

WEIFU HIGH-TECHNOLOGY GROUP CO., LTD.
SEMI-ANNUAL REPORT 2012
(Full-Text)



August 2012

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I Important Notice

The Board of Directors and its directors, Supervisory Committee and its supervisors, senior executives of WEIFU HIGH-TECHNOLOGY GROUP CO.,LTD. (hereinafter referred to as the Company) hereby confirm that there are no false recordation, misleading statements or material omissions carried in this report, and shall take all responsibilities, individually and/or jointly, for the reality, accuracy and completeness of the whole contents.

Except for the follow directors, others are present the meeting of the Board for deliberating the semi-annual report of the Company

| Name of director not attended in person | Title of director not attended in person | Reasons for absent | Trustee |
|---|--|--------------------|-------------|
| Rudolf Maier | Deputy chairman | Due to business | Chen Xuejun |
| Chen Yudong | Director | Due to business | Chen Xuejun |

Unaudited

Chen Xuejun, person in charge of the Company, Ou Jianbin, person in charge of accounting works as well as person in charge of accounting institution (accounting officer) Ou Jianbin hereby confirm the truthfulness and completeness of the Financial Report in the Semi-annual Report 2012.

II. Company Profile

(I) Company information

| | | | |
|--|---|------------------------|------------|
| Code for A-share | 000581 | Code for B-share | 200581 |
| Short form for A-share | Weifu High- Tech | Short form for B-share | Su Weifu-B |
| Listing stock exchange | Shenzhen Stock Exchange | | |
| Legal Chinese name of the Company | 无锡威孚高科技集团股份有限公司 | | |
| Abbr. of legal Chinese name of the Company | 威孚高科 | | |
| Legal English name of the Company | WEIFU HIGH-TECHNOLOGY GROUP CO.,LTD. | | |
| Abbr. of legal English name of the Company | WFHT | | |
| Legal Representative | Chen Xuejun | | |
| Registered Add. | No.5, Huashan Road, New District, Wuxi City | | |
| Post Code of registered add. | 214028 | | |
| Office Add. | No.107, Renmin West Road, Wuxi City | | |
| Post Code of office add. | 214031 | | |
| Internet website | http://www.weifu.com.cn | | |
| E-mail | Web @ weifu.com.cn | | |

(II) Contact person and ways

| | Secretary of the Board | Rep. of security affairs |
|---------------|-------------------------------------|-------------------------------------|
| Name | Zhou Weixing | Yan Guohong |
| Contact adds. | No.107, Renmin West Road, Wuxi City | No.107, Renmin West Road, Wuxi City |
| Tel. | 0510-82719579 | 0510-82719579 |
| Fax. | 0510-82751025 | 0510-82751025 |
| E-mail | wfjt@public1.wx.js.cn | wfjt@public1.wx.js.cn |

(III) Information disclosure and place for preparation

| | |
|---|---|
| Newspapers Designated for indormation disclosure | <i>Securities Times, China Securities Journal and Hong Kong Comercial Daily</i> |
| Website desinated by CSRC for publishing semi-annual report | http://www.cninfo.com.cn |
| place for preparation of semi-annual report | Office of the Board of Directors of the Company |

III. Major accounting data and business abstract

(I) Major accounting data and financial indexes

Whether retroactive adjusted on previous financial report or not

Yes No Non-applicable

Major accounting data

| Major accounting data | Reporting period (Jan. to June) | Same period of last year | Increase/decrease in this report period year-on-year (%) |
|---|------------------------------------|------------------------------|---|
| Total business revenue(RMB) | 2,622,741,134.00 | 3,277,559,746.96 | -19.98% |
| Business profit(RMB) | 532,366,338.60 | 766,609,381.92 | -30.56% |
| Total profit(RMB) | 533,340,367.05 | 769,696,904.66 | -30.71% |
| Net profit attributable to shareholders of the listed company (RMB) | 446,281,174.98 | 644,663,629.50 | -30.77% |
| Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB) | 443,915,741.43 | 639,380,620.02 | -30.57% |
| Net cash flow arising from operating activities(RMB) | 437,635,548.02 | 53,803,389.19 | 713.4% |
| | End of this report period | End of last report period | Increase/decrease in this period-end over that of last year (%) |
| Total assets(RMB) | 10,781,281,378.01 | 7,929,217,436.19 | 35.97% |
| Owners' equity attributable to shareholders of the listed company(RMB) | 8,233,666,830.76 | 5,064,060,401.35 | 62.59% |
| Share capital(Share) | 680,133,995.00 | 567,275,995.00 | 19.89% |

Major financial indexes

| Major financial indexes | Reporting period (Jan. to June) | Same period of last year | Increase/decrease in this report period year-on-year (%) |
|--|---------------------------------------|------------------------------|--|
| Basic earnings per share (RMB/Share) | 0.69 | 1.14 | -39.47% |
| Diluted earnings per share (RMB/Share) | 0.69 | 1.14 | -39.47% |
| Basic EPS after deducting non-recurring gains/losses (RMB/Share) | 0.69 | 1.13 | -38.94% |
| Fully diluted ROE (%) | 5.42% | 14.31% | -8.89% |
| Weighted average ROE (%) | 6.18% | 14.56% | -8.38% |
| Fully diluted ROE after deducting non-recurring gains/losses (%) | 5.39% | 14.2% | -8.81% |
| Weighted average ROE after deducting non-recurring gains/losses (%) | 6.14% | 14.44% | -8.3% |
| Net cash flow per share arising from operating activities (RMB/Share) | 0.64 | 0.095 | 573.68% |
| | End of this report period | End of last report period | Increase/decrease in this period-end over |

| | | | that of last year (%) |
|---|--------|--------|-----------------------|
| Net assets per share attributable to shareholder of listed company (RMB/ Share) | 12.11 | 8.93 | 35.61% |
| Asset-liability ratio (%) | 21.05% | 32.65% | -11.6% |

Explanation on previous major accounting data and financial indexes at period-end (filling the adjustment explanation if retroactive adjusted)

In reporting period, total assets increase 35.97% over that of period-end of last year, owners' equity attributable to shareholders of listed company increase 62.59% over that of period-end of last year and net assets per share attributable to shareholders of listed company increase 35.61% over that of period-end of last year, main reasons are: the privately offering of the Company issued 112.858 million shares in this period and net amount of 2,850,124,252.93 yuan are raised.

(II) Difference of accounting data under CAS and IAS

1. Difference of net profit and net assets disclosed in financial report based on IAS and CAS

Applicable Non-applicable

Unit: RMB

| | Net profit attributable to shareholders of listed company | | Owners' equity attributable to shareholders of listed company | |
|--|---|--------------------|---|------------------------|
| | This report period | Last report period | Amount in period-end | Amount in period-begin |
| CAS | 446,281,174.98 | 644,663,629.50 | 8,233,666,830.76 | 5,064,060,401.35 |
| Sub-items and total adjusted based on IAS: | | | | |
| | | | | |
| IAS | 446,281,174.98 | 644,663,629.50 | 8,233,666,830.76 | 5,064,060,401.35 |

2. Difference of net profit and net assets disclosed in financial report based on foreign accounting standards and CAS

Applicable Non-applicable

3. Detail items for major differences

| Items with major differences | Amount involved (RMB) | Reasons for differences | Explanation on IAS and(or) foreign accounting standards involved |
|------------------------------|-----------------------|-------------------------|--|
| | | | |

4. Explanation on accounting data difference under the foreign/domestic accounting standards

No differences

(III) Item and amount with non-recurring gains/losses deducted

Applicable Non-applicable

| Items | Amount (RMB) | Note |
|--|--------------|------|
| Gains and losses from disposal of non-current assets | 1,833,344.49 | |
| Tax refund or exemption out of authorization, with absence of official approval document or accidentally | | |
| Governmental subsidy calculated into current gains and losses(while closely related with the normal business of the Company, excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national | 1,323,000.00 | |

| | | |
|---|--------------|----|
| standard) | | |
| Fund occupation expenses received from non-financial enterprises that reckon into current gains/losses | | |
| Income occurred when investment cost paid by enterprise for obtaining subsidiaries, associates and joint ventures are lower than its share in fair value of net realizable assets of invested units | | |
| Gains and losses from exchange of non-monetary assets | | |
| Gains and losses from entrusted investment or management assets | | |
| Various asset impairment reserve provided for force majeure, such as natural disaster; | | |
| Gains/losses from debt reorganization | | |
| Reorganization expenses, such as expenditure for allocation of employees and integration fee | | |
| Gains and losses from excess of transaction which are conducted on a non-fair-valued basis over its fair value | | |
| Current net gains and losses of subsidiaries occurred from combination under the same control commencing from period-begin to combination date | | |
| Gains and losses from contingent events which has no relation with normal business of the Company | | |
| Gains and losses from change of fair values of held-for-transaction financial assets and financial liabilities except for the effective hedge business related to normal business of the Company, and investment income from disposal of transactional financial assets and liabilities and financial assets available for sale | | |
| Reversal of impairment reserve for account receivable with separate impairment testing | | |
| gains/ losses from external entrustment loans | | |
| Gains and losses arising from change of fair value of investment properties whose follow-up measurement are at fair value | | |
| Affect upon current gains/losses arising from the one-off adjustment in subject to requirement of laws and rules in relation to taxation and accounting | | |
| Income from entrusted custody operation | | |
| Other non-operating income and expenditure except the abovementioned | 514,617.77 | |
| Other item that satisfied the definition of non-recurring gains and losses | | |
| Influenced amount of minority shareholders' equity | -565,747.45 | |
| Impact on income tax | -739,781.26 | |
| | | |
| Total | 2,365,433.55 | -- |

Explanation on “Other item that satisfied the definition of non-recurring gains and losses” and defined non-recurring gains and losses as recurring gain/loss according to natures and characteristic of self-operation status

| Item | Amount involved (RMB) | Note |
|------|-----------------------|------|
| | | |

IV. Changes in Share Capital and Particular about Shareholders

(I) Changes in share capital

1. Statement of changes in shares

Applicable Non-applicable

| | Before the Changes | | Increase/Decrease in the Change (+, -) | | | | | After the Changes | |
|---|--------------------|----------------|--|--------------|---------------------------------|-------------|-------------|-------------------|----------------|
| | Amount | Proportion (%) | Newly-issued shares | Bonus shares | Public reserve-converted shares | Others | Subtotal | Amount | Proportion (%) |
| I. Restricted shares | 71,708,575 | 12.64% | 112,858,000 | | | -28,356,281 | 84,501,719 | 156,210,294 | 22.97% |
| 1. State-owned shares | | | | | | | | | |
| 2. State-owned legal person's shares | 71,658,199 | 12.63% | 36,017,600 | | | -28,363,800 | 7,653,800 | 79,311,999 | 11.66% |
| 3. Other domestic shares | | | | | | | | | |
| Including: Domestic legal person's shares | | | | | | | | | |
| Domestic natural person's shares | | | | | | | | | |
| 4. Foreign shares | | | 76,840,400 | | | | 76,840,400 | 76,840,400 | 11.3% |
| Including: Foreign legal person's shares | | | 76,840,400 | | | | 76,840,400 | 76,840,400 | 11.3% |
| Foreign natural person's shares | | | | | | | | | |
| 5. Senior executives' shares | 50,376 | 0.01% | | | | 7,519 | 7,519 | 57,895 | 0.01% |
| II. Unrestricted shares | 495,567,420 | 87.36% | | | | 28,356,281 | 28,356,281 | 523,923,701 | 77.03% |
| 1. RMB Ordinary shares | 380,647,420 | 67.1% | | | | 28,356,281 | 28,356,281 | 409,003,701 | 60.14% |
| 2. Domestically listed foreign shares | 114,920,000 | 20.26% | | | | | | 114,920,000 | 16.9% |
| 3. Overseas listed foreign shares | | | | | | | | | |
| 4. Others | | | | | | | | | |
| III. Total shares | 567,275,995 | 100% | 112,858,000 | | | | 112,858,000 | 680,133,995 | 100% |

Approval of changes in shares (if applicable)

On 21 January 2012, being approved by CSRC "Approval of Reply on Privately Offering of WEIFU HIGH-TECHNOLOGY GROUP CO.,LTD" (ZJXK [2012] No.109), the Company offering no more than 112,858,000 new shares in total.

Ownership transfer of changed shares

The privately offering of the Company totally issue 112,858,000 shares to two objects Wuxi Industry Development Group Co., Ltd. and ROBERT BOSCH GMBH (German Robert• Bosch Co., Ltd.), the shares have completed registration and trusteeship procedures in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on 17 February 2012. The above said shares are listed for trading in Shenzhen Stock Exchange since 29 February 2012 with 36-month restriction; listing date predicted as 1 March 2015 (postpone for non-trading day).

Influence from changed shares on latest financial indexes as EPS and net assets per shares (if applicable)

Share capital of the Company increase to 680,133,995 shares from 567,275,995 shares.

As at end of reporting period, EPS diluted to 0.69 yuan from 0.7867 yuan due to the privately offering; net assets per share increase to 12.11 yuan from 9.49 yuan.

Other content necessary to disclosed by the Company or should be disclosed according to requirement from security supervision institution

Nil

2. Changes in restricted shares

Applicable Non-applicable

| Name of shareholders | Restricted shares in this year | Shares unlock in this year | Restricted shares increased in this year | Restricted shares at year-end | Reasons for restriction | Date for unlock |
|---|--------------------------------|----------------------------|--|-------------------------------|--|-----------------|
| WUXI INDUSTRY DEVELOPMENT CROUP CO., LTD. | 71,658,199 | -28,363,800 | | 43,294,399 | Commitment of share merger reform | 2012-4-27 |
| WUXI INDUSTRY DEVELOPMENT CROUP CO., LTD. | | | 36,017,600 | 36,017,600 | 36 months restricted trade period | 2015-3-1 |
| ROBERT BOSCH GMBH | | | 76,840,400 | 76,840,400 | 36 months restricted trade period | 2015-3-1 |
| Senior executives' shares | 50,376 | | 7,519 | 57,895 | Lock-up shares for senior executives | |
| Including: Xu Yunfeng | | | 1,500 | 1,500 | Lock-up shares for new senior executives | 2012-12-31 |
| Wang Weiliang | 9,505 | | 3,168 | 12,673 | Lock-up for senior executive resigned | 2012-11-23 |
| Han Jiangming | 8,554 | | 2,851 | 11,405 | Lock-up for senior executive resigned | 2012-9-7 |
| Total | 71,708,575 | -28,363,800 | 112,865,519 | 156,210,294 | -- | -- |

(II) Security offering and listing

1. Security offering in previous three years

applicable Non-applicable

| Name of Stocks and derivative securities | Offering date | Offering price RMB/Share) | The issuing numbers | Listing date | Numbers for listing authorized | Dead deal date |
|---|---------------|---------------------------|---------------------|--------------|--------------------------------|----------------|
| Stock | | | | | | |
| Privately offering | 2012-02-07 | 25.395 | 112,858,000 | 2012-02-29 | 112,858,000 | |
| Convertible corporate bonds, warrant-bond and corporate bond | | | | | | |
| | | | | | | |
| Warrant | | | | | | |
| | | | | | | |

Explanation of securities offering in previous three years (explaining those bond owes different rate in duration respectively)

On 21 January 2012, being approved by CSRC "Approval of Reply on Privately Offering of WEIFU HIGH-TECHNOLOGY GROUP CO.,LTD" (ZJXK [2012] No.109), the Company offering no more than 112,858,000 new shares in total.

The privately offering of the Company totally issue 112,858,000 shares to two objects with offering price of 25.395 yuan per share for 2866.0289 million yuan collected. The above said shares are listed for trading in Shenzhen Stock Exchange since 29 February 2012 with 36-month restriction; listing date predicted as 1 March 2015.

2. Changes of total shares and structures as well as outcome of asset-liability structures

applicable Non-applicable

(1) New 112,858,000 shares increased after privately offering, share capital of the Company increase to 680,133,995 shares currently from original 567,275,995 shares before offering.

(2) After offering, net assets of the Company gains a sharply growth while asset-liability ratio declined correspondingly; quality of the assets improve along with the solvency upgrade, which enhancing the development speed of the Company.

3. Current shares held by internal staffs

applicable Non-applicable

(III) Shareholders and actual controller

1. Total shareholders at period-end

Till end of reporting period, total shareholders of the Company amounting to 32,042

2. Shares held by top ten shareholders

| Particulars about the shares held by the top ten shareholders | | | | | | |
|--|---------------------------------------|-------------------------------|-----------------------------|--------------------------------------|--------------------------|--------|
| Shareholders (full name) | Nature of shareholders | Proportion of shares held (%) | Total amount of shares held | Amount of the restricted shares held | Shares pledged or frozen | |
| | | | | | Share status | Amount |
| WUXI INDUSTRY DEVELOPMENT CROUP CO., LTD. | State-owned legal person | 20% | 136,039,599 | 79,311,999 | | |
| ROBERT BOSCH GMBH | Foreign legal person | 14% | 95,227,600 | 76,840,400 | | |
| China Construction Bank—Fuguo Tianbo Innovation Theme Stock Securities Investment Fund | Domestic non-state-owned legal person | 3.18% | 21,600,000 | | | |
| GAOLING FUND,L.P. | Foreign legal person | 1.84% | 12,502,715 | | | |
| GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED | Foreign legal person | 1.4% | 9,543,714 | | | |
| China Construction Bank – China Advantage Growth Stock Securities Investment Fund | Domestic non-state-owned legal person | 1.38% | 9,381,079 | | | |
| DRAGON BILLION CHINA MASTER FUND | Foreign legal person | 1.37% | 9,298,922 | | | |
| AGRICULTURAL BANK OF CHINA- Changsheng Tongde Theme Growth Stock Fund | Domestic non-state-owned legal person | 1.31% | 8,942,248 | | | |
| BOC—Fullgoal Tianyi Value Security Investment Fund | Domestic non-state-owned legal person | 1.14% | 7,747,416 | | | |
| China Merchants Bank Co., Ltd. –Fullgoal Tianhe Stable | Domestic non-state-owned | 1.09% | 7,418,648 | | | |

| | | | | | | |
|-----------------------------|-----------------|--|--|--|--|--|
| Selected Stock Fund | ed legal person | | | | | |
| Explanation of shareholders | | | | | | |

Particulars about the shares held by the top ten unrestricted shareholders

applicable Non-applicable

| Shareholders | Amount of unrestricted shares held at period-end | Type/amount of shares | |
|--|--|-----------------------|------------|
| | | Type | Amount |
| WUXI INDUSTRY DEVELOPMENT CROUP CO., LTD. | 56,727,600 | A-share | 56,727,600 |
| China Construction Bank—Fuguo Tianbo Innovation Theme Stock Securities Investment Fund | 21,600,000 | A-share | 21,600,000 |
| ROBERT BOSCH GMBH | 18,387,200 | B-share | 18,387,200 |
| GAOLING FUND,L.P. | 12,502,715 | B-share | 12,502,715 |
| GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED | 9,543,714 | B-share | 9,543,714 |
| China Construction Bank – China Advantage Growth Stock Securities Investment Fund | 9,381,079 | A-share | 9,381,079 |
| DRAGON BILLION CHINA MASTER FUND | 9,298,922 | B-share | 9,298,922 |
| AGRICULTURAL BANK OF CHINA- Changsheng Tongde Theme Growth Stock Fund | 8,942,248 | A-share | 8,942,248 |
| BOC—Fullgoal Tianyi Value Security Investment Fund | 7,747,416 | A-share | 7,747,416 |
| China Merchants Bank Co., Ltd. –Fullgoal Tianhe Stable Selected Stock Fund | 7,418,648 | A-share | 7,418,648 |

Explanation on associated relationship among the top ten shareholders or (and) consistent action

Among the top ten shareholders, the Company knew there has no associated relationship between Wuxi Industry Development Croup Co., Ltd., the first largest shareholder of the Company, and other shareholders; and they do not belong to the consistent actionist regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company. Fullgoal Tianbo Innovation Theme Stock Securities Investment Fund, Fullgoal Tianyi Value Securities Investment Fund and Fullgoal Tianhe Stable Selected Securities Investment Fund shares same fund manager – Fullgoal Fund Management Co., Ltd.

3. Controlling shareholders and actual controller

(1) Changes of controlling shareholders and actual controller

applicable Non-applicable

(2) Introduction of controlling shareholders and actual controller

Whether has new controller or not

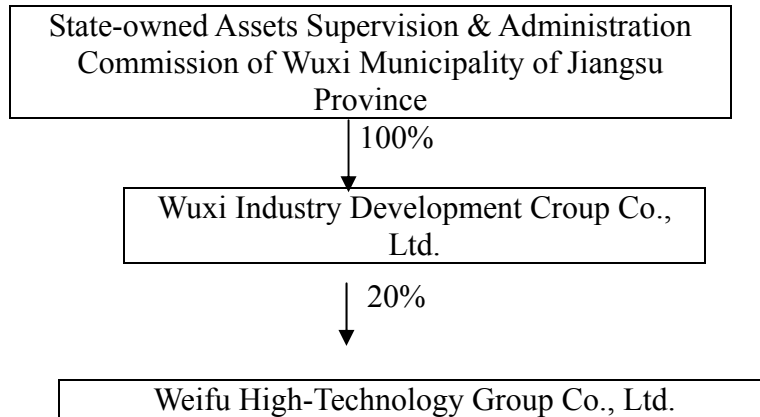
Yes No Non-applicable

| | |
|---------------------------|---|
| Name of actual controller | State-owned Assets Supervision & Administration Commission of Wuxi Municipality of Jiangsu Province |
| Type of actual controller | regional SASAC |

Explanation:

A shareholder who has the actual holding right to the Company is Wuxi Industry Development Croup Co., Ltd., as well as state-owned sole enterprise, whose legal representative is Mr. Jiang Guoxiong. The said company was founded on 5 October 1995, its registered capital was 3,388,673,241.46 yuan, and it was mainly engaged in operations of state-owned asset, investment management of key projects, input and development of manufacturing and service industries, venture investment in transformation of high-tech achievements, entrusted with enterprise and management which are all within the mandate scope.

(3) Block diagram of property rights and controlling relationship between the Company and actual controller



(4) Actual controller controlling the Company by means of entrust or other assets management

applicable Non-applicable

4. Other legal person’s shareholders with over ten percent shares held

applicable Non-applicable

| Legal person shares | Legal rep. | Date of foundation | Business scope or management activities | Register capital (RMB 10,000) | Currency |
|---------------------|--|--------------------|---|-------------------------------|----------|
| ROBERT BOSCH GMBH | Heiko Carrie, Bettina Holzwarth | 1886-11-15 | Development, manufacture and sales of automotive equipment and engine equipment; engaged in electro-technical, electronic technology, machinery manufacturing and optical system as well as produce iron, metal and plastic products and similar commodity. The company engaged in vary trading business concerned with its business scope and established relevant company concerned with its business scope | 120,000 | EUR |
| Explanation | As ended as reporting period, 95,227,600 shares (14%) of the Company were held by ROBERT BOSCH GMBH (German Robert• Bosch Co., Ltd.), a second largest shareholder of the Company. | | | | |

(IV) Convertible bonds

applicable Non-applicable

V. Directors, Supervisors and Senior Executives

(I) Changes of shares held by directors, supervisors and senior executive

| Name | Title | Sex | Age | Office dated from | Office dated ended | Shares held at period-beg in(Share) | Amount of shares increase in this period (Share) | Amount of shares decrease d in this period (Share) | Shares held at period-end (Share) | Including: restricted shares held (Share) | Amount of stock option held at period-end (Share) | Reasons for changes | Whether received remuneration from shareholders' unit or other related unit or not |
|---------------|--|-----|-----|-------------------|--------------------|-------------------------------------|--|--|-----------------------------------|---|---|---------------------|--|
| Chen Xuejun | Chairman | M | 45 | 2012-03-07 | 2015-03-06 | 3,169 | | | 3,169 | 2,376 | | | No |
| Wang Xiaodong | Vice Chairman & GM | M | 46 | 2012-03-07 | 2015-03-06 | 521 | | | 521 | | | | No |
| Rudolf Maier | Vice Chairman | M | 55 | 2012-03-07 | 2015-03-06 | | | | | | | | Yes |
| Ge Songping | Director | M | 58 | 2012-03-07 | 2015-03-06 | 25,468 | | | 25,468 | 19,101 | | | Yes |
| Hua Wanrong | Director | F | 48 | 2012-03-07 | 2015-03-06 | | | | | | | | Yes |
| Chen Yudong | Director | M | 51 | 2012-03-07 | 2015-03-06 | | | | | | | | Yes |
| Ou Jianbin | Director、 Deputy General Manager and financing Charger | M | 46 | 2012-03-07 | 2015-03-06 | | | | | | | | No |
| Du Fangci | Independent Director | M | 68 | 2012-03-07 | 2015-03-06 | | | | | | | | Non-applicable |
| Yu Xiaoli | Independent Director | F | 49 | 2012-03-07 | 2015-03-06 | | | | | | | | Non-applicable |
| Xing Min | Independent Director | M | 58 | 2012-03-07 | 2015-03-06 | | | | | | | | Non-applicable |
| Zhang Hongfa | Independent Director | M | 48 | 2012-03-07 | 2015-03-06 | | | | | | | | Non-applicable |
| Shi Xingyuan | Chairman of the Supervisory Committee | M | 50 | 2012-03-07 | 2015-03-06 | 1,782 | | | 1,782 | 1,336 | | | No |
| Gao Guoyuan | Supervisor | M | 58 | 2012-03-07 | 2015-03-06 | 10,297 | | | 10,297 | 7,722 | | | No |
| Liu Jinjun | Supervisor | M | 37 | 2012-03-07 | 2015-03-06 | | | | | | | | No |
| Miu Yuming | Deputy GM | M | 48 | 2012-03-07 | 2015-03-06 | | | | | | | | Yes |
| Wang Yewei | Deputy GM | M | 56 | 2012-03-07 | 2015-03-06 | | | | | | | | No |
| Xu Yunfeng | Deputy GM | M | 41 | 2012-03-07 | 2015-03-06 | 2,000 | | | 2,000 | 1,500 | | | No |
| Zhou Weixing | Secretary of Board | M | 49 | 2012-03-07 | 2015-03-06 | 2,377 | | | 2,377 | 1,782 | | | No |
| Wang Weiliang | Director | M | 47 | 2012-03-07 | 2012-05-23 | 12,673 | | | 12,673 | 12,673 | | | No |
| Ma Huilan | Independent Director | F | 61 | 2008-06-12 | 2012-03-07 | | | | | | | | Yes |
| Han Jiangming | Chairman of the Supervisory Committee | M | 61 | 2008-06-12 | 2012-03-07 | 11,405 | | | 11,405 | 11,405 | | | No |
| Yang Weiliang | Supervisor | M | 60 | 2008-06-12 | 2012-03-07 | | | | | | | | No |
| Sun Qiangxian | Deputy GM | F | 58 | 2008-06-12 | 2012-03-07 | | | | | | | | No |
| Total | -- | -- | -- | -- | -- | 69,692 | | | 69,692 | 57,895 | | -- | -- |

Directors, supervisor and senior executives who awarded equity incentive in report period
applicable Non-applicable

(II) Representation

Representation in shareholders' unit

applicable Non-applicable

| Name | Shareholders' unit | Post occupied | Service term from | Service term ended | Whether received remuneration from shareholders' unit or not |
|---|--|---|-------------------|--------------------|--|
| Rudolf Maier | ROBERT BOSCH GMBH (German Robert• Bosch Co., Ltd.) | Executive vice President of technology R&D of division of Diesel System | 2011-01 | | Yes |
| Ge Songping | Wuxi Industry Development Group Co., Ltd. | Vice research investigator | 2011-12 | | Yes |
| Hua Wanrong | Wuxi Industry Development Group Co., Ltd. | Director of financial management department | 2009-06 | | Yes |
| Chen Yudong | Bosch Investment (China) Co., Ltd. | President | 2011-01 | | Yes |
| Miu Yuming | Bosch Automotive Diesel System Co., Ltd. | Deputy GM | 2012-03 | | Yes |
| Explanation on job occupation in shareholders' unit | | | | | |

Representation in other unit

applicable Non-applicable

| Name | other unit | Post occupied | Service term from | Service term ended | Whether received remuneration from other unit |
|--------------|---|--|-------------------|--------------------|---|
| Du Fangci | China Association of Automobile Manufacturers | Adviser | 2012-04 | | Yes |
| Yu Xiaoli | Zhejiang University Power Machinery and Vehicular Engineering Institute | Director | 2000-01 | | Yes |
| | Zhejiang Yinlun Machinery Co., Ltd. | Independent Director | 2011-07-21 | 2014-07-21 | Yes |
| | Zhejiang Wanliyang Transmission Co., Ltd. | Independent Director | 2011-09-01 | 2014-08-31 | Yes |
| | Zhejiang Bozong Auto Technology Co., Ltd. | Chairman | 2008-04 | | Yes |
| Xing Min | China Internal Combustion Engine Industry Association. | Deputy President and Secretary-General | 2008-08 | | Yes |
| Zhang Hongfa | Jiangsu Institute of Certified Public Accountants | Deputy Secretary General、standing | 1998-06 | | Yes |

| | | | | | |
|---|---|----------------------|------------|------------|-----|
| | | director | | | |
| | Jiangsu Hongbao Hardware Co., Ltd. | Independent Director | 2009-12-10 | 2012-12-09 | Yes |
| | Wiscom System Co., Ltd. | Independent Director | 2010-04-26 | 2013-04-25 | Yes |
| Explanation on job occupation in other unit | The above four person was the independent director of the Company | | | | |

(III) Remuneration of directors, supervisors and senior executives

| | |
|---|---|
| Decision-making process for remuneration of the directors, supervisors and senior administrator | The remuneration program of the directors, supervisors and senior administrators of the Company is based on the <Remuneration and compensation incentives assessment program> passed by the general meeting of stockholders, which is confirmed and raised by the remuneration and appraisal committee of the board of directors according to the performance of annual main objectives and indicators, and carried out after approved by the board of directors. |
| Confirming basis for remuneration of the directors, supervisors and senior administrator | <Remuneration and compensation incentives assessment program> passed by the general meeting of stockholders |
| Actual payments for remuneration of the directors, supervisors and senior administrator | Annual remuneration includes annual basic salary and performance pay. The annual basic salary is determined by post and position, while the performance pay is directly decided by economic benefits of the Company and provided by the performance of annual performance indicators. |

(IV) Changes of directors, supervisors and senior executives

| Name | Post holding | Changes | Date of changes | Reasons of changes |
|---------------|----------------------|--------------|-----------------|----------------------------------|
| Chen Xuejun | Chairman | Post-holding | 2012-03-07 | Board of directors transition |
| Wang Xiaodong | Vice Chairman | Post-holding | 2012-03-07 | Board of directors transition |
| Rudolf Maier | Vice Chairman | Post-holding | 2012-03-07 | Board of directors transition |
| Ge Songping | Director | Post-holding | 2012-03-07 | Board of directors transition |
| Hua Wanrong | Director | Post-holding | 2012-03-07 | Board of directors transition |
| Chen Yudong | Director | Post-holding | 2012-03-07 | Board of directors transition |
| Ou Jianbin | Director | Post-holding | 2012-05-23 | More director required |
| Du Fangci | Independent Director | Post-holding | 2012-03-07 | Board of directors transition |
| Yu Xiaoli | Independent Director | Post-holding | 2012-03-07 | Board of directors transition |
| Xing Min | Independent Director | Post-holding | 2012-03-07 | Board of directors transition |
| Zhang Hongfa | Independent Director | Post-holding | 2012-03-07 | Board of directors transition |
| Shi Xingyuan | Chief Supervisor | Post-holding | 2012-03-07 | Board of directors transition |
| Gao Guoyuan | Supervisor | Post-holding | 2012-03-07 | Board of directors transition |
| Liu Jinjun | Supervisor | Post-holding | 2012-03-07 | Supervisory committee transition |
| Wang Xiaodong | GM | Post-holding | 2012-03-07 | Engaged by the Board |

| | | | | |
|---------------|--|--------------|------------|--|
| Ou Jianbin | Standing deputy GM and chief financial officer | Post-holding | 2012-03-07 | Engaged by the Board |
| Miu Yuming | Deputy GM | Post-holding | 2012-03-07 | Engaged by the Board |
| Wang Yawei | Deputy GM | Post-holding | 2012-03-07 | Engaged by the Board |
| Xu Yunfeng | Deputy GM | Post-holding | 2012-03-07 | Engaged by the Board |
| Zhou Weixing | Secretary of the Board | Post-holding | 2012-03-07 | Engaged by the Board |
| Wang Weiliang | Director | Resigned | 2012-05-23 | Resigned, serves no senior executive of the Company |
| Ma Huilan | Independent Director | Resigned | 2012-03-07 | Resigned for session transition, serves no senior executive of the Company |
| Han Jiangming | Supervisor | Resigned | 2012-03-07 | Resigned for session transition, serves no senior executive of the Company |
| Yang Weiliang | Supervisor | Resigned | 2012-03-07 | Resigned for session transition, serves no senior executive of the Company |
| Sun Qingxian | Deputy GM | Resigned | 2012-03-07 | Resigned for session transition, serves no senior executive of the Company |

(V) Staff of the Company

| | |
|--|----------------------------------|
| Person on-jobs | 4,816 |
| Retirement person whose charges undertake by the Company | |
| Professional categories | |
| Types of professional category | Numbers of professional category |
| Production staff | 3,274 |
| Salesman | 236 |
| Technician | 737 |
| Financial staff | 85 |
| Administration staff | 484 |
| Education background | |
| Type of education background | Numbers (people) |
| Doctor | 3 |
| Master | 98 |
| Undergraduate | 620 |
| Junior college | 933 |
| High School and below | 3,162 |

Explanation of staff

- 1.410 off-job employees are not including in the above said statements.
2. The payments for the retirees are undertaken by the society endowment insurance.

VI. Report of the Board

(I) Management discussion and analysis

In the first half year of 2012, the economic growth of our country has gone through grim domestic and overseas tests, and the economy continues going down; the investments in domestic fixed assets and infrastructures keep slowing down, the domestic auto markets drop evidently, especially the heavy truck markets and engineering machinery markets. In the first half year, the Country has accumulatively produced 9,529,200 automobiles and sold 9,529,200 automobiles, respectively increasing by 4.1% and 2.9% year on year, thereinto the commercial vehicle closely related to the Company accumulatively produced 1,929,900 and sold 1,984,600, respectively dropping by 8.6% and 10.4% year on year; the drop magnitude of heavy commercial vehicle is over 30%, accumulatively produced 343,300 and sold 371,400, respectively dropping by 32 % and 31.65% year on year.

Affected by this, the operating income and gross profit ratio of the Company have dropped to some extent. Confronting with the complicated economic situation, the Company centers on key emphasis in work and future development strategy, strengthens the organization efficiency, steadily broadens the international markets, further improves the domestic sales network system; continues to enlarge the research and development input, consolidates the brands and market occupancy ratio for the products. During the report period, the production and management and other businesses of the Company remain stable by the staff's unremitting endeavors.

In the first half year, the Company achieved operating income of 2623 million Yuan, dropping 19.98% year on year, investment income of 160 million Yuan, dropping 45.5% year on year, net profits of 466 million Yuan belonging to shareholders of listed companies, dropping 30.77% year on year.

The difference between the actual operating results of the Company and the profit forecast or operation plan in respect of this reporting period which have been disclosed publicly exceeds 20% (no matter lower or higher) or not:

Yes No Not applicable

Business condition and performance analysis of main subsidiary and joint stock company of the Company

① Nanjing Weifu Jinning Co., Ltd. (The shareholding ratio of the Company is 80%.) mainly manufactures products of diesel fuel injection system(core product is VE dispensing pump), whose registered capital is 346,286,800 Yuan, total assets at the end of report period is 1,142,143,200 Yuan, and the net profit is 102,212,700 Yuan.

② Wuxi Weifu Lida Catalytic Converter Co., Ltd. (The shareholding ratio of the Company is 94.81%) mainly manufactures exhaust purifier and silencer, whose registered capital is 260 million Yuan, total assets at the end of report period is 1,253,210,300 Yuan, and the net profit is 51,004,400 Yuan.

③ Bosch Automotive Diesel Systems Co., Ltd.(The shareholding ratio of the Company and subsidiary is 34%) mainly manufactures products of electronic control diesel system, whose registered capital is 200 million Yuan, total assets at the end of report period is 4,926,822,900 Yuan, and the net profit is 202,429,600 Yuan.

④ Zhong Lian Automotive Electronics Co., Ltd. (The shareholding ratio of the Company is 20%) mainly manufactures products of automotive electronics control system, whose registered capital is 600,620,000 Yuan, total assets at the end of report period is 2,463,022,600 Yuan, and the net profit is 320,217,000 Yuan.

All risk factors may cause negative influence on future development strategy and operations objectives of the Company

The current economic situation at home and abroad is complicated, the macro-economy of our country is descending, and there is no impetus for the rapid growing of automobile production and marketing in the short run. According to the performance in the first half year, the automobile production and marketing are still in adjustment stage at present, most of all, the sales volume of heavy truck is not as expected, the IV effluent standard can't be strictly executed, and the technical routes for realizing IV have great changes. So the Company shall pay close attention to all national policies and measures, flexibly adjust the operation strategy, positively expand external markets, effectively allocate internal resources, steadily boost the enterprise internal control standardization construction, and enhance the capability to resist the market risks. Reduce the impact of market demand recession on the Company.

1. Main business and operations

(1) Statement of main business classified according to industries and products

Unit: RMB

| Classified according to industries or products | Operating revenue | Operating cost | Gross profit ratio (%) | Increase or decrease of operating revenue over the last same period of last year (%) | Increase or decrease of operating cost over the last same period of last year (%) | Increase or decrease of gross profit ratio over the last same period of last year (%) |
|--|-------------------|------------------|------------------------|--|---|---|
| According to industries | | | | | | |
| Automobile parts | 2,437,884,756.39 | 1,768,194,868.67 | 27.47% | -18.5% | -17.82% | -0.59% |
| According to products | | | | | | |
| Automobile fuel-injection system | 1,926,103,342.74 | 1,346,473,583.48 | 30.09% | -21.28% | -21.05% | -0.2% |
| Induction system | 85,367,431.72 | 60,566,106.97 | 29.05% | 9.6% | 32.39% | -12.21% |
| Automobile tail-processing system | 426,413,981.93 | 361,155,178.22 | 15.3% | -8.63% | -9.81% | 1.11% |

Explanation on main business classified according to industries and products

Main business of the Company has no change in reporting period and still belongs to industry of auto parts; mainly engaged in development, manufacture and sales of auto fuel injection system, tail treatment system and engine intake system.

Explanation on major changes of gross profit over same period of last year

In reporting period, gross profit ratio of engine induction system shows y-o-y down of 12.21%, which mainly due to the serious completion in market and lower price.

(2) Main business classified according to areas

Unit: RMB

| Areas | Operating revenue | Increase/decrease in revenue from operations over the same period of last year (%) |
|--------------------|-------------------|--|
| Sales domestically | 2,274,800,702.10 | -20.72% |
| Sales overseas | 163,084,054.29 | 33.78% |

Introductions to main business by region

The domestic sales drops 20.72% year on year, which is mainly caused by the obvious decrease in the commercial vehicle markets, especially the heavy truck markets and engineering machinery markets, the accumulative production of heavy commercial vehicle is 343,300 and the sales volume of heavy commercial vehicle is 371,400, respectively dropping by 32 % and 31.65% year on year.

Introductions to composition of the main business

During the report period, composition of the main business of the Company has not been changed; its main products are fuel injection system, after treatment system, and engine air intake system.

(3) Explanation on reasons of material changes in main operations and its structure

Applicable Non-applicable

(4) Explanation on reasons of material changes in profitability (gross profit ratio) of main operations compared with that of last year

Applicable Non-applicable

In reporting period, gross profit ratio of engine induction system shows y-o-y down of 12.21%, which mainly due to the serious completion in market and lower price.

(5) Analysis on reasons of material changes in profit structure compared with the previous year

Applicable Non-applicable

(6) Business nature, main products or service as well as net profit for stock jointly enterprises who take over 10% of the net profit

Applicable Non-applicable

At the end of report period, the Company achieved net profits of 446,281,200 Yuan belonging to the patent company, including investment income of 159,986,500 Yuan which is mainly from two joint stock enterprises: ①Bosch Automotive Diesel Systems Co., Ltd. (The shareholding ratio of parent company and subsidiary is 34%) mainly manufactures products of electronic control diesel system, whose net profit at the end of report period is 202,429,600 Yuan. The investment income of the Company calculated by equity method is 63,897,900 Yuan. ②Zhong Lian Automotive Electronics Co., Ltd. (The shareholding ratio of the Company is 20%) mainly manufactures products of automotive electronics control system, whose net profit at the end of report period is 320,217,000 Yuan. The investment income of the Company calculated by equity method is 64,043,400 Yuan.

(7) Problems and difficulties in operation

Affected by the macro-economic restructure such as government investment deceleration, the commercial vehicle industry starts overall dropping since this year, especially the drop magnitude of heavy commercial vehicle is over 30%, and the production and management of the Company are facing major difficulties: ① The order quantities decrease, and the rate of capacity utilization declines; ②Industry production capacity is over, and the product price is descending; ③Affected by orders, cost for unit product increases and gross profit decreases. The Company shall take positive countermeasures: ①Positively adjust the product structure, give full play to our advantages of complete product specification, multiple varieties and flexible production; ②Strictly control the costs, take target cost as the guiding, positively popularize and apply new processes, new materials and new techniques to reduce the pressure of price dropping; ③Boost the development of new products, especially pay attention to industrialization of four nationwide products, the Company has gained great progress in popularizing diesel after treatment system products and fuel injector system products for key customers.

2. Internal control mechanism related with fair-value measurement

Applicable Non-applicable

Item related with fair-value measurement

Unit: RMB

| Item | At period-begin | Gains/losses of variation of fair value in this period | Accumulate variation of fair value reckoned | Impairment accrual in this period | At period-end |
|------|-----------------|--|---|-----------------------------------|---------------|
| | | | | | |

| | | | | | |
|--|--|--|---------------|--|----------------|
| | | | into equity | | |
| financial assets | | | | | |
| Including: 1. Financial assets measured by fair value and variation of fair value reckoned into current gains/losses | | | | | |
| Including: Derivative financial assets | | | | | |
| 2. Finance asset available for sales | | | 77,241,200.00 | | 290,080,000.00 |
| Subtotal finance asset | | | 77,241,200.00 | | 290,080,000.00 |
| Financial liabilities | | | | | |
| Investment real estate | | | | | |
| Productive biological asset | | | | | |
| Other | | | | | |
| Total | | | 77,241,200.00 | | 290,080,000.00 |

In two years, fair-value of same or similar items are recognized by valuation technology, is there any material difference between the valuation results? Explain specifically if has differences

Yes No Non-applicable

3. Foreign currency financial assets and financial liabilities held

Applicable Non-applicable

(II) Investment of the Company

1. General Application of the raised proceeds

Applicable Non-applicable

Unit: RMB00'000

| | |
|--|------------|
| Total fund-raised | 285,012.43 |
| Total fund-raised invested in report period | 153,118.45 |
| Total accumulative fund-raised invested | 153,118.45 |
| Total fund-raised for changes its using purpose in report period | 0 |
| Total accumulative fund-raised invested | 0 |
| Total fund-raised for changes its using purpose in report period | 0 |
| Explanation on using purpose of fund-raised | |
| On 21 January 2012, being approved by CSRC "Approval of Reply on Privately Offering of WEIFU HIGH-TECHNOLOGY GROUP CO., LTD" (ZJXK [2012] No.109), the Company offering no more than 112,858,000 new shares in total. On 10 February 2012, "Capital Verification Report" SGW[2012] No.: B006" issued by Jiangsu Gongzheng Tianye CPA Co., Ltd. stated that: ended as 10 February 2012, totaling 112,858,000 RMB common shares (A stock) offered by Weifu Hi-Tech with fund raising amounting to RMB 2,866,028,910.00 in total; net fund raising amounting to RMB 2,850,124,252.93 after deduction of issuing expenses RMB15,904,657.07. Ended as reporting period, totally RMB1, 531,184,500 raised-funds was invested accumulative. | |

2. Commitments on projects of raised funds

√Applicable □Non-applicable

Unit: RMB00'000

| Committed investment project and application of proceeds | Whether or not project has changed(including change in part) | Total committed investment by proceeds | Total investment after adjustment(1) | Input in the current reporting period | Accumulated input as at period-end (2) | Investment progress as at period-end (%) (3) = (2)/(1) | Date for project to reach the condition for intended use | Benefits realized in the current reporting period | Reach the projected benefits or not | Whether or not significant changes occur in availability of projects |
|---|--|--|--------------------------------------|---------------------------------------|--|--|--|---|-------------------------------------|--|
| Committed investment project | | | | | | | | | | |
| R& D as well as industrialization of WAPS and capacity promotion for parts of diesel common rail system | No | 62,032 | | 18,006.19 | 18,006.19 | 29% | 2013-10-31 | | | No |
| Construction of industry zone district | No | 57,750 | | 1,681.15 | 1,681.15 | 3% | 2013-10-31 | | | No |
| Industrialization of auto tail-gas treatment system products | No | 26,000 | | 4,200.68 | 4,200.68 | 16.2% | 2012-10-31 | | | No |
| Engineering research institution project | No | 5,154 | | 5,154 | 5,154 | 100% | 2012-12-31 | | Non-applicable | No |
| Auto power battery material and research project of power battery | No | 10,000 | | | | 0% | 2014-03-31 | | | No |
| Equity purchasing project | No | 34,381.5 | | 34,381.5 | 34,381.5 | 100% | | 100.2 | Non-applicable | No |
| Subtotal of committed investment project | - | 195,317.5 | | 63,423.52 | 63,423.52 | - | - | | - | - |
| Application of proceeds out of expectation | | | | | | | | | | |

| | | | | | | | | | | |
|---|---|------------|--|------------|------------|---|---|---|---|---|
| Repayment of bank loans (if any) | - | | | | | | - | - | - | - |
| Supplement current capital (if any) | - | 89,694.93 | | 89,694.93 | 89,694.93 | | - | - | - | - |
| Subtotal of application of proceeds | - | | | | | - | - | | - | - |
| Total | - | 285,012.43 | | 153,118.45 | 153,118.45 | - | - | | - | - |
| Not meet the scheduled progress or projected benefits, and reasons for that (based on specific project) | | | | | | | | | | |
| Explanation on significant changes in availability of projects | | | | | | | | | | |
| Amount, purposes and application progress of proceeds | <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Non-applicable | | | | | | | | | |
| Change of implementation place of investment projects with proceeds | <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Non-applicable | | | | | | | | | |
| | <input type="checkbox"/> Occurred during the reporting period <input type="checkbox"/> Occurred in previous years | | | | | | | | | |
| Adjustment to implementation method of investment project with proceeds | <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Non-applicable | | | | | | | | | |
| | <input type="checkbox"/> Occurred during the reporting period <input type="checkbox"/> Occurred in previous years | | | | | | | | | |
| Initial input and replacement of investment project with proceeds | <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Non-applicable | | | | | | | | | |
| | According to SG W [2012] E No. 1100 <Authentication report about Wuxi Weifu High-technology Co., Ltd. investing in raised projects in advance with self-raised funds> issued by Jiangsu notarization, up to 29 th , February, 2012, the actual amount of capital invested in the raised funds investment project in advance by the Company with self-raised funds is 299.12 million Yuan, including 1. WAPS research & development and industrialization and the capacity of diesel common rail system components and parts promotes for 180.05 million Yuan; 2. The construction projects in industrial park are 16.62 million Yuan; 3. The industrialization project of after treatment system products for automobile exhaust is 28.56 million Yuan; 4. The engineering research institute project is 51.54 million Yuan; 5. The share acquisition project is 22.35 million Yuan. The self-raised fund used for investing in raised projects in advance on 31 st , March, 2012 is 299.12 million Yuan. | | | | | | | | | |

| | |
|--|--|
| Temporary supplement of current capital with idle proceeds | <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Non-applicable |
| Amount of proceeds balance when implementing projects, and reason for that | <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Non-applicable |
| Purposes and application of unutilized proceeds | Saved in the special account for fund-raised |
| Problems found during the application and disclosure of proceeds or other issues | N/A |

3. Changes of projects of raised funds

Applicable Non-applicable

4. Investment on major projects of non-raised funds

Applicable Non-applicable

(III) The modification of Board to the business plan for the second half of the year

Applicable Non-applicable

(IV) Prediction of business performance from January – September 2012

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

Applicable Non-applicable

(V) Explanation on “Qualified Opinion” from the Certified Public Accountants in the report period by the Board of Directors

Applicable Non-applicable

(VI) Explanation of the Management on changes and disposal of the issues involved in “Qualified Opinion” from the Certified Public Accountants in the last year by the Board of Directors

Applicable Non-applicable

(VII) Stating the discussion results issued by the Board on changes in the Company’s accounting policies and accounting estimates or reasons for material accounting error correction and influences thereof

Applicable Non-applicable

(VIII) Determination and implementation of cash dividend policies of the Company

1. To highly value the return for investors and fully protect the legitimate rights and interests of minority investors, the Company formulates the share out bonus program by strictly following <Articles of association>. The 2011 annual profit distribution program of the Company has been carried out in July, 2012 after considered by the 2011 annual general meeting of stockholders convoked on 23rd, May, 2012.

2. According to the requirements of <Notice about further implementing the items related to cash bonus of listed company> issued by China Securities Regulatory Commission, the Company has revised the relevant items (Article 77, 154, 155) of < Articles of association >, which has passed the consideration of the fifth meeting of the seventh board of directors of the Company and the fourth meeting of the seventh board of supervisors of the Company, and has been submitted for approval by the consideration of the seconds interim stockholders' meeting in 2012. The Company shall carry out the profit distribution by strictly following the rules in articles of association and resolution of stockholders' meeting, the standards and proportion of share out bonus are clear and distinct, relevant decision-making process and mechanism are complete, the independent directors fulfill their duties and play their due roles, minority shareholders have the chance to fully express opinions and appeals, whose legitimate rights and interests can be completely maintained.

(IX) Plan of profit distribution or capital reserve capitalizing

Applicable Non-applicable

(X) Positive retained profit accumulated at end of 2011 without cash distribution carried out

Applicable Non-applicable

(XI) Other events disclosed

Special introduction and independent opinions of independent directors to fund occupation and external guarantee of the Company's related party

According to the essence of <Notice about standardizing the capital movements between the listed company and related party and external guarantee of the listed company> (No. [2003]56) and <Notice about standardizing the external guarantee actions of the listed company> (No. [2005]120) issued by China Securities Regulatory Commission, and base on the principle of seeking truth from facts, we have seriously learned and prudently checked the fund occupation of related party and external guarantee of the Company, we think that:

1. The Company's financial regulations are complete, which ensure there is no non-operating capital occupation of listed company by controlling shareholder or related party, or capital occupation of listed company by unfair related transaction; there is no situation of paying salary, related party, insurance, advertisement expenses and costs, or other expenses for controlling shareholder and other related party.

2. During the report period, the Company didn't provide guarantee for controlling shareholder or other related party, controlling shareholder and other related party didn't force the Company to provide guarantee, and the Company didn't provide guarantee for the subsidiary.

(XII) Liabilities, credit changes and cash arrangement for debt paying in later year (Only applies to listed company with corporate convertible bonds offered)

Applicable Non-applicable

VII. Significant Event

(I) Corporate governance

During the report period, the Company has thoroughly carried out < Fundamental norms of enterprise internal control > and its guide, constantly improve the corporate governance structure and internal control system, standardize the operation of the company by strictly following < Company act >, < Securities Law >, < Stock listing rules of Shenzhen Stock Exchange >, and < Standard operation guide of main board listed company >, so there is no difference between the real management and requirements of relevant documents issued by China Securities Regulatory Commission.

1. The stockholders' meeting: the Company convokes the stockholders' meeting in strict accordance with the requirements of < Company act >, < Stockholders' meeting rules of listed company >, < Stock listing rules of Shenzhen Stock Exchange >, < Articles of association >, and < Rules of procedure of shareholders meeting >, adopts the voting ways of combining on-the-spot meeting with network voting, invites lawyers to attend, seriously makes meeting minutes so as to ensure all shareholders, especially the minority shareholders, have equal standing and can fully perform their own rights.

2. The relationship of controlling shareholder and the Company: the personnel, assets and finance of controlling shareholder and the Company are separated, organization and business are independent. The board of directors, board of supervisors and administration operate independently. The controlling shareholder can't directly or indirectly intervene in decision-making and operating activities of the Company by overstepping stockholders' meeting, nor occupy the non-operating funds of the Company.

3. The board of directors: directors of the Company can seriously perform duties of fidelity and diligence, get familiar with relevant laws and regulations, get to know the rights, duties and responsibilities of the directors in accordance with the requirements of < Stock listing rules of Shenzhen Stock Exchange >, < Articles of association >, and < Rules of procedure of the board of directors >. There are 11 members of the board of directors in the Company, 4 independent directors, independent directors' account for a third of the board, and the number and personnel composition of the board meet the demands of laws and regulations.

4. Duty execution of independent directors: the independent director of the Company can fulfill their duties by strictly following < Articles of association >, < Working system for independent director >, and < Annual report working system for independent director >. The independent director positively attend the board meeting and stockholders' meeting, actively get to know and get the situation and information needed for decision-making before the meeting; seriously consider all bills at the meeting, positively take part in and discuss and make suggestions; seriously deliver independent opinions, practically maintain the benefits for the Company and shareholders, especially the minority shareholders. The independent director has no objection to the concerning issues of the Company.

5. The board of supervisors: the board of supervisors can earnestly perform the supervision function by strictly following < Company act >, < Articles of association >, and < Rules of procedure of board of supervisors >. The board of supervisors has three members at present, including 2 staff representative supervisors and occupies one third members of board of supervisors. The number and staff composition of board of supervisors meet the requirements of laws and regulations; the board of supervisors of the Company seriously perform duties, whose standing orders are legitimate and standard, and operation is effective, supervise the legality and compliance for duty execution of directors and senior management by law, constant pay attention to information disclosure of the Company, make opinions on legitimate operation of the Company, financial condition, use

condition of raised funds, fairness of related transaction, and objectivity and authenticity of audit report presented by the accounting firm, and make audit opinions on the periodic report of the Company.

6. Information disclosure and investor relations management: the Company can truly, correctly, completely, timely and fairly disclose relevant information, feasibly manage the investor relations and promote the benign communications between the company and investors by strictly following <Stock listing rules of Shenzhen Stock Exchange >, <Standard operation guide of Shenzhen Stock Exchange for main board listed company>, < Articles of association >, <Management system for information disclosure>, < Management system for inside information and insider>, <Major error accountability system for annual report disclosure>, and < Management system for investor relations >.

7. Related transaction: the independent directors make independent opinions on the occurred related transaction; and the board of supervisors of the Company has inspected and supervised the occurred related transaction. The related transaction of the Company is fair and reasonable, decision-making process is legitimate, pricing basis is objective, transaction price is just, there is no damage to benefits of the Company and the shareholders, especially the minority shareholders, and all major transactions have concluded and signed contracts.

8. Internal control: the Company thoroughly implements and carries out < Fundamental norms of enterprise internal control> and its guide, develops internal control system in both company home office and major subsidiaries, starts from promoting control and management level, optimizes working process, improves internal control system, and distinguish and control operating risks. During the report period, the Company has formulated <Implementing internal control standardization work program in 2012 >, please refer to announcement published on <http://www.cninfo.com.cn> on 31st, March, 2012 for details.

(II) Implementation of profit distribution plan, capital reserve capitalizing or shares offering that plan out previously and carry out in this reporting period

Applicable Non-applicable

The profit distribution plan for year of 2011 was completed in July 2012, distributed cash dividend RMB 3 (tax included) for every 10 shares held.

(III)Material lawsuits and arbitrations

Applicable Non-applicable

No material lawsuits and arbitrations occurred in this period

(IV) Related event of bankruptcy reorganization

Applicable Non-applicable

(V) Equity of other listed company and stock jointly financial enterprise held by the Company

1. Security investment

Applicable Non-applicable

Explanation on security investment

2. Equity of other listed company held by the Company

Applicable Non-applicable

| Stock Code | Stock Name | Initial investment cost (RMB) | Ratio of equity in this company (%) | Ending book value (RMB) | Gains and losses during report period (RMB) | Changes of owners' equity in report period (RMB) | Accounting item | Share resources |
|------------|------------|-------------------------------|-------------------------------------|-------------------------|---|--|-------------------------------------|-----------------|
| 600841 | SDEC | 199,208,000.00 | 2.72% | 290,080,000.00 | 740,000.00 | 77,241,200.00 | Financial assets available for sale | Subscribe |
| Total | | 199,208,000.00 | -- | 290,080,000.00 | 740,000.00 | 77,241,200.00 | -- | -- |

Explanation on equity of other listed company held by the Company

The 23rd meeting of the sixth board of directors of the Company discussed to participate in subscription of SDEC non-public issuing stock A, subscribe SDEC non-public issuing stock of 14.80 million shares by 13.46 Yuan per share, occupying 2.72% of total stock. The Company promised not to transfer within 12 months after this subscription, the restricted stock trade period is from 23rd, March, 2012 to 22nd, March, 2013.

SDEC implemented 2011 annual profit distribution and capitalization of capital reserves program on 4th, June, 2012 (Assign cash 0.50 Yuan per 10 shares, every 10 shares increase by 6 shares after transferring). The Company holds 23.68 million shares of SDEC at the end of report period.

3. Equity of non-listed financial enterprise held by the Company

√Applicable □Non-applicable

| Name | Initial investment cost (RMB) | Amount held (Share) | Ratio of equity in this company (%) | Ratio of equity in this company (%) | Gains and losses during report period (RMB) | Changes of owners' equity in report period (RMB) | Accounting item | Share resources |
|---|-------------------------------|---------------------|-------------------------------------|-------------------------------------|---|--|-----------------------------|-----------------|
| Guolian Securities | 12,000,000.00 | 18,000,000 | 1.2% | 12,000,000.00 | | | Long-term equity investment | Subscribe |
| Nanjing Hengtai Insurance Brokers Co., Ltd. | 1,000,000.00 | 1,000,000 | 1.85% | 1,000,000.00 | | | Long-term equity investment | Subscribe |
| Jiangsu Huifeng Insurance Agency Co., Ltd. | 500,000.00 | 500,000 | 10% | 500,000.00 | | | Long-term equity investment | Subscribe |
| Total | 13,500,000.00 | 19,500,000 | -- | 13,500,000.00 | | | -- | -- |

Explanation on equity of non-listed financial enterprise held by the Company

4. Buying and selling shares of other listed company

Applicable Non-applicable

Explanation on shares dealing of other listed company

(VI) Assets transaction

1. Assets purchased or acquired

√Applicable □Non-applicable

| Transaction Counterparty or final controller | Acquired or swapped-in asset | Purchase date | Transaction price (10 thousand yuan) | Net profit contribute to the listed company between the purchase date to the end of report period(10 thousand yuan) (for the enterprise merger under same control) | Net profit contribute to the listed company between the beginning period to the end of report(10 thousand yuan) (for the enterprise merger under same control) | Whether it is related transaction or not | Asset pricing principle | Whether the asset property right is completely transferred | Whether the involving creditor's right and debt are completed transferred | The proportion of net profit of the asset contribute to listed company accounting for the total profit (%) | Related relation with transaction counterparty (for circes of related transaction) | Date for disclosing first temporary announcement |
|---|--|---------------|--------------------------------------|--|--|--|-------------------------|--|---|--|--|--|
| Wuxi Industry Development Group Co., Ltd. | Holds 1.5% equity of Bosch Diesel System Co., Ltd. | 2012-04-26 | 20,628.9 | | | Yes | Assessment price | Yes | Non-applicable | 0.11% | Largest shareholder | 2010-12-08 |
| ROBERT BOSCH GMBH (German Robert Bosch Co., Ltd.) | Holds 1 % equity of Bosch Diesel System Co., Ltd. | 2012-06-20 | 13,752.6 | | | Yes | Assessment price | Yes | Non-applicable | 0.075% | Second largest shareholder | 2010-12-08 |

Explanation on assets purchase

Passing the consideration of the second interim stockholders' meeting of 2010 on 24th, December, 2010, the Company privately issued stock to Wuxi Industry Development Group Co., Ltd. and ROBERT BOSCH GMBH. On 21st, January, 2012, China Securities Regulatory Commission has issued <Approval for authorizing the non-public stock issuing of Wuxi Weifu High-technology Co., Ltd. > (No. [2012]109), which authorizes the non-public stock issuing cannot be more than 112,858,000 new shares.

One of the raised fund projects of this private placement is to use the raised funds of 343,815,000 Yuan to purchase 1.5% stock rights of Bosch Automotive Diesel Systems Co., Ltd. held by Wuxi Industry Development Group Co., Ltd. and 1% stock rights of Bosch Automotive Diesel Systems Co., Ltd. held by ROBERT BOSCH GMBH.

2. Assets sold

Applicable Non-applicable

Explanation on assets sold

3. Assets replacement

Applicable Non-applicable

Explanation on assets replacement

4. Business combination

Applicable Non-applicable

5. Progress of the events and their influence on the Company's operating results and financial status in the report period after the Report on Assets Restructure or Public Notice on Acquisition and Sales of Assets being published

Applicable Non-applicable

(VII) Explanation on shareholding increase proposed or implemented by largest shareholder of the Company and its persons acting in concert in reporting period

Applicable Non-applicable

On 21st, January, 2012, China Securities Regulatory Commission has issued <Approval for authorizing the non-public stock issuing of Wuxi Weifu High-technology Co., Ltd. > (No. [2012]109), which authorizes the non-public stock issuing cannot be more than 112,858,000 new shares.

This private placement of the Company totally issues 112,858,000 shares to 2 purchasers, thereinto the major shareholder, Wuxi Industry Development Group Co., Ltd., increases to 36,017,600 shares, overseas strategic investor, ROBERT BOSCH GMBH, increases to 76,840,400 shares.

Above stock is listed in Shenzhen Stock Exchange since 29th, February, 2012, the restricted stock trade period is 36 months, and the predicted circulation time is 1st, March, 2015 (Put off if it is not trading day)

(VIII) Implementation and its influence of equity incentive

Applicable Non-applicable

(IX) Significant related transaction

1. Related transaction related to daily operation

√Applicable □Non-applicable

| Related party | Relationship | Type of related transaction | Content of related transaction | Pricing principle | Related transaction price (10 thousand yuan) | Related transaction amount (10 thousand yuan) | Proportion in similar transactions (%) | Clearing form for related transaction | Influence of profit of the Company | Market price(10 thousand yuan) | Reasons of major difference between trading price and market reference price |
|--|--|--|--------------------------------|-------------------|--|---|--|---------------------------------------|------------------------------------|--------------------------------|--|
| Wuxi Weifu Precision Machinery Manufacturing Co., Ltd. | Affiliated company | Sales of products and labor service provided | Sales of commodity | Market price | 842.51 | 842.51 | 0.32% | Appointed by contract | | | Non-applicable |
| Bosch Automobile Diesel System Co., Ltd. | Affiliated company , controlling subsidiary of ROBERT BOSCH GMBH(German Bosch) | Sales of products and labor service provided | Sales of commodity | Market price | 13,799.09 | 13,799.09 | 5.26% | Appointed by contract | | | Non-applicable |
| Wuxi Weifu Environment Catalyst Co.,Ltd. | Affiliated company of Weifu Lida | Sales of products and labor service provided | Sales of commodity | Market price | 311.37 | 311.37 | 0.12% | Appointed by contract | | | Non-applicable |
| Weifu Autocam Precision Machinery Co., | Joint-venture | Sales of products and labor service | Sales of commodity | Market price | 173.92 | 173.92 | 0.07% | Appointed by contract | | | Non-applicable |

| | | | | | | | | | | | |
|--|--|--|--------------------|--------------|-----------|-----------|--------|-----------------------|--|--|----------------|
| Ltd. | | provided | | | | | | | | | |
| ROBERT BOSCH GMBH(German Bosch) | Shareholder of the Company | Sales of products and labor service provided | Sales of commodity | Market price | 760.08 | 760.08 | 0.29% | Appointed by contract | | | Non-applicable |
| ROBERT BOSCH Ltda.(Brazil Bosch) | Controlling subsidiary of ROBERT BOSCH GMBH(German Bosch) | Sales of products and labor service provided | Sales of commodity | Market price | 52.62 | 52.62 | 0.02% | Appointed by contract | | | Non-applicable |
| Wuxi Weifu Precision Machinery Manufacturing Co., Ltd. | Affiliated company | Purchase of goods and labor force received | Purchase of goods | Market price | 4,333.77 | 4,333.77 | 2.57% | Appointed by contract | | | Non-applicable |
| Bosch Automobile Diesel System Co., Ltd. | Affiliated company , Controlling subsidiary of ROBERT BOSCH GMBH(German Bosch) | Purchase of goods and labor force received | Purchase of goods | Market price | 9,083.37 | 9,083.37 | 5.38% | Appointed by contract | | | Non-applicable |
| Wuxi Weifu Environment Catalyst | Joint-venture | Purchase of goods and labor | Purchase of goods | Market price | 30,360.75 | 30,360.75 | 17.97% | Appointed by contract | | | Non-applicable |

| | | | | | | | | | | | |
|---|---|--|-------------------|--|----------|-----------|-------|-----------------------|----|----|----------------|
| Co.,Ltd. | | force received | | | | | | | | | |
| Weifu Autocam Precision Machinery Co., Ltd. | Joint-venture | Purchase of goods and labor force received | Purchase of goods | Market price | 476.33 | 476.33 | 0.28% | Appointed by contract | | | Non-applicable |
| ROBERT BOSCH GMBH(German Bosch) | Second largest shareholder | Purchase of goods and labor force received | Purchase of goods | Market price | 2,389.58 | 2,389.58 | 1.41% | Appointed by contract | | | Non-applicable |
| ROBERT BOSCH Ltd.(Brazil Bosch) | Controlling subsidiary of ROBERT BOSCH GMBH(German Bosch) | Purchase of goods and labor force received | Purchase of parts | Market price | 136.46 | 136.46 | 0.08% | Appointed by contract | | | Non-applicable |
| BOSCH Corporation(Japan Bosch) | Controlling subsidiary of ROBERT BOSCH GMBH(German Bosch) | Purchase of goods and labor force received | Purchase of goods | Market price | 106.06 | 106.06 | 0.06% | Appointed by contract | | | Non-applicable |
| Total | | | | -- | -- | 62,825.91 | | -- | -- | -- | -- |
| Total | | | | | | | | | | | |
| Necessity and sustainable of related transaction as well as reasons of related transaction with related parties(not with other marketing dealers) | | | | Above-mentioned related transactions are relevant to current production and operation of the Company, the board of directors of the Company shall practically maintain the rights and interests of the Company and investors, ensure the pricing of above-mentioned related transactions is fair, the paying and collection terms are reasonable, and there is no damages to benefits of listed companies. | | | | | | | |

| | |
|---|--|
| Influence on independence of listed company from related transaction | No influence on independence of the Company |
| Dependence on related parties by Company as well as relevant solutions (If applicable) | N/A |
| Actual implementation of those amount that predicted in this period by category for daily related transaction | Total related transaction amount not exceed the budget approved in shareholders' general meeting; the related routine transaction disclosed at year-begin amounting as 2,273,500,000 yuan. |
| Explanation on related transactions | N/A |

Related transactions concerned with routine operations

| Related party | Sales of products and labor service provided to related party | | Purchase of goods and labor force received from related party | |
|--|---|---|---|---|
| | Trading amount(10 thousand yuan) | Proportion in similar transactions amount (%) | Trading amount(10 thousand yuan) | Proportion in similar transactions amount (%) |
| Wuxi Weifu Precision Machinery Manufacturing Co., Ltd. | 842.51 | 0.32% | 4,333.77 | 2.57% |
| Bosch Automobile Diesel System Co., Ltd. | 13,799.09 | 5.26% | 9,083.37 | 5.38% |
| Wuxi Weifu Environment Catalyst Co.,Ltd. | 311.37 | 0.12% | 30,360.75 | 17.97% |
| Weifu Autocam Precision Machinery Co., Ltd. | 173.92 | 0.07% | 476.33 | 0.28% |
| ROBERT BOSCH GMBH(German Bosch) | 760.08 | 0.29% | 2,389.58 | 1.41% |
| ROBERT BOSCH Ltd.(Brazil Bosch) | 52.62 | 0.02% | 136.46 | 0.08% |
| BOSCH Corporation(Japan Bosch) | | | 106.06 | 0.06% |
| Total | 15,939.59 | 6.08% | 46,886.32 | 27.75% |

Including: related transaction 0 yuan generated from the commodity sales or labor service offering to controlling shareholder and its subsidiary from the Company

2. Related transaction incurred by purchase or sales of assets

√Applicable □Non-applicable

| Related parties | Relationship | Type of related transaction | Content of related transaction | Pricing principle | Book value of assets transfer (10 thousand yuan) | Assessment value of assets transfer (10 thousand yuan) | Market fair value (10 thousand yuan) | Transfer price (10 thousand yuan) | Reasons of major difference between transfer price and book value or assessment value | Clearing form for related transaction | Influence on business result and financial status | Income from assets transfer (10 thousand yuan) |
|---|----------------------------|-----------------------------|--|-------------------|--|--|--------------------------------------|-----------------------------------|--|---------------------------------------|--|--|
| Wuxi Industry Development Group Co., Ltd. | First largest shareholder | Equity purchased | Holds 1.5% equity of Bosch Diesel System Co., Ltd. | Assessment price | 4,373.28 | 20,628.9 | 20,628.9 | 20,628.9 | Income approach is predicted value of the enterprise based on profitability of the company | Based on agreement | Firstly solved the related investment with Industry Group; secondly by higher more equity ratio in RBCD, strengthen cooperation with RBCD, promoted the stable development of the Company as well as the profitability | 60.12 |
| ROBERT BOSCH GMBH (German Robert Bosch Co., Ltd.) | Second largest shareholder | Equity purchased | Holds 1 % equity of Bosch Diesel System Co., Ltd. | Assessment price | 2,915.52 | 13,752.6 | 13,752.6 | 13,752.6 | Income approach is predicted value of the enterprise based on profitability of the company | Based on agreement | By higher more equity ratio in RBCD, strengthen cooperation with RBCD, promoted the stable development of the Company as well as the profitability | 40.08 |

Explanation on related transaction resulted from asset purchase and sales

Passing the consideration of the second interim stockholders' meeting of 2010 on 24th, December, 2010, the Company privately issued stock to Wuxi Industry Development Group Co., Ltd. and ROBERT BOSCH GMBH. On 21st, January, 2012, China Securities Regulatory Commission has issued <Approval for authorizing the non-public stock issuing of Wuxi Weifu High-technology Co., Ltd. > (No. [2012]109), which authorizes the non-public stock issuing cannot be more than 112,858,000 new shares.

One of the raised fund projects of this private placement is to use the raised funds of 343,815,000 Yuan to purchase 1.5% stock rights of Bosch Automotive Diesel Systems Co., Ltd. held by Wuxi Industry Development Group Co., Ltd. and 1% stock rights of Bosch Automotive Diesel Systems Co., Ltd. held by ROBERT BOSCH GMBH.

3. Significant related transaction from jointly investment outside

Applicable Non-applicable

4. Current related liabilities and debts

Applicable Non-applicable

Weather there is non-operational current related liabilities and debts

yes no

| Related parties | Relationship | Funds offered to related parties (RMB0'000) | | | | | | Funds offer to listed company by related parties(RMB0'000) | | | | | |
|-----------------|-------------------------|---|-----------------|-------------|-----------------------|-----------------|---------------|--|-----------------|-------------|-----------------------|-----------------|---------------|
| | | Balance at period-begin | Occurred amount | Amount paid | Balance at period-end | Interest earned | Interest cost | Balance at period-begin | Occurred amount | Amount paid | Balance at period-end | Interest earned | Interest cost |
| non-operational | | | | | | | | | | | | | |
| Weifu Lida | Holding subsidiaries | 15,391.52 | 2,500 | 3,800 | 14,091.52 | | | | | | | | |
| Weifu Mashan | Wholly owned subsidiary | 9,300 | | 5,967 | 3,333 | | | | | | | | |
| Weifu Chang'an | Wholly owned subsidiary | 3,200 | 3,000 | 1,769 | 4,431 | | | | | | | | |
| Weifu Schmidt | Holding subsidiaries | 900 | 300 | | 1,200 | 24.4 | | | | | | | |
| Total | | 28,791.52 | 5,800 | 11,536 | 23,055.52 | 24.4 | | | | | | | |
| operational | | | | | | | | | | | | | |

| | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|---|
| | | | | | | | | | | | | | |
| Sub-total | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | |
| Funds offered to controlling shareholders and its subsidiary by the Company in report period (RMB0'000) | | | | | | | | | | | | | 0 |
| Including: Non-operating amount(RMB0'000) | | | | | | | | | | | | | 0 |
| Balance of funds offered to controlling shareholders and its subsidiary by the Company (RMB0'000) | | | | | | | | | | | | | 0 |
| Including: Non-operating balance(RMB0'000) | | | | | | | | | | | | | 0 |
| Reasons of related liabilities and debts | Capital unified-borrowing and unified-lending in Group's consolidation range | | | | | | | | | | | | |
| Liquidation of related liabilities and debts | | | | | | | | | | | | | |
| Commitments concerned with related liabilities and debts | Nil | | | | | | | | | | | | |
| Influence on business performance and financial status of the Company from related liabilities and debts | Nil | | | | | | | | | | | | |

Fund occupation and progress of paying off

Applicable Non-applicable

Till end of reporting period, accountability plan proposed by the Board for completed no non-operational fund occupation from listed company

Applicable Non-applicable

5. Other significant related transaction

Unit: RMB

| Item | Related parties | January-June 2012 | January-June 2011 |
|---|---|----------------------|----------------------|
| Fixed assets purchased | Bosch Diesel System Co., Ltd. | -- | 59,615.38 |
| Sales of fixed assts | Weifu Precision Machinery Manufacture Co., Ltd. | -- | 149,038.46 |
| Use right of land and trademark payable | Wuxi Industry Development Group Co., Ltd. | 4,286,546.16 | 5,149,460.20 |
| Technology service charge payable | BOSCH Corporation(Japan Bosch) | 370,980.92 | -- |
| Technology service charge payable | ROBERT BOSCH GMBH(German Bosch) | 9,635,945.94 | -- |
| Maintainance charge paid | ROBERT BOSCH GMBH(German Bosch) | 32,318.44 | -- |

(X) Significant contracts and its implementation**1. Profits earned from trusteeship, contract and lease reached over 10% (10% included) of total profit in this period****(1) Trusteeship**Applicable Non-applicable**(2) Contract**Applicable Non-applicable**(3) Lease**Applicable Non-applicable**2. Guarantees**Applicable Non-applicable**3. Trust financing**Applicable Non-applicable**4. Implementation of material contracts entered into during the normal operation****5. Other significant contract**Applicable Non-applicable**(XI) Explanation on corporate bonds offering**Applicable Non-applicable

(XII) Implementation of commitments**1. Commitments made by the Company or shareholders holding above 5% shares of the Company in reporting period or extending to reporting period.**

√Applicable □Non-applicable

| Commitment event | Promisee | Content of commitment | Commitment time | Commitment period | Implementation |
|--|---|---|-----------------|-------------------|---|
| Share Merger Reform | Wuxi Industry Development Group Co., Ltd. | Non-circulating shares of Weifu Hi-tech held by Weifu Group could not listed or transferred within 60 months since possessing of listing right. After the expiry of the commitment period, original non-circulating shares would be listed for sale in Shenzhen Stock Exchange, the proportion of sales volume to total share equity of Weifu Hi-tech could not exceed 5% within 12 months as well as 10% within 24 months, and sales price ought not to less than RMB 10 per share (the lowest impairment price of shares holding would be calculated ex-right at the same time if share price ought to ex-right according to regulation). | 2006-04-05 | | The commitment was being fulfilled without holdings-reducing shares. |
| Commitments in report of acquisition or equity change | | | | | |
| Commitments in assets replacement | | | | | |
| Commitments made in issuing | Wuxi Industry Development Group Co., Ltd. and ROBERT BOSCH GMBH | The privately offering of the Company totally issue 112,858,000 A-shares to largest shareholder Wuxi Industry Group and foreign strategy investor ROBERT BOSCH GMBH. The above said shares are listed for trading in Shenzhen Stock Exchange since 29 February 2012 with 36-month restriction | | | Implementing |
| Other commitments for medium and small shareholders | Wuxi Industry Development Group Co., Ltd. | In order to promote the listed company's steady and healthy development, fully mobilize senior executives so as to ensure to combine the interests of the governance and shareholders of the Company, Weifu Industry Group committed: after Weifu High-tech finishing Share Merger Reform, under related regulations of the state and Wuxi government in terms of governance encouragement system of listed company, the Group would the stock incentive plan for management level of Weifu High-tech. | 2006-04-05 | | The commitment of arrange for excitation mechanism is being implemented, and would be performed since related policy is released. |
| Completed on time or not | √ Yes □ No □ Non-applicable | | | | |
| Detail reasons for un-complement and further plan | | | | | |
| Whether made a promise to horizontal competition and related transactions that resulted or not | □ Yes √ No □ Non-applicable | | | | |
| Solution term promised | | | | | |
| Solution way | | | | | |
| Complementation | | | | | |

2. Explanation on assets or projects that reached the original profit forecast as well as its reasons while the reporting period still in forecast period, and there are profit forecast on assets or projects of the Company

Applicable Non-applicable

(XIII) Items of other consolidated income

Unit: RMB

| Items | This period | Last period |
|---|---------------|-------------|
| 1. Gains(losses) from financial assets available for sales | 90,872,000.00 | 0.00 |
| Less: Income tax influences from financial assets available for sales | 13,630,800.00 | |
| Net amount reckoned into other consolidated income in previous period but transferred into gains/losses in current period | | |
| Subtotal | 77,241,200.00 | 0.00 |
| 2. Shares in the other consolidated income of the investee calculated based on equity method | | |
| Less: Income tax influences of shares in the other consolidated income of the investee calculated based on equity method | | |
| Net amount reckoned into other consolidated income in previous period but transferred into gains/losses in current period | | |
| Subtotal | | |
| 3. Gains(losses) from cash flow hedge instrument | | |
| Less: Income tax influences from cash flow hedge | | |
| Net amount reckoned into other consolidated income in previous period but transferred into gains/losses in current period | | |
| Adjusted amount transferred to initial confirmed amount of the arbitrated items | | |
| Subtotal | | |
| 4. Differences from translating foreign currency financial statements | | |
| Less: Net amount of disposing overseas business transferred to current gains/losses | | |
| Subtotal | | |
| 5. Others | | |
| Less: Income tax influences by others reckoned into other consolidated income | | |
| Net amount reckoned into other consolidated income in previous period but transferred into gains/losses in current period | | |
| Subtotal | | |
| Total | 77,241,200.00 | 0.00 |

(XIV) Registration form of receiving research, communication and interview in the report period

| Date | Place | Way | Type | Object | Content discussed and documents provided |
|------------|--------------------------------|----------------|--------|-------------------------------------|--|
| 2012-03-02 | Conference room of the Company | Field research | Agency | Merchants Securities | Analysis of market for year of 2012 |
| 2012-03-07 | Conference room of the Company | Field research | Agency | CITIC Securities、Ping An Securities | Analysis of market for year of 2012 |
| 2012-05-13 | Conference room of the Company | Field research | Agency | Guotai Junan Securities | Analysis of market for year of 2012 |
| 2012-05-23 | Conference room of the Company | Field research | Agency | CITIC Securities、Ping An Securities | Analysis of market for year of 2012 |

(XV) Engagement and non-reappointment of CPA

Whether the semi-annual report was audited or not

 Yes No Non-applicable

Whether to hire an accounting firm

 Yes No Non-applicable**(XVI) Punishment and rectification for listed company and its directors, supervisor, senior executives, shareholders of the Company, actual controller and purchasers** Applicable Non-applicable**(XVII) Explanation on other significant events** Applicable Non-applicable

Nil

(XVIII) Major changes of profitability of turn debt guarantor, assets status and credit standings

(Only applies to listed company with corporate convertible bonds offered)

 Applicable Non-applicable**(XIX) Index for information disclosure**

| Items | Published newspaper name and layout | Publish date | Published website and searching route |
|--|--|-----------------------------------|---------------------------------------|
| Commerce Department's approval for ROBERT BOSCH GMBH strategically investing in Wuxi Weifu High-technology Co., Ltd. | C24 of Securities Times, A6 of China Securities Journal, and A16 of HK Commercial Daily | 13 th , January, 2012 | www.cninfo.com.cn |
| Announcement about receiving approval of China Securities Regulatory Commission for non-public issue of stock of the Company | D21 of Securities Times, A20 of China Securities Journal, and A19 of HK Commercial Daily | 1 st , February, 2012 | www.cninfo.com.cn |
| Resolution announcement of the 22 nd meeting of the sixth board of directors | D16 of Securities Times, B12 of China Securities Journal, and A8 of HK Commercial Daily | 16 th , February, 2012 | www.cninfo.com.cn |
| The statement of independent director | D16 of Securities Times, B12 of | 16 th , February, | www.cninfo.com.cn |

| | | | |
|---|--|-----------------------------------|-------------------|
| nominator | China Securities Journal, and A8 of HK Commercial Daily | 2012 | |
| Announcement about offering related-party guarantee for joint stock company | D16 of Securities Times, B12 of China Securities Journal, and A8 of HK Commercial Daily | 16 th , February, 2012 | www.cninfo.com.cn |
| Notice about convoking the first interim general meeting of stockholders of 2012 | D16 of Securities Times, B12 of China Securities Journal, and A9 of HK Commercial Daily | 16 th , February, 2012 | www.cninfo.com.cn |
| Resolution announcement of the 13 th meeting of the sixth board of supervisors | D16 of Securities Times, B12 of China Securities Journal, and A9 of HK Commercial Daily | 16 th , February, 2012 | www.cninfo.com.cn |
| Announcement about voting staff representative supervisors at the seventh board of supervisors | D16 of Securities Times, B12 of China Securities Journal, and A9 of HK Commercial Daily | 16 th , February, 2012 | www.cninfo.com.cn |
| Summary of release situation about non-public issuing stock and listing announcement | D5 of Securities Times, A33 of China Securities Journal, and A19 of HK Commercial Daily | 28 th , February, 2012 | www.cninfo.com.cn |
| Suggestive announcement about convoking the first interim general meeting of stockholders of 2012 | D5 of Securities Times, A33 of China Securities Journal, and A19 of HK Commercial Daily | 28 th , February, 2012 | www.cninfo.com.cn |
| Resolution announcement about the first interim general meeting of stockholders of 2012 | D12 of Securities Times, B22 of China Securities Journal, and A26 of HK Commercial Daily | 8 th , March, 2012 | www.cninfo.com.cn |
| Resolution announcement about the first meeting of seventh board of directors | D12 of Securities Times, B22 of China Securities Journal, and A26 of HK Commercial Daily | 8 th , March, 2012 | www.cninfo.com.cn |
| Resolution announcement about the first meeting of seventh board of supervisors | D12 of Securities Times, B22 of China Securities Journal, and A26 of HK Commercial Daily | 8 th , March, 2012 | www.cninfo.com.cn |
| Announcement about signing tripartite supervision agreement for raising funds | D28 of Securities Times, B3 of China Securities Journal, and A27 of HK Commercial Daily | 15 th , March, 2012 | www.cninfo.com.cn |
| Announcement about investments abroad | D37 of Securities Times, B5 of China Securities Journal, and A9 of HK Commercial Daily | 24 th , March, 2012 | www.cninfo.com.cn |
| Resolution announcement about the board of directors | B4 of Securities Times, B4 of China Securities Journal, and A17 of HK Commercial Daily | 31 st , March, 2012 | www.cninfo.com.cn |
| Resolution announcement about the second meeting of seventh board of directors | D41 of Securities Times, B51 of China Securities Journal, and A19 of HK Commercial Daily | 6 th , April, 2012 | www.cninfo.com.cn |
| Resolution announcement about the second meeting of seventh board of supervisors | D41 of Securities Times, B51 of China Securities Journal, and A19 of HK Commercial Daily | 6 th , April, 2012 | www.cninfo.com.cn |
| Announcement about displacing the self-raised funds invested in the raised projects in advance with collected funds | D41 of Securities Times, B51 of China Securities Journal, and A19 of HK Commercial Daily | 6 th , April, 2012 | www.cninfo.com.cn |
| Resolution announcement about the third meeting of seventh board of directors | D70 of Securities Times, B71 of China Securities Journal, and A24 of HK Commercial Daily | 18 th , April, 2012 | www.cninfo.com.cn |
| Resolution announcement about the third meeting of seventh board of supervisors | D70 of Securities Times, B71 of China Securities Journal, and A25 of HK Commercial Daily | 18 th , April, 2012 | www.cninfo.com.cn |
| Annul report summary 2011 | | 18 th , April, 2012 | www.cninfo.com.cn |

| | | | |
|---|--|--------------------------------|-------------------|
| | D69 of Securities Times, B71 of China Securities Journal, and A26 of HK Commercial Daily | | |
| Announcement about tendering guarantee for others | D69 of Securities Times, B71 of China Securities Journal, and A24 of HK Commercial Daily | 18 th , April, 2012 | www.cninfo.com.cn |
| Announcement about predicting daily related transaction in 2012 | D69 of Securities Times, B71 of China Securities Journal, and A25 of HK Commercial Daily | 18 th , April, 2012 | www.cninfo.com.cn |
| Quarterly report of the first quarter of 2012 | D69 of Securities Times, B71 of China Securities Journal, and A26 of HK Commercial Daily | 18 th , April, 2012 | www.cninfo.com.cn |
| Notice about convoking the general meeting of stockholders of 2011 | D69 of Securities Times, B71 of China Securities Journal, and A26 of HK Commercial Daily | 18 th , April, 2012 | www.cninfo.com.cn |
| Suggestive announcement about easing the restrictions on the share-reform restricted shares | D17 of Securities Times, B12 of China Securities Journal, and A10 of HK Commercial Daily | 26 th , April, 2012 | www.cninfo.com.cn |
| Suggestive announcement about convoking the general meeting of stockholders of 2011 | D17 of Securities Times, B14 of China Securities Journal, and A12 of HK Commercial Daily | 15 th , May, 2012 | www.cninfo.com.cn |
| Resolution announcement about the general meeting of stockholders of 2011 | D20 of Securities Times, A36 of China Securities Journal, and A4 of HK Commercial Daily | 24 th , May, 2012 | www.cninfo.com.cn |
| Resolution announcement about the fourth meeting of seventh board of directors | D13 of Securities Times, B24 of China Securities Journal, and A4 of HK Commercial Daily | 19 th , June, 2012 | www.cninfo.com.cn |
| Announcement about trust management to the self-owned idle fund | D13 of Securities Times, B24 of China Securities Journal, and A4 of HK Commercial Daily | 19 th , June, 2012 | www.cninfo.com.cn |

VIII. Financial Report

(I) Auditing statement

Audited the semi-annual report or not

Yes No Non-applicable

(II) Financial statement

Whether consolidated statement or not:

Yes No Non-applicable

Unless otherwise, currency for this statement refers to RMB (Yuan)

Currency used in note of financial statement is RMB (Yuan)

1. Consolidated Balance Sheet

Prepared by Weifu High-Technology Group Co., Ltd

Unit: RMB

| Items | Note | Balance at period-end | Balance at period-begin |
|--|------|-----------------------|-------------------------|
| Current assets: | | | |
| Monetary funds | | 3,036,948,091.15 | 855,053,599.38 |
| Settlement provisions | | | |
| Capital lent | | | |
| Transaction finance asset | | | |
| Notes receivable | | 1,336,149,142.95 | 1,227,018,757.27 |
| Accounts receivable | | 1,052,438,087.17 | 1,167,123,155.04 |
| Accounts paid in advance | | 113,541,051.42 | 183,407,859.04 |
| Insurance receivable | | | |
| Reinsurance receivables | | | |
| Contract reserve of reinsurance receivable | | | |
| Interest receivable | | | |
| Dividend receivable | | 740,000.00 | 0.00 |
| Other receivables | | 10,975,797.72 | 11,983,410.88 |
| Purchase restituted finance asset | | | |
| Inventories | | 811,404,440.82 | 883,582,090.78 |
| Non-current asset due within one year | | | |
| Other current assets | | 9,803,860.80 | 10,235,025.21 |
| Total current assets | | 6,372,000,472.03 | 4,338,403,897.60 |
| Non-current assets: | | | |

| | | | |
|--|--|-------------------|------------------|
| Granted loans and advances | | | |
| Finance asset available for sales | | 290,080,000.00 | 0.00 |
| Held-to-maturity investment | | 0.00 | 0.00 |
| Long-term account receivable | | 0.00 | 0.00 |
| Long-term equity investment | | 2,287,831,997.97 | 1,786,481,972.85 |
| Investment real estate | | 4,116,770.30 | 4,352,211.86 |
| Fixed assets | | 1,400,625,225.46 | 1,357,509,509.59 |
| Construction in progress | | 84,868,101.03 | 98,288,407.69 |
| Engineering material | | 0.00 | 0.00 |
| Disposal of fixed asset | | 0.00 | 0.00 |
| Productive biological asset | | 0.00 | 0.00 |
| Oil and gas asset | | 0.00 | 0.00 |
| Intangible assets | | 246,367,172.82 | 249,921,186.58 |
| Expense on Research and Development | | 0.00 | 0.00 |
| Goodwill | | 1,784,086.79 | 1,784,086.79 |
| Long-term expenses to be apportioned | | 11,875,475.93 | 9,144,280.20 |
| Deferred income tax asset | | 81,732,075.68 | 83,331,883.03 |
| Other non-current asset | | 0.00 | 0.00 |
| Total non-current asset | | 4,409,280,905.98 | 3,590,813,538.59 |
| Total assets | | 10,781,281,378.01 | 7,929,217,436.19 |
| Current liabilities: | | | |
| Short-term loans | | 0.00 | 495,000,000.00 |
| Loan from central bank | | | |
| Absorbing deposit and interbank deposit | | | |
| Capital borrowed | | | |
| Transaction financial liabilities | | | |
| Notes payable | | 227,474,550.12 | 164,301,719.94 |
| Accounts payable | | 1,222,229,280.36 | 1,297,893,239.74 |
| Accounts received in advance | | 64,035,048.36 | 55,289,941.25 |
| Selling financial asset of repurchase | | | |
| Commission charge and commission payable | | | |
| Wage payable | | 270,055,026.21 | 278,771,987.97 |
| Taxes payable | | 20,898,677.32 | 77,737,123.74 |
| Interest payable | | 150,000.00 | 930,000.00 |

| | | | |
|---|--|-------------------|------------------|
| Dividend payable | | 228,689,028.10 | 3,444,762.15 |
| Other accounts payable | | 97,476,943.44 | 83,991,571.43 |
| Reinsurance payables | | | |
| Insurance contract reserve | | | |
| Security trading of agency | | | |
| Security sales of agency | | | |
| Non-current liabilities due within 1 year | | 0.00 | 3,000,000.00 |
| Other current liabilities | | 30,463,401.86 | 34,608,609.47 |
| Total current liabilities | | 2,161,471,955.77 | 2,494,968,955.69 |
| Non-current liabilities: | | | |
| Long-term loans | | | |
| Bonds payable | | | |
| Long-term account payable | | 18,500,909.00 | 18,840,000.00 |
| Special accounts payable | | | |
| Projected liabilities | | 0.00 | 0.00 |
| Deferred income tax liabilities | | 16,265,258.90 | 2,689,975.40 |
| Other non-current liabilities | | 73,034,000.00 | 72,330,000.00 |
| Total non-current liabilities | | 107,800,167.90 | 93,859,975.40 |
| Total liabilities | | 2,269,272,123.67 | 2,588,828,931.09 |
| Owner's equity (or shareholders' equity): | | | |
| Paid-up capital (or share capital) | | 680,133,995.00 | 567,275,995.00 |
| Capital public reserve | | 3,710,425,869.52 | 895,918,416.59 |
| Less: Inventory shares | | | |
| Reasonable reserve | | | |
| Surplus public reserve | | 283,637,997.50 | 283,637,997.50 |
| Provision of general risk | | | |
| Retained profit | | 3,559,468,968.74 | 3,317,227,992.26 |
| Balance difference of foreign currency translation | | | |
| Total owner's equity attributable to parent company | | 8,233,666,830.76 | 5,064,060,401.35 |
| Minority interests | | 278,342,423.58 | 276,328,103.75 |
| Total owner's equity(or shareholders' equity) | | 8,512,009,254.34 | 5,340,388,505.10 |
| Total liabilities and owner's equity(or shareholders' equity) | | 10,781,281,378.01 | 7,929,217,436.19 |

Legal representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institution: Ou Jianbin

2. Balance Sheet of parent company

Unit: RMB

| Items | Note | Balance at period-end | Balance at period-begin |
|---------------------------------------|------|-----------------------|-------------------------|
| Current assets: | | | |
| Monetary funds | | 2,310,590,268.95 | 189,135,416.49 |
| Transaction finance asset | | | |
| Notes receivable | | 517,050,490.64 | 440,248,528.54 |
| Accounts receivable | | 614,128,537.07 | 822,357,590.99 |
| Accounts paid in advance | | 30,315,103.59 | 58,227,907.25 |
| Interest receivable | | | |
| Dividend receivable | | 740,000.00 | 0.00 |
| Other receivables | | 383,697,912.87 | 167,045,153.49 |
| Inventories | | 227,377,933.29 | 296,385,165.44 |
| Non-current asset due within one year | | | |
| Other current assets | | | |
| Total current assets | | 4,083,900,246.41 | 1,973,399,762.20 |
| Non-current assets: | | | |
| Finance asset available for sales | | 290,080,000.00 | 0.00 |
| Held-to-maturity investment | | | |
| Long-term account receivable | | | |
| Long-term equity investment | | 3,057,787,595.65 | 2,576,168,955.22 |
| Investment real estate | | | |
| Fixed assets | | 688,048,540.69 | 689,680,279.76 |
| Construction in progress | | 25,563,014.35 | 56,239,272.06 |
| Engineering material | | | |
| Disposal of fixed asset | | | |
| Productive biological asset | | | |
| Oil and gas asset | | | |
| Intangible assets | | 185,875,736.07 | 187,843,427.92 |
| Expense on Research and Development | | | |
| Goodwill | | | |
| Long-term expenses to be apportioned | | | |
| Deferred income tax asset | | 47,956,761.07 | 47,881,534.77 |
| Other non-current asset | | | |

| | | | |
|---|--|------------------|------------------|
| Total non-current asset | | 4,295,311,647.83 | 3,557,813,469.73 |
| Total assets | | 8,379,211,894.24 | 5,531,213,231.93 |
| Current liabilities: | | | |
| Short-term loans | | 0.00 | 465,000,000.00 |
| Transaction financial liabilities | | | |
| Notes payable | | 89,740,719.79 | 85,000,000.00 |
| Accounts payable | | 477,442,891.13 | 632,112,594.66 |
| Accounts received in advance | | 14,511,627.43 | 8,150,899.35 |
| Wage payable | | 182,898,744.83 | 175,803,158.72 |
| Taxes payable | | 842,972.96 | 25,748,688.27 |
| Interest payable | | | 780,000.00 |
| Dividend payable | | 204,040,198.50 | |
| Other accounts payable | | 147,198,836.56 | 69,856,690.02 |
| Non-current liabilities due within 1 year | | | |
| Other current liabilities | | 131,291.75 | |
| Total current liabilities | | 1,116,807,282.95 | 1,462,452,031.02 |
| Non-current liabilities: | | | |
| Long-term loans | | | |
| Bonds payable | | | |
| Long-term account payable | | | |
| Special accounts payable | | | |
| Projected liabilities | | | |
| Deferred income tax liabilities | | 13,630,800.00 | |
| Other non-current liabilities | | 56,590,000.00 | 56,830,000.00 |
| Total non-current liabilities | | 70,220,800.00 | 56,830,000.00 |
| Total liabilities | | 1,187,028,082.95 | 1,519,282,031.02 |
| Owner's equity (or shareholders' equity): | | | |
| Paid-up capital (or share capital) | | 680,133,995.00 | 567,275,995.00 |
| Capital public reserve | | 3,738,489,259.50 | 923,981,806.57 |
| Less: Inventory shares | | | |
| Reasonable reserve | | | |
| Surplus public reserve | | 283,637,997.50 | 283,637,997.50 |
| Provision of general risk | | | |
| Retained profit | | 2,489,922,559.29 | 2,237,035,401.84 |

| | | | |
|---|--|------------------|------------------|
| Balance difference of foreign currency translation | | | |
| Total owner's equity(or shareholders' equity) | | 7,192,183,811.29 | 4,011,931,200.91 |
| Total liabilities and owner's equity(or shareholders' equity) | | 8,379,211,894.24 | 5,531,213,231.93 |

3. Consolidated Profit Statement

Unit: RMB

| Items | Note | Amount in this period | Amount in last period |
|--|------|-----------------------|-----------------------|
| I. Total operating income | | 2,622,741,134.00 | 3,277,559,746.96 |
| Including: Operating income | | 2,622,741,134.00 | 3,277,559,746.96 |
| Interest income | | | |
| Insurance gained | | | |
| Commission charge and commission income | | | |
| II. Total operating cost | | 2,250,361,339.67 | 2,804,561,429.66 |
| Including: Operating cost | | 1,935,729,790.13 | 2,426,221,608.75 |
| Interest expense | | | |
| Commission charge and commission expense | | | |
| Cash surrender value | | | |
| Net amount of expense of compensation | | | |
| Net amount of withdrawal of insurance contract reserve | | | |
| Bonus expense of guarantee slip | | | |
| Reinsurance expense | | | |
| Operating tax and extras | | 16,273,053.72 | 18,420,616.07 |
| Sales expenses | | 87,922,067.65 | 50,509,950.62 |
| Administration expenses | | 220,879,377.54 | 289,086,649.01 |
| Financial expenses | | -12,478,749.75 | 20,270,250.56 |
| Losses of devaluation of asset | | 2,035,800.38 | 52,354.65 |
| Add: Changing income of fair value(Loss is listed with "-") | | | |
| Investment income (Loss is listed with "-") | | 159,986,544.27 | 293,611,064.62 |
| Including: Investment income on affiliated company and joint venture | | 159,246,544.27 | 293,611,064.62 |
| Exchange income (Loss is listed with "-") | | | |
| III. Operating profit (Loss is listed with "-") | | 532,366,338.60 | 766,609,381.92 |
| Add: Non-operating income | | 4,278,988.75 | 7,284,862.92 |

| | | | |
|---|--|----------------|----------------|
| Less: Non-operating expense | | 3,304,960.30 | 4,197,340.18 |
| Including: Disposal loss of non-current asset | | 381,171.82 | 503,436.27 |
| IV. Total Profit (Loss is listed with “-”) | | 533,340,367.05 | 769,696,904.66 |
| Less: Income tax expense | | 60,396,042.65 | 95,344,637.40 |
| V. Net profit (Net loss is listed with “-”) | | 472,944,324.40 | 674,352,267.26 |
| Including: net profit realized before consolidation by merged party | | | |
| Net profit attributable to owner’s of parent company | | 446,281,174.98 | 644,663,629.50 |
| Minority shareholders’ gains and losses | | 26,663,149.42 | 29,688,637.76 |
| VI. Earnings per share | | -- | -- |
| i. Basic earnings per share | | 0.69 | 1.14 |
| ii. Diluted earnings per share | | 0.69 | 1.14 |
| VII. Other consolidated income | | 77,241,200.00 | |
| VIII. Total comprehensive income | | 550,185,524.40 | 674,352,267.26 |
| Total consolidated income attributable to owners of parent company | | 523,522,374.98 | 644,663,629.50 |
| Total consolidated income attributable to minority shareholders | | 26,663,149.42 | 29,688,637.76 |

The merger realized net profit RMB 0.00 before consolidation during enterprises consolidation under a same control.

Legal representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institution: Ou Jianbin

4. Profit Statement of parent company

Unit: RMB

| Items | Note | Amount in this period | Amount in last period |
|---|------|-----------------------|-----------------------|
| I. Operating income | | 1,148,216,005.19 | 1,572,144,387.25 |
| Less: operating cost | | 939,317,265.51 | 1,276,037,593.43 |
| Operating tax and extras | | 5,899,177.59 | 4,627,595.77 |
| Sales expenses | | 55,621,542.96 | 19,702,447.44 |
| Administration expenses | | 92,245,305.10 | 114,319,388.36 |
| Financial expenses | | -17,684,336.38 | 12,074,003.65 |
| Losses of devaluation of asset | | 875,853.27 | 220,723.62 |
| Add: Changing income of fair value(Loss is listed with “-”) | | | |
| Investment income (Loss is listed with “-”) | | 397,068,742.05 | 267,750,110.24 |

| | | | |
|--|--|----------------|----------------|
| Including: Investment income on affiliated company and joint venture | | 137,803,640.43 | 267,750,110.24 |
| II. Operating profit (Loss is listed with “-”) | | 469,009,939.19 | 412,912,745.22 |
| Add: Non-operating income | | 36,932.20 | 3,643,945.37 |
| Less: Non-operating expense | | 1,693,593.85 | 1,863,915.93 |
| Including: Disposal loss of non-current asset | | 304,279.85 | 205,040.54 |
| III. Total Profit (Loss is listed with “-”) | | 467,353,277.54 | 414,692,774.66 |
| Less: Income tax expense | | 10,425,921.59 | 46,486,983.83 |
| IV. Net profit (Net loss is listed with “-”) | | 456,927,355.95 | 368,205,790.83 |
| V. Earnings per share | | -- | -- |
| i. Basic earnings per share | | | |
| ii. Diluted earnings per share | | | |
| VI. Other consolidated income | | 77,241,200.00 | |
| VII. Total comprehensive income | | 534,168,555.95 | 368,205,790.83 |

5. Consolidated Cash Flow Statement

Unit: RMB

| Item | Amount in this period | Amount in last period |
|---|-----------------------|-----------------------|
| I. Cash flows arising from operating activities: | | |
| Cash received from selling commodities and providing labor services | 3,164,050,264.06 | 3,103,973,047.42 |
| Net increase of customer deposit and interbank deposit | | |
| Net increase of loan from central bank | | |
| Net increase of capital borrowed from other financial institution | | |
| Cash received from original insurance contract fee | | |
| Net cash received from reinsurance business | | |
| Net increase of insured savings and investment | | |
| Net increase of disposal of transaction financial asset | | |
| Cash received from interest, commission charge and commission | | |
| Net increase of capital borrowed | | |
| Net increase of returned business capital | | |
| Write-back of tax received | 22,802,910.96 | 12,117,457.27 |
| Other cash received concerning operating activities | 27,837,513.35 | 13,351,259.84 |
| Subtotal of cash inflow arising from operating activities | 3,214,690,688.37 | 3,129,441,764.53 |

| | | |
|---|------------------|------------------|
| Cash paid for purchasing commodities and receiving labor service | 2,058,291,904.26 | 2,372,737,792.86 |
| Net increase of customer loans and advances | | |
| Net increase of deposits in central bank and interbank | | |
| Cash paid for original insurance contract compensation | | |
| Cash paid for interest, commission charge and commission | | |
| Cash paid for bonus of guarantee slip | | |
| Cash paid to/for staff and workers | 281,857,048.58 | 250,024,693.71 |
| Taxes paid | 292,894,788.51 | 337,795,130.93 |
| Other cash paid concerning operating activities | 144,011,399.00 | 115,080,757.84 |
| Subtotal of cash outflow arising from operating activities | 2,777,055,140.35 | 3,075,638,375.34 |
| Net cash flows arising from operating activities | 437,635,548.02 | 53,803,389.19 |
| II. Cash flows arising from investing activities: | | |
| Cash received from recovering investment | 3,975,700.00 | |
| Cash received from investment income | | 174,072,662.98 |
| Net cash received from disposal of fixed, intangible and other long-term assets | 899,816.40 | 7,126,366.00 |
| Net cash received from disposal of subsidiaries and other units | | |
| Other cash received concerning investing activities | 0.00 | 1,138,436.51 |
| Subtotal of cash inflow from investing activities | 4,875,516.40 | 182,337,465.49 |
| Cash paid for purchasing fixed, intangible and other long-term assets | 70,778,583.22 | 377,850,266.49 |
| Cash paid for investment | 520,673,000.00 | |
| Net increase of mortgaged loans | | |
| Net cash received from subsidiaries and other units | | |
| Other cash paid concerning investing activities | 0.00 | 0.00 |
| Subtotal of cash outflow from investing activities | 591,451,583.22 | 377,850,266.49 |
| Net cash flows arising from investing activities | -586,576,066.82 | -195,512,801.00 |
| III. Cash flows arising from financing activities | | |
| Cash received from absorbing investment | 2,850,124,252.93 | 5,610,000.00 |
| Including: Cash received from absorbing minority shareholders' investment by subsidiaries | | 5,610,000.00 |
| Cash received from loans | 570,000,000.00 | 586,512,141.78 |
| Cash received from issuing bonds | | |
| Other cash received concerning financing activities | 8,404,657.07 | |

| | | |
|--|------------------|----------------|
| Subtotal of cash inflow from financing activities | 3,428,528,910.00 | 592,122,141.78 |
| Cash paid for settling debts | 1,068,000,000.00 | 351,512,141.78 |
| Cash paid for dividend and profit distributing or interest paying | 9,320,531.46 | 29,491,293.22 |
| Including: Dividend and profit of minority shareholder paid by subsidiaries | 3,444,762.15 | 18,696,539.18 |
| Other cash paid concerning financing activities | 4,593,872.70 | |
| Subtotal of cash outflow from financing activities | 1,081,914,404.16 | 381,003,435.00 |
| Net cash flows arising from financing activities | 2,346,614,505.84 | 211,118,706.78 |
| IV. Influence on cash and cash equivalents due to fluctuation in exchange rate | | |
| V. Net increase of cash and cash equivalents | 2,197,673,987.04 | 69,409,294.97 |
| Add: Balance of cash and cash equivalents at the period -begin | 745,778,764.22 | 465,219,784.67 |
| VI. Balance of cash and cash equivalents at the period -end | 2,943,452,751.26 | 534,629,079.64 |

6. Cash Flow Statement of parent company

Unit: RMB

| Item | Amount in this period | Amount in last period |
|---|-----------------------|-----------------------|
| I. Cash flows arising from operating activities: | | |
| Cash received from selling commodities and providing labor services | 1,480,345,261.22 | 1,646,992,101.70 |
| Write-back of tax received | | |
| Other cash received concerning operating activities | 44,372,662.28 | 576,527.71 |
| Subtotal of cash inflow arising from operating activities | 1,524,717,923.50 | 1,647,568,629.41 |
| Cash paid for purchasing commodities and receiving labor service | 966,350,990.20 | 1,190,501,330.49 |
| Cash paid to/for staff and workers | 119,178,475.79 | 100,967,959.62 |
| Taxes paid | 111,236,992.45 | 108,357,907.68 |
| Other cash paid concerning operating activities | 287,015,340.52 | 144,846,109.46 |
| Subtotal of cash outflow arising from operating activities | 1,483,781,798.96 | 1,544,673,307.25 |
| Net cash flows arising from operating activities | 40,936,124.54 | 102,895,322.16 |
| II. Cash flows arising from investing activities: | | |
| Cash received from recovering investment | | |
| Cash received from investment income | 258,525,101.62 | 174,280,178.77 |
| Net cash received from disposal of fixed, intangible and other long-term assets | 185,659.36 | 6,187,577.12 |

| | | |
|--|------------------|-----------------|
| Net cash received from disposal of subsidiaries and other units | | |
| Other cash received concerning investing activities | | |
| Subtotal of cash inflow from investing activities | 258,710,760.98 | 180,467,755.89 |
| Cash paid for purchasing fixed, intangible and other long-term assets | 16,129,834.59 | 263,273,961.57 |
| Cash paid for investment | 520,673,000.00 | 156,668,800.00 |
| Net cash received from subsidiaries and other units | | |
| Other cash paid concerning investing activities | | |
| Subtotal of cash outflow from investing activities | 536,802,834.59 | 419,942,761.57 |
| Net cash flows arising from investing activities | -278,092,073.61 | -239,475,005.68 |
| III. Cash flows arising from financing activities | | |
| Cash received from absorbing investment | 2,850,124,252.93 | |
| Cash received from loans | 570,000,000.00 | 556,512,141.78 |
| Cash received from issuing bonds | | |
| Other cash received concerning financing activities | 8,404,657.07 | |
| Subtotal of cash inflow from financing activities | 3,428,528,910.00 | 556,512,141.78 |
| Cash paid for settling debts | 1,035,000,000.00 | 321,512,141.78 |
| Cash paid for dividend and profit distributing or interest paying | 6,564,955.56 | 10,794,754.04 |
| Other cash paid concerning financing activities | 4,593,872.70 | |
| Subtotal of cash outflow from financing activities | 1,046,158,828.26 | 332,306,895.82 |
| Net cash flows arising from financing activities | 2,382,370,081.74 | 224,205,245.96 |
| IV. Influence on cash and cash equivalents due to fluctuation in exchange rate | | |
| V. Net increase of cash and cash equivalents | 2,145,214,132.67 | 87,625,562.44 |
| Add: Balance of cash and cash equivalents at the period -begin | 132,135,416.49 | 85,169,165.70 |
| VI. Balance of cash and cash equivalents at the period -end | 2,277,349,549.16 | 172,794,728.14 |

7. Consolidated Statement on Changes of Owners' Equity

Amount in this period

Unit: RMB

| Items | Amount in this period | | | | | | | | | |
|--|---|------------------|----------------------|--------------------|------------------|------------------------|------------------|--------|-------------------|----------------------|
| | Owners' equity attributable to the parent company | | | | | | | | Minority's equity | Total owners' equity |
| | Paid-up capital (Share capital) | Capital reserves | Less: Treasury Stock | Reasonable reserve | Surplus reserves | General risk provision | Retained profit | Others | | |
| I. Balance at the end of last year | 567,275,995.00 | 895,918,416.59 | | | 283,637,997.50 | | 3,317,227,992.26 | | 276,328,103.75 | 5,340,388,505.10 |
| Add: Changes of accounting policy | | | | | | | | | | |
| Error correction of the last period | | | | | | | | | | |
| Others | | | | | | | | | | |
| II. Balance at the beginning of this year | 567,275,995.00 | 895,918,416.59 | | | 283,637,997.50 | | 3,317,227,992.26 | | 276,328,103.75 | 5,340,388,505.10 |
| III. Increase/ Decrease in this year (Decrease is listed with "-") | 112,858,000.00 | 2,814,507,452.93 | | | | | 242,240,976.48 | | 2,014,319.83 | 3,171,620,749.24 |
| (i) Net profit | | | | | | | 446,281,174.98 | | 26,663,149.42 | 472,944,324.40 |
| (ii) Other consolidated income | | 77,241,200.00 | | | | | | | | 77,241,200.00 |
| Subtotal of (i) and (ii) | | 77,241,200.00 | | | | | 446,281,174.98 | | 26,663,149.42 | 550,185,524.40 |
| (III) Owners' devoted and decreased capital | 112,858,000.00 | 2,737,266,252.93 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,850,124,252.93 |
| 1. Owners' devoted capital | 112,858,000.00 | 2,737,266,252.93 | | | | | | | | 2,850,124,252.93 |
| 2. Amount calculated into owners' equity paid in shares | | | | | | | | | | |
| 3. Others | | | | | | | | | | |
| (IV) Profit distribution | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -204,040,198.50 | 0.00 | -24,648,829.59 | -228,689,028.09 |
| 1. Withdrawal of surplus reserves | | | | | | | | | | |
| 2. Withdrawal of general risk provisions | | | | | | | | | | |
| 3. Distribution for owners (shareholders) | | | | | | | -204,040,198.50 | | -24,648,829.59 | -228,689,028.09 |
| 4. Others | | | | | | | | | | |

| | | | | | | | | | | |
|--|----------------|------------------|------|------|----------------|------|------------------|------|----------------|------------------|
| (V) Carrying forward internal owners' equity | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 1. Capital reserves converted to capital (share capital) | | | | | | | | | | |
| 2. Surplus reserves converted to capital (share capital) | | | | | | | | | | |
| 3. Remedying loss with surplus reserve | | | | | | | | | | |
| 4. Others | | | | | | | | | | |
| (VI) Reasonable reserve | | | | | | | | | | |
| 1. Withdrawal in this period | | | | | | | | | | |
| 2. Usage in this period | | | | | | | | | | |
| (VII) Other | | | | | | | | | | |
| IV. Balance at the end of the report period | 680,133,995.00 | 3,710,425,869.52 | | | 283,637,997.50 | | 3,559,468,968.74 | | 278,342,423.58 | 8,512,009,254.34 |

Amount in last period

Unit: RMB

| Items | Amount in last period | | | | | | | | | |
|--|---|------------------|----------------------|--------------------|------------------|------------------------|------------------|--------|-------------------|----------------------|
| | Owners' equity attributable to the parent company | | | | | | | | Minority's equity | Total owners' equity |
| | Paid-up capital (Share capital) | Capital reserves | Less: Treasury Stock | Reasonable reserve | Surplus reserves | General risk provision | Retained profit | Others | | |
| I. Balance at the end of last year | 567,275,995.00 | 895,918,416.59 | | | 283,637,997.50 | | 2,359,375,974.53 | | 239,608,585.66 | 4,345,816,969.28 |
| Add: retroactive adjustment arising from enterprise consolidation under the same control | | | | | | | | | | |
| Add: Changes of accounting policy | | | | | | | | | | |
| Error correction of the last period | | | | | | | | | | |
| Others | | | | | | | | | | |
| II. Balance at the beginning of this year | 567,275,995.00 | 895,918,416.59 | | | 283,637,997.50 | | 2,359,375,974.53 | | 239,608,585.66 | 4,345,816,969.28 |
| III. Increase/ Decrease in this year (Decrease is listed with "-") | | | | | | | 957,852,017.73 | | 36,719,518.09 | 994,571,535.82 |

| | | | | | | | | | | |
|--|----------------|----------------|------|------|----------------|------|------------------|------|----------------|------------------|
| (i) Net profit | | | | | | | 1,204,617,075.56 | | 50,893,782.33 | 1,255,510,857.89 |
| (ii) Other consolidated income | | | | | | | | | | |
| Subtotal of (i) and (ii) | | | | | | | 1,204,617,075.56 | | 50,893,782.33 | 1,255,510,857.89 |
| (III) Owners' devoted and decreased capital | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 13,348,460.37 | 13,348,460.37 |
| 1. Owners' devoted capital | | | | | | | | | 13,348,460.37 | 13,348,460.37 |
| 2. Amount calculated into owners' equity paid in shares | | | | | | | | | | |
| 3. Others | | | | | | | | | | |
| (IV) Profit distribution | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -246,765,057.83 | 0.00 | -27,522,724.61 | -274,287,782.44 |
| 1. Withdrawal of surplus reserves | | | | | | | | | | |
| 2. Withdrawal of general risk provisions | | | | | | | | | | |
| 3. Distribution for owners (shareholders) | | | | | | | -246,765,057.83 | | -27,522,724.61 | -274,287,782.44 |
| 4. Others | | | | | | | | | | |
| (V) Carrying forward internal owners' equity | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 1. Capital reserves converted to capital (share capital) | | | | | | | | | | |
| 2. Surplus reserves converted to capital (share capital) | | | | | | | | | | |
| 3. Remedying loss with surplus reserve | | | | | | | | | | |
| 4. Others | | | | | | | | | | |
| (VI) Reasonable reserve | | | | | | | | | | |
| 1. Withdrawal in this period | | | | | | | | | | |
| 2. Usage in this period | | | | | | | | | | |
| (VII) Other | | | | | | | | | | |
| IV. Balance at the end of the report period | 567,275,995.00 | 895,918,416.59 | | | 283,637,997.50 | | 3,317,227,992.26 | | 276,328,103.75 | 5,340,388,505.10 |

8. Statement on Changes of Owners' Equity of Parent Company

Amount in this period

Unit: RMB

| Item | Amount in this period | | | | | | | |
|--|------------------------------------|------------------|----------------------------|-----------------------|------------------|-------------------------|------------------|-------------------------|
| | Paid-up capital (Share capital) | Capital reserves | Less: Treasury Stock | Reasonable reserve | Surplus reserves | General risk reserve | Retained profit | Total owners' equity |
| I. Balance at the end of last year | 567,275,995.00 | 923,981,806.57 | | | 283,637,997.50 | | 2,237,035,401.84 | 4,011,931,200.91 |
| Add: Changes of accounting policy | | | | | | | | |
| Error correction of the last period | | | | | | | | |
| Others | | | | | | | | |
| II. Balance at the beginning of this year | 567,275,995.00 | 923,981,806.57 | | | 283,637,997.50 | | 2,237,035,401.84 | 4,011,931,200.91 |
| III. Increase/ Decrease in this year (Decrease is listed with "-") | 112,858,000.00 | 2,814,507,452.93 | | | | | 252,887,157.45 | 3,180,252,610.38 |
| (i) Net profit | | | | | | | 456,927,355.95 | 456,927,355.95 |
| (ii) Other consolidated income | | 77,241,200.00 | | | | | | 77,241,200.00 |
| Subtotal of (i) and (ii) | | 77,241,200.00 | | | | | 456,927,355.95 | 534,168,555.95 |
| (III) Owners' devoted and decreased capital | 112,858,000.00 | 2,737,266,252.93 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,850,124,252.93 |
| 1. Owners' devoted capital | 112,858,000.00 | 2,737,266,252.93 | | | | | | 2,850,124,252.93 |
| 2. Amount calculated into owners' equity paid in shares | | | | | | | | |
| 3. Others | | | | | | | | |
| (IV) Profit distribution | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -204,040,198.50 | -204,040,198.50 |
| 1. Withdrawal of surplus reserves | | | | | | | | |
| 2. Withdrawal of general risk reserve | | | | | | | | |
| 3. Distribution for owners (shareholders) | | | | | | | -204,040,198.50 | -204,040,198.50 |
| 4. Others | | | | | | | | |

| | | | | | | | | |
|--|----------------|------------------|------|------|----------------|------|------------------|------------------|
| (V) Carrying forward internal owners' equity | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 1. Capital reserves converted to capital (share capital) | | | | | | | | |
| 2. Surplus reserves converted to capital (share capital) | | | | | | | | |
| 3. Remedying loss with surplus reserves | | | | | | | | |
| 4. Others | | | | | | | | |
| (VI) Reasonable reserve | | | | | | | | |
| 1. Withdrawal in this period | | | | | | | | |
| 2. Usage in this period | | | | | | | | |
| (VII) Other | | | | | | | | |
| IV. Balance at the end of the report period | 680,133,995.00 | 3,738,489,259.50 | | | 283,637,997.50 | | 2,489,922,559.29 | 7,192,183,811.29 |

Amount in last year

Unit: RMB

| Item | Amount in last year | | | | | | | |
|--|---------------------------------|------------------|----------------------|--------------------|------------------|----------------------|------------------|----------------------|
| | Paid-up capital (Share capital) | Capital reserves | Less: Treasury Stock | Reasonable reserve | Surplus reserves | General risk reserve | Retained profit | Total owners' equity |
| I. Balance at the end of last year | 567,275,995.00 | 923,981,806.57 | | | 283,637,997.50 | | 1,483,763,204.41 | 3,258,659,003.48 |
| Add: Changes of accounting policy | | | | | | | | |
| Error correction of the last period | | | | | | | | |
| Others | | | | | | | | |
| II. Balance at the beginning of this year | 567,275,995.00 | 923,981,806.57 | | | 283,637,997.50 | | 1,483,763,204.41 | 3,258,659,003.48 |
| III. Increase/ Decrease in this year (Decrease is listed with "-") | | | | | | | 753,272,197.43 | 753,272,197.43 |
| (i) Net profit | | | | | | | 1,000,037,255.26 | 1,000,037,255.26 |
| (ii) Other consolidated income | | | | | | | | |
| Subtotal of (i) and (ii) | | | | | | | 1,000,037,255.26 | 1,000,037,255.26 |

| | | | | | | | | |
|--|----------------|----------------|------|------|----------------|------|------------------|------------------|
| (III) Owners' devoted and decreased capital | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 1. Owners' devoted capital | | | | | | | | |
| 2. Amount calculated into owners' equity paid in shares | | | | | | | | |
| 3. Others | | | | | | | | |
| (IV) Profit distribution | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -246,765,057.83 | -246,765,057.83 |
| 1. Withdrawal of surplus reserves | | | | | | | | |
| 2. Withdrawal of general risk reserve | | | | | | | | |
| 3. Distribution for owners (shareholders) | | | | | | | -246,765,057.83 | -246,765,057.83 |
| 4. Others | | | | | | | | |
| (V) Carrying forward internal owners' equity | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 1. Capital reserves conversed to capital (share capital) | | | | | | | | |
| 2. Surplus reserves conversed to capital (share capital) | | | | | | | | |
| 3. Remedying loss with surplus reserves | | | | | | | | |
| 4. Others | | | | | | | | |
| (VI) Reasonable reserve | | | | | | | | |
| 3. Withdrawal in this period | | | | | | | | |
| 4. Usage in this period | | | | | | | | |
| (VII) Other | | | | | | | | |
| IV. Balance at the end of the report period | 567,275,995.00 | 923,981,806.57 | | | 283,637,997.50 | | 2,237,035,401.84 | 4,011,931,200.91 |

(III) Basic information of the Company

1. History development of the Company

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

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

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

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

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

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

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

The Company registered at the Wuxi High and New Technology Development Zone and the registration number was 320200000014926. The Company belongs to the mechanical industry and mainly engages in the manufacture and sales of oil injection system and its accessories.

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

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

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

On 21 January 2012, the “Reply on Approval of Privately Share Offering of Weifu High-Technology Group Co., Ltd” (ZJXK[2012] No. 109) issued by CSRC, approved that the Company’s privately offering new shares no more than 112,858,000 shares in total. Each shares offering with price of 25.395 yuan. The privately offering of the Company totally offer 2 objects: Wuxi Industry Group and ROBERT BOSCH GMBH (German Robert Bosch Co., Ltd) . On 29 February 2012, after privately offering total share capital of the Company amounting as 680133995 shares, 20% were held by Wuxi Industry Group, the first largest shareholder of the Company; ROBERT BOSCH GMBH (German Robert Bosch Co., Ltd) held 14% of the equity, the second largest shareholder of the Company.

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

Registered place and head office of the Company: Wuxi, Jiangsu

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

The Company sets up Administration Department, Engineering Technology Research Institution, Human Resources Department, Marketing Department, Finance Control Department, Project Purchase Department, MS Business Segment, AC Business Segment, and subsidiaries such as Wuxi Weifu Leader Catalytic Converter Co., Ltd. (referred to as Weifu Leader), Nanjing Weifu Jinning Co., Ltd. (referred to as Weifu Jinning), and Wuxi Weifu Diesel System Co., Ltd. (referred to as Weifu Diesel System).

3. Business nature and major operation activities of the Company

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

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

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

Financial statements of the Company were approved by the Board of Directors for reporting dated 27 August 2012.

(IV) Major Accounting Policies, Accounting Estimation and Previous Errors of the Company

1. Basis of preparation of financial statements

The financial statement were stated in compliance with Accounting Standard for Enterprises No.30-Presentation of Financial Statement, with recognitions and measurements made by reference to Accounting Standard for Enterprises and Application Instruments thereof promulgated by the Ministry of Finance dated 15 February 2006 in respect of the actual transactions and proceedings, on a basis of ongoing operation.

2. Statement on observation of Accounting Standard for Enterprises

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

3. Accounting period

The accounting period of the Company comprises of annual period and interim period, among which, the annual period commences from 1 January to 31 December, and interim period includes monthly, quarterly and half-year.

4. Currency used in book-keeping

The Company’s reporting currency is the RMB Yuan.

Book-keeping currency for oversea subsidiary

Nil

5. Accounting treatment methods for business combination under and not under the same control

(1) Business combination under the same control

Business combination under the same control: consideration paid by acquirer for combination and net assets acquired by him shall all be measured with carrying value. Difference between carrying values of net assets and combination consideration respectively obtained and paid by acquirer over total par value of shares in issue shall be used to adjust capital reserve; when capital reserve is insufficient for offset, then retained profit shall be adjusted. All direct related expenses arising from business combination, including auditing expenses paid for combination, evaluation expenses and law service expenses, shall be recorded in current gains and losses upon occurrence; while procedure charge and commission arising from issuance of equity securities or bonds in relation to business combination shall be accounted in initial measurement amount of shareholders' equity or liabilities.

(2) Business combination not under the same control

Business combination not under the same control: combination cost paid by acquirer and net recognizable assets obtained from combination shall be measured at fair value. In the event that difference between combination costs over fair value of net recognizable assets obtained from combination is positive, thus such difference shall be recognized as goodwill; if negative, and then shall be accounted in current gains and losses. All direct related expenses arising from business combination including auditing expenses paid for combination, evaluation expenses and law service expenses shall be recorded in business combination cost; while procedure charge and commission arising from issuance of equity securities or bonds in relation to business combination shall be accounted in initial measurement amount of shareholders' equity or liabilities.

6. Preparation method for consolidated statements

(1) Preparing method of consolidated financial statements

Confirmation principle of consolidation scope

Preparation of the consolidation financial statement of the Company mainly complied with the consolidation scope recognized by Parent Company Theory, details consolidation scope as:

- ① More than half of the equity capital of the investee enterprise that owned by Parent company, directly/indirectly and jointly owned more than half of the equity capital by indirectly and directly included;
- ② Other investee enterprises control by Parent Company including:
 - A. Holding more than half of voting right of the investee through agreement with other investors of the investee enterprises; ;
 - B. Having the rights of financial and operation strategy controlled according to Article of Association of Agreement;
 - C. Having the rights of appointment and dismissal on majority personnel's in Board or in similar power institution of the enterprise;
 - D. Having more than half of the rights to vote in Board or similar power institution of the enterprise.

Measures used in consolidation

- ① The Company consolidations permit since the day of actual control right obtained; cease consolidation since the day of control right lost. Consolidation financial statement based on the financial statement of the Company and other relevant information of vary subsidiaries that joint in the consolidation scope, adjusted long-term equity investment to subsidiaries according to equity method, off-setting the investment, transaction and contacts between the Company and vary subsidiaries that in the consolidation scope, consolidated for preparation after minority shareholders' gains/loss and minority shareholders' equity calculation.
- ② Concerning the different accounting policy or accounting period between the Company and subsidiaries, consolidating after adjustment on subsidiaries' financial statement based on the Company's accounting policy or accounting period.
- ③ Concerning the subsidiary obtained under combination with different control, adjusted several financial statement of the subsidiary based on the fair value of recognizable net assets on purchased day while financial statement consolidation; concerning the subsidiary obtained under combination with same control, considered current status of being control by ultimate controller for consolidation while financial statement consolidation.

(2) Disclosure of related accounting method for buy-and-resell or sell-and-repurchase of equities in the same

subsidiary within two successive accounting years

Nil

7. Determination criteria of cash and cash equivalent

Cash equivalent represents such kind of investment featuring with short term (generally due within 3 months since purchase day), active liquidity, being easy for converting to cash with already-known amount, as well as tiny exposure to value change risks.

8. Foreign currency business and the conversion of foreign currency statement**(1) Foreign currency business**

Foreign currency business is accounted with amount denominated in RMB as translated at the spot exchange rate as of the occurrence day of such business. The occurred foreign currency exchange business or transactions with foreign currency exchange involved shall be translated at the effective exchange rate (i.e. exchange rate adopted by banks for such transactions) adopted by such transaction.

(2) Translation of foreign currency statement

As at balance sheet date, division between foreign currency monetary items and foreign currency non-monetary items are dealt with according to the following principles:

Foreign currency monetary items are translated at spot exchange rate as of balance sheet date, and then recorded in current gains and losses when happening during normal operation period; exchange gains and losses related to borrowings for purchasing fixed assets are disposed with principle of capitalization of borrowing expense. Monetary item represents the monetary capital, and assets or liabilities respectively received or paid at fixed or insurable amount, among other things, stock cash, bank deposit, account receivables, other receivables, long-term receivables, short-term loans, account payables, other payables, long-term loans, bond payables and long-term payables, etc.

Foreign currency non-monetary items are translated at spot exchange rate as of transaction date, with no change in its amount accounted in standard currency. Non-monetary items represent items except for monetary items.

As for foreign currency non-monetary items measured at fair value, translation is subject to the spot exchange rate as of the date when fair value is recognized. Difference between the accounted standard currency amount subsequent to translation and its original accounted standard currency amount is dealt with as movement in fair value (movement in exchange rate included), and then recorded in current gains and losses.

9. Financial instruments

Financial instruments including financial assets, financial liability and equity instrument

(1) Classification of financial instruments

According to the purpose of obtaining the held financial assets and assuming the financial liabilities, the management divides it into: financial assets or financial liabilities metering by fair value and whose changes reckoned in the current profits and losses, including transaction financial assets or financial liabilities (and directly appointed financial assets or financial liabilities metering by fair value and whose changes reckoned in the current profits and losses); held-to-maturity investment; accounts receivables; financial assets available for sale; other financial liabilities, etc.

(2) Recognition basis and measurement method for financial instruments

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

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

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

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

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

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

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

(4) Recognition condition for termination of financial liability

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

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

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

(5) Deciding of fair value of financial assets and financial liabilities

- ① In case of an active market, financial assets or financial liabilities which are respectively held and proposed to be undertaken by the Company are subject to the prevailing offer price of such market, and financial assets or financial liabilities which are respectively proposed to be held and undertaken by the Company are subject to the prevailing asked price of such market. In case of absence of such prevailing offer or asked prices, market quotation of the latest transaction or adjusted market quotation of the latest transaction shall be adopted, except that there is clear evidence showing that such market quotation is not fair value.
- ② In case of absence of an active market, the Company recognizes fair value by reference to valuation technology which includes reference to the price adopted by parties who are willing to make business and knowing conditions quite well in their latest transactions, reference to prevailing fair values of other financial instruments with similar essence, discount cash flow method and option pricing pattern.

(6) Impairment of financial assets (excluding account receivable)

The Company conducts inspection on carrying values of financial assets, except for transactional financial assets, as at balance sheet date. If there is objective evidence indicating that impairment has happened to financial assets, impairment reserve then shall be provided. Financial asset with great amount in single item is subject to separate impairment test. In case of any objective evidence

indicating that impairment has happened to such financial asset, impairment loss shall be recognized and recorded in current gains and losses. As for the financial assets with no great amount in single item and those which prove to be not impaired after separate test, the Company will conduct impairment test on basis of credit portfolio which is determined in light of customers' credit records and historical bad debts, so as to recognize impairment loss.

Objective evidence indicating impairment happens to financial assets means the proceedings meeting the three characteristics: actually occurred subsequent to initial recognition of such financial assets, bring influence over the estimated future cash flow of such financial assets, and such influence could be reliably measured by the Company.

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

A: Serious financial difficulty happens to issuer or debtor;

B: Breach of terms of contract by debtor, such as breach or overdue in repaying interest or principal;

C: Creditor makes concession for debtors who experience financial trouble in light of consideration for economy or laws;

D: Debtor is very likely to experience bankrupt or financial reorganization;

E: Financial assets are not able to be traded in active market since material financial difficulty happens to issuer;

F: It is unable to judge whether cash flow from certain asset in a group of financial assets has decreased, while it is finally found that the estimated future cash flow of such financial asset has actually decreased since its initial recognition and the decrease can be reliably measured by reference to the general valuation based on open data. For example, payment capacity of debtor of such financial assets portfolio gradually worsens, or unemployment in country or region where the debtor locates risen, price of guaranty falls greatly in the place where it locate, and the industry in which it belongs to is unpromising;

G: Material negative changes happen to technologies, markets, economy or law environment in which debtor operates, which leads to that equity instrument investor is not likely to be able to recover investment cost;

H: Fair value of equity instrument investment experiences severe or non-temporary falling;

I: Other objective evidence indicating impairment happens to financial assets.

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

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

For impairment in financial assets available for sale, the original accumulated loss through owners' equity directly arising from falling fair value shall be reversed to current gains and losses.

(7)As for reclassification of un-matured held-to-maturity investments into financial assets available for sale, please explain the holding purposes or references for change of ability

Nil

10. Recognition standards and accrual method for bad debt provision for accounts receivable

(1) Bad debt provision for accounts receivable with single major amount

| | |
|--|--|
| Determine basis or amount standards for single significant amount | The Company's account receivables with above RMB 1 million in single item is defined as account receivables with significant amount in single item. Such kind of account receivables are recognized as bad debts in case of impossible collection though with bankrupt properties or heritages of debtors due to their bankrupt or death, or in the even that debtors haven't implemented their repayment obligations over 3 years upon expiration and there are obvious evidences indicating impossible collection. |
| withdrawal method for account with single significant amount and withdrawal single item bad debt provision | As for account receivables with significant amount in single item which can not be directly recognized as bad debts, debt provision shall be provided according to the Company's policies by aged analysis method. 100% bad debt provision shall be provided for those account receivables with great amount in single item which can be directly recognized as bad debts |

(2) Accounts whose bad debts provision was accrued by combination

| Combination | Methods on withdrawal of bad debt provision based on combination | Basis for combination recognized |
|-----------------|--|--|
| Age combination | Age analysis method | A combination classified by age as major risk characteristic, withdrawal bad debt provision by age analysis method |

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

Applicable non-applicable

| Account age | Rate for receivables (%) | Rate for other receivables (%) |
|--------------------------|--------------------------|--------------------------------|
| Within 1 year (included) | | |
| Within 6 months | 0% | 0% |
| 6 months to 1 year | 10% | 10% |
| 1—2 years | 20% | 20% |
| 2—3 years | 40% | 40% |
| Over 3 years | 100% | 100% |
| 3—4 years | 100% | 100% |
| 4—5 years | 100% | 100% |
| Over 5 years | 100% | 100% |

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

applicable non-applicable

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

applicable non-applicable

(3) Accounts with single significant amount and bad debts provision accrued individually

Reasons for withdrawal single item bad debt provision:

Account receivable meeting the following conditions: account receivable whose single amount is not significant, impossible collection though with bankrupt properties or heritages of debtors due to their bankrupt or death, debtors haven't implemented their repayment obligations over 3 years upon expiration and there are obvious evidences indicating impossible collection.

Withdrawal method for bad debt provision:

100% for provision percentage for percentage of total accounts receivable outstanding and 100% for provision percentage for percentage of total other receivable outstanding

11. Inventories

(1) Classification of inventories

The Company's inventories are categorized into stock materials, product in process and stock goods ect.

(2) Pricing for delivered inventories

FIFO Weighted Average Specific Identification Other

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

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

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

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

Inventories as at period-end are priced at the lower of costs and net realizable values; at period end, on the basis of overall clearance about inventories, inventory impairment provision is withdrew for uncollectible part of costs of inventories which result from destroy of inventories, out-of-time of all and part inventories, or sales price lowering than cost. Inventory impairment provision for stock goods and quantity of raw materials is subject to the difference between costs of single inventory item over its net realizable value. As for other raw materials with large quantity and comparatively low unit prices, inventory impairment provision is withdrawn pursuant to categories.

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

(4) Inventory system

Perpetual Inventory System Periodic Inventory System Other
Inventory system is perpetual inventory system.

(5) Amortization of low-value consumables and wrappage

Low-value consumables

Amortization Method: one-off amortization

Wrappage

Amortization Method: one-off amortization

12. Long-term equity investment

(1) Recognition of initial investment cost

Long-term equity investment mainly includes the equity investments made to subsidiaries, joint ventures and associates, and the equity investment which couldn't entitle the Company to conduct

control, common control or significant influence over the invested units and which have no quotation price in active market and whose fair value could not be able to measured surely.

Initial investment cost of long-term equity investment of the Company is recognized by the following ways based on different acquisition ways:

① In situation of a long-term equity investment acquired through business combination under common control, the carrying value of the owners' equity of the acquired company as at the combination date is deemed as initial investment cost for this long-term equity investment; difference between acquisition cost and initial investment cost is used to adjust capital reserve. In case of insufficient capital reserve for offset, retained profit shall be then adjusted.

② In situation of a long-term equity investment acquired through business combination not under common control, the initial investment cost of long-term equity investment is determined at the fair value of assets involved at trading dated, equity instrument issued as well as liabilities occurred or undertaken. Realizable assets and liabilities undertaken by such assets (include contingent liabilities) of the party being combined as at the combination date are all measured at fair values, without consideration to amount of minority interests. The surplus of combination cost less fair value net realizable assets of the party being combined is recorded as goodwill, and the deficit is directly recognized in the consolidated statement of gains and losses.

③ Long-term investments obtained through other ways

A. Initial investment cost of long-term equity investment obtained through cash payment is determined according to actual payment for purchase.

B. Initial investment cost of long-term equity investment obtained through issuance of equity securities is determined at fair value of such securities.

C. Initial investment cost of long-term equity investment injected by investor is determined at the agreed value in investment contract or agreement. In case of an unfair contract or agreement value, measurement shall be conducted at fair value.

D. Initial investment cost of long-term equity investment (exchanged-in) obtained through exchange with non-monetary assets, which is of commercial nature, is determined at fair value of the assets exchanged-out; otherwise determined at carrying value of the assets exchanged-out if it is not of commercial nature.

E. Initial investment cost of long-term equity investment obtained through debt reorganization is determined at fair value of such investment.

(2) Recognition method for subsequent measurement and gains and losses

① Investment to subsidiaries is calculated under cost method

It is referred to the equity investment made to subsidiaries held by the Company which can conduct control upon invested unit. If the Company holds over 50% equities of an entity or has control power in such entity though equity holding is fewer than 50%, such entity comprises a subsidiary of the Company.

② Investment to joint ventures or associates is calculated under equity method

It is referred to the equity investment made to joint ventures held by the Company which can conduct common control upon the joint venture with other joint parties; it is referred to the equity investment made to associates held by the Company which has material influence upon such associates. In the event that the Company holds equities of an entity from 20% to 50% and no essential control exists in such entity meanwhile or that though the Company holds equities of an entity fewer than 20% while it has material influence upon such entity, then the entity shall be deemed as a joint venture or associate of the Company.

When recognizing its share in net gains and losses of the invested unit, the Company shall achieve recognition based on fair values of various realizable assets of such invested unit upon obtaining such investment after adjustment in net profit of such invested unit.

In case of any inconsistency of the accounting policies and accounting periods adopted by invested unit and the Company, financial statements of such invested unit shall be subject to adjustment in compliance with accounting policies and accounting periods adopted by the Company, so as to recognize investment gains and losses on that basis.

As for treatment for other movement of owners' equity other than net gains and losses of invested unit, carrying value of long-term equity investment shall be subject to adjustment which shall be then recorded in owners' equity.

③ Long-term equity investment to entities where the Company has no control, common control or material influence

Long-term equity investment which has no quotation in active market and whose fair value could not be reliably measured is calculated under cost method.

Long-term equity investment which has quotation in active market or whose fair value could be reliably measured is presented under item of financial asset available for sale, and is measured at fair value, and fair value movement thereof shall be recorded in shareholders' equity.

(3) Reference for confirmation of common control and material influence in invested unit

Common control over invested unit means common control over certain economic activity pursuant to contract agreement, and only exists when investors who need to share control power on material financial and operation decisions related to such economic activity make unanimous agreement.

That a party has material influence upon invested unit means that such party has power to join decision-making related to finance and operation decisions of the invested unit, while no ability of control or joint control with other parties upon establishment of such decisions.

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

If any impairment indication is found in long-term equity investment by the Company in its period-end inspection, the recoverable amount shall be estimated. In case of such recoverable amount lowering than its carrying value, impairment provision shall be withdrawn for long-term investment by reference to the difference of the aforesaid two items.

As for long-term equity investment which has no quotation in active market and whose fair value could not be reliably measured, its impairment loss is determined by reference to its carrying value less the amount recognized through discounting future cash flow at the prevailing market yield ratio of similar financial assets, and then recorded in current gains and losses.

As for long-term equity investment except for financial assets available for sale, its impairment provision will not be reversed during asset permanent period once it is withdrawn. Impairment loss of financial assets available for sale can be reversed through equities.

13. Investment real estate

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

The Company adopts cost methodology amid subsequent measurement of properties held for investment, while depreciation and amortization is calculated using the straight-line method according to their estimated useful lives.

The basis of provision for impairment of properties held for investment is referred to the provision for impairment of relevant fixed assets.

14. Fixed assets

(1) Recognition of fixed assets

Fixed assets refer to the buildings, machinery and equipment, transportation vehicle and other equipments related to operation with useful lives of more than one year and held for production of products, provision of labor, lease or operation. A fixed asset is recognized when it is Contingent that the relevant economic benefits flow into the enterprise and the cost of the fixed assets can be reliably measured.

(2) Basis of recognition and method of measurement of fixed assets by financing lease

The assets will be classified as fixed assets by financing lease if the Company satisfies one or more of the following conditions:

①As stipulated in the lease agreement (or a reasonable judgment made pursuant to relevant conditions at the commencement date of the lease), the ownership of fixed assets by financing lease can be passed to the Company when the lease expires;

②As the Company has a option to acquire the leased fixed assets and the agreed price of purchase is far below the fair value of leased fixed assets at the time of exercise of the option, it is certain that the Company will exercise the option at the commencement date of the lease;

③Despite that the ownership of fixed assets is not transferable, the lease period represents 75% or more of the useful life of leased fixed assets;

④The present value of the minimum lease payment by the Company at the commencement date of lease is equal to 90% or more of the fair value of leased fixed assets at the commencement date of lease. The present value of the minimum lease payment received by the lesser at the commencement date of lease is equal to 90% or more of the fair value of leased fixed assets at the commencement date of lease;

⑤ Due to the special nature of the leased assets, those assets can be used only by the Company if without any substantial renovation;

⑥The fixed assets by financing lease is carried at the lower of the fair value of the leased fixed assets at the commencement date of lease and the present value of the minimum lease payment.

(3) Depreciation of fixed assets

| Classification | Depreciation time(Year) | Residual rate (%) | Annual depreciation rate (%) |
|-----------------------------------|-------------------------|-------------------|------------------------------|
| House and Building | 20 - 35 years | 5 | 2.71-4.75 |
| Machinery equipment | 10 years | 5 | 9.50 |
| Electronic equipment | 3-5 years | 5 | 19.00-31.67 |
| Transportation equipment | 4-5 years | 5 | 19.00-23.75 |
| | | | |
| Other equipment | 5-10 years | 5 | 9.50-19.00 |
| Fixed assts rent-in by financing: | -- | -- | -- |
| Including: House and Building | | | |
| Machinery equipment | | | |
| Electronic equipment | | | |
| Transportation equipment | | | |
| | | | |
| Other equipment | | | |

(4) Impairment testing of fixed assets and provision for impairment

At the end of the Reporting Period, the Company carries out a review on fixed assets. If the following conditions exist, the Company shall value the recoverable amount of fixed assets in order to determine whether there is any impairment of fixed assets. For fixed assets with recoverable amount falling below the carrying amount, the Company will make a provision for impairment loss on fixed asset equals to an amount of the difference between the recoverable amount and the

carrying amount. Provision is made based on a single item basis, and based on a group of assets to which the assets belong to if it is hard to estimate the recoverable amount of the single assets. The impairment provision cannot be reversed in the period of duration of the assets once it is provided.

- ① There is a significant decrease in the market price of fixed assets. Such decrease is beyond any decrease to the large extent in the market price as time goes by or any expected decrease from normal use of fixed assets;
- ② Fixed assets are obsolete and damaged;
- ③ There is a significant negative change to the intended use of fixed assets, such as idleness or forthcoming idleness of the fixed assets, termination or restructuring of the operating business to which the fixed assets belong to and disposal of fixed assets earlier than the end of its useful life, thereby resulting in negative influence on the Company;
- ④ There is a significant current or recent change in the economic, technological and legal environment in which the Company operates and in the market in which fixed assets are, thereby resulting in negative influence on the Company;
- ⑤ There is a significant increase in the market interest rate or return on investment in other markets, posing a potential impact on the discount rate on the calculation of the present value of the estimated future cash flows, thereby resulting in significant decrease in recoverable amount of fixed assets;
- ⑥ There is evidence from internal reports of the enterprise that the economic benefits of the fixed assets have been lower or will be lower than expected, for example, the net cash flows or operating profits (or losses) of the fixed assets are far lower (or higher) than the expected amount;
- ⑦ Other circumstances showing an indication of impairment of fixed assets

(5) Other explanation

Nil

15. Construction in process

(1) Classification of construction in progress

Calculated construction in process by items defined.

(2) Standard and timing of converting projects under construction into fixed assets

From the date on which the fixed assets built by the Company come into an expected usable state, the projects under construction are converted into fixed assets on the basis of the estimated value of project estimates or pricing or project actual costs, etc. Depreciation is calculated from the next month. Further adjustments are made to the difference of the original value of fixed assets after final accounting is completed upon completion of projects; however, the original depreciation is not adjusted.

(3) Method of impairment testing and impairment provision for construction in progress

The Company carries out a comprehensive inspection of projects under construction at the conclusion of each year. Where there is an indication of impairment, the recoverable amount is estimated and impairment is provided on the basis of the difference between the amount recoverable by a project and the carrying amount of such project. Impairment provision is not reversed during the period of duration of the assets once it is provided.

16. Borrowing costs

(1) Recognition of capitalization of borrowing costs

Borrowing costs comprise interest occurred, amortization of discounts or premiums, ancillary costs

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

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

(2) Period of capitalization of borrowing costs

The borrowing costs in relation to acquisition or construction of fixed assets, investment properties and inventories, incurring before the assets reach an expected usable state or saleable state, are recorded in the costs of the assets when the above conditions of capitalization are met.

(3) Capitalize cost suspension

When acquisition or construction of fixed assets undergo abnormal suspension, and the suspension lasts for more than 3 months consecutively, then the capitalization of suspension borrowing ceases and will be recognized as current expenses, until the acquisition or construction of assets start again. When the expected usable state or saleable state is achieved, capitalization of borrowing costs ceases, and the borrowing costs incurring subsequently are directly recorded into financial expenses in the period when they are occurred.

(4) Calculation of capitalized amounts of borrowing costs

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

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

17. Biological assets

Nil

18. Oil/gas assets

Nil

19. Intangible assets

(1) Measurement of intangible assets

The intangible assets of the Company include land use rights etc.

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

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

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

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

(2) Service life estimation for intangible assets with limited service life

Every period-end, re-checking the service life and amortization method for intangible assets with limited service life

| Item | Service life expected | Basis |
|---------------------|--|--|
| Land use right | Years for rented or remaining service life | Transfer Agreement of land use right or transferring |
| Trademark use right | 30 years | Contract |
| Computer software | 3-5 years | Predicted usable service life |

(3) Determination basis for intangible assets with uncertain service life

Every period-end, re-checking the service life for intangible assets with uncertain service life

(4) Withdrawal of impairment of intangible assets

The Company tests impairment of the intangible assets with indefinite benefit years such as goodwill annually and estimates their recoverable amounts and impairment of the intangible asset is provided at the difference between the estimated recoverable amount and the carrying amount of such intangible assets.

A year-end review is conducted to other intangible assets. When there is an indication of impairment, the recoverable amount is estimated and impairment of the intangible asset is provided at the difference between the estimated recoverable amount and the carrying amount of such intangible assets. The impairment provision is not reversed during the duration of the assets once it is provided.

①The intangible assets have been replaced by other new technology so that there is a material adverse effect on their capacity to generate economic benefits for the Company;

②The market value has fallen substantially in the current period and is not expected to recover in the remaining amortization period;

③ The intangible assets have exceeded the term protected by laws but some of them can still be used;

④Other circumstances sufficient to prove that impairment has been made actually

(5) Divide the specific standards research stage and development stage

Research stage: A stage doing original and planned study and research activities for obtaining and understanding new scientific and technical knowledge.

Development stage: A stage applying the research achievements or other knowledge to a plan or design so as to produce new materials, devices and products with substantial modification before

commercial manufacture or use.

(6) Calculation of expenditure for internal R&D projects

Expenditure in the research stage of the intangible assets with independent research and development should be included in the profit or loss for the current period in which they are occurred; expenditure in the development stage should be recognized as intangible assets (patent technologies and non-patent technologies) when all of the following conditions are met:

- ① It is technically feasible that the intangible assets are completed for the purpose of their uses or sales;
- ② The Company has an intention to complete the intangible assets for their uses or the sale;
- ③ Ways of creating economic benefits by intangible assets include proof of existing market of the products manufactured by use of intangible assets or the existing market of intangible assets and the proof of the use if the intangible assets are only for the Company's internal use;
- ④ The Company has sufficient technical and financial resources and other supporting resources to complete the research and development of such intangible assets and are capable of using or selling such intangible assets;
- ⑤ Expenditure occurred in the development stage of such intangible assets can be accurately calculated;
- ⑥ The cycle of the product produced with the intangible assets is above one year.

20. Amortization method of long-term prepaid expenses

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

21. Assets transfer with repurchase condition attached

Nil

22. Estimated liability

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

(1) Recognition standards for estimated liability

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

(2) Measurement method for estimated liability

Measure on the basis of the best estimates of the expenses necessary for paying off the contingencies

On the balance sheet date, the carrying amount of estimated liabilities is reviewed. If there is

obvious evidence that the carrying amount cannot actually reflect the current best estimates, then the carrying amount is adjusted according to the current best estimates.

23. Shares payment and equity instrument

Nil

(1) Category of shares payment

Nil

(2) Recognition method for fair-value of equity instrument

Nil

(3) Basis of best estimation for vesting equity instrument

Nil

(4) Relevant accounting treatment for implementation, amendment and termination of shares payment plan

Nil

24. Shares of the Company repurchased

Nil

25. Revenue

(1) Detail judgment standards for recognition of selling goods revenue

- ①the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ②the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- ③the amount of revenue can be measured reliably;
- ④ It is Contingent that the associated economic benefits will flow into the Company;

(2) Recognition of revenue of assets using right abalienation

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

(3) Recognition basis and method of construction progress completion while recognize revenue from labor service providing and from construction contract by percentage of completion method

Revenue from the rendering of services shall be recognized only when all of the following conditions are satisfied: the amount of revenue and costs occurred or to be occurred for the

transaction involving the rendering of services can be measured reliably; the associated economic benefits can flow into the Company; the stage of completion of the transaction can be measured reliably.

26. Government Subsidies

(1) Category

The government subsidy is divided into government subsidy related to profits and government subsidy related to assets.

(2) Accounting treatment

The government grants related to earnings are recognized as deferred earnings if they are used for compensating the relevant expenses or losses of the Company in subsequent periods, and are recorded in the profit or loss in the period of recognition of relevant expenses; if they are used to compensate the relevant expenses or losses occurred of the Company, they are directly recorded in the profit or loss.

Asset-related government grants are recognized as deferred income, and are allocated evenly over the useful life of related assets and are included in the current profit and loss. However, the government grants measured at the nominal amount is recorded directly in the profit or loss.

27. Deferred income tax assets and deferred income tax liabilities

(1) Basis of affirming the deferred income tax assets

The Company takes the taxable income possibly used for deducting the deductible temporary differences to confirm the deferred income tax assets generated by deductible temporary differences

(2) Basis of affirming the deferred income tax liabilities

The Company affirms the currently and previously payable but unpaid taxable temporary differences as deferred income tax liabilities, but excluding goodwill, transaction formed by non-business merger and the temporary difference affecting neither accounting profits nor taxable income during this transaction.

28. Operation leasing, financing leasing

(1) Accounting treatment of operation leasing

Operating lease refers to other lease other than finance lease. The rental expenses of the operating leased assets are recognized as relevant assets costs or expenses over the lease term on a straight-line basis.

(2) Accounting treatment of financing leasing

Finance lease refers to a lease that has transferred in substance all the risks and rewards related to the ownership of an asset, no matter whether the ownership of it has been transferred eventually.

The finance lease assets are carried at the lower of the fair value of the leased assets and the present value of the minimum lease payments on the lease beginning date, and the minimum lease payments are recorded in long-term payables, with the difference as unrecognized finance expenses. The initial direct costs arising from finance lease of the Company are recorded in the value of the leased assets. Depreciation and impairment are provided for the finance lease assets according to

the policies of the Company.

Where there is reasonable assurance that the ownership of the leased assets can be obtained when the lease term expires, depreciation is provided for the leased assets over the estimated useful life. Otherwise, depreciation is provided for the leased assets at the lower of the lease term and the estimated useful life of the leased assets.

The Company allocates the unrecognized financing expenses over the lease term by using the effective interest rate method and in accordance with the principles of borrowing costs.

On the balance sheet date, the Company lists the difference of the long-term payables related to finance lease less unrecognized financing expenses as finance lease payable and non-current liabilities due within one year respectively.

29. Assets held for sales

(1) Recognition of assets held for sales

Nil

(2) Accounting treatment of assets held for sales

Nil

30. Assets securitization

Nil

31. Hedge accounting

Nil

32. Changes of major accounting policies and accounting estimation

Whether there have changes of major accounting policies and accounting estimation in report period or not

Yes No Not applicable

(1) Changes in accounting policies

Whether have changes in accounting policies in report period

Yes No Not applicable

(2) Changes in accounting estimates

Whether have changes in accounting estimates in report period

Yes No Not applicable

33. Error correction of previous accounting

Whether has error correction of previous accounting occurred in this period

Yes No Not applicable

(1) Retrospective Restatement

Is there has errors of previous accounting adopt retrospective restatement in this period

Yes No Not applicable

(2) Prospective Application

Is there has errors of previous accounting adopt retrospective restatement in this period

Yes No Not applicable

34. Other major accounting policy, accounting estimation and preparation method for financial statement

(1) Goodwill

In the business combination not under the same control, the difference of the merger cost in excess of the fair value of net identifiable assets of the acquired party is recognized as the goodwill.

Goodwill listed alone in financial statement, while conducting impairment testing, amortized book value of the goodwill to assets group or assets combination benefit from synergy effect of expected enterprise combination. If the recoverable amount of assets group or assets combination, that with goodwill amortized, lower its book value, than recognized as impairment losses correspondingly. Impairment losses should deducting book value of goodwill, amortized to assets group or assets combination, than deducting other book value of vary assets by proportion in line with ratio of book value of vary assets other than goodwill in such assets group or assets combination.

(2) Employees' remuneration

Employees' remuneration includes: employees' salaries, bonus, allowance and subsidies; welfare provision; social insurance such as pension insurance, unemployment insurance and work injury insurance etc.; housing reserve fund, labor union expenditures and staff education expenditures; benefits not in monetary value; compensation paid for the termination of employment contracts with employees; relevant expenditures relating to the provision of other services by employees.

In the accounting period in which employees provide service to the Company, payable employees' remuneration is recognized as liabilities. Other than the compensation for termination of the labor relationship with employees, the employees' remuneration is recorded in fixed assets costs, intangible assets costs, product costs or labor costs respectively according to the beneficiaries of the services provided by employees. The employees' remuneration other than the above is directly recorded in the profit or loss.

Prior to the expiry of the labor contracts of employees, the compensation for termination of the labor relationship with employees or encouraging employees to accept to be laid off is recognized as estimated liabilities and recorded in the profit or loss.

(3) Accounting for income tax

The Company applies the balance sheet liability method for accounting of income tax. Current income tax and deferred income tax is recorded in the profit or loss as income tax expenses or gains, but the income tax arising from the following conditions is excluded:

- 1) Business combination;
- 2) The transaction events directly recognized in the owner's equity.

(V) Taxation

1. Major taxes and tax rates

| Tax | Basis | Tax rate |
|-------------------------------------|----------------------|---|
| VAT | Sale of goods | Tax rate for sale of goods is 17%; rate for exported commodities is stipulated by the state with declaration of export tax rebate, rate of tax may be “exempted, credited and refunded” |
| Consumption tax | | |
| Operation tax | Revenue from lease | 5% |
| City maintaining & construction tax | Turnover tax payable | 7% |
| Corporation income tax | Taxable income | 15% for the parent company |
| | | |

The income tax rates applicable to each Branch Company or plant

The Company and its subsidiaries Weifu Jinning, Weifu Diesel System, Weifu Leader and Ningbo Weifu Tianli Pressurized Technology Co., Ltd. (Weifu Tianli for short) are all high-tech enterprises, and enjoy a preferential tax rate of 15% according to relevant state regulations on income taxation.

The income tax of Wuxi Weifu Mashan Oil Pump and Oil Nozzle Co., Ltd. (hereinafter referred to as “Weifu Mashan”), Wuxi Weifu Chang’an Fuel Co., Ltd. (hereinafter referred to as “Weifu Chang’an”), Wuxi Weifu International Trade Co., Ltd. (hereinafter referred to as “Weifu International Trade”), Jiangsu Weifu Nano Technology Co., Ltd. (hereinafter referred to as “Weifu Nano”), Wuxi Weifu ITM Booster Technology Co., Ltd. (former Wuxi Weifu ITM Information Machinery Development Co., Ltd. ; hereinafter referred to as “Weifu ITM”), Wuxi Weifu Schmitter Power System Parts and Components Co., Ltd. (hereinafter referred to as “Weifu Schmitter”), Chaoyang Weifu Jialin Machinery Manufactures Co., Ltd. (hereinafter referred to as “Weifu Jialin”), Kunming Xitong Machinery Co., Ltd. (hereinafter referred to as “Kunming Xitong”) and Anhui Weifu Tianshi Machinery Co., Ltd. (hereinafter referred to as “Weifu Tianshi”) is 25%.

2. Tax preference and approvals

| No. | Enterprise | Certification Serials of Hi-Tech Enterprise | Issuing or (receiving) dated | Expiration |
|-----|---------------------|---|------------------------------|------------|
| 1 | Parent company | GF201132000279 | 2011-9-9 | 3-year |
| 2 | Nanjing Jinning | GF201132000048 | 2011-9-9 | 3-year |
| 3 | Weifu Diesel System | GF201132000112 | 2011-9-9 | 3-year |
| 4 | Weifu Lida | GF201132000006 | 2011-9-9 | 3-year |
| 5 | Weifu Tianli | GF201133100022 | 2011-9-6 | 3-year |

3. Other explanation

Nil

(VI) Enterprise consolidation and consolidated financial statements

General explanation for enterprise consolidation and consolidated financial statement:

1. Subsidiary

(1) Subsidiaries acquired by means of establishment or investment

Unit: RMB

| Name | Type | Registration place | Business nature | Registered capital | Currency | Business scope | Investment amount actual at period-end | Balance of other items materially forming net investment to subsidiary | Holdings proportion (%) | Voting right proportion (%) | Statements combined or not | Minority interest | Amount in minority interest used for writing down minority gain and loss | The balance after the parent company's owner's equity writing down the excess of the current loss undertaken by minority shareholders of the subsidiary over the share enjoyed by minority shareholders in the original owner's equity of the subsidiary |
|--|-------------------------|--------------------|-----------------|--------------------|----------|--|--|--|-------------------------|-----------------------------|----------------------------|-------------------|--|--|
| Weifu Mashan Fuel Injection Co., Ltd. | Wholly-owned subsidiary | Wuxi | Manufacturing | 45,000,000.00 | CNY | Accessories and matching parts of internal combustion engine | 8,693,380.51 | | 100% | 100% | Yes | | | |
| Weifu Chang'an Co., Ltd. | Wholly-owned subsidiary | Wuxi | Manufacturing | 60,000,000.00 | CNY | Accessories and matching parts of internal combustion engine | 70,902,037.30 | | 100% | 100% | Yes | | | |
| Jiangsu Weifu Nano Technology Co., Ltd. | Controlling subsidiary | Wuxi | Manufacturing | 30,000,000.00 | CNY | Nano material | 24,000,000.00 | | 80% | 80% | Yes | 5,804,266.83 | | |
| Weifu Auto Diesel System Co., Ltd. | Wholly-owned subsidiary | Wuxi | Manufacturing | 300,000,000.00 | CNY | Accessories and matching parts of internal combustion engine | 260,187,500.00 | | 100% | 100% | Yes | | | |
| Weifu Schmitter Power System Part Co., Ltd | Controlling subsidiary | Wuxi | Manufacturing | 18,000,000.00 | CNY | Accessories and matching parts of internal combustion engine | 8,100,000.00 | | 45% | 45% | Yes | 5,545,441.91 | | |
| Anhui Weifu Tianshi Machinery Co., Ltd | Controlling subsidiary | Quanjiao | Manufacturing | 10,000,000.00 | CNY | Accessories and matching parts of internal combustion engine | 5,200,000.00 | | 52% | 52% | Yes | 4,345,301.48 | | |

Other explanation on subsidiary obtained by establishment or investment:

Nil

(2) Subsidiaries acquired by business combination under the common control

Unit: RMB

| Name of subsidiary | Type of subsidiary | Registered place | Business nature | Registered capital | Currency | Business scope | Actual investment amount at period-end | Balance of other items which actually constitutes net investment in subsidiaries | Holding proportion % | Voting proportion % | Consolidated statement Yes/No | Minority interests | Amount in minority interest available to offset minority gains and losses | Balance between the owners' equity in parent offsetting the current losses attributable to minority shareholders of subsidiaries over the share of beginning owner's equity in such subsidiaries by the minority shareholders |
|--|------------------------|------------------|-----------------|--------------------|----------|--|--|--|----------------------|---------------------|-------------------------------|--------------------|---|---|
| Nanjing Weifu Jinning Co., Ltd | Controlling subsidiary | Nanjing | Manufacturing | 346,286,825.80 | CNY | Accessories and matching parts of internal combustion engine | 178,639,593.52 | | 80% | 80% | Yes | 130,961,949.37 | | |
| Weifu Lida Catalytic Converter Co., Ltd. | Controlling subsidiary | Wuxi | Manufacturing | 260,000,000.00 | CNY | Cleaner, muffler | 230,113,855.00 | | 94.81% | 94.81% | Yes | 28,026,699.55 | | |
| Weifu International Trade Co., Ltd. | Controlling subsidiary | Wuxi | Trading | 30,000,000.00 | CNY | International trade | 30,999,996.22 | | 100% | 100% | Yes | | | |

Other explanation on subsidiary obtained by enterprise merger under same control:

Nil

(3) Subsidiaries acquired by business combination not under the common control

Unit: RMB

| Name of subsidiary | Type of subsidiary | Registered place | Business nature | Registered capital | Currency | Business scope | Actual investment amount at period-end | Balance of other items which actually constitutes net investment in subsidiaries | Holding proportion % | Voting proportion% | Consolidated statement Yes/No | Minority interests | Amount in minority interest available to offset minority gains and losses | Balance between the owners' equity in parent offsetting the current losses attributable to minority shareholders of subsidiaries over the share of beginning owner's equity in such subsidiaries by the minority shareholders |
|---|-------------------------|------------------|-----------------|--------------------|----------|--|--|--|----------------------|--------------------|-------------------------------|--------------------|---|---|
| Weifu ITM Pressure Technology Co., Ltd | Wholly-owned subsidiary | Wuxi | Manufacturing | 160,000,000.00 | CNY | Accessories and matching parts of internal combustion engine | 167,000,000.00 | | 100% | 100% | Yes | | | |
| Ningbo Weifu Tianli Pressure Technology Co., Ltd | Controlling subsidiary | Ningbo | Manufacturing | 104,690,000.00 | CNY | Accessories and matching parts of internal combustion engine | 90,229,100.00 | | 51% | 51% | Yes | 95,169,053.20 | | |
| Chaoyang Weifu Jialin Machinery Manufacture Co., Ltd. | Controlling subsidiary | Chaoyang | Manufacturing | 8,000,000.00 | CNY | Accessories and matching parts of internal combustion engine | 4,685,868.73 | | 51% | 51% | Yes | 5,283,029.09 | | |
| Kunming Xitong Machinery Co., Ltd. | Controlling subsidiary | Kunming | Manufacturing | 4,000,000.00 | CNY | Accessories and matching parts of internal combustion engine | 5,471,793.17 | | 70% | 70% | Yes | 3,206,682.15 | | |

Other explanation on subsidiary obtained by enterprise merger not under the same control:

Nil

2. Special purposes entity or operation entity where controlling right is formed under entrusted operation or leasing

Applicable Non-applicable

Other explanation for special purposes entity or operation entity where controlling right is formed under entrusted operation or leasing:

3. Explanation for changes in consolidation scope

Explanation for changes in consolidation scope:

| Name of the Company | Whether it is consolidated in this year or not | Whether it was consolidated in last year or not |
|---------------------------|--|---|
| Weifu Mashan | Yes | Yes |
| Weifu Chang'an | Yes | Yes |
| Weifu Nano | Yes | Yes |
| Weifu Diesel System | Yes | Yes |
| Weifu Jinning | Yes | Yes |
| Weifu Lida | Yes | Yes |
| Weifu International Trade | Yes | Yes |
| Weifu Schmitter | Yes | Yes |
| Weifu ITM | Yes | Yes |
| Weifu Tianli | Yes | Yes |
| Weifu Jialin | Yes | Yes |
| Weifu Tianshi | Yes | Yes |
| Kunming Xitong | Yes | Yes |
| Weifu Jida | No | Yes |

Weifu Jida, short for Weifu Jida New Material Application Development Co., Ltd, was cancelled in September 2011, the profit statement and cash flow statement from period-begin of last period to conciliation date was consolidated into consolidation financial statement range

Applicable Not applicable

Comparing with last year, units increased in this year (period), reasons are:

Comparing with last year, one unit decreased in this year (period), reasons are:

Weifu Jida, short for Weifu Jida New Material Application Development Co., Ltd, was cancelled in September 2011, the profit statement and cash flow statement from period-begin of last period to conciliation date was consolidated into consolidation financial statement range

4. Entities newly included in consolidate scope during the reporting period and entities ceasing to be included in consolidate scope during the reporting period

Weifu Jida, short for Weifu Jida New Material Application Development Co., Ltd, was cancelled in September 2011, reckoned into no consolidation range in reporting period.

Subsidiaries, special purposes entities, operation entity where controlling right is formed under entrusted operation or leasing newly included in consolidation scope during the period

Unit: RMB

| Name | Net assets as at period-end | Net profit for the period |
|------|-----------------------------|---------------------------|
| | | |

Subsidiaries, special purposes entities, operation entity where controlling right is formed under entrusted operation or leasing ceasing to be included in consolidation scope during the period

Unit: RMB

| Name | Net assets as at the disposal date | Net profit from the year-begin to the disposal date |
|------|------------------------------------|---|
| | | |

Other explanation on entities newly included in consolidation scope and entities ceasing to be included in consolidation scope:

5. Business combination under the common control during the reporting period

Unit: RMB

| Party to be consolidated | Basis for determination of business combination under the common control | Actual controller under the common control | Consolidated income for the period from the period-begin to consolidation date | Consolidated net profit from this period to consolidation date | Consolidated operating activities cash flow from this period to consolidation date |
|--------------------------|--|--|--|--|--|
| | | | | | |

Other explanation for business combination under the common control:

6. Business combination not under the common control during the reporting period

Unit: RMB

| Party to be consolidated | Amount of goodwill | Calculation method for goodwill |
|--------------------------|--------------------|---------------------------------|
| | | |

Other explanation for business combination not under the common control:

7. Loss of subsidiaries due to disposal of equity interests without controlling rights during the reporting period

| Subsidiary | Disposal date | Recognition method for gains and losses |
|------------|---------------|---|
| | | |

Other explanation for loss of subsidiaries due to disposal of equity interests without controlling rights

8. Counter purchase occurred during the reporting period

| Backdoor | Basis for determination of counter purchase | Determination method for consolidated costs | Calculation method for goodwill recognized in consolidation or recorded in current gains and losses |
|----------|---|---|---|
| | | | |

Other explanation for counter purchase:

9. Absorption consolidation occurred during the reporting period

Unit: RMB

| Types of absorption consolidation | Major assets consolidated | | Major liabilities consolidated | |
|---|---------------------------|--------|--------------------------------|--------|
| | Item | Amount | Item | Amount |
| Absorption consolidation under common control | | | | |
| Absorption consolidation not under common control | Item | Amount | Item | Amount |
| | | | | |

Other explanation for absorption consolidation:

10. Translation exchange rates for items in major statements of overseas operating entities

Nil

(VII) Notes to major items in consolidated financial statements**1. Monetary capital**

Unit: RMB

| Item | Amount at period-end | | | Amount at period-beginning | | |
|-------|----------------------------|-----------------|---------------|----------------------------|-----------------|---------------|
| | Amount in foreign currency | Converting rate | Amount in RMB | Amount in foreign currency | Converting rate | Amount in RMB |
| Cash: | -- | -- | 584,048.80 | -- | -- | 425,963.50 |
| RMB | -- | -- | 584,048.80 | -- | -- | 425,963.50 |
| | | | | | | |

| | | | | | | |
|--------------------------|-----------|--------|------------------|------------|--------|----------------|
| Bank deposit: | -- | -- | 2,942,868,702.46 | -- | -- | 745,352,800.72 |
| RMB | -- | -- | 2,942,352,581.56 | -- | -- | 740,740,138.08 |
| EUR | 61,184.26 | 7.871 | 481,581.31 | 560,896.20 | 8.1625 | 4,578,315.24 |
| USD | 5,460.89 | 6.3249 | 34,539.59 | 5,451.19 | 6.3009 | 34,347.40 |
| Other currency capitals: | -- | -- | 93,495,339.89 | -- | -- | 109,274,835.16 |
| RMB | -- | -- | 93,495,339.89 | -- | -- | 109,274,835.16 |
| | | | | | | |
| Total | -- | -- | 3,036,948,091.15 | -- | -- | 855,053,599.38 |

Separate explanation is required for accounts with restricted application purposes, deposited overseas and of potential recovery risks arising from pledge, mortgage or frozen:

| Item | 2012-06-30 | 2011-12-31 |
|--|---------------|----------------|
| Bank acceptance bill, L/C and other collateral | 93,495,339.89 | 109,274,835.16 |

2. Transactional financial assets

(1) Transactional financial assets

Unit: RMB

| Item | Fair value as at period-end | Fair value as at period-begin |
|---|-----------------------------|-------------------------------|
| Transactional debt investments | | |
| Transactional equity instrument investments | | |
| Financial assets designated at fair value through profit and losses | | |
| Derivative financial assets | | |
| Hedge instruments | | |
| Others | | |
| Total | | |

(2) Realization of restricted transactional financial assets

Unit: RMB

| Item | Other significant restrictions on restriction conditions for sale or realization | Amount as at period-end |
|------|--|-------------------------|
| | | |

(3) Explanation for hedge instruments and related hedge transactions

3. Notes receivables

(1) Classification of notes receivables

Unit: RMB

| Types | Amount at period-end | Amount at period-begin |
|----------------------------|----------------------|------------------------|
| Commercial acceptance bill | 62,190,000.00 | 48,430,000.00 |
| Bank acceptance bill | 1,273,959,142.95 | 1,178,588,757.27 |
| Total | 1,336,149,142.95 | 1,227,018,757.27 |

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

Unit: RMB

| Issuer | Issue date | Expiring date | Amount | Notes |
|-----------------------------------|------------|---------------|---------------|-------|
| Dongfeng Cummins Engine Co., Ltd. | 2012-02-24 | 2012-08-24 | 17,000,000.00 | |
| Dongfeng Cummins Engine Co., Ltd. | 2012-03-27 | 2012-09-27 | 13,000,000.00 | |
| Dongfeng Cummins Engine Co., Ltd. | 2012-04-24 | 2012-10-24 | 10,000,000.00 | |
| Dongfeng Automobile Co., Ltd. | 2012-02-15 | 2012-08-15 | 10,000,000.00 | |
| Weichai Power Co., Ltd | 2012-01-16 | 2012-07-16 | 10,000,000.00 | |
| Total | -- | -- | 60,000,000.00 | -- |

Note:

The bank acceptance bill 111,993,338.06 in note receivable at period-end was pledge for note payable issued.

(3) Transfer of notes to notes receivable due to the issuer's impossibility to perform its obligations, and un-matured notes endorsed to others by the Company as at the period-end

Unit: RMB

| Issuer | Issue date | Expiring date | Amount | Notes |
|---|------------|---------------|---------------|-------|
| Mianyang XCE Co., Ltd. | 2012-03-26 | 2012-09-26 | 10,000,000.00 | |
| Tenneco Tongtai (Dalian) Exhaust System Co., Ltd. | 2012-02-20 | 2012-08-20 | 9,690,010.91 | |
| Anhui Jianghui Automobile Co., Ltd | 2012-05-15 | 2012-11-15 | 9,000,000.00 | |
| Geely Group | 2012-03-09 | 2012-09-09 | 8,000,000.00 | |
| Dongfeng Automobile Co., Ltd. | 2012-01-11 | 2012-07-11 | 7,805,000.00 | |
| Total | -- | -- | 44,495,010.91 | -- |

Explanation:

Nil

Un-matured notes endorsed to others by the Company

Unit: RMB

| Issuer | Issue date | Expiring date | Amount | Notes |
|---|------------|---------------|---------------|-------|
| Mianyang XCE Co., Ltd. | 2012-03-26 | 2012-09-26 | 10,000,000.00 | |
| Tenneco Tongtai (Dalian) Exhaust System Co., Ltd. | 2012-02-20 | 2012-08-20 | 9,690,010.91 | |
| Anhui Jianghui Automobile Co., Ltd | 2012-05-15 | 2012-11-15 | 9,000,000.00 | |
| Geely Group | 2012-03-09 | 2012-09-09 | 8,000,000.00 | |
| Dongfeng Automobile Co., Ltd. | 2012-01-11 | 2012-07-11 | 7,805,000.00 | |
| Total | -- | -- | 44,495,010.91 | -- |

Explanation:

Nil

Explanation for commercial acceptance notes discounted or pledged:

Nil

4. Dividend receivables

Unit: RMB

| Items | Amount at period-begin | Increase in this period | Decrease in this period | Amount at period-end |
|--|------------------------|-------------------------|-------------------------|----------------------|
| Dividend receivables aging within 1 year | 0.00 | 740,000.00 | 0.00 | 740,000.00 |
| Including: | | | | |
| Cash dividend of SDEC | | 740,000.00 | | 740,000.00 |
| Dividend receivables aging over 1 year | 0.00 | 0.00 | 0.00 | 0.00 |
| Including: | -- | -- | -- | -- |
| | | | | |
| Total | 0.00 | 740,000.00 | 0.00 | 740,000.00 |

Explanation:

Nil

5. Interests receivables**(1) Interests receivables**

Unit: RMB

| Items | Amount at period-begin | Increase in this period | Decrease in this period | Amount at period-end |
|-------|------------------------|-------------------------|-------------------------|----------------------|
| | | | | |
| Total | | | | |

(2) Overdue interests

Unit: RMB

| Loan provider | Times overdue (days) | Overdue interests |
|---------------|----------------------|-------------------|
| | | |
| Total | -- | |

(3) Explanation for interests' receivables**6. Account receivables****(1) Classified by categories**

Unit: RMB

| Categories | Amount at period-end | | | | Amount at period-begin | | | |
|--|----------------------|----------------|------------------|----------------|------------------------|----------------|------------------|----------------|
| | Book balance | | Bad debt reserve | | Book balance | | Bad debt reserve | |
| | Amount | Proportion (%) | Amount | Proportion (%) | Amount | Proportion (%) | Amount | Proportion (%) |
| Account receivable with single significant amount and withdrawal bad debt provision separately | 6,919,976.11 | 0.64% | 6,919,976.11 | 100% | 6,919,976.11 | 0.58% | 6,919,976.11 | 100% |
| Account receivable of bad debt provision withdrawal by combination | | | | | | | | |
| At book aging | 1,060,427,717.35 | 98.54% | 7,989,630.18 | 0.75% | 1,172,628,088.90 | 98.63% | 5,504,933.86 | 0.47% |
| Subtotal of group | 1,060,427,717.35 | 98.54% | 7,989,630.18 | 0.75% | 1,172,628,088.90 | 98.63% | 5,504,933.86 | 0.47% |
| Account receivable with single minor amount but withdrawal bad debt provision singelly | 8,798,115.06 | 0.82% | 8,798,115.06 | 100% | 9,402,820.72 | 0.79% | 9,402,820.72 | 100% |
| Total | 1,076,145,808.52 | -- | 23,707,721.35 | -- | 1,188,950,885.73 | -- | 21,827,730.69 | -- |

Explanation for category of account receivables:

Other accounts receivable with amount in single item above RMB 1 million indicated other accounts receivable with significant amount in single item from which provision for bad debt was still drawn based on account age analysis method, as no objective evidence showed that the potential depreciation would exceed provision for bad debt drawn by age analysis.

√ Applicable □ Not applicable

Unit: RMB

| Content of account receivable | Book balance | Bad debt amount | Accrual proportion (%) | Reasons |
|--|--------------|-----------------|------------------------|------------------------------------|
| Liuzhou Special Diesel Plant | 1,612,018.00 | 1,612,018.00 | 100% | The account was too old to collect |
| Shaoyang Shenfeng Power Manufacture Co., ltd | 1,589,871.23 | 1,589,871.23 | 100% | The account was too old to collect |
| Changchai Wanzhou Diesel Co., ltd | 1,500,000.00 | 1,500,000.00 | 100% | The account was too old to collect |

| | | | | |
|---------------------------------|--------------|--------------|------|------------------------------------|
| Yuejin Light-Vehicle Co., Ltd. | 1,218,086.88 | 1,218,086.88 | 100% | The account was too old to collect |
| Henan Agricultural Machinery Co | 1,000,000.00 | 1,000,000.00 | 100% | The account was too old to collect |
| Total | 6,919,976.11 | 6,919,976.11 | -- | |

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

√ Applicable □ Non-applicable

Unit: RMB

| Aging | Amount at period-end | | | Amount at period-begin | | |
|---------------------------|----------------------|----------------|------------------|------------------------|----------------|------------------|
| | Book balance | | bad debt reserve | Book balance | | bad debt reserve |
| | Amount | Proportion (%) | | Amount | Proportion (%) | |
| within 1 year | | | | | | |
| Including: | -- | -- | -- | -- | -- | -- |
| Within 6 months | 1,012,923,991.86 | 95.53% | | 1,141,043,177.04 | 97.31% | |
| 6 months to 1 year | 35,942,589.45 | 3.39% | 3,594,258.93 | 22,677,232.78 | 1.93% | 2,267,723.28 |
| Subtotal of within 1 year | 1,048,866,581.31 | 98.92% | 3,594,258.93 | 1,163,720,409.82 | 99.24% | 2,267,723.28 |
| 1-2 years | 6,944,213.11 | 0.65% | 1,388,842.63 | 4,756,969.14 | 0.41% | 951,393.83 |
| 2-3 years | 2,683,990.52 | 0.25% | 1,073,596.21 | 3,108,155.32 | 0.26% | 1,243,262.13 |
| Over 3 years | 1,932,932.41 | 0.18% | 1,932,932.41 | 1,042,554.62 | 0.09% | 1,042,554.62 |
| 3-4 years | | | | | | |
| 4-5 years | | | | | | |
| Over 5 years | | | | | | |
| Total | 1,060,427,717.35 | -- | 7,989,630.18 | 1,172,628,088.90 | -- | 5,504,933.86 |

Account receivables provided for bad debt reserve under balance percentage method in the groups:

□ Applicable√ Non-applicable

Account receivables provided for bad debt reserve under other method in the groups:

□ Applicable√ Non-applicable

Account receivable with single minor amount but withdrawal bad debt provision separately as at period-end

√ Applicable □ Non-applicable

Unit: RMB

| Contents of account receivables | Book balance | Bad debt provision | Provision proportion | Reason for provision |
|--|--------------|--------------------|----------------------|------------------------------------|
| Changchai Wanzhou Diesel Co., Ltd | 837,472.95 | 837,472.95 | 100% | The account was too old to collect |
| Hubei Duoling Power Machinery Co., Ltd | 775,624.61 | 775,624.61 | 100% | The account was too old to collect |
| Henan Xinxiang Internal Combustion Engine Plant | 753,754.25 | 753,754.25 | 100% | The account was too old to collect |
| Yunnan Jinma Diesel General Plant | 579,210.11 | 579,210.11 | 100% | The account was too old to collect |
| Dongfeng Nanchong Automobile Co., Ltd | 569,974.38 | 569,974.38 | 100% | The account was too old to collect |
| Guangxi Liuzhou Zhongxin Engine Co., Ltd | 474,895.94 | 474,895.94 | 100% | The account was too old to collect |
| Zhejiang Agriculture Machinery Accessory Co., Ltd | 457,800.00 | 457,800.00 | 100% | The account was too old to collect |
| Weichai Power Co., Ltd | 449,858.70 | 449,858.70 | 100% | The account was too old to collect |
| Jiangmen Zhongyu Material Supplying Co., Ltd | 411,734.00 | 411,734.00 | 100% | The account was too old to collect |
| Changchai Group Jintan Diesel General Plant | 375,035.52 | 375,035.52 | 100% | The account was too old to collect |
| Fujian Longma Agriculture-Vehicle Manufacture Co., Ltd | 365,169.92 | 365,169.92 | 100% | The account was too old to collect |
| Kunming Zhongantong Jimao Co., Ltd | 328,425.01 | 328,425.01 | 100% | The account was too old to collect |
| Beijing Pingyang Road Communication Equipment Co., Ltd | 308,588.58 | 308,588.58 | 100% | The account was too old to collect |
| Other clients | 2,110,571.09 | 2,110,571.09 | 100% | The account was too old to collect |
| Total | 8,798,115.06 | 8,798,115.06 | 100% | -- |

(2) Reversal or recovery of account receivables during the reporting period

Unit: RMB

| Contents of account receivables | Reason for reversal of recovery | Basis for determination of original bad debt reserve | Accumulated provision of bad debt reserve before reversal or recovery | Amounts reversed or recovered |
|---------------------------------|---------------------------------|--|---|-------------------------------|
| | | | | |
| Total | -- | -- | 0.00 | -- |

Provision for bad debt reserve for account receivable with single significant or minor amount but tested for impairment separately as at period-end:

| Contents of account receivables | Book balance | Bad debt amount | Provision proportion (%) | Reasons |
|--|---------------|-----------------|--------------------------|------------------------------------|
| Significant single amount and withdrawal bad debt provision single | 6,919,976.11 | 6,919,976.11 | 100% | The account was too old to collect |
| Minor single amount but withdrawal bad debt provision single | 8,798,115.06 | 8,798,115.06 | 100% | The account was too old to collect |
| Total | 15,718,091.17 | 15,718,091.17 | -- | -- |

Explanation for account receivable with single minor amount while the risks of the group categorized with similar risk characteristics are relative significant:

Account receivable with minor single amount but has major risk after combination with credit risk characteristic, has long account age for hard to collected

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

Unit: RMB

| Name of unit | Nature of account receivables | Time of write-off | Amount written off | Reason for write-off | Whether arising from related transactions |
|--------------------------------|-------------------------------|-------------------|--------------------|------------------------------------|---|
| Jiangsu Rubu Diesel Plant | Amount for goods | 2012-03-29 | 121,710.70 | The account was too old to collect | No |
| Chengdu Yunnei Power Co., Ltd. | Amount for goods | 2012-06-30 | 7,750.00 | The account was too old to collect | No |
| Total | -- | -- | 129,460.70 | -- | -- |

Explanation for write-off of account receivables:

Nil

(4) Account receivables due from the shareholders holding 5% or above voting shares of the Company during the reporting period

Applicable Not applicable

Unit: RMB

| Name of the company | Amount at period-end | | Amount at period-begin | |
|---|----------------------|----------------------------|------------------------|----------------------------|
| | Book balance | Bad debt provision accrual | Book balance | Bad debt provision accrual |
| ROBERT BOSCH GMBH(German Bosch) | 4,774,244.40 | 0.00 | 0.00 | 0.00 |
| Bosch Automobile Diesel System Co., Ltd | 38,956,876.52 | 0.00 | 38,105,143.26 | 0.00 |
| Total | 43,731,120.92 | 0.00 | 38,105,143.26 | 0.00 |

(5) Top 5 account receivable

Unit: RMB

| Name of the company | Relationship with the Company | Amount | Terms | Proportion in total account receivables (%) |
|---------------------|-------------------------------|----------------|---------------|---|
| Client 1 | Client | 92,122,748.03 | Within 1 year | 8.57% |
| Client 2 | Client | 90,609,271.40 | Within 1 year | 8.42% |
| Client 3 | Client | 82,352,177.77 | Within 1 year | 7.65% |
| Client 4 | Client | 78,997,320.87 | Within 1 year | 7.34% |
| Client 5 | Client | 77,088,693.35 | Within 1 year | 7.16% |
| Total | -- | 421,170,211.42 | -- | 39.14% |

(6) Account receivables due from related parties

Unit: RMB

| Name of the company | Relationship with the Company | Amount | Proportion in total account receivables (%) |
|---|---|---------------|---|
| ROBERT BOSCH GMBH(German Bosch) | Second largest shareholder of the Company | 4,774,244.40 | 0.44% |
| Bosch Automobile Diesel System Co., Ltd | Affiliated company, Controlling subsidiary of ROBERT BOSCH GMBH(German Bosch) | 38,956,876.52 | 3.63% |
| Weifu Autocam Precision Machinery Corp. | Joint venture | 374,563.26 | 0.03% |
| Weifu Environment Catalysts Co., Ltd | Joint venture | 3,976,569.38 | 0.37% |
| Total | -- | 48,082,253.56 | 4.47% |

(7) Account receivables derecognized

Unit: RMB

| Item | De-recognition amount | Gains or losses related to derecognizing |
|-------|-----------------------|--|
| Total | 0.00 | 0.00 |

(8) As for securities with account receivables as target subject, list the assets and liabilities arising from further involvement

Unit: RMB

| Item | Period-end |
|----------------------|------------|
| Assets: | |
| Assets subtotal | 0 |
| Liabilities: | |
| Liabilities subtotal | 0.00 |

7. Other receivables**(1) Disclosure of other receivables by classification**

Unit: RMB

| Categories | Amount at period-end | | | | Amount at period-begin | | | |
|------------|----------------------|----------------|------------------|----------------|------------------------|----------------|------------------|----------------|
| | Book balance | | Bad debt reserve | | Book balance | | Bad debt reserve | |
| | Amount | Proportion (%) | Amount | Proportion (%) | Amount | Proportion (%) | Amount | Proportion (%) |

| | | | | | | | | |
|--|---------------|--------|--------------|--------|---------------|--------|--------------|-------|
| Other receivable with single significant amount and withdrawal bad debt provision separately | 2,000,000.00 | 12.89% | 2,000,000.00 | 100% | 2,000,000.00 | 12.08% | 2,000,000.00 | 100% |
| Other receivable of bad debt provision withdrawal by combination | | | | | | | | |
| By age | 11,118,612.93 | 71.64% | 142,815.21 | 12.84% | 12,152,541.53 | 73.42% | 169,130.65 | 1.39% |
| Subtotal of group | 11,118,612.93 | 71.64% | 142,815.21 | 12.84% | 12,152,541.53 | 73.42% | 169,130.65 | 1.39% |
| Other receivable with single minor amount while withdrawal bad debt provision separately | 2,400,000.00 | 15.47% | 2,400,000.00 | 100% | 2,400,000.00 | 14.5% | 2,400,000.00 | 100% |
| Total | 15,518,612.93 | -- | 4,542,815.21 | -- | 16,552,541.53 | -- | 4,569,130.65 | -- |

Explanation for category of other receivables:

Other accounts receivable with amount in single item above RMB 1 million indicated other accounts receivable with significant amount in single item from which provision for bad debt was still drawn based on account age analysis method, as no objective evidence showed that the potential depreciation would exceed provision for bad debt drawn by age analysis.

Other receivable with single significant amount and withdrawal bad debt provision separately

Applicable Non-applicable

Unit: RMB

| Contents of other receivables | Book balance | Bad debt provision | Provision proportion | Reason for provision |
|--|--------------|--------------------|----------------------|------------------------------------|
| Jiangsu Techniques and Technology Center | 2,000,000.00 | 2,000,000.00 | 100% | The account was too old to collect |
| Total | 2,000,000.00 | 2,000,000.00 | -- | -- |

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

Applicable Non-applicable

Unit: RMB

| Aging | Amount at period-end | | | Amount at period-begin | | |
|---------------------------|----------------------|----------------|------------------|------------------------|----------------|------------------|
| | Book balance | | bad debt reserve | Book balance | | bad debt reserve |
| | Amount | Proportion (%) | | Amount | Proportion (%) | |
| within 1 year | | | | | | |
| Including: | | | | | | |
| Within 6 months | 10,551,566.73 | 94.9% | | 11,420,349.73 | 93.97% | |
| 6 months to 1 year | 261,284.29 | 2.35% | 26,128.43 | 271,263.60 | 2.23% | 27,126.36 |
| Subtotal of within 1 year | 10,812,851.02 | 97.25% | 26,128.43 | 11,691,613.33 | 96.2% | 27,126.36 |
| 1-2 years | 220,084.88 | 1.98% | 44,016.98 | 392,729.88 | 3.23% | 78,545.97 |
| 2-3 years | 21,678.71 | 0.19% | 8,671.48 | 7,900.00 | 0.07% | 3,160.00 |
| Over 3 years | 63,998.32 | 0.58% | 63,998.32 | 60,298.32 | 0.5% | 60,298.32 |
| 3-4 years | | | | | | |
| 4-5 years | | | | | | |
| Over 5 years | | | | | | |
| Total | 11,118,612.93 | -- | 142,815.21 | 12,152,541.53 | -- | 169,130.65 |

Other receivables provided for bad debt reserve under balance percentage method in the groups:

Applicable Non-applicable

Other receivables provided for bad debt reserve under other method in the groups:

Applicable Non-applicable

Other receivable with single minor amount but withdrawal bad debt provision separately as at period-end

Applicable Non-applicable

Unit: RMB

| Contents of other receivables | Book balance | Bad debt provision | Provision proportion | Reason for provision |
|--|--------------|--------------------|----------------------|------------------------------------|
| Nanjing University | 600,000.00 | 600,000.00 | 100% | The account was too old to collect |
| Southeast University | 600,000.00 | 600,000.00 | 100% | The account was too old to collect |
| Nanjing University of Science and Technology | 600,000.00 | 600,000.00 | 100% | The account was too old to collect |
| Nanjing University of Technology | 600,000.00 | 600,000.00 | 100% | The account was too old to collect |
| Total | 2,400,000.00 | 2,400,000.00 | 100% | -- |

(2) Reversal or recovery of other receivables during the reporting period

Unit: RMB

| Contents of other receivables | Reason for reversal of recovery | Basis for determination of original bad debt reserve | Accumulated provision of bad debt reserve before reversal or recovery | Amounts reversed or recovered |
|-------------------------------|---------------------------------|--|---|-------------------------------|
| | | | | |
| Total | -- | -- | 0.00 | -- |

Provision for bad debt reserve for other receivable with single significant or minor amount but tested for impairment separately as at period-end:

| Contents of account receivables | Book balance | Bad debt amount | Provision proportion (%) | Reasons |
|--|--------------|-----------------|--------------------------|------------------------------------|
| Significant single amount and withdrawal bad debt provision single | 2,000,000.00 | 2,000,000.00 | 100% | The account was too old to collect |
| Minor single amount but withdrawal bad debt provision single | 2,400,000.00 | 2,400,000.00 | 100% | The account was too old to collect |
| Total | 4,400,000.00 | 4,400,000.00 | -- | -- |

Explanation for other receivable with single minor amount while the risks of the group categorized with similar risk characteristics are relative significant:

Other account receivable with minor single amount but has major risk after combination with credit risk characteristic, has long account age for hard to collected

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

Unit: RMB

| Name of unit | Nature of other receivables | Time of write-off | Amount written off | Reason for write-off | Whether arising from related transactions |
|--------------|-----------------------------|-------------------|--------------------|----------------------|---|
| | | | | | |
| Total | -- | -- | 0.00 | -- | -- |

Explanation for write-off of other receivables:

(4) Other receivables due from the shareholders holding 5% or above voting shares of the Company during the reporting period

Applicable Not applicable

(5) Nature or content of other receivables with significant amount

Unit: RMB

| Name of the company | Amount | Nature or content of account | Proportion in total other receivables (%) |
|--|--------------|------------------------------|---|
| Jiangsu Techniques and Technology Center | 2,000,000.00 | | 12.87% |
| Total | 2,000,000.00 | -- | 12.87% |

Explanation:

Nil

(6) Top 5 other receivable

Unit: RMB

| Name of the company | Relationship with the Company | Amount | Terms | Proportion in total other account receivables (%) |
|--|-------------------------------|--------------|--------------|---|
| Jiangsu Techniques and Technology Center | Non-related party | 2,000,000.00 | Over 3 years | 12.87% |
| Nanjing University | Non-related party | 600,000.00 | Over 3 years | 3.87% |
| Southeast University | Non-related party | 600,000.00 | Over 3 years | 3.87% |
| Nanjing University of Science and Technology | Non-related party | 600,000.00 | Over 3 years | 3.87% |
| Nanjing University of Technology | Non-related party | 600,000.00 | Over 3 years | 3.87% |
| Total | -- | 4,400,000.00 | -- | 28.35% |

(7) Other receivables due from related parties

Unit: RMB

| Name of the company | Relationship with the Company | Amount | Proportion in total other receivables (%) |
|---------------------|-------------------------------|--------|---|
| | | | |
| Total | -- | 0.00 | |

(8) Other receivables derecognized

Unit: RMB

| Item | De-recognition amount | Gains or losses related to de-recognition |
|-------|-----------------------|---|
| | | |
| Total | 0.00 | |

(9) As for securities with other receivables as target subject, list the assets and liabilities arising from further involvement

Unit: RMB

| Item | Period-end |
|----------------------|------------|
| Assets: | |
| | |
| Assets subtotal | 0 |
| Liabilities: | |
| | |
| Liabilities subtotal | |

8. Payment in advance**(1) Analysis of payments in advance by aging**

Unit: RMB

| Aging | Amount at period-end | | Amount at period-begin | |
|---------------|----------------------|----------------|------------------------|----------------|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| within 1 year | 98,911,449.39 | 87.12% | 171,369,448.54 | 93.44% |

| | | | | |
|--------------|----------------|--------|----------------|-------|
| 1-2 years | 13,345,672.02 | 11.75% | 10,928,451.50 | 5.96% |
| 2-3 years | 1,013,980.76 | 0.89% | 734,482.92 | 0.4% |
| Over 3 years | 269,949.25 | 0.24% | 375,476.08 | 0.2% |
| Total | 113,541,051.42 | -- | 183,407,859.04 | -- |

Explanation for aging analysis of payments in advance:

Nil

(2) Top 5 of payments in advance

Unit: RMB

| Name of the company | Relationship with the Company | Amount | Time | Reason for unsettlement |
|--|-------------------------------|---------------|------------|-------------------------------------|
| Jiangsu Zhengfangyuan Construction Group | Non-related party | 7,288,900.00 | 2012-06-18 | Amount of projects paid in advance |
| SUNLAY (HONG KONG) DEVELOPMENT TRADING LIMITED | Non-related party | 4,714,074.92 | 2012-06-08 | Amount of goods paid in advance |
| Jiangsu Huihong International Group Native Products Imp & Exp Co., Ltd | Non-related party | 4,400,241.24 | 2011-12-05 | Amount of equipment paid in advance |
| SASOL GERMANY GMBH | Non-related party | 3,980,328.59 | 2012-06-14 | Amount of goods paid in advance |
| Nantong Construction Group Joint-Stock Co., Ltd. | Non-related party | 3,562,362.00 | 2012-01-20 | Amount of projects paid in advance |
| Total | -- | 23,945,906.75 | -- | -- |

Explanation for major units paid in advance:

Nil

(3) Shareholders holding 5% or above voting shares of the Company in payments in advance during the reporting period

Applicable Non-applicable

Unit: RMB

| Name of the company | Amount at period-end | | Amount at period-begin | |
|----------------------------------|----------------------|----------------------------|------------------------|----------------------------|
| | Book balance | Bad debt provision accrual | Book balance | Bad debt provision accrual |
| ROBERT BOSCH GMBH (German Bosch) | 67,840.00 | 0.00 | 0.00 | 0.00 |
| Total | 67,840.00 | 0.00 | 0.00 | 0.00 |

(4) Explanation for payment in advance

Nil

9. Inventory

(1) Classification

Unit: RMB

| Item | Amount at period-end | | | Amount at period-begin | | |
|--------------------|----------------------|------------------------|----------------|------------------------|------------------------|----------------|
| | Book balance | Depreciation provision | Book value | Book balance | Depreciation provision | Book value |
| Raw materials | 181,755,319.28 | 44,057,286.29 | 137,698,032.99 | 194,619,066.60 | 44,694,662.30 | 149,924,404.30 |
| Product in process | 185,544,924.83 | 4,220,541.89 | 181,324,382.94 | 154,676,188.96 | 4,220,541.89 | 150,455,647.07 |

| | | | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Stock products | 547,910,112.27 | 55,528,087.38 | 492,382,024.89 | 638,730,126.78 | 55,528,087.37 | 583,202,039.41 |
| Revolving materials | | | | | | |
| Consumptive biological assets | | | | | | |
| | | | | | | |
| Total | 915,210,356.38 | 103,805,915.56 | 811,404,440.82 | 988,025,382.34 | 104,443,291.56 | 883,582,090.78 |

(2) Inventory impairment provision

Unit: RMB

| Kinds of inventories | Book-balance as at period-begin | Provision for this period | Decrease during this year | | Book-balance as at period-end |
|-------------------------------|---------------------------------|---------------------------|---------------------------|-------------|-------------------------------|
| | | | Reversal | Written-off | |
| Raw materials | 44,694,662.30 | 71,492.00 | | 708,868.00 | 44,057,286.29 |
| Product in process | 4,220,541.89 | | | | 4,220,541.89 |
| Stock products | 55,528,087.37 | | | | 55,528,087.38 |
| Revolving materials | | | | | |
| Consumptive biological assets | | | | | |
| | | | | | |
| Total | 104,443,291.56 | 71,492.00 | 0.00 | 708,868.00 | 103,805,915.56 |

(3) Particular about inventory impairment provision

| Item | Provision basis | Reason for reversal during the year | Proportion of the reversal amount during the year in the period-end balance of the inventory |
|-------------------------------|--|---|--|
| Raw materials | Compared cost of inventory at period-end with its net realizable value by single item comparison method and withdrew provision for price drop according to the balance between the net realizable value and cost. As the country improved standard for vehicle exhaust emission, the Company had correspondingly withdrawn provision for devaluation for products and relevant raw materials failing to meet new standard. | Charge-off mainly due to the sales for external | 0.39% |
| Stock commodities | | | |
| Goods in process | | | |
| Turn-over material | | | |
| Consumption biological assets | | | |
| | | | |

Explanation on inventory

Nil

10. Other current assets

Unit: RMB

| Item | Amount at period-end | Amount at period-begin |
|-------------------------------|----------------------|------------------------|
| Receivable export tax rebates | 9,803,860.80 | 10,199,548.21 |
| Others | | 35,477.00 |
| Total | 9,803,860.80 | 10,235,025.21 |

Explanation on other current assets

Nil

11. Financial assets available for sale**(1) Particular about financial assets available for sale**

Unit: RMB

| Item | Fair-value at period-end | Fair-value at period-begin |
|--------------------------------------|--------------------------|----------------------------|
| Bond available for sale | | |
| Equity instrument available for sale | 290,080,000.00 | 0.00 |
| Other | | |
| Total | 290,080,000.00 | 0.00 |

For financial assets available for sale that re-category from investment held to maturity, re-category amounting as 0 yuan, and takes 0% of the investment held to maturity before re-category.

Explanation on financial assets available for sale

Nil

(2) Long-term debt investment in financial assets available for sales

Unit: RMB

| Bond | Type | Book value | Initial investment cost | Expired dated | Balance at period-begin | Interest | Interest receivable or received accumulative | Balance at period-end |
|-------|------|------------|-------------------------|---------------|-------------------------|----------|--|-----------------------|
| | | | | | | | | |
| Total | -- | -- | 0.00 | -- | 0.00 | 0.00 | 0.00 | 0.00 |

Explanation on long-term debt investment in financial assets available for sales

12. Held-to-maturity investment

(1) Particular about held-to-maturity investment

Unit: RMB

| Item | Book balance at period-end | Book balance at period-begin |
|-------|----------------------------|------------------------------|
| | | |
| Total | 0.00 | 0.00 |

Explanation on held-to-maturity investment

(2) Held-to-maturity investment that sold in report period but not expired

Unit: RMB

| Item | Amount | Proportion in amount before sold (%) |
|-------|--------|--------------------------------------|
| | | |
| Total | 0.00 | -- |

Explanation on held-to-maturity investment that sold in report period but not expired

13. Long-term account receivable

Unit: RMB

| Type | Amount at period-end | Amount at period-begin |
|--|----------------------|------------------------|
| Financing leasing | | |
| Incl: Un-realized financing income | | |
| Commodity sales for installment receivables | | |
| Labor service provided for installment receivables | | |
| Other | | |
| Total | 0.00 | 0.00 |

14. Investment for affiliated enterprise and joint ventures

Unit: RMB

| Invested company | Type | Register place | Legal rep. | Business nature | Register capital | Currency | Equity proportion held by the Company (%) | Proportion of voting rights in invested company (%) | Total assets at period-end | Total liability at period-end | Total net assets at period-end | Total operation revenue in this period | Net profit in this period |
|---|---|----------------|--------------|--|------------------|----------|---|---|----------------------------|-------------------------------|--------------------------------|--|---------------------------|
| I. Joint venture | | | | | | | | | | | | | |
| Weifu Autocam Precision Machinery Corp. | Limited Liability Company (joint-venture) | Wuxi | Gao Guoyuan | Automotive spare parts | 10,000,000.00 | USD | 50% | 50% | 166,654,444.69 | 28,569,254.26 | 138,085,190.43 | 77,768,958.52 | 11,734,814.32 |
| Weifu Environment Catalysts Co., Ltd | Limited liability company (joint-venture) | Wuxi | Ou Jianbin | Catalyst | 50,000,000.00 | CNY | 49% | 49% | 890,704,111.61 | 449,154,916.04 | 441,549,195.57 | 539,713,130.04 | 49,166,058.97 |
| II. Associated company | | | | | | | | | | | | | |
| Bosch Automobile Diesel System Co., Ltd | company limited (joint-venture) | Wuxi | BOHLER KLAUS | Accessories and matching parts of internal combustion engine | 200,000,000.00 | USD | 34% | 34% | 4,926,822,915.13 | 1,585,935,351.09 | 3,340,887,564.04 | 1,959,140,528.29 | 202,429,561.46 |
| Zhonglian Automobile Electronic Co., Ltd | Limited Liability Company | Shanghai | Chen Hong | Accessories and matching parts of internal combustion engine | 600,620,000.00 | CNY | 20% | 20% | 2,463,022,641.80 | 1,018,595,612.73 | 1,444,427,028.07 | 89,651,967.27 | 320,216,978.94 |
| Weifu Precision Machinery Manufacturing Co., Ltd. | company limited | Wuxi | Chen Haojun | Accessories and matching parts of internal combustion engine | 12,000,000.00 | CNY | 20% | 20% | 286,245,688.10 | 121,830,326.21 | 164,415,361.89 | 126,569,199.54 | 14,678,290.63 |

Explanation on major accounting policy and accounting estimation in joint venture and affiliated enterprises difference from the policy and estimation of the Company:

Nil

15. Long-term equity investment

(1) Details of long-term equity investment

Unit: RMB

| Invested company | Calculation method | Initial investment cost | Balance at period-begin | Increase/decrease(+,-) | Balance at period-end | Proportion of share holding in invested company (%) | Proportion of voting rights in invested company (%) | Explanation on the incongruity in share holding proportion and voting proportion in invested company | Impairment provision | Impairment provision of accruing this year | Cash bonus this year |
|--|--------------------|-------------------------|-------------------------|------------------------|-----------------------|---|---|--|----------------------|--|----------------------|
| Weifu Autocam Precision Machinery Corp. | Equity method | 37,842,087.00 | 64,679,626.18 | 5,867,407.16 | 70,547,033.34 | 50% | 50% | | | | |
| Weifu Environment Catalysts Co., Ltd | Equity method | 24,500,000.00 | 192,267,736.93 | 22,886,800.45 | 215,154,537.38 | 49% | 49% | | | | |
| Bosch Automobile Diesel System Co., Ltd | Equity method | 893,372,014.77 | 992,138,362.74 | 409,564,259.95 | 1,401,702,622.69 | 34% | 34% | | | | |
| Zhonglian Automobile Electronic Co., Ltd. | Equity method | 120,124,000.00 | 398,088,504.09 | 64,043,395.79 | 462,131,899.88 | 20% | 20% | | | | |
| Weifu Precision Machinery Manufacturing Co., Ltd. | Equity method | 2,000,000.00 | 29,397,006.55 | 2,958,898.13 | 32,355,904.68 | 20% | 20% | | | | |
| Wuxi ITM Engine Co., Ltd. | Equity method | 4,000,000.00 | 3,970,736.36 | -3,970,736.36 | | | | | | | |
| Guolian Securities Co., Ltd. | Cost method | 12,000,000.00 | 12,000,000.00 | | 12,000,000.00 | 1.2% | 1.2% | -- | | | |
| Guangxi Liufa Co., Ltd. | Cost method | 1,600,000.00 | 1,600,000.00 | | 1,600,000.00 | 1.22% | 1.22% | -- | 1,600,000.00 | | |
| Financial Company of Changchai Group Co., Ltd. | Cost method | 800,000.00 | 800,000.00 | | 800,000.00 | | | -- | 800,000.00 | | |
| H&J Vanguard Investment Co., Ltd. | Cost method | 33,000,000.00 | 33,000,000.00 | | 33,000,000.00 | 11.72% | 11.72% | -- | 33,000,000.00 | | |
| Nanjing Hengtai Insurance and Broker Co., Ltd. | Cost method | 1,000,000.00 | 1,000,000.00 | | 1,000,000.00 | 1.85% | 1.85% | -- | 1,000,000.00 | | |
| Jiangsu HSBC Insurance Agents Limited | Cost method | 500,000.00 | 500,000.00 | | 500,000.00 | 10% | 10% | -- | 500,000.00 | | |
| Yangdong Co., Ltd. | Cost method | 2,355,900.00 | 2,355,900.00 | | 2,355,900.00 | 1.18% | 1.18% | -- | 2,355,900.00 | | |
| Henan Gushi Weining Oil Pump & Nozzle Co., Ltd. etc. | Cost method | 2,033,106.95 | 2,033,106.95 | | 2,033,106.95 | | | -- | 2,033,106.95 | | |

| | | | | | | | | | | | |
|---|-------------|-------------------------|-------------------------|-----------------------|-------------------------|-----------|-----------|-----------|----------------------|-------------|-------------|
| Yangdong Co., Ltd. (Weifu Jinning) | Cost method | 200,000.00 | 200,000.00 | -200,000.00 | | | | -- | | | |
| Wuxi Venture Capital Limited Company | Cost method | 3,000,000.00 | 3,000,000.00 | | 3,000,000.00 | 1.4118% | 1.4118% | -- | | | |
| Beijing Foton Environmental Engine Co., Ltd. | Cost method | 86,940,000.00 | 86,940,000.00 | | 86,940,000.00 | 13.44% | 13.44% | -- | 11,000,000.00 | | |
| Wuxi Xidong Technological Industry Park Co., Ltd. | Cost method | 5,000,000.00 | 5,000,000.00 | | 5,000,000.00 | 1.43% | 1.43% | -- | | | |
| Shanghai IMS Automotive Electronic System Co., Ltd. | Cost method | 10,000,000.00 | 10,000,000.00 | | 10,000,000.00 | 18.52% | 18.52% | | | | |
| Total | -- | 1,240,267,108.72 | 1,838,970,979.80 | 501,150,025.12 | 2,340,121,004.92 | -- | -- | -- | 52,289,006.95 | 0.00 | 0.00 |

(2) Limited ability for capital transfer to investment enterprise

Unit: RMB

| Long-term equity investment that has limited ability of capital transfer to investment enterprise | Restriction reasons | un-recognized investment losses accumulative in period |
|---|---------------------|--|
| | | |

Explanation on long-term equity investment:

- ITM Engine: the former affiliated company of the Company, and 40% register capital was held by the Company. The company was verified industrial and commerce de-registration on 13 April 2012.
- Bosch Automobile Diesel System Co., Ltd: register capital amounting to USD 0.2 billion. The Company invested USD 60 million, a 30% in total registered capital. In this period, according to the equity transfer agreement signed between the Company and Wuxi Industry Group, 1.5% equity of Bosch Diesel System held by Wuxi Industry Group was transferred by the Company; according to the equity transfer agreement signed between the Company and German Robert Bosch Co., Ltd, 1% equity of Bosch Diesel System held by German Robert Bosch Co., Ltd was transferred by the Company; after transfer, the Company owes 32.5% in total register capital of Bosch Diesel System while Weifu Jinniing invested USD 3 million, a 1.5% in total register capital.

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

√application □ non-application

Unit: RMB

| Item | Book balance at period-begin | Increase during the period | Decrease during the period | Book balance at period-end |
|---|------------------------------|----------------------------|----------------------------|----------------------------|
| I. Total original book value | 24,091,482.75 | 0.00 | 0.00 | 24,091,482.75 |
| 1. Houses and buildings | 24,091,482.75 | 0.00 | 0.00 | 24,091,482.75 |
| 2. Land use rights | | | | |
| II. Accumulated depreciation and accumulated amortization | 19,739,270.89 | 235,441.56 | 0.00 | 19,974,712.45 |
| 1. Houses and buildings | 19,739,270.89 | 235,441.56 | 0.00 | 19,974,712.45 |
| 2. Land use rights | | | | |
| III. Total net book value of investment real estate | 4,352,211.86 | 0.00 | 0.00 | 4,116,770.30 |
| 1. Houses and buildings | 4,352,211.86 | | | 4,116,770.30 |
| 2. Land use rights | | | | |
| IV. Total accumulate provision for impairment of investment real estate | 0.00 | 0.00 | 0.00 | 0.00 |
| 1. Houses and buildings | | | | |
| 2. Land use rights | | | | |
| V. Total book value of investment real estate | 4,352,211.86 | 0.00 | 0.00 | 4,116,770.30 |
| 1. Houses and buildings | 4,352,211.86 | | | 4,116,770.30 |
| 2. Land use rights | | | | |

Unit: RMB

| | This period |
|---|-------------|
| Depreciation and amortization amount in this period | 235,441.56 |
| Withdrawal of impairment provision for investment real estate | |

(2) Investment real estate measured by fair value

□ Application √ non-application

Explain the investment real estate that changing measurement mold in report period, and the investment real estate without property certificate done as well as the reasons for property certificate un-finished and predicted the time to obtained that certificates

17. Fixed assets**(1) Particular about fixed assets**

Unit: RMB

| Item | Book balance at period-begin | Increase during this period | Decrease during this period | Book balance at period-end |
|---------------------------|------------------------------|-----------------------------|-----------------------------|----------------------------|
| I. total of book balance: | 2,481,605,688.27 | 126,037,528.69 | 31,197,186.04 | 2,576,446,030.92 |
| Including: House & | 749,973,347.43 | | | 749,973,347.43 |

| | | | | | |
|--|------------------------------|-----------------------------|------------------------|-----------------------------|----------------------------|
| buildings | | | | | |
| Machinery equipments | 1,473,891,164.69 | | 113,476,717.92 | 26,369,061.03 | 1,560,998,821.58 |
| Transportation tools | 21,927,716.47 | | 1,278,403.20 | 1,372,362.00 | 21,833,757.67 |
| Other equipment | 235,813,459.68 | | 11,282,407.57 | 3,455,763.01 | 243,640,104.24 |
| -- | Book balance at period-begin | Increase during this period | Accrual in this period | Decrease during this period | Book balance at period-end |
| II. total of accumulated depreciation: | 1,019,856,548.30 | 75,609,068.39 | 75,348,777.20 | 23,746,005.38 | 1,071,719,611.31 |
| Including: House & buildings | 171,270,118.39 | 11,475,703.17 | 11,475,703.17 | | 182,745,821.56 |
| Machinery equipments | 710,619,710.46 | 54,823,389.76 | 54,823,389.76 | 19,385,860.45 | 746,057,239.77 |
| Transportation tools | 14,250,686.49 | 1,182,556.52 | 1,182,556.52 | 1,142,208.59 | 14,291,034.42 |
| Other equipment | 123,716,032.96 | 8,127,418.94 | 7,867,127.75 | 3,217,936.34 | 128,625,515.56 |
| -- | Book balance at period-begin | | -- | | Book balance at period-end |
| III. total net value of fixed assets | 1,461,749,139.97 | | -- | | 1,504,726,419.61 |
| Including: House & buildings | 578,703,229.04 | | -- | | 567,227,525.87 |
| Machinery equipments | 763,271,454.23 | | -- | | 814,941,581.81 |
| Transportation tools | 7,677,029.98 | | -- | | 7,542,723.25 |
| Other equipment | 112,097,426.72 | | -- | | 115,014,588.68 |
| IV. total of impairment provision | 104,239,630.38 | | -- | | 104,101,194.15 |
| Including: House & buildings | | | -- | | |
| Machinery equipments | 95,817,866.87 | | -- | | 95,754,122.80 |
| Transportation tools | 134,401.36 | | -- | | 134,401.36 |
| Other equipment | 8,287,362.15 | | -- | | 8,212,669.99 |
| V. total book value of fixed assets | 1,357,509,509.59 | | -- | | 1,400,625,225.46 |
| Including: House & buildings | 578,703,229.04 | | -- | | 567,227,525.87 |
| Machinery equipments | 667,453,587.36 | | -- | | 719,187,459.01 |
| Transportation tools | 7,542,628.62 | | -- | | 7,408,321.89 |
| Other equipment | 103,810,064.57 | | -- | | 106,801,918.69 |

Depreciation in this period amounting to 75,609,068.39 yuan; original price transfer from construction in progress to fixed assets amounting as 108,167,943.80 yuan

(2) Temporary idle fixed assets

Unit: RMB

| Item | Original book value | Depreciation accumulative | Impairment provision | Net book value | Note |
|----------------------|---------------------|---------------------------|----------------------|----------------|------|
| House & buildings | | | | 0.00 | |
| Machinery equipments | | | | 0.00 | |
| Transportation tools | | | | 0.00 | |
| | | | | | |

(3) Fixed assets leasing-in by financing lease

Application non-application

(4) Fixed assets leasing-out by operational lease

Application non-application

(5) Fixed assets held for sale in period-end

Unit: RMB

| Item | Book value | Fair value | Disposal expense predicted | Disposal date predicted |
|------|------------|------------|----------------------------|-------------------------|
| | | | | |

(6) Fixed assets with un-completed property certificates

| Item | Reasons for un-completed certificate | Times expected for certificate completed |
|---|---|--|
| Plant and office building of Weifu Chang'an | Still in process of relevant property procedures | 2012-12-31 |
| Plant in Huishan Development zone, parent company | Newly built plant, in process of relevant property procedures | 2012-12-31 |

Explanation on fixed assets:

Nil

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

Unit: RMB

| Item | Amount at period-end | | | Amount at period-begin | | |
|---|----------------------|---------------------|----------------------|------------------------|---------------------|----------------------|
| | Book balance | Provision reserve | Carrying value | Book balance | Provision reserve | Carrying value |
| R& D as well as industrialization of WAPS and capacity promotion for parts of diesel common rail system | 5,500,685.90 | | 5,500,685.90 | 35,734,087.26 | | 35,734,087.26 |
| Construction of industry zone district | 4,376,881.48 | | 4,376,881.48 | 7,652,729.49 | | 7,652,729.49 |
| Industrialization of auto tail-gas treatment system products | 24,240,838.10 | | 24,240,838.10 | 5,609,392.60 | | 5,609,392.60 |
| Engineering research institution project | 2,808,284.37 | | 2,808,284.37 | 11,308,448.56 | | 11,308,448.56 |
| Other projects | 52,410,532.85 | 4,469,121.67 | 47,941,411.18 | 42,452,871.45 | 4,469,121.67 | 37,983,749.78 |
| Total | 89,337,222.70 | 4,469,121.67 | 84,868,101.03 | 102,757,529.36 | 4,469,121.67 | 98,288,407.69 |

(2) Changes of major projects under construction

Unit: RMB

| Name | Budget | Amount at period-begin | Increase during the period | Transfer to fixed assets | Other decrease | Proportion of project investment in budget (%) | Progress | Accumulated amount of interest capitalization | including: interest capitalized amount of the year | Interest capitalization rate of the year (%) | Capital source | Amount at period-end |
|---|-------------------------|------------------------|----------------------------|--------------------------|----------------|--|-----------|---|--|--|---------------------|----------------------|
| Construction of industry zone district | 572,500,000.00 | 7,652,729.49 | 2,793,593.01 | 6,069,441.02 | | 3.4% | 3.4% | | | | Fund-raised | 4,376,881.48 |
| Engineering research institution project | 70,000,000.00 | 11,308,448.56 | 35,345.48 | 8,535,509.67 | | 98.7% | 100 | | | | Raised, self-raised | 2,808,284.37 |
| R& D as well as industrialization of WAPS and capacity promotion for parts of diesel common rail system | 500,000,000.00 | 35,734,087.26 | 7,024,386.74 | 37,257,788.10 | | 42.2% | 42.2% | | | | Raised, self-raised | 5,500,685.90 |
| Industrialization of auto tail-gas treatment system products | 200,000,000.00 | 5,609,392.60 | 18,631,445.50 | | | 19.4% | 19.4% | | | | Fund-raised | 24,240,838.10 |
| Total | 1,342,500,000.00 | 60,304,657.91 | 28,484,770.73 | 51,862,738.79 | 0.00 | -- | -- | 0.00 | 0.00 | -- | -- | 36,926,689.85 |

Explanation on changes of major projects under construction

The above projects have no capitalized interest

(3) Construction in process impairment provision

Unit: RMB

| Item | Amount at period-begin | Increase during this period | Decrease during this period | Amount at period-end | Accrual Reason |
|---------------------------|------------------------|-----------------------------|-----------------------------|----------------------|----------------|
| Jinning sporadic projects | 4,469,121.67 | | | 4,469,121.67 | |
| Total | 4,469,121.67 | 0.00 | 0.00 | 4,469,121.67 | -- |

(4) Progress of material construction in progress

| Item | progress | Note |
|---|----------|------|
| Construction of industry zone district | 3.4% | |
| Engineering research institution project | 100% | |
| R& D AS WELL AS INDUSTRIALIZATION OF WAPS AND CAPACITY PROMOTION FOR PARTS OF DIESEL COMMON RAIL SYSTEM | 42.2% | |
| Industrialization of auto tail-gas treatment system products | 19.4% | |

(5) Explanation of construction in process

Nil

19. Construction materials

Unit: RMB

| Item | Amount at period-beginning | Increase in this term | Decrease in this term | Amount at period-end |
|-------|----------------------------|-----------------------|-----------------------|----------------------|
| | | | | |
| Total | 0.00 | 0.00 | 0.00 | 0.00 |

Explanation on construction materials

Nil

20. Disposal of fixed assets

Unit: RMB

| Item | Book balance at period-beginning | Book balance at period-end | Reasons for turn to disposal |
|-------|----------------------------------|----------------------------|------------------------------|
| | | | |
| Total | 0.00 | 0.00 | -- |

Explain the progress of disposal of fixed assets transfer over one year

21. Productive biological assets**(1) Measured by cost** application non-application**(2) Measured by fair value** Application non-application**22. oil/gas assets**

Unit: RMB

| Item | Book balance at period-beginning | Increase in this term | Decrease in this term | Book balance at period-end |
|------------------------------------|----------------------------------|-----------------------|-----------------------|----------------------------|
| I. Total original book value | | | | |
| 1. Equity of mine exploitation | | | | |
| 2. Equity of mine un-exploited | | | | |
| 3. Well and relevant equipment | | | | |
| II. Total consumption accumulative | | | | |

| | | | | |
|--|--|------|--|------|
| 1. Equity of mine exploitation | | | | |
| 2. Well and relevant equipment | | | | |
| III. Total impairment of oil/gas assets accumulative | | | | |
| 1. Equity of mine exploitation | | | | |
| 2. Equity of mine un-exploited | | | | |
| 3. Well and relevant equipment | | | | |
| IV. Total book value of oil/gas assets | | 0.00 | | 0.00 |
| 1. Equity of mine exploitation | | | | |
| 2. Equity of mine un-exploited | | | | |
| 3. Well and relevant equipment | | | | |

Explanation on oil/gas assets

23. Intangible assets

(1) Particular about intangible assets

Unit: RMB

| Item | Book balance at period-begin | Increased in the period | decreased in the period | Book balance at period-end |
|--|------------------------------|-------------------------|-------------------------|----------------------------|
| I. total of original value | 303,058,015.83 | 34,871.79 | 0.00 | 303,092,887.62 |
| Land use right of parent company | 194,142,164.60 | | | 194,142,164.60 |
| Trademark use right of Weifu Jinning | 26,355,900.00 | | | 26,355,900.00 |
| Land use right of Weifu Jinning | 28,751,600.00 | | | 28,751,600.00 |
| Land use right of Weifu Diesel System | 13,231,740.00 | | | 13,231,740.00 |
| Computer software of Weifu Diesel System | 1,486,145.72 | | | 1,486,145.72 |
| Land use right of Weifu ITM | 17,136,659.60 | | | 17,136,659.60 |
| Land use right of Weifu Tianli | 13,968,816.80 | | | 13,968,816.80 |
| Computer software of Weifu Tianli | 2,705,380.26 | 34,871.79 | | 2,740,252.05 |
| Land use right of Weifu Jialin | 1,150,072.22 | | | 1,150,072.22 |
| Non-patents technology of Weifu Schmitter | 3,539,793.05 | | | 3,539,793.05 |
| Computer software of Weifu Lida | 589,743.58 | | | 589,743.58 |
| II. total accumulated amortization | 36,489,929.25 | 3,588,885.55 | 0.00 | 40,078,814.80 |
| Land use right of parent company | 6,298,736.68 | 1,967,691.85 | | 8,266,428.53 |
| Trademark use right of Weifu Jinning | 9,709,000.00 | | | 9,709,000.00 |
| Land use right of Weifu Jinning | 13,176,879.56 | 479,136.00 | | 13,656,015.56 |
| Land use right of Weifu Diesel System | 2,089,443.13 | 141,041.74 | | 2,230,484.87 |
| Computer software of Weifu Diesel System | 811,728.36 | 109,094.02 | | 920,822.38 |
| Land use right of Weifu ITM | 2,941,793.28 | 171,366.60 | | 3,113,159.88 |
| Land use right of Weifu Tianli | 569,505.99 | 171,131.80 | | 740,637.79 |
| Computer software of Weifu Tianli | 508,782.28 | 262,121.58 | | 770,903.86 |
| Land use right of Weifu Jialin | 134,241.88 | 12,021.66 | | 146,263.54 |
| Non-patents technology of Weifu Schmitter | 147,491.40 | 176,989.68 | | 324,481.08 |
| Computer software of Weifu Lida | 102,326.69 | 98,290.62 | | 200,617.31 |
| III. total net book value of intangible assets | 266,568,086.58 | -3,554,013.76 | 0.00 | 263,014,072.82 |
| Land use right of parent company | 187,843,427.92 | -1,967,691.85 | | 185,875,736.07 |
| Trademark use right of Weifu Jinning | 16,646,900.00 | 0.00 | 0.00 | 16,646,900.00 |
| Land use right of Weifu Jinning | 15,574,720.44 | -479,136.00 | | 15,095,584.44 |

| | | | | |
|--|----------------|---------------|------|----------------|
| Land use right of Weifu Diesel System | 11,142,296.87 | -141,041.74 | | 11,001,255.13 |
| Computer software of Weifu Diesel System | 674,417.36 | -109,094.02 | | 565,323.34 |
| Land use right of Weifu ITM | 14,194,866.32 | -171,366.60 | | 14,023,499.72 |
| Land use right of Weifu Tianli | 13,399,310.81 | -171,131.80 | | 13,228,179.01 |
| Computer software of Weifu Tianli | 2,196,597.98 | -227,249.79 | | 1,969,348.19 |
| Land use right of Weifu Jialin | 1,015,830.34 | -12,021.66 | | 1,003,808.68 |
| Non-patents technology of Weifu Schmitter | 3,392,301.65 | -176,989.68 | | 3,215,311.97 |
| Computer software of Weifu Lida | 487,416.89 | -98,290.62 | | 389,126.27 |
| IV. Total intangible asset impairment provisions | 16,646,900.00 | 0.00 | 0.00 | 16,646,900.00 |
| Land use right of parent company | | | | |
| Trademark use right of Weifu Jinning | 16,646,900.00 | | | 16,646,900.00 |
| Land use right of Weifu Jinning | | | | |
| Land use right of Weifu Diesel System | | | | |
| Computer software of Weifu Diesel System | | | | |
| Land use right of Weifu ITM | | | | |
| Land use right of Weifu Tianli | | | | |
| Computer software of Weifu Tianli | | | | |
| Land use right of Weifu Jialin | | | | |
| Non-patents technology of Weifu Schmitter | | | | |
| Computer software of Weifu Lida | | | | |
| Total of intangible asset book value | 249,921,186.58 | -3,554,013.76 | 0.00 | 246,367,172.82 |
| Land use right of parent company | 187,843,427.92 | -1,967,691.85 | | 185,875,736.07 |
| Trademark use right of Weifu Jinning | 0.00 | 0.00 | | |
| Land use right of Weifu Jinning | 15,574,720.44 | -479,136.00 | | 15,095,584.44 |
| Land use right of Weifu Diesel System | 11,142,296.87 | -141,041.74 | | 11,001,255.13 |
| Computer software of Weifu Diesel System | 674,417.36 | -109,094.02 | | 565,323.34 |
| Land use right of Weifu ITM | 14,194,866.32 | -171,366.60 | | 14,023,499.72 |
| Land use right of Weifu Tianli | 13,399,310.81 | -171,131.80 | | 13,228,179.01 |
| Computer software of Weifu Tianli | 2,196,597.98 | -227,249.79 | | 1,969,348.19 |
| Land use right of Weifu Jialin | 1,015,830.34 | -12,021.66 | | 1,003,808.68 |
| Non-patents technology of Weifu Schmitter | 3,392,301.65 | -176,989.68 | | 3,215,311.97 |
| Computer software of Weifu Lida | 487,416.89 | -98,290.62 | | 389,126.27 |

The amount amortized in this period accounting as 3,588,885.55 yuan

(2) Expenditure of project development

Unit: RMB

| Item | Amount at period-beginning | Increase during the period | Decrease during the period | | Amount at period-end |
|-------|----------------------------|----------------------------|--------------------------------------|------------------------------|----------------------|
| | | | Record into current gains and losses | Confirm as intangible assets | |
| | | | | | |
| Total | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

The proportion of development expenditure of total expenditure in R&D projects in reporting period

The proportion of intangible assets form by internal R&D in total book value of intangible assets at period-end

For development projects, including single price over one million yuan occurred in this period and the assessment price has been kept in book, disclosed the assessment institution and way of assessment:

(3) Intangible assets without property certificate obtained

24. Goodwill

Unit: RMB

| Items | Amount at | Increase during the | Decrease during | Amount at | Depreciation |
|-------|-----------|---------------------|-----------------|-----------|--------------|
| | | | | | |

| | period-beginning | period | the period | period-end | reserves |
|--------------|------------------|--------|------------|--------------|----------|
| Weifu Tianli | 1,784,086.79 | | | 1,784,086.79 | |
| Total | 1,784,086.79 | 0.00 | 0.00 | 1,784,086.79 | 0.00 |

Explain the impairment testing method and withdrawal method for impairment provision of goodwill:

Good will of Weifu Tianli: In 2010, the Company increasing capital to Weifu Tianli for holding merger; the goodwill was the part that merger cost over than fair value of Weifu Tianli's identifiable net assets. Weifu Tianli are running normally with profit earned in 2011 and January to June of 2012, and no sign of impairment of goodwill been found in Weifu Tianli.

25. Long-term deferred expense

Unit: RMB

| Item | Balance at period-begin | Increased in the period | Amortization during this period | Other decrease | Balance at period-end | Reasons for other decrease |
|-----------------------------|-------------------------|-------------------------|---------------------------------|----------------|-----------------------|----------------------------|
| Decoration charge | 8,403,914.14 | 401,650.60 | 1,151,532.08 | | 7,654,032.65 | -- |
| Natural gas pipeline charge | | 2,098,082.00 | 209,808.00 | | 1,888,274.00 | -- |
| Others | 740,366.06 | 1,992,526.50 | 399,723.28 | | 2,333,169.28 | -- |
| Total | 9,144,280.20 | 4,492,259.10 | 1,761,063.36 | 0.00 | 11,875,475.93 | -- |

Explanation on long-term deferred expense:

Nil

26. Deferred income tax assets and deferred income tax liabilities

(1) Net amount of deferred income tax assets and deferred income tax liabilities before deduction

application non-application

Deferred income tax assets and deferred income tax liability that recognized

Unit: RMB

| Item | Amount at period-end | Amount at period-begin |
|--|----------------------|------------------------|
| Deferred income tax assets: | | |
| Assets impairment provision | 37,183,310.77 | 37,032,532.19 |
| Opening charge | | |
| Deductible losses | | |
| Operation losses from subsidiary | 2,874,895.38 | 2,390,241.42 |
| Deferred income | 8,679,750.00 | 8,847,000.00 |
| Internal un-realized profit | 2,544,134.63 | 4,458,291.48 |
| Payable salary, three-guarantee accrual etc. | 30,449,984.90 | 30,603,817.94 |
| Subtotal | 81,732,075.68 | 83,331,883.03 |
| Deferred income tax liability: | | |
| Assessment of transactional financial instrument and derivative financial instrument | | |
| Variation of fair value of financial assets available for sale which reckoned into capital reserve | 13,630,800.00 | |
| Value-added assessment of Weifu Tianli | 2,634,458.90 | 2,689,975.40 |
| Subtotal | 16,265,258.90 | 2,689,975.40 |

Details of un-recognized deferred income tax assets

Unit: RMB

| Item | Amount at period-end | Amount at period-begin |
|----------------------------------|----------------------|------------------------|
| Deductible temporary differences | 16,423,371.59 | 16,426,231.77 |
| Deductible losses | 14,708,042.49 | 14,586,941.82 |
| | | |
| Total | 31,131,414.08 | 31,013,173.59 |

The deductible losses of un-recognized deferred income tax assets are expired in the follow year:

Unit: RMB

| Year | Amount at period-end | Amount at period-begin | Note |
|------|----------------------|------------------------|------|
| | | | |

| | | | |
|-------|---------------|---------------|--|
| 2013 | 14,708,042.49 | 14,586,941.82 | Weifu ITM has un-remedy deficit occurred in 2008 |
| Total | 14,708,042.49 | 14,586,941.82 | -- |

Details of taxable difference and deductible differences

Unit: RMB

| Item | Amount of temporary differences | |
|--|---------------------------------|------------------------|
| | Amount at period-end | Amount at period-begin |
| Items of taxable differences | | |
| Bad debt provision | 28,250,536.56 | 26,396,861.34 |
| Inventory depreciation provision | 103,805,915.56 | 104,443,291.56 |
| Impairment provision of long-term equity investment | 52,289,006.95 | 52,489,006.95 |
| Impairment provision of fixed assets | 104,101,194.15 | 104,239,630.38 |
| Impairment provision of construction in progress | 4,469,121.67 | 4,469,121.67 |
| Impairment provision of intangible assets | 16,646,900.00 | 16,646,900.00 |
| Operation losses from subsidiary | 26,207,623.99 | 24,147,907.52 |
| Deferred income | 57,865,000.00 | 58,980,000.00 |
| Internal un-realized profit | 16,768,130.33 | 24,645,429.09 |
| Other | 202,999,899.23 | 204,025,452.84 |
| Subtotal | 613,403,328.44 | 620,483,601.35 |
| Item of deductible differences | | |
| Variation of fair value of financial assets available for sale | 90,872,000.00 | |
| Value-added assessment of Weifu Tianli | 17,563,059.30 | 17,933,169.30 |
| Subtotal | 108,435,059.30 | 17,933,169.30 |

(2) Net amount of deferred income tax assets and deferred income tax liabilities after deduction

□application √non-application

Explanation on deferred income tax assets and deferred income tax liabilities

Nil

27. Details of asset impairment provision

Unit: RMB

| Item | Balance as at period-begin | Increase during this period | Decrease during this period | | Balance as at period-end |
|---|----------------------------|-----------------------------|-----------------------------|-------------|--------------------------|
| | | | Reversal | Written-off | |
| I. Bad debt reserve | 26,396,861.34 | 2,276,528.83 | 293,392.91 | 129,460.70 | 28,250,536.56 |
| II. Inventory falling price reserves | 104,443,291.56 | 71,492.00 | 0.00 | 708,868.00 | 103,805,915.56 |
| III. Impairment provision of financial assets available for sale | | | | | |
| IV. Impairment provision of investment held to maturity | | | | | |
| V. Long-term equity investment impairment provision | 52,489,006.95 | 0.00 | | 200,000.00 | 52,289,006.95 |
| VI. Investment real estate impairment provision | 0.00 | 0.00 | | | 0.00 |
| VII. Fixed asset impairment provision | 104,239,630.38 | | | 138,436.23 | 104,101,194.15 |
| VIII. Impairment provision for construction materials | | | | | |
| IX. Construction-in-process impairment provision | 4,469,121.67 | 0.00 | | | 4,469,121.67 |
| X. Capitalized Biological assets impairment provision | | | | | |
| Including: Impairment provision for maturity production biological assets | | | | | |

| | | | | | |
|---|----------------|--------------|------------|--------------|----------------|
| XI. oil assets impairment provision | | | | | |
| XII. Intangible assets impairment provision | 16,646,900.00 | 0.00 | | | 16,646,900.00 |
| XIII. Goodwill impairment provision | | | | | 0.00 |
| XIV. other | | | | | |
| Total | 308,684,811.90 | 2,348,020.83 | 293,392.91 | 1,176,764.93 | 309,562,674.89 |

Explanation on asset impairment provision:

Nil

28. Other non-current assets

Unit: RMB

| Item | Amount at period-end | Amount at period-begin |
|-------|----------------------|------------------------|
| | | |
| Total | 0.00 | 0.00 |

Explanation on other non-current assets

29. Short-term loans

(1) Type of Short-term Loans

Unit: RMB

| Item | Amount as at period-end | Amount as at period-begin |
|-------------------|-------------------------|---------------------------|
| Mortgage loans | | |
| Collateral loan | | |
| Ensure loans | | |
| Guarantee loans | | 465,000,000.00 |
| Factoring borrows | | 30,000,000.00 |
| Total | 0.00 | 495,000,000.00 |

Explanation on short-term loans

Nil

(2) Short-term loans un-paid by expired

Unit: RMB

| Unit | Loan amount | Loan rates | Using in | Reasons of un-paid | Predicted payment date |
|-------|-------------|------------|----------|--------------------|------------------------|
| | | | | | |
| Total | 0.00 | -- | -- | -- | -- |

Amount paid after balance sheet date.

Explanation on short-term loans: for those expired short-term loans obtained expansion period, explain the expansion condition and new expiration:

30. Transactional financial liabilities

Unit: RMB

| Item | Fair value at period-end | Fair value at period-begin |
|---|--------------------------|----------------------------|
| Transactional bonds offered | | |
| Financial liability designated for fair value measurement and variation of fair value recon into current gains/losses | | |
| Derivative financial liability | | |
| Other financial liability | | |
| Total | | |

Explanation on transactional financial liabilities:

31. Note payable

Unit: RMB

| Type | Amount at period-end | Amount at period-begin |
|------|----------------------|------------------------|
| | | |

| | | |
|----------------------------|----------------|----------------|
| Commercial acceptance bill | | |
| Bank acceptance bill | 227,474,550.12 | 164,301,719.94 |
| Total | 227,474,550.12 | 164,301,719.94 |

Amount expired in next accounting period: yuan

Explanation on note payable:

At period-end, margin saving 93.4615 million yuan was provided for the bank acceptance bill, and 111.9933 million yuan was pledge for not receivable

32. Account payables

(1)

Unit: RMB

| Item | Amount as at period-end | Amount as at period-begin |
|---------------|-------------------------|---------------------------|
| Within 1 year | 1,206,026,271.76 | 1,281,117,377.51 |
| 1-2 years | 2,278,390.92 | 4,115,809.28 |
| 2-3 years | 2,654,484.26 | 5,183,739.67 |
| Over 3 years | 11,270,133.42 | 7,476,313.28 |
| Total | 1,222,229,280.36 | 1,297,893,239.74 |

(2)Accounts payable to shareholders holding 5% or above voting shares of the Company

application non-application

Unit: RMB

| Name of the company | Amount as at period-end | Amount as at period-begin |
|---|-------------------------|---------------------------|
| ROBERT BOSCH GMBH(German Bosch) | 21,539,981.77 | |
| BOSCH Corporation(Japan Bosch) | 759,974.20 | |
| ROBERT BOSCH Ltd.(Brazil Bosch) | 280,715.93 | |
| Bosch Automobile Diesel System Co., Ltd | 5,623,282.56 | 38,965,431.56 |
| Total | 28,203,954.46 | 38,965,431.56 |

Explanation on major account payable with over one year age:

Nil

33. Account received in advance

(1)

Unit: RMB

| Item | Amount as at period-end | Amount as at period-begin |
|---------------|-------------------------|---------------------------|
| Within 1 year | 56,892,922.20 | 47,368,413.18 |
| 1-2 years | 2,421,731.22 | 3,977,350.52 |
| 2-3 years | 2,644,888.47 | 1,624,236.70 |
| Over 3 years | 2,075,506.47 | 2,319,940.85 |
| Total | 64,035,048.36 | 55,289,941.25 |

(2)Accounts received in advance to shareholders holding 5% or above voting shares of the Company

application non-application

Unit: RMB

| Name of the company | Amount as at period-end | Amount as at period-begin |
|----------------------------------|-------------------------|---------------------------|
| ROBERT BOSCH Ltd. (Brazil Bosch) | 16,118.32 | 0.00 |
| Total | 16,118.32 | 0.00 |

Explanation on major account received in advance with over one year age:

Nil

34. Wages payable

Unit: RMB

| Item | Balance as at period-begin | Increase during this period | Decrease during this period | Balance as at period-end |
|---|----------------------------|-----------------------------|-----------------------------|--------------------------|
| I. Wage, bonus, allowance and subsidy | 202,068,498.83 | 172,441,963.04 | 182,010,695.11 | 192,499,766.76 |
| II. Employees' welfare | | 14,998,032.45 | 14,998,032.45 | |
| III. Social security | 35,742,773.98 | 61,047,113.81 | 59,979,598.82 | 36,810,288.97 |
| Including: medicinal insurance | 8,455,623.87 | 15,170,155.18 | 14,802,527.83 | 8,823,251.22 |
| Endowment insurance | 22,971,350.73 | 38,550,537.09 | 37,912,574.10 | 23,609,313.72 |
| Unemployment insurance | 2,576,103.26 | 3,994,998.47 | 3,984,255.20 | 2,586,846.53 |
| Employment injury insurance | 938,040.34 | 1,985,141.34 | 1,945,483.56 | 977,698.12 |
| Maternity insurance | 801,655.78 | 1,346,281.73 | 1,334,758.13 | 813,179.38 |
| IV. Housing public reserve | 1,546,640.59 | 21,377,272.70 | 21,416,954.00 | 1,506,959.29 |
| V. Compensation from labor relationship dismissed | | | | |
| VI. Other | 39,414,074.57 | 4,730,511.80 | 4,906,575.18 | 39,238,011.19 |
| Residence subsidy for employees | 24,155,327.41 | 52,356.00 | 1,065,050.97 | 23,142,632.44 |
| Labor union and staff educational charge | 14,851,468.76 | 4,170,870.80 | 3,767,744.21 | 15,254,595.35 |
| Other | 407,278.40 | 507,285.00 | 73,780.00 | 840,783.40 |
| Total | 278,771,987.97 | 274,594,893.80 | 283,311,855.56 | 270,055,026.21 |

Wages payable has 0 yuan for arrears

Outlay for labor union and staff educational charge amounting as 15,254,595.35 yuan; non-monetary welfare amounting as 0 yuan and compensation for dismiss of labor relationship amounting to 0 yuan

The wages payable expected to pay and the amount for payment:

According to the resolution of shareholders' general meeting, the awards funds accrual by parent company included in the salary, bonus, allowance and subsidy. The Company will use the fund according to the Board.

35. Tax payable

Unit: RMB

| Item | Amount as at period-end | Amount as at period-begin |
|---------------------------------------|-------------------------|---------------------------|
| VAT | 4,487,486.51 | 5,769,272.41 |
| Consumption tax | | |
| Business tax | 20,014.80 | 173,046.00 |
| Enterprise income tax | 11,444,202.66 | 64,506,553.13 |
| Personal income tax | 334,007.50 | 553,621.27 |
| City maintenance and construction tax | 1,185,429.38 | 1,898,229.84 |
| Other | 3,427,536.47 | 4,836,401.09 |
| Total | 20,898,677.32 | 77,737,123.74 |

Explanation on tax payable: if the local taxation bureau agrees mutual adjustment between vary branches and plants, explain taxation calculation:

Nil

36. Interest payable

Unit: RMB

| Item | Amount as at period-end | Amount as at period-begin |
|---|-------------------------|---------------------------|
| Interest of long-term loans of installment and interest charges | | |
| Corporate bond interest | | |
| Interest payable for short-term loans | | |
| National debt transfer to loans | 150,000.00 | 930,000.00 |
| Total | 150,000.00 | 930,000.00 |

Explanation on interest payable:

Nil

37. Dividend payable

Unit: RMB

| unit | Amount as at period-end | Amount as at period-begin | Reasons for un-payment over one year |
|--|-------------------------|---------------------------|--------------------------------------|
| Dividend payable of parent company | 204,040,198.50 | 0.00 | |
| Minority shareholders' equity of Weifu Jinning | 24,648,829.60 | | |
| Minority shareholders' equity of Weifu Lida | | 3,444,762.15 | |
| Total | 228,689,028.10 | 3,444,762.15 | -- |

Explanation on dividend payable:

The annual profit distribution plan for 2011 has been deliberated and approved by Annual Shareholders' General Meeting of 2011 dated 23 May 2012 and completed in July 2012. Totalling 204,040,198.50 yuan common dividends were distributed

38. Other payables

(1)

Unit: RMB

| Item | Amount as at period-end | Amount as at period-begin |
|---------------|-------------------------|---------------------------|
| Within 1 year | 69,877,981.34 | 73,196,628.69 |
| 1-2 years | 20,018,645.32 | 2,941,318.76 |
| 2-3 years | 119,906.80 | 2,251,679.81 |
| Over 3 years | 7,460,409.98 | 5,601,944.17 |
| Total | 97,476,943.44 | 83,991,571.43 |

(2) Others payable due to shareholders units holding over 5% (5% included) voting shares of the Company at period-end

application non-application

(3) Explanation on other account payable with over one year age

| Item | 2012-06-30 | Note |
|---|--------------|----------------|
| Nanjing Jidian Industrial Group Co., Ltd. | 4,500,000.00 | Current amount |

(4) Explanation on unit of major connected amount for other account payable

Nil

39. Predicted liability

Unit: RMB

| Item | Amount at period-begin | Increase during the period | Carry-forward during the year | Amount at period-end |
|----------------------------------|------------------------|----------------------------|-------------------------------|----------------------|
| Guarantee provided externally | | | | |
| Un-settle lawsuit | | | | |
| Products quality security | | | | |
| Reorganization obligation | | | | |
| Dismiss welfare | | | | |
| Deficit contract for implemented | | | | |
| Other | | | | |
| Total | 0.00 | 0.00 | 0.00 | 0.00 |

Explanation on predicted liability:

40. Non-current liability due within one year

(1)

Unit: RMB

| Item | Amount as at period-end | Amount as at period-begin |
|-------------------------------------|-------------------------|---------------------------|
| Long-term loans due within one year | 0.00 | 3,000,000.00 |

| | | |
|---|------|--------------|
| Bond payable due within one year | | |
| Long-term account payable due within one year | | |
| Total | 0.00 | 3,000,000.00 |

(2) Long-term loans due within one year

Long-term loans due within one year

Unit: RMB

| Item | Amount as at period-end | Amount as at period-begin |
|-----------------|-------------------------|---------------------------|
| Mortgage loans | | |
| Collateral loan | | |
| Ensure loans | | |
| Guarantee loans | 0.00 | 3,000,000.00 |
| | | |
| Total | 0.00 | 3,000,000.00 |

In long-term loans due within one year, amount of undue but with expansion time.

Top five long-term loans due within one year:

Unit: RMB

| Unit | Starting date for loans | Termination date for loans | Currency | Rate (%) | Amount at period-end | | Amount at period-begin | |
|-----------------------------------|-------------------------|----------------------------|----------|----------|----------------------|----------------|------------------------|----------------|
| | | | | | Foreign currency | Local currency | Foreign currency | Local currency |
| Jiangsu International Trust Corp. | 2009-11-27 | 2012-05-27 | CNY | 0.3% | | 0.00 | | 3,000,000.00 |
| Total | -- | -- | -- | -- | -- | 0.00 | -- | 3,000,000.00 |

Due loans in long-term loans due within one year:

Unit: RMB

| Unit | Amount loans | Undue date | Annual rate (%) | Using purpose | Unpaid reasons | Paid expected |
|-------|--------------|------------|-----------------|---------------|----------------|---------------|
| | | | | | | |
| Total | 0.00 | -- | -- | -- | -- | -- |

Amount paid after balance sheet date.

Explanation on long-term loans due within one year:

Nil

(3) Bond payable due within one year

Unit: RMB

| Name | Value | Issuing date | Terms | Issuing amount | Interest payable at period-begin | Interest payable in this period | Interest paid in this period | Interest payable in this period-end | Amount at period-end |
|------|-------|--------------|-------|----------------|----------------------------------|---------------------------------|------------------------------|-------------------------------------|----------------------|
| | | | | | | | | | |

Explanation on bond payable due within one year:

(4) Long-term account payable due within one year

Unit: RMB

| Unit | Terms | Initial amount | Rate (%) | Interest reckoned | Amount at period-end | Loan condition |
|------|-------|----------------|----------|-------------------|----------------------|----------------|
| | | | | | | |

Explanation on long-term account payable due within one year:

41. Other current liability

Unit: RMB

| Item | Book balance at period-end | Book balance at period-begin |
|------------------------|----------------------------|------------------------------|
| Sales discount | 18,738,974.36 | 21,690,000.00 |
| Vary subsidy | 1,354,400.00 | 1,491,200.00 |
| Three-guarantee charge | 4,027,529.05 | 6,569,297.07 |
| Other | 6,342,498.45 | 4,858,112.40 |
| Total | 30,463,401.86 | 34,608,609.47 |

Explanation on other current liability:

Nil

42. Long-term loan

(1) Category of long-term loans

Unit: RMB

| Item | Amount at period-end | Amount at period-begin |
|-----------------|----------------------|------------------------|
| Mortgage loans | | |
| Collateral loan | | |
| Ensure loans | | |
| Guarantee loans | | |
| | | |
| Total | | |

Explanation on long-term loans:

(2) Top five long-term loans

Unit: RMB

| Unit | Starting date for loans | Termination date for loans | Currency | Rate (%) | Amount at period-end | | Amount at period-begin | |
|-------|-------------------------|----------------------------|----------|----------|----------------------|----------------|------------------------|----------------|
| | | | | | Foreign currency | Local currency | Foreign currency | Local currency |
| | | | | | | | | |
| Total | -- | -- | -- | -- | -- | | -- | |

Explanation on long-term loans: if there has long-term loans from undue with expansion obtained, explain the expansion condition, principle, interest and predicted payment arrange:

43. Bond payable

Unit: RMB

| Name | Value | Issuing date | Terms | Issuing amount | Interest payable at period-begin | Interest payable in this period | Interest paid in this period | Interest payable in this period-end | Balance at period-end |
|------|-------|--------------|-------|----------------|----------------------------------|---------------------------------|------------------------------|-------------------------------------|-----------------------|
| | | | | | | | | | |

Bond payable including convertible corporate bond's condition and time for shares transfer:

44. Long-term account payable

(1) Top five long-term account payable

Unit: RMB

| Unit | Term | Initial amount | Rate (%) | Interest reckoned | Balance at period-end | Loan condition |
|--|--|----------------|----------|-------------------|-----------------------|---|
| Hi-tech Branch of Nanjing Finance Bureau | 2011-12-28 to 2026-12-28 | 5,040,000.00 | 0% | 0.00 | 5,040,000.00 | To encourage Weifu Jinning to enter Nanjing High-tech Technology Industry Development Zone, financial supporting capital is allotted by High-tech branch of Finance Bureau of Nanjing for supporting use, the term is from 28 December 2011 to 28 December 2026. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed. |
| Loan transferred from treasury bond | The transferred national debt capital received by Weifu Jinning in 2007. Pay the loans with 11-year installment since 2012 | 3,730,000.00 | 2.55% | 95,115.00 | 3,390,909.00 | National debt transferred to loan: is the transferred national debt capital received by Weifu Jinning in 2007. Pay the loans with 11-year installment since 2012 |
| Hi-tech Branch of Nanjing Finance Bureau | 2008-11-10 to 2023-11-10 | 2,750,000.00 | 0% | 0.00 | 2,750,000.00 | To encourage Weifu Jinning to enter Nanjing High-tech Technology Industry Development Zone, financial supporting capital is allotted by High-tech branch of Finance Bureau of Nanjing for supporting use, the term is from 10 November 2008 to 10 November 2023. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed. |
| Hi-tech Branch of Nanjing Finance Bureau | 2004-8-5 to 2012-8-4 | 1,710,000.00 | 0% | 0.00 | 1,710,000.00 | To encourage Weifu Jinning to enter Nanjing High-tech Technology Industry Development Zone, financial supporting capital is allotted by High-tech branch of Finance Bureau of Nanjing for supporting use, the term is from 5 August 2004 to 4 August 2012. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed. |
| Hi-tech Branch of Nanjing Finance Bureau | 2006-7-20 to 2021-7-20 | 1,250,000.00 | 0% | 0.00 | 1,250,000.00 | To encourage Weifu Jinning to enter Nanjing High-tech Technology Industry Development Zone, financial supporting capital is allotted by High-tech branch of Finance Bureau of Nanjing for supporting use, the term is from 20 July 2006 to 20 July 2021. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed. |
| Total | | 14,480,000.00 | | 95,115.00 | 14,140,909.00 | |

(2)Details of financing rent payable in long-term payable

Unit: RMB

| Unit | Amount at period-end | | Amount at period-begin | |
|-------|----------------------|------|------------------------|------|
| | Foreign currency | RMB | Foreign currency | RMB |
| | | | | |
| Total | 0.00 | 0.00 | 0.00 | 0.00 |

Amount of guarantee from independent third party for the financing rent of the Company

Explanation on long-term payable:

Nil

45. Specific account payable

Unit: RMB

| Item | Amount at period-begin | Increase in this period | Decrease in this period | Amount at period-end | Note |
|-------|------------------------|-------------------------|-------------------------|----------------------|------|
| | | | | | |
| Total | | | | | -- |

Explanation on specific account payable:

46. Other non-current liability

Unit: RMB

| Item | Book balance at period-end | Book balance at period-begin |
|--|----------------------------|------------------------------|
| Appropriation on industrialization project of electrical control and high voltage jet VE system of low emissions diesel | 12,000,000.00 | 12,000,000.00 |
| R&D subsidy for new products | 48,530,000.00 | 48,530,000.00 |
| Appropriation on reforming of production line technology and R&D ability of common rail system for diesel by distributive high-voltage | 7,100,000.00 | 7,100,000.00 |
| Other | 5,404,000.00 | 4,700,000.00 |
| Total | 73,034,000.00 | 72,330,000.00 |

Other non-current liability, including vary government subsidy related with assets and income as well as its balance at period-end:

1. Appropriation on industrialization project of electrical control and high voltage jet VE system of low emissions diesel: in September 2009, Weifu Jinning signed "Project Contract of Technology Outcome Transferring Special Capital in Jiangsu Province" with Nanjing Technical Bureau, according to which Weifu Jinning received appropriation RMB 6.35 million in 2009, RMB 4.775 million received in 2010 and RMB 0.875 million received in 2011. According to the contract, the attendance date of this project was: from October of 2009 to March of 2012. This contract agreed 62% of newly increased investment in project would be spent in fixed assets investment. Currently, the equipments are in an acceptance procedure.

2. R&D subsidy for new products: The subsidy for R&D of new products are received from Wuxi New Financial Bureau in 2011 for year of 2012 to 2013

3. Appropriation on reforming of production line technology and R&D ability of common rail system for diesel by distributive high-voltage: in 2011, specific fund RMB 7.1 million was allocated from Wuxi New Zone Financial Bureau.

47. Share capital

Unit: RMB

| | Amount at period-begin | Increased (decreased) in this year | | | | | Amount at period-end |
|--------------|------------------------|------------------------------------|--------------|--------------------------------------|-------|-------------|----------------------|
| | | New shares issued | Bonus shares | Shares converted from public reserve | Other | Sub-total | |
| Total shares | 567,275,995 | 112,858,000 | | | | 112,858,000 | 680,133,995 |

Explanation on share capital changes, if there has capital increase/decrease in reporting period, disclosed the CPA's name and verification documents; for company limited within 3 years operation, explain the net assets before establishment; for those company limited changed from limited liability company, explain the verification condition while established.

On 21 January 2012, the "Reply on Approval of Privately Share Offering of Weifu High-Technology Group Co., Ltd" (ZJXX[2012] No. 109) issued by CSRC, approved that the Company's privately offering new shares no more than 112,858,000 shares in total.

Each shares offering with price of 25.395 yuan. The privately offering of the Company totally offers 2 objects: Wuxi Industry Group and ROBERT BOSCH GMBH (German Robert Bosch Co., Ltd).

On 10 February 2012, "Capital Verification Report" SGW[2012] No.: B006" issued by Jiangsu Gongzheng Tianye CPA Co., Ltd. stated that: ended as 10 February 2012, totaling 112,858,000 RMB common shares (A stock) offered by Weifu Hi-Tech with fund raising amounting to RMB 2,866,028,910.00 in total; net fund raising amounting to RMB 2,850,124,252.93 after deduction of issuing expenses RMB15,904,657.07. Meanwhile, new capital RMB 112,858,000 was increased and capital public reserve as RMB 2,737,266,252.93. Industry Group and Bosch Company all invested by monetary. After offering, register capital for issuer turns to RMB 680,133,995 with paid-in capital (share capital) accumulative as RMB 680,133,995.

48. Stock shares

Explanation on stock shares:

49. Specific Reserve

Explanation on specific Reserve:

50. Capital reserves

Unit: RMB

| Item | Amount at period-begin | Increase during this period | Decrease during this period | Amount at period-end |
|--|------------------------|-----------------------------|-----------------------------|----------------------|
| Capital premium (Share capital premium) | 876,835,085.21 | 2,737,266,252.93 | | 3,614,101,338.14 |
| Other capital reserve | 19,083,331.38 | | | 19,083,331.38 |
| Variation of fair value of financial assets available for sale | | 77,241,200.00 | | 77,241,200.00 |
| Total | 895,918,416.59 | 2,814,507,452.93 | 0.00 | 3,710,425,869.52 |

Explanation on capital reserve:

On 21 January 2012, being approved (ZJXK[2012] No. 109) by CSRC, the Company privately offering new shares to Wuxi Industry Group and ROBERT BOSCH GMBH (German Robert Bosch Co., Ltd) with RMB ordinary shares (A-share) 112,858,000 shares in total with price of 25.395 yuan. Register capital increase 112,858,000 yuan, rest of the capital reckoned into capital reserve (Share capital premium).

Variation of fair value of financial assets available for sale: refers to the amount of variation of fair value at closing price dated 30 June 2012 in Security Exchange, the SDEC held by the Company, after deducted deferred income tax

51. Surplus reserves

Unit: RMB

| Item | Amount at period-begin | Increase during this period | Decrease during this period | Amount at period-end |
|-----------------------------|------------------------|-----------------------------|-----------------------------|----------------------|
| Statutory surplus reserves | 283,637,997.50 | | | 283,637,997.50 |
| Free surplus reserve | | | | |
| Service fund | | | | |
| Enterprise development fund | | | | |
| Other | | | | |
| Total | 283,637,997.50 | 0.00 | 0.00 | 283,637,997.50 |

Explanation on surplus reserve, if share capital converted from surplus reserve, remedy deficit and dividend distributed, explain relevant resolutions:

52. General risk provision

Explanation on general risk provision:

53. Undistributed profits

Unit: RMB

| Item | Amount | Withdrawal or Allocation Ratio |
|--|------------------|--------------------------------|
| Undistributed profits at the end of last year before adjustment | 3,317,227,992.26 | -- |
| Adjust the total undistributed profits at the beginning of the year (Increase +, Decrease -) | | -- |
| Undistributed profits at the beginning of the year after adjustment | 3,317,227,992.26 | -- |
| Add: The net profits belong to owners of patent company of this period | 446,281,174.98 | -- |
| Less: Withdraw legal surplus reserves | | |
| Withdraw free surplus reserves | | |
| Withdraw general risk reserves | | |
| Handle common stock dividends | 204,040,198.50 | |

| | | |
|--|------------------|----|
| Common stock dividends transferred to be capital stock | | |
| | | |
| Undistributed profits at the end of the period | 3,559,468,968.74 | -- |

Details about adjusting the undistributed profits at the beginning of the year:

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

The undistributed profits explain that the company initial public offering bonds should clearly state if the accumulated profits are decided to be shared by old and new shareholders by general meeting of stockholders before issuing; while the company should clearly disclose that the profits in the dividends payable belong to old shareholders after auditing if the general meeting of stockholders decides the accumulated profits are allocated and shared by old shareholders before issuing.

According to the profit distribution plan 2011 approved in the Board in April 2012, as well as deliberated in Annual Shareholders' General Meeting of 2011, base on the total share capital after privately offering in February 2012, distributed 3.00 yuan (tax included) for each 10 shares, totally 204,040,198.50 yuan common dividend were distributed

54. Operating income and cost

(1) Operating income and cost

Unit: RMB

| Item | Amount of this period | Amount of last period |
|------------------------|-----------------------|-----------------------|
| Main operating income | 2,437,884,756.39 | 2,991,206,455.62 |
| Other operating income | 184,856,377.61 | 286,353,291.34 |
| Operating cost | 1,935,729,790.13 | 2,426,221,608.75 |

(2) Primary business (By industries)

Applicable Not Applicable

Unit: RMB

| Industry | Amount of this period | | Amount of last period | |
|------------|-----------------------|------------------|-----------------------|------------------|
| | Operating income | Operating cost | Operating income | Operating cost |
| Auto parts | 2,437,884,756.39 | 1,768,194,868.67 | 2,991,206,455.62 | 2,151,733,657.34 |
| Total | 2,437,884,756.39 | 1,768,194,868.67 | 2,991,206,455.62 | 2,151,733,657.34 |

(3) Primary business (By products)

Applicable Not Applicable

Unit: RMB

| Products | Amount of this period | | Amount of last period | |
|----------------------------|-----------------------|------------------|-----------------------|------------------|
| | Operating income | Operating cost | Operating income | Operating cost |
| Auto fuel injection system | 1,926,103,342.74 | 1,346,473,583.48 | 2,446,635,692.74 | 1,705,543,776.72 |
| Intake system | 85,367,431.72 | 60,566,106.97 | 77,887,348.79 | 45,748,373.17 |
| Tail treatment system | 426,413,981.93 | 361,155,178.22 | 466,683,414.09 | 400,441,507.45 |
| Total | 2,437,884,756.39 | 1,768,194,868.67 | 2,991,206,455.62 | 2,151,733,657.34 |

(4) Primary business (By districts)

√ Applicable □ Not Applicable

Unit: RMB

| District | Amount of this period | | Amount of last period | |
|----------------|-----------------------|------------------|-----------------------|------------------|
| | Operating income | Operating cost | Operating income | Operating cost |
| Domestic sales | 2,274,800,702.10 | 1,610,187,800.09 | 2,869,301,070.09 | 2,032,796,207.56 |
| Overseas sales | 163,084,054.29 | 158,007,068.58 | 121,905,385.53 | 118,937,449.78 |
| Total | 2,437,884,756.39 | 1,768,194,868.67 | 2,991,206,455.62 | 2,151,733,657.34 |

(5) The operating income of the top five customers of the Company

Unit: RMB

| Customer name | Primary business income | The percentage in all operating income of the Company (%) |
|---|-------------------------|---|
| Client 1 | 178,526,498.66 | 6.8% |
| Client 2 | 175,931,529.31 | 6.71% |
| Client 3 | 173,650,274.32 | 6.62% |
| Client 4 | 171,558,028.01 | 6.54% |
| Bosch Automobile Diesel System Co., Ltd | 137,990,850.23 | 5.26% |
| Total | 837,657,180.53 | 31.94% |

Explanation on operating income

Nil

55. Contract item income

√ Applicable □ Not Applicable

Introductions to contract item

56. Business tax and surcharges

Unit: RMB

| Item | Amount of this period | Amount of last period | Calculating and payment standards |
|---------------------------------------|-----------------------|-----------------------|-----------------------------------|
| Consumption tax | | | |
| Business tax | 704,052.72 | 507,125.68 | 5% |
| City maintenance and construction tax | 9,081,654.13 | 10,708,766.58 | 7% |
| Education surcharge | 6,487,346.87 | 7,204,723.81 | 5% |
| Resources tax | | | |
| Total | 16,273,053.72 | 18,420,616.07 | -- |

Explanation on business tax and surcharges

Nil

57. Income of fair value changes

Unit: RMB

| Sources generating income of fair value changes | Amount of this period | Amount of last period |
|---|-----------------------|-----------------------|
| Trading financial assets | | |
| Thereinto: Income of fair value changes generated by derivative financial | | |

| | | |
|---|--|--|
| instruments | | |
| Trading financial assets liabilities | | |
| Investment real estate measured by fair value | | |
| Others | | |
| | | |
| Total | | |

Explanation on income of fair value changes

58. Investment income

(1) Particulars about investment income

Unit: RMB

| Item | Amount of this period | Amount of last period |
|---|-----------------------|-----------------------|
| Income of long-term equity investment calculated based on cost | 0.00 | 0.00 |
| Income of long-term equity investment calculated based on equity | 159,246,544.27 | 293,611,064.62 |
| Investment income obtained from disposal of long-term equity investment | | |
| Investment income obtained during holding trading financial assets | | |
| Investment income obtained during held-to-maturity investment gaining investment income | | |
| Investment income obtained during holding available-for-sale financial assets | | |
| Investment income obtained by handling trading financial assets | | |
| Investment income obtained from held-to-maturity investment | | |
| Investment income obtained from available-for-sale financial assets | 740,000.00 | |
| Others | | |
| Total | 159,986,544.27 | 293,611,064.62 |

(2) Income of long-term equity investment calculated based on cost

Unit: RMB

| Company name | Amount of this period | Amount of last period | Reasons of change (+,-) |
|--------------|-----------------------|-----------------------|-------------------------|
| | | | |
| Total | 0.00 | 0.00 | -- |

(3) Income of long-term equity investment calculated based on equity

Unit: RMB

| Company name | Amount of this period | Amount of last period | Reasons of change (+,-) |
|---|-----------------------|-----------------------|--|
| Bosch Automobile Diesel System Co., Ltd | 63,897,901.88 | 167,094,353.32 | Profit decline due to influence from auto industry |
| Zhonglian Automobile Electronic Co., Ltd. | 64,043,395.79 | 84,168,402.02 | Profit decline due to influence from auto industry |
| Weifu Environment Catalysts Co., Ltd | 22,442,877.70 | 26,001,143.91 | Profit decline due to influence from auto industry |
| Weifu Autocam Precision Machinery Corp. | 5,867,407.16 | 10,063,876.73 | Profit decline due to influence from auto industry |
| Weifu Precision Machinery Manufacturing Co., Ltd. | 2,989,998.10 | 6,699,134.95 | Profit decline due to influence from auto industry |
| Other | 4,963.64 | -415,846.31 | |

| | | | |
|-------|----------------|----------------|----|
| Total | 159,246,544.27 | 293,611,064.62 | -- |
|-------|----------------|----------------|----|

Investment income description: It should be introduced if there are significant restrictions to repatriation of investment income; it also should be introduced if there is no this kind of significant restrictions:

No such significant restrictions in aspect of investment income

59. Asset impairment loss

Unit: RMB

| Item | Amount of this period | Amount of last period |
|---|-----------------------|-----------------------|
| 1. bad debt loss | 1,964,308.38 | 193,083.00 |
| 2. inventory falling price loss | 71,492.00 | -302,240.89 |
| 3. impairment loss of available-for-sale financial assets | | |
| 4. impairment loss of held-to-maturity investment assets | | |
| 5. impairment loss of long-term equity investment | | |
| 6. impairment loss of investment real estate | | |
| 7. impairment loss of fixed assets | | 161,512.54 |
| 8. impairment loss of project goods and material | | |
| 9. impairment loss of construction in process | | |
| 10. impairment loss of productive living beings | | |
| 11. impairment loss of oil gas | | |
| 12. impairment loss of intangible assets | | |
| 13. goodwill impairment loss | | |
| 14. Others | | |
| Total | 2,035,800.38 | 52,354.65 |

60. Non-operating income

(1)

Unit: RMB

| Item | Amount of this period | Amount of last period |
|---|-----------------------|-----------------------|
| Non-current assets disposal gains | 2,214,516.31 | 4,124,523.84 |
| thereinto: fixed assets disposal gains | 2,214,516.31 | 4,124,523.84 |
| intangible assets disposal gains | | |
| debt restructuring gains | | |
| exchange of non-monetary assets gains | | |
| accepting donations | | |
| government grants | 1,323,000.00 | 1,815,300.00 |
| Differences of merger cost in same control and equity deserve to shares | | 1,240,984.11 |
| Other | 741,472.44 | 104,054.97 |
| Total | 4,278,988.75 | 7,284,862.92 |

(2) Details of government grants

Unit: RMB

| Item | Amount of this period | Amount of last period | Note |
|--|-----------------------|-----------------------|--------------------------------|
| Technology reform of distributive-type HPCR system | 553,000.00 | | XZBF(2011) 305 |
| Supporting capital for innovation of scientifically enterprise | 720,000.00 | | Ningbo North Tech(2012) No. 15 |
| Jiangbei Finance Bureau JC 511 | 50,000.00 | | Ningbo North ZF(2012) No.9 |

| | | | |
|---------------------------------|--------------|--------------|--------------------------------|
| bonus award | | | |
| Science and technology expenses | | 1,030,000.00 | Ningbo North Tech[2011])No. 13 |
| Other | | 785,300.00 | |
| Total | 1,323,000.00 | 1,815,300.00 | -- |

Explanation on non-operating income

Other non-operating income mainly refers to the equity compensation income from Nanjing Jinning

61. Non-operating expenditure

Unit: RMB

| Item | Amount of this period | Amount of last period |
|---|-----------------------|-----------------------|
| Non-current assets disposal losses | 381,171.82 | 503,436.27 |
| thereinto: fixed assets disposal losses | 381,171.82 | 503,436.27 |
| intangible assets disposal losses | | |
| debt restructuring losses | | |
| exchange of non-monetary assets losses | | |
| donations | | |
| Local fund etc. | 2,696,933.81 | 3,533,072.59 |
| Other expenditure | 226,854.67 | 160,831.32 |
| Total | 3,304,960.30 | 4,197,340.18 |

Explanation on non-operating expenditure

Nil

62. Income tax expense

Unit: RMB

| Item | Amount of this period | Amount of last period |
|---|-----------------------|-----------------------|
| current income tax calculated based on tax law and relevant rules | 58,851,751.79 | 95,737,158.42 |
| deferred income tax adjustment | | |
| Increase/decrease of deferred income tax assets | 1,599,807.36 | -311,312.38 |
| Increase/decrease of deferred income tax liability | -55,516.50 | -81,208.64 |
| Total | 60,396,042.65 | 95,344,637.40 |

63. Calculation of basic earnings per share and diluted earnings per share

Basic earnings per share = $P_0 \div S$

$S = S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k$

Among which: P_0 is the net profit attributable to the shareholders of ordinary shares of the Company or the net profit attributable to the shareholders of ordinary shares after the deduction of non-recurring gains and losses; S is the weighted average number of ordinary shares outstanding; S_0 is the total number of shares at the beginning of the period; S_1 is the number of increased shares due to reserve's conversion into share capital or distribution of dividends in the reporting period; S_i is the number of increased shares due to issue of new shares or debt-to-equity in the reporting period; S_j is the number of decreased shares due to repurchase in the reporting period; S_k is the number of contraction of shares in the reporting period; M_0 is the number of months in the reporting period; M_i is the number of accumulated months from the next month of shares increase to the end of the reporting period; M_j is the number of accumulated months from the next month of shares decrease to the end of the reporting period.

Diluted earnings per share = $P_1 / (S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k + \text{The weighted average number of ordinary shares increased due to call warrants, share options and convertible bonds etc.})$

Among which, P_1 is the net profit attributable to the shareholders of ordinary shares of the Company or the net profit attributable to the shareholders of ordinary shares after the deduction of non-recurring gains and losses, as adjusted according to Enterprise Accounting Standards and relevant regulations after the effect of diluted potential ordinary shares is taken into account. In the calculation of diluted earnings per share, the Company shall taken the

effect of all diluted potential ordinary shares on the net profit attributable to the shareholders of ordinary shares of the Company or the net profit attributable to the shareholders of ordinary shares after the deduction of non-recurring gains and losses and the weighted average number of shares and into account of the diluted earnings per share according to the extent of dilution in sequence until the diluted earnings per share reaches the minimum.

64. Other consolidated income

Unit: RMB

| Item | Amount of this period | Amount of last period |
|---|-----------------------|-----------------------|
| 1.gains (losses) amount generated by available-for-sale financial assets | 90,872,000.00 | |
| subtract: affected by income tax generated by available-for-sale financial assets | 13,630,800.00 | |
| net amount reckoned in other consolidated income at earlier stage but turned to gains and losses at the current period | | |
| subtotal | 77,241,200.00 | 0.00 |
| 2. shares shared in other consolidated income of invested enterprises checked according to the equity law | | |
| subtract: affected by income tax generated by shares shared in other consolidated income of invested enterprises calculated according to equity law | | |
| net amount reckoned in other consolidated income at earlier stage but turned to gains and losses at the current period | | |
| subtotal | 0.00 | 0.00 |
| 3. gains (losses) amount generated by cash flow hedging instruments | | |
| subtract: affected by income taxes generated by cash flow hedging instruments | | |
| net amount reckoned in other consolidated income at earlier stage but turned to gains and losses at the current period | | |
| subtract: adjustment to initially recognition amount turned to be hedged items | | |
| subtotal | 0.00 | 0.00 |
| 4.translation differences of foreign currency financial statement | | |
| subtract: net amount of overseas operation turns to gains and losses at current period | | |
| subtotal | | |
| 5. others | | |
| subtract: affected by income tax reckoned in other consolidated income | | |
| net amount reckoned in other consolidated income at earlier stage but turned to gains and losses at the current period | | |
| subtotal | 0.00 | 0.00 |
| Total | 77,241,200.00 | |

Explanation on other consolidated income

Variation of fair value of financial assets available for sale: refers to the amount of variation of fair value at closing price dated 30 June 2012 in Security Exchange, the SDEC held by the Company

65. Notes to statement of cash flow

(1) Other cash received in relation to operation activities

Unit: RMB

| Item | Amount |
|-----------------------------------|---------------|
| Income from bank deposit interest | 18,093,874.94 |
| Government grant | 2,726,025.38 |
| Other | 7,017,613.03 |
| Total | 27,837,513.35 |

Explanation on other cash received in relation to operation activities

Nil

(2) Other cash paid in relation to operation activities

Unit: RMB

| Item | Amount |
|----------------------------------|-----------------------|
| Expenses of cash paid | 56,026,710.98 |
| Expenses of management cash paid | 77,205,186.59 |
| Other | 10,779,501.43 |
| Total | 144,011,399.00 |

Explanation on other cash paid in relation to operation activities

Nil

(3) Cash received from other investment activities

Unit: RMB

| Item | Amount |
|--------------|-------------|
| | |
| Total | 0.00 |

Explanation on cash received from other investment activities

(4) Cash paid related with investment activities

Unit: RMB

| Item | Amount |
|--------------|-------------|
| | |
| Total | 0.00 |

Explanation on cash paid related with investment activities

(5) Other cash received in relation to financing activities

Unit: RMB

| Item | Amount |
|-------------------|---------------------|
| Offering expenses | 8,404,657.07 |
| Total | 8,404,657.07 |

Explanation on other cash received in relation to financing activities

Nil

(6) Cash paid related with financing activities

Unit: RMB

| Item | Amount |
|-------------------|---------------------|
| Offering expenses | 4,593,872.70 |
| Total | 4,593,872.70 |

Explanation on cash paid related with financing activities

Nil

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

Unit: RMB

| Supplementary information | Amount as at this period | Amount as at previous period |
|---|--------------------------|------------------------------|
| 1. Net profit adjusted to cash flow of operation activities: | -- | -- |
| Net profit | 472,944,324.40 | 674,352,267.26 |
| Add: assets impairment losses | 2,035,800.38 | 52,354.65 |
| Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets | 75,348,776.70 | 66,864,899.25 |
| Amortization of intangible assets | 3,588,885.55 | 1,780,436.97 |
| Amortization of long-term deferred expenses | 1,789,687.15 | 962,867.88 |
| Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with "-") | -1,833,344.49 | -3,621,087.57 |
| Loss of disposing fixed assets(gain is listed with "-") | | |
| Loss from change of fair value(gain is listed with "-") | | |
| Financial expenses (gain is listed with "-") | 5,095,769.31 | 10,794,754.04 |
| Investment loss (gain is listed with "-") | -159,986,544.27 | -293,611,064.62 |
| Decrease of deferred income tax asset((increase is listed with "-") | 1,599,807.36 | -311,312.38 |
| Increase of deferred income tax liability (decrease is listed with "-") | -55,516.50 | -81,208.64 |

| | | |
|---|------------------|-----------------|
| Decrease of inventory (increase is listed with “-”) | 72,815,025.96 | 61,219,465.39 |
| Decrease of operating receivable accounts (increase is listed with “-”) | 18,952,888.22 | -465,428,613.24 |
| Increase of operating payable accounts (decrease is listed with “-”) | -54,660,012.25 | 829,630.20 |
| Others | | |
| Net cash flow arising from operating activities | 437,635,548.02 | 53,803,389.19 |
| 2. Material investment and financing not involved in cash flow | -- | -- |
| Liabilities converted to capital | | |
| Convertible bond expire in 1 year | | |
| Fixed assets leased through financing | | |
| 3. Net change of cash and cash equivalents: | -- | -- |
| Balance of cash at period end | 2,943,452,751.26 | 534,629,079.64 |
| Less: Balance of cash at year-begin | 745,778,764.22 | 465,219,784.67 |
| Plus: Balance of cash equivalents at the period end | | |
| Less: Balance of cash equivalent at year-begin | | |
| Net increasing of cash and cash equivalents | 2,197,673,987.04 | 69,409,294.97 |

(2) Relevant information about obtaining/disposal of subsidiary and other business unit in report period

Unit: RMB

| Supplementary | Amount in this period | Amount in last period |
|---|-----------------------|-----------------------|
| I. Relevant information about obtaining subsidiary and other business units: | -- | -- |
| 1. Price of obtaining subsidiary and other business units | | |
| 2. Cash and cash equivalent paid for obtaining subsidiary and other business units | | |
| Less: Cash and cash equivalent held by subsidiary and other business units | | |
| 3. Net cash paid for obtaining subsidiary and other business unit | | |
| 4. Net assets obtained from subsidiary | 0.00 | 0.00 |
| Current assets | | |
| Non-current assets | | |
| Current liability | | |
| Non-current liability | | |
| II. Relevant information about disposal of subsidiary and other business units: | -- | -- |
| 1. Price of disposal of subsidiary and other business units | | |
| 2. Cash and cash equivalent received from disposal of subsidiary and other business units | | |
| Less: Cash and cash equivalent held by subsidiary and other business units | | |
| 3. Net cash received from disposal of subsidiary and other business units | | |
| 4. Disposal of net assets | 0.00 | 0.00 |
| Current assets | | |
| Non-current assets | | |
| Current liability | | |
| Non-current liability | | |

(3) Constitution of cash and cash equivalent:

Unit: RMB

| Item | Balance as at period-end | Balance as at period-begin |
|--|--------------------------|----------------------------|
| I. Cash | 2,943,452,751.26 | 745,778,764.22 |
| Including: stock cash | 584,048.80 | 425,963.50 |
| Bank deposit available for payment at any time | 2,942,868,702.46 | 745,352,800.72 |

| | | |
|---|------------------|----------------|
| Other monetary fund available for payment at any time | | |
| Account available for payment that saving in central bank | | |
| account save interbank | | |
| account split interbank | | |
| II. Cash equivalent | | |
| Including: bond investment matured within 3 months | | |
| III. Balance of cash and cash equivalent at year-end | 2,943,452,751.26 | 745,778,764.22 |

Explanation on constitution of cash and cash equivalent:

Nil

67. Notes of changes of owners' equity

Explain the name and adjusted amount in "Other" at end of last period as well as the retroactive adjustment arising from enterprise combination under same control:

Nil

(VIII) Accounting treatment of assets securitization

1. Explain the main exchange of assets securitization and its accounting treatment and provision of bankruptcy-remote

2. Subject of special purpose without controlling rights on hand by actually bear the risks

Unit: RMB

| Name | Total assets at period-end | Total liability at period-end | Net assets at period-end | Operating income | Net profit | Note |
|------|----------------------------|-------------------------------|--------------------------|------------------|------------|------|
| | | | | | | |

(IX) Related Parties and Transactions

1. Parent company of the Company

Unit: RMB

| Parent company | Relationship | Nature | Registration place | Legal representative | Business nature | Registered capital | Currency | Proportion of shares held to the Company (%) | Proportion of voting right to the Company (%) | Final controller of the Company | Organization code |
|---|-------------------------|-------------------------|--------------------|----------------------|---------------------------------|--------------------|----------|--|---|--|-------------------|
| Wuxi Industry Development Group Co., Ltd. | Controlling shareholder | State-owned exclusively | Wuxi | Jiang Guoxiong | Operation of state-owned assets | 3,388,673,241.46 | CNY | 20% | 20% | Wuxi State-owned Assets Supervision & Administration Commission of State Council | 13600265-4 |

Explanation on parent company of the enterprise

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

2. Subsidiary of the Company

Unit: RMB

| Subsidiary of the Company | Type | Nature | Registration place | Legal representative | Business nature | Registered capital | Currency | Proportion of shares held (%) | Proportion of voting right (%) | Organization code |
|---|------------------------|-----------------|--------------------|----------------------|----------------------------|--------------------|----------|-------------------------------|--------------------------------|-------------------|
| Nanjing Weifu Jinning Co., Ltd | Controlling subsidiary | Limited company | Nanjing | Chen Xuejun | Parts of combustion engine | 346,286,825.80 | CNY | 80% | 80% | 13497754-6 |
| Weifu Lida Catalytic Purifier Co., Ltd. | Controlling subsidiary | Limited company | Wuxi | Chen Xuejun | Tail, Cleaner, muffler | 260,000,000.00 | CNY | 94.81% | 94.81% | 13600159-8 |
| Weifu Mashan Fuel Injection Co., Ltd. | Controlling subsidiary | Limited company | Wuxi | Wang Xiaodong | Parts of combustion engine | 45,000,000.00 | CNY | 100% | 100% | 13625011-3 |
| Weifu Chang'an Co., Ltd. | Controlling subsidiary | Limited company | Wuxi | Wang Xiaodong | Parts of combustion engine | 60,000,000.00 | CNY | 100% | 100% | 70354868-9 |
| Jiangsu Weifu Nano Technology Co., Ltd. | Controlling subsidiary | Limited company | Wuxi | Xu Liangfei | Nano material | 30,000,000.00 | CNY | 80% | 80% | 74066428-3 |
| Weifu Auto Diesel System Co., Ltd. | Controlling subsidiary | Limited company | Wuxi | Chen Xuejun | Parts of combustion engine | 300,000,000.00 | CNY | 100% | 100% | 76418029-1 |
| Weifu International Trade Co., Ltd. | Controlling subsidiary | Limited company | Wuxi | Gao Guoyuan | International Trade | 30,000,000.00 | CNY | 100% | 100% | 76103151-4 |
| Weifu ITM Pressure Technology Co., Ltd | Controlling subsidiary | Limited company | Wuxi | Chen Xuejun | Parts of combustion engine | 160,000,000.00 | CNY | 100% | 100% | 72418270-0 |
| Weifu Schmitter Power System Part Co., ltd | Controlling subsidiary | Limited company | Wuxi | Gao Guoyuan | Parts of combustion engine | 18,000,000.00 | CNY | 45% | 45% | 69449050-9 |
| Ningbo Weifu Tianli Pressure Technology Co., Ltd. | Controlling subsidiary | Limited company | Ningbo | Chen Xuejun | Parts of combustion engine | 104,690,000.00 | CNY | 51% | 51% | 73424810-1 |
| Chaoyang Weifu Jialin Machinery Manufacture Co., Ltd. | Controlling subsidiary | Limited company | Chaoyang | Xu Yunfeng | Parts of combustion engine | 8,000,000.00 | CNY | 51% | 51% | 78877120-5 |
| Anhui Weifu Tianshi Machinery Co., Ltd | Controlling subsidiary | Limited company | Quanjiao | Chen Xuejun | Parts of combustion engine | 10,000,000.00 | CNY | 52% | 52% | 57301523-4 |
| Kunming Xitong Machinery Co., Ltd. | Controlling subsidiary | Limited company | Kunming | Xu Yunfeng | Parts of combustion engine | 4,000,000.00 | CNY | 70% | 70% | 77554741-5 |

3. Details of joint-venture and affiliated enterprise of the Company

Unit: RMB

| Invested company | Type | Register place | Legal rep. | Business nature | Register capital | Currency | Equity proportion held by the Company (%) | Proportion of voting rights in invested company (%) | Total assets at period-end | Total liability at period-end | Total net assets at period-end | Total operation revenue in this period | Net profit in this period | Relationship | Organization code |
|---|---|----------------|--------------|--|------------------|----------|---|---|----------------------------|-------------------------------|--------------------------------|--|---------------------------|--|-------------------|
| I. Joint-venture | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Weifu Autocam Precision Machinery Corp. | Limited liability company (joint-venture) | Wuxi | Gao Guoyuan | Automobile parts | 10,000,000.00 | USD | 50% | 50% | 166,654,444.69 | 28,569,254.26 | 138,085,190.43 | 77,768,958.52 | 11,734,814.32 | Joint-venture | 77540714-8 |
| Weifu Environment Catalysts Co., Ltd | Limited liability company (joint-venture) | Wuxi | Ou Jianbin | Catalyst | 50,000,000.00 | CNY | 49% | 49% | 890,704,111.61 | 449,154,916.04 | 441,549,195.57 | 539,713,130.04 | 49,166,058.97 | Joint-venture of Weifu Lida | 75969849-1 |
| II. Affiliated enterprise | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Bosch Automobile Diesel System Co., Ltd | company limited (joint-venture) | Wuxi | BOHLER KLAUS | Accessories and matching parts of internal combustion engine | 200,000,000.00 | USD | 34% | 34% | 4,926,822,915.13 | 1,585,935,351.09 | 3,340,887,564.04 | 1,959,140,528.29 | 202,429,561.46 | Affiliated company, related company of German Robber Bosch Co., Ltd. | 60791796-6 |
| Weifu Precision Machinery Manufacturing Co., Ltd. | Limited company | Wuxi | Chen Haojun | Accessories and matching parts of internal combustion engine | 12,000,000.00 | CNY | 20% | 20% | 286,245,688.10 | 121,830,326.21 | 164,415,361.89 | 126,569,199.54 | 14,678,290.63 | Affiliated company | 73944370-7 |

4. Particulars about other related parties

| other related parties | Relationship | Organization code |
|---|---|-------------------|
| ROBERT BOSCH GMBH (German Robert Bosch Co., Ltd.) | Second largest shareholder of the Company | |
| BOSCH Corporation(Japan Bosch) | Controlling subsidiary of ROBERT BOSCH GMBH (German Robert Bosch Co., Ltd.) | |
| ROBERT BOSCH Ltd.(Brazil Bosch) | Controlling subsidiary of ROBERT BOSCH GMBH (German Robert Bosch Co., Ltd.) | |

Explanation on other related parties:

ROBERT BOSCH GMBH (German Robert Bosch Co., Ltd.) holds 14% equity (95,227,600 shares) of the Company, a second largest shareholder of the Company. BOSCH Corporation (Japan Bosch), ROBERT BOSCH Ltd. (Brazil Bosch) and Bosch Automobile Diesel System Co., Ltd are the controlling subsidiary of ROBERT BOSCH GMBH (German Robert Bosch Co., Ltd.)

5. Related transaction

(1) Statement of commodity purchased and labor service received

Unit: RMB

| Related party | Content | Pricing way and decision making procedures | Amount in this period | | Amount in last period | |
|--|---------------------|--|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | | | Amount | Ratio in similar transactions (%) | Amount | Ratio in similar transactions (%) |
| Weifu Precision Machinery Manufacturing Co., Ltd. | Commodity purchased | Market price | 43,337,697.84 | 2.57% | 79,086,892.83 | 4.02% |
| Bosch Automobile Diesel System Co., Ltd | Commodity purchased | Market price | 90,833,724.75 | 5.38% | 158,644,675.14 | 8.06% |
| Weifu Environment Catalysts Co., Ltd | Commodity purchased | Market price | 303,607,465.07 | 17.97% | 296,748,029.84 | 15.08% |
| Weifu Autocam Precision Machinery Corp. | Commodity purchased | Market price | 4,763,341.25 | 0.28% | 7,082,176.33 | 0.36% |
| Kunming Xitong (become as Controlling subsidiary after May 2011) | Commodity purchased | Market price | | | 862,689.61 | 0.04% |
| ROBERT BOSCH GMBH (German Robert Bosch Co., Ltd.) | Commodity purchased | Market price | 23,895,768.70 | 1.41% | | |
| BOSCH Corporation(Japan Bosch) | Commodity purchased | Market price | 1,060,552.01 | 0.06% | | |
| ROBERT BOSCH Ltd.(Brazil Bosch) | Commodity purchased | Market price | 1,364,598.27 | 0.08% | | |

Statement of commodity sales and labor service provided

Unit: RMB

| Related party | Content | Pricing way and decision making procedures | Amount in this period | | Amount in last period | |
|--|--------------------|--|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | | | Amount | Ratio in similar transactions (%) | Amount | Ratio in similar transactions (%) |
| Weifu Precision Machinery Manufacturing Co., Ltd. | Sales of commodity | Market price | 8,425,094.85 | 0.32% | 14,091,722.76 | 0.43% |
| Bosch Automobile Diesel System Co., Ltd | Sales of commodity | Market price | 137,990,850.23 | 5.26% | 213,933,064.95 | 6.53% |
| Kunming Xitong (become as Controlling subsidiary after May 2011) | Sales of commodity | Market price | | | 37,758,298.74 | 1.15% |
| Weifu Environment Catalysts Co., Ltd | Sales of commodity | Market price | 3,113,662.15 | 0.12% | 7,366,631.98 | 0.22% |

| | | | | | | |
|---|--------------------|--------------|--------------|-------|--------------|-------|
| Weifu Autocam Precision Machinery Corp. | Sales of commodity | Market price | 1,739,173.37 | 0.07% | 2,897,036.07 | 0.09% |
| ROBERT BOSCH GMBH (German Robert Bosch Co., Ltd.) | Sales of commodity | Market price | 7,600,801.91 | 0.29% | | |
| ROBERT BOSCH Ltd.(Brazil Bosch) | Sales of commodity | Market price | 526,248.88 | 0.02% | | |

(2) Related trusteeship/contract

Statement of related trusteeship/contract

Unit: RMB

| Assignee/co ntract-out party | Assigner/co ntractor | Entrusted /contract assets | Entrusted /contract assets amount | Assts type | Starting from | Terminated dated | Pricing basis | Income recognized in this period | Influence from the income |
|------------------------------|----------------------|----------------------------|-----------------------------------|------------|---------------|------------------|---------------|----------------------------------|---------------------------|
| | | | | | | | | | |

Statement of entrusted management and contract

Unit: RMB

| Assignee/co ntract-out party | Assigner/co ntractor | Entrusted /contract assets | Entrusted /contract assets amount | Assts type | Starting from | Terminated dated | Pricing basis | Income recognized in this period | Influence from the income |
|------------------------------|----------------------|----------------------------|-----------------------------------|------------|---------------|------------------|---------------|----------------------------------|---------------------------|
| | | | | | | | | | |

Explanation on related truster ship and contract

Nil

(3) Related leasing

Leasing-out

Unit: RMB

| Lessor | Lessee | Type of leasing | Leasing asses | Amount for leasing | Starting from | Terminated dated | Pricing basis for leasing income | Leasing income recognized in period | Leasing income influence |
|--------|--------|-----------------|---------------|--------------------|---------------|------------------|----------------------------------|-------------------------------------|--------------------------|
| | | | | | | | | | |

Statement of leasing

Unit: RMB

| Lessor | Lessee | Type of leasing | Leasing asses | Amount for leasing | Starting from | Terminated dated | Pricing basis for leasing income | Leasing income recognized in period | Leasing income influence |
|--------|--------|-----------------|---------------|--------------------|---------------|------------------|----------------------------------|-------------------------------------|--------------------------|
| | | | | | | | | | |

Explanation on related leasing:

(4) Related guarantee

Unit: RMB

| Guarantee provided | Guarantee received | Guarantee amount | Starting from | Terminated dated | Whether guarantee implemented or not |
|--------------------|--------------------|------------------|---------------|------------------|--------------------------------------|
| | | | | | |

Explanation on related leasing:

(5) Borrowed funds from related party

Unit: RMB

| Related party | Borrowed funds | Starting from | Terminated dated | Note |
|---------------|----------------|---------------|------------------|------|
| Borrow-in | | | | |
| | | | | |
| Borrow-out | | | | |

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

(6) Assets transfer, debt restructure of related party

Unit: RMB

| Related party | Type | Content | Pricing way and decision-making procedure | Amount in this period | | Amount in last period | |
|---------------|------|---------|---|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | | | | Amount | Ratio in similar transactions (%) | Amount | Ratio in similar transactions (%) |
| | | | | | | | |

(7) Other related transactions

| Item | Related party | Jan.-June 2012 | Jan.-June 2011 |
|---|---|----------------|----------------|
| Fixed assets purchased | Bosch Automobile Diesel System Co., Ltd | -- | 59,615.38 |
| Sales of fixed assets | Weifu Precision Machinery Manufacturing Co., Ltd. | -- | 149,038.46 |
| Use right payable of land and trademark | Wuxi Industry Development Group Co., Ltd. | 4,286,546.16 | 5,149,460.20 |
| Equity transfer expenses paid | Wuxi Industry Development Group Co., Ltd. | 206,289,000.00 | -- |
| Technology service paid | BOSCH Corporation(Japan Bosch) | 370,980.92 | -- |
| Equity transfer expenses paid | ROBERT BOSCH GMBH(German Robert Bosch Co. Ltd) | 137,526,000.00 | -- |
| payable Technology service | ROBERT BOSCH GMBH(German Robert Bosch Co. Ltd) | 9,635,945.94 | -- |
| Maintainance charge paid | ROBERT BOSCH GMBH(German Robert Bosch Co. Ltd) | 32,318.44 | -- |

6. Account receivable/payable for related parties

Account receivable from related parties

Unit: RMB

| Item | Related parties | Amount at period-end | Amount at period-begin |
|-------------------------|--|----------------------|------------------------|
| Account receivable | Bosch Automobile Diesel System Co., Ltd | 38,956,876.52 | 38,105,143.26 |
| Account receivable | ROBERT BOSCH GMBH(German Robert Bosch Co. Ltd) | 4,774,244.40 | |
| Account receivable | Weifu Autocam Precision Machinery Corp. | 374,563.26 | 428,635.54 |
| Account receivable | Weifu Environment Catalysts Co., Ltd | 3,976,569.38 | 5,028,473.43 |
| Account paid in advance | ROBERT BOSCH GMBH(German Robert Bosch Co. Ltd) | 67,840.00 | |
| Account paid in advance | Weifu Environment Catalysts Co., Ltd | | 310,908.79 |

Account payable for related parties

Unit: RMB

| Item | Related parties | Amount at period-end | Amount at period-begin |
|-----------------------------|---|----------------------|------------------------|
| Account payable | Weifu Precision Machinery Manufacturing Co., Ltd. | 22,001,240.00 | 19,339,630.87 |
| Account payable | Weifu Environment Catalysts Co., Ltd | 212,084,881.62 | 143,789,625.61 |
| Account payable | Bosch Automobile Diesel System Co., Ltd | 5,623,282.56 | 38,965,431.56 |
| Account payable | ROBERT BOSCH GMBH(German Robert Bosch Co. Ltd) | 21,539,981.77 | |
| Account payable | BOSCH Corporation(Japan Bosch) | 759,974.20 | |
| Account payable | ROBERT BOSCH Ltd. (Brazil Bosch) | 280,715.93 | |
| Account payable | Weifu Autocam Precision Machinery Corp. | 3,180,027.09 | 4,631,125.40 |
| Account received in advance | ROBERT BOSCH Ltd.(Brazil Bosch) | 16,118.32 | |
| Account received in advance | Weifu Precision Machinery Manufacturing Co., Ltd. | | 3,590,000.00 |

(X) Share payment**1. General particular about share payment**

| | |
|---|--|
| Total vary equity instrument granted by the Company | |
|---|--|

| | |
|--|--|
| Total vary equity instrument vesting by the Company | |
| Total vary equity instrument expired in this period | |
| Price of exercise/option range for those shares offering outside in period-end and their remain term in contract | |
| Price of exercise for other equity instrument at period-end and their remains term in contract | |

Explanation on share payment

2. Share payment settled by equity

Unit: RMB

| | |
|---|--|
| Determination method for fair value of equity instrument in granted dated | |
| Determination method for best estimation of vesting equity instrument | |
| Reasons of major difference in this period over estimation last period | |
| Share payment accumulated by equity settlement in capital reserve | |
| Total amount of share payment by equity settlement | |

Explanation on share payment settled by equity

3. Share payment settled by cash

Unit: RMB

| | |
|--|--|
| Fair value determine method of liability that bear by the Company and calculated by share or other equity instrument | |
| Liability amount accumulated arising from cash payment in liabilities | |
| Total expenses of shares payment settled by cash | |

Explanation on share payment settled by cash

4. Service payment for shares

Unit: RMB

| | |
|---|--|
| Total staff service exchange by share payment | |
| Total other service exchange by share payment | |

5. Particular about amendment of share payment and its termination

(XI) Contingent events

1. Contingent liability and its financial influence formed by un-settle lawsuits or arbitration

Nil

2. Contingent liability and its financial influence formed from debt guarantee offered to other units

Nil

Other contingent liability and its financial influence:

1. Bank saving 93,495,339.89 yuan was provided for issuing bank acceptance bill or credit margin
2. Receivable bank acceptance bill 111,993,338.06 yuan was pledge to the bank for issuing bank acceptance bill

(XII) Commitments

1. Material commitments

Nil

2. Commitments made previously

1. Privately shares offering

The privately share offering has been deliberated in 14th, 15th meeting of 6th session of the Board. In February 2012, pursuit to the approval from CSRC, the Company privately offering RMB common share (A-share) 112,858,000 shares to Wuxi Industry Group and German Robert Bosch Company.

2. The Company plans to change as a foreign-funded limited company according to the privately offering

Ended as 30 June 2012, the Company obtained the approval certificate of foreign-funded enterprise issued by Ministry of Commerce.

Approval Serial: SWZZSZi[2012] No. 0009

3. Plans to acquire 1% equity of Bosch Diesel System held by German Bosch Company

According to the “equity transfer agreement of Bosch Automobile Diesel System Co., Ltd between Weifu High-Technology Group and Robert Bosch Company (ROBERT BOSCH GMBH)”, the Company plans to acquire 1% equity of Bosch Diesel System held by German Bosch Company(ROBERT BOSCH GMBH) with part of the raised-fund in privately offering. The equity transfer has completed its registration of industry and comer ended as 30 June 2012.

4. Plans to acquire 1.5% equity of Bosch Automobile Diesel System Co., Ltd held by Wuxi Industry Development Group

According to the “equity transfer agreement of Bosch Automobile Diesel System Co., Ltd between Weifu High-Technology Group and Wuxi Industry Development Group”, the Company plans to acquire 1.5% equity of Bosch Automobile Diesel System Co., Ltd held by Wuxi Industry Development Group with part of the raised-fund in privately offering. The equity transfer has completed its registration of industry and comer ended as 30 June 2012.

(XIII) Subsequent events of balance sheet

1. Explanation on major event after balance sheet date

Unit: RMB

| Item | Content | Influence on financial status and operation results | Reasons for no estimation on influence amount |
|------|---------|---|---|
| | | | |

2. Profit distribution after balance sheet date

Unit: RMB

| | |
|---|----------------|
| Profit or dividend plans to distributed | |
| Profit or dividend declare to distributed which has been approved | 204,040,198.50 |

3. Other explanation after balance sheet date

Nil

(XIV) Other explanations on major event

1. Non-monetary asets exchange

Nil

2. Debt reorganization

Nil

3. Enterprise combination

Nil

4. Leasing

Nil

5. Financial instrument issued outside and convertible to shares in report period

Nil

6. Main content of annuity plan and major changes

Nil

7. Other events needs disclosure

Nil

(XV) Principle notes of financial statements of parent company

1. Accounts receivable

(1) Accounts receivable

Unit: RMB

| Type | Closing balance | | | | Opening balance | | | |
|--|-----------------|----------------|-------------------|----------------|-----------------|----------------|-------------------|----------------|
| | Book balance | | Bad debt reserves | | Book balance | | Bad debt reserves | |
| | Amount | Proportion (%) | Amount | Proportion (%) | Amount | Proportion (%) | Amount | Proportion (%) |
| single amount is large, and accounts receivable of single counting and drawing bad debt reserves | 6,919,976.11 | 1.1% | 6,919,976.11 | 100% | 6,919,976.11 | 0.83% | 6,919,976.11 | 100% |
| counting and drawing accounts receivable of bad debt reserves by group | | | | | | | | |

| | | | | | | | | |
|---|----------------|--------|---------------|-------|----------------|--------|---------------|-------|
| Account receivable withdrawal bad debt provision by age group | 395,595,224.62 | 62.91% | 2,723,654.07 | 0.69% | 509,026,479.48 | 60.87% | 1,844,940.62 | 0.36% |
| Account receivable withdrawal bad debt provision by subsidiary group | 221,256,966.52 | 35.18% | | | 315,176,052.13 | 37.69% | | |
| subtotal | 616,852,191.14 | 98.09% | 2,723,654.07 | 0.44% | 824,202,531.61 | 98.56% | 1,844,940.62 | 0.22% |
| though the single amount is not large, accounts receivable of single counting and drawing bad debt reserves | 5,103,395.48 | 0.81% | 5,103,395.48 | 100% | 5,106,255.66 | 0.61% | 5,106,255.66 | 100% |
| Total | 628,875,562.73 | -- | 14,747,025.66 | -- | 836,228,763.38 | -- | 13,871,172.39 | -- |

Explanation on types of accounts receivable:

Accounts receivable with over RMB 1 million of single amounts is accounts receivable of significant single amount. To accounts receivable of significant single amount, provision for bad debts is still made by aging analysis method because no objective evidence can manifest that Contingent depreciation will exceed provision for bad debts by aging analysis method. Account receivable from subsidiaries is not withdrawal bad debt provision by the Company.

Terminal single amount is large, and accounts receivable of single counting and drawing bad debt reserves

√Applicable □Not Applicable

Unit: RMB

| Item of receivable | Book balance | Bad debt | Withdrawal ratio | Reasons |
|--|--------------|--------------|------------------|------------------------------------|
| Liuzhou Special Diesel Plant | 1,612,018.00 | 1,612,018.00 | 100% | The account was too old to collect |
| Shaoyang Shenfeng Power Manufacture Co., ltd | 1,589,871.23 | 1,589,871.23 | 100% | The account was too old to collect |
| Changchai Wanzhou Diesel Co., ltd | 1,500,000.00 | 1,500,000.00 | 100% | The account was too old to collect |
| Yuejin Light-Vehicle Co., Ltd. | 1,218,086.88 | 1,218,086.88 | 100% | The account was too old to collect |
| Henan Agricultural Machinery Co | 1,000,000.00 | 1,000,000.00 | 100% | The account was too old to collect |
| Total | 6,919,976.11 | 6,919,976.11 | -- | -- |

In combination, counting and drawing accounts receivable of bad debt reserves by adopting aging of accounts

√Applicable □Not Applicable

Unit: RMB

| Ageing | Amount at period-end | | | Amount at period-begin | | |
|---------------------------|----------------------|-----------|--------------------|------------------------|-----------|--------------------|
| | Book balance | | Bad debt provision | Book balance | | Bad debt provision |
| | Amount | Ratio (%) | | Amount | Ratio (%) | |
| Within 1 year | | | | | | |
| Including: | -- | -- | -- | -- | -- | -- |
| Within 6 months | 387,569,414.62 | 97.97% | | 501,365,421.98 | 98.5% | |
| 6 months to 1 year | 3,450,068.49 | 0.87% | 345,006.85 | 4,876,407.60 | 0.96% | 487,640.76 |
| Subtotal of within 1 year | 391,019,483.10 | 98.84% | 345,006.85 | 506,241,829.58 | 99.46% | 487,640.76 |
| 1-2 years | 2,000,648.89 | 0.51% | 400,129.78 | 209,433.24 | 0.04% | 41,886.65 |
| 2-3 years | 994,291.96 | 0.25% | 397,716.78 | 2,099,672.42 | 0.41% | 839,868.97 |
| Over 3 years | 1,580,800.66 | 0.4% | 1,580,800.66 | 475,544.24 | 0.09% | 475,544.24 |
| 3-4 years | | | | | | |
| 4-5 years | | | | | | |
| Over 5 years | | | | | | |
| Total | 395,595,224.62 | -- | 2,723,654.07 | 509,026,479.48 | -- | 1,844,940.62 |

In combination, counting and drawing accounts receivable of bad debt reserves by adopting balance percentage of approach:

Applicable Not Applicable

In combination, counting and drawing accounts receivable of bad debt reserves by adopting other methods:

Applicable Not Applicable

Terminal single amount is not large, but accounts receivable of single counting and drawing bad debt reserves:

Applicable Not Applicable

Unit: RMB

| accounts receivable | book balance | bad debt reserves | counting and drawing ratio | counting and drawing reasons |
|--|--------------|-------------------|----------------------------|------------------------------------|
| Hubei Duoling Power Machinery Co., Ltd | 775,624.61 | 775,624.61 | 100% | The account was too old to collect |
| Henan Xinxiang Internal Combustion Engine Plan | 753,754.25 | 753,754.25 | 100% | The account was too old to collect |
| Yunnan Jinma Diesel General Plan | 579,210.11 | 579,210.11 | 100% | The account was too old to collect |
| Dongfeng Nanchong Automobile Co., Ltd | 569,974.38 | 569,974.38 | 100% | The account was too old to collect |
| Guangxi Liuzhou Zhongxin Engine Co., Ltd | 474,895.94 | 474,895.94 | 100% | The account was too old to collect |
| Zhejiang Agriculture Machinery Accessory Co., Ltd | 457,800.00 | 457,800.00 | 100% | The account was too old to collect |
| Changchai Group Jintan Diesel General Plant | 375,035.52 | 375,035.52 | 100% | The account was too old to collect |
| Fujian Longma Agriculture-Vehicle Manufacture Co., Ltd | 365,169.92 | 365,169.92 | 100% | The account was too old to collect |
| Other sporadic clients | 751,930.75 | 751,930.75 | 100% | The account was too old to collect |
| Total | 5,103,395.48 | 5,103,395.48 | 100% | -- |

(2) Accounts receivable switched back or taken back during the report period

Unit: RMB

| Accounts receivable | reasons for switching back or taking back | Basis for confirming bad debt reserves | switching back or taking back the counted or drawn bad debt reserves accumulated before | Amount switched back or taken back |
|---------------------|---|--|---|------------------------------------|
| | | | | |
| Total | -- | -- | | -- |

Terminal single amount is large, or not large, but counting and drawing bad debt reserves of accounts receivable by doing impairment test alone:

| accounts receivable | book balance | bad debt reserves | Counting and drawing ratio (%) | Reasons |
|---|---------------|-------------------|--------------------------------|------------------------------------|
| Account receivable with single major amount and withdrawal bad debt provision independently | 6,919,976.11 | 6,919,976.11 | 100% | The account was too old to collect |
| Account receivable with minor single amount but withdrawal bad debt provision independently | 5,103,395.48 | 5,103,395.48 | 100% | The account was too old to collect |
| Total | 12,023,371.59 | 12,023,371.59 | -- | -- |

Explanation on accounts receivable, the single amount of which is not large, but the credit risks are large after combining according to the credit risks characters:

Account receivable with minor single amount has major risk after combination of credit risk characterizes, the age is too old to recover

(3) Accounts receivable should be cancelled after verification during the report period

Unit: RMB

| Unit name | accounts receivable properties | Canceling time | Canceling amount | Canceling reasons | Whether caused by related transaction |
|-----------|--------------------------------|----------------|------------------|-------------------|---------------------------------------|
| | | | | | |

| | | | | | |
|-------|----|----|--|----|----|
| | | | | | |
| Total | -- | -- | | -- | -- |

Explanation on cancellation of accounts receivable

(4) Shareholder units holding more than 5 %(Including 5%) voting shares of the Company in accounts receivable during the report period

√Applicable □Not Applicable

Unit: RMB

| Unit name | Closing balance | | Opening balance | |
|--|-----------------|-------------------|-----------------|-------------------|
| | book balance | bad debt reserves | book balance | bad debt reserves |
| Bosch Automobile Diesel System Co., Ltd (German Bosch 的 Controlling subsidiary) | 31,874,902.46 | 0.00 | 38,064,343.06 | 0.00 |
| Total | 31,874,902.46 | 0.00 | 38,064,343.06 | 0.00 |

(5) Properties and contents of other accounts receivable with large amount

Nil

(6) Units with top five accounts receivable amount

Unit: RMB

| Unit name | Relationship with the Company | Amount | Age limit | Percentage in accounts receivable amount (%) |
|----------------|-------------------------------|----------------|---------------|--|
| Weifu Chang'an | Subsidiary | 109,325,221.32 | Within 1 year | 17.38% |
| Client 2 | Client | 61,869,270.18 | Within 1 year | 9.84% |
| Client 3 | Client | 60,446,663.84 | Within 1 year | 9.61% |
| Client 4 | Client | 59,633,479.37 | Within 1 year | 9.48% |
| Weifu Mashan | Subsidiary | 39,731,053.30 | Within 1 year | 6.32% |
| Total | -- | 331,005,688.01 | -- | 52.63% |

(7) Accounts receivable of related party

Unit: RMB

| Unit name | Relationship with the Company | Amount | Percentage in accounts receivable amount (%) |
|---|-------------------------------|----------------|--|
| Bosch Automobile Diesel System Co., Ltd | Affiliated company | 31,874,902.46 | 5.07% |
| Weifu Autocam Precision Machinery Corp. | Joint-venture | 374,563.26 | 0.06% |
| Weifu Environment Catalysts Co., Ltd | Joint-venture | 3,976,569.38 | 0.63% |
| Kunming Xitong | Subsidiary | 30,571,861.70 | 4.86% |
| Weifu Jialin | Subsidiary | 32,265,049.33 | 5.13% |
| Weifu Mashan | Subsidiary | 39,731,053.30 | 6.32% |
| Weifu Chang'an | Subsidiary | 109,325,221.32 | 17.38% |
| Weifu Tianshi | Subsidiary | 9,363,780.87 | 1.49% |
| Total | -- | 257,483,001.62 | 40.94% |

(8)

Transferring amount is 0 Yuan for accounts receivable not conforming to terminate the confirmation.

(9) It is required to introduce the relevant transaction arrangement for asset securitization taking accounts receivables as the standard

Nil

2. Other accounts receivable

(1) Other accounts receivable

Unit: RMB

| Type | Closing balance | | | | Opening balance | | | |
|---|-----------------|-----------|-------------------|-----------|-----------------|-----------|-------------------|-----------|
| | book balance | | bad debt reserves | | book balance | | bad debt reserves | |
| | Amount | Ratio (%) | Amount | Ratio (%) | Amount | Ratio (%) | Amount | Ratio (%) |
| single amount is large, and other accounts receivable of single counting and drawing bad debt reserves | 2,000,000.00 | 0.52% | 2,000,000.00 | 100% | 2,000,000.00 | 1.17% | 2,000,000.00 | 100% |
| counting and drawing other accounts receivable of bad debt reserves by group | | | | | | | | |
| Other receivable withdrawal bad debt provision by age group | 1,339,123.82 | 0.34% | | | 4,401,258.80 | 2.57% | | |
| Other receivable withdrawal bad debt provision by subsidiary group | 382,358,789.05 | 98.52% | | | 162,643,894.69 | 94.86% | | |
| subtotal | 383,697,912.87 | 98.86% | | | 167,045,153.49 | 97.43% | | |
| though the single amount is not large, other accounts receivable of single counting and drawing bad debt reserves | 2,400,000.00 | 0.62% | 2,400,000.00 | 100% | 2,400,000.00 | 1.4% | 2,400,000.00 | 100% |
| Total | 388,097,912.87 | -- | 4,400,000.00 | -- | 171,445,153.49 | -- | 4,400,000.00 | -- |

Explanation on cancellation of accounts receivable

Other accounts receivable with over RMB 1 million of single amount is other receivables of significant single amount. To other receivables of significant single amount, provision for bad debts is still made by aging analysis method because no objective evidence can manifest that Contingent depreciation will exceed provision for bad debts by aging analysis method. Account receivable from subsidiaries is not withdrawal bad debt provision by the Company.

Terminal single amount is large, and other accounts receivable of single counting and drawing bad debt reserves

√Applicable □Not Applicable

Unit: RMB

| Other accounts receivable | book balance | bad debt reserves | counting and drawing ratio | Reasons |
|--|--------------|-------------------|----------------------------|------------------------------------|
| Jiangsu Techniques and Technology Center | 2,000,000.00 | 2,000,000.00 | 100% | The account was too old to collect |
| Total | 2,000,000.00 | 2,000,000.00 | -- | -- |

In combination, counting and drawing other accounts receivable of bad debt reserves by adopting aging of accounts

√Applicable □Not Applicable

Unit: RMB

| accounts receivable age | Closing balance | | Opening balance | |
|-------------------------|-----------------|-------------------|-----------------|-------------------|
| | book balance | bad debt reserves | book balance | bad debt reserves |

| | Amount | Ratio (%) | | Amount | Ratio (%) | |
|--------------------------|--------------|-----------|----|--------------|-----------|----|
| Within one year | | | | | | |
| Including: | -- | -- | -- | -- | -- | -- |
| Within 6 months | 1,339,123.82 | 100% | | 4,401,258.80 | 100% | |
| subtotal within one year | 1,339,123.82 | 100% | | 4,401,258.80 | 100% | |
| 1-2 years | | | | | | |
| 2-3 years | | | | | | |
| over 3 years | | | | | | |
| 3-4 years | | | | | | |
| 4-5 years | | | | | | |
| over 5 years | | | | | | |
| Total | 1,339,123.82 | -- | | 4,401,258.80 | -- | |

In combination, counting and drawing other accounts receivable of bad debt reserves by adopting balance percentage of approach:

Applicable Not Applicable

In combination, counting and drawing other accounts receivable of bad debt reserves by adopting other methods:

Applicable Not Applicable

Terminal single amount is not large, but other accounts receivable of single counting and drawing bad debt reserves:

Applicable Not Applicable

Unit: RMB

| Other accounts receivable | book balance | bad debt reserves | counting and drawing ratio | Reasons |
|--|--------------|-------------------|----------------------------|------------------------------------|
| Nanjing University | 600,000.00 | 600,000.00 | 100% | The account was too old to collect |
| Southeast University | 600,000.00 | 600,000.00 | 100% | The account was too old to collect |
| Nanjing University of Science and Technology | 600,000.00 | 600,000.00 | 100% | The account was too old to collect |
| Nanjing University of Technology | 600,000.00 | 600,000.00 | 100% | The account was too old to collect |
| Total | 2,400,000.00 | 2,400,000.00 | 100% | -- |

(2) Other accounts receivable switched back or taken back during the report period

Unit: RMB

| Other accounts receivable | reasons for switching back or taking back | Basis for confirming bad debt reserves | switching back or taking back the counted or drawn bad debt reserves accumulated before | Amount switched back or taken back |
|---------------------------|---|--|---|------------------------------------|
| | | | | |
| Total | -- | -- | | -- |

Terminal single amount is large, or not large, but counting and drawing bad debt reserves of other accounts receivable by doing impairment test alone:

| accounts receivable | book balance | bad debt reserves | Counting and drawing ratio (%) | Reasons |
|---|--------------|-------------------|--------------------------------|------------------------------------|
| Other receivable with single major amount and withdrawal bad debt provision independently | 2,000,000.00 | 2,000,000.00 | 100% | The account was too old to collect |
| Other receivable with minor single amount but withdrawal bad debt provision independently | 2,400,000.00 | 2,400,000.00 | 100% | The account was too old to collect |
| Total | 4,400,000.00 | 4,400,000.00 | -- | -- |

Explanation on other accounts receivable, the single amount of which is not large, but the credit risks are large after combining according to the credit risks characters:

Other receivable with minor single amount has major risk after combination of credit risk characterizes, the age is too old to recover

(3) Other accounts receivable should be cancelled after verification during the report period

Unit: RMB

| Unit name | Other accounts receivable properties | Canceling time | Canceling amount | Canceling reasons | Whether caused by related transaction |
|-----------|--------------------------------------|----------------|------------------|-------------------|---------------------------------------|
| | | | | | |
| Total | -- | -- | | -- | -- |

Explanation on cancellation of other accounts receivable

(4) Shareholder units holding more than 5% (Including 5%) voting shares of the Company in other accounts receivable during the report period

√Applicable □Not Applicable

Unit: RMB

| Name of the company | Amount at period-end | | Amount at period-begin | |
|---------------------|----------------------|----------------------------|------------------------|----------------------------|
| | Book balance | Bad debt provision accrual | Book balance | Bad debt provision accrual |
| | | | | |
| Total | | | | |

(5) Properties and contents of other accounts receivable with large amount

Nil

(6) Units with top five other accounts receivable amount

Unit: RMB

| Unit name | Relationship with the Company | Amount | Age limit | Percentage in accounts receivable amount (%) |
|--|-------------------------------|----------------|---------------|--|
| Weifu Lida | Subsidiary | 370,915,177.38 | 1-2 years | 95.58% |
| Weifu Schmitter | Subsidiary | 11,443,611.67 | Within 1 year | 2.95% |
| Jiangsu Techniques and Technology Center | Non-related company | 2,000,000.00 | Over 3 years | 0.52% |
| Nanjing University | Non-related company | 600,000.00 | Over 3 years | 0.15% |
| Southeast University | Non-related company | 600,000.00 | Over 3 years | 0.15% |
| Nanjing University of Science and Technology | Non-related company | 600,000.00 | Over 3 years | 0.15% |
| Nanjing University of Technology | Non-related company | 600,000.00 | Over 3 years | 0.15% |
| Total | -- | 386,758,789.05 | -- | 99.65% |

(7) Other accounts receivable of related party

Unit: RMB

| Unit name | Relationship with the Company | Amount | Percentage in accounts receivable amount (%) |
|-----------------|-------------------------------|----------------|--|
| Weifu Lida | Subsidiary | 370,915,177.38 | 95.58% |
| Weifu Schmitter | Subsidiary | 11,443,611.67 | 2.95% |
| Total | -- | 382,358,789.05 | 98.53% |

(8)

Transferring amount is 0 Yuan for other accounts receivable not conforming to terminate the confirmation.

(9) It is required to introduce the relevant transaction arrangement for asset securitization taking other accounts receivables as the standard

Nil

3. Long-term equity investment

Unit: RMB

| Invested units | Calculating methods | Initial investment costs | Opening balance | increase and decrease changes | Closing balance | Share holding percentage in invested units (%) | Vote percentage in invested units (%) | Description of inconformity of share holding percentage and vote percentage in invested units | Impairment reserves | Counting and drawing impairment reserves at the current period | Cash dividends at the current period |
|---|---------------------|--------------------------|-----------------|-------------------------------|------------------|--|---------------------------------------|---|---------------------|--|--------------------------------------|
| Weifu Jinning | Cost method | 178,639,593.52 | 178,639,593.52 | | 178,639,593.52 | 80% | 80% | | | | 98,595,318.41 |
| Weifu Lida | Cost method | 230,113,855.00 | 230,113,855.00 | | 230,113,855.00 | 94.81% | 94.81% | | | | |
| Weifu Nano | Cost method | 24,000,000.00 | 24,000,000.00 | | 24,000,000.00 | 80% | 80% | | 1,500,000.00 | | |
| Weifu Diesel System | Cost method | 260,187,500.00 | 260,187,500.00 | | 260,187,500.00 | 100% | 100% | | | | 159,929,783.21 |
| Weifu Mashan | Cost method | 48,693,380.51 | 48,693,380.51 | | 48,693,380.51 | 100% | 100% | | | | |
| Weifu Chang'an | Cost method | 70,902,037.30 | 70,902,037.30 | | 70,902,037.30 | 100% | 100% | | | | |
| Weifu International Trade | Cost method | 30,999,996.22 | 30,999,996.22 | | 30,999,996.22 | 100% | 100% | | | | |
| Weifu ITM | Cost method | 167,000,000.00 | 167,000,000.00 | | 167,000,000.00 | 100% | 100% | | | | |
| Weifu Schmitter | Cost method | 8,100,000.00 | 8,100,000.00 | | 8,100,000.00 | 45% | 45% | | | | |
| Weifu Tianli | Cost method | 90,229,100.00 | 90,229,100.00 | | 90,229,100.00 | 51% | 51% | | | | |
| Weifu Jialin | Cost method | 4,685,868.73 | 4,685,868.73 | | 4,685,868.73 | 51% | 51% | | | | |
| Kunming Xitong | Cost method | 5,471,793.17 | 5,471,793.17 | | 5,471,793.17 | 70% | 70% | | | | |
| Weifu Tianshi | Cost method | 5,200,000.00 | 5,200,000.00 | | 5,200,000.00 | 52% | 52% | | | | |
| Weifu Autocam | Equity method | 37,842,087.00 | 64,679,626.18 | 5,867,407.16 | 70,547,033.34 | 50% | 50% | | | | |
| Bosch Diesel System | Equity method | 867,509,767.37 | 944,366,786.20 | 408,694,599.38 | 1,353,061,385.58 | 32.5% | 32.5% | | | | |
| Zhonglian Automobile Electronic Co., Ltd. | Equity method | 120,124,000.00 | 398,088,504.09 | 64,043,395.79 | 462,131,899.88 | 20% | 20% | | | | |
| Weifu Precision Machinery Manufacturing Co., Ltd. | Equity method | 2,000,000.00 | 29,310,914.30 | 3,013,238.10 | 32,324,152.40 | 20% | 20% | | | | |
| Guolian Securities Co., Ltd. | Cost method | 12,000,000.00 | 12,000,000.00 | | 12,000,000.00 | 1.2% | 1.2% | | | | |
| Guangxi Liufa Co., Ltd. | Cost method | 1,600,000.00 | 1,600,000.00 | | 1,600,000.00 | 1.22% | 1.22% | | 1,600,000.00 | | |
| Financial Company | Cost method | 800,000.00 | 800,000.00 | | 800,000.00 | | | | 800,000.00 | | |

| | | | | | | | | | | | |
|---|-------------|------------------|------------------|----------------|------------------|--------|--------|----|---------------|--|----------------|
| of Changchai Group Co., Ltd. | | | | | | | | | | | |
| H&J Vanguard Investment Co., Ltd. | Cost method | 33,000,000.00 | 33,000,000.00 | | 33,000,000.00 | 11.72% | 11.72% | | 33,000,000.00 | | |
| Nanjing Hengtai Insurance and Broker Co., Ltd. | Cost method | 1,000,000.00 | 1,000,000.00 | | 1,000,000.00 | 1.85% | 1.85% | | 1,000,000.00 | | |
| Jiangsu HSBC Insurance Agents Limited | Cost method | 500,000.00 | 500,000.00 | | 500,000.00 | 10% | 10% | | 500,000.00 | | |
| Yangdong Co., Ltd. | Cost method | 2,355,900.00 | 2,355,900.00 | | 2,355,900.00 | | | | 2,355,900.00 | | |
| Wuxi Xidong Technological Industry Park Co., Ltd. | Cost method | 5,000,000.00 | 5,000,000.00 | | 5,000,000.00 | 1.43% | 1.43% | | | | |
| Total | -- | 2,207,954,878.82 | 2,616,924,855.22 | 481,618,640.43 | 3,098,543,495.65 | -- | -- | -- | 40,755,900.00 | | 258,525,101.62 |

Explanation on long-term equity investment

1. Weifu Schmitter: Weifu Schmitter is a Sino-foreign joint venture jointly set up by the Company, Germany-based Schmitter Group Aktiengesellschaft and Shanghai Weishi Automobile Technology Development Co., Ltd., which obtained the No. 320200400033433 Corporate Business License issued by Wuxi Administration for Industry and Commerce, Jiangsu Province on Sept. 17, 2009. The registered capital of this company was RMB 18 million, where the Company invested RMB 8.10 million, representing 45% of the registered capital; Germany-based Schmitter Group Aktiengesellschaft invested RMB 7.20 million, representing 40% of the registered capital; Shanghai Weishi Automobile Technology Development Co., Ltd. invested RMB 2.70 million, representing 15% of the registered capital. The RMB 2.70 million contributions from the Company during the year was the first contribution. The Company was the first largest shareholder of this company and held majority of voting rights in its board of directors; therefore, the Company consolidated it into the consolidated financial statements as a subsidiary since the date of its inception.
2. Kunming Xitong: According to the equity transfer agreement entered into between the Company and Kunming Jinlida Machinery Co., Ltd., the company turns to controlling shareholders of the Company after 20% equity of Kunming Xitong held by Kunming Jinlida Machinery Co., Ltd was transferred by the Company. The equity transfer amount RMB 1.4688 million was paid by the Company.
3. Weifu Tianshi: a joint-venture set up by the Company and Anhui Quanchai Power Co., Ltd. with register capital of RMB 10 million. The Company invested RMB 5.2 million for 52% in total register capital.
4. Bosch Diesel System: According to the equity transfer agreement signed between the Company and Wuxi Industry Group, 1.5% equity of Bosch Diesel System held by Wuxi Industry Group was transferred by the Company. Equity transferring amount 206.289 million yuan was paid by the Company. According to the equity transfer agreement signed between the Company and German Robert Bosch Company, 1.00% equity of Bosch Diesel System held by German Robert Bosch Company was transferred by the Company. Equity transferring amount 137.526 million yuan was paid by the Company.

4. Operating income and cost

(1) Operating income and cost

Unit: RMB

| Item | Amount in this period | Amount in last period |
|------------------------|-------------------------|-------------------------|
| Main operating income | 993,599,313.59 | 1,337,063,029.97 |
| Other operating income | 154,616,691.60 | 235,081,357.28 |
| Operating cost | 939,317,265.51 | 1,276,037,593.43 |
| Total | 1,148,216,005.19 | 1,572,144,387.25 |

(2) Main business (according to industry)

√Applicable □Not Applicable

Unit: RMB

| Industry | Amount in this period | Amount in last period |
|----------|-----------------------|-----------------------|
|----------|-----------------------|-----------------------|

| | Operating income | Operating cost | Operating income | Operating cost |
|------------------|------------------|----------------|------------------|------------------|
| Automobile parts | 993,599,313.59 | 791,876,975.87 | 1,337,063,029.97 | 1,058,760,908.36 |
| Total | 993,599,313.59 | 791,876,975.87 | 1,337,063,029.97 | 1,058,760,908.36 |

(3) Main business (according to product)

√Applicable □Not Applicable

Unit: RMB

| Product | Amount in this period | | Amount in last period | |
|----------------------------|-----------------------|----------------|-----------------------|------------------|
| | Operating income | Operating cost | Operating income | Operating cost |
| Auto fuel injection system | 993,599,313.59 | 791,876,975.87 | 1,337,063,029.97 | 1,058,760,908.36 |
| Total | 993,599,313.59 | 791,876,975.87 | 1,337,063,029.97 | 1,058,760,908.36 |

(4) Main business (according to districts)

√Applicable □Not Applicable

Unit: RMB

| Districts | Amount in this period | | Amount in last period | |
|----------------|-----------------------|----------------|-----------------------|------------------|
| | Operating income | Operating cost | Operating income | Operating cost |
| Domestic sales | 993,599,313.59 | 791,876,975.87 | 1,337,063,029.97 | 1,058,760,908.36 |
| Total | 993,599,313.59 | 791,876,975.87 | 1,337,063,029.97 | 1,058,760,908.36 |

(5) The operating income of the top five customers of the Company

Unit: RMB

| Customer name | Primary business income | The percentage in all operating income of the Company (%) |
|---------------|-------------------------|---|
| Client 1 | 125,332,904.50 | 10.92% |
| Client 2 | 101,194,875.21 | 8.81% |
| Client 3 | 98,626,992.74 | 8.59% |
| Client 4 | 75,867,798.86 | 6.61% |
| Client 5 | 59,053,336.67 | 5.14% |
| Total | 460,075,907.98 | 40.07% |

Explanation on operating income

Nil

5. Investment income**(1) Particulars about investment income**

Unit: RMB

| Item | Amount of this period | Amount of last period |
|---|-----------------------|-----------------------|
| Income of long-term equity investment calculated based on cost | 258,525,101.62 | |
| Income of long-term equity investment calculated based on equity | 137,803,640.43 | 267,750,110.24 |
| Investment income obtained from disposal of long-term equity investment | | |
| Investment income obtained during holding trading financial assets | | |
| Investment income obtained during held-to-maturity investment gaining investment income | | |
| Investment income obtained during holding available-for-sale financial assets | | |
| Investment income obtained by handling trading financial assets | | |
| Investment income obtained from held-to-maturity investment | | |

| | | |
|---|----------------|----------------|
| Investment income obtained from available-for-sale financial assets | 740,000.00 | |
| Others | | |
| Total | 397,068,742.05 | 267,750,110.24 |

(2) Income of long-term equity investment calculated based on cost

Unit: RMB

| Company name | Amount of this period | Amount of last period | Reasons of change (+,-) |
|---------------------|-----------------------|-----------------------|--|
| Weifu Diesel System | 159,929,783.21 | | Earns in 2011 and has bonus in this year |
| Weifu Jinning | 98,595,318.41 | | Earns in 2011 and has bonus in this year |
| Total | 258,525,101.62 | | -- |

(3) Income of long-term equity investment calculated based on equity

Unit: RMB

| Company name | Amount of the current period | Amount of the last period | Reasons for changes (+,-) |
|---|------------------------------|---------------------------|---|
| Bosch Diesel System | 64,879,599.38 | 167,094,353.32 | Profit decline in this period due to influence from auto industry |
| Zhonglian Automobile Electronic Co., Ltd. | 64,043,395.79 | 84,168,402.02 | Profit decline in this period due to influence from auto industry |
| Weifu Autocam Precision Machinery Corp. | 5,867,407.16 | 10,063,876.73 | Profit decline in this period due to influence from auto industry |
| Weifu Precision Machinery Manufacture Co., Ltd. | 3,013,238.10 | 6,699,134.95 | Profit decline in this period due to influence from auto industry |
| Kunming Xitong | | -275,656.78 | Reckoned into consolidation statement since May 2011 |
| Total | 137,803,640.43 | 267,750,110.24 | -- |

Explanation on investment income:

Nil

6. Supplementary information of cash flow statement

Unit: RMB

| Supplementary information | Amount of the current period | Amount of the last period |
|--|------------------------------|---------------------------|
| 1. adjust the net profits to be cash flow for operating activities | -- | -- |
| net profits | 456,927,355.95 | 368,205,790.83 |
| Add: assets impairment preparation | 875,853.27 | 220,723.62 |
| fixed assets depreciation, oil-and-gas assets loss , productive living beings depreciation | 35,326,220.82 | 33,896,756.24 |
| intangible assets amortization | 1,967,691.85 | 335,106.84 |
| long-term deferred expenses amortization | | |
| losses from handling fixed assets, intangible assets and assets(profits fill with "--") | 227,077.17 | -3,438,904.83 |
| loss on retirement of fixed assets(profits fill with "--") | | |
| fair value change loss(profits fill with "--") | | |
| financial costs(profits fill with "--") | 5,784,955.56 | 10,794,754.04 |
| investment losses(profits fill with "--") | -397,068,742.05 | -267,750,110.24 |
| deferred income tax assets decrease(increases fill with "--") | -75,226.30 | 204,182.36 |
| deferred income tax liabilities increase(decreases fill with "--") | | |
| stock decreases(increases fill with "--") | 69,007,232.15 | -8,485,380.91 |

| | | |
|--|------------------|-----------------|
| operating receivables decrease(increases fill with “-“) | -222,038,705.84 | -196,682,627.36 |
| operating payables increase(decreases fill with “-“) | 90,002,411.96 | 165,595,031.57 |
| Others | | |
| cash flow net amount generated by operating activities | 40,936,124.54 | 102,895,322.16 |
| 2. significant investment financial activities not involving and cash deposit and withdrawal | -- | -- |
| debt turns to capital | | |
| convertible bonds due in one year | | |
| fixed assets financed by leasing | | |
| 3. net changes of cash and cash equivalents | -- | -- |
| ending balance of cash | 2,277,349,549.16 | 172,794,728.14 |
| decrease: opening balance of cash | 132,135,416.49 | 85,169,165.70 |
| increase: ending balance of cash equivalents | | |
| decrease: opening balance of cash equivalents | | |
| net increase of cash and cash equivalents | 2,145,214,132.67 | 87,625,562.44 |

7. Assets and liabilities enter into the account book with assessed value by counter purchase

Unit: RMB

| Assets and liabilities enter into the account book with assessed value | assessed value | Original book value |
|--|----------------|---------------------|
| Assets | | |
| | | |
| Liabilities | | |
| | | |

(XVI) Supplementary Information

1. REO and earnings per share

Unit: RMB

| Profits during report period | Weighted average ROE (%) | Earnings per share | |
|--|--------------------------|--------------------|-------------|
| | | Basic EPS | diluted EPS |
| net profits belong to common stock stockholders of the Company | 6.18% | 0.69 | 0.69 |
| net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses | 6.14% | 0.69 | 0.69 |

2. Abnormalities and reasons of the accounting statement items of the Company

Monetary funds: compared with the beginning of the year, an increase of 2.1818945 billion Yuan, 255.18% up at the end of the reporting period. It mainly due to the funds which came from the non-public offering stock in this year.

Prepayments: compared with the beginning of the year, a decrease of 69.8668 million Yuan, 38.09% down at the end of the reporting period. It mainly due to the equipment which had been paid and the corresponding invoice had been received.

Financial assets available for sale: compared with the beginning of the year, an increase of 290.08 million Yuan at the end of the reporting period. It mainly due to the current subscribed shares of non-public offering stocks of Shanghai.

Short-term borrowings: compared with the beginning of the year, a decrease of 495 million Yuan at the end of the reporting period. It mainly due to the funds which came from current non-public offering stock, are used to supplement the working capital, returned to bank.

Payable notes: compared with the beginning of the year, an increase of 63.1728 million Yuan, 38.45% up at the end of the reporting period. It mainly due to the settlement business of Weifu Jinning payable notes.

Payable taxes: compared with the beginning of the year, a decrease of 56.8384 million Yuan, 73.12% down at the end of the reporting period. It mainly due to the remittance of the income tax of the previous year.

Payable dividends: compared with the beginning of the year, an increase of 255.2443 million Yuan at the end of the reporting period. It mainly due to the approval of the bonus program by Meeting of shareholders of company and was implemented in July.

Deferred tax liabilities: compared with the beginning of the year, an increase of 13.5753 million Yuan at the end of the reporting period. It mainly due to the current subscribed shares of non-public offering stocks of Shanghai. According to the fair value, determined by the closing price of Stock Exchange on June 30, 2012, the deferred tax was confirmed.

Capital surplus: compared with the beginning of the year, an increase of 2.8145075 billion Yuan at the end of the reporting period. It mainly due to the current non-public offering of stock and the increase of the share premium.

Selling expenses: compared with the same period of last year, an increase of 37.4121 million Yuan, 74.07% up at the end of the reporting period. It mainly due to the growth of three packs cost.

Financial expenses: compared with the same period of last year, a decrease of 32.749 million Yuan, It mainly due to repayment of bank borrowings, and the corresponding interest expense reduced; at the same time, because of the increase of monetary funds, the interest income from bank deposits increased.

Investment income: compared with the same period of last year, a decrease of 133.6245 million Yuan. It mainly due to the impact of automotive industry, the earnings of Bosch Diesel System and Zhonglian Automobile Electronic Co., Ltd., declined compared to the same period of last year.

Income tax expenses: compared with the same period of last year, a decrease of 34.9486 million Yuan, 36.66% down. It mainly due to the impact of automotive industry, the current earnings declined compared to the same period of last year.

IX. Documents available for reference

| File catalog for reference |
|--|
| 1. Semi-annual reports with the president's own signature; 2. Financial report with signature and seal of legal representative, person in charge of financial works and accountant officer; 3. The original manuscripts of all documents and announcements of the Company publicly disclosed on China Securities Journal, Securities Times and Hong Kong Commercial Daily; 4. Article of Association |

Chairman of the Board: Chen Xuejun

Submit date approved by the board of directors: 27 August 2012