

#### (IV) Bankruptcy or reorganization events

Applicable Inapplicable

#### (V) Holding equity of other listed companies and joint financial enterprises

##### 1. Securities investment

Applicable Inapplicable

Serial No.	Variety of securities	Code of securities	Abbr. of securities	Initial investment amount (RMB Yuan)	Number of shares held at the period-end	Closing carrying amount (RMB Yuan)	Proportion in the total closing securities investment amount (%)	Gain/loss in the reporting period (RMB Yuan)
Other securities investments held at the period-end				0	--	0	0	0
Gain/loss on selling securities in the reporting period				--	--	--	--	230,463.19
Total				0	--	0	100%	230,463.19
Disclosure date of the board announcement of securities investment approval								
Disclosure date of the general meeting announcement of securities investment approval								

Notes to securities investment: Securities investment gains during the reporting period came from the new shares subscribed by Changzhou Housheng Investment Co., Ltd., the Company's wholly-funded subsidiary.

##### 2. Holding equity of other listed companies

Applicable Inapplicable

Stock code	Stock abbr.	Initial investment amount (RMB Yuan)	Proportion in the company's total equity (%)	Closing carrying amount (RMB Yuan)	Gain/loss in the reporting period (RMB Yuan)	Change of owners' equity during the reporting period (RMB Yuan)	Accounting title	Stock source
600166	Foton Motor	41,782,175.00	3.42%	516,587,500.00	0.00	82,292,750.00	Financial assets available for sale	By exchanging assets with Changchai Group in 1999

600377	Ninghu Expressway	90,500.00		293,500.00	0.00	7,650.00	Financial assets available for sale	By transfer on agreement
Total		41,872,675.00	--	516,881,000.00	0.00	82,300,400.00	--	--

Notes to holding equity of other listed companies: The Company holds 72.25 million shares of Foton Motor and 50,000 shares of Ninghu Expressway.

### 3. Holding equity of non-listed financial enterprises

Applicable Inapplicable

Name of the non-listed financial enterprise	Initial investment amount (RMB Yuan)	Number of shares held	Proportion in the company's total equity (%)	Closing carrying amount (RMB Yuan)	Gain/loss in the reporting period (RMB Yuan)	Change of owners' equity during the reporting period (RMB Yuan)	Accounting title	Stock source
Jiangsu Bank	38,000,000.00	38,000,000	0.48%	38,000,000.00	0	0	Long-term equity investment	Sponsor's shares
Total	38,000,000.00	38,000,000	--	38,000,000.00	0	0	--	--

Notes to holding equity of non-listed financial enterprises: The Company holds 38 million shares of Jiangsu Bank.

### 4. Trading stocks of other listed companies

Applicable Inapplicable

Stock name	Opening number of shares	Number of shares bought in/sold out in the reporting period	Closing number of shares	Used capital (RMB Yuan)	Investment income (RMB Yuan)
New share subscription	0		0		230,463.19

The Company sold new shares obtained through subscription and thus gained a total investment income of RMB 230,463.19 during the reporting period.

Notes to trading stocks of other listed companies:

## (VI) Assets transaction events

### 1. Purchase of assets

Applicable Inapplicable



**2. Sale of assets**

Applicable Inapplicable

**3. Exchange of assets**

Applicable Inapplicable

**4. Business combination**

Applicable Inapplicable

**5. Progress of these events after the publication of the assets reorganization report or public notices on the purchases or sales of assets, as well as the influences of these events on the operation results and financial status of the Company in this reporting period**

Applicable Inapplicable

**(VII) Explanation on shareholding increase scheme during the reporting period proposed or implemented by the principal shareholders and act-in-concert persons**

Applicable Inapplicable

**(VIII) Implementation situation and influence of equity incentive plan of the Company**

Applicable Inapplicable

**(IX) Significant related-party transactions**

**1. Related-party transactions relevant to routine operation**

Applicable Inapplicable

**2. Related-party transactions regarding purchase and sales of assets**

Applicable Inapplicable

**3. Significant related-party transitions with joint investments**

Applicable Inapplicable

**4. Significant credits and liabilities with related parties**

Applicable Inapplicable

Capital occupation during the reporting period and debt-clearing progress

Applicable Inapplicable

The accountability plan put forward by the Board of Directors when the Company had not completed collecting

the capital occupied for non-operating purposes by the end of the reporting period

Applicable Inapplicable

## 5. Other significant related-party transactions

### (X) Significant contracts and execution

#### 1. The trust, contract and lease whose profits reaching more than 10% (including 10%) of the total profits of the Company in the reporting period

##### (1) Status of trust

Applicable Inapplicable

##### (2) Particulars about contracting

Applicable Inapplicable

##### (3) Particulars about leasing

Applicable Inapplicable

#### 2. Guarantees provided by the Company

Applicable Inapplicable

Unit: RMB Ten thousand

Guarantees provided by the Company for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclosure date of relevant announcement	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Total external guarantee line approved during the reporting period (A1)				0	Total actual occurred amount of external guarantee during the reporting period (A2)		0	
Total external guarantee line that has been approved at the end of the reporting period (A3)				0	Total actual external guarantee balance at the end of the reporting period (A4)		0	
Guarantees provided by the Company for its subsidiaries								
Guaranteed party	Disclosure date of relevant announcement	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not

Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd		2200	22 Mar. 2011	2200	Credit	One year	Yes	No	
Total guarantee line approved for the subsidiaries during the reporting period (B1)		0		Total actual occurred amount of guarantee for the subsidiaries during the reporting period (B2)				0	
Total guarantee line that has been approved for the subsidiaries at the end of the reporting period (B3)		0		Total actual guarantee balance for the subsidiaries at the end of the reporting period (B4)				0	
Total guarantee amount provided by the Company (total of the above-mentioned two kinds of guarantees)									
Total guarantee line approved during the reporting period (A1+B1)		0		Total actual occurred amount of guarantee during the reporting period (A2+B2)				0	
Total guarantee line that has been approved at the end of the reporting period (A3+B3)		0		Total actual guarantee balance at the end of the reporting period (A4+B4)				0	
Proportion of total guarantee amount (A4+B4) to the net assets of the Company									0
Of which:									
Amount of guarantee for shareholders, actual controller and related parties (C)									0
Amount of debt guarantee provided for the guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (D)									0
Part of the amount of the total guarantee over 50% of net assets (E)									0
Total amount of the above three guarantees (C+D+E)									0
Explanation on possible bearing joint responsibility of liquidation due to immature guarantee									Naught
Explanation on provision of guarantees for external parties in violation of the prescribed procedure									Naught

### 3. Entrusted financial management

Applicable Inapplicable

#### 4. Performance of significant contracts relevant to routine operation

Applicable Inapplicable

#### 5. Other significant contracts

Applicable Inapplicable

#### (XI) Explanation on issuing corporate bonds

Applicable Inapplicable

#### (XII) Performance of commitments

##### 1. Commitments made by the Company or shareholders holding over 5% of the Company's shares in the reporting period, or such commitments carried down into the reporting period

Applicable Inapplicable

##### 2. The Company's assets or projects exist profitable prediction and the reporting period is in such prediction period, it states the profits from the assets or projects reaching original prediction and relevant reasons

Applicable Inapplicable

#### (XIII) Items of other comprehensive income

Unit: RMB Yuan

Items	This reporting period	Same period of last year
1. Profits/(losses) from available-for-sale financial assets	96,824,000.00	-250,046,500.00
Less: Effects on income tax generating from available-for-sale financial assets	14,523,600.00	-37,506,975.00
Net amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period		
Subtotal	82,300,400.00	-212,539,525.00
2. Interests in the investee entities' other comprehensive income as per equity method		
Less: Effects on income tax generating from the interests in the investee entities' other comprehensive income as per equity method		
Net amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period		
Subtotal		
3. Profits/(losses) from cash flow hedging instrument		
Less: Effects on income tax generating from cash flow hedging instrument		

Net amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period		
The adjustment value that is the converted initial recognition amount of arbitrage project		
Subtotal		
4. Converted amount of foreign currency financial statements	-1,481.92	
Less: Net value of disposal of oversea operations that recognized into current profit and loss		
Subtotal	-1,481.92	
5. Other		
Less: Effects on income tax generating from the others that included into other comprehensive income		
Net amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period		
Subtotal		
Total	82,298,918.08	-212,539,525.00

**(XIV) Particulars about researches, visits and interviews received in this reporting period**

Time of reception	Place of reception	Way of reception	Type of the visitor/caller	Visitor/caller	Main discussion and materials provided by the Company
23 Feb. 2012	The Company	By phone	Individual	Investor	Main operation status of the Company
18 Apr. 2012	The Company	By phone	Individual	Investor	Main operation status of the Company
24 May 2012	The Company	By phone	Individual	Investor	Main operation status of the Company

**(XV) Particulars about engagement and disengagement of CPAs firm**

Has this interim report been audited?

Yes  No

Has the CPAs firm been changed?

Yes  No

**(XVI) Particulars about punishment and rectification order received by the Company, its directors, supervisors, senior executives, shareholders, actual**

## controller and acquirer

Applicable Inapplicable

## (XVII) Explanation on other significant events

Applicable Inapplicable

## (XVIII) Particulars about significant changes in the profitability, asset status and credit status of the Company's convertible bonds guarantor

Applicable Inapplicable

## (XIX) Index for information disclosure

Event	Newspapers for disclosing information and relevant page	Publishing date	Internet website for disclosing information and the searching approach
Announcement on Performance Forecast	Securities Times D20; Ta Kung Pao B8	17 Jan. 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement on Resolutions of the 10 <sup>th</sup> Session of the 6 <sup>th</sup> Board of Directors, Work Plan for the Implementation of Internal Control Norms	Securities Times D17; Ta Kung Pao B19	30 Mar. 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement on Lawsuit or Arbitration Progress	Securities Times D25; Ta Kung Pao B6	13 Apr. 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Abstract of the 2011 Annual Report, Report for the First Quarter of 2012, Announcement on Resolutions of the 11 <sup>th</sup> Session of the 6 <sup>th</sup> Board of Directors, Notice on Convening the 2011 Annual Shareholders' General Meeting, Announcement on Resolutions of the 8 <sup>th</sup> Session of the 6 <sup>th</sup> Supervisory Committee	Securities Times D28; Ta Kung Pao B12	26 Apr. 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement on Correction of the Report for the First Quarter of 2012	Securities Times B64; Ta Kung Pao B7	28 Apr. 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement on Lawsuit or Arbitration Progress	Securities Times B4; Ta Kung Pao A14	5 May 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement on Resolutions of the 2011 Annual Shareholders' General Meeting	Securities Times D12; Ta Kung Pao B3	24 May 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement on the 2011 Annual Dividend Distribution	Securities Times D12; Ta Kung Pao B5	5 Jun. 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement on Resolutions of the	Securities Times D25; Ta	6 Jun. 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

Special Board Session, Announcement on Increasing Capital to the Controlled Subsidiary Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd.	Kung Pao B10		
Announcement on Progress of the Capital Increase to the Controlled Subsidiary Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd.	Securities Times D33; Ta Kung Pao B2	26 Jun. 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

## VIII. Financial Report

### (I) Auditor's report

Has this interim report been audited?

Yes  No

### (II) Financial statements

Consolidated statements or not?

Yes  No

The monetary unit in the financial statements of the financial report is RMB Yuan if not specified otherwise.

Monetary unit of notes to financial statements: RMB Yuan

#### 1. Consolidated balance sheet

Prepared by Changchai Company, Limited

Unit: RMB Yuan

Item	Note	Closing balance	Opening balance
Current Assets:			
Monetary funds		663,396,846.56	553,742,666.81
Settlement reserves			
Intra-group lendings			
Transactional financial assets			
Notes receivable		143,007,349.44	181,698,938.60
Accounts receivable		442,072,620.04	360,837,278.55
Accounts paid in advance		34,954,124.65	42,882,876.51
Premiums receivable			
Reinsurance premiums receivable			
Receivable reinsurance contract reserves			
Interest receivable			

Dividend receivable			
Other accounts receivable		22,089,519.44	11,062,647.69
Financial assets purchased under agreements to resell			
Inventories		387,468,266.85	471,067,741.38
Non-current assets due within 1 year			
Other current assets		85,122.78	
Total current assets		1,693,073,849.76	1,621,292,149.54
Non-current assets:			
Loans by mandate and advances granted			
Available-for-sale financial assets		516,881,000.00	420,057,000.00
Held-to-maturity investments			
Long-term accounts receivable			
Long-term equity investment		63,816,940.34	63,763,414.34
Investing property		65,010,222.83	66,114,393.23
Fixed assets		522,424,284.76	428,903,574.63
Construction in progress		134,606,017.26	180,718,077.33
Engineering materials			
Disposal of fixed assets			
Production biological assets			
Oil-gas assets			
Intangible assets		87,195,345.14	88,327,078.34
R&D expense			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		912,707.32	912,707.32
Other non-current assets			
Total of non-current assets		1,390,846,517.65	1,248,796,245.19
Total assets		3,083,920,367.41	2,870,088,394.73
Current liabilities:			
Short-term borrowings		40,000,000.00	37,000,000.00
Borrowings from Central Bank			
Customer bank deposits and due			



to banks and other financial institutions			
Intra-group borrowings			
Transactional financial liabilities			
Notes payable		314,773,964.00	278,080,000.00
Accounts payable		564,104,205.56	495,048,237.44
Accounts received in advance		68,616,602.09	64,357,833.51
Financial assets sold for repurchase			
Handling charges and commissions payable			
Employee's compensation payable		17,119,284.05	45,290,276.02
Tax payable		-42,955,039.99	-61,296,208.84
Interest payable			
Dividend payable		7,261,388.55	3,891,433.83
Other accounts payable		139,653,791.36	128,410,363.38
Reinsurance premiums payable			
Insurance contract reserves			
Payables for acting trading of securities			
Payables for acting underwriting of securities			
Non-current liabilities due within 1 year			30,000,000.00
Other current liabilities		778,963.63	1,203,137.39
Total current liabilities		1,109,353,159.25	1,021,985,072.73
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Long-term payables			
Specific payables			
Estimated liabilities			
Deferred income tax liabilities		71,250,975.00	56,727,375.00
Other non-current liabilities		34,564,420.07	34,962,420.07
Total non-current liabilities		105,815,395.07	91,689,795.07

Total liabilities		1,215,168,554.32	1,113,674,867.80
Owners' equity (or shareholders' equity)			
Paid-up capital (or share capital)		561,374,326.00	561,374,326.00
Capital reserves		577,120,648.76	494,820,248.76
Less: Treasury stock			
Specific reserves			
Surplus reserves		277,156,622.37	277,156,622.37
Provisions for general risks			
Retained profits		439,170,749.05	409,368,310.58
Foreign exchange difference		-1,481.92	-17,840.00
Total equity attributable to owners of the Company		1,854,820,864.26	1,742,701,667.71
Minority interests		13,930,948.83	13,711,859.22
Total owners' (or shareholders') equity		1,868,751,813.09	1,756,413,526.93
Total liabilities and owners' (or shareholders') equity		3,083,920,367.41	2,870,088,394.73

Legal representative: Xue Guojun  
work: He Jianguang

Person-in-charge of the accounting

Chief of the accounting division: Jiang He

## 2. Balance sheet of the Company

Unit: RMB Yuan

Item	Note	Closing balance	Opening balance
Current Assets:			
Monetary funds		584,191,639.04	523,688,773.83
Transactional financial assets			
Notes receivable		143,007,349.44	176,278,938.60
Accounts receivable		410,420,932.45	325,793,527.31
Accounts paid in advance		14,525,843.56	20,811,380.78
Interest receivable			
Dividend receivable			
Other accounts receivable		58,673,840.23	9,201,636.94
Inventories		315,955,142.47	401,674,909.70

Non-current assets due within 1 year			
Other current assets			
Total current assets		1,526,774,747.19	1,457,449,167.16
Non-current assets:			
Available-for-sale financial assets		516,881,000.00	420,057,000.00
Held-to-maturity investments			
Long-term accounts receivable			
Long-term equity investment		134,235,180.34	134,181,654.34
Investing property		65,010,222.83	66,114,393.23
Fixed assets		471,859,068.77	376,208,390.40
Construction in progress		90,513,447.34	161,315,910.30
Engineering materials			
Disposal of fixed assets			
Production biological assets			
Oil-gas assets			
Intangible assets		85,054,308.80	86,157,776.66
R&D expense			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		912,707.32	912,707.32
Other non-current assets			
Total of non-current assets		1,364,465,935.40	1,244,947,832.25
Total assets		2,891,240,682.59	2,702,396,999.41
Current liabilities:			
Short-term borrowings			
Transactional financial liabilities			
Notes payable		307,773,964.00	271,080,000.00
Accounts payable		496,167,927.82	441,996,929.38
Accounts received in advance		65,905,321.41	64,183,951.63
Employee's compensation payable		13,149,616.46	40,157,951.71
Tax payable		-36,072,237.55	-56,938,401.59
Interest payable			
Dividend payable		6,613,134.69	3,243,179.97

Other accounts payable		130,674,958.75	125,268,578.76
Non-current liabilities due within 1 year			30,000,000.00
Other current liabilities			
Total current liabilities		984,212,685.58	918,992,189.86
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Long-term payables			
Specific payables			
Estimated liabilities			
Deferred income tax liabilities		71,250,975.00	56,727,375.00
Other non-current liabilities		34,564,420.07	34,962,420.07
Total non-current liabilities		105,815,395.07	91,689,795.07
Total liabilities		1,090,028,080.65	1,010,681,984.93
Owners' equity (or shareholders' equity)			
Paid-up capital (or share capital)		561,374,326.00	561,374,326.00
Capital reserves		586,799,834.95	504,499,434.95
Less: Treasury stock			
Specific reserves			
Surplus reserves		277,156,622.37	277,156,622.37
Retained profits		375,881,818.62	348,684,631.16
Foreign exchange difference			
Total owners' (or shareholders') equity		1,801,212,601.94	1,691,715,014.48
Total liabilities and owners' (or shareholders') equity		2,891,240,682.59	2,702,396,999.41

### 3. Consolidated income statement

Unit: RMB Yuan

Item	Note	Jan.-Jun. 2012	Jan.-Jun. 2011
I. Total operating revenues		1,599,480,212.75	1,702,548,109.24
Including: Sales income		1,599,480,212.75	1,702,548,109.24
Interest income			

Premium income			
Handling charge and commission income			
II. Total operating cost		1,577,236,465.99	1,671,832,162.82
Including: Cost of sales		1,472,951,393.72	1,563,753,985.22
Interest expenses			
Handling charge and commission expenses			
Surrenders			
Net claims paid			
Net amount withdrawn for the insurance contract reserve			
Expenditure on policy dividends			
Reinsurance premium			
Taxes and associate charges		161,974.43	313,245.25
Selling and distribution expenses		58,416,299.71	53,181,896.91
Administrative expenses		48,141,907.24	59,829,955.18
Financial expenses		-6,657,859.42	-5,675,460.45
Asset impairment loss		4,222,750.31	428,540.71
Add: Gain/(loss) from change in fair value (“-” means loss)			-66,665.37
Gain/(loss) from investment (“-” means loss)		8,953,989.19	10,282,311.20
Including: share of profits in associates and joint ventures			
Foreign exchange gains (“-” means loss)			
III. Business profit (“-” means loss)		31,197,735.95	40,931,592.25
Add: non-operating income		7,109,940.84	9,002,588.33
Less: non-operating expense		2,779,218.80	2,376,030.59
Including: loss from non-current asset disposal		601,158.15	679.50
IV. Total profit (“-” means loss)		35,528,457.99	47,558,149.99
Less: Income tax expense		5,506,929.91	9,631,166.60

V. Net profit (“-” means loss)		30,021,528.08	37,926,983.39
Including: Net profit achieved by combined parties before the combinations			
Attributable to owners of the Company		29,802,438.47	37,156,614.70
Minority shareholders’ income		219,089.61	770,368.69
VI. Earnings per share		--	--
(I) Basic earnings per share		0.05	0.07
(II) Diluted earnings per share		0.05	0.07
Other comprehensive incomes		82,298,918.08	-212,539,525.00
Total comprehensive incomes		112,320,446.16	-174,612,541.61
Attributable to owners of the Company		112,101,356.55	-175,382,910.30
Attributable to minority shareholders		219,089.61	770,368.69

Legal representative: Xue Guojun  
work: He Jianguang

Person-in-charge of the accounting

Chief of the accounting division: Jiang He

#### 4. Income statement of the Company

Unit: RMB Yuan

Item	Note	Jan.-Jun. 2012	Jan.-Jun. 2011
I. Total sales		1,607,060,158.74	1,698,786,025.65
Less: cost of sales		1,496,934,202.57	1,576,529,249.38
Business taxes and surcharges			
Distribution expenses		54,949,176.66	50,057,012.94
Administrative expenses		41,350,985.75	51,705,886.62
Financial costs		-8,156,193.81	-6,084,501.00
Impairment loss		2,873,555.97	305,531.70
Add: gain/(loss) from change in fair value (“-” means loss)			
Gain/(loss) from investment (“-” means loss)		8,723,526.00	10,115,000.00
Including: income from investment on associates and joint ventures			

II. Business profit (“-” means loss)		27,831,957.60	36,387,846.01
Add: non-business income		6,872,462.11	8,834,166.57
Less: non-business expense		2,749,218.80	2,360,206.85
Including: loss from non-current asset disposal			
III. Total profit (“-” means loss)		31,955,200.91	42,861,805.73
Less: income tax expense		4,758,013.45	8,205,050.82
IV. Net profit (“-” means loss)		27,197,187.46	34,656,754.91
V. Earnings per share		--	--
(I) Basic earnings per share			
(II) Diluted earnings per share			
VI. Other comprehensive income		82,298,918.08	-212,539,525.00
VII. Total comprehensive income		109,496,105.54	-177,882,770.09

## 5. Consolidated cash flow statement

Unit: RMB Yuan

Item	Jan.-Jun. 2012	Jan.-Jun. 2011
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	1,748,751,589.44	1,742,112,976.28
Net increase of deposits from customers and dues from banks		
Net increase of loans from the central bank		
Net increase of funds borrowed from other financial institutions		
Cash received from premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase of deposits of policy holders and investment fund		
Net increase of disposal of tradable financial assets		
Cash received from interest, handling charges and commissions		

Net increase of intra-group borrowings		
Net increase of funds in repurchase business		
Tax refunds received	26,359,104.71	24,805,590.94
Other cash received relating to operating activities	16,512,408.28	15,950,302.31
Subtotal of cash inflows from operating activities	1,791,623,102.43	1,782,868,869.53
Cash paid for goods and services	1,380,761,003.27	1,605,540,702.84
Net increase of customer lendings and advances		
Net increase of funds deposited in the central bank and amount due from banks		
Cash for paying claims of the original insurance contracts		
Cash for paying interest, handling charges and commissions		
Cash for paying policy dividends		
Cash paid to and for employees	153,967,006.79	146,277,793.39
Various taxes paid	9,539,003.49	34,717,093.95
Other cash payment relating to operating activities	39,486,930.25	44,985,280.87
Subtotal of cash outflows from operating activities	1,583,753,943.80	1,831,520,871.05
Net cash flows from operating activities	207,869,158.63	-48,652,001.52
II. Cash flows from investing activities:		
Cash received from withdrawal of investments	15,486,490.34	232,202.20
Cash received from return on investments	8,900,463.19	10,312,803.27
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,964,690.64	20,297,786.84
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to		52,189.02



investing activities		
Subtotal of cash inflows from investing activities	27,351,644.17	30,894,981.33
Cash paid to acquire fixed assets, intangible assets and other long-term assets	83,862,517.79	66,890,197.14
Cash paid for investment	15,119,437.12	663,948.24
Net increase of pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities	10,000,000.00	
Subtotal of cash outflows from investing activities	108,981,954.91	67,554,145.38
Net cash flows from investing activities	-81,630,310.74	-36,659,164.05
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received from borrowings	33,000,000.00	43,500,000.00
Cash received from issuance of bonds		
Other cash received relating to financing activities	0.00	
Subtotal of cash inflows from financing activities	33,000,000.00	43,500,000.00
Repayment of borrowings	60,000,000.00	32,000,000.00
Cash paid for interest expenses and distribution of dividends or profit	10,463,297.14	2,608,302.74
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities	70,463,297.14	34,608,302.74

Net cash flows from financing activities	-37,463,297.14	8,891,697.26
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-1,481.92	
V. Net increase in cash and cash equivalents	88,774,068.83	-76,419,468.31
Add: Opening balance of cash and cash equivalents	470,293,043.20	763,106,649.01
VI. Closing balance of cash and cash equivalents	559,067,112.03	686,687,180.70

## 6. Cash flow statement of the Company

Unit: RMB Yuan

Item	Jan.-Jun. 2012	Jan.-Jun. 2011
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	1,731,463,226.76	1,739,971,070.13
Tax refunds received	25,094,793.80	24,805,590.94
Other cash received relating to operating activities	15,664,736.12	14,233,689.48
Subtotal of cash inflows from operating activities	1,772,222,756.68	1,779,010,350.55
Cash paid for goods and services	1,409,751,006.75	1,632,168,132.83
Cash paid to and for employees	138,645,503.69	130,085,632.70
Various taxes paid	6,611,058.31	28,995,696.24
Other cash payment relating to operating activities	32,645,603.38	41,143,545.90
Subtotal of cash outflows from operating activities	1,587,653,172.13	1,832,393,007.67
Net cash flows from operating activities	184,569,584.55	-53,382,657.12
II. Cash flows from investing activities:		
Cash received from retraction of investments		
Cash received from return on investments	8,670,000.00	10,115,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,921,547.76	20,143,379.50

Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	11,591,547.76	30,258,379.50
Cash paid to acquire fixed assets, intangible assets and other long-term assets	68,072,114.90	50,816,604.10
Cash paid for investment		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities	50,000,000.00	
Subtotal of cash outflows from investing activities	118,072,114.90	50,816,604.10
Net cash flows from investing activities	-106,480,567.14	-20,558,224.60
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Cash received from borrowings		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities		
Repayment of borrowings	30,000,000.00	
Cash paid for interest expenses and distribution of dividends or profit	8,466,263.12	1,228,985.37
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities	38,466,263.12	1,228,985.37
Net cash flows from financing activities	-38,466,263.12	-1,228,985.37
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	39,622,754.29	-75,169,867.09

Add: Opening balance of cash and cash equivalents	440,239,150.22	727,580,790.13
VI. Closing balance of cash and cash equivalents	479,861,904.51	652,410,923.04

## 7. Consolidated statement of changes in owners' equity

Reporting period

Unit: RMB Yuan

Item	Reporting period									
	Equity attributable to owners of the Company								Minority interests	Total owners' equity
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Others		
I. Balance at the end of the previous year	561,374,326.00	494,820,248.76			277,156,622.37		409,368,310.58	-17,840.00	13,711,859.22	1,756,413,526.93
Add: change of accounting policy										
Correction of errors in previous periods										
Other										
II. Balance at the beginning of the year	561,374,326.00	494,820,248.76			277,156,622.37		409,368,310.58	-17,840.00	13,711,859.22	1,756,413,526.93
III. Increase/ decrease of amount in the year ("-" means decrease)		82,300,400.00					29,802,438.47	16,358.08	219,089.61	112,338,286.16
(I) Net profit							29,802,438.47		219,089.61	30,021,528.08
(II) Other comprehensive incomes		82,300,400.00						16,358.08		82,316,758.08
Subtotal of (I) and (II)		82,300,400.00					29,802,438.47	16,358.08	219,089.61	112,338,286.16
(III) Capital paid in and reduced by owners										
1. Capital paid in by owners										
2. Amounts of share-based										

payments recognized in owners' equity											
3. Others											
(IV) Profit distribution											
1. Appropriations to surplus reserves											
2. Appropriations to general risk provisions											
3. Appropriations to owners (or shareholders)											
4. Other											
(V) Internal carry-forward of owners' equity											
1. New increase of capital (or share capital) from capital public reserves											
2. New increase of capital (or share capital) from surplus reserves											
3. Surplus reserves for making up losses											
4. Other											
( ) Specific reserve											
1. Withdrawn for the period											
2. Used in the period											
( ) Other											
IV. Closing balance	561,374,326.00	577,120,648.76			277,156,622.37		439,170,749.05	-1,481.92	13,930,948.83	1,868,751,813.09	

Last year

Unit: RMB Yuan

Item	Last year										
	Equity attributable to owners of the Company									Minority interests	Total owners' equity
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Others			

I. Balance at the end of the previous year	561,374,326.00	883,601,748.76			273,072,577.59		360,595,476.29		12,294,229.26	2,090,938,357.90
Add: retrospective adjustments due to business combinations under the same control										
Add: change of accounting policy										
Correction of errors in previous periods										
Other										
II. Balance at the beginning of the year	561,374,326.00	883,601,748.76			273,072,577.59		360,595,476.29		12,294,229.26	2,090,938,357.90
III. Increase/ decrease of amount in the year (“-” means decrease)		-388,781,500.00			4,084,044.78		48,772,834.29	-17,840.00	1,417,629.96	-334,524,830.97
(I) Net profit							52,856,879.07		1,417,629.96	54,274,509.03
(II) Other comprehensive incomes		-388,781,500.00						-17,840.00		-388,799,340.00
Subtotal of (I) and (II)		-388,781,500.00					52,856,879.07	-17,840.00	1,417,629.96	-334,524,830.97
(III) Capital paid in and reduced by owners										
1. Capital paid in by owners										
2. Amounts of share-based payments recognized in owners' equity										
3. Others										
(IV) Profit distribution					4,084,044.78		-4,084,044.78			
1. Appropriations to surplus reserves					4,084,044.78		-4,084,044.78			
2. Appropriations to general risk provisions										
3. Appropriations to owners (or shareholders)										
4. Other										

(V) Internal carry-forward of owners' equity										
1. New increase of capital (or share capital) from capital public reserves										
2. New increase of capital (or share capital) from surplus reserves										
3. Surplus reserves for making up losses										
4. Other										
( ) Specific reserve										
1. Withdrawn for the period										
2. Used in the period										
( ) Other										
IV. Closing balance	561,374,326.00	494,820,248.76			277,156,622.37		409,368,310.58	-17,840.00	13,711,859.22	1,756,413,526.93

## 8. Statement of changes in owners' equity of the Company

Reporting period

Unit: RMB Yuan

Item	Reporting period							
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of the previous year	561,374,326.00	504,499,434.95			277,156,622.37		348,684,631.16	1,691,715,014.48
Add: change of accounting policy								
Correction of errors in previous periods								
Other								
II. Balance at the beginning of the year	561,374,326.00	504,499,434.95			277,156,622.37		348,684,631.16	1,691,715,014.48
III. Increase/ decrease of amount in the year ("-" means decrease)		82,300,400.00					27,197,187.46	109,497,587.46

(I) Net profit							27,197,187.46	27,197,187.46
(II) Other comprehensive incomes		82,300,400.00						82,300,400.00
Subtotal of (I) and (II)		82,300,400.00					27,197,187.46	109,497,587.46
(III) Capital paid in and reduced by owners								
1. Capital paid in by owners								
2. Amounts of share-based payments recognized in owners' equity								
3. Others								
(IV) Profit distribution								
1. Appropriations to surplus reserves								
2. Appropriations to general risk provisions								
3. Appropriations to owners (or shareholders)								
4. Other								
(V) Internal carry-forward of owners' equity								
1. New increase of capital (or share capital) from capital public reserves								
2. New increase of capital (or share capital) from surplus reserves								
3. Surplus reserves for making up losses								
4. Other								
( ) Specific reserve								
1. Withdrawn for the period								
2. Used in the period								
( ) Other								
IV. Closing balance	561,374,326.00	586,799,834.95			277,156,622.37		375,881,818.62	1,801,212,601.94



Last year

Unit: RMB Yuan

Item	Last year							
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of the previous year	561,374,326.00	893,280,934.95			273,072,577.59		311,928,228.16	2,039,656,066.70
Add: change of accounting policy								
Correction of errors in previous periods								
Other								
II. Balance at the beginning of the year	561,374,326.00	893,280,934.95			273,072,577.59		311,928,228.16	2,039,656,066.70
III. Increase/ decrease of amount in the year ("-" means decrease)		-388,781,500.00			4,084,044.78		36,756,403.00	-347,941,052.22
(I) Net profit							40,840,447.78	40,840,447.78
(II) Other comprehensive incomes		-388,781,500.00						-388,781,500.00
Subtotal of (I) and (II)		-388,781,500.00					40,840,447.78	-347,941,052.22
(III) Capital paid in and reduced by owners								
1. Capital paid in by owners								
2. Amounts of share-based payments recognized in owners' equity								
3. Others								
(IV) Profit distribution					4,084,044.78		-4,084,044.78	
1. Appropriations to surplus reserves					4,084,044.78		-4,084,044.78	
2. Appropriations to general risk provisions								
3. Appropriations to owners								

(or shareholders)								
4. Other								
(V) Internal carry-forward of owners' equity								
1. New increase of capital (or share capital) from capital public reserves								
2. New increase of capital (or share capital) from surplus reserves								
3. Surplus reserves for making up losses								
4. Other								
( ) Specific reserve								
1. Withdrawn for the period								
2. Used in the period								
( ) Other								
IV. Closing balance	561,374,326.00	504,499,434.95			277,156,622.37		348,684,631.16	1,691,715,014.48

### ( ) Company Profile

Changchai Company, Limited (hereinafter referred to as “the Company”) was founded on 5 May 1994, which is a company limited by shares promoted solely by Changzhou Diesel Engine Plant through the approval by the State Commission for Restructuring the Economic Systems with document TGS [1993] No. 9 on 15 Jan. 1993 by way of public offering of shares. With the approved of the People's Government of Jiangsu Province SZF [1993] No. 67, as well as reexamined and approved by China Securities Regulatory Commission (“CSRC”) through document ZJFSZ (1994) No. 9, the Company initially issued A shares to the public from 15 Mar. 1994 to 30 Mar. 1994. As approved by the Shenzhen Stock Exchange through document SZSFZ (1994) No. 15, such tradable shares of the public got listing on 1 Jul. 1994 at Shenzhen Stock Exchange with “Su Changchai A” for short of stock, as well as “0570” as stock code (present stock code is “000570”).

In 1996, with the recommendation of the Office of the People's Government of Jiangsu Province SZBH [1996] No. 13, as well as first review by Shenzhen Municipal Securities Administration Office through SZBZ [1996] No. 24, and approval of the State Council Securities Commission ZWF [1996] No. 27, the Company issued 100 million B shares to qualified investors on 27 Aug. 1996 to 30 Aug. 1996, getting listed on 13 Sep. 1996.

On 9 Jun. 2006, the Company held a shareholders' general meeting related to A share market to examine and approve share merger reform plan, and performed the share merger reform on 19 Jun. 2006.

As examined and approved at the 2009 2<sup>nd</sup> Extraordinary Shareholders' General Meeting in Sep. 2009, based on the total share capital of 374,249,551 shares as at 30 Jun. 2009, the Company implemented the profit distribution plan, i.e. to distribute 5 bonus shares and cash of RMB 0.8 for every 10 shares, with registered capital increased by RMB 187,124,775.00, as well as registered capital of RMB 561,374,326.00 after change. As at 31 Dec. 2011, the total share capital of the Company is 561,374,326 shares, as well as registered capital of RMB 561,374,326.00, which verified by Jiangsu Gongzheng Tianye Certified Public Accountants Company Limited with issuing Capital Verification Report SGC [2010] No. B002. The Company had registered the

change with the administrative authorities for industry and commerce, and obtained the renewed business license as legal person with No. 32040000004012. The Company's registered address is situated at No. 123 Huaide Middle Road, Changzhou, Jiangsu, as well as its head office located at No. 123 Huaide Middle Road, Changzhou, Jiangsu.

The Company belongs to manufacturing with business scope including manufacturing and sale of diesel engine, diesel engines part and casting, grain harvesting machine, rotary cultivators, walking tractor, mould and fixtures, assembling and sale of diesel generating set and pumping unit. The Company mainly engaged in the production and sales of small and medium-sized single cylinders and multi-cylinder diesel engine with the label of Changchai Brand. The diesel engine produced and sold by the Company were mainly used in tractors, combine harvest models, light commercial vehicle, farm equipment, small-sized construction machinery, generating sets and shipborne machinery and equipment, etc.. The Company's main business remained unchanged in the reporting period.

The Company established the Shareholders' General Meeting, the Board of Directors and the Board of Supervisors, Corporate office, Financial Department, Political Department, Investment and Development Department, Enterprise Management Department, Human Resources Department, Production Department, Procurement Department, Sales Company, Market Department, Chief Engineer Office, Technology Center, QA Department, Foundry Branch, Machine Processing Branch, Single-cylinder Engine branch, Multi-cylinder Engine Branch and Overseas Business Department in the Company.

The financial report has been approved to be issued at the 12<sup>th</sup> Session of the 6<sup>th</sup> Board of Directors on 22 Aug. 2012.

## **( ) Main accounting policies, accounting estimates and prior period errors**

### **1. Basis for preparation**

With going-concern assumption as the basis, the Company prepares its financial statement in light of the actual transactions and matters, as well as the accounting standard for business enterprise promulgated by the Ministry of Finance of PRC on 15 Feb. 2006 and the following important accounting policies and accounting estimates.

### **2. Statement on following Accounting Standard for Business Enterprises**

The Company declared that the Financial Report prepared by the Company was in line with requirements of the Accounting Standard for Business Enterprises, which reflected the financial status, operating results and cash flow of the Company truly and objectively.

### **3. Fiscal period**

The fiscal periods are divided into fiscal year and metaphase, the fiscal year is from Jan. 1 to Dec. 31 and as the metaphase included monthly, quarterly and semi-yearly periods.

### **4. Currency used in bookkeeping**

Renminbi is functional currency of the Company.

### **5. Accounting methods for business combinations under the same control and business combinations not under the same control**

#### **(1) Business combinations under the same control:**

The combination consideration paid by the combining party and net assets obtained by the combining party in a business combination shall be measured on the basis of their carrying amount. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration paid by it (or the total par value of the shares issued), the additional paid-in capital shall be adjusted. If the additional paid-in capital is not sufficient to be offset, the retained earnings shall be adjusted. All direct costs for the business combination, including expenses for audit, evaluating and legal services shall be recorded into the profits and losses at the current period. The handling fees, commissions and other expense for the issuance of equity securities or bonds for the business combination shall be recorded into the amount of initial measurement of the shareholders' equity or liabilities.

#### **(2) Business combinations not under the same control**

The combination costs of the acquirer and the identifiable net assets obtained by the acquirer in a business combination shall be measured at the fair values. The acquirer shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree as business reputation. The balance that the combination costs are less than the fair value of the identifiable net assets the acquirer obtains from the acquiree in a business

combination, including expense on audit, evaluating and legal services shall be recorded into the gains and losses at the current period. The handling fees, commissions and other expenses for the issuance of equity securities or bonds for the business combination shall be recorded into the amount of initial measurement of the shareholders' equity or liabilities.

#### **6. Preparation methods for consolidated financial statements**

The Company shall start consolidating the subsidiary companies since the date the Company obtained the actual control right of the subsidiaries and stop consolidating since the date the Company lost the actual control right of the subsidiaries. All significant current balance, investment, transactions and unrealized profits between the Company and subsidiary company or among the subsidiaries shall be offset when preparing the consolidated financial statement. As for the shares in the owner's equity of subsidiary company not belong to the Company, shall be indicated in the item of "minority shareholders' equity" belonging the owner's equity in the consolidated balance sheet.

The accounting policy or accounting period of each subsidiary is different from which of the Company, which shall be adjusted as the Company; or subsidiaries shall prepare financial statement again required by the Company when preparing the consolidated financial statements.

As for the added subsidiary company not controlled by the same enterprise preparing the consolidated financial statement, shall adjust individual financial statement based on the fair value of the identifiable net assets on the acquisition date; as for the added subsidiary companies controlled by the same enterprise preparing the financial statement, shall not adjust the financial statement of the subsidiaries, namely current status of each party participating in the consolidation when the final control party starts implementing control.

#### **7. Recognition standard for cash and cash equivalents**

The term "cash" refers to cash on hand and deposits that are available for payment at any time. The term "cash equivalents" refers to short-term (within 3 months from the purchase date) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### **8. Business of foreign currencies and the translation of foreign currency statements**

Concerning the foreign-currency transactions that occurred, the foreign currency shall be converted into the recording currency according to the middle price of the market exchange rate disclosed by the People's Bank of China on the date of the transaction. Among the said transactions that occurred, those involving foreign exchanges shall be converted according to the exchange rates adopted in the actual transactions.

On the balance sheet date, the foreign-currency monetary assets and the balance of the liability account shall be converted into the recoding currency according to the middle price of the market exchange rates disclosed by the People's Bank of China on the Balance Sheet Date. The difference between the recording-currency amount converted according to the exchange rate on the Balance Sheet Date and the original book recording-currency amount shall be recognized as gains/losses from foreign exchange. And the exchange gain/loss caused by the foreign-currency borrowings related to purchasing fixed assets shall be handled according to the principle of capitalizing borrowing expenses; the exchange gain/loss incurred in the establishment period shall be recorded into the establishment expense; others shall be recorded into the financial expenses for the current period.

On the balance sheet date, the foreign-currency non-monetary items measured by historical cost shall be converted according to the middle price of the market exchange disclosed by the People's Bank of China on the date of the transaction, with no changes in the original recording-currency amount; while the foreign-currency non-monetary items measured by fair value shall be converted according to the middle price of the market exchange disclosed by the People's Bank of China on the date when the fair value is recognized, and the exchange gain/loss caused thereof shall be recognized as the gain/loss from fair value changes and recorded into the gain/loss of the current period.

#### **9. Financial instruments**

##### **(1) Category of financial instruments**

Financial instruments shall be divided into: Financial assets or financial liabilities measured at fair value and of which variations are recorded in profits and losses for the current period, the held-to-maturity investment, accounts receivable, available-for-sale financial assets and other financial liabilities.

## **(2) Recognition and measurement of financial liabilities**

### 1) Recognition of financial assets

When an enterprise becomes a party to a financial instrument, it shall recognize a financial asset or financial liability.

Where a financial asset satisfies any of the following requirements, the recognition of it shall be terminated:

(1) Where the contractual rights for collecting the cash flow of the said financial assets are terminated;

(2) Where the said financial asset has been transferred and meets the conditions for recognizing the termination of financial assets as provided for in Accounting Standard for Business Enterprises No. 23 – Transfer of Financial Assets.

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly.

### 2) The classification, recognition and measurement of financial assets and financial liabilities

(1) The financial assets or financial liabilities which are measured at their fair value and the variation of which is recorded into the profits and losses of the current period

The interest rate or cash dividend which was gained in the when the financial assets held by the Company are measured at its fair value and of which the variation is recorded into the profits and losses in the current period shall be recognized as investment income. On Balance Sheet Date, the change in the fair value of the financial asset or financial liability which is measured at its fair value and of which the variation is recorded into the profits and losses of the current period, shall be recorded into the profits and losses of the current period; when the said financial assets or financial liabilities are on disposal, the difference between the fair value and the amount in initial account shall be recognized as investment income, meanwhile, the profits and losses arising from the change in fair value shall be adjusted.

(2) The investments which will be held to their maturity

The investments which will be held to their maturity will regard the sum between the gained fair value and the transaction expense thereof as the initially recognized amount. The interest on bonds in payment, of which the mature interest is not drawn, shall be solely recognized as the receivables.

The interest revenue which is measured and recognized by the post-amortization cost and actual interest rate during the holding period of held-to-maturity investment shall be recorded into investment income. The actual interest rate which is recognized in the period of gaining the held-to-maturity investment, shall remained unchanged within the predicted term of existence or within a shorter applicable term of the said investment. The little difference between actual interest rate and coupon rate shall be recorded into the profits of losses in the current period.

When the held-to-maturity investments are on disposal, the difference between the obtained price and investment book value shall be recorded into the profits and losses in the current period.

(3) Accounts receivable

The creditor's right receivable formed during the Company selling commodity outside or offering labour shall be regarded as the initial recognized amount in accordance with the receivable price stipulated in the contract or agreement signed between the Company and the buyers.

When the Company recovers or disposes the accounts receivable, the difference between the obtained price and the book value of the accounts receivable shall be recorded into the profits and losses in the current period.

(4) Financial assets available for sale

The available-for-sale financial assets will be regarded at the initial recognized amount in accordance of the sum between the fair value obtained from the said financial assets and the transaction expense thereof. The interest on bonds of which the mature interest rate is not drawn in the payment or the cash dividend which is declared but not extended in the payment shall be solely recognized as the receivables.

The interest rate or cash dividend gained during the period of holding the available-for-sale financial assets shall be recorded into investment income. On balance sheet date, the financial assets shall be measured through fair value, while the change in fair value is recorded into capital reserves (other capital reserves).

When the financial assets are on disposal, the difference between the obtained price and the book value of the financial assets shall be recorded into investment income, meanwhile, the amount on

proposal transferring out from the accumulated amount which is directly recorded into shareholders' equity and arises from the variation of the fair value, shall be recorded into investment income.

**(5) Other financial liabilities**

Other financial liabilities are regarded as the initial recognized amount in accordance with the sum between the fair value and the transaction expense thereof. The Company shall make subsequent measurement on other financial liabilities on the basis of the post-amortization costs.

**(3) Recognition and accounting method for transfer of financial assets**

**(4) Recognition Conditions for Termination of Financial Liabilities**

When the prevailing obligations of a financial liability are relieved in all or part may the recognition of the financial liability be terminated in all or partly.

**(5) Recognition of financial assets and financial liabilities**

(1) The quotation in the active market shall be used to recognize the fair value of the financial assets or financial liabilities existing in active market.

(2) If the financial instruments do not exist in the active market, the fair value shall be recognized by value appraisal techniques.

(3) As for the financial assets initially obtained of produced at source and the financial liabilities assumed, the fair value thereof shall be determined on the basis of the transaction price of the market.

**(6) Withdrawal of Impairment Provision for Financial Assets (excluding Accounts Receivable)**

The recognition standard for impairment provision of the financial assets: the Company shall carry out an inspection, on the balance sheet day, on the carrying amount of the financial assets other than those measured at their fair values and of which the variation is recorded into the profits and losses of the current period. Where there is any objective evidence proving that such financial asset has been impaired, an impairment provision shall be made.

The withdrawal method for impairment provision of the financial assets: as for the impairment provision of the financial assets is measured on the basis of post-amortization costs, if the current value of the predicted future cash flow of the financial assets is below the difference in the carrying amount of the said financial asset, the impairment provision of the financial assets shall be made; as for the impairment provision of the available-for-sale financial assets, if the recoverable amount is below the difference in the carrying amount, the impairment provision shall be made. Where an available-for-sale financial asset is impaired, even if the recognition of the financial asset has not been terminated, the accumulative losses arising from the decrease of the fair value of the owners' equity which was directly included shall be transferred out and recorded into the profits and losses of the current period.

**(7) Notes on basis of held-to-maturity investment undue that reclassified into available-for-sales financial assets**

**10. Recognition and Withdrawal Method for Bad-debt Provisions for Accounts Receivable**

1) Recognition standard for bad debt provision of accounts receivable:

Receivables are considered uncollectible after liquidation with statutory procedures for debtors are in bankrupt, due death of debtors who has no bequest and no undertaker on obligation, or caused by debtors fail to perform their obligation to pay a debt over three years, and it will be recognized as bad debt.

2) Withdrawal method of bad debt provision

**(1) Provisions for Bad-debt Accounts Receivable with a significant single amount**

The recognition standard and the withdrawal method for the bad debt provision of the accounts receivable with significant single amounts	More than RMB 1,000,000 (including RMB 1,000,000)
Withdrawal method of bad debt provision of the accounts receivable with significant single amounts	The Company makes an independent impairment test on the accounts receivable with significant single amount, and provision for bad debts shall withdrawn on the basis of the balance between the current values of the predicted future cash flow lower than book value. Upon independent impairment test, the accounts receivable with

	significant single amounts has not been impaired, it shall be withdrawn bad debt provision based on ending balance by adopting aging analysis method.
--	---

**(2) Accounts receivable for which bad-debt provisions are made on the group basis**

Group name	Withdraw method	Basis for recognition of group
Classified by its credit risk feature		Withdrawal in accordance with the aging analysis method

In the groups, those adopting aging analysis method to withdraw bad debt provision:

Applicable Inapplicable

Aging	Withdrawal proportion of accounts receivable	Withdrawal proportion of other accounts receivable
Within one year (including one year)	2	2
One to two years	5	5
Two years to three years	15	15
Over three years		
Three to four years	30	30
Four to five years	60	60
Over five years	100	100

In the groups, those adopting balance percentage method to withdraw bad debt provision:

Applicable Inapplicable

In the groups, those adopting other methods to withdraw bad debt provision:

Applicable Inapplicable

**(3) Accounts receivable with an insignificant single amount but for which the bad debt provision is made independently**

Reason of individually withdrawing bad debt provision: As for an account receivable with an insignificant single amount and which can not show its risk feature when withdrawing a bad-debt provision for it on the group basis, the bad-debt provision for the account receivable shall be withdrawn based on the difference of the expected present value of the account receivable's future cash flows less than its carrying amount.

Withdrawal method of bad-debt provision: The Company shall withdraw the bad-debt provision for such an account receivable by combining the aging method and individual judgment based on the debtor entity's actual financial position, cash flows and other relevant information.

Withdrawal policies for bad debt reserves of related parties: according to the 9<sup>th</sup> meeting of the 4<sup>th</sup> Board of Directors, as for the accounts receivable of the related party of the Company with continuous operation ability, the withdrawal of bad debt reserves could not exceed 60% at most.

**11. Inventory**

**(1) Category of Inventory**

Inventories of the Company include raw material, material purchasing, Self-manufactured goods, unfinished products, finished products and low-value consumption.

**(2) Pricing method**

First-in first-out method Weighted average method Specific identification method Other

**(3) Determination basis of the net realizable value of inventory and withdrawal method of the provision for falling price of inventory**

The inventories at the end of the reporting period will be priced according to the lower of the product cost and the net realizable value. When all the inventories are checked roundly, for those which were destroyed, outdated in all or in part, sold at a loss, etc, the Company shall estimate the irrecoverable part of its cost and withdrawal the inventory falling price reserve. Where the cost of the single inventory item is higher than the net realizable value, the inventory falling price reserve shall be withdrawn and recorded into profits and losses of the current period. The net realizable inventory falling price reserve refers to the value minus the predicted expense needed in the process of completing the production and sales from the predicted price for sale when the Company under normal operations. If the value of the inventory with falling price reserve can be resumed, the inventory falling price reserve and the current income shall be adjusted in line with

the increase amount by being resumed (the increase amount should be limited by the original withdrawal amount).

**(4) The inventory system is on the basis of perpetual inventory method**

√ Perpetual inventory system □ Periodic inventory system □ Other

**(5) Amortization method of low-value consumption goods and packages**

Amortization method of low-value consumption goods: one time method

Amortization method of packages: one time method

**12 Long-term equity investments**

**(1) Recognition for initial cost**

The initial investment cost of the long-term equity investment shall be recognized by adopting the following ways in accordance with different methods of acquisition:

(1) As for long-term equity investment acquired through the merger of enterprises under the same control, it shall, on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The difference between acquisition cost and initial investment cost shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted.

(2) As for long-term equity investment acquired through the merger of enterprises not under the same control, its initial investment cost shall regard as the combination cost calculated by the fair value of the assets, equity instrument issued and liabilities incurred or undertaken on the transaction date adding the direct cost related with the acquisition. The identifiable assets of the combined party and the liabilities (including contingent liability) undertaken on the combining date shall be measured at the fair value without considering the amount of minority interest. The acquirer shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree as business reputation. The acquirer shall record the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree into the consolidated income statement directly.

(3) Long-term equity investment obtained by other means

The initial cost of a long-term equity investment obtained by making payment in cash shall be the purchase cost which is actually paid.

The initial cost of a long-term equity investment obtained on the basis of issuing equity securities shall be the fair value of the equity securities issued.

The initial cost of a long-term equity investment of an investor shall be the value stipulated in the investment contract or agreement, the unfair value stipulated in the contract or agreement shall be measured at fair value.

As for long-term investment obtained by the exchange of non-monetary assets, where it is commercial in nature, the fair value of the assets surrendered shall be recognized as the initial cost of the long-term equity investment received; where it is not commercial in nature, the book value of the assets surrendered shall be recognized as the initial cost of the long-term equity investment received.

The initial cost of a long-term equity investment obtained by recombination of liabilities shall be recognized at fair value of long-term equity investment.

**(2) Subsequent measurement and recognition of profits and losses**

(1) An investment in the subsidiary company shall be measured by employing the cost method Where the Company hold, and is able to do equity investment with control over an invested entity, the invested entity shall be its subsidiary company. Where the Company holds the shares of an entity over 50%, or, while the Company holds the shares of an entity below 50%, but has a real control to the said entity, then the said entity shall be its subsidiary company.

(2) An investment in the joint enterprise or associated enterprise shall be measured by employing the equity method

Where the Company hold, and is able to do equity investment with joint control with other parties over an invested entity, the invested entity shall be its joint enterprise. Where the Company hold, and is able to have equity investment with significant influences on an invested entity, the invested entity shall be its associated entity. Where the Company holds the shares of an entity between 20% and 50%, and has no real control to the said entity, or, while the Company holds the shares of an entity below 20%, but has a significant influence to the said entity, then the said entity shall be the joint enterprise or associated enterprise of the Company.

The Company shall, on the ground of the fair value of all identifiable assets of the invested entity



when it obtains the investment, recognize the attributable share of the net profits and losses of the invested entity after it adjusts the net profits of the invested entity.

If the accounting policies and accounting periods adopted by the invested entity are different from those adopted by the Company, an adjustment shall be made to the financial statements of the invested entity in accordance with the accounting policies and accounting periods of the Company and recognize the investment profits or losses.

As for other change of owners' equity excluding net gains and losses of the investing enterprise, the book value of the long-term equity investment shall be adjusted and measured into the owner's equity.

**(3) Long-term equity investment without control, joint control and significant influences**

Long-term equity investment for which there is no offer in the active market and of which the fair value cannot be reliably measured shall be measured by employing the cost method.

Long-term equity investment for which there is offer in the active market and of which the fair value can be reliably shall be showed in the item "available-for-sale financial assets", and recorded at fair value. Change in its fair value shall be included in the shareholders' equity.

**(3) Recognition basis of joint control and significant influences to the investing enterprise**

Joint control to the investing enterprise refers to the control over an economic activity in accordance with the contracts and agreements, which does not exist unless the investing parties of the economic activity with one an assent on sharing the control power over the relevant important financial and operating decisions. Significant influences to the investing enterprise refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not to control or do joint control together with other parties over the formulation of these policies.

**(4) Method of impairment test of long-term equity investment and withdrawal method of impairment provision**

Method of impairment test of long-term equity investment: Where the long-term equity investment with a sign of impairment, its recoverable amount shall be tested. The recoverable amount shall be determined in light of the higher one of the net amount of the selling fair value of the long-term equity investment and the current value of the expected future cash flow of the long-term equity investment.

At the end of reporting period, the Company shall check the long-term equity investment. Where there is a sign of impairment exists, the recoverable amount shall be estimated. Where its recoverable amount is lower than its book value, the impairment of long-term investment shall be made in light of the difference that its recoverable amount is less than its book value.

As for Long-term equity investment for which there is no offer in the active market and of which the fair value cannot be reliably measured, where the amount that its book value is lower than the current value due to impact upon the discount for the expected future cash flow, the current market earnings yield of similar financial assets shall be recognized as impairment loss recording into the profits and losses of the current period.

As for other long-term equity investment except for the available-for-sales financial assets, once any provision for impairment is recognized, it shall not be switched back within the asset's useful life. The impairment loss of available-for-sales financial asset shall be switched back through equity.

**13. Investment real estates**

The investment real estate shall be measured at its cost. Of which, the cost of an investment real estate by acquisition consists of the acquisition price, relevant taxes, and other expense directly relegated to the asset; the cost of a self-built investment real estate composes of the necessary expenses for building the asset to the hoped condition for use. The investment real estates invested by investors shall be recorded at the value stipulated in the investment contracts or agreements, but the unfair value appointed in the contract or agreement shall be entered into the account book at the fair value.

The Company shall make a follow-up measurement to the investment real estate by adopting the cost pattern. The depreciation or amortization for investment real estate shall be made in the light of such relevant policies as depreciation or amortization of fixed assets and intangible assets.

As for withdrawal basis of provision for impairment of investment real estates, please refer to withdrawal method for provision for impairment of fixed assets.

## 14. Fixed assets

### (1) Recognition of fixed assets

Fixed assets refers to the tangible assets that simultaneously possess the features as follows: a. They are held for the sake of producing commodities, rendering labor service, renting or business management; b. Their useful life is in excess of one fiscal year; and c. Their unit value is higher.

The fixed assets shall be measured at its cost when obtaining. Its depreciation shall be withdrawn by adopting straight line since the next month that bring the fixed asset to the expected conditions for use.

### (2) Recognition basis and measurement of financing leased fixed assets

Naught

### (3) Depreciation method of various fixed assets

Type	Depreciable life (year)	Residual rate (%)	Annual depreciation rate (%)
Houses and buildings	20-40		2.50-5
Machine equipments	6-15		6.67-16.67
Electronic equipments			
Transportation equipments	5-10		10-20
Other equipments	5-10		10-20
Fixed assets acquired under finance lease	--	--	--
Including: Houses and buildings			
Machine equipments			
Electronic equipments			
Transportation equipments			
Other equipments			

### (4) Methods for impairment test of fixed assets and withdrawal method of provision for impairment

The Company shall make inspection to fixed assets at the end of reporting period. Where there is any evidence indicates that the recoverable amount of fixed assets is lower than its book value, such fixed asset shall be subject to an impairment test on the balance sheet date. As for the fixed assets that its recoverable amount is lower than its book value, its provision for impairment shall be withdrawn at the difference that recoverable amount of assets is lower than its book value. The provision for impairment shall be withdrawn on the basis of single item assets. Where it is difficult to do so, it shall be withdrawn on the basis of the asset group to which the asset belongs. Once any loss of asset impairment is recognized, it shall not be switched back in the future accounting periods.

### (5) Other explanation

Naught

## 15. Construction in process

### (1) Categories of construction in progress

Construction in progress shall be measured at actual cost. Self-operating projects shall be measured at direct materials, direct wages and direct construction fees; construction contract shall be measured at project price payable; project cost for plant engineering shall be recognized at value of equipments installed, cost of installation, trail run of projects. Costs of construction in process also include borrowing costs and exchange gains and losses, which should be capitalized.

### (2) Standardization on construction in process transferred into fixed assets and time point

The construction in process, of which the fixed assets reach to the predicted condition for use, shall carry forward fixed assets on schedule. The one that hasn't audit the final accounting shall recognize the cost and make depreciation in line with valuation value. The construction in process shall adjust the original valuation value at its historical cost but not adjust the depreciation that has been made after auditing the final accounting.

### (3) Method of impairment test of construction in process and withdrawal method of impairment

Where a sign of impairment exists, recoverable amount of construction in process shall be tested. The recoverable amount of construction in process shall be recognized according to the high one

between the net amount of fair value after deducting disposal costs and the current value of the expected future cash flow of construction in process.

At the end of fiscal year, the Company shall check the construction in process roundly. Where there is a sign of impairment occur, the recoverable amount shall be estimated, and impairment of construction in process shall be made in light of the difference that its recoverable amount is less than its book value. Once any provision for impairment is recognized, it shall not be switched back within the asset's useful life.

## **16. Borrowing costs**

### **(1) Recognition principle of capitalization of borrowing costs**

The borrowing costs shall include the interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. Where the borrowing costs occurred belong to specifically borrowed loan or general borrowing used for the acquisition and construction of investment real estates and inventories over one year (including one year) shall be capitalized, and record into relevant assets cost. Other borrowing costs shall be recognized as expenses on the basis of the actual amount incurred, and shall be recorded into the current profits and losses. The borrowing costs shall not be capitalized unless they simultaneously meet the following three requirements: (1) The asset disbursements have already incurred; (2) The borrowing costs have already incurred; and (3) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

### **(2) The period of capitalization of borrowing costs**

The borrowing costs arising from acquisition and construction of fixed assets, investment real estates and inventories, if they meet the above-mentioned capitalization conditions, the capitalization of the borrowing costs shall be measured into asset cost before such assets reach to the intended use or sale, Where acquisition and construction of fixed assets, investment real estates and inventories is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended, and recorded into the current expense, till the acquisition and construction of the assets restarts. When the qualified asset is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased, the borrowing costs occurred later shall be included into the financial expense directly at the current period.

### **(3) Period for suspending capitalization of borrowing costs**

Suspension of capitalization: Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. The borrowing costs incurred during such period shall be recognized as expenses, and shall be recorded into the profits and losses of the current period, till the acquisition and construction or production of the asset restarts.

### **(4) Measurement method of capitalization amount of borrowing costs**

As for specifically borrowed loans for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests shall be determined in light of the actual cost incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment.

Where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the enterprise shall calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

## **17. Biological assets**

Naught

## **18. Oil gas assets**

Naught

## **19. Intangible assets**

### **(1) Pricing method of intangible assets**

(1) The cost of an outsourcing intangible asset consists of the acquisition price, relevant taxes, and other expenses directly relegated to the asset.

(2) The cost of self-developed intangible assets shall include the total expenditures incurred during the period from the time when it meets the following conditions to the time when the expected purposes of use are realized, except that the expenditures which have already been treated prior to the said period shall not be adjusted.

It is feasible technically to finish intangible assets for use or sale;

It is intended to finish and use or sell the intangible assets;

The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufacturing by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally.

It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources;

The development expenditures of the intangible assets can be reliably measured.

(3) The cost invested into intangible assets by investors shall be determined according to the conventional value in the investment contract or agreement.

(4) The costs of intangible assets acquired from non-monetary assets transaction, debt recombination, government subsidies, and merger of enterprises shall be determined respectively according to the Accounting Standard for Business Enterprises No. 7 - Non-monetary Assets, Accounting Standard for Business Enterprises No. 12 – Debt Restructurings, Accounting Standard for Business Enterprises No. 16 – Government Grants and Accounting Standard for Business Enterprises No. 20 – Business Combinations.

**(2) Estimated useful life of intangible assets with limited useful life**

Item	Estimated useful life	Basis

Notes: List of estimated useful life of each intangible asset and its basis

**(3) Judgment basis of intangible assets with uncertain useful life**

**(4) Withdrawal of impairment provision of intangible assets**

Intangible assets trending to impairment can be tested by its recoverable amount.

The recoverable amount of intangible assets shall be recognized according to the high one between the net amount of fair value after deducting disposal costs and the current value of the expected future cash flow of intangible assets.

At the end of fiscal year, the Company shall check the intangible assets roundly. Where there is a sign of impairment occur, the recoverable amount shall be estimated, and impairment of intangible assets shall be made in light of the difference that its recoverable amount is less than its book value. Once any provision for asset impairment is recognized, it shall not be switched back within the asset's useful life.

**(5) Criteria of dividing the research phase and development phase of internal R&D project**

Naught

**(6) Calculation of the expenditures of internal R&D project**

Naught

**20. Amortization method of long-term deferred expenses**

Long-term deferred expenses of the Company shall be recorded in light of the actual expenditure, and amortized averagely within benefit period. In case of no benefit in the future accounting period, the amortized value of such project that fails to be amortized shall be transferred into the profits and losses of the current period.

**21. Assets transfer with repurchasing conditions**

Naught

**22. Estimated liabilities**

**(1) Criteria of estimated liabilities**

Only if the obligation pertinent to a contingencies shall be recognized as an estimated debts when the following conditions are satisfied simultaneously:

- (1) That obligation is a current obligation of the Company;
- (2) It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation; and
- (3) The amount of the obligation can be measured in a reliable way.

## **(2) Measurement of estimated liabilities**

The Company shall measure the estimated debts in accordance with the best estimate of the necessary expenses for the performance of the current obligation.

The Company shall check the book value of the estimated debts on the Balance Sheet Date. If there is any conclusive evidence proving that the said book value can't truly reflect the current best estimate, the Company shall, subject to change, make adjustment to carrying value to reflect the current best estimate.

## **23. Share-based payment and equity instruments**

### **(1) Categories of share-based payment**

Naught

### **(2) Recognition method of fair value of equity instruments**

Naught

### **(3) Recognition basis of the best estimate of the vested equity instruments**

Naught

### **(4) Accounting treatment relevant to implement, revise and terminate share-based payment plan**

Naught

## **24. Repurchase of shares of the Company**

Naught

## **25. Revenue**

### **(1) Criteria for recognition time of revenue from sale of goods**

The recognition of the revenue from selling goods: the revenue from selling shall be recognized by the following conditions: The significant risks and rewards of ownership of the goods have been transferred to the buyer by the Company; the Company retains neither continuous management right that usually keeps relation with the ownership nor effective control over the sold goods; the relevant amount of revenue can be measured in a reliable way; the relevant revenue and costs of selling goods can be measured in a reliable way.

### **(2) Recognition basis of revenue from transferring use rights of assets**

When the relevant economic benefits are likely to flow into the enterprises and the amount of revenues can be measured in a reliable way, the revenue from abalienating the right to use assets shall be recognized.

### **(3) Recognition basis and method for the schedule of contracted project when recognizing the revenue from providing labour services and construction contract by percentage-of-completion method**

The recognition of the revenue from providing labor services: When the total revenue and costs from providing labor can be measured in a reliable way; the relevant economic benefits are likely to flow into the enterprise; the schedule of completion under the transaction can be measured in a reliable way, the revenue from providing labor shall be recognized.

## **26. Government Subsidies**

### **(1) Category**

Government grants divided into Government subsidies pertinent to incomes and Government subsidies pertinent to assets.

### **(2) Accounting treatment method**

The government subsidies pertinent to incomes shall be treated respectively in accordance with the circumstances as follows: (1) Those subsidies used for compensating the related future expenses or losses of the Company shall be recognized as deferred income and shall included in the current profits and losses during the period when the relevant expenses are recognized; or (2) Those subsidies used for compensating the related expenses or losses incurred to the enterprise shall be directly included in the current profits and losses.

The government subsidies pertinent to assets shall be recognized as deferred income, equally distributed within the useful lives of the relevant assets, and included in the current profits and losses. But the government subsidies measured at their nominal amounts shall be directly included

in the current profits and losses.

**27. Deferred income tax assets and liabilities**

**(1) Recognition basis of deferred income tax assets**

According to tax law, the deductible loss and tax deduction which can deduct the taxable amount in the subsequent years, regarding as temporary difference, shall be recognized as the corresponding deferred income tax assets.

**(2) Recognition basis of deferred income tax liabilities**

**28. Operating lease and finance lease**

**(1) Accounting treatments of operating lease**

Naught

**(2) Accounting treatments of finance lease**

Naught

**29. Assets held for sale**

**(1) Recognition criteria of available-for-sale assets**

Naught

**(2) Accounting treatments of the assets held for sale**

Naught

**30. Capitalization of assets business**

Naught

**31. Hedging accounting**

Naught

**32. Changes in main accounting policies and estimates**

Were the main accounting policies or estimates changed during the reporting period?

Yes  No

**(1) Change of accounting policies**

Were the main accounting policies changed during the reporting period?

Yes  No

**(2) Change of accounting estimates**

Were the main accounting estimates changed during the reporting period?

Yes  No

**33. Correction of previous accounting errors**

Was any accounting error made in previous periods discovered in the reporting period?

Yes  No

**(1) Retrospective restatement method**

Was any previous accounting errors adopting retrospective restatement method discovered in the reporting period?

Yes  No

**(2) Prospective application method**

Was any previous accounting errors adopting prospective application method discovered in the reporting period?

Yes  No

**34. Other main accounting policies, accounting estimates as well as compilation method of financial statements**

Naught

**( ) Taxation**

**1. Main taxes and tax rate**

Type of tax	Taxation basis	Tax rates
VAT	Payable to sales revenue	13%、 17%
Consumption tax		
Business tax	Taxable operating revenue	5%
Urban maintenance and construction tax	Taxable turnover amount	Tax paid in accordance with the tax regulations of tax units location

Enterprise income tax	Taxable income of parent company and subsidiary company Changwan	15%
	Taxable income of other subsidiary companies	25%
Property tax	70% of original value of independent properties	12%
	Taxable income of other subsidiary companies	1.2%
Education expense surtax	Taxable turnover amount	Tax paid in accordance with the tax regulations of tax units location

### 2. Tax preference and approved document

In 2009, the Company has been identified as High-tech Enterprises, therefore, it enjoys 15-percent preferential rate for corporate income tax; the Company's controlling subsidiary—Changchai Wanzhou Diesel Engine Co., Ltd., the controlling subsidiary company, shall pay the corporate income tax at tax rate 15% from 1 Jan. 2011 to 31 Dec. 2020 in accordance with the Notice of the Ministry of Finance, the General Administration of Customs of PRC and the National Administration of Taxation about the Preferential Tax Policies for the Western Development.

### 3. Other explanation

Naught

### ( ) Business combination and consolidated financial statements

General instruction of business combination and consolidated financial statements:naught

1. Subsidiaries

**(1) Subsidiaries obtained by establishment or investment**

Unit: RMB Yuan

Subsidiaries	Type	Registered place	Business nature	Registered capital	Business scope	Actual amount of investments at the period-end	Other essential investment	The proportion of holding shares (%)	The proportion of voting rights (%)	Included in consolidated statement	Minority interest	Deductible minority interests	Balance of parent company's equity after deducting the difference that loss of minority interests exceed equity obtained by minority shareholders
Changchai Wanzhou Diesel Engine Co., Ltd. (Changwan)	Limited Liability Company	No. 1101, Xiamen Road, Wanzhou District, Chongqing	Industry	35000000.00	Production and sales of diesel engine	21000000.00		60	60	Yes			7,671,888.33
Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd. (Benniu)	Limited Liability Company	Nanguan Village, Benniu Town, Wujin District	Industry	33786400.00	Production and sales of diesel engine fittings	25339800.00		75	75	Yes	13,930,989.61		
Changzhou Housheng Investment Co., Ltd (Housheng)	Limited Liability Company	No. 123, Huadei Middle Road, Changzhou	Service industry	30000000.00	External enterprise investments, investment management, consultancy	30000000.00		100	100	Yes			



					service								
Chansun International (Pte.) Ltd. (Chansun)	Limited Liability Company	1 Ang Mo Kio Industrial Park 2A#05-12,Amk Tech 1,Singapore (Singapore)	Service industry	USD 0.2 million	Purchasing, sales and technical service of starting engine of diesel engine, gasoline engine, components, supporting equipment of starting engine of diesel engine and gasoline engine, agricultural equipments etc.	USD 0.2 million		100	100	Yes			

Other notes to subsidiaries obtained by establishment or investment:

Naught

**(2) Subsidiaries obtained through business combination under the same control**

Applicable  Inapplicable

Other notes: Naught

**( 3 ) Subsidiaries obtained through business combination not under the same control**

Applicable  Inapplicable

Other notes: Naught

**2. Special purpose entities or operating entities with control right formed by entrusted operation or lease**

Applicable  Inapplicable

Other explanation on special purpose entities or operating entities with control right formed by entrusted operation or lease:

Naught

**3. Explanation on changes in consolidated scope**

Explanation on changes in consolidated scope:

Applicable  Inapplicable

**4. Subsidiaries that newly combined into consolidation scope and not longer included in the consolidated scope in the reporting period**

The subsidiaries, special purpose entities and operating entities with control right formed by entrusted operation or lease that newly included in the consolidated scope

Applicable  Inapplicable

The subsidiaries, special purpose entities and operating entities with control right formed by entrusted operation or lease that not longer included in the consolidated scope

Applicable  Inapplicable

Other notes of subsidiaries that newly combined into consolidation scope and not longer included in the consolidated scope in the reporting period: Naught

**5. Business combination under same control during the reporting period**

Applicable  Inapplicable

Other notes to business combination under same control: Naught

**6. Business combination not under same control during the reporting period**

Applicable  Inapplicable

Other notes to business combination not under same control:

Naught

**7. Subsidiaries reduced by selling equities without control right during the reporting period**

Applicable  Inapplicable

Other notes to subsidiaries reduced by selling equities without control right during the reporting period:

Naught

**8. The counter purchases in the reporting period**

Applicable  Inapplicable

Other notes to counter purchases:

Naught

**9. Mergers in the reporting period**

Applicable  Inapplicable

Other notes to mergers:

Naught

**10. Exchange rates of major items in financial statements for foreign entities**

( ) Notes on major items in consolidated financial statements of the Company

1. Monetary funds

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
Cash:	--	--	563,489.03	--	--	1,512,744.56
RMB	--	--	563,489.03	--	--	1,512,744.56
Bank deposit:	--	--	558,503,623.00	--	--	468,780,298.64
RMB	--	--	555,379,426.40	--	--	459,567,621.38
USD	271,088.63	6.3249	1,714,608.48	132,369.38	6.3009	834,046.23
EUR	180,325.72	7.8169	1,409,588.12	979,659.77	8.1625	7,996,472.88
HKD				471,392.81	0.8107	382,158.15
Other monetary funds:	--	--	104,329,734.53	--	--	83,449,623.61
RMB	--	--	104,329,734.53	--	--	83,449,623.61
<b>Total</b>	<b>--</b>	<b>--</b>	<b>663,396,846.56</b>	<b>--</b>	<b>--</b>	<b>553,742,666.81</b>

Special explanation shall be made for the accounts limited by being mortgaged, pledged or frozen, deposited overseas or with potential collecting risks: naught

Other monetary funds as at period-end were of allowance for bank acceptance bill.

2. Trading financial assets

(1) Trading financial assets

Unit: RMB Yuan

Item	Closing fair value	Opening fair value
Trading bonds investment		
Trading equity instruments investment		
The financial assets which are measured at their fair values and the variation of which is recorded into the profits and losses of the current period		
Derivative financial assets		

Hedging instruments		
Others		
Total		

**(2) Trading financial assets with realizable limit**

Applicable Inapplicable

**(3) Hedging instruments and notes to relevant hedging transaction**

Applicable Inapplicable

**3. Notes receivable**

**(1) Category of notes receivable**

Unit: RMB Yuan

Category	Closing balance	Opening balance
Bank acceptance bill	143,007,349.44	181,698,938.60
Total	<b>143,007,349.44</b>	<b>181,698,938.60</b>

**(2) Notes receivable pledged at period-end**

Applicable Inapplicable

**(3) Notes transferred to accounts receivable because drawer of the notes fails to execute the contract or agreement, and undue notes endorsed to other parties at the end of the period**

Unit: Yuan

Issuing entity	Date of issuance	Expiring date	Amount	Remark
Total	--	--		--

Notes: naught

Undue notes endorsed to other parties by the Company

Unit: Yuan

Issuing entity	Date of issuance	Expiring date	Amount	Remark
Dongfeng Automobile Co., Ltd.	2012-2-20	2012-8-16	6,345,000.00	
Sichuan South Chun	2012-3-6	2012-9-6	5,000,000.00	

Auto Group Company Limited				
Chongqing Huitian Machinery Manufacture Company	2012-3-20	2012-9-20	5,000,000.00	
Changzhou Dongfeng Agricultural Machinery Group Co., Ltd	2012-6-27	2012-12-27	3,000,000.00	
Changzhou Dongfeng Agricultural Machinery Group Co., Ltd	2012-5-25	2012-11-25	3,000,000.00	
<b>Total</b>	--	--	22,345,000.00	--

Notes: naught

Notes of bank acceptance bill that already discounted or pledged: naught

#### 4. Dividends receivable

Applicable  Inapplicable

#### 5. Interest receivable

##### (1) Interest receivable

Applicable  Inapplicable

##### (2) Overdue interest

Applicable  Inapplicable

##### (3) Notes to interest receivable

#### 6. Accounts receivable

##### (1) Accounts receivable listed by categories

Unit: RMB Yuan

Category	Closing balance				Opening balance			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion

		(%)		(%)		(%)		(%)
Accounts receivable with significant single amount and individually withdrawn bad debt provision	16,131,946.05	2.41	16,103,157.15	99.82	16,721,816.70	2.85	16,563,470.47	99.05
Accounts receivable for which bad debt provisions are made on the group basis								
Aging group	652,897,512.94	97.52	210,853,681.80	32.30	569,108,825.48	97.15	208,429,893.16	36.62
Subtotal of the groups	652,897,512.94	97.52	210,853,681.80	32.30	569,108,825.48	97.15	208,429,893.16	36.62
Accounts receivable with insignificant single amount but individually withdrawn bad debt provision	460,313.32	0.07	460,313.32	100.00				
<b>Total</b>	<b>669,489,772.31</b>	<b>100.00</b>	<b>227,417,152.27</b>	<b>33.97</b>	<b>585,830,642.18</b>	<b>100.00</b>	<b>224,993,363.63</b>	<b>38.41</b>

Notes to category of accounts receivable: naught

Accounts receivable with significant single amount and individually withdrawn bad debt provision

√Applicable □Inapplicable

Unit: RMB Yuan

Content	Book balance	Provision for bad debts	Withdrawal proportion	Reason for withdrawal
ANHUI FEICAI VEHICLE CO.	6,215,662.64	6,186,873.74	99.54%	With difficulty to recover
HEILONGJIANG PROVINCE COAST IMPORT & EXPORT CORP	2,584,805.83	2,584,805.83	100.00%	With difficulty to recover
ZHEJIANG SANLIAN AGRICULTURAL MACHINERY CO.	1,902,326.58	1,902,326.58	100.00%	With difficulty to recover
FUPING WEIPING AGRICULTURAL MACHINERY CO., LTD.	5,429,151.00	5,429,151.00	100.00%	With difficulty to recover
<b>Total</b>	<b>16,131,946.05</b>	<b>16,103,157.15</b>	<b>99.82%</b>	

In the groups, accounts receivable adopting aging analysis method to withdraw bad debt provision:

√Applicable □Inapplicable

Unit: RMB Yuan

Aging	Closing balance			Opening balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion		Amount	Proportion	
Within 1 year						
Including	--	--	--	--	--	--
Within 1 year	449,185,450.74	68.80	16,462,521.93	358,562,242.32	63.00	6,084,715.45
Subtotal of within 1 year	449,185,450.74	68.80	16,462,521.93	358,562,242.32	63.00	6,084,715.45
1-2 years	3,885,009.31	0.60	198,778.07	2,136,812.95	0.38	106,840.65
2-3 years	5,778,687.39	0.89	875,394.37	6,360,569.29	1.12	954,085.39
Over 3 years	194,048,365.50	29.72	193,316,987.40	202,049,200.92	35.5	201,284,251.67
3 to 4 years	499,785.97	0.08	152,778.09	363,996.39	0.06	109,198.92
4 to 5 years	985,379.36	0.15	601,009.17	1,275,379.44	0.22	765,227.66
Over 5 years	192,563,200.17	29.49	192,563,200.17	200,409,825.09	35.22	200,409,825.09
Total	652,897,512.94	100.00	210,853,681.80	569,108,825.48	100.00	208,429,893.16

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision

Applicable Inapplicable

In the groups, accounts receivable adopting other methods to withdraw bad debt provision

Applicable Inapplicable

Other closing individually insignificant but provisions for bad debts individually accounts receivable:

Applicable Inapplicable

Content	Book balance	Provision for bad debts	Withdrawal proportion	Reason for withdrawal
ZHEJIANG SANLIAN AGRICULTURAL MACHINERY CO.	233,100.00	233,100.00	100	With difficulty to recover
FUPING WEIPING AGRICULTURAL MACHINERY CO., LTD.	227,213.32	227,213.32	100	With difficulty to recover
Total	<b>460,313.32</b>	<b>460,313.32</b>	<b>100</b>	

## (2) Accounts receivable reversed or collected in the reporting period

Applicable Inapplicable

The withdrawal of bad debt provision of accounts receivable with significant single amount or insignificant single amount but individually made impairment test at the end of reporting period:



Applicable  Inapplicable

Notes to accounts receivable with insignificant single amount but large risks of groups after grouped by credit risks features: no

### (3) The write-off accounts receivable

Applicable  Inapplicable

Notes to write off of accounts receivable: naught

### (4) Particulars about accounts receivable due to shareholders holding 5% (including 5%) voting rights of the Company

Applicable  Inapplicable

### (5) Information of top 5 accounts receivable:

Unit: RMB Yuan

Name of entity	The relationship with the Company	Amount	Aging	Proportion
CHANGZHOU DONGFENG AGRICULTURAL MACHINERY GROUP CO., LTD	Customer	57,976,571.41	Within 1 year	8.66
SHANDONG WUZHENG (GROUP) CO., LTD.	Customer	52,833,531.80	Within 1 year	7.89
DONGFENG AUTOMOBILE CO., LTD.	Customer	43,709,397.96	Within 1 year	6.53
SHENYANG JINBEI VEHICLE MANUFACTURING CO., LTD	Customer	24,776,779.12	Within 1 year	3.70
GUANGDONG FUDI AUTOMOBILE CO., LTD.	Customer	15,565,396.49	Within 1 year	2.32
Total	--	194,861,676.78	--	29.11

### (6) The amounts due from related parties

Applicable  Inapplicable

**(7) Information of accounts receivable that terminated recognition**

Applicable  Inapplicable

**(8) If securitization is carried out on accounts receivable as the underlying assets, please list amount of assets and liabilities arising from further involvement**

Applicable  Inapplicable

**7. Other accounts receivable**

**(1) Other accounts receivable disclosed by type:**

Unit: RMB Yuan

Category	Closing balance				Opening balance			
	Balance		Provision for doubtful debts		Balance		Provision for doubtful debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other accounts receivable that is individually significant and provisions for bad debts individually	4,504,630.68	7.69	4,356,216.87	96.71	4,504,630.68	9.85	4,356,216.87	96.71
Other accounts receivable that provisions for bad debts by group								
Aging group	52,035,031.91	88.87	30,135,114.80	57.91	39,209,198.49	85.75	28,336,153.13	72.27
Subtotal of group	52,035,031.91	88.87	30,135,114.80	57.91	39,209,198.49	85.75	28,336,153.13	72.27
Other accounts receivable that is individually insignificant but provisions for bad debts individually	2,010,948.16	3.44	1,969,759.64	97.95	2,010,948.16	4.40	1,969,759.64	97.95
<b>Total</b>	<b>58,550,610.75</b>	<b>100.00</b>	<b>36,461,091.31</b>	<b>62.27</b>	<b>45,724,777.33</b>	<b>100.00</b>	<b>34,662,129.64</b>	<b>75.81</b>

Notes for categories of other accounts receivable: naught

Other closing accounts receivable that is individually significant and provisions for bad debts individually.

Applicable Inapplicable

Unit: RMB Yuan

Content	Book balance	Provision for bad debts	Withdrawal proportion	Reason

Changchai Group Import & Export Co., Ltd.	2,853,188.02	2,853,188.02	100.00	With difficulty to recover
Other customers	1,651,442.66	1,503,028.85	91.01	With difficulty to recover
<b>Total</b>	<b>4,504,630.68</b>	<b>4,356,216.87</b>		--

In the group, other accounts receivable that provisions for bad debts by aging analysis:

Applicable Inapplicable

Unit: RMB Yuan

Aging	Period-end			Period-begin		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion		Amount	Proportion	
Within 1 year						
Including:						
Within 1 year	22,565,519.77	43.37	4,669,715.13	7,377,718.42	18.82	147,554.36
Subtotal of within 1 year	22,565,519.77	43.37	4,669,715.13	7,377,718.42	18.82	147,554.36
1-2 years	2,004,696.09	3.85	100,324.47	1,808,630.66	4.61	90,431.54
2-3 years	2,387,006.79	4.59	350,112.74	2,196,917.70	5.60	329,537.66
Over 3 years	25,077,809.26	48.19	25,014,962.46	27,825,931.71	70.97	27,768,629.57
3 to 4 years	90,456.14	0.17	28,394.51	80,530.00	0.21	24,159.00
4 to 5 years	1,986.74	0.00	1,201.57	2,327.86	0.01	1,396.72
Over 5 years	24,985,366.38	48.02	24,985,366.38	27,743,073.85	70.75	27,743,073.85
<b>Total</b>	<b>52,035,031.91</b>	<b>100.00</b>	<b>30,135,114.80</b>	<b>39,209,198.49</b>	<b>100.00</b>	<b>28,336,153.13</b>

In the group, other accounts receivable that provisions for bad debts by balance percentage:

Applicable Inapplicable

In the group, other accounts receivable that provisions for bad debts by other methods:

Applicable Inapplicable

Other closing individually insignificant but provisions for bad debts individually accounts receivable:

Applicable Inapplicable

Unit: RMB Yuan

Content	Book balance	Provision for bad debts	Withdrawal proportion	Reason
Jie Hua mechanical and electrical limited company of Anhui	377,033.06	377,033.06	100	
Wuxi tank factory	205,095.61	205,095.61	100	
Other	1,428,819.49	1,387,630.97	97.12	Of small amount that

				difficult to recover
Total	2,010,948.16	1,969,759.64	97.95	--

**(2) Information of other accounts receivable reversed or recovered in the reporting period**

Applicable  Inapplicable

Withdrawal of closing individually significant or insignificant but provisions for bad debts individually accounts receivable:

Applicable  Inapplicable

Notes of individually insignificant but was of big risk after grouped by credit risk features other accounts receivable:

Applicable  Inapplicable

**(3) Information of other accounts receivable written off in the reporting period**

Applicable  Inapplicable

Notes of written-off of other accounts receivable:naught

**(4) Other accounts receivable is due from shareholders with more than 5% (including 5%) of the voting shares of the Company**

Applicable  Inapplicable

**(5) Nature or details of other significant accounts receivable**

Applicable  Inapplicable

**(6) Information of top five other accounts receivable**

Unit: RMB Yuan

Name of entity	Relationship with the Company	Amount	Aging	Proportion of the total (%)
East China Casting General Factory	Customer	6,000,000.00	Within 1 year	10.25
Huachi Casting Factory	Customer	4,000,000.00	Within 1 year	6.83
Changzhou Vehicle Co., Ltd.	Customer	3,879,038.74	Over 5 years	6.63
Changzhou Compressor Company	Customer	2,940,000.00	Over 5 years	5.02
Changchai Group Import & Export Co., Ltd.	Customer	2,853,188.02	Over 5 years	4.87
Total	--	19,672,226.76	--	33.60

**(7) Information of the amounts due from related parties**

Applicable  Inapplicable

**(8) Information of other accounts receivable that terminated recognition**

Applicable  Inapplicable

**(9) If securitization is carried out on other accounts receivable as the underlying assets, please list amount of assets and liabilities arising from further involvement**

Applicable  Inapplicable

**8. Prepayment**

**(1) List by aging analysis:**

Unit: RMB Yuan

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	33,888,227.74	96.95	41,855,442.46	97.60
1 year to 2 years	56,489.31	0.16	41,410.36	0.10
2 years to 3 years	101,875.64	0.29	99,255.83	0.23
Over 3 years	907,531.96	2.60	886,767.86	2.07
Total	34,954,124.65	100.00	42,882,876.51	100.00

Notes of aging of prepayment: naught

**(2) Information of the top 5 prepayment**

Unit: RMB Yuan

Name of entity	Relationship with the Company	Amount	Aging	Reason for unsettled
Xuzhou East China Casting General Factory	Supplier	8,726,512.30	Within 1 year	Under normal settlement period
Jingsu Changzhou Power Supply Company Copyright	Supplier	7,100,000.00	Within 1 year	Under normal settlement period
Ningbo Jingxin Die Casting Mold Research Company	Supplier	1,370,000.00	Within 1 year	Under normal settlement period

China CTDI Engineering Corporation	Supplier	1,080,000.00	Within 1 year	Under normal settlement period
Changzhou Central China Construction Engineering Co., Ltd.	Supplier	810,000.00	Within 1 year	Under normal settlement period
Total	--	19,086,512.30	--	--

Notes of important companies of prepayment: naught

**(3) Information about prepayment due from shareholders with more than 5% (including 5%) of the voting shares of the Company in prepayment**

Applicable Inapplicable

**(4) Notes of prepayment: naught**

**9. Inventory**

**(1) Category**

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Impairment of inventories	Book value	Book balance	Impairment of inventories	Book value
Raw materials	137,926,539.80	2,639,364.71	135,287,175.09	86,165,455.13	2,639,364.71	83,526,090.42
Construction contract assets	117,860,972.32	11,327,352.60	106,533,619.72	118,591,032.59	11,327,352.60	107,263,679.99
Inventory goods	143,867,456.96	4,418,906.86	139,448,550.10	276,442,342.59	4,418,906.86	272,023,435.73
Turnover material	326,751.30		326,751.30	517,096.51		517,096.51
Consumable biological assets						
Consign for process materials	5,872,170.64		5,872,170.64	7,737,438.73		7,737,438.73
<b>Total</b>	<b>405,853,891.02</b>	<b>18,385,624.17</b>	<b>387,468,266.85</b>	<b>489,453,365.55</b>	<b>18,385,624.17</b>	<b>471,067,741.38</b>

**(2) Impairment of inventories**

Unit: RMB Yuan

Category	Opening book value	Withdrawal in the reporting period	Decrease in the reporting period		Closing book balance
			Reversal	Written off	
Raw materials	2,639,364.71				2,639,364.71
Construction contract	11,327,352.60				11,327,352.60

assets					
Inventory goods	4,418,906.86				4,418,906.86
Turnover material					
Consumable biological assets					
<b>Total</b>	<b>18,385,624.17</b>				<b>18,385,624.17</b>

### (3) Details of provision for falling price of inventories

Item	Basis on provision for falling price of inventories	Reasons for reversal	Proportion of reversal of provision for impairment of inventories to closing balance
Raw materials	Book cost is higher than realizable net value		
Inventory goods	Book cost is higher than realizable net value		
Construction contract assets	Book cost is higher than realizable net value		
Turnover material			
Consumable biological assets			
Consign for process materials			

Notes of inventory: naught

### 10. Other current assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
Deferred insurance cost	85,122.78	
<b>Total</b>	<b>85,122.78</b>	

Notes of other current assets:

### 11. Available-for-sale financial assets

#### (1) Information of available-for-sale financial assets

Unit: RMB Yuan

Item	Closing fair value	Opening fair value
Available-for-sale bonds		

Available-for-sale equity instruments	516,881,000.00	420,057,000.00
Others		
<b>Total</b>	<b>516,881,000.00</b>	<b>420,057,000.00</b>

In the reporting period, the Company reclassified the held-to-maturity investment into available-for-sale financial assets, a total of RMB0.00 was reclassified, which takes 0% of total matured investment before reclassification.

Notes of available-for-sale financial assets: The above-mentioned available-for-sale equity instrument includes the shares of Foton Motor and of Jiangsu Expressway held by the Company. The Closing fair market price of the shares is closing price on the last trading day at the securities exchange.

## (2) Long-term liability investment of available-for-sale financial assets

Applicable  Inapplicable

Notes of long-term liability investment of available-for-sale financial assets: naught

## 12. Held-to-maturity investment

### (1) Information

Applicable  Inapplicable

Notes of held-to-maturity investment:

### (2) Information of held-to-maturity investment sold in the reporting period but was not matured

Applicable  Inapplicable

Notes of undue held-to-maturity investment sold in the reporting period: naught

## 13. Long-term accounts receivable

Applicable  Inapplicable

## 14. Investment to joint ventures and associated enterprises

Unit: Ten thousand Yuan

Name of investee	Nature of enterprises	Registration place	Legal representative	Nature of businesses	Registered capital	Currency	Percentage of holding shares of the Company	Voting percentage of the Company in investee	Total closing assets	Total closing liabilities	Net closing assets	Total operation revenue of the reporting period
I. Joint ventures												
There wasn't any												



joint venture in the Company													
II. Associated enterprises													
Changzhou Changchai Diesel Engine Co., Ltd.	Fuji Robin Co.,	Limited company	Changzhou	Shijing Qijie	Industry	US \$450	33	33	8241.09	2609.83	5631.26	9316.60	16.22
Beijing Investment Management Ltd.	Tsinghua Co.,	Limited company	Beijing	Chen Zhangwu	Service	RMB1000	25	25	218.77	203.49	15.28		

Notes if significant differences exists between the important accounting policies and accounting estimations of joint ventures, associated enterprises and the Company: naught

### 15. Long-term equity investment

**(1) List of long-term equity investment**

Unit: RMB Yuan

Investee	Accounting method	Initial investment cost	Opening balance	Increase/decrease	Closing balance	Share holding percentage in investee	Voting percentage in investee	Explanation for indifferences between the share holding percentage and voting percentage in investee	Impairment provision	Withdrawn impairment provision in the reporting period	Cash bonus in the reporting period
Changzhou Fuji Changchai Robin Diesel Engine Co., Ltd.	Equity method	12,294,546.00	18,563,414.34	53,526.00	18,616,940.34	33	33				
Beijing Tsinghua Investment Management Co., Ltd.	Equity method	2,500,000.00				25	25		44,182.50		
Jiangsu Bank	Cost method	38,000,000.00	38,000,000.00		38,000,000.00						
Chengdu Changwan Diesel Engine Markeing Corp.	Cost method	510,000.00							510,000.00		
Chongqing	Cost method	290,000.00							290,000.00		

Wanzhou Changwan Diesel Engine Fitting Corp.											
Qidong Liantong Dynamometer Co., Ltd.	Cost method	7,200,000.00	7,200,000.00		7,200,000.00	4	4				
Other	Cost method	410,000.00							410,000.00		
<b>Total</b>	--	<b>61,204,546.00</b>	<b>63,763,414.34</b>	<b>53,526.00</b>	<b>63,816,940.34</b>				<b>1,254,182.50</b>		

## (2) Information of the limitation on the capability to transfer capital to investee

Applicable  Inapplicable

Notes of long-term equity investment: Beijing Tshinghua Industrial Investment Management Co., Ltd. has stopped to produce or operate, so no impairment provision was withdrawn.

Others: RMB 20,000 was invested to Changzhou Economic and Technology Development Company, RMB 100,000 was invested to Changzhou Tractor Plant, RMB 200,000 was invested to Industry Fund Fraternity of Changzhou Economic & Trade Commission, RMB 90,000 was invested to Beijing Project Machine Agricultural Machinery Co., Ltd.. The above four items were hard to take back fully withdrawn impairment provision.

## 16. Investment property

### (1) Investment property calculated by cost

Applicable Inapplicable

Unit: RMB Yuan

Item	Opening book balance	Increase in the reporting period	Decrease in the reporting period	Closing book balance
I. Total original book value	87,632,571.14			87,632,571.14
1. Houses & buildings	87,632,571.14			87,632,571.14
2. Land use right				
II. Accumulated depreciation and accumulated amortization	21,518,177.91	1,104,170.40		22,622,348.31
1. Houses & buildings	21,518,177.91	1,104,170.40		22,622,348.31
2. Land use right				
III. Total net book value of investment property	66,114,393.23			65,010,222.83
1. Houses & buildings	66,114,393.23			65,010,222.83
2. Land use right				
IV. Accumulated provision for impairment of investment property				
1. Houses & buildings				

2. Land use right				
V. Total book value of investment property	<b>66,114,393.23</b>			<b>65,010,222.83</b>
1. Houses & buildings	66,114,393.23			65,010,222.83
2. Land use right				

Unit: RMB Yuan

	The reporting period
Depreciation and amortization of the reporting period	1,104,170.40
Withdrawal amount for impairment of investment property in the reporting period	

## (2) Investment property calculated by fair value

Applicable Inapplicable

Notes of investment property that altered calculated mode and failed to accomplish certification of property, and notes of reason that the fail accomplish and estimated accomplish date:

There was no investment property that altered calculated mode and failed to accomplish certification of property in the reporting period.

## 17. Fixed assets

### (1) Information

Unit: RMB Yuan

Item	Opening book balance	Increase in the reporting period		Decrease in the reporting period	Closing book balance
I. Total original book value	<b>943,044,175.42</b>	<b>130,016,699.67</b>		<b>28,839,452.61</b>	<b>1,044,221,422.48</b>
Including: Property and building	353,404,024.78	8,469,394.39		14,287,302.18	347,586,116.99
Machineries	529,783,840.23	117,989,230.44		12,397,276.09	635,375,794.58
Vehicles	24,588,205.00	2,005,396.54		405,634.39	26,187,967.15
Other equipment	35,268,105.41	1,552,678.30		1,749,239.95	35,071,543.76
--	Opening book balance	Increase in current period	Withdrawal in current period	Decrease in current period	Closing book balance
II. Accumulated depreciation	<b>499,232,847.78</b>		<b>28,962,939.75</b>	<b>18,453,022.55</b>	509,742,764.98
Including: Property and building	162,424,405.18		5,998,245.67	6,500,258.46	161,922,392.39

Machineries	295,446,429.47		20,454,885.30	10,167,058.48	305,734,256.29
Vehicles	15,023,727.56		1,051,239.34	296,458.07	15,778,508.83
Other equipment	26,338,285.57		1,458,569.44	1,489,247.54	26,307,607.47
--	Opening book balance		--		Closing book balance
III. The net book value of fixed assets	<b>443,811,327.64</b>		--		<b>534,478,657.50</b>
Including: Property and building	190,979,619.60		--		185,663,724.60
Machineries	234,337,410.76		--		329,641,538.29
Vehicles	9,564,477.44		--		10,409,458.32
Other equipment	8,929,819.84		--		8,763,936.29
IV. Total impairment provision	<b>14,907,753.01</b>		--		<b>12,054,372.74</b>
Including: Property and building	11,344,597.44		--		8,491,217.17
Machineries	3,563,155.57		--		3,563,155.57
Vehicles			--		
Other equipment			--		
V. Total book value of fixed assets	<b>428,903,574.63</b>		--		<b>522,424,284.76</b>
Including: Property and building	179,635,022.16		--		177,172,507.43
Machineries	230,774,255.19		--		326,078,382.72
Vehicles	9,564,477.44		--		10,409,458.32
Other equipment	8,929,819.84		--		8,763,936.29

Depreciation amount of this reporting period was of RMB 28,962,939.75, RMB 75,782,361.65 was transferred into fixed assets from construction project in the reporting period.

## (2) Temporary idle fixed assets

Applicable Inapplicable

## (3) Fixed assets leased in from financing lease

Applicable Inapplicable

**(4) Fixed assets leased out from operation lease**

□Applicable √ Inapplicable

**(5) Information of hold-for-sale fixed assets at period-end**

□Applicable √ Inapplicable

**(6) Information of fixed assets failed to accomplish certification of property**

□Applicable √ Inapplicable

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

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Experimental workshop of technology center	23,202,326.57		23,202,326.57	59,875,894.80		59,875,894.80
Renovation of casting	11,868,635.22		11,868,635.22	20,456,473.34		20,456,473.34
Expansion capacity of multi-cylinder (The 2 <sup>nd</sup> Period)	4,558,057.27		4,558,057.27	6,076,901.32		6,076,901.32
Non-road electric generator Project	336,503.39		336,503.39	9,184,990.93		9,184,990.93
Base of land in Hehai Road	33,413,009.10		33,413,009.10	9,852,533.55		9,852,533.55
Access System Project of Electrical Substation	1,326,828.60		1,326,828.60	1,060,894.50		1,060,894.50
Reform of Cylinder Casting Workshop	4,726,400.00		4,726,400.00	3,736,400.00		3,736,400.00
Japan Dongjiu Molding Machine	7,492,416.30		7,492,416.30	7,482,462.30		7,482,462.30
Casting Cooling Lines	4,358,974.35		4,358,974.35	4,358,974.35		4,358,974.35
80t/h Sand Conditioning System of Clay Sand	7,439,596.88		7,439,596.88	2,046,153.84		2,046,153.84
Production Line of Crankcase Guard	1,493,076.90		1,493,076.90	696,769.22		696,769.22

Medium frequency electric furnace	13,888,888.87		13,888,888.87			
Equipment to be installed and payment for projects	20,501,303.81		20,501,303.81	55,889,629.18		55,889,629.18
<b>Total</b>	<b>134,606,017.26</b>		<b>134,606,017.26</b>	<b>180,718,077.33</b>		<b>180,718,077.33</b>



**(2) Significant changes in construction in progress**

Unit: RMB Yuan

Name of project	Budget	Opening balance	Increase in current period	Transferred to fixed assets	Other decrease	Project input percentage of budget	Project process	Capitalization of interest	Including: capitalization of interest this period	Capitalization of interest rate (%)	Source of funding	Closing balance
Experimental workshop of technology center		59,875,894.80	1,678,096.50	38,351,664.73							Self finance	23,202,326.57
Renovation of casting		20,456,473.34	12,507,403.85	21,095,241.97							Self finance	11,868,635.22
Expansion capacity of multi-cylinder (The 2 <sup>nd</sup> Period)		6,076,901.32	4,151,087.18	5,669,931.23							Self finance	4,558,057.27
Non-road electric generator Project		9,184,990.93	1,817,036.18	10,665,523.72							Self finance	336,503.39
Base of land in Hehai Road		9,852,533.55	23,560,475.55								Self finance	33,413,009.10
Access System Project of Electrical Substation		1,060,894.50	265,934.1								Self finance	1,326,828.60
Reform of Cylinder Casting Workshop		3,736,400.00	990,000.0								Self finance	4,726,400.00
Japan Dongjiu Molding Machine		7,482,462.30	9,954.0								Self finance	7,492,416.30
Casting Cooling Lines		4,358,974.35	0.0								Self finance	4,358,974.35

80t/h Sand Conditioning System of Clay Sand		2,046,153.84	5,393,443.0								Self finance	7,439,596.88
Production Line of Crankcase Guard		696,769.22	796,307.7								Self finance	1,493,076.90
Medium frequency electric furnace			13,888,888.87								Self finance	13,888,888.87
<b>Total</b>		<b>124,828,448.15</b>	<b>65,058,626.93</b>	<b>75,782,361.65</b>								<b>114,104,713.45</b>

Notes of significant changes in construction in progress: naught

There was no particular about realizable net value is lower than book value on closing construction in progress, then there was no provision for impairment.

There was no particular about closing construction in progress be used for pledged guarantee.

**(3) Impairment provision of construction in progress**

Applicable  Inapplicable

**(4) Information of procedures of significant construction in progress**

Applicable  Inapplicable

**(5) Notes of construction in progress: naught**

**19. Engineering materials**

Applicable  Inapplicable

**20. Clearance of fixed assets**

Applicable  Inapplicable

Notes of clearance process of fixed assets with a clearance term of over 1 year since the transfer into fixed assets: Naught

**21. Productive biological assets**

**(1) Calculated by cost**

Applicable  Inapplicable

**(2) Calculated by fair value**

Applicable  Inapplicable

**22. Oil and gas assets**

Applicable  Inapplicable

**23. Intangible assets**

**(1) Information**

Unit: RMB Yuan

Item	Opening balance	Increase in the reporting period	Decrease in the reporting period	Closing balance
I. Total original book value	<b>117,212,266.30</b>			<b>117,212,266.30</b>
Land use right	117,212,266.30			117,212,266.30

II. Accumulated amortization	<b>28,885,187.96</b>	1,131,733.20		30,016,921.16
Land use right	28,885,187.96	1,131,733.20		30,016,921.16
III. Total net book value of intangible assets	<b>88,327,078.34</b>			87,195,345.14
Land use right	88,327,078.34			87,195,345.14
IV. Total impairment provision				
Land use right				
Total book value of intangible assets	<b>88,327,078.34</b>			87,195,345.14
Land use right	88,327,078.34			87,195,345.14

Amortization was of RMB 1,131,733.20 in the reporting period.

## (2) Company development expense

Applicable Inapplicable

## (3) Information of intangible assets that failed to accomplish certification of property

Applicable Inapplicable

## 24. Goodwill

Applicable Inapplicable

## 25. Long-term amortization expense

Applicable Inapplicable

Notes of long-term amortization expense: naught

## 26. Deferred tax assets and liabilities

### (1) Deferred tax assets and liabilities are not listed as the net value after offset

Applicable Inapplicable

Deferred tax assets and liabilities that already recognized

Unit: RMB Yuan

Item	Closing balance	Opening balance
Deferred income tax assets:		
Provision for assets impairment	912,707.32	912,707.32

Formation expenses		
Deductible losses		
Subtotal	<b>912,707.32</b>	<b>912,707.32</b>
Deferred income tax liabilities:		
Estimated value of trading financial instruments, derivative financial instruments		
Fair value changes on available-for-sale financial assets that recognized into capital reserves	71,250,975.00	56,727,375.00
Subtotal	<b>71,250,975.00</b>	<b>56,727,375.00</b>

List of unrecognized deferred income tax assets: naught

Unit: RMB Yuan

Item	Closing balance	Opening balance
Deductible temporary		
Deductible losses		
Total		

Deductible losses of unrecognized deferred income tax assets will due in the following years

Unit: RMB Yuan

Year	Closing balance	Opening balance	Remark
Total			--

Notes: as for those unable to make full recognize on Balance Sheet Date, only the recognized part and due year shall be filled, and notes on the remark column.

List of taxable differences and deductible differences items

Unit: RMB Yuan

Item	Temporary differences amount	
	As at period-end	As at period-begin
Taxable differences items		
Fair value change on available-for-sale financial assets	475,006,500.00	378,182,500.00
Subtotal	<b>475,006,500.00</b>	<b>378,182,500.00</b>
Deductible differences item		
Assets impairment provision	6,084,715.45	6,084,715.45
Subtotal	<b>6,084,715.45</b>	<b>6,084,715.45</b>

**(2) Deferred income tax assets and liabilities are listed as the net value after offset**

□Applicable √ Inapplicable

**27. List of provision for assets impairment**

Unit: RMB Yuan

Item	Opening book balance	Increase in current period	Decrease in current period		Closing book balance
			Reversal	Written off	
I. Provision for bad debt	259,655,493.27	4,222,750.31			263,878,243.58
II. Provision for inventory falling price	18,385,624.17				18,385,624.17
III. Impairment provision of available-for-sale financial assets					
IV. Impairment provision of held-to-maturity investment					
V. Impairment provision of long-term equity investment	1,254,182.50				1,254,182.50
VI. Impairment provision of investment property					
VII. Impairment provision of fixed assets	14,907,753.01			2,853,380.27	12,054,372.74
VIII. Impairment provision of engineering materials					
IX. Impairment provision of construction in progress					
X. Impairment provision of productive biological assets					
Including: mature productive biological assets					
XI. Impairment provision of oil gas assets					
XII. Impairment provision of intangible assets					
XIII. Impairment provision of goodwill					
XIV. Impairment provision of entrusted loan	14,000,000.00				14,000,000.00
Total	308,203,052.95	4,222,750.31	0.00	2,853,380.27	309,572,422.99

Notes of the list of assets impairment: naught

## 28. Other non-current assets

Applicable  Inapplicable

Notes of other non-current assets: naught

## 29. Short-term loan

### (1) Category

Unit: RMB Yuan

Category	Closing balance	Opening balance
Pledge loan		
Mortgage loan		
Guarantee loan	20,000,000.00	37,000,000.00
Credit loan	20,000,000.00	
<b>Total</b>	<b>40,000,000.00</b>	<b>37,000,000.00</b>

Notes: there was no particular about mature short-term loan unsettled in the period-end.

RMB 20,000,000.00 of subsidiary Changwan on guarantee loan was loan guaranteed by State-owned Assets' Guarantee Co., Ltd. of Wanzhou District, Chongqing and loan of RMB 20,000,000.00 was credit loan of subsidiary Benniu.

### (2) List of unsettled mature short-term loan

Applicable  Inapplicable

## 30. Trading financial liabilities

Applicable  Inapplicable

## 31. Notes payable

Unit: RMB Yuan

Category	Closing balance	Opening balance
Trade acceptance		
Bank acceptance	314,773,964.00	278,080,000.00
<b>Total</b>	<b>314,773,964.00</b>	<b>278,080,000.00</b>

RMB314,773,964.00 will be due in the next fiscal period.

Notes: naught

### 32. Accounts payable

(1)

Unit: RMB Yuan

Item	Closing balance	Opening balance
Operating accounts payable	549,714,548.35	489,580,470.91
Construction accounts payable	14,389,657.21	5,467,766.53
<b>Total</b>	<b>564,104,205.56</b>	<b>495,048,237.44</b>

### (2) The accounts payable to shareholders with more than 5% (including 5%) of the voting shares of the Company

Applicable  Inapplicable

Notes of the accounts payable aging over one year: naught

### 33. Advance from customers

(1)

Unit: RMB Yuan

Item	Closing balance	Opening balance
Advance from customers	68,616,602.09	64,357,833.51
<b>Total</b>	<b>68,616,602.09</b>	<b>64,357,833.51</b>

### (2) Advanced from customers from shareholders with more than 5% (including 5%) of the voting shares of the Company

Applicable  Inapplicable

Notes of significant advance from customers aging over one year: naught

### 34. Payroll payable

Unit: RMB Yuan

Item	Opening book balance	Increase in the reporting period	Decrease in the reporting period	Closing book balance
I. Salary, bonus, allowance, subsidy	39,550,341.74	89,239,914.54	118,273,776.47	10,516,479.81
II. Employee welfare		2,287,889.02	2,287,889.02	
III. Social insurance		24,892,773.74	24,892,773.74	
Including:		16,991,777.76	16,991,777.76	



Endowment insurance				
Basic pension benefits		5,356,609.20	5,356,609.20	
Unemployment insurance		1,339,549.40	1,339,549.40	
Work-related injury insurance		669,354.10	669,354.10	
Maternity insurance		535,483.28	535,483.28	
IV. Housing fund		6,659,099.00	6,659,099.00	
V. Redemption for terminations of labor contract		64,486.00	64,486.00	
VI. Others	5,739,934.28	2,651,852.52	1,788,982.56	6,602,804.24
Including: labour union budget and employee education budget	5,739,934.28	2,651,852.52	1,788,982.56	6,602,804.24
<b>Total</b>	<b>45,290,276.02</b>	<b>125,796,014.82</b>	<b>153,967,006.79</b>	<b>17,119,284.05</b>

There was no payroll payable in default.

The labor union budget and employee education budget is RMB 6,602,804.24, and the non-monetary benefits are RMB0, as well as the compensation for terminating the labor contract is RMB0.

The estimated distribution date and amount as well as other arrangements for payroll payable: naught

### 35. Taxes payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
VAT	-51,330,912.45	-65,558,386.62
Consumption tax		
Business tax		
Corporate income tax	3,492,349.73	813,089.59
Personal income tax	878,989.93	7,886.75
Urban maintenance and construction tax	860,543.45	851,003.62
Property tax	650,489.12	343,678.07
Education surtax	19,896.34	20,690.75
Comprehensive fees	2,473,603.89	2,225,829.00
<b>Total</b>	<b>-42,955,039.99</b>	<b>-61,296,208.84</b>

Notes of taxes payable: for the taxable income of branch companies and factories approved to be inter-adjusted by their local tax authorities, the Company shall specified their calculation procedure.

### 36. Interest payable

Applicable  Inapplicable

### 37. Dividends payable

Unit: RMB Yuan

Name of company	Closing balance	Opening balance	Reason for unsettlement over 1 year
Common shareholders payable	6,613,134.69	3,243,179.97	Waiting for withdrawal
Minority shareholders	648,253.86	648,253.86	Waiting for withdrawal
<b>Total</b>	<b>7,261,388.55</b>	<b>3,891,433.83</b>	--

Notes: There was RMB 3,369,954.72 of common shares payable on dividends payable waiting for withdrawal in the reporting period.

### 38. Other accounts payable

(1)

Unit: RMB Yuan

Item	Closing balance	Opening balance
Other accounts payable	139,653,791.36	128,410,363.38
<b>Total</b>	<b>139,653,791.36</b>	<b>128,410,363.38</b>

(2) Other accounts payable from shareholders with more than 5% (including 5%) of the voting shares of the Company

Applicable  Inapplicable

(3) Notes of the other large amount accounts payable aging over 1 year: naught

(4) Notes of other accounts payable with significant amount: mainly of sales rebound and quality claim.

### 39. Estimated liabilities

Applicable  Inapplicable

#### 40. Non-current liabilities due within 1 year

(1)

Applicable  Inapplicable

(2) Long-term loan due within 1 year

Applicable  Inapplicable

(3) Bonds payable due within 1 year

Applicable  Inapplicable

(4) Long-term accounts payable due within 1 year

Applicable  Inapplicable

#### 41. Other current liabilities

Unit: RMB Yuan

Item	Closing book balance	Opening book balance
Sewage charge	150,000.00	357,704.00
Electric charge	422,855.41	647,193.56
Other	206,108.22	198,239.83
<b>Total</b>	<b>778,963.63</b>	<b>1,203,137.39</b>

Notes: naught

#### 42. Long-term loan

(1) Category

Applicable  Inapplicable

(2) The top five long-term loans

Applicable  Inapplicable

#### 43. Bonds payable

Applicable  Inapplicable

#### 44. Long-term payable

##### (1) The top five long-term payable

Applicable  Inapplicable

##### (2) List of the financing lease payable under the long-term loan

Applicable  Inapplicable

#### 45. Specific payable

Applicable  Inapplicable

#### 46. Other non-current liabilities

Unit: RMB Yuan

Items	Closing book amount	Opening book amount
Government subsidies on technological projects	9,689,900.00	10,087,900.00
Compensation for relocation for land in Zoucun ( Note )	11,864,289.02	11,864,289.02
Deferred income ( Note )	13,010,231.05	13,010,231.05
<b>Total</b>	<b>34,564,420.07</b>	<b>34,962,420.07</b>

Notes of other non-current liabilities: government grants on 863 project was paid to partner.

Of which including each government grant pertinent to assets or government grant pertinent to income as well as its closing balance: naught

#### 47. Share capital

Unit: RMB Yuan

	Opening balance	Increase/Decrease (+/-)					Closing balance
		Issuing new shares	Bonus shares	Capitalization of public reserves	Other	Subtotal	
Total shares	<b>561,374,326.00</b>						<b>561,374,326.00</b>

#### 48. Treasury stock

Applicable  Inapplicable

Notes of treasury stock: naught

#### 49. Special reserves

Applicable Inapplicable

Notes of special reserves: naught

#### 50. Capital reserves

Unit: RMB Yuan

Item	Opening balance	Increase in the reporting period	Decrease in the reporting period	Closing balance
Capital premium (share capital premium)	153,053,986.32			153,053,986.32
Other capital reserves	341,766,262.44	82,300,400.00		424,066,662.44
<b>Total</b>	<b>494,820,248.76</b>	<b>82,300,400.00</b>		<b>577,120,648.76</b>

Notes of capital reserves: There was an increase of RMB 82,300,400.00 on capital reserves in the reporting period, mainly from the change amount of Foton Automobile and Ninghu Expressway—held by the parent company recognized by fair value and their net deferred income tax influence amount.

#### 51. Surplus reserves

Unit: RMB Yuan

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Legal surplus reserves	263,999,764.47			263,999,764.47
Discretionary surplus reserves	13,156,857.90			13,156,857.90
Reserve fund				
Enterprise development funds				
Other				
<b>Total</b>	<b>277,156,622.37</b>			<b>277,156,622.37</b>

#### 52. Provision for general risk

Applicable Inapplicable

Notes: naught

### 53. Retained profits

Unit: RMB Yuan

Item	As at 30 Jun. 2012		As at 1 Jan. 2012	
	Amount	Withdrawal or distributed proportion	Amount	Withdrawal or distributed proportion
Opening balance of retained profits before adjustments	409,368,310.58	--	360,595,476.29	--
Adjustments of opening balance of retained profits (“+” means add, “-” means reduce)		--		--
Opening balance of retained profits after adjustments	409,368,310.58	--	360,595,476.29	--
Add: Net profit attributable to owners of the Company	29,802,438.47	--	52,856,879.07	--
Less: Withdrawal of statutory surplus reserves			4,084,044.78	10%
Withdrawal of discretionary surplus reserves				
Withdrawal of provision for general risk				
Dividend of common stock payable				
Dividend of common stock converted into share capital				
Closing retained profits	439,170,749.05	--	409,368,310.58	--

List of adjustment of opening retained profits:

- 1) RMB0.00 opening retained profits was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- 2) RMB0.00 opening retained profits was affected by changes on accounting policies.
- 3) RMB0.00 opening retained profits was affected by correction of significant accounting errors.
- 4) RMB0.00 opening retained profits was affected by changes in combination scope arising from same control.
- 5) RMB0.00 opening retained profits was affected totally by other adjustments.

### 54. Revenue and Cost of Sales

#### (1) Revenue, Cost of Sales

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Sales of main business	1,567,714,421.37	1,687,334,145.34
Other operating income	31,765,791.38	15,213,963.90
Cost of sales	1,472,951,393.72	1,563,753,985.22

## (2) Main business (Classified by industry)

√Applicable Inapplicable

Unit: RMB Yuan

Industry	Reporting period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Diesels engines and foundry fittings	1,567,714,421.37	1,443,552,908.36	1,687,334,145.34	1,555,379,656.68
<b>Total</b>	<b>1,567,714,421.37</b>	<b>1,443,552,908.36</b>	<b>1,687,334,145.34</b>	<b>1,555,379,656.68</b>

## (3) Main business (Classified by product)

√Applicable Inapplicable

Unit: RMB Yuan

Product	Reporting period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Diesels engines and foundry fittings	1,567,714,421.37	1,443,552,908.36	1,687,334,145.34	1,555,379,656.68
<b>Total</b>	<b>1,567,714,421.37</b>	<b>1,443,552,908.36</b>	<b>1,687,334,145.34</b>	<b>1,555,379,656.68</b>

## (4) Main business (Classified by area)

√Applicable Inapplicable

Unit: RMB Yuan

Area	Reporting period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Eastern China	778,764,744.57	717,087,306.63	796,127,526.19	733,868,014.10
Northeastern China	82,503,124.63	75,968,954.47	76,965,756.62	70,946,808.27
Southwestern China	158,542,506.44	145,986,088.50	146,347,977.89	134,903,135.95
Central China	176,067,223.19	162,122,864.11	221,352,012.26	204,041,634.42
Northern China	89,884,109.80	82,765,372.53	105,072,678.80	96,855,686.55
Northwestern China	72,965,341.01	67,186,554.38	55,953,661.55	51,577,920.79
Southern China	119,240,235.58	109,796,520.67	151,010,033.99	139,200,605.57

Export	89,747,136.15	82,639,247.07	134,504,498.04	123,985,851.03
<b>Total</b>	<b>1,567,714,421.37</b>	<b>1,443,552,908.36</b>	<b>1,687,334,145.34</b>	<b>1,555,379,656.68</b>

### (5) The revenue of sales from the top five customers

Unit: RMB Yuan

Customer	Main business revenue	Proportion of total business revenue (%)
SHANDONG WUZHENG (GROUP) CO., LTD.	155,076,399.67	9.70
CHANGZHOU DONGFENG AGRICULTURAL MACHINERY GROUP CO., LTD	107,597,634.48	6.73
DONGFENG AUTOMOBILE CO., LTD.	87,380,791.64	5.46
LIUZHOU GONGXING AGRICULTURAL MACHINERY CO.	51,453,325.52	3.22
FOTON LOVOL INTERNATIONAL HEAVY INDUSTRY CO., LTD	44,769,119.54	2.80
<b>Total</b>	<b>446,277,270.85</b>	<b>27.90</b>

Notes: naught

### 55. Revenue from the construction contracts

Applicable Inapplicable

Notes of revenue from the construction contracts: naught

### 56. Business tax and surcharges

Unit: RMB Yuan

Item	Reporting period	Same period of last year	Calculation and payment standard
Consumption tax			
Business tax	37,500.00		Please refer to Note 3. 1 “Main tax type and rate”
Urban maintenance and construction tax	74,609.66	199,337.89	Please refer to Note 3. 1 “Main tax type and rate”
Education surtax	49,864.77	113,907.36	Please refer to Note 3. 1 “Main tax type and rate”
Resources tax			
<b>Total</b>	<b>161,974.43</b>	<b>313,245.25</b>	<b>--</b>



Notes: naught

## 57. Gains and losses from changes in fair value

Unit: RMB Yuan

Source	Reporting period	Same period of last year
Trading financial assets		-66,665.37
Including: gains from the changes in fair value of derivative financial instruments		
Trading financial liabilities		
Investment property calculated in fair value		
Other		
Total		-66,665.37

Notes: naught

## 58. Investment income

### (1) List of investment income

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Long-term equity investment income accounted by cost method		
Long-term equity investment income accounted by equity method	53,526.00	
Investment income arising from disposal of long-term equity investments		
Investment income received from holding of trading financial assets		
Investment income received from holding of held-to-maturity investments		
Investment income received from holding of available-for-sale financial assets	8,670,000.00	10,115,000.00
Investment income received from disposal of trading financial assets	230,463.19	167,311.20
Investment income received from holding of held-to-maturity investments		
Investment income received from available-for-sale financial assets		
Other		

Total	8,953,989.19	10,282,311.20
-------	--------------	---------------

## (2) Long-term equity investment income accounted by cost method

Applicable Inapplicable

## (3) Long-term equity investment income accounted by equity method

Unit: RMB Yuan

Name of investee	Reporting period	Same period of last year	Reason for increase/decrease
Changzhou Fuji Changchai Robin Diesel Engine Co., Ltd.	53,526.00		Profits occurred in the reporting period
Total	53,526.00		--

## 59. Impairment losses

Unit: RMB Yuan

Item	Reporting period	Same period of last year
I. Bad debts losses	4,222,750.31	428,540.71
II. Inventory falling price losses		
III. Impairment losses of available-for-sale financial assets		
IV. Impairment losses of held-to-maturity of investment		
V. Impairment losses of long-term equity investment		
VI. Impairment losses of investment property		
VII. Impairment losses of fixed assets		
VIII. Impairment losses of engineering materials		
IX. Impairment loss of construction in progress		
X. Impairment losses of productive biological assets		
XI. Impairment losses of oil and gas assets		
XII. Impairment losses of intangible assets		
XIII. Impairment losses of goodwill		
XIV. Other		
Total	4,222,750.31	428,540.71

## 60. Non-operating gains

(1)

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Total gains from disposal of non-current assets	3,055,944.89	157,337.81
Including : Gains from disposal of fixed assets	3,055,944.89	157,331.81
Gains from disposal of intangible assets		
Gains from debt reconstruction		
Gains from non-monetary assets exchange		
Acceptance of donations		
Government grants	1,600,000.00	5,922,000.00
Disposal of current assets income	2,208,378.00	2,724,753.55
Other	245,617.95	198,496.97
Total	7,109,940.84	9,002,588.33

## (2) List of government grants

Unit: RMB Yuan

Item	Reporting period	Same period of last year	Note
Special funds for the development of five main industries	1,600,000.00		Government grants pertinent to income
Other awards and subsidies		5,922,000.00	Government grants pertinent to income
Total	1,600,000.00	5,922,000.00	--

Notes: no

## 61. Non-operating expenses

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Loss on disposal of non-current assets	601,158.15	679.50
Including: Loss on disposal of fixed assets	601,158.15	679.50
Loss on disposal of intangible assets		
Loss on debt reconstruction		
Loss on exchange of non-monetary assets		
External donation		

Flood control and security funds	1,585,294.37	1,683,572.06
Loss on disposal of current assets	11,023.45	670,195.29
Other	581,742.83	21,583.74
<b>Total</b>	<b>2,779,218.80</b>	<b>2,376,030.59</b>

Notes: naught

## 62. Income tax expense

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Current income tax expense accounted by tax and relevant regulations	5,506,929.91	9,631,166.60
Adjustment of income tax		
<b>Total</b>	<b>5,506,929.91</b>	<b>9,631,166.60</b>

## 63. Calculation process of basic EPS and diluted EPS

The calculation process of basic EPS of the Company from Jan. to Jun. in 2012 is specified in the following table:

Item	Amount
Calculation of basic EPS and diluted EPS	
( ) Numerator	
Net profit after tax	30,021,528.08
Adjustment: influence of preference share dividends and other tools	
Gains/losses attributable to ordinary share holders of parent company in the calculation of basic EPS	29,802,438.47
Adjustment: dividends and interest related to dilution potential ordinary shares	
Gain/loss changes caused by conversion of dilution potential ordinary shares	
Gains/losses attributable to ordinary share holders of parent company in the calculation of diluted EPS	29,802,438.47
( ) Denominator	
Weighted average number of common shares issued in the reporting period in the calculation of basic EPS	561,374,326
Add: weighted average number of common shares converted from all	

delusion potential common shares	
Weighted average number of common shares issued in the reporting period in the calculation of diluted EPS	561,374,326
( ) EPS	
<b>Basic EPS</b>	
Net profit attributable to common share holders of the Company	0.05
Net profit attributable to common share holders of the Company after deducting non-recurring gains/losses	0.05
<b>Diluted EPS</b>	
Net profit attributable to common share holders of the Company	0.05
Net profit attributable to common share holders of the Company after deducting non-recurring gains/losses	0.05

#### 64. Other comprehensive income

Unit: RMB Yuan

Item	Reporting period	Same period of last year
1. Profits/(losses) from available-for-sale financial assets	96,824,000.00	-250,046,500.00
Less: Effects on income tax generating from available-for-sale financial assets	14,523,600.00	-37,506,975.00
Net amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period		
Subtotal	82,300,400.00	-212,539,525.00
2. Interests in the investee entities' other comprehensive income as per equity method		
Less: Effects on income tax generating from the interests in the investee entities' other comprehensive income as per equity method		
Net amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period		
Subtotal		
3. Profits/(losses) from cash flow hedging instrument		
Less: Effects on income tax generating from cash flow hedging instrument		
Net amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period		

The adjustment value that is the converted initial recognition amount of arbitrage project		
Subtotal		
4. Converted amount of foreign currency financial statements	-1,481.92	
Less: Net value of disposal of oversea operations that recognized into current profit and loss		
Subtotal	-1,481.92	
5. Other		
Less: Effects on income tax generating from the others that included into other comprehensive income		
Net amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period		
Subtotal		
Total	<b>82,298,918.08</b>	<b>-212,539,525.00</b>

Notes: the gain/loss from financial assets available for sale in the reporting period came from the income from the fair value changes on available-for-sale—shares of Foton Automobile and Ninghu Expressway—held by the parent company.

## 65. Notes of Cash Flow Statement

### (1) Other cash received relevant to operating activities

Unit: RMB Yuan

Item	Amount
Subsidies and grants	1,600,000.00
Interest income	7,259,870.25
Cash received from other activities	7,652,538.03
Total	16,512,408.28

Notes: naught

### (2) Other cash paid relevant to operating activities

Unit: RMB Yuan

Item	Amount
Various kinds of office expenses	4,447,716.17
Expense on transportation and repair	11,982,886.54
Expenses on promotion and guarantee for repair, replacement and refund	19,657,987.17
Cash paid for other activities	3,398,340.37

Total	39,486,930.25
-------	---------------

Notes: naught

**(3) Other cash received relevant to investment activities**

Unit: RMB Yuan

Item	Amount
Total	

Notes: naught

**(4) Other cash paid relevant to investment activities**

Unit: RMB Yuan

Item	Amount
Xuzhou East China Casting General Factory	6,000,000.00
Huachi Casting Factory	4,000,000.00
Total	10,000,000.00

Notes: The above item was money on call to Xuzhou East China Casting General Factory in the reporting period.

**(5) Other cash received relevant to financing activities**

Unit: RMB Yuan

Item	Amount
Total	

Notes: naught

**(6) Other cash paid relevant to financing activities**

Unit: RMB Yuan

Item	Amount
Total	

Notes: naught

## 66. Supplemental information for Cash Flow Statement

### (1) Supplemental information for Cash Flow Statement

Supplementary	Amount of this period	Amount of last period
1. Reconciliation of net profit to net cash flows generated from operations :	--	--
Net profit	30,021,528.08	37,926,983.39
Add: Provision for assets impairments	4,222,750.31	
Depreciation of fixed assets, oil-gas assets and productive biological assets	28,962,939.75	26,442,971.71
Amortization of intangible assets	1,131,733.20	1,178,945.43
Amortization of long-term deferred expense		
Losses/gains on disposal of property, intangible asset and other long-term assets (gains: negative)	-2,454,786.74	-140,834.57
Losses/gains on scrapped of fixed assets (gains: negative)		
Losses/gains from variation of fair value (gains: negative)		66,665.37
Financial cost (income: negative)	1,018,671.35	1,514,137.84
Investment loss (gains: negative)	-8,900,463.19	-10,115,000.00
Decrease in deferred tax assets (increase: negative)		
Increase in deferred tax liabilities (decrease: negative)	14,523,600.00	-37,506,975.00
Decrease in inventory (increase: negative)	83,599,474.53	59,492,230.01
Decrease in accounts receivable from operating activities (increase: negative)	-54,264,989.36	-85,978,757.50
Increase in accounts payable from operating activities (decrease: negative)	110,008,700.70	-41,365,057.00
Others		
Net cash flows generated from operating activities	<b>207,869,158.63</b>	<b>-48,652,001.52</b>
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
Debt converted into capital		
Convertible company bonds due within 1 year		
Financing leased fixed assets		
3. Change of cash and cash equivalent:	--	--
Closing balance of Cash	559,067,112.03	686,687,180.70
Less: opening balance of cash	470,293,043.20	763,106,649.01



Plus: closing balance of cash equivalent		
Less: opening balance of cash equivalents		
The net increase in cash and cash equivalents	88,774,068.83	-76,419,468.31

**(2) Relevant information of acquisition or disposal of subsidiaries and other operation entities in the reporting period**

Applicable  Inapplicable

**(3) Composition of cash and cash equivalents**

Unit: RMB Yuan

Item	Reporting period	Same period of last year
I. Cash	559,067,112.03	470,293,043.20
Including: Cash on hand	563,489.03	1,512,744.56
Bank deposit on demand	558,503,623.00	468,780,298.64
Other monetary funds on demand		
Central Bank deposit on demand		
Due from banks		
Call loan to banks		
II. Cash equivalents		
Including: bond investments due in three months		
III. Closing balance of cash and cash equivalents	559,067,112.03	470,293,043.20

Notes: Naught

**67. Notes to statement of changes in owners' equity**

Applicable  Inapplicable

**(VIII) Accounting treatment of assets securitization business**

**1. Notes of main trade arrangement and its accounting treatment of assets securitization business as well as articles of bankruptcy remote**

Applicable  Inapplicable

**2. Main information about the special purpose entities in which the Company has no control right but bears**

Applicable  Inapplicable

**(IX) Related Parties and Related-party Transactions**

**1. Information of the parent company of the Company**

Unit: RMB 0'000

Parent company	Relationship	Business Type	Registered place	Legal Representa	Business nature	Registered Capital	The parent company's	The parent company's	The ultimate	Organization Code

				ive			sharehold ing (%)	voting right (%)	controlling party of the Company	
State-owne d Assets Supervisio n and Administra tion Commissi on of Changzho u Municipal Governme nt	Controllin g shareholde r	Governme nt authority	Changzho u				30.02	30.02		01411025- 1

Particular about the parent company of the Company: The State-owned Assets Supervision and Administration Commission of Changzhou Municipal Government is the actual controller of the Company, which held 30.02% equities of the Company (state-owned equities) as at 30 Jun. 2012.

## 2. Information of subsidiaries of the Company

Unit: RMB 0'000

Full name	Type	Business type	Registered place	Legal representati ve	Business nature	Registered capital	Percentage of Shareholdin g (%)	Percentage of voting right (%)	Organizatio n code
Changchai Wanzhou Diesel Engine Co., Ltd.	Controlled subsidiary	Company with limited liability	Chongqing City	Yin Lihou	Changchai Wanzhou Diesel Engine Co., Ltd.	3,500	60	60	20793370-5
Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd.	Controlled subsidiary	Company with limited liability	Changzhou City	Cao Weiping	Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd.	3,378.64	75	75	25083232-8
Changzhou Housheng	Wholly-ow ned	Company with limited	Changzhou City	Shi Jianchun	Changzhou Housheng	3000	100	100	55027547-1

Investment Co., Ltd.	subsidiary	liability			Investment Co., Ltd.				
Chansun International (Pte.) Ltd.	Wholly-owned subsidiary	Company with limited liability	Singapore	Shi Jianchun	Chansun International (Pte.) Ltd.	USD 200,000	100	100	

### 3. Information of joint ventures and associated enterprises

Unit: RMB 0'000

Name of investee	Business type	Registered address	Legal representative	Business nature	Registered capital	Percentage of shareholding (%)	Percentage of voting rights (%)	Total closing assets	Total closing liabilities	Total closing net assets	Total sales of revenue in the reporting period	Net profit in the reporting period	Relationship	Organization code
I. Joint ventures	--	--	--	--	--	--	--	--	--	--	--	--	--	--
II. Associated enterprises	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Changzhou Fuji Changchai Robin Diesel Engine Co., Ltd.	Company with limited liability	Changzhou	Shijing Qijie	Industry	USD 4.5 million	33	33	8241.09	2609.83	5631.26	9316.60	16.22	Associated enterprise	71497547-5
Beijing Tsinghua Investment Management Co., Ltd.	Company with limited liability	Beijing	Chen Zhangwu	Service	RMB 10 million	25	25	218.77	203.49	15.28			Associated enterprise	700233059

#### **4. Information of other related parties of the Company**

Applicable  Inapplicable

Notes: Naught

#### **5. Related-party transactions**

##### **(1) Purchase of goods and acceptance of service**

Applicable  Inapplicable

##### **(2) Information of related party trust/contract**

Applicable  Inapplicable

##### **(3) Information of related-party lease**

Applicable  Inapplicable

##### **(4) Information of related-party guarantee**

Applicable  Inapplicable

##### **(5) Related-party call loan**

Applicable  Inapplicable

##### **(6) Information about assets transfer, debt reorganization of related parties**

Applicable  Inapplicable

#### **6. Amounts due from/to related parties**

Applicable  Inapplicable

##### **(X) Share-based Payment**

Applicable  Inapplicable

##### **(XI) Contingency**

## 1. Contingent liabilities and its financial effect arising from unsettled litigation or arbitration

Complainant	Respondent	Party with joint responsibility	Type of the lawsuit/arbitration	Basic information about the lawsuit/arbitration	Amount involved in the lawsuit/arbitration (RMB Ten thousand)	Progress of the lawsuit/arbitration	Trial result and influence of the lawsuit/arbitration	Execution of the judge of the lawsuit/arbitration	Disclosure date of the relevant interim announcement	Serial No. of the relevant interim announcement
Changchai Company, Limited	Shandong Hongli Group Co., Ltd.				1436	In the process of liquidation and bankruptcy				
Changchai Company, Limited	Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd					In the process of retrial, with no judge yet			31 Dec. 2011	2011-015
									13 Apr. 2012	2012-003
									5 May 2012	2012-008

Details of the significant lawsuits and arbitrations:

1. About the lawsuit case of Shandong Hongli Group Co., Ltd., the accused company owed accumulatively RMB 14.36 million to the Company. The Company sued to Changzhou Intermediate People's Court in 2001 and sued for compulsory execution in April, 2002. Currently, the defendant has started the bankruptcy procedure.
2. Changchai Benniu Diesel Engine Fittings Co., Ltd. (Changchai Benniu) is the controlled subsidiary of the Company with a register capital of RMB 33,786,400, of which the Company invested RMB 25,339,800, accounting for 75% of the total register capital, while the natural person of Qiang Jinlong invested RMB 8,446,600, accounting for 25% of the total register capital. In accordance with the provisions of Articles of Association of the Company, the term of operation of Changchai Benniu Diesel Engine Fittings Co., Ltd. was from 17 Jun. 1996 to 16 Jun. 2011.

Changchai Benniu Diesel Engine Fittings Co., Ltd. convened the First Special Shareholders' General Meeting for 2011 on 19 Jul. 2011, at which reviewed the Proposal on Extending the Term of Operation and Revising the Articles of Association for Changchai Benniu Diesel Engine Fittings Co., Ltd., making a Resolution on Extending the Term of Operation from 17 Jun. 2011 to 16 Jun. 2026 for Changchai Benniu Diesel Engine Fittings Co., Ltd.. The Company believes that the resolution is effective, which has a restraint on the shareholders. However, the third party of Qiang Jinlong always denies the effectiveness of the resolution made at

the session. Therefore, the Company sued to Changzhou Wujin District People's Court on 28 Dec. 2011, appealing the court to confirm the effectiveness and legality of the resolution made at the First Special Shareholders' General Meeting for 2011, extending the term of operation to 16 Jun. 2026 for Changchai Benniu Diesel Engine Fittings Co., Ltd..

On 9 Apr. 2012, Changzhou Wujin District People's Court issued a Civil Judgment ([2012] WSC Zi No. 25), deciding that it was in line with relevant laws and regulation for the appeal of the Company on confirming the effectiveness and legality of the resolution made at the First Special Shareholders' General Meeting for 2011 convened by Changchai Benniu Diesel Engine Fittings Co., Ltd. on 19 Jul. 2011, thus the court supported it. And it was legal and effective for the resolution made at the shareholders' general meeting, which was about "the original Article 4 of the Articles of Association stipulated the term of joint operation with shareholders was from 17 Jun. 1996 to 16 Jun. 2011, and now extending the term for 15 years, i.e. from 17 Jun. 2011 to 16 Jun. 2026".

Changzhou Wujin Administration for Industry & Commerce issued the Business License for Enterprise of Changchai Benniu Diesel Engine Fittings Co., Ltd. on 20 Apr. 2012, with the term of operation from 17 Jun. 1996 to 16 Jun. 2026.

Qiang Jinlong refused to accept the court decision as final. He appealed to Changzhou Intermediary People's Court, which opened a court session on 27 Jun. 2012 to try this case. No verdict has been reached so far.

**2. Contingent liabilities and its financial effect arising from loan guarantee offered to other companies**

Applicable  Inapplicable

**(XII) Commitments**

**1. Significant commitments**

Applicable  Inapplicable

**2. Fulfillment of previous commitments**

Applicable  Inapplicable

**(XIII) Events after the Balance Sheet Date**

Applicable  Inapplicable

**(XIV) Notes of other significant events**

**1. Exchange of non-monetary assets**

Naught

**2. Debt reorganization**

Naught

**3. Business combination**

Naught

**4. Lease**

Naught

**5. Closing financial instruments that externally issued and convertible into shares**

Naught

**6. Main content and significant changes of annuity plan**

Naught

**7. Other significant events**

Naught

**(XV) Notes of main items in the financial statements of the Company**

**1. Accounts receivable**

**(1) Accounts receivable**

Unit: RMB Yuan

Category	Closing balance				Opening balance			
	Book balance		Provision for bad debts		Balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable with	62,968,988.61	9.79	44,205,382.69	70.20	66,878,836.94	12.02	45,845,217.26	68.55



significant single amount and individually withdrawn bad debt provision								
Aging groups	579,760,662.19	90.14	188,103,335.66	32.44	489,715,505.50	87.98	184,955,597.87	37.77
Subtotal of the groups	579,760,662.19	90.14	188,103,335.66	32.44	489,715,505.50	87.98	184,955,597.87	37.77
Accounts receivable with insignificant single amount but individually withdrawn bad debt provision	460,313.32	0.07	460,313.32	100				
<b>Total</b>	<b>643,189,964.12</b>	<b>100</b>	<b>232,769,031.67</b>	<b>36.14</b>	<b>556,594,342.44</b>	<b>100.00</b>	<b>230,800,815.13</b>	<b>41.47</b>

Please fill the name of groups. Proportion in the book value was calculated by dividing the total amount of accounts receivable from the closing amount of such accounts receivable, while the proportion of provision for bad debts was calculated by dividing the closing amount of accounts receivable from the withdrawal amount of such accounts receivable at period-end.

Notes to category of accounts receivable:

Accounts receivable with significant single amount and individually withdrawn bad debt provision at period-end

√ Applicable □ Inapplicable

Unit: RMB Yuan

Content of accounts receivable	Book balance	Bad debts provision	Withdrawal proportion	Withdrawal reason
ANHUI FEICAI VEHICLE CO.,LTD.	6,215,662.64	6,186,873.74	99.54	Difficult to recover
HEILONGJIANG PROVINCE COAST IMPORT & EXPORT CORP,LTD.	2,584,805.83	2,584,805.83	100.00	Difficult to recover
ZHEJIANG SANLIAN AGRICULTURAL MACHINERY CO., LTD.	1,902,326.58	1,902,326.58	100.00	Difficult to recover
FUPING WEIPING AGRICULTURAL MACHINERY CO., LTD.	5,429,151.00	5,429,151.00	100.00	Difficult to recover
CHANGCHAI WANZHOU DIESEL ENGINE CO., LTD.	46,837,042.56	28,102,225.54	60.00	Part of accounts receivable were difficult to recover
<b>Total</b>	<b>62,968,988.61</b>	<b>44,205,382.69</b>	<b>70.20</b>	<b>--</b>

In the groups, accounts receivable adopting aging analysis method to withdraw bad debt provision:

√ Applicable □ Inapplicable

Unit: RMB Yuan

Aging	Closing balance	Opening balance
-------	-----------------	-----------------

	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year						
Including:	--	--	--	--	--	--
Within 1 year	394,697,641.98	68.08	10,634,921.62	303,484,806.74	61.97	6,069,696.14
Subtotal for those aging within 1 year	394,697,641.98	68.08	10,634,921.62	303,484,806.74	61.97	6,069,696.14
1-2 years	2,005,739.74	0.35	101,763.49	1,745,307.45	0.36	87,265.37
2-3 years	6,102,671.39	1.05	921,099.91	6,071,399.89	1.24	910,709.98
Over 3 years	176,954,609.08	30.52	176,445,550.65	178,413,991.42	36.43	177,887,926.38
3-4 years	301,098.36	0.05	91,830.36	248,284.39	0.05	74,485.32
4-5 years	786,159.96	0.14	486,369.53	880,664.92	0.18	528,398.95
Over 5 years	175,867,350.76	30.33	175,867,350.76	177,285,042.11	36.20	177,285,042.11
Total	579,760,662.19	100.00	188,103,335.67	489,715,505.50	100.00	184,955,597.87

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision:

Applicable  Inapplicable

In the groups, accounts receivable adopting other methods to withdraw bad debt provision:

Applicable  Inapplicable

Accounts receivable with insignificant single amount but individually withdrawn bad debt provision at period-end:

Applicable  Inapplicable

Content of accounts receivable	Book balance	Bad debts provision	Withdrawal proportion	Withdrawal reason
MENGCHENG XINGNONG AGRICULTURAL MACHINERY CO., LTD.	233,100.00	233,100.00	100.00	Difficult to recover
HENGYANG HENGFA TRACTOR MANUFACTURING CO., LTD.	227,213.32	227,213.32	100.00	Difficult to recover
Total	460,313.32	460,313.32	100	

## (2) Information of accounts receivable reversed or recovered in the reporting period

Applicable  Inapplicable

The withdrawal of bad debt provision of accounts receivable with significant single amount or insignificant single amount but individually made impairment test at the end of reporting period:

Applicable √ Inapplicable

Notes to accounts receivable with insignificant single amount but large risks of groups after grouping by credit risks characteristics:

Applicable √ Inapplicable

**(3) Information of accounts receivable that written off in the reporting period**

Applicable √ Inapplicable

**(4) Information of shareholders with more than 5% (including 5%) of the voting shares of the Company in accounts receivable in reporting period**

Applicable √ Inapplicable

**(5) Nature or content of other accounts receivable with significant amount**

Applicable √ Inapplicable

**(6) Top five accounts receivable**

Unit: RMB Yuan

Name of company	Relationship	Amount	Term	Proportion (%)
CHANGZHOU DONGFENG AGRICULTURAL MACHINERY GROUP CO., LTD	Customer	57,976,571.41	Within 1 year	9.01
SHANDONG WUZHENG (GROUP) CO., LTD.	Customer	52,833,531.80	Within 1 year	8.21
CHANGCHAI WANZHOU DIESEL ENGINE CO., LTD.	Controlled subsidiary	46,837,042.56	Within 4 years and over 5 years	7.28
DONGFENG AUTOMOBILE CO., LTD.	Customer	43,709,397.96	Within 1 year	6.80
SHENYANG JINBEI VEHICLE MANUFACTURING CO., LTD.	Customer	24,776,779.12	Within 1 year	3.85
Total	--	226,133,322.85	--	35.16

**(7) Accounts receivable due from related parties**

Unit: RMB Yuan

Name of company	Relationship	Amount	Proportion (%)
CHANGCHAI WANZHOU DIESEL ENGINE CO., LTD.	Controlled subsidiary	46,837,042.56	7.28
Total	--	46,837,042.56	7.28

**RMB0.00 was transferred from the accounts receivable not meeting the conditions of termination recognition.**

**(9) If securitization is carried out on accounts receivable as the underlying asset, please brief on the arrangement of relevant transactions.**

Applicable  Inapplicable

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

Unit: RMB Yuan

Category	Closing balance				Opening balance			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other accounts receivable with significant single amount and individually withdrawn bad debt provision	4,504,630.68	4.92	4,356,216.87	96.71	4,504,630.68	10.91	4,356,216.87	96.71
Other accounts receivable for which bad debt provisions are made on the group basis								
Aging groups	85,144,692.13	92.89	26,660,454.23	31.31	34,767,149.41	84.22	25,755,114.80	74.08
Subtotal of the groups	85,144,692.13	92.89	26,660,454.23	31.31	34,767,149.41	84.22	25,755,114.80	74.08
Other accounts receivable with insignificant single amount but individually withdrawn bad debt provision	2,010,948.16	2.19	1,969,759.64	97.95	2,010,948.16	4.87	1,969,759.64	97.95
Total	91,660,270.97	100.0	32,986,430.74	35.99	41,282,728.25	100.0	32,081,091.31	71.34

		0			0-		-
--	--	---	--	--	----	--	---

Notes of category:

Other accounts receivable with significant single amount and individually withdrawn bad debt provision at period-end:

Applicable  Inapplicable

Unit: RMB Yuan

Content of other accounts receivable	Book balance	Bad debts provision	Withdrawal proportion	Withdrawal reason
Changchai Group Import & Export Co., Ltd.	2,853,188.02	2,853,188.02	100.00	Difficult to recover
Other customers	1,651,442.66	1,503,028.85	91.01	Difficult to recover
Total	4,504,630.68	4,356,216.87		--

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision:

Applicable  Inapplicable

Unit: RMB Yuan

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year						
Including:	--	--	--	--	--	--
Within 1 year	58,101,898.54	68.24	1,813,216.74	7,120,144.87	20.48	142,402.89
Subtotal for those aging within 1 year	58,101,898.54	68.24	1,813,216.74	7,120,144.87	20.48	142,402.89
1-2 years	1,259,469.31	1.48	63,496.03	1,019,076.16	2.93	50,953.81
2-3 years	1,096,349.75	1.29	167,309.15	1,186,903.70	3.41	178,035.56
Over 3 years	24,686,974.53	28.99	24,616,432.31	25,441,024.68	73.18	25,383,722.54
3-4 years	93,734.94	0.11	28,543.61	80,530.00	0.23	24,159.00
4-5 years	13,875.28	0.02	8,524.39	2,327.86	0.01	1,396.72
Over 5 years	24,579,364.31	28.87	24,579,364.31	25,358,166.82	72.94	25,358,166.82
Total	85,144,692.13	100.00	26,660,454.23	34,767,149.41	100	25,755,114.80

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision:

Applicable  Inapplicable

In the groups, other accounts receivable adopting other methods to withdraw bad debt provision:

Applicable  Inapplicable

Other accounts receivable with insignificant single amount but individually withdrawn bad debt provision at period-end:

Applicable  Inapplicable

Unit: RMB Yuan

Content	Book balance	Provision for bad debts	Withdrawal proportion	Reason
Jie Hua mechanical and electrical limited company of Anhui	377,033.06	377,033.06	100	
Wuxi tank factory	205,095.61	205,095.61	100	
Other	1,428,819.49	1,387,630.97	97.12	Of small amount that difficult to recover
Total	2,010,948.16	1,969,759.64	97.95	--

**(2) Information of other accounts receivable reversed or recovered in the reporting period**

Applicable  Inapplicable

The withdrawal of bad debt provision of other accounts receivable with significant single amount or insignificant single amount but individually made impairment test at the end of reporting period:

Applicable  Inapplicable

Notes to other accounts receivable with insignificant single amount but large risks of groups after grouping by credit risks characteristics:

Applicable  Inapplicable

**(3) Information of the write-off other accounts receivable**

Applicable  Inapplicable

**(4) The other accounts receivable due from shareholders with more than 5% (including 5%) of the voting shares of the Company in the reporting period**

Applicable  Inapplicable

**(5) Nature or content of other accounts receivable with significant amount**

Applicable  Inapplicable

**(6) Top five other accounts receivable**

Unit: RMB Yuan

Name of company	Relationship	Amount	Term	Proportion (%)
Changchai Benniu Diesel	Controlled subsidiary	50,000,000.00	Within 1 year	54.55

Engine Fittings Co., Ltd				
Changzhou Vehicles Co., Ltd.	Customer	3,879,038.74	Over 5 years	4.23
Changzhou Compressor Plant	Customer	2,940,000.00	Over 5 years	3.21
Changchai Group Import & Export Co., Ltd.	Customer	2,853,188.02	Over 5 years	3.11
Changzhou xinsheng Property Management Limited	Customer	2,040,136.61	Over 5 years	2.23
Total	--	61,712,363.37		67.33

**(7) Other account receivable due from related parties**

Unit: RMB Yuan

Name of company	Relationship	Amount	Proportion (%)
Changchai Benniu Diesel Engine Fittings Co., Ltd	Controlled subsidiary	50,000,000.00	54.55
Total	--		

**(8) RMB 0 was transferred from the other accounts receivable not meeting the conditions of termination recognition.**

**(9) If securitization is carried out on the other accounts receivable as the underlying asset, please brief on the arrangement of relevant transactions.**

Applicable  Inapplicable

**3. Long-term equity investments**

Unit: RMB Yuan

The investee	Accounting method	Initial investment cost	Opening balance	Increase/decrease	Closing balance	Shareholding Proportion	Voting right Proportion	Explanations on differences between shareholding proportion and voting right proportion	Provision for impairment loss	Withdrawal amount of impairment provision in the reporting period	Cash bonus in the reporting period

								n			
Changchai Wanzhou Diesel Engine Co., Ltd	Cost method	21,000,000.00	21,000,000.00		21,000,000.00	60	60				
Changchai Benniu Diesel Engine Fittings Co., Ltd	Cost method	25,339,800.00	25,339,800.00		25,339,800.00	75	75				
Changzhou Housheng Investment Co., Ltd.	Cost method	30,000,000.00	30,000,000.00		30,000,000.00	100	100				
Chansun International (Pte.) Ltd.	Cost method	1,278,440.00	1,278,440.00		1,278,440.00	100	100				
Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd.	Equity method	12,294,546.00	18,563,414.34	53,526.00	18,616,940.34	33	33				
Beijing Tsinghua Industrial Investment Management Co., Ltd.	Equity method	2,500,000.00				25	25		44,182.50		
Jiangsu Bank	Cost method	38,000,000.00	38,000,000.00		38,000,000.00						
Others	Cost method	410,000.00							410,000.00		
<b>Total</b>		130,822,786.00	134,181,654.34	53,526.00	134,235,180.34				<b>454,182.50</b>		

Notes: Naught

#### 4. Revenue and Cost of Sales

##### (1) Revenue, Cost of Sales

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Main business revenue	1,584,511,791.72	1,683,572,061.75
Other business revenue	22,548,367.02	15,213,963.90
Cost of sales	1,496,934,202.57	1,576,529,249.38



Total		
-------	--	--

**(2) Main business (Classified by industry)**

√ Applicable □ Inapplicable

Unit: RMB Yuan

Industry	Reporting period		Same period of last year	
	Revenue of sales	Cots of sales	Revenue of sales	Cots of sales
Diesels engines and foundry fittings	1,584,511,791.72	1,478,749,466.30	1,683,572,061.75	1,568,154,920.84
<b>Total</b>	<b>1,584,511,791.72</b>	<b>1,478,749,466.30</b>	<b>1,683,572,061.75</b>	<b>1,568,154,920.84</b>

**(3) Main business (Classified by product)**

√ Applicable □ Inapplicable

Unit: RMB Yuan

Product	Reporting period		Same period of last year	
	Revenue of sales	Cots of sales	Revenue of sales	Cots of sales
Diesels engines and foundry fittings	1,584,511,791.72	1,478,749,466.30	1,683,572,061.75	1,568,154,920.84
<b>Total</b>	<b>1,584,511,791.72</b>	<b>1,478,749,466.30</b>	<b>1,683,572,061.75</b>	<b>1,568,154,920.84</b>

**(4) Main business (Classified by area)**

√ Applicable □ Inapplicable

Unit: RMB Yuan

Area	Reporting period		Same period of last year	
	Revenue of sales	Cots of sales	Revenue of sales	Cots of sales
East China	778,764,744.58	726,784,083.54	796,127,526.18	741,549,070.67
Northwest China	82,503,124.63	76,996,240.83	76,965,756.62	71,689,375.65
Western China	175,339,876.79	163,636,364.58	142,585,894.30	132,810,930.32
Central China	176,067,223.19	164,315,162.36	221,352,012.26	206,177,243.70
North China	89,884,109.80	83,884,563.11	105,072,678.80	97,869,430.16
Northwest China	72,965,341.01	68,095,081.17	55,953,661.55	52,117,763.00
South China	119,240,235.58	111,281,238.58	151,010,033.99	140,657,553.83
Overseas	89,747,136.15	83,756,732.12	134,504,498.04	125,283,553.51
<b>Total</b>	<b>1,584,511,791.72</b>	<b>1,478,749,466.30</b>	<b>1,683,572,061.75</b>	<b>1,568,154,920.84</b>

**(5) Revenue of sales from the top five customers**

Unit: RMB Yuan

Customers	Total revenue of sales	Proportion of total revenue of

		sales (%)
SHANDONG WUZHENG (GROUP) CO., LTD.	155,076,399.67	9.65
CHANGZHOU DONGFENG AGRICULTURAL MACHINERY GROUP CO., LTD	107,597,634.48	6.70
DONGFENG AUTOMOBILE CO., LTD.	87,380,791.64	5.44
LIUZHOU GONGXING AGRICULTURAL MACHINERY CO., LTD.	51,453,325.52	3.20
FOTON LOVOL INTERNATIONAL HEAVY INDUSTRY CO., LTD.	44,769,119.54	2.79
Total	446,277,270.85	27.78

Notes: Naught

## 5. Investment income

### (1) List of investment income

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Long-term equity investment income accounted by cost method		
Long-term equity investment income accounted by equity method	53,526.00	
Investment income arising from disposal of long-term equity investments		
Investment income received from holding of trading financial assets		
Investment income received from holding of held-to-maturity investments		
Investment income received from holding of available-for-sale financial assets	8,670,000.00	10,115,000.00
Investment income received from disposal of trading financial assets		
Investment income received from holding of held-to-maturity investments		
Investment income received from available-for-sale financial assets		
Other		
Total	8,723,526.00	10,115,000.00

### (2) Long-term equity investment income accounted by cost method

Applicable  Inapplicable

### (3) Long-term equity investment income accounted by equity method

Unit: RMB Yuan

Name of investee	Reporting period	Same period of last	Reason for increase/decrease YoY
------------------	------------------	---------------------	----------------------------------

		year	
Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd.	53,526.00		Profits gained in the reporting period
Total	53,526.00		--

## 6. Supplemental information of Cash Flow Statement

Unit: RMB Yuan

Supplemental information	Reporting period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operations :	--	--
Net profit	27,197,187.46	34,656,754.91
Add: Provision for assets impairments	2,873,555.97	
Depreciation of fixed assets, oil and gas assets and productive biological assets	25,549,673.21	23,351,213.10
Amortization of intangible assets	1,103,467.86	1,178,945.43
Amortization of long-term deferred expense		
Losses/gains on disposal of property, intangible asset and other long-term assets (gains: negative)	-2,486,257.01	-156,658.31
Losses/gains on scrapped of fixed assets (gains: negative)		
Losses/gains from variation of fair value (gains: negative)		
Financial cost (income: negative)	398,046.85	1,339,506.77
Investment loss (gains: negative)	-8,723,526.00	-10,115,000.00
Decrease in deferred tax assets (increase: negative)		
Increase in deferred tax liabilities (decrease: negative)	14,523,600.00	-37,506,975.00
Decrease in inventory (increase: negative)	85,719,767.23	80,806,096.19
Decrease in accounts receivable from operating activities (increase: negative)	-40,478,299.24	-90,425,683.45
Increase in accounts payable from operating activities (decrease: negative)	78,892,368.22	-56,510,856.76
Others		
Net cash flows generated from operating activities	<b>184,569,584.55</b>	<b>-53,382,657.12</b>
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
Debt converted into capital		
Convertible company bonds due within 1 year		
Financing leased fixed assets		
3. Change of cash and cash equivalent:	--	--

Closing balance of cash	479,861,904.51	652,410,923.04
Less: opening balance of cash	440,239,150.22	727,580,790.13
Plus: closing balance of cash equivalent		
Less: opening balance of cash equivalents		
The net increase in cash and cash equivalents	39,622,754.29	-75,169,867.09

## 7. Information of assets and liabilities recognized by evaluation value from the counter purchase

Applicable  Inapplicable

## (XVI)Supplemental information

### 1. Return on equity and earnings per share

Unit: RMB Yuan

Profit in the reporting period	The weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's common stock shareholders	1.66	0.05	0.05
Net profit attributable to shareholders of the Company's common stock after deducting non-recurring gains and losses	1.41	0.05	0.05

### 2. Particulars on the abnormal conditions of main items in the financial statements of the Company and relevant reasons

#### (1) Other accounts receivable

Amount at the period-end increased RMB 11,026,900 over the period-begin, with an increase of 99.68%, mainly because the Company's subsidiary—Changzhou Housheng Investment Co., Ltd. provided temporary loan to its supplier of Xuzhou East China Casting General Factory.

#### (2) Payroll payable

Amount at the period-end decreased RMB 28,171,000 over the period-begin, with a decrease of 62.2%, mainly because the salaries and bonus withdrawn in last period have been largely paid in the reporting period.

#### (3) Dividends payable

Amount at the period-end increased RMB 3,361,000 over the period-begin, with an increase of 86.6%, mainly because part of dividends distributed in the reporting period have not been withdrawn.

#### (4) Other current liabilities

Amount at the period-end decreased RMB 424,200 over the period-begin, with a decrease of 35.26%, mainly because the power charges and sewage charges, etc. decreased.

#### (5) Asset impairment loss

Amount at the period-end increased RMB 379,420,000 over the period-begin, with an increase of 885.38%,

Mainly for the provision for bad debts.

(6)Income tax expenses

Amount at the period-end decreased RMB 4,124,200 over the period-begin, with a decrease of 42.82%, mainly because profits for the period decreased over that of same period of last year.

## **IX. Documents Available for Reference**

Documents Available for Reference
<ol style="list-style-type: none"><li>1. Text of 2012 Semi-Annual Report carrying the signature of Chairman of the Board;</li><li>2. Accounting statements carrying the signatures and seals of the person-in-charge of the Company, the person-in-charge of accounting and the person-in-charge of the accounting agency;</li><li>3. Originals of all the Company's documents and public notices ever disclosed on Securities Times and Ta Kung Pao designated by CSRC in the reporting period;</li><li>4. Articles of Association of the Company.</li></ol>

Chairman of the Board: Xue Guojun

Date for submission approved by the Board of Directors: 22 August 2012