



Weifu High-Technology Group Co., Ltd.

ANNUAL REPORT 2013

April 2014

Section I. Important Notice, Contents and Paraphrase

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

Other directors attended the board meeting on auditing the report except for the following directors

Name of absent director	Position of absent director	Reason for absence	Entrusted
Xing Min	Independent director	On a business trip	Du Fangci

The profit distribution plan that deliberated and approved by the Board is: based on total stock issue of the Company dated 31 December 2013, distributed 3.00 Yuan (tax included) bonus in cash for every 10-share hold by all shareholders, 00 shares bonus issued (tax included) and no capitalizing of common reserves carried out.

Chen Xuejun, Principal of the Company, Ou Jianbin, person in charger of accounting works and Ou Jianbin, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2013 Annual Report is authentic, accurate and complete.

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

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Paraphrase

Items	Refers to	Contents
Company, The Company, Weifu High-technology	Refers to	Weifu High-Technology Group Co., Ltd.
Weifu Group	Refers to	Wuxi Weifu Group Co., Ltd.
Industry Group	Refers to	Wuxi Industry Development Group Co., Ltd.
Robert Bosch, Robert Bosch Company	Refers to	Robert Bosch Co., Ltd.、 ROBERT BOSCH GMBH
Bosch Automobile Diesel, Bosch Diesel System	Refers to	Bosch Automobile Diesel System Co., Ltd.
Weifu Automotive Diesel	Refers to	Wuxi Weifu Automotive Diesel System Co., Ltd.
Weifu Leader	Refers to	Wuxi Weifu Leader Catalytic Converter Co., Ltd.
Weifu Jinning	Refers to	Nanjing Weifu Jinning Co., Ltd.
Weifu Chang'an	Refers to	Wuxi Weifu Chang'an Co., Ltd.
Weifu Mashan	Refers to	Weifu Mashan Pump Glib Co., Ltd.
Weifu ITM	Refers to	Wuxi Weifu ITM Supercharging Technique Co., Ltd.
Weifu Tianli	Refers to	Ningbo Weifu Tianli Supercharging Technique Co., Ltd.
Weifu Jialin	Refers to	Chaoyang Weifu Jialin Machinery Manufacture Co., Ltd.
Weifu Schmidt	Refers to	Wuxi Weifu Schmidt Power System Spare Parts Co., Ltd.
Weifu International Trade	Refers to	Wuxi Weifu International Trade Co. Ltd.
Weifu Nano	Refers to	Jiangsu Weifu Nano Technology Co., Ltd.
Autocam	Refers to	Wuxi Weifu-Autocam Fine Machinery Co. Ltd.
Weifu Environment	Refers to	Wuxi Weifu Environment Catalyst Co.,Ltd.
Kunming Xitong	Refers to	Kunming Xitong Machinery Co., Ltd.
Weifu Tianshi	Refers to	Anhui Weifu Tianshi Machinery Co., Ltd.
Zhonglian Automobile Electronic	Refers to	Zhonglian Automobile Electronic Co., Ltd.
Yinlun Co.,Ltd	Refers to	Zhejiang Yinlun Machinery Co., Ltd.
Wanliyang	Refers to	Zhejiang Wanliyang Transmission Co., Ltd.
Jiangsu Hongbao	Refers to	Jiangsu Hongbao Hardware Co., Ltd.
Wiscom Technology	Refers to	Jiangsu Wiscom Technology Co., Ltd.
HopeRun Technology	Refers to	HopeRun Technology Corporation
Yunyi Electric	Refers to	Jiangsu Yunyi Electric Co., Ltd.

Jinan Qingqi	Refers to	Jinan Qingqi Motorcycle Co., Ltd.
CSRC	Refers to	China Securities Regulatory Commission
SZ Stock Exchange	Refers to	Shenzhen Stock Exchange
Jiangsu Gongzheng	Refers to	Jiangsu Gongzheng Tianye Certified Public Accountants Co., Ltd.
The reporting period	Refers to	From 1 Jan. 2013 to 31 Dec. 2013

Indication of major risks

Information Disclosure Media appointed by the Company are: *China Securities Journal*, *Securities Times*, *Hong Kong Commercial Daily* and Juchao website (www.cninfo.com.cn). All the information is based on disclosure from them. Investors are advised to pay attention to investment risks.

Section II Company profile

I. Company information

Short form of the stock	Weifu High- Tech, Su Weifu-B	Stock code	000581, 200581
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	无锡威孚高科技集团股份有限公司		
Short form of the Company (in Chinese)	威孚高科		
Foreign name of the Company(if applicable)	WEIFU HIGH-TECHNOLOGY GROUP CO.,LTD.		
Short form of foreign name of the Company(if applicable)	WFHT		
Legal representative	Chen Xuejun		
Registrations add.	No.5, Huashan Road, New District, Wuxi City		
Code for registrations add	214028		
Offices add.	No.107, Renmin West Road, Wuxi City		
Codes for office add.	214031		
Company's Internet Web Site	http://www.weifu.com.cn		
E-mail	Web @ weifu.com.cn		

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Zhou Weixing	Yan Guohong
Contact add.	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 preparation place

Newspaper appointed for information disclosure	<i>China Securities Journal; Securities Times; Hong Kong Commercial Daily</i>
Website for annual report publish appointed by CSRC	http://www.cninfo.com.cn

Preparation place for annual report	Office of the Board of Directors
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IV. Registration changes of the Company

	Date for registration	Place for registration	Registration NO. for enterprise legal license	No. of taxation registration	Organization code
Initial registration	1988-10-27	No.107, Renmin West Road, Wuxi City	GuoJiZi No.: 1707	320208250456967	25045696-7
Registration at end of report period	2013-10-20	No.5, Huashan Road, New District, Wuxi City	320200000014926	320208250456967	25045696-7
Changes of main business since listing (if applicable)	No changes				
Previous changes for controlling shareholders (if applicable)	The company's controlling shareholder was Weifu Group before 2009. The controlling shareholder changed to Industry Group from 31 st May 2009 because Industry Group merged Weifu Group in 2009. Because both Weifu Group and Industry Group were wholly state-owned companies of Wuxi State-owned Assets Supervision & Administration Commission of State Council, which as actual controller had no changes.				

V. Other relevant information

CPA engaged by the Company

Name of CPA	Jiangsu Gongzheng Tianye Certified Public Accountants Co., Ltd. (LLP)
Offices add. for CPA	No.28, Liangxi Road, Wuxi City
Signing Accountants	Bo Lingjing, Liu Darong

Sponsor engaged by the Company for performing continuous supervision duties in reporting period

Applicable Not applicable

Name of sponsor	Offices add. for sponsor	Name of sponsor deputy	Continuous supervision period
Everbright Securities Co.,Ltd	No.1508, Xinzha Road, Jing'an District, Shanghai City	Zhang Qiyong, Wen Guangxia	2012-3-1 to 2013-12-31

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

Applicable Not applicable

Section III. Accounting data and summary of financial indexes

I. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

Yes No

	2013	2012	Changes over last year (%)	2011
Operating income (RMB)	5,589,307,689.55	5,015,283,418.71	11.45%	5,898,113,089.49
Net profit attributable to shareholders of the listed company(RMB)	1,108,221,450.83	889,326,939.46	24.61%	1,204,617,075.56
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	1,013,085,655.87	852,679,760.32	18.81%	1,166,866,705.09
Net cash flow arising from operating activities(RMB)	803,958,123.13	1,165,759,218.46	-31.04%	326,269,185.07
Basic earnings per share (RMB/Share)	1.09	0.9	21.11%	1.42
Diluted earnings per share (RMB/Share)	1.09	0.9	21.11%	1.42
Weighted average ROE (%)	12.12%	11.36%	0.76%	26.27%
	End of 2013	End of 2012	Changes over end of last year (%)	End of 2011
Total assets (RMB)	13,074,232,730.91	11,055,973,932.34	18.25%	7,929,217,436.19
Net assets attributable to shareholder of listed company (RMB)	9,600,765,223.81	8,655,980,755.24	10.91%	5,064,060,401.35

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

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

In RMB

	Net profit attributable to shareholders of listed company		Net assets attributable to shareholders of listed company	
	Amount in this period	Amount in last period	Amount at period-end	Amount at period-begin
Chinese GAAP	1,108,221,450.83	889,326,939.46	9,600,765,223.81	8,655,980,755.24
Items and amount adjusted by IAS				

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

In RMB

	Net profit attributable to shareholders of listed company		Net assets attributable to shareholders of listed company	
	Amount in this period	Amount in last period	Amount at period-end	Amount at period-begin
Chinese GAAP	1,108,221,450.83	889,326,939.46	9,600,765,223.81	8,655,980,755.24
Items and amount adjusted by foreign accounting rules				

3. Reasons for the differences of accounting data under accounting rules in and out of China

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

In RMB

Item	Amount in 2013	Amount in 2012	Amount in 2011	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	13,126,709.30	4,352,926.75	3,755,577.19	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	19,375,596.41	15,105,216.19	34,526,848.90	
Gains arising from investment cost, obtained from subsidiaries, affiliated enterprises and joint ventures, which is less than fair value of identifiable net assets, that deserves to enjoy in invested units while investment obtained			727,964.94	
Profit and loss of assets delegation on others' investment or management	91,274,698.13	24,750,377.29		
Switch-back of impairment of account receivable that practice impairment test independent		789,303.74	4,435,891.56	

Other non-operating income and expenditure except for the aforementioned items	-1,806,748.05	-412,785.88	3,107,697.30	
Less: Impact on income tax	19,872,935.33	6,429,913.94	7,019,338.38	
Impact on minority shareholders' equity (post-tax)	6,961,525.50	1,507,945.01	1,784,271.04	
Total	95,135,794.96	36,647,179.14	37,750,370.47	--

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

Applicable Not applicable

Section IV. Report of the Board of Directors

I. Introduction

(I)General introduction

production and marketing on national auto market during 2013 achieved 22.1168 million and 21.9841 million respectively, announced by China Association of Automobile Manufactures, respectively increased by 14.76% and 13.87% year-on-year, including 18.0852 million and 17.9289 million respectively for production and marketing of passenger cars, respectively securing 16.50% and 15.71% year-on-year growth rate, and 4.0316 million and 4.0552 million of commercial vehicles with growth rate of 7.56% and 6.40% year-on-year respectively.

Thanks to the development of automobile industry and increase in commercial vehicles production and sales, heavy truck in particular, during the reporting period, the Company secured development direction, focusing on the target, centralized by benefits, and seize the market opportunity under the precondition of improving quality, efficiency and strictly controlling the risks and costs. Products from three major business units of the Company stability increase in production and sales, shares in major markets improved substantially, product mix gains a further optimized and operation performance of the Company growth steadily.

Operation revenue of RMB 5.589 billion for the reporting period, up 11.45% on a year-on-year basis; net profit attributable to parent company of RMB 1.108 billion, an increase of 24.61% from the year-ago period; total assets of RMB 13.074 billion, a 18.25% up year-on-year and equity attributable to owners of parent company of RMB 9,600 million, up 10.91% on a year-on-year basis.

(II)Major works

1. System and process optimization, implementation pre-control of risk management

Organize and judge the responsibility, system and process of vary functional departments, established an integrative process management model and risk management mechanism, prevent and control financial risks through process management;

2. Promote lean accounting idea and improve economic operation quality

Carry out lean accounting management and standard cost management, implement value stream analysis and cost variance analysis, strengthen project cost control and improve the financial management assures the maximization of revenue for the Group;

3. Deepening quality management, further enhance the ability in quality control

By mode of cross check, completed the annual examination plan of internal quality management system in three aspect of customer oriented process, support process and management process. Exercise on-site assessment for the service condition of quality tools, assessment coverage up to 100%. By vary means of value stream analysis and KPI Tree decomposition, promoting the preparation of SMED standard documents in vary divisions, made the bottleneck process management implemented efficiency in every divisions.

4. Orderly speed up the R&D platform and ability construction

Engineering Institute Technology Center: came to one of the provincial engineering center in first 26 enterprises conferred by NDRC of Jiangsu Province in 2013. Increase a series of high-end test capacity as SCR pump nozzle test, 3D vibration integration and test with condition variation, enhanced in the technique development test ability greatly. R&D Center of Exhaust After Treatment System: with the goal of building the first-class R&D Center, further to perfected test capacity and established and improved testing process and standards. Complete research cooperation platform and promote construction for the key laboratory. Superchargers R&D Center: carrying out works by focusing on test capacity construction, R&D project management, capacity establishment of core technology and new R&D, completing initially the building of turbine dynamometer position, debug and accepted the axis orbit test system and test system of impeller natural frequency.

5. Implemented Industrial Layout Adjustment, steadily promote infrastructure

Temporary facilities transfer of Weifu Industry Park were completed by highly design-driven and well-through planning; municipal works of industry park finished the pre-buried of road construction and drain pipe for storm sewage, and body structure of Weifu industry park will top off at the end of 2013.

6. Accelerate the information construction, strengthen group's core competence

To build up a business platform with priority of "gets through industrial value chain and achieve integration of finance and business", focusing on process optimization and system integration, establish SAP template and system management standards for group management.

II. Main business analysis

1. Introduction

In the reporting, the company's main business was automotive component and parts industry with no changes, mainly engaged in the development, manufactures and sales of automotive fuel injection system, automotive post-processing system and intake system of engine. The following table is the change of company's operating revenue, cost, and expenses etc.:

In 10 thousand yuan

Item	2013	2012	Increase y-o-y (%)
Operating revenue	558,930.77	501,528.34	11.45
Operating cost	416,980.73	377,347.76	10.50
Sales tax and additions	3,245.85	3,183.29	1.97
Sales expenses	20715.29	19,064.35	8.66
Administration expenses	55,828.54	44,454.40	25.59
Financial expenses	-5,689.11	-7,549.49	
Loss of assets impairment	8,862.12	2,111.57	319.69
Investment income	64,249.33	39,621.93	62.16
Operating profit	123,236.69	102,538.39	20.19
Total profit	125,730.96	103,801.69	21.13
Net profit attributable to owner of parent company	110,822.15	88,932.69	24.61

Review and summarization on the progress of development strategy and operation plan disclosed in previous period during the

reporting period

In 2013, based on the development of economic situation and trend of the market changes, and around the development strategy of the Company and targets at the beginning of the year, Board of the Company seized market opportunity, promoted strategic restructuring of the economy, strictly controlled the risks, positively prepared the warm-up for implementation of regulation of Standard IV Emission and market-einfuehrung, guarantee a sustainable development for the Company's operation performance.

Reasons for difference of actual operation performance has 20% lower or higher than profit forecast of the Year disclosed

Applicable Not applicable

2. Revenue

Explanation

The company mainly engaged in automobile parts, and achieved operating revenue RMB 5.589 billion, increasing 11.45% y-o-y.

Whether income from physical sales larger than income from labors or not

Yes No

Industries	Item	2013	2012	Increase/decrease y-o-y (%)
Fuel injection system—multiple-piston pump(10 thousand)	Sales volume	155	139	11.51%
	Production volume	163	135	20.74%
	Stock volume	19	11	72.73%
Fuel injection system—injector(10 thousand)	Sales volume	585	552	5.98%
	Production volume	632	505	25.15%
	Stock volume	115	68	69.12%
Post-processing system—purifier(10 thousand)	Sales volume	149	123	21.14%
	Production volume	159	124	28.23%
	Stock volume	36	26	38.46%
Post-processing system—muffler(10 thousand)	Sales volume	106	100	6%
	Production volume	105	93	12.9%
	Stock volume	9	10	-10%
Intake system—turbocharger(10 thousand)	Sales volume	28	23	21.74%
	Production volume	28	24	16.67%
	Stock volume	5	5	0%

Reasons for y-o-y relevant data with over 30% changes

Applicable Not applicable

1. Because of the stable macro-economic situation, rapidly development of the logistic industry and great growth of sales in heavy truck market, drive the stock of production and sales of the fuel injection system products growth

year-on-year.

2. With the promotion of regulation of National IV Emission Standards, stock of production and sales of the aftertreatment system products growth on a y-o-y basis

Material orders in hands

Applicable Not applicable

Material changes or adjustment for products or services of the Company in reporting period

Applicable Not applicable

Major sales of the Company

Total top five clients in sales (RMB)	2,018,065,018.65
Proportion in total annual sales volume for top five clients (%)	36.1%

Information of top five clients of the Company

Applicable Not applicable

Serial	Name	Sales (RMB)	Proportion in total annual sales (%)
1	Client 1	601,336,432.13	10.76%
2	Client 2	419,471,583.81	7.5%
3	Client 3	371,895,431.33	6.65%
4	Client 4	324,806,138.72	5.81%
5	Client 5	300,555,432.66	5.38%
Total	--	2,018,065,018.65	36.1%

3. Cost

Industry classification

In RMB

Industry classification	Item	2013		2012		Y-o-y changes (%)
		Amount	Ratio in operation cost (%)	Amount	Ratio in operation cost (%)	
Automobile parts	Direct material	2,932,939,105.10	77.47%	2,650,613,999.10	77.03%	10.65%
Automobile parts	Labor cost	336,433,791.03	8.89%	295,830,221.43	8.6%	13.73%
Automobile parts	Depreciation	113,287,016.34	2.99%	107,988,731.56	3.14%	4.91%
Automobile parts	Varieties of consumption	403,066,029.67	10.65%	386,767,817.42	11.24%	4.21%

Product classification

In RMB

Industry classification	Item	2013		2012		Y-o-y changes (%)
		Amount	Ratio in operation cost (%)	Amount	Ratio in operation cost (%)	
Fuel injection system	Direct material	2,001,127,856.10	72.11%	1,903,254,331.70	72.91%	5.14%
Fuel injection system	Labor cost	303,491,485.66	10.94%	269,670,504.29	10.33%	12.54%
Fuel injection system	Depreciation	98,562,552.54	3.55%	95,296,901.78	3.65%	3.43%
Fuel injection system	Varieties of consumption	371,768,012.63	13.4%	342,136,504.59	13.11%	8.66%
Intake system	Direct material	96,361,023.76	75.15%	112,288,382.49	79.89%	-14.18%
Intake system	Labor cost	14,606,404.08	11.39%	12,353,819.64	8.79%	18.23%
Intake system	Depreciation	9,587,386.03	7.48%	8,550,060.53	6.08%	12.13%
Intake system	Varieties of consumption	7,670,333.89	5.98%	7,355,389.59	5.23%	4.28%
Post-processing system	Direct material	835,450,225.24	94.66%	635,071,284.91	92%	31.55%
Post-processing system	Labor cost	18,335,901.29	2.08%	13,805,897.50	2%	32.81%
Post-processing system	Depreciation	5,137,077.76	0.58%	4,141,769.25	0.6%	24.03%
Post-processing system	Varieties of consumption	23,627,683.16	2.68%	37,275,923.24	5.4%	-36.61%

Note

Production and sales of post-processing system is growing faster, so direct material and labor cost etc. is growing faster.

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	1,101,122,434.17
Proportion in total annual purchase amount for top five suppliers (%)	34.26%

Information of top five suppliers of the Company

√Applicable □Not applicable

Serial	Name	Sum of purchase (RMB)	Proportion in total annual sum of purchase (%)
1	Client 1	572,876,806.37	17.83%
2	Client 2	205,426,321.64	6.39%
3	Client 3	126,786,523.40	3.95%
4	Client 4	112,931,063.61	3.51%
5	Client 5	83,101,719.15	2.59%
Total	--	1,101,122,434.17	34.26%

4. Expenses

In the reporting, the company's main expenses are as follows:

In 10 thousand yuan

Name	2013	2012	Increase y-o-y (%)
Sales expenses	20,715.29	19,064.35	8.66
Administration expenses	55,828.54	44,454.40	25.59
Financial expenses	-5,689.11	-7,549.49	
Income tax expenses	10,301.61	10,377.96	-0.74

5. R&D expenses

During the reporting period, the Company orderly speed up the R&D platform and ability construction, speed up the process of technology center of engineering institute, R&D center of exhaust after treatment and supercharge R&D center, enhanced greatly in aspect of the ability in technology development testing. In 2013, the R&D expenses of the Company were RMB211, 699,000, accounting for 2.12% of the latest audited net profit and 3.79% of the latest audited operating income.

6. Cash flow

In RMB

Item	2013	2012	Y-o-y changes (%)
Subtotal of cash in-flow from operation activity	6,384,171,015.19	6,442,560,329.86	-0.91%
Subtotal of cash out-flow from operation activity	5,580,212,892.06	5,276,801,111.40	5.75%
Net cash flow from operation activity	803,958,123.13	1,165,759,218.46	-31.04%
Subtotal of cash in-flow from investment activity	2,036,906,091.62	259,134,993.55	686.04%
Subtotal of cash out-flow from investment activity	3,094,204,131.67	1,916,823,809.13	61.42%
Net cash flow from investment activity	-1,057,298,040.05	-1,657,688,815.58	
Subtotal of cash in-flow from financing activity	888,120,000.00	3,517,125,210.00	-74.75%
Subtotal of cash out-flow from financing activity	778,844,160.72	1,338,170,679.02	-41.8%
Net cash flow from financing activity	109,275,839.28	2,178,954,530.98	-94.98%
Net increased amount of cash and cash equivalent	-144,064,077.64	1,687,024,933.86	-108.54%

Reasons for y-o-y relevant data with over 30% changes

Applicable Inapplicable

1. Net cash flow from operation activity

Net cash flow from operation activity in 2013 decreased RMB 361,801,100 than that of 2012 at a down of 31.04%, mainly because notes receivable, accounts receivable and the inventory balance increased in this year.

2. Net cash flow from investment activity

Net cash flow from investment activity in 2013 increased RMB 600,390,800 than that of 2012, mainly because investment of financial products increased in last year and the investment to joint venture Bosch Diesel System.

3. Net cash flow from financing activity

Net cash flow from financing activity in 2013 decreased RMB 2,069,678,700 than that of 2012, mainly because privately offering

raised capital RMB 2,850,124,300 in last year.

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

Applicable Not applicable

III. Composition of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio (%)	Increase/decrease of operating revenue y-o-y (%)	Increase/decrease of operating cost y-o-y (%)	Increase/decrease of gross profit ratio y-o-y (%)
According to industries						
Automobile parts	5,157,336,631.31	3,785,725,942.14	26.6%	10.88%	10.01%	0.58%
According to products						
Automobile fuel injection system	3,915,983,172.09	2,774,949,906.93	29.14%	6.78%	5.2%	1.06%
Intake system	172,146,754.65	128,225,147.76	25.51%	12.09%	13.27%	-0.78%
Automobile post-processing system	1,069,206,704.57	882,550,887.45	17.46%	28.77%	27.85%	0.59%
According to region						
Domestic	4,902,874,502.23	3,544,580,678.04	27.7%	12.4%	12.22%	0.12%
Oversea	254,462,129.08	241,145,264.10	5.23%	-12.06%	-14.65%	2.87%

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest one year's scope of period-end

Applicable Not applicable

IV. Assets and liability analysis

1. Major changes of assets

In RMB

	End of 2013		End of 2012		Ratio changes (%)	Notes of major changes
	Amount	Ratio in total assets (%)	Amount	Ratio in total assets (%)		
Monetary fund	2,447,555,672.40	18.72%	2,600,714,219.36	23.52%	-4.8%	
Account receivable	1,132,835,466.09	8.66%	1,036,392,701.40	9.37%	-0.71%	
Inventory	986,790,491.70	7.55%	759,505,087.10	6.87%	0.68%	
Investment real estate	3,424,363.44	0.03%	3,881,346.30	0.04%	-0.01%	

Long-term equity investment	2,622,500,708.20	20.06%	2,192,275,239.86	19.83%	0.23%	
Fix assets	1,471,037,804.88	11.25%	1,404,806,234.18	12.71%	-1.46%	
Construction in progress	199,463,338.80	1.53%	65,649,548.48	0.59%	0.94%	

2. Major changes of liability

In RMB

	2013		2012		Ratio changes (%)	Notes of major changes
	Amount	Ratio in total assets (%)	Amount	Ratio in total assets (%)		
Short-term loans	399,500,000.00	3.06%	70,000,000.00	0.63%	2.43%	
Long-term loans	60,000,000.00	0.46%			0.46%	

3. Assets and liabilities measured by fair value

In RMB

Items	Amount at the beginning period	Changes of fair value gains/losses in this period	Accumulative changes of fair value reckoned into equity	Devaluation of withdrawing in the period	Amount of purchase in the period	Amount of sale in the period	Amount in the end of period
Financial assets							
3.Financial assets available for sales	265,689,600.00	42,490,055.00			69,331,500.00		385,009,400.00
Aforementioned total	265,689,600.00	42,490,055.00			69,331,500.00		385,009,400.00
Financial liabilities	0.00						0.00

Whether the attribute of the company's major assets measurement has a lot changes in the reporting

Yes No

V. Analysis on core competitiveness

The Company is the important domestic supplier of automobile components, mainly providing diesel fuel injection system, vehicle post-processing system and engine intake system (booster). In recent years, the Company increased its ability to adapt to and satisfy market through optimization of product structure, consolidation of technical advantage, improvement of manufacture ability and promotion of management innovation, realizing steady expansion of economic scale and market share. During the reporting period, the core competitiveness has no change.

1. Advanced technical advantage. The Company is one of the major high-tech enterprises under the national torch plan and high-tech enterprise of Jiangsu province, focusing on technical research and owning "national technology center" and "postdoctoral scientific research work station". The Company takes the leading position as to its diesel fuel injection system technology. Common Rail Technology is the mature technology that recognized in market at present, and has over two decades development history out of China. The high pressure common rail

products, produced by joint-stock enterprise of the Company Bosche Diesel, were entered the market of China on a large scale. The above said products are the first choice for customers at present, the matching components owes a certain capacity and now is further to expand in order to push the home-made process. The Company has core technology in post-processing system and the ability to provide goods for downstream clients under centralized system. Besides, it launched new products such as SCR, POC and DOC meeting the national IV emission requirement in respect of diesel vehicles. Currently, the Company layouting the capacity in line with the market demands, and the electronic control VE pump, developed by controlling subsidiary Weifu Jinning, has qualified the emission standard of National IV.

2. Complete set of product specification, complete industry chain and great production scale. Its diesel injection system products are vastly used in diesel engines with various powers, mating for various trucks, buses, engineering machinery, Marine, generator set. The Company produced 1,630,000 set of diesel multi-cylinder pumps and 6,320,000 set of fuel injectors in the reporting period. The Company owns advanced post-processing system production lines, producing 1,590,000 set of purifiers in the reporting period. The supercharger products can satisfy needs from light and heavy business vehicles and certain passenger vehicles, producing 280,000 set of superchargers in the reporting period.

3. Stable customers and matured market. With years of development, the Company has established long-term stable partnership with many domestic main engine producers. Besides, the constant stable development of the PRC economy will drive forward the healthy development of its three major business segments.

VI. Investment analysis

1. Situation of foreign equity investment

(1) Situation of foreign investment

Situation of foreign investment		
Investment in reporting period (RMB)	Investment in same period of last year (RMB)	Changes (%)
24,981,687.00	573,815,000.00	-95.65%
Situation of the invested company		
Name	Main business	Equity proportion in invested company for Listed company (%)
Weifu Autocam	Automobile parts	51%
Weifu Schmidt	Automobile parts	66%

(2) Holding equity of financial enterprise

Name	Type	Initial investment cost(RMB)	Amount of stock-holding at the beginning of the period (Share)	Proportion of stock-holding at the beginning of the period (%)	Amount of stock-holding at the end of the period (Share)	Proportion of stock-holding at the end of the period (%)	Book value at the end of the period (RMB)	Gains and loss in the reporting (RMB)	Accounting subject	Source of stock
Guolian Securities Co., Ltd.	Securities company	12,000,000.00	18,000,000	1.2%	18,000,000	1.2%	12,000,000.00	360,000.00	Long-term stock right investment	Subscription
Nanjing Hengtai Insurance and Broker Co., Ltd.	Insurance company	1,000,000.00	1,000,000	1.85%	1,000,000	1.85%	1,000,000.00		Long-term stock right investment	Subscription
Total		13,000,000.00	19,000,000	--	19,000,000	--	13,000,000.00	360,000.00	--	--

(3) Situation of securities investment

Variety of securities	Code of securities	Short form of securities	Initial investment cost(RMB)	Amount of stock-holding at the beginning of the period (Share)	Proportion of stock-holding at the beginning of the period (%)	Amount of stock-holding at the end of the period (Share)	Proportion of stock-holding at the end of the period (%)	Book value at the end of the period (RMB)	Gains and loss in the reporting (RMB)	Accounting subject	Source of stock
Stock	600841	SDEC	199,208,000.00	23,680,000	2.72%	23,680,000	2.72%	268,294,400.00	1,681,280.00	Financial assets available for sales	Subscription
Stock	002009	Miracle Logistics	69,331,500.00			9,300,000	2.9%	116,715,000.00		Financial assets available for sales	Subscription
Total			268,539,500.00	23,680,000	--	32,980,000	--	385,009,400.00	1,681,280.00	--	--
Disclosure date of securities investment approval of Board report			2012-03-24								
Disclosure date of securities investment approval of Board report			2013-06-04								
Disclosure date of securities investment approval of Board report(if applicable)											

Statement of holding other listed companies' equity

√ Applicable □ Not applicable

On 24th March 2012, the Company approved participation in the subscription of SDEC non-public offering A share in 23rd Meeting of 6th Session of the Board, subscribing for SDEC non-public offering stocks 14.8 million shares at the price of RMB 13.46 per share, which proportion in total stocks after SDEC non-public offering stocks was 2.72%. The company committed no transfer after the subscription in 12 months, restricted period (2012-3-23-2013-3-22). SDEC implemented the plan of annual profit distribution and converting capital reserve into share capital for 2011 on 4th June 2012. (sending cash of RMB 0.5 (tax included) per every 10 shares, converting 6 shares per every 10 shares. In the reporting, the company held SDEC 23.68 million shares.

In May 2013, in line with the define authority in “Decision-making System of Major Investment and Financial”, being discussed by the management and approved from the Chairman, the Company decide to subscribe 9300000 private placement shares from Miracle Logistics with RMB 7.455 per share, a 2.9 percent in total share capital of Miracle Logistics after placement. The Company committed no transfer after the subscription in 12 months, restricted period (4 June 2013 to 3 June 2014). at the end of the reporting period the Company held Miracle Logistics 9.3 million shares.

2. Trust financing, investment of derivatives and entrustment loan

(1) Trust financing

In 10 thousand Yuan

Name of trustee	Related relationship	Whether related trade or not	Type	Amount of trust financing	Start date of trust financing	End date of trust financing	Determination method of reward	Amount of principal actual taking back in period	Amount of reserve for devaluation of withdrawing (if applicable)	Estimated income	Actual gains/losses in period
Bank, trust	Non-related party	No	Bank financing, management plan, trust products	257,685	2013-01-01	2013-12-31	According to the agreement	174,775	0		9,127.47
Total				257,685	--	--	--	174,775	0	0	9,127.47
Capital resource				All refers to the self-owned capital of the Company. The trust financing was cumulative amount; the actual capital for trust financing is RMB 2 billion at most, and recyclable within the limit.							
Overdue un-received principal and accumulated earnings amount				0							
Lawsuit involved (if applicable)				Not applicable							
Disclosure date for approval from the Board for trust financing (if applicable)				2013-03-28							
Disclosure date for approval from board of shareholders for trust financing (if applicable)											

(2) Investment of derivatives

In 10 thousand Yuan

Operator	Related relationship	Whether related trade or not	Type	Initial investment	Start date	End date	Investment amount at period-begin	Amount of reserve for devaluation of withdrawing (if applicable)	Investment amount at period-end	Ratio of investment amount at period-end in net assets of the Company at period-end (%)	Actual gains/losses in period
Total				0	--	--	0		0	0%	0
Capital resource				Not applicable							
Disclosure date for approval from the Board for investment of derivatives (if applicable)											
Disclosure date for approval from board of shareholders for investment of derivatives (if applicable)											

(3) Entrustment loan

In 10 thousand Yuan

Loan object	Whether the related party	Amount of loan	Interest rate of loan	Guarantor or collateral	Use of loan object's fund
Total	--	0	--	--	--
Disclosure date for approval from the Board for entrustment loan (if applicable)					
Disclosure date for approval from board of shareholders for entrustment loan (if applicable)					

3. Application of raised proceeds**(1) Overall application of raised proceeds**

In 10 thousand Yuan

Total raised proceeds	285,012.43
Total raised proceeds invested during the reporting period	23,802.9
Total accumulative raised proceeds invested	185,878.64
Total raised proceeds for new purposes during the reporting period	0
Total accumulative raised proceeds for new purposes	0
Proportion of the total accumulative raised proceeds for new purposes (%)	0%
General application of raised proceeds	
On 21 January 2012, the CSRC issued the reply on approving non-public issuance of Weifu High-technology Group Co., Ltd. (ZJXK(2012)No.109), pursuant to which, the Company was approved to issue new shares not exceeding 112,858,000 by non-public offering. On 10 February 2012, Jiangsu Gongzheng issued capital verification report (SGW(2012)No.B006), stating that as at 10 February 2012, Weifu High-tech has already issued 112,858,000 RMB common shares (A-share) and raised capital proceeds of RMB2,866,028,910.00. after deduction of issuance expense of RMB15,904,657.07, the net raise proceeds was RMB2,850,124,252.93. As at the end of the reporting period, raise proceeds of RMB 1,858,786,400 has been invested.	

(2) Situation of committed project of raised proceeds

In 10 thousand Yuan

Committed investment projects & investment of raised fund	Projects changed or not (including changed partially)	Total committed investment of raised capitals	Total investment after adjustment (1)	Amount invested in this year	Amount of accumulated investment till the year-end (2)	Investment program till the year-end (3)=(2)/(1)	Predicted serviceable condition date of project	Profit achieved in this year	Reach the predicted interest or not	Project feasibility was changed hugely or not
Investment project commitment										
R&D of WAPS, industrialization, productivity expansion of diesel common rail system parts	No	62,032	62,032	2,251.63	20,821.32	33.57%	2013-10-31			No
Construction project in industrial zone	No	57,750	57,750	14,928.52	16,858.09	29.19%	2013-10-31			No
Industrialization of tail treatment system	Yes	26,000	26,000	6,622.75	18,968.8	72.96%	2015-06-30			No
Research institution project	No	5,154	5,154		5,154	100%	2012-12-31			No
Battery material of engines and R&D of battery	No	10,000	10,000			0%	2012-12-31			No
Equity acquisition	No	34,381.5	34,381.5		34,381.5	100%	2012-06-30	2,348.1		No
Liquid assets	No	90,000	89,694.93		89,694.93	100%				No

supplementation										
Subtotal of commitment projects	--	285,317.5	285,012.43	23,802.9	185,878.64	--	--	2,348.1	--	--
Investment orientation for fund arising out of plan										
Total	--	285,317.5	285,012.43	23,802.9	185,878.64	--	--	2,348.1	--	--
Situation about not coming up to schemed progress or expected revenue and the reason(In specific project)	<p>1. WAPS research development and industrial diesel common rail system components capacity enhancement project. Under the feasibility report of this project, the date for reaching the condition for intended use was on 31 October 2013. As of 31 December 2013, the accumulative investment amounted to RMB 208,213,200, representing investment progress of 33.57%. Reason for lag behind the progress included:</p> <p>(1)the raised proceeds was not in place in time (the proceeds was expected to be in place in March 2011, while the actual cash time was February 2012);</p> <p>(2) The project has WAPS system products involved, which was self-developed by the Company without example, the products have completed after work of consistency and reliability and come to Market-Einfuehrung stage;</p> <p>(3) components involved in the project with diesel common rail system: currently, with the promotion of emission standards of National IV, common rail products have complete cover the market of National IV, the common rail components matching the Bosch diesel common rail products are in short supply, therefore, the Company rapid up the capacity improvement for common rail parts at present. Given this, the project will be accelerated in year of 2014.</p> <p>2. Under the feasibility report of Construction of industry park project, the date for reaching the condition for intended use was on 31 October 2013. As of 31 December 2013, the accumulative investment amounted to RMB 168,580,900, representing investment progress of 29.19%. Reason for lag behind the progress included:</p> <p>(1) in 2012, the project not to start as scheduled due to the relocation of governmental parcel;</p> <p>(2) In 1Q of 2013, relocation of government parcel was completed, the project start in April officially and in a good process recently.</p> <p>(3) The relocation expected to be completed at the end of 2014.</p> <p>3. Auto power battery materials and power battery research project. Under the feasibility report of this project, the date for reaching the condition for intended use was 31 December 2012. As of 31 December 2012, the accumulative investment was nil. Reasons included:</p> <p>(1) the raised proceeds was not in place in time;</p> <p>(2) The Company followed the project in the last two years, and there was great uncertainty in technology and policy, therefore, the Company was prudent for this project and continued to follow development of power battery and would make decisions if needed.</p>									
Amount, usage and progress of using for fund raising out of the plan	Not applicable									
Change of implementation place of investment project	Not applicable									

of raised capitals	
Adjustment of implementation way for investment project of raised capitals	Applicable
	Occurred in reporting period
	In consideration of the uncertainty of emission regulation promotion (Standard Three turns to Standard Four), and the lands are in short supply at the mean time, the original investment plan of “Industrialization of tail treatment system” met no needs of the subsidiary Wuxi Weifu Leader Catalytic Converter Co., Ltd. (hereinafter referred to as “Weifu Leader”) of implementing subject company in aspect of development. Therefore, part of the content in “Industrialization of tail treatment system” was changed by the Company. The abovementioned event has been deliberated and approve by 9 th meeting of 7 th session of the Board held on 26 March 2013 and annual shareholders’ general meeting of 2012 held on 23 May 2013 respectively, the “Proposal of Changing the Investment Plan with Raised Proceeds” was published on Juchao Website dated 28 March 2013, found more details in Notice No.: 2013-007. The adjustment for the investment plan of “Industrialization of tail treatment system” changes no investment orientation of the raised proceeds, only the investment amount changed from RMB 260 million to RMB 340 million, the adjusted part will supply with self-owned capital. The project expected to reach serviceable condition after adjustment in June 2015. The changes for raised proceed this time has no influence on the investment orientation and actual content of implementation without affect the implementation of investment plan. The adjustment guarantees a normal utilization of raised proceeds and smoothly implementation of projects of raised proceeds, and in line with the actual condition of the Company and long-term development plan.
Regulation of implementation ways of investment project of raised capitals	Applicable
	Jiangsu Gongzheng issued “Weifu High-Technology Group Co., Ltd. certified report of self-finance input raising and investment project in advance” “SGW[2012] No.: E1100”, ended as 29 th February 2012, the company actual investment amount by self-finance input raising and investment project in advance was RMB 299,120,000, including 1. R&D of WAPS, industrialization, productivity expansion of diesel common rail system parts RMB 180,050,000; 2. Construction project in industrial zone RMB 16,620,000; 3. Industrialization of tail treatment system RMB 28,560,000; 4. Research institution project RMB 51,540,000; 5. Equity acquisition RMB 22,350,000. On 3 rd March 2012, the 2 nd Meeting of 7 th Session of the Board approved of “proposal of using raised capitals to replace the fund from advanced input raised capitals project”, which agreed to replace self-finance input raised capitals project in advance by raised capitals RMB 299,120,000.
Invested in pre-phases and replacement for raised fund projects	Not applicable
Temporarily supplement for the current capitals with idle raised capitals	
Usage and trend of unused raised capitals	Not applicable
Invested in pre-phases and replacement for	On the storage and the usage of raised capitals, the company’s execution strictly based on related laws and regulations and three-party supervision protocol of raised capitals (four-party supervision protocol of raised capitals) in the reporting period.

raised fund projects	
Temporarily supplement for the current capitals with idle raised capitals	Not applicable

(3) The changed project of raised proceeds

In 10 thousand Yuan

Project after the change	Corresponding original committed project	Total amount invested after adjustment (1)	Virtual amount input in the reporting	Accumulation virtual amount input up to end of the reporting (2)	Progress of the investment deadline the end of the reporting (%) (3)=(2)/(1)	Predicted serviceable condition date of project	Income achieved in the reporting	Whether it has come up to the scheduled income	Whether the feasibility of the project changed after the alteration
Industrialization of tail treatment system	Industrialization of tail treatment system	26,000	6,622.75	18,968.8	72.96%	2015-06-30			No
Total	--	26,000	6,622.75	18,968.8	--	--	0	--	--
Changing reason, decision procedure and statement of disclosure (In specific project)		<p>In consideration of the uncertainty of emission regulation promotion (Standard Three turns to Standard Four), and the lands are in short supply at the mean time, the original investment plan of “Industrialization of tail treatment system” met no needs of the Weifu Leader in aspect of development. Therefore, part of the content in “Industrialization of tail treatment system” was changed by the Company. The abovementioned event has been deliberated and approve by 9th meeting of 7th session of the Board held on 26 March 2013 and annual shareholders’ general meeting of 2012 held on 23 May 2013 respectively, the “Proposal of Changing the Investment Plan with Raised Proceeds” was published on Juchao Website dated 28 March 2013, found more details in Notice No.: 2013-007. The adjustment for the investment plan of “Industrialization of tail treatment system” changes no investment orientation of the raised proceeds, only the investment amount changed from RMB 260 million to RMB 340 million, the adjusted part will supply with self-owned capital. The project expected to reach serviceable condition after adjustment in June 2015. The changes for raised proceed this time has no influence on the investment orientation and actual content of implementation without affect the implementation of investment plan. The adjustment guarantees a normal utilization of raised proceeds and smoothly implementation of projects of raised proceeds, and in line with the actual condition of the Company and long-term development plan.</p>							
Reasons for falling behind the target progress or target income (By projects)		Not applicable							
Explanation on major changes of feasibility after the project changed		No major changes							

4. Main subsidiaries and stock-jointly companies

Particular about main subsidiaries and stock-jointly companies

In RMB

Company name	Type	Industries	Main products or service	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Weifu Automotive Diesel	Subsidiary	Automobile parts	Fuel injection system productions	300,000,000.00	1,016,198,895.31	816,602,135.78	1,115,181,809.66	229,240,230.03	197,689,990.76
Weifu Leader	Subsidiary	Automobile parts	Post-processing system productions	502,596,300.00	1,503,123,974.03	924,670,611.73	1,119,674,519.30	100,851,924.54	96,446,312.24
Weifu Jinning	Subsidiary	Automobile parts	Fuel injection system productions	346,286,825.80	1,116,570,769.55	756,984,965.35	768,142,576.59	148,927,020.76	134,104,759.41
Bosch Automobile Diesel	Joint-stock company	Automobile parts	Fuel injection system productions	USD230,000,000.00	6,039,584,611.00	4,404,763,995.00	5,398,098,727.00	1,134,183,957.00	939,239,423.00
Zhonglian Electronic	Joint-stock company	Automobile parts	Petrol system productions	600,620,000.00	2,218,238,464.85	2,213,042,562.45	9,986,413.34	893,130,474.91	892,554,116.99

Notes of main subsidiaries and stock-jointly companies

Bosch Automobile Diesel gained net profit RMB 0.939 billion in 2013, increasing 104.13% than RMB 0.46 billion in 2012, mainly because with the promotion of National IV emission standards, the common rail products produced are in short supply

Particular about subsidiaries obtained or disposed in report period

√ Applicable □ Not applicable

Name of company	Purpose of getting and treating subsidiary in the reporting	The way of getting and treating subsidiary in the reporting	Influence on overall product and performance
Weifu Autocam	It's helpful to improve the manufacturing level of automobile parts of the Company	According to the equity transfer agreement signed between the Company and Autocam Corporation, the one percent equity of Weifu Autocam, hold by Autocam Corporation, was transferred to the Company; capital contributed by the Company accounted for 51 percent of the register capital of Weifu Autocam, thus comes to the controlling subsidiary of the Company.	To expand the business scale of the Company and improve the performance level

5. The significant progress of non-raised proceeds investment

In 10 thousand Yuan

Name of the project	Total investment amount	Investment amount in the annual	Accumulation of actual investment amount ended of the period-end	Progress of the project	Earnings of the project
Total	0	0	0	--	--

VII. Prediction of business performance from January –March 2014

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

√ Applicable □ Not applicable

Earnings pre-announcement: substantial increase

Data type applied in the earnings pre-announcement: interval number

	From the beginning to the end term of next report			The same period last year	variation(increase or decrease)			
Expected accumulated net profits(ten thousand RMB)	38,850	--	41,440	25,899.27	increase	50%	--	60%
basic earns per share	0.38	--	0.41	0.25	increase	52%	--	64%
Explanation for earnings pre-announcement	1、 The pre-announcement has not been audited by CPA in advance; 2、 The main reason of substantial increase of earnings is due to the stable increase of main business of Company. The increase of investment income also makes great contribution to the increase of earnings. The business of high pressure common rail of the enterprise invested by Company is expected to increase rapidly arising from the enforcement of emission regulation related to national standard IV. Accordingly, the investment income from the above-mentioned enterprise shall have a substantial increase.							

VIII.Special purpose vehicle under the control of company

The company has no special purpose vehicle under the control of company

IX. Prospects on future development

The Company operates business in auto components industry, producing and selling fuel injection system product, auto post-processing system products and auto intake system products.

1. Industry Competition Structure and Growing Trend

Commercial vehicles market shows a recovery growth in 2013 after two-year earlier adjustment; affected by national macroeconomic environment, policy regulations and the process of industrialization, steady progress of urbanization in particular, market of commercial vehicles remain stable as a whole;

With the promotion and execution of National IV Emission Standard on a step-by-step basis, the technical capability of core components for commercial vehicles will be effectively increased, which is beneficial to the fast development of common rail system and aftertreatment products, the industry will face a differentiation.

2. Operation plan for year of 2014

More intense competition and challenge emerged for China's automotive industry in year of 2014. In the presence of update-schedule and new changes in automotive market, the Company, continues to focus on the goals of creating a leader with core components of the automotive (energetic) concerned in China, decision-making scientifically with precision management to promote the industrial restructuring; accelerate product structure optimization, rapidly manufacturing products and developing market advantage in stage of National IV, and made breakthroughs in strategic restructuring. Making efforts to improve the quality and effectiveness of economic gains execute stable development of the enterprise and continuously update competitiveness of the Group.

(1) Seize opportunity to rapid up development of industrial restructuring focus on the market. Strongly encourage the industry of exhaust after treatment, make steady progress for fuel system industry and rapidly promote the industry of supercharger.

(2) Continuously improve management of quality, increase quality guarantee and ability to control in process continually.

(3) Perfect risk control system, strengthen the financial controlling. Reinforce budget control, respond quickly in changes of the operation environment through well-defined costs structure and break-even point, guarantee a continuously improvement in economic benefit for the Group.

(4) Carry out construction of major projects of the Group, adjust industrial layout and improve management standards. Guarantee a smooth implementation of relocation for Weifu Industry Park; trying to complete the framework construction of the main parts of factory houses of Weifu Leader Project; guarantee officially production of the Phase I project of ERP System as well as the start of Phase II project.

(5) Implement core talent strategy plans, continuous enhance efficiency of the staff and quality. Completes the term program of human resources, perfect core talent construction system of the Group.

3. Development strategy

To actively develop fuel injection system products, auto post-processing system products and engine intake system (supercharger) meeting the requirements of the national energy-saving and emission-reduction regulations. To hold independent development and external cooperation as the basic principles to realize future development strategy. To consolidate foundation, improve quality, expand market, strengthen actions and control risks based on the working principles of “pursuit for practice and efficiency”. Manage to realize the target of being the leader in domestic automobile (power engineering) core components field.

4. Risk for year of 2014

The macroeconomic environment in and out of China, automotive industry policy and execution of the National IV Emission Standards will makes a large impact on development of the Company.

X. Explanation of the Board of Directors on the “Qualified Opinion” of the report made by the CPAs

Not applicable

XI. Explanation on changes of accounting policy, accounting estimation and settlement method compared with the last year’s financial report

Compared with last year’s financial report, accounting policy, accounting estimation and settlement method has no changes.

XII. Particular about major accounting errors correction that needs retroactive re-statement in reporting period

No major accounting errors correction occurred in reporting period.

XIII. Compare with last year’s financial report; explain changes in consolidation statement’s scope

One enterprise included in the consolidation scope from a year earlier.

According to the equity transfer agreement signed between the Company and Autocam Corporation, the one

percent equity of Weifu Autocam, hold by Autocam Corporation, was transferred to the Company; capital contributed by the Company accounted for 51 percent of the register capital of Weifu Autocam, thus comes to the controlling subsidiary of the Company. Weifu Autocam included in consolidation financial scope of the Company since being subsidiary of the Company.

XIV. Profit and dividend distribution

Establishment, implementation or adjustment of profit distribution policy especially the cash dividend policy during the reporting period

Applicable Not applicable

In accordance with the “Notice on Further Implementation of Relevant Matters of Cash Dividend for Listed Company” from CSRC and “Notice on Further Implementation of Relevant Requirement of Cash Dividend for Listed Company” from Jiangsu Securities Regulatory Bureau, and according to actual circumstance of the Company, amendment of part of the clause of “Article of Association” was deliberated and approved in 2nd extraordinary general meeting of 2012 held dated 27 August 2012. (Found more in “Resolution Notice of 2nd extraordinary general meeting of 2012” released on Juchao Website dated 28 August 2012). During the reporting period, profit distribution plan of the Company is strictly in line with the regulations of cash dividend policy regulated in “Article of Association”, fully listened to the opinions from the independent directors and minority investors, safeguarded the lawful interest of minority shareholders.

Special explanation on cash dividend policy	
Satisfy regulations of General Meeting or requirement of Article of Association (Y/N):	Y
Well-defined and clearly dividend standards and proportion (Y/N):	Y
Completed relevant decision-making process and mechanism (Y/N):	Y
Independent directors perform duties completely and play a proper role (Y/N):	Y
Minority shareholders have opportunity to express opinions and demands totally and their legal rights are fully protected (Y/N):	Y
Condition and procedures are compliance and transparent while the cash bonus policy adjusted or changed (Y/N):	Not applicable

The profit distribution plan and capitalization of capital reserve plan of the Company for the last three years (reporting period included)

The profit distribution plan for 2011: based on the new total share capital of 680,133,995 shares, distribute cash dividend of RMB3.00 (tax included) for every 10 shares, and no capitalization of capital reserve. The plan has been implemented completely in July 2012.

The profit distribution plan for 2012: based on the total share capital of 680,133,995 shares as at the end of 2012, distribute cash dividend of RMB3.00 (tax included) for every 10 shares, 5 shares bonus issued (tax included) and no capitalization of capital reserve. The plan has been implemented completely in July 2013.

The profit distribution plan for 2013: based on the total share capital of 1,020,200,992 shares as at the end of 2013, distribute cash dividend of RMB3.00 (tax included) for every 10 shares, and no capitalization of capital reserve.

Cash dividend in latest three years

In RMB

Year for bonus shares	Amount for cash bonus (tax included)	Net profit attributable to shareholders of listed company in consolidation statement for bonus year	Ratio in net profit attributable to shareholders of listed company contained in consolidation statement (%)
2013	306,060,297.60	1,108,221,450.83	27.62%
2012	204,040,198.50	889,326,939.46	22.94%
2011	204,040,198.50	1,204,617,075.56	16.94%

The Company gains profits in reporting period and the retained profit of parent company is positive but no plan of cash dividend proposed

Applicable Not applicable

XV. Profit distribution plan and capitalizing of common reserves plan for the Period

Bonus shares for every 10-share (Share)	0
Dividends for every 10-share (RMB) (Tax included)	3.00
Equity base of distribution plan (Share)	1,020,200,992
Total cash dividend(RMB) (Tax included)	306,060,297.60
Distributable profits (RMB)	3,013,207,193.32
Ratio of cash dividend in total profit distribution (%)	100%
Cash dividend policy:	
Other	
Detail explanation on profit distribution or capitalization from capital public reserve	
The profit distribution plan for 2013: based on the total share capital of 1,020,200,992 shares as at the end of 2013, distribute cash dividend of RMB3.00 (tax included) for every 10 shares, and no capitalization of capital reserve.	

XVI. Social responsibility

More details of the company “social responsibility report 2013” could be found in Juchao Website, the identifiable information disclosure website by Shenzhen Stock Exchange. (www.cninfo.com.cn)

The listed company and subsidiaries is in the range of heavy pollution industry that regulated by State environment protection departments

Yes No Not applicable

The listed company and subsidiaries owes other major social safety issues

Yes No Not applicable

Administrative penalty occurred in reporting period

Yes No Not applicable

XVII. In the report period, reception of research, communication and interview

Time	Place	Way	Type	Reception	Contents discussed and material provided
2013-03-28	Office of the Board	Telephone communication	Institution	Institution	Annual report
2013-05-23	Scene of the shareholders' general meeting	Spot research	Institution	Institution	Implementation of Standard IV and views on market in 2013
2013-08-27	Office of the Board	Telephone communication	Institution	Teleconference, institutional investors, the largest online of meeting up to 81 people	The performance communication meeting of Semi-annual Report of the Company
2013-08-28	Office of the Board	Spot research	Institution	Huatai Securities industry researcher Yao Hongguang, Ding Yunbo and other 6 people	Communication and exchange of Semi-annual Report of the Company and the future development
2013-1-1 to 2013-12-31	Office of the Board	Telephone communication	Individual	Public investor	Basic condition of the Company, implementation of Standard IV and views on market in 2013
2013-1-1 to 2013-12-31	Office of the Board	Written inquiry	Individual	Public investor	The Company answered the question for investors online through the investor relations interactive platform(http://irm.p5w.net/dqhd/sic huan/)

Section V. Important Events

I. Significant lawsuits and arbitrations of the Company

Applicable Not applicable

No lawsuit or arbitration of the company in the annual.

II. Questioned from media

Applicable Not applicable

No media questioned for the Company in reporting period

III. Non-operational fund occupation of the listed company from controlling shareholder and its related parties

In 10 thousand Yuan

Shareholder or related person	Occupation date	Reasons	Amount at period-begin	Amount newly-increased in reporting period	Total amount repaid in reporting period	Amount at period-end	Estimated repayment way	Estimated repaid amount	Date for payment estimated (month)
Total			0	0	0	0	--	0	--
Ratio of total amount at period-end in net assets at period-end (%)									0%

IV. Bankruptcy reorganization

No bankruptcy reorganization of the Company

V. Trade of assets

1. Purchase of assets

The other party of transaction or final controller	Assets purchased	Purchase price(10 thousand Yuan)	Progress (Note 2)	Impact on operation of the Company (Note 3)	Impact on gains/losses of the Company (Note 4)	Ratio of net profit contributed to listed company in total net profit (%)	Related transaction or not	The related relationship(applicable for related transaction)	Date of disclosure	Index of disclosure
American Autocam Co., Ltd.	1% equity of Weifu Autocam hold	140.17	Ownership has transferred in total	In favor of improving the manufacture standards of auto parts	Enlarge operation volume and improve the performance standards		No			Not applicable
Wuxi Industry Development Group Co., Ltd.	Land assets of industry group (104,378.3 s.q.m) locates at No. 88,Huichang Road, Chang'an Street, Huishan District, Wuxi City	5,125	Relevant formalities still under procedure	To solve longstanding related transaction problems	To enhance the independence and integrity of the assets of the Company		Yes	Substantial shareholder	2013-12-12	“Part of the land assets of largest shareholder transfer by wholly-owned subsidiary and related transaction” (Notice No.: 2013-027) released on Juchao Website

2. Sales of assets

The other party of transaction or final controller	Assets sold	Sales date	Trading price (in 10 thousand Yuan)	Net profit contributed to the listed Company from the begin of the reporting to the sales date(in 10 thousand Yuan)	Impact on Company(Note3)	Ratio of net profit contributed by the sold assets for listed company in total profit (%)	Pricing principal	Related transaction or not	The related relationship(applicable for related transaction)	Assets rights concerned transferred ownership fully or not	Credit and liability concerned shifted fully or not	Date of disclosure	Index of disclosure
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3. Enterprise merger**VI. Implementation of the company's equity incentive and the effects**

No equity incentive plan formulated and implemented by the Company.

VII. Significant related transaction

1. Related transaction connected to routine operations

Related transaction parties	Related relationship	Related transaction type	Related transaction content	Pricing principal	Related transaction price	Related transaction amount (in 10 thousand Yuan)	Proportion in the amount of the same transaction (%)	Related transaction settlement mode	Similar trading market price available	Date of disclosure	Index of disclosure
Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.	Associated company	Procurement of goods or labor service	Procurement of goods	Market price		7,435.12	2.31%	According to the contract		2013-03-28	"Prediction of Daily Related Transaction for year of 2013" and "Resolution Notice of Annual Shareholders General Meeting of 2012" published on Juchao Website
Bosch Diesel System	Associated company, controlling subsidiary of German Bosch Company	Procurement of goods or labor service	Procurement of goods	Market price		20,237.51	6.3%	According to the contract			
Wuxi Weifu Environment Protection Catalyst Co., Ltd.	Joint venture of Weifu Leader	Procurement of goods or labor service	Procurement of goods	Market price		57,068.57	17.76%	According to the contract			
Weifu Autocam	Joint venture at last year and from February to June of this period	Procurement of goods or labor service	Procurement of goods	Market price		1,062.05	0.33%	According to the contract			
German Bosch Company	second largest shareholder of the Company	Procurement of goods or labor service	Procurement of goods	Market price		7,334.22	2.28%	According to the contract			
Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.	Associated company	Sales of goods	Sales of goods	Market price		1,861.53	0.33%	According to the contract			
Bosch Diesel System	Associated company, controlling subsidiary of German Bosch Company	Sales of goods	Sales of goods	Market price		60,133.64	10.76%	According to the contract			
Wuxi Weifu Environment Protection Catalyst Co., Ltd.	Joint venture of Weifu Leader	Sales of goods	Sales of goods	Market price		1,716.31	0.31%	According to the contract			
Weifu Autocam	Joint venture at last year and from February to	Sales of goods	Sales of goods	Market price		210.35	0.04%	According to the contract			

	June of this period											
Bosch Diesel System	Associated company, controlling subsidiary of German Bosch Company	Other	Technology service payable			503.94	0.09%	According to the contract				
Wuxi Weifu Environment Protection Catalyst Co.,Ltd.	Joint venture of Weifu Leader	Other	Rental receivable			206.16	0.04%	According to the contract				
Bosch Diesel System	Associated company, controlling subsidiary of German Bosch Company	Other	Purchase of fixed assets			9.64	0%	According to the contract				
Wuxi Industry Group	Substantial shareholder of the Company	Other	Land and trademark fee payable			432.32	0.08%	According to the contract				
German Bosch Company	second largest shareholder of the Company	Other	Technology service payable			1,645.82	0.29%	According to the contract				
Total					--	--	159,857.18	--	--	--	--	--
Necessity and sustainable of related transaction as well as reasons of related transaction with related parties(not with other marketing dealers)				The above mentioned related transactions are the necessary trading which closely concerned with daily operation of the Company, Board of the Company guarantee the above mentioned exercising in a fair value pricing and reasonable payment/receive condition from point of protecting interest of investors, no interest of the listed company injured.								
Influence on independence of listed company from related transaction				Shows no influence on independence of the Company								
Report the actual implementation of the normal related transactions which were projected about their total amount by types during the reporting period(if applicable)				The total amount from daily related transaction in reporting period still in the predicted amount that approved in Annual Shareholders' General Meeting of 2012, the predicted amount of daily related transactions for year of 2013 at year-begin amounting as RMB 2,294,500,000 in total.								

2. Related transaction incurred by purchase or sales of assets

Related party	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)	Clearing form for related transaction	Income from assets transfer (10 thousand Yuan)	Disclosure date	Index of disclosure
Wuxi Industry Develop	Substantial shareh	Land assets transfer	Land assets of industry group (104,378.3	Appraisal value	2,399.74	5,125	5,125	5,125	According to agreement		2013-12-12	"Part of the land assets of largest shareholder transfer by

ment Group Co., Ltd.	older		s.q.m) locates at No. 88,Huichang Road, Chang'an Street, Huishan District, Wuxi City									wholly-owned subsidiary and related transaction" (Notice No.: 2013-027) released on Juchao Website
Reason of major difference between the transfer price and book value or assessed value(if applicable)				The purchase of the land is occurred earlier, and the real estate market price rose faster in recent years.								
Influence on the operation results and financial status of the Company				To solve longstanding problems and related transactions of big shareholders industrial group, and to enhance the independence and integrity of the assets of the Company								

3. Significant related transaction from jointly investment outside

Same investors	Relationship	Pricing principle	Enterprise invested	Main business of invested enterprise	Register capital of invested enterprise	Total assets of invested enterprise(10 thousand Yuan)	Net assets of invested enterprise(10 thousand Yuan)	Net profit of invested enterprise(10 thousand Yuan)

4. Credits and liability of related party

Whether have non-operation related liabilities and credits relations or not

Yes No

Related party	Relationship	Type	Reasons for occurring	Whether has non-operation fund occupation or not	Balance at period-begin (10 thousand Yuan)	Amount in this period(10 thousand Yuan)	Balance at period-end (10 thousand Yuan)

5. Other significant related transactions

Nil

Inquiry of disclosure website for relevant interim reports of material related transaction

Notice name	Dated for disclosed	Website for interim report disclosed

VIII. Significant contracts and its implementation

1. Trusteeship, contracting and lease

(1) Trusteeship

Explanation on trust

Not applicable

Items generated over 10% gains/losses in total profit in reporting period for the Company

Applicable Not applicable

(2) Contract

Explanation on contract

Not applicable

Items generated over 10% gains/losses in total profit in reporting period for the Company

Applicable Not applicable

(3) Lease

Explanation on lease

Not applicable

Items generated over 10% gains/losses in total profit in reporting period for the Company

Applicable Not applicable

2. Guarantees

In 10 thousand Yuan

Particulars about the external guarantee of the Company (Barring the guarantee for the controlling subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party (Yes or no)
Guarantee of the Company for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party (Yes or no)
Ningbo Tianli Turbocharging Technology Co., Ltd.	2014-01-17	6,000	2013-12-24	6,000	Joint liability guaranty	3 years	No	No
Total amount of approving guarantee for subsidiaries in report period (B1)			25,000	Total amount of actual occurred guarantee for subsidiaries in report period (B2)			6,000	
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)			25,000	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)			6,000	
Total amount of guarantee of the Company(total of two abovementioned guarantee)								
Total amount of approving guarantee in report period (A1+B1)			25,000	Total amount of actual occurred guarantee in report period (A2+B2)			6,000	
Total amount of approved			25,000	Total balance of actual			6,000	

guarantee at the end of report period (A3+B3)		guarantee at the end of report period (A4+B4)	
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4)(%)		0.62%	
Including:			
Amount of guarantee for shareholders, actual controller and its related parties(C)		0	
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(D)		0	
Proportion of total amount of guarantee in net assets of the Company exceed 50%(E)		0	
Total amount of the aforesaid three guarantees(C+D+E)		0	

Explanation on guarantee with composite way

(1) Guarantee provided against regulations

In 10 thousand Yuan

Guarantee name	Relationship with listed company	Amount guarantee against regulation	Ratio in net assets at period-end (%)	Guarantee type	Guarantee term	Amount guarantee against regulation ended before annual report	Ratio in net assets at period-end (%)	Predicted methods to relieve	Predicted amount relieve	Predicted date relieve(month)
Total		0	0%	--	--	0	0%	--	--	--

3. Other significant contract

Company entered into a contract	Name of counterpart	Date of contract	Book value of amount involved in contract (in 10 thousand Yuan) (if applicable)	Appraisal value for assets involved in contract(in 10 thousand Yuan) (if applicable)	Appraisal agency (if applicable)	Base date of assets evaluation (if applicable)	Pricing principle	Trading price (in 10 thousand Yuan)	Whether constitute related transaction or not	Related relationship	Implementation ended as reporting period

4. Other significant transaction

Nil

IX. Implementation of commitments

1. Commitments from the Company or shareholders (with over 5% shares held) occurred in reporting period or occurred in previous period but continued to this period

Commitments	Commitment party	Contents	Dated for commitment	Commitment term	Implementation
	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	2006-04-05		Implemented after related policy released

		of governance encouragement system of listed company, the Group would the stock incentive plan for management level of Weifu High-tech.			
Commitments in report of acquisition or equity change					
Commitments in assets reorganization					
Commitments in initial public offering or refinancing	Wuxi Industry Development Group Co., Ltd. and ROBERT BOSCH GMBH	The privately offering of the Company totally issue 112,858,000 A-shares to substantial 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 to minority shareholders of the Company					
Completed on time or not	Yes				
Detail reasons for un-completion and further plan(if applicable)	Not-applicable				

2. Concerning assets or project of the Company, which has profit forecast, and reporting period still in forecasting period, explain reasons of reaching the original profit forecast

Assets or project owes profit forecast	Date starting for forecast	Date ended for forecast	Forecast performance currently (in 10 thousand Yuan)	Actual performance currently (in 10 thousand Yuan)	Reasons failure to reached forecast (if applicable)	Disclosure date for original forecast	Index of original forecast

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

Accounting firm appointed

Name of domestic accounting firm	Jiangsu Gongzheng Tianye CPA Co., Ltd. (LLP)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	150
Continuous life of auditing service for foreign accounting firm	22
Name of domestic CPA	Bo Lingjing, Liu Darong

Whether re-appointed accounting firms in this period or not

Yes No

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

Applicable Not applicable

Being deliberated in Annual Shareholders General Meeting of 2012, Jiangsu Gongzheng Tianye CPA Co., Ltd. was appointed as audit accounting firm for internal control of the Company for year of 2013. For supervision needs of targeted placement of 2012, Everbright Securities Co., Ltd. was the sponsor of the Company for duty of continues supervising.

XI. Explanation from Supervisory Committee and Independent Directors (if applicable) for “Qualified Opinion” from the CPA

Not applicable

XII. Penalty and rectification

Name	Type	Reasons	Type of investigation and penalty	Conclusion (if applicable)	Disclosure date	Index of disclosure
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Explanation on rectification

Particular about directors, supervisors, senior executives and shareholders with over 5% shares held suspected illegal dealings of the stock of the Company and earnings of illegal dealings taken back by the Company that disclosed

Applicable Not applicable

XIII. Suspension and delisting after disclosure of annual report

Not applicable

XIV. Other material events

Nil

XV. Significant events of the subsidiaries

Nil

XVI. Corporate bond offering

Nil

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Shares

In shares

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion (%)	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion (%)
I. Restricted shares	156,186,216	22.96%		78,093,107			78,093,107	234,279,323	22.96%
1. State holding	0							0	
2. State-owned corporate shares	79,311,999	11.66%		39,655,999			39,655,999	118,967,998	11.66%
3. Other domestic shares	33,817	0.01%		16,908			16,908	50,725	0.01%
Including: domestic corporate shares	0							0	
Domestic nature person shares	33,817	0.01%		16,908			16,908	50,725	0.01%
4. Foreign shares	76,840,400	11.3%		38,420,200			38,420,200	115,260,600	11.3%
Including: Foreign corporate shares	76,840,400	11.3%		38,420,200			38,420,200	115,260,600	11.3%
Foreign nature person shares	0							0	
II. Unrestricted shares	523,947,779	77.04%		261,973,890			261,973,890	785,921,669	77.04%
1. RMB Ordinary shares	409,027,779	60.14%		204,513,890			204,513,890	613,541,669	60.14%
2. Domestically listed foreign shares	114,920,000	16.9%		57,460,000			57,460,000	172,380,000	16.9%
3. Foreign listed foreign shares	0							0	
4. Other	0							0	
III. Total shares	680,133,995	100%		340,066,997			340,066,997	1,020,200,992	100%

Reasons for share changed

√Applicable □Not applicable

According to the equity distribution plan for 2012: based on the total share capital of 680,133,995 shares dated 31 December 2013, distributed 3 Yuan (tax included) bonus in cash for every 10-share hold by all shareholders, 5 shares bonus issued (tax included) and no capitalizing of common reserves carried out. The plan has been implemented completely in July 2013, the total share capital of the Company increased from 680,133,995 shares to 1,020,200,992 shares.

Approval of share changed

√Applicable □Not applicable

The equity distribution plan for 2012 was deliberated and approved by 2012 Annual General Meeting in May 2013.

Ownership transfer of share changed

√Applicable □Not applicable

The equity distribution plan for 2012 was deliberated and approved by 2012 Annual General Meeting in May 2013 and it has been implemented completely in July 2013.

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

√Applicable □Not applicable

During the reporting period, share capital increase to 1,020,200,992 shares from 680,133,995 shares due to the implementation of annual interest distribution plan for year of 2012, thus, earnings per shares diluted to RMB 1.09, and net assets per share attributable to common shareholders of Company diluted to RMB 9.41.

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

Applicable Not applicable

II. Security offering and listing

1. Previous security offering in latest three years at period-end

Stock/derivative securities	Offering date	Offering price (or interest rate)	Circulation number	Listing date	Numbers approved for trading	End of trading date
Stock						
Privately offering	2012-02-07	25.395	112,858,000	2012-02-29	112,858,000	
Convertible corporate bond, separable-traded convertible bond and corporate bonds						
Warrant						

Explanation on security offering in previous three years

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. Explanation on changes of total shares and shareholders structure as well as changes of structure of assets and liability

According to the equity distribution plan for 2012: based on the total share capital of 680,133,995 shares dated 31 December 2013, distributed 3 Yuan (tax included) bonus in cash for every 10-share hold by all shareholders, 5 shares bonus issued (tax included) and no capitalizing of common reserves carried out. The plan has been implemented completely in July 2013, the total share capital of the Company increased from 680,133,995 shares to 1,020,200,992 shares. Shareholders structure and structure of assets and liability of the Company had no change.

3. Existing internal staff shares

Offering date of internal staff shares	Offering price for internal staff shares(RMB)	Circulation numbers of internal staff shares(Share)

III. Particulars about shareholder and actual controller of the Company

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

In shares

Total shareholders at the end of reporting period	34,932	Total shareholders ended as the 5 th trading day before annual report disclosed	43,033					
Particulars about shares held above 5% by shareholders or top 10 shareholding								
Full name of Shareholders	Nature of shareholder	Proportion of shares held (%)	Total shareholders at the end of report period	Changes in report period	Amount of restrict shares held	Amount of un-restrict shares held	Number of share pledged/frozen	
							State of share	Amount
WUXI INDUSTRY DEVELOPMENT CROUP CO., LTD.	State-owned legal person	20%	204,059,398	68019799	118,967,998	85,091,400		
ROBERT BOSCH	Foreign legal	14%	142,841,400	47613800	115,260,600	27,580,800		

GMBH	person							
China Construction Bank—Fullgoal Tianbo Innovation Theme Stock Securities Investment Fund	Domestic non-state-owned legal person	1.65%	16,800,000	-2429260		16,800,000		
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign legal person	1.58%	16,111,179	15691758		16,111,179		
BOCOM—Fullgoal Tianyi Value Security Investment Fund	Domestic non-state-owned legal person	1.46%	14,944,463	7075973		14,944,463		
China Merchants Bank Co., Ltd.—Fullgoal Tianhe Stable Selected Securities Investment Fund	Domestic non-state-owned legal person	1.15%	11,778,994	4496878		11,778,994		
CCB—Yinhua Core Value Selected Securities Investment Fund	Domestic non-state-owned legal person	1.08%	11,026,311	425912		11,026,311		
NCI—Bonus—Individual Bonus -018L-FH002 Shen	Domestic non-state-owned legal person	0.86%	8,723,489	3868971		8,723,489		
National Social Security Fund-108 portfolio	Domestic non-state-owned legal person	0.71%	7,249,714	7249714		7,249,714		
Zhongrong International Trust – Huixin No.1 Securities Investment Single Fund Trust	Domestic non-state-owned legal person	0.7%	7,153,378	7153378		7,153,378		
Explanation on associated relationship among the aforesaid shareholders	Among the top ten shareholders, the Company knew there has no associated relationship between Wuxi Industry Development Group Co., Ltd., the first largest shareholder of the Company, and other shareholders; and they do not belong to the 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 Security Investment Fund and Fullgoal Tianhe Stable Selected Securities Investment Fund shares same fund manager –Fullgoal Fund Management Co., Ltd.							
Particular about top ten shareholders with un-restrict shares held								
Shareholders' name	Amount of un-restricted shares held at period-end	Type of shares						
		Type	Amount					
WUXI INDUSTRY DEVELOPMENT GROUP CO., LTD.	85,091,400	RMB common shares	85,091,400					
ROBERT BOSCH GMBH	27,580,800	Domestically foreign shares	27,580,800					
China Construction Bank—Fullgoal Tianbo Innovation Theme Stock Securities Investment Fund	16,800,000	RMB common shares	16,800,000					
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	16,111,179	Domestically foreign shares	16,111,179					
BOCOM—Fullgoal Tianyi Value Security Investment Fund	14,944,463	RMB common shares	14,944,463					
China Merchants Bank Co., Ltd.—Fullgoal Tianhe Stable Selected Securities Investment Fund	11,778,994	RMB common shares	11,778,994					
CCB—Yinhua Core Value Selected Securities Investment Fund	11,026,311	RMB common	11,026,311					

		shares	
NCI—Bonus—Individual Bonus -018L-FH002 Shen	8,723,489	RMB common shares	8,723,489
National Social Security Fund-108 portfolio	7,249,714	RMB common shares	7,249,714
Zhongrong International Trust – Huixin No.1 Securities Investment Single Fund Trust	7,153,378	RMB common shares	7,153,378
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	Among the top ten shareholders, the Company knew there has no associated relationship between Wuxi Industry Development Group Co., Ltd., the first largest shareholder of the Company, and other shareholders; and they do not belong to the 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 Security Investment Fund and Fullgoal Tianhe Stable Selected Securities Investment Fund shares same fund manager –Fullgoal Fund Management Co., Ltd.		

Whether has a buy-back agreement dealing in reporting period

Yes No

2. Controlling shareholder of the Company

Corporation

Controlling shareholder	Legal rep./person in charge of unit	Date established	Organization code	Register capital	Main business
Wuxi Industry Development Group Co., Ltd.	Jiang Guoxiong	1995-10-05	13600265-4	RMB 3,589,379,241.46	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, entrust enterprise and management
Operation result, financial status, cash flow and future development strategy etc.	Not applicable				
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	Substantial shareholder of the Company—Industry Group is the controlling shareholder of Wuxi Taiji Industry Co., Ltd. (stock code: 600667)				

Changes of controlling shareholder in reporting period

Applicable Not applicable

3. Actual controller of the Company

Corporation

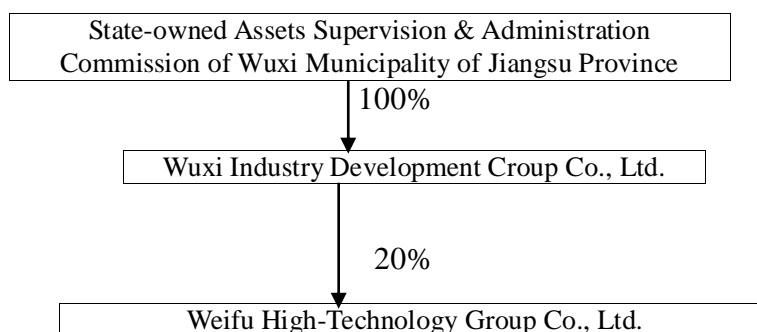
Actual controller	Legal rep./person in charge of unit	Date established	Organization code	Register capital	Main business
State-owned Assets Supervision & Administration Commission of Wuxi Municipality of Jiangsu Province					
Operation result, financial status, cash flow and	Not applicable				

future development strategy etc.	
Equity of other domestic/foreign listed company controlled by actual controller in reporting period	Not applicable

Changes of actual controllers reporting period

Applicable Not applicable

Property right and controlling relationship between the actual controller and the Company is as follow:



Actual controller controlling the Company by entrust or other assets management

Applicable Not applicable

4. Particulars about other legal person shareholders with over 10% shares held

Corporate shareholders	Legal rep./person in charge of unit	Date established	Organization code	Register capital	Main business or management activity
ROBERT BOSCH GMBH	Heiko Carrie、Bettina Holzwarth	1886-11-15		EUR 1,200 million	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

IV. Share holding increasing plan proposed or implemented in reporting period from shareholder of the Company and its concerted action person

Shareholder/concerted action person	Shares holding plans to increased	Ratio of shares plans to increased (%)	Shares holding actually increased	Ratio of shares actually increased (%)	Initial disclosure date	Disclosure dated for end of shareholding increased

Explanation on others

Not applicable

Section VII. Particulars about Directors, Supervisors and Senior Executives and Employees

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

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period-beg in (Share)	Increasing shares held in this period (Share)	Decreasing shares held in this period (Share)	Shares held at period-end (Share)
Chen Xuejun	Chairman	Currently in office	M	46	2012-03-07	2015-03-06	3,169	1,584		4,753
Wang Xiaodong	Vice Chairman & GM	Currently in office	M	47	2012-03-07	2015-03-06	521	260		781
Rudolf Maier	Vice Chairman	Currently in office	M	56	2012-03-07	2015-03-06				
Ge Songping	Director	Currently in office	M	59	2012-03-07	2015-03-06	25,468	12,734		38,202
Hua Wanrong	Director	Currently in office	F	49	2012-03-07	2015-03-06				
Chen Yudong	Director	Currently in office	M	52	2012-03-07	2015-03-06				
Ou Jianbin	Director, Deputy General Manager and financing Charger	Currently in office	M	47	2012-03-07	2015-03-06				
Du Fangci	Independent Director	Currently in office	M	69	2012-03-07	2015-03-06				
Yu Xiaoli	Independent Director	Currently in office	F	50	2012-03-07	2015-03-06				
Xing Min	Independent Director	Currently in office	M	59	2012-03-07	2015-03-06				
Zhang Hongfa	Independent Director	Currently in office	M	49	2012-03-07	2015-03-06				
Shi Xingyuan	Chairman of the Supervisory Committee	Currently in office	M	51	2012-03-07	2015-03-06	1,782	891		2,673
Gao Guoyuan	Supervisor	Currently in office	M	59	2012-03-07	2015-03-06	10,297	5,148		15,445
Liu Jinjun	Supervisor	Currently in office	M	38	2012-03-07	2015-03-06				
Miu Yuming	Deputy GM	Currently in office	M	50	2012-03-07	2015-03-06				
Wang Yawei	Deputy GM	Currently in office	M	58	2012-03-07	2015-03-06				
Xu Yunfeng	Deputy GM	Currently in office	M	42	2012-03-07	2015-03-06	2,000	1,000		3,000
Zhou Weixing	Secretary of Board	Currently in office	M	50	2012-03-07	2015-03-06	2,377	1,188		3,565
Total	--	--	--	--	--	--	45,614	22,805	0	68,419

II. Post-holding

Major working experience of directors, supervisors and senior executive at the present in latest five years

Mr. Chen Xuejun, born in May 1967, a university background and a senior economist. He worked for the Company in July of 1986. He has served as chairman of 4th and 5th Session of supervisory committee, deputy chairman of 6th Session of the Board and General Manager of the Company. Now he serves as Director of Board of Industry Group, substantial shareholder of the Company and also is the Chairman of 7th session of the Board and secretary of Party Committee.

Mr. Wang Xiaodong, born in November 1966, a university graduate, MBA and senior engineer. He worked in the Company in 1989 and has served successively as Division Chief of Products Development Department of the Company, deputy GM of Bosch Automotive Diesel System Co., Ltd. and supervisor of 6th Session of Supervisory Committee of the Company. Now he serves as deputy chairman of 7th session of the Board and GM of the Company.

Mr. Rudolf Maier, born in October 1957, a German citizenship with a doctor degree. He has served successively as chairman of commercial vehicle dept. diesel injection system, in German Bosch, chairman of German Bosch Diesel System China, deputy chairman of Bosch Automobile Diesel and Director of 5th and 6th Session of the Board. Now he serves as executive deputy chairman of technology research of German Bosch Diesel System and deputy Chairman of 7th session of the Board.

Mr. Ou Jianbin, born in June 1966, a senior college graduated and an accountant. He worked for the Company in July 1987, and served as Director and deputy GM of Weifu Jinning, Deputy GM and GM of Weifu Leader. Now he serves as Director of 7th session of the Board, standing deputy GM and CFO of the Company.

Mr. Ge Songping, born in November 1954, a senior college graduated and a senior accountant. He has served successively as deputy GM of Industry Group, substantial shareholder of the Company and secretary of discipline committee, Director of 5th and 6th Session of the Board. Now he serves as vice researcher of Industry Group, substantial shareholder of the Company and Director of 7th session of the Board.

Ms. Hua Wanrong, born in September 1964, graduate from University and a senior accountant. She has served successively as director of investment development dept. of Industry Group, substantial shareholder of the Company; now she serves as director of financial management dept. of Industry Group and Director of 7th session of the Board of the Company.

Mr. Chen Yudong, born in September 1961, an America citizenship and a Doctor. He has served successively as senior deputy president of petrol system dept. of German Bosch, who in charge of business in mainland China, and also in charge of sales business of automobile products in China for German Bosch. Now he serves as President of Bosch (China) Investment Ltd. and Director of 7th session of the Board of the Company.

Mr. Du Fangci, born in November 1944 and graduate from University, a senior engineer. He has served successively as Division Chief of former Automobile Section of Machine Building Industry Ministry and Division Chief of State Bureau of Machine Building Industry, independent director of 6th Session of the Board. Now he serves as Consultant of China Association of Automobile Manufactures and Independent Director of 7th session of the Board of the Company.

Ms. Yu Xiaoli, born in January 1963, doctor from Zhejiang University and a professor. She serves as teaching assistant and professor/deputy professor in Zhejiang University since 1985; and served as independent director of 6th Session of the Board. Now she serves as Director of the institute of Zhejiang University Power Machinery and Vehicular Engineering Institute, Chairman of Zhejiang Bozong Automobile Technology Co., Ltd., Independent Director of Yinlun, Independent Director of Wanliyang and Independent Director of 7th session of the Board of the Company.

Mr. Xing Min, born in January 1954, graduate from University, MBA and a senior engineer. He has served successively as vice chief of Bureau of Retired Veteran Cadres of Machinery Dept., secretary of Party Committee of Administration Division and deputy director, director of Labor Division, secretary of Party Committee of China National Heavy Machinery Corporation (CHMC), GM and secretary of Party Committee of China National Machine Tools Corporation (CNMTC). Now he serves as vice chairman and secretary-general of China Internal

Combustion Engine Industry Association (CICEIA), Independent Director of Jinan Qingqi, and Independent Director of Yunyi Electric and Independent Director of 7th session of the Board of the Company.

Mr. Zhang Hongfa, born in September 1964, graduate from University, a senior accountant. He has worked in Jiangsu Institute of Certified Public Accountants since 1998. Now he serves as deputy secretary and standing director of Association, member of Expert Consultative Committee of Jiangsu Procuratorate, special auditor of Jiangsu Audit Office, vice director of professional consultant committee and director of inspection committee of Jiangsu Institute of CPA, Independent Director of Jiangsu Hongbao, Independent Director of Wiscom, Independent Director of HopeRun Technology and Independent Director of 7th session of the Board of the Company.

Mr. Shi Xingyua, born in May 1962, a postgraduate and senior engineer. He worked in the Company in July 1984. He has served successively as director of GM office, GM assistant and deputy GM of the Company as well as director of 5th and 6th session of the Board, deputy secretary of party committee and chairman of labor union of the Company. Now he serves as chairman of supervisory committee of 7th session of the Board, deputy secretary of party committee and chairman of labor union of the Company.

Mr. Gao Guoyuan, born in March 1954, a senior college graduated, master degree and senior engineer. He worked for the Company in 1970. And has served successively as GM assistant and Director of 4th, 5th, and 6th Session of the Board and deputy GM of the Company. Now he serves as Supervisor of 7th session of Supervisory Committee.

Mr. Liu Jinjun, born in September 1975, graduates from University, a MSIE and engineer. He worked in the Company in August 1995. He has served successively as Manager of H&R administrative and technology sales manager of Weifu Auto Diesel. Now he serves as director of H&R and Supervisor of 7th session of Supervisory Committee.

Mr. Miao Yuming, born in April 1963, a university background, MBA and senior engineer. He worked in the Company in August 1983, and successively served as /director of sales dept. of the Company, assistant GM and deputy GM of the Company. Now he serves as deputy GM of the Company and deputy GM of Bosch Automobile Diesel.

Mr. Wang Yawei, born in May 1955, postgraduate degree, chief senior engineer. He successively served as deputy chief of production research institution of the Company, chief designer of technology center, chief engineer of the Company and deputy GM as well as director of engineering technology institution. Now he serves as deputy GM and director of Engineering and Technology Research Institute of the Company.

Mr. Xu Yunfeng, born in November 1971, graduate from University, a Master and engineer. He worked in the Company in July 1994, and has successively served as vice director of product research institute of Technology Center of the Company, Manager, assistant GM and GM of sales dept. of Weifu Automobile Diesel. Now he serves as deputy GM of the Company.

Mr. Zhou Weixing, born in January 1963, graduate from University, a senior engineer. He worked in the Company in 1985. He successively served as representative of security affairs, director of security office and secretary of the 5th and 6th Session of the Board. Now he serves as secretary of the Board of 7th session of the Board.

Post-holding in shareholder's unit

√Applicable □Not applicable

Name	Name of shareholder's units	Position	Start dated of office term	End date of office term	Weather receiving remuneration from shareholder's units
Rudolf Maier	ROBERT BOSCH GMBH	Executive vice president of technology research of Diesel System	2011-01-01		Yes
Ge Songping	Wuxi Industry Development Group Co., Ltd.	Vice researchor	2011-12-01		Yes
Hua Wanrong	Wuxi Industry Development Group Co., Ltd.	Director of financial management dept.	2011-12-01		Yes
Chen Yudong	Bosch (China) Investment Ltd.	President	2011-01-01		Yes

Miu Yuming	Bosch Automobile Diesel System Co., Ltd	Deputy GM	2012-03-01		Yes
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Post-holding in other unit

√Applicable □Not applicable

Name	Name of other units	Position	Start dated of office term	End date of office term	Weather receiving remuneration from other units
Du Fangci	CAAM	Consultant	2012-04-01		Yes
Yu Xiaoli	Zhejiang University Power Machinery and Vehicular Engineering Institute	Director	2000-01-01		Yes
Yu Xiaoli	Zhejiang Ynlun Machinery Co., Ltd.	Independent director	2011-07-21	2014-07-21	Yes
Yu Xiaoli	Zhejiang Wanliyang Transmission Co., Ltd.	Independent director	2011-09-01	2014-08-31	Yes
Yu Xiaoli	Zhejiang Bozong Automobile Technology Co., Ltd.	Chairman	2008-04-01		Yes
Xing Min	CICEIA	Vice chairman and secretary	2008-08-01		Yes
Xing Min	Jiangsu Yunyi Electric Co., Ltd.	Independent director	2013-05-15	2016-05-14	Yes
Xing Min	Jinan Qingqi Motorcycle Co., Ltd.	Independent director	2012-05-25	2015-05-24	Yes
Zhang Hongfa	Jiangsu Institute of Certified Public Accountants	Vice secretary and standing director	1998-06-01		Yes
Zhang Hongfa	Jiangsu Hongbao Hardware Co., Ltd.	Independent director	2010-12-10	2014-03-31	Yes
Zhang Hongfa	Wiscom System Co., Ltd.	Independent director	2013-04-22	2016-04-21	Yes
Zhang Hongfa	HopeRun Technology Corporation	Independent director	2013-01-31	2016-01-30	Yes
Explanation on post-holding in other unit	The aforesaid are the independent directors of the Company				

III. Remuneration for directors, supervisors and senior executives

Decision-making procedures, determination bases and actual payment of remunerations of directors, supervisors and senior management

Decision-making procedure: the remuneration and examination committee recommend the remuneration proposal in respect of directors, supervisors and senior management according to the Remuneration and Remuneration Incentive Examination Plan approved at general meeting based on the completion of annual major targets, and shall be submitted to the board for approval and implementation.

Determination bases: Remuneration and Remuneration Incentive Examination Plan approved at general meeting.

Actual payment: the annual remuneration comprises of basic annual salary and performance-related remuneration. Basic annual salary is determined according to specific positions and performance-related remuneration is directly related to economic benefits of the Company which is granted according to completion of each annual benefit target.

Remuneration of directors, supervisors and senior management of the Company during the reporting period

Remuneration for directors, supervisors and senior executives in reporting period

In 10 thousand Yuan

Name	Title	Sex	Age	Post-holding status	Total remuneration obtained from the Company	Total remuneration obtained from shareholder's unit	Remuneration actually obtained at period-end
Chen Xuejun	Chairman	M	46	Currently in office	62		62
Wang Xiaodong	Vice Chairman, GM	M	47	Currently in office	62		62
Rudolf Maier	Vice Chairman	M	56	Currently in office			
Ge Songping	Director	M	59	Currently in office			
Hua Wanrong	Director	F	49	Currently in office			
Chen Yudong	Director	M	52	Currently in office			
Ou Jianbin	Director, standing vice GM and person in charge of finance	M	47	Currently in office	51		51
Du Fangci	Independent director	M	69	Currently in office	8.3		8.3
Yu Xiaoli	Independent director	F	50	Currently in office	8.3		8.3
Xing Min	Independent director	M	59	Currently in office	8.3		8.3
Zhang Hongfa	Independent director	M	49	Currently in office	8.3		8.3
Shi Xingyuan	Chairman of supervisory committee	M	51	Currently in office	51		51
Gao Guoyuan	Supervisor	M	59	Currently in office	51		51
Liu Jinjun	Supervisor	M	38	Currently in office	32		32
Miu Yuming	Deputy GM	M	50	Currently in office			
Wang Yawei	Deputy GM	M	58	Currently in office	51		51
Xu Yunfeng	Deputy GM	M	42	Currently in office	51		51
Zhou Weixing	Secretary of the Board	M	50	Currently in office	30		30
Total	--	--	--	--	474.2	0	474.2

Delegated equity incentive for directors, supervisors and senior executives in reporting period

 Applicable Not applicable**IV. Post-leaving and dismissals for directors, supervisors and senior executives**

Name	Title	Type	Date	Reasons
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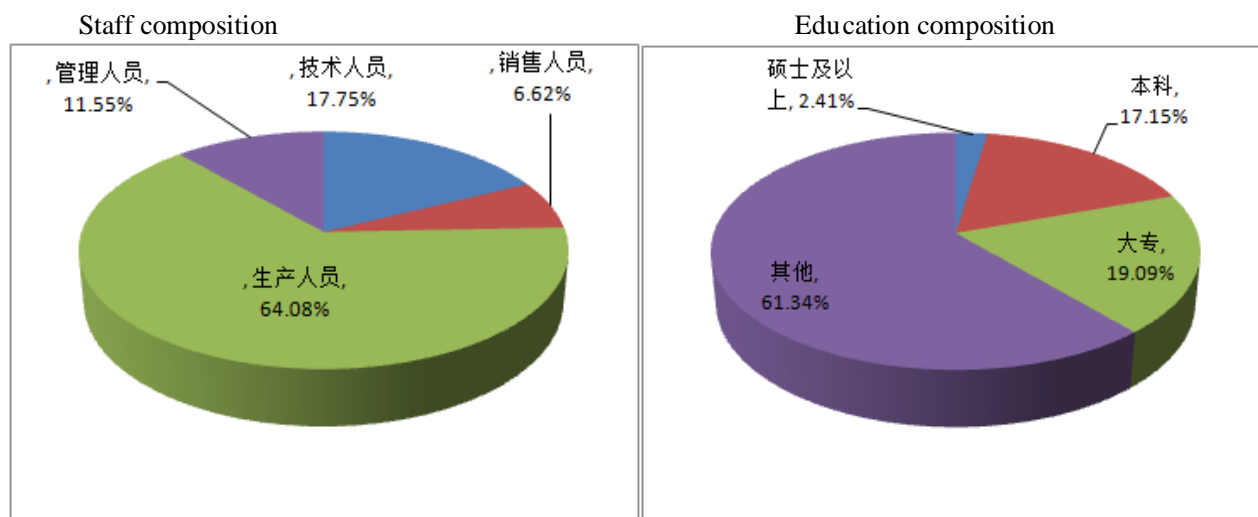
V. Changes of core technology team or key technicians in reporting period (not including directors, supervisors and senior executives)

In reporting period, personnel, core technology team or key technicians (not including directors, supervisors and senior executives) who affects a lot in core competition of the Company has no changes.

VI. Particulars of workforce

1. Ended as 31 December 2013, the Company owes 5,179 person on-posts while 365 people leaved, the Company has no retired employees to bear the cost

Composition:



2. Remuneration policy and training program of employees:

(1) Remuneration policy: perfect the “Performance Management System” and “Management System of Salary Welfare” of the Group, standard and well-defined the competency for vary department and every staffs, organized operation mechanism and performance remuneration management mode, promote the implementation of performance and remuneration system in the Group.

(2) Training program of employees: push forward the establishment of staff’s career development, strengthen development channel mechanism, boost the mid-and-long term training as well as development for the talents, speed up the pace of talent system construction. The Company organized vary type of employee training irregularly to the demand of production development. Training methods are more modern and qualify charateristic needs of the employees, made the staff accept the training more effectively.

3. As at 31 December 2013, the labor force dispatched by the Company was 2521, with expenses of RMB 117.75 million.

Section VIII. Corporate governance

I. Brief introduction of corporate governance

During the reporting period, the Company earnestly implemented the Basic Internal Control Standards for Enterprise and its guidance in strict accordance to the requirements of the Company Law, Securities Law, Listing Rules of Shenzhen Stock Exchange as well as Guidance on Standard Operation of Listed Company on Main Board, continued to improve and enhance legal person governance structure and internal control system, thus to standardize its operation. There was no difference between the actual governance and requirements provided in relevant documents of the CSRC.

1. General Meeting: the Company convenes general meeting in a strict accordance to the Company Law, Rules of General Meeting of Listed Company, Listing Rules of Shenzhen Stock Exchange, the Articles of Association as well as Working Procedures of General Meeting. Voting is made by spot meeting and network votes. Lawyers are invited to attend the meetings and meeting minutes are well recorded. All the shareholders, especially minority shareholders, are equally treated and fully exercise their rights.

2. Relationship between the controlling shareholders and the Company: the Company is independent from its controlling shareholders in respect of personnel, assets and finance, with independent organs and businesses. The board, supervisory committee and operation management organ of the Company operate independently. Controlling shareholders don't intervene in the Company's decisions and operating activities, whether directly or indirectly, without content from general meeting, and don't occupy the Company's capital for any non-operation purpose.

3. The Board: the directors can earnestly perform their duties according to the Listing Rules of Shenzhen Stock Exchange, the Articles of Association and the Working Procedures of the Board. They are familiar with related laws and rules, as well as the rights, obligations and duties for being a director. At present, the Board of the Company comprises of 11 directors, among which, 4 are independent directors which accounts for over one third of the board members. Number and constitution of the board accord with relevant laws and rules.

4. Performance of duties by independent directors: the independent directors can earnestly perform their duties, namely loyalty and diligence, according to the Articles of Association, the Working System of Independent Directors and Annual Work System of Independent Directors. They take active participation in meetings of the board and general meeting. Prior to the participation, they actively acquire the information needed for making decisions, aiming to protect the interests of the Company and shareholders, especially the minority shareholders. Independent directors have no objection in relation to the relevant issues of the Company.

5. The supervisory committee: the supervisors can perform their duties of supervision according to the Company Law, the Articles of Association and Working Procedures of the Supervisory Committee. At present, the supervisory committee of the Company comprises of 3 supervisors, among which, 2 are employee representative supervisors which accounts for over one third of the committee members. Number and constitution of the committee accord with relevant laws and rules. For consideration of the entire shareholders, the supervisory committee earnestly performs their duties with legal working procedures and high efficient operation. They supervise the lawfulness of directors and senior management on their duty performance, pay constant attention to information disclosure, issue opinions on legal operation, finance, application of raised proceeds, and fairness of

related transaction, objectivity and truthfulness of the audit report issued by accounting firm, and issue audit opinion on periodic reports of the Company.

6. Information Disclosure and investor relation management: the Company can disclose relevant information on truthful, accurate, complete, prompt and fair basis in strict accordance to the Listing Rules of Shenzhen Stock Exchange, Guidance on Standardized Operation of Listed Company on Main Board of Shenzhen Stock Exchange, the Articles of Association, Information Disclosure Management System, Insider Information and Insider Management System, Accounting System in Respect of Material Mistake in Annual Report Information Disclosure as well as Investor Relation Management System. Investor relation is well managed, with focus on good communication between the Company and investors.

7. Related transaction: independent directors issue independent opinions on occurred related transactions; the supervisory committee makes inspection and supervision on occurred related transaction. The related transaction of the Company is fair and reasonable, with legal decision-making procedures and objective pricing bases and fair transaction price, without harm to the interests of the Company and its shareholders, especially the minority shareholders. All material transactions are entered into with contracts.

8. Internal control: the Company further implements the Basic Internal Control Standards for Enterprise and its guidance, and establishes internal control system in headquarter and certain important subsidiaries. Aiming to improve the management, the Company optimized its working procedures, improved internal control system, and identified and controlled operation risks. As for the detail of “Self-evaluation report of internal control for year of 2013”, found in the information disclosure website Shenzhen Juchao Website (www.cninfo.com.cn) appointed by Shenzhen Stock Exchange

Is there any difference between corporate governance and the requirements of the Company Law and relevant regulations of the CSRC

Yes No

There is no difference between corporate governance and the requirements of the Company Law and relevant regulations of the CSRC

Progress of the special activity for corporate governance, establishment and implementation of insider information registration management system

During the reporting period, in strictly follow the new version of “Registration and Administration of Insiders” (released on Juchao Website (www.cninfo.com.cn) dated 16 February 2012) and relevant regulation of “Regulation of Formulate the Registration and Administration of Insiders for Listed Company” from CSRC, the Company do a good job in aspect of inside information confidential as well as the registration and filing over insiders. After inspection, No insiders of the Company made use of significant and sensitive information to trade stock of the Company before information was disclosed in year of 2013. Also there was not occurrence of punishment taken by regulatory authorities due to the implementation of insider registration management system or on suspicion of insider trading. Directors, supervisor and senior executives of the Company are not trading the stock of the Company against the regulations.

II. In the report period, the Company held annual shareholders’ general meeting and extraordinary shareholders’ general meeting

1. Annual Shareholders’ General Meeting in the report period

Session of meeting	Date	Name of meeting motion	Situation	Date of disclosure	Index of disclosure
2012	2013-05-23	1. Report from the Board for year of 2012	All have been deliberated	2013-05-24	(No.: 2013-014) published on Juchao

	2. Report from Supervisory Committee for year of 2012 3. Annual Report of 2012 and Summary 4. Financial Result Report for year of 2012 5. Profit Distribution Plan of 2012 6. Prediction of Total daily Related transaction for year of 2013 7. Engagement of audit firms for financial report of 2013 8. Engagement of audit firms for internal control of 2013 9. Proposal of change the investment project with fund raised 10. Proposal of revised the article of association of the Company	and passed		Website(www.cninfo.com.cn)
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2. Extraordinary shareholders' general meeting in the report period

Session of meeting	Date	Name of meeting motion	Situation	Date of disclosure	Index of disclosure
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III. Responsibility performance of independent directors in report period

1. The attending of independent directors to Board meetings and shareholders' general meeting

The attending of independent directors						
Name of independent director	Times of Board meeting supposed to attend in the report period	Times of Presence	Times of attending by communication	Times of entrusted presence	Times of Absence	Whether absent the Meeting for the second time in a row or not
Du Fangci	6	1	5			No
Yu Xiaoli	6	1	5			No
Xing Min	6	1	5			No
Zhang Hongfa	6	1	5			No
Times attending shareholders' general meeting from independent directors						1

Explanation of absent the Board Meeting for the second time in a row

2. Objection for relevant events from independent directors

Whether independent directors come up with objection about company's relevant matters or not

Yes No

Independent directors has no objections for relevant events in reporting period

3. Other explanation about responsibility performance of independent directors

Whether the opinions from independent directors have been adopted or not

Yes No

Independent directors' explanation on adoption or not adoption of relevant recommendations of the Company

The independent directors earnestly performed their duties endowed by relevant laws, regulations, the Articles of Association and independent director system pursuant to the Company Law, Opinions on Establishing Independent Director System in Listed Company, the Articles of Association and relevant laws and regulations. They take active participation in meetings of the board and general meeting. Prior to the participation, they

actively acquire the information needed for making decisions. They considered each proposal in meetings and actively joined discussion and offered their recommendations. They issued independent opinions on significant issues. Diligent, loyal and responsible were their attitude when performing their duties, so as to fully exercise their influences as independent directors. They protected the interests of the Company and shareholders. Independent directors have no objection in relation to the relevant issues of the Company.

IV. Performance of subordinate committees of the Board in reporting period

1. One meeting of Audit committee of the Board, deliberated the followed: “Financial Result Report of 2012”, “Annual Report of 2012 and its Summary”, “Conclusion Report of auditing for year of 2012”, “Engagement of audit institute for financial report of 2013”, “Engagement of audit institute for internal control of the Company of 2013”.
2. One meeting of remuneration and appraisal committee of the Board, deliberate “Remuneration evaluation and payment for senior executive of 2012”;
3. One meeting of strategy committee of the Board, deliberate “Operation target for year of 2013”

V. Works from Supervisory Committee

Whether the Company has risks or not in reporting period that found in supervisory activity from supervisory committee

Yes No

Supervisory committee has no objection about supervision events in reporting period

VI. Independence of the Company in aspect of business, personnel, assets, institute and finance relative to its controlling shareholder

During the reporting period, the Company continued to keep independent in business, personnel, asset, organ and finance, with complete set of business system and ability to conduct independent operation.

1. Business: the Company had independent production system, purchase and sale system and land use right. Industry property, trademark, non-patent technology and other intangible assets related to its production operation business were all owned by the Company. It was totally independent from controlling shareholders in business, with independent and complete business and ability to conduct business independently.
2. Personnel: the Company was independent in management of labor force, administration and salary. The general manager, deputy general manager, financial principal, marketing principal, secretary to the board and other senior management only took positions in the Company and received remuneration from the Company, and took no position in substantial shareholders. Directors and senior management of the Company were determined through legal procedures; no controlling shareholder intervened in engagement and dismissal of personnel which should be determined by the board and general meeting.
3. Asset: there was clear property relation between the Company and substantial shareholders. It had independent and complete production, supply and sales system. Industry property, trademark, non-patent technology and other intangible assets were all owned by the Company.
4. Organ: the Company had sound organ system and independent internal organs which were totally separated with controlling shareholders. There was no subordinate relation and normal operation can be promised. The

Company set general meeting, the board and the supervisory committee and other decision-making and supervision organs. The production operation and administrative management (including labor force, finance, technology, etc) were totally independent from controlling shareholders. The office organ and production operation place were separated from controlling shareholders, without joint operation.

5. Finance: the Company set independent finance department, and established independent accounting calculation system and finance management system. It had independent bank account and paid tax independently.

VII. Horizontal Competition

No horizontal competitions exist in the Company, controlling shareholders and actual controllers

VIII. Appraisal and incentive mechanism for senior executives

Engagement, examination and incentives of senior management are made according to relevant provisions in the Company Law and the Articles of Association. According to the Remuneration and Remuneration Incentive Examination Plan, the Company determined the annual remuneration of senior management which comprised of basic annual salary and performance-related remuneration. Basic annual salary was determined according to specific positions and performance-related remuneration was directly related to economic benefits of the Company which was granted according to completion of each annual benefit target. Till now, the Company has not implemented equity incentive measures.

Section IX. Internal control

I. Internal control construction

In accordance with the “Basic Norms of Internal Control for Enterprise” and matching guidelines as well as other requirement from internal control supervision, the Company continues and fully promote the construction of internal control. Focusing on main units, major business and high-risk area, formulate a self-evaluation of internal control and release procedure of the reports. Furthermore, engaged qualified accounting firms to exercise audit for the effective-ness of internal control regularly. The evaluation report and audit report for internal control in every year are disclosed timely in line with relevant supervision requirement since the internal control construction implemented in 2012. In 2013, by means of organized the department function and mechanism procedures, optimized the deficits and track corrective, as well as internal activity of internal audit, the Company promotes an upgrade in management and ability for the internal control. Under the principle of benefit maximization and possible to avoid risks, the internal control system of the Company are being improved continuously. Overall performance of the internal control system of the Company can be found in “Appraisal Report of Internal Control for year of 2013”.

II. Statement of the Board on responsibility of internal control

In line with the regulation mechanism of enterprise’ internal control, Board of the Company has responsibility to established and improve its internal control and implemented internal control effectively, evaluate the effectiveness and release the evaluation report of internal control strictly according to the facts. Supervisory committee kept eyes on the implementation and establishment of internal control from the Board. Managers are responsible for organizing and leading the daily running of company internal control. Board of the Company, Supervisory Committee, Directors, Supervisors and Senior Executives guarantee that there are no any fictitious statements, misleading statements or important omissions carried in the “Appraisal Report of Internal Control for year of 2013”, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents. The Company’s internal control aims at guarantee a legal operation management reasonably, assets safety, the real and completion of the financial report and relevant information, improve the business results and achieve the development strategy. Because of the inherent feature of internal control, reasonable assurance only can be provided for the realization of the above mentioned targets. Furthermore, inappropriate internal control may be resulted by the changes of conditions, or failure of controlling policy and procedures implementation, the validity of internal control that calculated according to evaluation results of internal control has a certain risks.

III. Bases for construction of financial report internal control

The Company carry out internal control evaluation in line with the regulation system of enterprise’s internal control and “Basic Norms of Internal Control for Enterprise” jointly issued by five ministries of the State, and “Internal Control Guidelines for Listed Companies”.

IV. Self-evaluation report of internal control

Details of major defects in self-evaluation report that found in reporting period	
No major defect has been found in the report period according to the standard of defects in self-evaluation.	
Date of self-evaluation report of internal control disclosed (full-text)	2014-04-15
Index of self-evaluation report of internal control disclosed(full-text)	”Self-evaluation report of internal control for 2013”, more details found in Juchao website (www.cninfo.com.cn) appointed by Shenzhen Stock Exchange

V. Audit report of internal control

√ Applicable □ Not applicable

Auditing comments section for audit report of internal control	
Audit institute considers that: according to relevant regulations and “Basic Rules of Internal Control for Enterprises”, Weifu High-Technology Co., Ltd., in all major aspects, keeps an efficiency of internal control of financial report dated 31 December 2013.	
Disclosure date of audit report of internal control (full-text)	2014-04-15
Index of audit report of internal control (full-text)	”Audit report of internal control for year of 2013”, more details found in Juchao website (www.cninfo.com.cn) appointed by Shenzhen Stock Exchange

Whether modified audit opinions carried out for the audit report of internal control from CPA or not

Yes No

Whether audit report of internal control, issued by CPA, is in agreement with self-evaluation report, issued by the Board

Yes No

VI. Establishment and enforcement of Accountability Mechanism for Major Errors in Annual Report

The “accountability mechanism for major errors in annual report disclosure” was deliberated and approved on 20 April 2010, relevant notice found in Juchao website (www.cninfo.com.cn). In reporting period, no major correction for accounting errors, supplementation for major missing information and correction of performance forecast been found.

Section X. Financial Report

I. Audit report

Type of audit opinion	Standard unqualified opinion
Signing date of audit report	2014-04-11
Name of audit institute	Jiangsu Gongzheng Tianye Certified Public Accountants Co., Ltd. (LLP)
Document serial of audit report	Su Gong W[2014]No.: A472
CPA's name	Bo Lingjing, Liu Darong

Auditor's Report

To all shareholders of Weifu High-Technology Group Co., Ltd.:

We have audited the Companying consolidated and parent Company's financial statements of Weifu High-Technology Group Co., Ltd ("Weifu High-Tech"), including balance sheet of 31 December 2013, and profit statement, and cash flow statement, and statement on changes of shareholders' equity for the year ended, and notes to the financial statements for the year ended.

I. Management's responsibility for the financial statements

Management of the Company is responsible for prepare and present financial statement of the Company, which including: (1) Prepare financial statements with fair presentation in line with Accounting Standards for Business Enterprises; (2) Designing, executed and maintaining necessary internal control in order to prevent fundamental miscarrying in financial statement from fraudulent or errors.

II. Auditor's responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We performed our audit in accordance with Chinese Certified Public Accountants' Auditing Standards. Those standards require us to comply with professional ethics, and to plan and perform our audit so as to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures of the financial statements. The selective audit procedures depend on auditor's judgment, including the evaluation of the risk of material misstatement of the consolidated financial statements due to frauds or errors. When evaluating risk, we consider internal control related to financial statements, in order to design auditing procedures, but not for the purpose of expressing an opinion on the internal control's effectiveness. An audit also includes assessing the appropriateness of the accounting policies adopted and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that we have obtained sufficient and appropriate audit evidences to provide a basis for our audit

opinion.

III. Auditing opinion

In our opinion, in all material aspects, Weifu Hi-Tech's financial statements have been prepared in accordance with the Enterprises Accounting Standards and Enterprises Accounting System, and they fairly present the financial status of the consolidated and parent company's as of December 31, 2013, and its operation results and cash flows for the year ended.

Jiangsu Gongzheng Tianye CPA Co., Ltd. (LLP.)

Chinese CPA Bo Lingjing

Wuxi China

Chinese CPA Liu Darong

11 April 2014

(II) Financial statement

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

1. Consolidated balance sheet

Prepared by Weifu High-Technology Group Co., Ltd

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary fund	2,447,555,672.40	2,600,714,219.36
Settlement provisions		
Capital lent		
Transaction finance asset		
Notes receivable	1,090,280,233.40	898,720,248.22
Account receivable	1,132,835,466.09	1,036,392,701.40
Accounts paid in advance	174,401,410.49	143,500,001.15
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable	51,438,634.58	37,619,858.83
Dividend receivable	22,937,046.01	107,616,777.91
Other receivables	11,486,223.97	10,147,631.52
Purchase restituted finance asset		
Inventories	986,790,491.70	759,505,087.10
Non-current asset due within one year		
Other current assets	1,580,056,398.02	500,118,243.81
Total current assets	7,497,781,576.66	6,094,334,769.30
Non-current assets:		

Granted entrust loans and advances		
Financial assets available for sale	385,009,400.00	265,689,600.00
Hold-to-maturity investment	400,000,000.00	649,000,000.00
Long-term account receivable		
Long-term equity investment	2,622,500,708.20	2,192,275,239.86
Investment real estate	3,424,363.44	3,881,346.30
Fixed assets	1,471,037,804.88	1,404,806,234.18
Construction in process	199,463,338.80	65,649,548.48
Engineering material		
Disposal of fixed asset		
Productive biological assets		
Oil and gas asset		
Intangible assets	360,284,868.85	280,305,865.12
Expense on Research and Development		
Goodwill	1,784,086.79	1,784,086.79
Long-term expenses to be apportioned	16,331,775.24	12,227,687.75
Deferred income tax asset	116,614,808.05	86,019,554.56
Other non-current asset		
Total non-current asset	5,576,451,154.25	4,961,639,163.04
Total assets	13,074,232,730.91	11,055,973,932.34
Current liabilities:		
Short-term loans	399,500,000.00	70,000,000.00
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Transaction financial liabilities		
Notes payable	383,418,397.65	278,184,200.63
Accounts payable	1,476,781,979.39	1,133,511,331.25
Accounts received in advance	42,297,015.90	52,622,311.97
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	295,838,993.71	276,292,169.70
Taxes payable	43,814,597.61	27,471,710.92
Interest payable	996,716.67	220,500.00
Dividend payable		
Other accounts payable	87,324,894.86	71,364,242.12
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Non-current liabilities due within 1 year		
Other current liabilities	26,314,544.23	22,102,265.27
Total current liabilities	2,756,287,140.02	1,931,768,731.86
Non-current liabilities:		
Long-term loans	60,000,000.00	
Bonds payable		

Long-term account payable	19,191,818.00	16,790,909.00
Special accounts payable	25,655,817.40	
Projected liabilities		
Deferred income tax liabilities	19,938,394.40	12,551,182.40
Other non-current liabilities	195,506,040.61	133,879,108.31
Total non-current liabilities	320,292,070.41	163,221,199.71
Total liabilities	3,076,579,210.43	2,094,989,931.57
Owners' equity(or Shareholders' equity):		
Paid-in capital(or share capital)	1,020,200,992.00	680,133,995.00
Capital public reserve	3,729,042,104.57	3,689,694,029.52
Less: Inventory shares		
Reasonable reserve	1,255,141.19	
Surplus public reserve	433,608,687.76	340,066,997.50
Provision of general risk		
Retained profit	4,416,658,298.29	3,946,085,733.22
Balance difference of foreign currency translation		
Total owner's equity attributable to parent Company	9,600,765,223.81	8,655,980,755.24
Minority interests	396,888,296.67	305,003,245.53
Total owner's equity(or shareholders equity)	9,997,653,520.48	8,960,984,000.77
Total liabilities and owner's equity(or shareholders equity)	13,074,232,730.91	11,055,973,932.34

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

2. Balance sheet of parent company

Prepared by Weifu High-Technology Group Co., Ltd

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary fund	1,485,894,410.54	1,566,564,504.46
Transaction finance asset		
Notes receivable	348,205,626.83	316,494,407.33
Account receivable	665,090,625.52	654,141,638.40
Accounts paid in advance	85,580,666.96	58,571,931.67
Interest receivable	45,000,000.00	31,963,747.72
Dividend receivable	21,925,117.50	102,868,978.88
Other receivables	2,907,285.14	23,509,170.62
Inventory	226,017,992.28	204,214,205.28
Non-current asset due within one year		
Other current assets	1,562,100,000.00	490,000,000.00
Total current assets	4,442,721,724.77	3,448,328,584.36
Non-current assets:		
Financial assets available for sale	385,009,400.00	265,689,600.00
Hold-to-maturity investment	400,000,000.00	649,000,000.00

Long-term account receivable		
Long-term equity investment	3,632,576,088.69	3,174,930,767.12
Investment real estate		
Fixed assets	640,596,120.54	663,822,135.66
Construction in process	136,613,517.22	36,037,172.50
Engineering material		
Disposal of fixed asset		
Productive biological assets		
Oil and gas asset		
Intangible assets	198,885,843.05	183,908,044.23
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned		
Deferred income tax asset	64,315,609.74	49,794,919.70
Other non-current asset		
Total non-current asset	5,457,996,579.24	5,023,182,639.21
Total assets	9,900,718,304.01	8,471,511,223.57
Current liabilities:		
Short-term loans	220,000,000.00	
Transaction financial liabilities		
Notes payable	191,790,000.00	96,780,000.00
Accounts payable	596,257,017.04	524,096,818.13
Accounts received in advance	17,577,849.84	7,612,539.20
Wage payable	183,313,610.02	180,177,025.37
Taxes payable	38,260,172.61	21,422,094.21
Interest payable	340,511.11	
Dividend payable		
Other accounts payable	219,154,760.28	62,293,809.89
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	1,466,693,920.90	892,382,286.80
Non-current liabilities:		
Long-term loans		
Bonds payable		
Long-term account payable		
Special accounts payable	7,390,735.29	
Projected liabilities		
Deferred income tax liabilities	17,470,485.00	9,972,240.00
Other non-current liabilities	181,898,815.24	115,759,108.31
Total non-current liabilities	206,760,035.53	125,731,348.31
Total liabilities	1,673,453,956.43	1,018,113,635.11
Owners' equity(or Shareholders' equity):		
Paid-in capital(or share capital)	1,020,200,992.00	680,133,995.00
Capital public reserve	3,760,247,474.50	3,717,757,419.50
Less: Inventory shares		
Reasonable reserve		

Surplus public reserve	433,608,687.76	340,066,997.50
Provision of general risk		
Retained profit	3,013,207,193.32	2,715,439,176.46
Balance difference of foreign currency translation		
Total owner's equity(or shareholders equity)	8,227,264,347.58	7,453,397,588.46
Total liabilities and owner's equity(or shareholders equity)	9,900,718,304.01	8,471,511,223.57

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

3. Consolidated profit statement

Prepared by Weifu High-Technology Group Co., Ltd

In RMB

Item	This Period	Last Period
I. Total operating income	5,589,307,689.55	5,015,283,418.71
Including: Operating income	5,589,307,689.55	5,015,283,418.71
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	4,999,434,131.48	4,386,118,820.24
Including: Operating cost	4,169,807,309.66	3,773,477,621.24
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	32,458,458.22	31,832,916.09
Sales expenses	207,152,852.24	190,643,487.97
Administration expenses	558,285,409.97	444,544,043.03
Financial expenses	-56,891,090.69	-75,494,945.74
Losses of devaluation of asset	88,621,192.08	21,115,697.65
Add: Changing income of fair value(Loss is listed with "-")		
Investment income (Loss is listed with "-")	642,493,295.01	396,219,312.90
Including: Investment income on affiliated Company and joint venture	549,177,316.88	368,812,771.97
Exchange income (Loss is listed with "-")		
III. Operating profit (Loss is listed with "-")	1,232,366,853.08	1,025,383,911.37
Add: Non-operating income	37,547,250.75	20,505,678.63
Less: Non-operating expense	12,604,472.52	7,872,719.89
Including: Disposal loss of non-current asset	4,013,576.76	1,364,127.23
IV. Total Profit (Loss is listed with "-")	1,257,309,631.31	1,038,016,870.11
Less: Income tax	103,016,098.36	103,779,577.90
V. Net profit (Net loss is listed with "-")	1,154,293,532.95	934,237,292.21
Including: net profit realized for merged party before combination		

Net profit attributable to owner's equity of parent Company	1,108,221,450.83	889,326,939.46
Minority shareholders' gains and losses	46,072,082.12	44,910,352.75
VI. Earnings per share	--	--
i. Basic earnings per share	1.09	0.9
ii. Diluted earnings per share	1.09	0.9
VII. Other consolidated income	42,490,055.00	56,509,360.00
VIII. Total consolidated income	1,196,783,587.95	990,746,652.21
Total consolidated income attributable to owners of parent Company	1,150,711,505.83	945,836,299.46
Total consolidated income attributable to minority shareholders	46,072,082.12	44,910,352.75

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

4. Profit statement of parent company

Prepared by Weifu High-Technology Group Co., Ltd

In RMB

Item	This Period	Last Period
I. Operation income	2,462,065,611.26	2,132,088,989.17
Less: Operation cost	1,983,561,133.99	1,782,615,888.55
Operating tax and extras	12,447,486.53	11,198,659.30
Sales expenses	103,626,329.78	100,733,250.93
Administration expenses	207,405,705.89	175,914,711.14
Financial expenses	-51,090,607.00	-74,305,747.48
Losses of devaluation of asset	43,991,263.31	6,802,374.73
Add: Changing income of fair value(Loss is listed with "-")		
Investment income (Loss is listed with "-")	807,499,619.20	630,849,457.36
Including: Investment income on affiliated Company and joint venture	495,674,234.35	324,586,557.36
II. Operating profit (Loss is listed with "-")	969,623,917.96	759,979,309.36
Add: Non-operating income	6,257,329.56	9,925,274.63
Less: Non-operating expense	4,500,884.37	3,291,317.72
Including: Disposal loss of non-current asset	1,482,742.03	618,130.74
III. Total Profit (Loss is listed with "-")	971,380,363.15	766,613,266.27
Less: Income tax	35,963,460.53	27,740,293.15
IV. Net profit (Net loss is listed with "-")	935,416,902.62	738,872,973.12
V. Earnings per share	--	--
i. Basic earnings per share		
ii. Diluted earnings per share		
VI. Other consolidated income	42,490,055.00	56,509,360.00
VII. Total consolidated income	977,906,957.62	795,382,333.12

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

5. Consolidated cash flow statement

Prepared by Weifu High-Technology Group Co., Ltd

In RMB

Item	This Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	6,172,087,848.64	6,257,141,260.17
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		
Insured savings and net increase of 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	36,344,057.52	44,379,611.51
Other cash received concerning operating activities	175,739,109.03	141,039,458.18
Subtotal of cash inflow arising from operating activities	6,384,171,015.19	6,442,560,329.86
Cash paid for purchasing commodities and receiving labor service	3,998,317,410.40	3,903,794,051.95
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	708,768,497.02	542,762,958.26
Taxes paid	434,633,292.96	451,789,302.20
Other cash paid concerning operating activities	438,493,691.68	378,454,798.99
Subtotal of cash outflow arising from operating activities	5,580,212,892.06	5,276,801,111.40
Net cash flows arising from operating activities	803,958,123.13	1,165,759,218.46
II. Cash flows arising from investing activities:		
Cash received from recovering investment	1,747,750,000.00	9,291,900.00
Cash received from investment income	215,105,271.93	235,527,376.75
Net cash received from disposal of fixed, intangible and other long-term assets	27,964,427.20	14,315,716.80
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	46,086,392.49	
Subtotal of cash inflow from investing activities	2,036,906,091.62	259,134,993.55
Cash paid for purchasing fixed, intangible and other long-term assets	443,371,774.96	256,150,809.13
Cash paid for investment	2,648,881,501.00	1,660,673,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities	1,950,855.71	
Subtotal of cash outflow from investing activities	3,094,204,131.67	1,916,823,809.13
Net cash flows arising from investing activities	-1,057,298,040.05	-1,657,688,815.58
III. Cash flows arising from financing activities:		
Cash received from absorbing investment	9,120,000.00	2,862,720,552.93

Including: Cash received from absorbing minority shareholders' investment by subsidiaries	9,120,000.00	12,596,300.00
Cash received from loans	879,000,000.00	646,000,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities		8,404,657.07
Subtotal of cash inflow from financing activities	888,120,000.00	3,517,125,210.00
Cash paid for settling debts	517,500,000.00	1,074,000,000.00
Cash paid for dividend and profit distributing or interest paying	261,005,069.72	255,426,930.95
Including: Dividend and profit of minority shareholder paid by subsidiaries	38,175,305.87	32,276,273.12
Other cash paid concerning financing activities	339,091.00	8,743,748.07
Subtotal of cash outflow from financing activities	778,844,160.72	1,338,170,679.02
Net cash flows arising from financing activities	109,275,839.28	2,178,954,530.98
IV. Influence on cash due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	-144,064,077.64	1,687,024,933.86
Add: Balance of cash and cash equivalents at the period -begin	2,432,803,698.08	745,778,764.22
VI. Balance of cash and cash equivalents at the period -end	2,288,739,620.44	2,432,803,698.08

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

6. Cash flow statement of parent company

Prepared by Weifu High-Technology Group Co., Ltd

In RMB

Item	This Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	2,843,747,396.06	2,778,522,440.94
Write-back of tax received		
Other cash received concerning operating activities	295,709,406.43	270,278,087.12
Subtotal of cash inflow arising from operating activities	3,139,456,802.49	3,048,800,528.06
Cash paid for purchasing commodities and receiving labor service	1,944,119,560.86	1,881,854,176.67
Cash paid to/for staff and workers	290,926,971.54	207,786,568.53
Taxes paid	153,325,573.83	135,099,550.27
Other cash paid concerning operating activities	181,221,420.94	161,194,834.36
Subtotal of cash outflow arising from operating activities	2,569,593,527.17	2,385,935,129.83
Net cash flows arising from operating activities	569,863,275.32	662,865,398.23
II. Cash flows arising from investing activities:		
Cash received from recovering investment	1,747,750,000.00	1,340,000.00
Cash received from investment income	443,108,613.13	515,364,899.46
Net cash received from disposal of fixed, intangible and other long-term assets	2,378,444.83	4,045,574.34
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	7,900,000.00	
Subtotal of cash inflow from investing activities	2,201,137,057.96	520,750,473.80
Cash paid for purchasing fixed, intangible and other long-term assets	214,059,196.20	64,864,314.72
Cash paid for investment	2,665,163,188.00	1,890,673,000.00
Net cash received from subsidiaries and other units		

Other cash paid concerning investing activities	509,264.71	
Subtotal of cash outflow from investing activities	2,879,731,648.91	1,955,537,314.72
Net cash flows arising from investing activities	-678,594,590.95	-1,434,786,840.92
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		2,850,124,252.93
Cash received from loans	440,000,000.00	570,000,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities		8,404,657.07
Subtotal of cash inflow from financing activities	440,000,000.00	3,428,528,910.00
Cash paid for settling debts	220,000,000.00	1,035,000,000.00
Cash paid for dividend and profit distributing or interest paying	213,403,709.61	220,773,699.76
Other cash paid concerning financing activities		8,404,657.07
Subtotal of cash outflow from financing activities	433,403,709.61	1,264,178,356.83
Net cash flows arising from financing activities	6,596,290.39	2,164,350,553.17
IV. Influence on cash due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	-102,135,025.24	1,392,429,110.48
Add: Balance of cash and cash equivalents at the period -begin	1,524,564,526.97	132,135,416.49
VI. Balance of cash and cash equivalents at the period -end	1,422,429,501.73	1,524,564,526.97

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

7. Consolidate Changes of Owners' Equity

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

In RMB

Item	This Period									
	Owners' equity attributable to the parent Company								Minority's equity	Total Owners' equity
	Paid-in capital(or share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk provision	Retained profit	Other		
I. Balance at the end of the last year	680,133,995.00	3,689,694,029.52			340,066,997.50		3,946,085,733.22		305,003,245.53	8,960,984,000.77
Add: Changes of accounting policy										
Error correction of the last period										
Other										
II. Balance at the beginning of this year	680,133,995.00	3,689,694,029.52			340,066,997.50		3,946,085,733.22		305,003,245.53	8,960,984,000.77
III. Increase/ Decrease in this year (Decrease is listed with "-")	340,066,997.00	39,348,075.05		1,255,141.19	93,541,690.26		470,572,565.07		91,885,051.14	1,036,669,519.71
(I) Net profit							1,108,221,450.83		46,072,082.12	1,154,293,532.95
(II) Other consolidated income		42,490,055.00								42,490,055.00
Subtotal of (I) and (II)		42,490,055.00					1,108,221,450.83		46,072,082.12	1,196,783,587.95
(III) Owners' devoted and decreased capital		-3,141,979.95							73,309,536.01	70,167,556.06
1. Owners' devoted capital									73,309,536.01	73,309,536.01
2. Amount calculated into owners' equity paid in shares										
3. Other		-3,141,979.95								-3,141,979.95
(IV) Profit distribution	340,066,997.00				93,541,690.26		-637,648,885.76		-27,705,305.87	-231,745,504.37
1. Withdrawal of surplus reserves					93,541,690.26		-93,541,690.26			
2. Withdrawal of general risk provisions										
3. Distribution for owners (or							-204,040,198.50		-27,705,305.87	-231,745,504.37

shareholders)									
4. Other	340,066,997.00						-340,066,997.00		
(V) Carrying forward internal owners' equity									
1. Capital reserves converted to capital (share capital)									
2. Surplus reserves converted to capital (share capital)									
3. Remedying loss with surplus reserve									
4. Other									
(VI) Reasonable reserve				1,255,141.19				208,738.88	1,463,880.07
1. Withdrawal in the report period				17,366,734.77				2,119,500.71	19,486,235.48
2. Usage in the report period				16,111,593.58				1,910,761.83	18,022,355.41
(VII)Others									
IV. Balance at the end of the report period	1,020,200,992.00	3,729,042,104.57		1,255,141.19	433,608,687.76		4,416,658,298.29	396,888,296.67	9,997,653,520.48

Amount at last year

In RMB

Item	Amount at last year									
	Owners' equity attributable to the parent Company								Minority's equity	Total Owners' equity
	Paid-in capital(or share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk provision	Retained profit	Other		
I. Balance at the end of the 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: Retroactive adjustment arising from combination under same control										
Add: Changes of accounting policy										
Error correction of the last period										
Other										

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	2,793,775,612.93			56,429,000.00		628,857,740.96		28,675,141.78	3,620,595,495.67
(I) Net profit							889,326,939.46		44,910,352.75	934,237,292.21
(II) Other consolidated income		56,509,360.00								56,509,360.00
Subtotal of (I) and (II)		56,509,360.00					889,326,939.46		44,910,352.75	990,746,652.21
(III) Owners’ devoted and decreased capital	112,858,000.00	2,737,266,252.93							12,596,300.00	2,862,720,552.93
1. Owners’ devoted capital	112,858,000.00	2,737,266,252.93							12,596,300.00	2,862,720,552.93
2. Amount calculated into owners’ equity paid in shares										
3. Other										
(IV) Profit distribution					56,429,000.00		-260,469,198.50		-28,831,510.97	-232,871,709.47
1. Withdrawal of surplus reserves					56,429,000.00		-56,429,000.00			
2. Withdrawal of general risk provisions										
3. Distribution for owners (or shareholders)							-204,040,198.50		-28,831,510.97	-232,871,709.47
4. Other										
(V) Carrying forward internal owners’ equity										
1. Capital reserves converted to capital (share capital)										
2. Surplus reserves converted to capital (share capital)										
3. Remedying loss with surplus reserve										
4. Other										
(VI) Reasonable reserve										
1. Withdrawal in the report period				18,232,197.57					2,071,770.49	20,303,968.06
2. Usage in the report period				18,232,197.57					2,071,770.49	20,303,968.06
(VII)Others										
IV. Balance at the end of the report period	680,133,995.00	3,689,694,029.52			340,066,997.50		3,946,085,733.22		305,003,245.53	8,960,984,000.77

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

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

Prepared by Weifu High-Technology Group Co., Ltd

This Period

In RMB

Item	This Period							
	Paid-in capital(or share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk provision	Retained profit	Total Owners' equity
I. Balance at the end of the last year	680,133,995.00	3,717,757,419.50			340,066,997.50		2,715,439,176.46	7,453,397,588.46
Add: Changes of accounting policy								
Error correction of the last period								
Other								
II. Balance at the beginning of this year	680,133,995.00	3,717,757,419.50			340,066,997.50		2,715,439,176.46	7,453,397,588.46
III. Increase/ Decrease in this year (Decrease is listed with "-")	340,066,997.00	42,490,055.00			93,541,690.26		297,768,016.86	773,866,759.12
(I) Net profit							935,416,902.62	935,416,902.62
(II) Other consolidated income		42,490,055.00						42,490,055.00
Subtotal of (I) and (II)		42,490,055.00					935,416,902.62	977,906,957.62
(III) Owners' devoted and decreased capital								
1. Owners' devoted capital								
2. Amount calculated into Owners' equity paid in shares								
3. Other								
(IV) Profit distribution	340,066,997.00				93,541,690.26		-637,648,885.76	-204,040,198.50
1. Withdrawal of surplus reserves					93,541,690.26		-93,541,690.26	
2. Withdrawal of general risk provisions								
3. Distribution for owners (or shareholders)							-204,040,198.50	-204,040,198.50
4. Others	340,066,997.00						-340,066,997.00	
(V) Carrying forward internal owners' equity								
1. Capital reserves conversed to capital (share capital)								
2. Surplus reserves conversed to capital (share capital)								
3. Remedying loss with surplus reserve								

4. Others								
(VI) Reasonable reserve								
1. Withdrawal in the report period				4,032,088.99				4,032,088.99
2. Usage in the report period				4,032,088.99				4,032,088.99
(VII) Others								
IV. Balance at the end of the report period	1,020,200,992.00	3,760,247,474.50			433,608,687.76		3,013,207,193.32	8,227,264,347.58

Amount at last year

In RMB

Item	Amount at last year							
	Paid-in capital(or share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk provision	Retained profit	Total Owners' equity
I. Balance at the end of the 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								
Other								
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	2,793,775,612.93			56,429,000.00		478,403,774.62	3,441,466,387.55
(I) Net profit							738,872,973.12	738,872,973.12
(II) Other consolidated income		56,509,360.00						56,509,360.00
Subtotal of (I) and (II)		56,509,360.00					738,872,973.12	795,382,333.12
(III) Owners' devoted and decreased capital	112,858,000.00	2,737,266,252.93						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. Other								
(IV) Profit distribution					56,429,000.00		-260,469,198.50	-204,040,198.50
1. Withdrawal of surplus reserves					56,429,000.00		-56,429,000.00	
2. Withdrawal of general risk provisions								
3. Distribution for owners (or shareholders)							-204,040,198.50	-204,040,198.50
4. Others								

(V) Carrying forward internal owners' equity								
1. Capital reserves converted to capital (share capital)								
2. Surplus reserves converted to capital (share capital)								
3. Remedying loss with surplus reserve								
4. Others								
(VI) Reasonable reserve								
1. Withdrawal in the report period				4,688,219.42				4,688,219.42
2. Usage in the report period				4,688,219.42				4,688,219.42
(VII) Others								
IV. Balance at the end of the report period	680,133,995.00	3,717,757,419.50			340,066,997.50		2,715,439,176.46	7,453,397,588.46

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

III. Basic information of the Company

1. Historical origin of the Company

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The registration number of the Company was 320200000014926.

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

The Company sets up Administration Department, Engineering Technology Research Institution, Human Resources Department, Office of the Board, Risk Management Department, Information Systems Department, Market & Strategy Plan Department, Party-masses Security Department, Finance Control Department, Project Purchase Department, 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 Automotive 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 11 April 2014.

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.

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. Relevant specific accounting policy for equity disposal on step-by-step basis to lose control

(1) A principle of judgment of "Package Deal"

(2) Accounting method for "Package Deal"

(3) Accounting method for Non "Package Deal"

7. Preparation method for consolidated statements

(1) Preparing method of consolidated financial statements

(1) 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 to 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.

(2) Measures used in consolidation

①The 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.

②Concerning 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.

③Concerning 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

8. 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.

9. 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.

10. Financial instruments

Financial instruments including financial assets, financial liability and equity instrument.

(1) Classification of 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.

(2) Recognition basis and measurement method for financial instruments

In the case that when a company constitutes one party to financial instrument agreement, one item of financial asset or financial liability shall then be recognized.

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 test method and impairment provision method for financial assets (not including account receivables)

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.

Judging standards for vary impairment of financial assets available for sale

At end of the Period, if the fair value of financial assets available for sale drop dramatically, or after considering various relevant factors, the trend is estimate falls temporary, than impairment shall be recognized. The original

accumulated loss through owners' equity directly arising from falling fair value shall be reversed and impairment recognized. As for the recognized impairment losses of debt instruments available for sale, in later accounting period, if the fair value goes up and objectively relevant to the event recognized after original impairment losses confirmed, the original recognized impairment losses shall be reversed and reckoned into current gains/losses.

Impairment losses arising from investment of equity instrument available for sale, shall not be reversed through gains and losses.

Standards of "serious" down for fair value of equity instrument available for sale investment: Generally speaking, as for those active equity investment in a good market liquidity, over 50% decline will recognize as serious down.

Standards of "non-temporary" down for fair value of equity instrument available for sale investment: Generally speaking, if consecutive drop for over 6 months, then shall recognize as "non-temporary down".

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

Nil

11. 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 □ Not applicable

Account age	Rate for receivables (%)	Rate for other receivables (%)
Within 1 year (one year included)	10%	10%
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%
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In combination, withdrawal proportion of bad debt provision based on balance proportion:

Applicable Not applicable

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

Applicable Not applicable

(3) 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

12. Inventories

(1) Classification of inventories

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

(2) Pricing for delivered inventories

Pricing method: 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

Inventory system: 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

13. Long-term equity investment

(1) Recognition of 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 (including contingent liabilities) of the party being combined as at the combination date are all measured at fair values, without consideration to amount of minority interests. The surplus of combination cost less fair value net realizable assets of the party being combined is recorded as goodwill, and the deficit is directly recognized in the consolidated statement of gains and losses.

③ Long-term investments obtained through other ways:

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

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

C. Initial investment cost of long-term equity investment 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.

14. 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.

15. 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	5%	2.71-4.75%
Machinery equipment	10	5%	9.50%
Electronic equipment	3-5	5%	19.00-31.67%
Transportation equipment	4-5	5%	19.00-23.75%
Other equipment	5-10	5%	9.5-19.00%

(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

16. Construction in process

(1) Classification of construction in process

Construction in process will calculate base on the category while project approved and initiated. Pricing of construction in progress: To determine construction costs based on the actual occurrence of expenditures. Self-operated projects are measured with direct materials, direct salary and direct construction expenses; contract projects are measured with the project contract amount payables; equipment installment projects are measured with the value of installed equipments, installment fees and occurred expenses for trial operation of projects. Costs of construction in progress also include borrowing expenses and exchange gains and losses which shall be capitalized.

(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) Recognition standards and accrual method of impairment provision for construction in process:

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.

17. 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. 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.

(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.

18. Biological assets

Nil

19. Oil/gas assets

Nil

20. 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.

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;

- ④The 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;
- ⑤Expenditure occurred in the development stage of such intangible assets can be accurately calculated;
- ⑥The cycle of the product produced with the intangible assets is above one year.

Amortization methods and time limit for intangible assets: Land use right of the company had average amortization by the transfer years from the beginning date of transfer (date of getting land use light).

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

Item	Service life expected	Basis
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(3) Determination basis 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

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

21. Amortization 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.

22. Assets transfer with repurchase condition attached

Nil

23. 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.

24. Share-based payment and equity instrument

(1) Category of share-based 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

25. Shares of the Company repurchased

Nil

26. Revenue

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

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

⑤related cost that occurred or to be occurred can be measured reliably.

Time point of revenue realization for domestic sales revenue: The Company delivers goods according to orders. On the accounting date as agreed with purchaser, the Company checks the goods that the purchaser has received and inspected during the period from previous accounting date to this accounting date. After such check between both parties, relevant risk or remuneration shall be transferred to the purchaser. The Company issues invoice to purchaser according to the variety, quantity and amount as recognized in the aforesaid check, and realizes sales revenue on the accounting date.

The Company realizes sales revenue in respect of export overseas sales on the following time point: upon examination by the custom, the Company realizes sales revenue according to the export date as set out on the custom clearance paper.

(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) Basis of recognition of labor revenue providing

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.

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

27. Government Subsidies

(1) Category

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

(2) Accounting policy

The government subsidies pertinent to assets mean the government assts that are obtained by the Company used for purchase or construction, or forming the long-term assets by other way; and government subsidies pertinent to income refers to all the government subsidies except those pertinent to assets.

Asset-related government subsidies 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.

The government subsidy pertinent to incomes shall be treated respectively in accordance with the circumstances as follows:

- 1) Those subsidies used for compensating the related future expenses or losses of the Company shall be recognized as deferred income and shall included in the current gains/losses during the period when the relevant expenses are recognized; or
- 2) Those subsidies used for compensating the related expenses or losses incurred to the Company shall be directly included in current gains/losses.

The government subsidy shall be recognized and measured in the light of the actual amount that received. And government subsidy shall be recognized and measure in the light of receivable amount only the followed conditions required, that is having solid evidence of the subsidy was appropriated by a fix quota standard; and having solid evidence of qualified relevant condition of financial support policy rules; and such financial support funds are expected to received.

28. Deferred income tax assets and deferred income tax liabilities

(1) Basis of affirming the deferred income tax assets

Deferred income tax assets or deferred income tax liabilities are realized based on the difference between the carrying values of assets and liabilities and their taxation bases at the tax rates applicable in the periods when the Company recovers such assets or settles such liabilities.

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

(2) Basis of affirming the deferred income tax liabilities

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

29. 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.

(3) Accounting treatment of sale and leaseback

30. Assets held for sales

(1) Recognition of assets held for sales

Nil

(2) Accounting treatment of assets held for sales

Nil

31. Assets securitization

Nil

32. Hedge accounting

Nil

33. 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

Accounting policies and accounting estimation has no changed in reporting period

(1) Changes in accounting policies

Whether have changes in accounting policies in report period

Yes No

(2) Changes in accounting estimates

Whether have changes in accounting estimates in report period

Yes No

34. Error correction of previous accounting

Whether has error correction of previous accounting occurred in this period

Yes No

No error correction of previous been found

(1) Retrospective Restatement

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

Yes No

(2) Prospective Application

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

Yes No

35. 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”
Operation tax	Revenue from lease	5%
City maintaining & construction tax	Turnover tax payable	7%
Corporation income tax	Taxable income	15% for the parent company
Educational surtax	Turnover tax payable	5%

The income tax rates applicable to each Branch Company or plant

The Company and its subsidiaries Weifu Jinning, Weifu Diesel System, Weifu Leader, Ningbo Weifu Tianli Supercharging Technique Co., Ltd. (hereinafter referred to as Weifu Tianli) and Wuxi Weifu-Autocam Fine Machinery Co. Ltd. (hereinafter referred to as Weifu-Autocam) 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 Weifu Mashan Pump Glib Co., Ltd. (hereinafter referred to as “Weifu Mashan ”), Wuxi Weifu Chang’an 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 Supercharging Technique Co., Ltd.(hereinafter referred to as “Weifu ITM ”), Wuxi Weifu Schmidt Power System Spare Parts Co., Ltd.(hereinafter referred to as “Weifu Schmidt ”), Chaoyang Weifu Jialin Machinery Manufacture 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 Serial 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 Leader	GF201132000006	2011-9-9	3-year
5	Weifu Tianli	GF201133100022	2011-9-6	3-year
6	Weifu-Autocam	GR201132001080	2011-11-8	3-year

3. Other explanation

Nil

VI. Enterprise consolidation and consolidated financial statements

1. Subsidiary

(1) Subsidiaries acquired by means of establishment or investment

In RMB

Name	Type	Registration place	Business nature	Registered capital	Business scope	Investment amount actual at period-end	Balance of other items materially forming net investment to subsidiary	Holding proportion (%)	Voting right proportion (%)	Statements combined (Y/N)	Minority's equity	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	Wholly-owned subsidiary	Wuxi	Manufacturing	45,000,049.36	Accessories and matching parts of internal combustion engine	48,693,380.51		100%	100%	Y			
Weifu Chang'an	Wholly-owned subsidiary	Wuxi	Manufacturing	60,000,000.00	Accessories and matching parts of internal combustion engine	70,902,037.30		100%	100%	Y			
Weifu Nano	Controlling subsidiary	Wuxi	Manufacturing	30,000,000.00	Nano material	24,000,000.00		80%	80%	Y	5,506,789.17		
Weifu Diesel System	Wholly-owned subsidiary	Wuxi	Manufacturing	300,000,000.00	Accessories and matching parts	260,187,500.00		100%	100%	Y			

Weifu High-Technology Group Co., Ltd. Annual Report of 2013 (Full-text)

					of internal combustion engine								
Weifu Schmidt	Controlling subsidiary	Wuxi	Manufacturing	48,000,000.00	Accessories and matching parts of internal combustion engine	31,680,000.00		66%	66%	Y	10,721,595.09		
Weifu Tianshi	Controlling subsidiary	Quanjiao	Manufacturing	10,000,000.00	Accessories and matching parts of internal combustion engine	5,200,000.00		52%	52%	Y	2,446,361.71		

Other explanation on subsidiary obtained by establishment or investment:

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

In RMB

Name of subsidiary	Type of subsidiary	Registered place	Business nature	Registered capital	Business scope	Actual investment amount at period-end	Balance of other items which actually constitutes net investment in subsidiaries	Holding proportion%	Voting proportion %	Statements combined (Y/N)	Minority's equity	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 Jinning	Controlling subsidiary	Nanjing	Manufacturing	346,286,825.80	Accessories and matching parts	178,639,593.52		80%	80%	Y	151,237,665.60		

Weifu High-Technology Group Co., Ltd. Annual Report of 2013 (Full-text)

					of internal combustion engine								
Weifu Leader	Controlling subsidiary	Wuxi	Manufacturing	502,596,300.00	Cleaner, muffler	460,113,855.00		94.81%	94.81%	Y		47,995,956.78	
Weifu International Trade	Controlling subsidiary	Wuxi	Trading	30,000,000.00	International trade	30,999,996.22		100%	100%	Y			

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

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

In RMB

Name of subsidiary	Type of subsidiary	Registered place	Business nature	Registered capital	Business scope	Actual investment amount at period-end	Balance of other items which actually constitutes net investment in subsidiaries	Holding proportion %	Voting proportion%	Statements combined (Y/N)	Minority's equity	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	Wholly-owned subsidiary	Wuxi	Manufacturing	160,000,000.00	Accessories and matching parts of internal combustion engine	167,000,000.00		100%	100%	Y			
Weifu Tianli	Controlling subsidiary	Ningbo	Manufacturing	104,690,000.00	Accessories and matching parts of internal combustion engine	90,229,100.00		51%	51%	Y	95,211,804.32		

Weifu High-Technology Group Co., Ltd. Annual Report of 2013 (Full-text)

					ion engine								
Weifu Jialin	Controlling subsidiary	Chaoyang	Manufacturing	8,000,000.00	Accessories and matching parts of internal combustion engine	4,685,868.73		51%	51%	Y	6,609,162.35		
Kunming Xitong	Controlling subsidiary	Kunming	Manufacturing	4,000,000.00	Accessories and matching parts of internal combustion engine	5,471,793.17		70%	70%	Y	2,527,559.86		
Weifu-Autocam	Controlling subsidiary	Wuxi	Manufacturing	US\$ 10,000,000	Auto parts Auto parts	66,349,490.11		51%	51%	Y	74,631,401.79		

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

According to the equity transfer agreement signed between the Company and Autocam Corporation, the one percent equity of Weifu Autocam, hold by Autocam Corporation, was transferred to the Company; capital contributed by the Company accounted for 51 percent of the register capital of Weifu Autocam, thus comes to the controlling subsidiary of the Company.

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

In RMB

Name	Main business contact with the Company	Balance of main assets and liability at period-end recognized in consolidated statement
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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	Consolidate in the Year (Y/N)	Consolidate last year (Y/N)
Weifu Mashan	Y	Y
Weifu Chang'an	Y	Y
Weifu Nano	Y	Y
Weifu Diesel System	Y	Y
Weifu Jinning	Y	Y
Weifu Leader	Y	Y
Weifu International Trade	Y	Y
Weifu Schmidt [1]	Y	Y
Weifu ITM	Y	Y
Weifu Tianli	Y	Y
Weifu Jialin	Y	Y
Weifu Tianshi	Y	Y
Kunming Xitong	Y	Y
Weifu-Autocam [2]	Y	N

√ Applicable □ Not applicable

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

[Note 1]

Weifu Schmidt: Weifu Schmidt 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.

In 2013, the 15 percent shares of Weifu Schmidt held by Shanghai Weishi Automobile Technology Development Co., Ltd were transferred by the Company, and the Company increase capital for Weifu Schmidt after that, thus, the Company accounts for 66 percent in register capital of Weifu Schmidt after capital increased.

[Note 2]

Weifu-Autocam: In line with the equity transfer agreement signed between the Company and Autocam Corporation, one percent equity held by Autocam Corporation was transferred to the Company, thus the Company takes 51 percent shares of the register capital of Weifu-Autocam, which comes the controlling subsidiary of the Company. The Company bring Weifu-Autocam in consolidation statement scope since being subsidiary of the Company.

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

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

included in consolidate scope during the 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

In RMB

Name	Net assets as at period-end	Net profit for the period
Weifu-Autocam	152,505,786.08	22,408,746.65

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

In 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:

Weifu-Autocam: In line with the equity transfer agreement signed between the Company and Autocam Corporation, one percent equity held by Autocam Corporation was transferred to the Company, thus the Company takes 51 percent shares of the register capital of Weifu-Autocam, which came the controlling subsidiary of the Company. The Company bring Weifu-Autocam in consolidation statement scope since being subsidiary of the Company.

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

In 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
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Other explanation for business combination under the common control:

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

In RMB

Party to be consolidated	Amount of goodwill	Calculation method for goodwill
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Other explanation for business combination not under the common control:

Achieved enterprise combination by multiple trading on step-by-step basis and obtained controlling rights in the Period

Applicable Not applicable

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

Dispose investment for subsidiary by multiple trading on step-by-step basis and losing controlling rights lasting to the Period

Applicable Not applicable

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

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

In RMB

Item	Closing amount			Opening amount		
	Amount in foreign currency	Converting rate	Amount in RMB	Amount in foreign currency	Converting rate	Amount in RMB
Cash:	--	--	1,127,043.52	--	--	481,336.46
RMB	--	--	1,127,043.52	--	--	481,336.46
Bank savings:	--	--	2,287,612,576.92	--	--	2,432,322,361.62
RMB	--	--	2,287,612,576.92	--	--	2,432,271,102.98
EUR				2,427.47	8.3176	20,190.73
USD				4,942.79	6.2855	31,067.91
Other monetary fund:	--	--	158,816,051.96	--	--	167,910,521.28
RMB	--	--	158,816,051.96	--	--	167,910,521.28
Total	--	--	2,447,555,672.40	--	--	2,600,714,219.36

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

Item	2013-12-31	2012-12-31
Bank acceptance bill, L/C and other collateral	158,816,051.96	167,910,521.28

2. Transactional financial assets**(1) Transactional financial assets**

In RMB

Item	Fair value as at period-end	Fair value as at period-begin

(2) Realization of restricted transactional financial assets

In 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**

In RMB

Types	Closing amount	Opening amount
Bank acceptance bill	1,016,340,233.40	855,360,248.22
Commercial acceptance bill	73,940,000.00	43,360,000.00
Total	1,090,280,233.40	898,720,248.22

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

In RMB

Issuer	Issue date	Expiring date	Amount	Notes
Weichai Power Co., Ltd		2014-05-29	80,000,000.00	Total of multiple notes

Dongfeng Automobile Company		2014-03-17	8,563,000.00	Total of multiple notes
Nanjing IVECO Automobile Co., Ltd.		2014-04-29	7,500,000.00	Total of multiple notes
Anhui Jianghuai Automobile Co., Ltd.		2014-02-19	7,000,000.00	Total of multiple notes
Total	--	--	103,063,000.00	--

(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

Notes transfer to account receivable due to weak performance of drawer

In RMB

Issuer	Issue date	Expiring date	Amount	Notes
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Explanation:

Un-matured notes endorsed to others by the Company

In RMB

Issuer	Issue date	Expiring date	Amount	Notes
Zhejiang Yuanjing Auto Parts Co., Ltd.		2014-04-17	94,199,648.00	Total of multiple notes
Anhui Quanchai Engine Co., Ltd.		2014-03-05	28,200,000.00	Total of multiple notes
Weichai Power Co., Ltd		2014-04-29	21,392,954.57	Total of multiple notes
Hangzhou Yiwei Automobile Industrial Co., Ltd.		2014-05-29	20,006,959.00	Total of multiple notes
Dongfeng Chaoyang Chaochai Engine Co., Ltd.		2014-05-23	11,500,000.00	Total of multiple notes
Total	--	--	175,299,561.57	--

Explanation:

Explanation for commercial acceptance notes discounted or pledged:

Among the note receivable in period-end, RMB 103,063,000 bank acceptance bill was pledged for issuing of note payable

4. Dividend receivables

In RMB

Item	Opening amount	Increase in this period	Decrease in this period	Closing amount	Reasons of unrevoked	Depreciation for relevant account or not
Dividend receivables aging within 1 year	107,616,777.91		84,679,731.90	22,937,046.01		
Including:	--	--	--	--	--	--
Bosch Diesel System	107,616,777.91		84,679,731.90	22,937,046.01		N
Including:	--	--	--	--	--	--
Total	107,616,777.91		84,679,731.90	22,937,046.01	--	--

Explanation:

5. Interests receivables

(1) Interests receivables

In RMB

Item	Opening amount	Increase in this period	Decrease in this period	Closing amount
Interest of bank savings	37,619,858.83	13,818,775.75		51,438,634.58
Total	37,619,858.83	13,818,775.75		51,438,634.58

(2) Overdue interests

In RMB

Loan provider	Times overdue (days)	Overdue interests
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(3) Explanation for interests' receivables

6. Account receivables

(1) Classified by categories

In RMB

Types	Closing amount				Opening amount			
	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	1,073,545.39	0.09%	1,073,545.39	100%	6,919,976.11	0.65%	6,919,976.11	100%
Account receivable of bad debt provision withdrawal by combination								
Withdrawal bad debt provision by age group	1,141,290,547.86	99.75%	8,455,081.77	0.74%	1,043,935,964.74	98.55%	7,543,263.34	0.72%
Subtotal of group	1,141,290,547.86	99.75%	8,455,081.77	0.74%	1,043,935,964.74	98.55%	7,543,263.34	0.72%
Accounts with single significant amount and bad debts provision accrued individually	1,857,615.66	0.16%	1,857,615.66	100%	8,449,350.69	0.8%	8,449,350.69	100%
Total	1,144,221,708.91	--	11,386,242.82	--	1,059,305,291.54	--	22,912,590.14	--

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 evi

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

√ Applicable □ Not applicable

In RMB

Content of account receivable	Book balance	Bad debt reserve	Accrual proportion (%)	Reasons
Changzhou Mengfa Fuel Injector Co., Ltd.	1,073,545.39	1,073,545.39	100%	The account was too old to collect
Total	1,073,545.39	1,073,545.39	--	--

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

√ Applicable □ Not applicable

In RMB

Age	Closing amount			Opening amount		
	Book balance		Bad debt reserve	Book balance		Bad debt reserve
	Amount	Proportion (%)		Amount	Proportion (%)	
within 1 year						
Including:	--	--	--	--	--	--
Within 6 months	1,100,786,007.10	96.45%		1,013,297,599.82	97.07%	
6 months to 1 year	28,212,207.20	2.47%	2,821,220.72	14,021,801.93	1.34%	1,402,180.20
Subtotal of within 1 year	1,128,998,214.30	98.92%	2,821,220.72	1,027,319,401.75	98.41%	1,402,180.20
1-2 years	5,575,203.62	0.49%	1,115,040.72	12,213,147.26	1.17%	2,442,629.46
2-3 years	3,663,849.35	0.32%	1,465,539.74	1,174,936.75	0.11%	469,974.70

Over 3 years	3,053,280.59	0.27%	3,053,280.59	3,228,478.98	0.31%	3,228,478.98
Total	1,141,290,547.86	--	8,455,081.77	1,043,935,964.74	--	7,543,263.34

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

Applicable Not applicable

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

Applicable Not applicable

Accounts with single significant amount and bad debts provision accrued individually at end of period

Applicable Not applicable

In RMB

Contents of account receivables	Book balance	Bad debt reserve	Provision proportion (%)	Reason for provision
Mianyang Xincheng Engine Co., Ltd.	919,344.77	919,344.77	100%	The account was too old to collect
Changchai Wanzhou Diesel Co., Ltd	837,472.95	837,472.95	100%	The account was too old to collect
Other clients	100,797.94	100,797.94	100%	The account was too old to collect
Total	1,857,615.66	1,857,615.66	--	--

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

In 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

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

In RMB

Contents of account receivables	Book balance	Bad debt amount	Provision proportion (%)	Reasons

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

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

In RMB

Name of the company	Nature of account receivables	Time of write-off	Amount written off	Reason for write-off	Arising from related transactions (Y/N)
Liuzhou Special Diesel Engine Factory	Amount for goods		1,612,018.00	Old account age and unable to collected	N
Shaoyang Shenfeng Engine Manufacturing Co., Ltd.	Amount for goods		1,589,871.23	Old account age and unable to collected	N
Changzhou Wanzhou Diesel Engine Company	Amount for goods		1,500,000.00	Old account age and unable to collected	N
Yuejin Light Automobile Co., Ltd.	Amount for goods		1,218,086.88	Old account age and unable to collected	N
Henan Agricultural Machinery Company	Amount for goods		1,000,000.00	Old account age and unable to collected	N
Hubei Duoling Engine Machinery Co., Ltd.	Amount for goods		775,624.61	Old account age and unable to collected	N
Henan Xinxiang Internal-Combustion Engine Plant	Amount for goods		753,754.25	Old account age and unable to collected	N
Yunnan Jinma Diesel Engine Factory	Amount for goods		579,210.11	Old account age and unable to collected	N
Dongfeng Nanchong Automobile Co.,	Amount for goods		569,974.38	Old account age and unable	N

Ltd.				to collected	
Guangxi Liuzhou Zhongxing Engine Plant	Amount for goods		474,895.94	Old account age and unable to collected	N
Zhejiang Agricultural Machinery Accessories Company	Amount for goods		457,800.00	Old account age and unable to collected	N
Jiangmen Zhongyu Suppliers Co., Ltd.	Amount for goods		411,734.00	Cancelled	N
Changchai Group Jintan Diesel Plant	Amount for goods		375,035.52	Old account age and unable to collected	N
Fujian Longma Agricultural Vehicles Manufacturing Co., Ltd.	Amount for goods		365,169.92	Old account age and unable to collected	N
Kunming Zhong'an Tongjimao Co., Ltd.	Amount for goods		328,425.01	Old account age and unable to collected	N
Beijing Pingyang Road Communication Equipment Co., Ltd.	Amount for goods		308,588.58	Old account age and unable to collected	N
Other clients	Amount for goods		1,931,663.30	Old account age and unable to collected	N
Total	--	--	14,251,851.73	--	--

Explanation for write-off of account receivables:

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

In RMB

Name of the company	Closing amount		Opening amount	
	Book balance	Bad debt provision accrual	Book balance	Bad debt provision accrual

(5) Top 5 account receivable

In RMB

Name of the company	Relationship with the Company	Amount	Terms	Proportion in total account receivables (%)
Client1	Client	100,164,734.24	Within 1 year	8.75%
Client2	Client	93,542,554.80	Within 1 year	8.18%
Client3	Client	65,293,611.17	Within 1 year	5.71%
Client4	Client	55,725,753.60	Within 1 year	4.87%
Client5	Client	55,403,809.25	Within 1 year	4.84%
Total	--	370,130,463.06	--	32.35%

(6) Account receivables due from related parties

In RMB

Name of the company	Relationship with the Company	Amount	Proportion in total account receivables (%)
Bosch Automobile Diesel System Co., Ltd	Associated company	100,164,734.24	8.75%
Wuxi Weifu Fine Machinery Manufacturing Co., Ltd.	Associated company	1,180,465.57	0.1%
Total	--	101,345,199.81	8.85%

(7) Account receivables derecognized

In RMB

Item	De-recognition amount	Gains or losses related to derecognizing
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(8) As for securities with account receivables as target subject, list the assets and liabilities arising from further involvement

In RMB

Item	Closing amount
Assets:	
Liabilities:	

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

In RMB

Types	Closing amount				Opening amount			
	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	3,514,671.20	18.55%	3,514,671.20	100%	2,000,000.00	13.57%	2,000,000.00	100%
Other receivable of bad debt provision withdrawal by combination								
Withdrawal bad debt provision by age group	13,029,135.09	68.78%	1,542,911.12	11.84%	10,342,752.74	70.15%	195,121.22	1.89%
Subtotal of group	13,029,135.09	68.78%	1,542,911.12	11.84%	10,342,752.74	70.15%	195,121.22	1.89%
Other receivable with single minor amount while withdrawal bad debt provision separately	2,400,000.00	12.67%	2,400,000.00	100%	2,400,000.00	16.28%	2,400,000.00	100%
Total	18,943,806.29	--	7,457,582.32	--	14,742,752.74	--	4,595,121.22	--

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 at end of period

√ Applicable □ Not applicable

In RMB

Contents of other receivables	Book balance	Bad debt amount	Provision proportion (%)	Reason
Jiangsu Techniques and Technology Center	2,000,000.00	2,000,000.00	100%	The account was too old to collect
American HESS Company	1,514,671.20	1,514,671.20	100%	Bankruptcy
Total	3,514,671.20	3,514,671.20	--	--

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

√ Applicable □ Not applicable

In RMB

Age	Closing amount			Opening amount		
	Book balance		Bad debt reserve	Book balance		Bad debt reserve
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year						
Including:						
Within 6 months	8,430,798.98	64.71%		9,504,648.34	91.9%	
6 months to 1 year	510,368.30	3.92%	51,036.83	428,887.90	4.15%	42,888.80
Subtotal of within 1 year	8,941,167.28	68.63%	51,036.83	9,933,536.24	96.05%	42,888.80
1-2 years	3,180,701.40	24.41%	636,140.28	219,151.51	2.12%	43,830.30
2-3 years	85,887.34	0.66%	34,354.94	136,104.79	1.31%	54,441.92
Over 3 years	821,379.07	6.3%	821,379.07	53,960.20	0.52%	53,960.20
Total	13,029,135.09	--	1,542,911.12	10,342,752.74	--	195,121.22

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

Applicable Not applicable

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

Applicable Not applicable

Other receivable with single minor amount while withdrawal bad debt provision separately at end of period

Applicable Not applicable

In RMB

Contents of other receivables	Book balance	Bad debt reserve	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	--	--

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

In RMB

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

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

In RMB

Contents of account receivables	Book balance	Bad debt amount	Provision proportion (%)	Reason

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

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

In RMB

Name of the company	Nature of other receivables	Time of write-off	Amount written off	Reason for write-off	Arising from related transactions (Y/N)

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

In RMB

Name of the company	Closing amount		Opening amount	
	Book balance	Bad debt provision accrual	Book balance	Bad debt provision accrual

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

In RMB

Name of the company	Amount	Nature or content of account	Proportion in total other receivables (%)
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Explanation:

(6) Top 5 other receivable

In RMB

Name of the company	Relationship with the Company	Amount	Terms	Proportion in total other receivables (%)
Ningbo Jiangbei High-Tech Industry Park Development Construction Co., Ltd.	Non-related party	2,868,976.00	Within 2 years	15.14%
Jiangsu Techniques and Technology Center	Non-related party	2,000,000.00	Over 3 years	10.56%
American HESS Company	Non-related party	1,514,671.20	Over 1 year	8%
Nanjing University	Non-related party	600,000.00	Over 3 years	3.17%
Southeast University	Non-related party	600,000.00	Over 3 years	3.17%
Nanjing University of Science and Technology	Non-related party	600,000.00	Over 3 years	3.17%
Nanjing University of Technology	Non-related party	600,000.00	Over 3 years	3.17%
Total	--	8,783,647.20	--	46.38%

(7) Other receivables due from related parties

In RMB

Name of the company	Relationship with the Company	Amount	Proportion in total other receivables (%)
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(8) Other receivables derecognized

In RMB

Item	De-recognition amount	Gains or losses related to de-recognition
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(9) As for securities with other receivables as target subject, list the assets and liabilities arising from further involvement

In RMB

Item	Closing amount
Assets:	
Liabilities:	

(10) Government subsidy recognized by amount receivable at end of period

In RMB

Name of the company	Item of government subsidy	Closing balance	Age of period-end	Time to collected estimated	Amount estimated to obtained	Basis for obtained	Reasons of fails to collected amount in estimated time (if applicable)
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8. Payment in advance

(1) Analysis of payments in advance by aging

In RMB

Age	Closing amount		Opening amount	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	155,732,339.89	89.3%	115,255,800.11	80.32%
1-2 years	10,851,413.45	6.22%	25,033,154.09	17.44%
2-3 years	7,092,296.14	4.07%	2,222,191.42	1.55%
Over 3 years	725,361.01	0.41%	988,855.53	0.69%
Total	174,401,410.49	--	143,500,001.15	--

Explanation for aging analysis of payments in advance:

(2) Top 5 of payments in advance

In RMB

Name of the company	Relationship with the Company	Amount	Time	Reason for unsettlement
Jiangsu Daming Metal Products Co., Ltd.	Non-related party	7,343,103.40	Within 1 year	Account of goods paid in advance without delivery
Ipsen Industrial Furnace (Shanghai) Co., Ltd.	Non-related party	6,529,500.00	Within 1 year	Account of equipment paid in advance without delivery
Jiangsu Electric Power Company Wuxi Power Supply Company /	Non-related party	5,953,786.73	Within 1 year	Electricity paid in advance
Ningbo International Tendering Co., Ltd.	Non-related party	4,952,244.72	Within 1 year	Account of equipment paid in advance without delivery
CAPI GROUP SRL	Non-related party	3,064,565.47	Within 1 year	Account of equipment paid in advance without delivery
Total	--	27,843,200.32	--	--

Explanation for major units paid in advance:

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

In RMB

Name of the company	Closing amount		Opening amount	
	Book balance	Bad debt provision accrual	Book balance	Bad debt provision accrual
Wuxi Industry Group			15,155,700.00	
Total			15,155,700.00	

(4) Explanation for account paid in advance**9. Inventory****(1) Classification**

In RMB

Item	Closing amount			Opening amount		
	Book balance	Depreciation provision	Book value	Book balance	Depreciation provision	Book value
Raw materials	248,884,900.37	61,615,995.10	187,268,905.27	203,211,848.70	42,999,026.35	160,212,822.35
Product in process	141,732,336.39	2,813,579.63	138,918,756.76	144,838,941.60	3,702,985.07	141,135,956.53
Stock products	748,178,219.91	87,575,390.24	660,602,829.67	517,654,963.46	59,498,655.24	458,156,308.22
Total	1,138,795,456.67	152,004,964.97	986,790,491.70	865,705,753.76	106,200,666.66	759,505,087.10

(2) Inventory impairment provision

In RMB

Kinds of inventories	Opening book balance	Provision for this period	Decrease during this period		Closing book balance
			Reversal	Written-off	
Raw materials	42,999,026.35	20,358,843.13		1,741,874.38	61,615,995.10
Product in process	3,702,985.07			889,405.44	2,813,579.63
Stock products	59,498,655.24	39,069,942.47		10,993,207.47	87,575,390.24
Total	106,200,666.66	59,428,785.60		13,624,487.29	152,004,964.97

(3) Particular about inventory impairment provision

Item	Accrual basis for inventory impairment provision	Reason for reversal during the period	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.	Written-off mainly due to sales outside	0.7%
Stock products			1.47%
Product in process			0.63%

Explanation on inventory

10. Other current assets

In RMB

Item	Closing amount	Opening amount
Entrust financing products	1,568,100,000.00	490,000,000.00
Receivable export tax rebates	11,430,742.61	9,913,435.88
Other	525,655.41	204,807.93
Total	1,580,056,398.02	500,118,243.81

Explanation on other current assets

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

In RMB

Item	Closing fair value	Opening fair value
Equity instrument available for sale	385,009,400.00	265,689,600.00
Total	385,009,400.00	265,689,600.00

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

Explanation on financial assets available for sale

In March 2012, privately offering shares of SDEC was purchased by the Company with restriction of one year.

In June 2013, privately offering shares of Miracle Logistics was purchased by the Company with restriction of one year.

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

In RMB

Bond	Type	Book value	Initial investment cost	Expired dated	Opening balance	Interest	Interest receivable or received accumulative	Closing balance
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Explanation on long-term debt investment in financial assets available for sales

(3) Impairment of financial assets available for sale

In RMB

Type of financial assets available for sale	Equity instrument available for sale	Debt instrument available for sale	Other	Total
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(4) Changes of impairment of financial assets available for sale in period

In RMB

Type of financial assets available for sale	Equity instrument available for sale	Debt instrument available for sale	Other	Total
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(5) Explanation on closing fair value of equity instrument available for sale which was down sharply and drop continuously

In RMB

Equity instrument available for sale (by items)	Cost	Fair value	Decline changes (%) of fair value comparing with its costs	Time to drop continuously	Accrual impairment amount	Explanation on not to accrual impairment in line with the difference between cost and closing fair value
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12. Held-to-maturity investment

(1) Particular about held-to-maturity investment

In RMB

Item	Closing book balance	Opening book balance
Entrust financing products	400,000,000.00	649,000,000.00
Total	400,000,000.00	649,000,000.00

Explanation on held-to-maturity investment

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

In RMB

Item	Amount	Proportion in amount before sold (%)
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Explanation on held-to-maturity investment that sold in report period but not expired

13. Long-term account receivable

In RMB

Types	Closing amount	Opening amount
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14. Investment for affiliated enterprise and joint ventures

In RMB

Invested company	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							
Wuxi Weifu Environment Protection Catalyst Co., Ltd.	49%	49%	1,115,168,851.02	552,201,468.92	562,967,382.10	1,121,738,597.56	88,736,820.17
II. Associated company							
Bosch Diesel System	34%	34%	6,039,584,611.00	1,634,820,616.00	4,404,763,995.00	5,398,098,727.00	939,239,423.00
Zhonglian Automobile Electronic Co., Ltd	20%	20%	2,218,238,464.85	5,195,902.40	2,213,042,562.45	9,986,413.34	892,554,116.99
Wuxi Weifu Fine Machinery Manufacturing Co., Ltd.	20%	20%	301,629,240.63	102,792,121.56	198,837,119.07	227,425,388.09	39,112,173.97

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

15. Long-term equity investment**(1) Details of long-term equity investment**

In RMB

Invested company	Calculation method	Investment cost	Opening balance	Increase/decrease(+,-)	Closing balance	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 period	Cash bonus this period
Wuxi Weifu-Autocam Fine Machinery Co. Ltd.	Equity method	37,842,087.00	66,604,790.02	-66,604,790.02							10,470,000.00
Wuxi Weifu Environment Protection Catalyst Co., Ltd.	Equity method	24,500,000.00	234,267,744.40	41,586,272.83	275,854,017.23	49%	49%				
Bosch Diesel System	Equity	893,372,014.77	1,379,158,919.55	381,348,602.10	1,760,507,521.65	34%	34%				

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	method										
Zhonglian Automobile Electronic Co., Ltd	Equity method	120,124,000.00	375,291,329.83	68,724,448.62	444,015,778.45	20%	20%				109,786,374.78
Wuxi Weifu Fine Machinery Manufacturing Co., Ltd.	Equity method	2,000,000.00	34,012,456.06	5,170,934.81	39,183,390.87	20%	20%				2,550,000.00
Guolian Securities Co., Ltd.	Cost method	12,000,000.00	12,000,000.00		12,000,000.00	1.2%	1.2%				360,000.00
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		
Yangdong Co., Ltd.	Cost method	2,355,900.00	2,355,900.00	-2,355,900.00		1.18%	1.18%				
Henan Gushi Weining Oil Pump & Nozzle Co., Ltd.	Cost method	2,033,106.95	2,033,106.95		2,033,106.95				2,033,106.95		
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	--	1,232,567,108.72	2,244,064,246.81	427,869,568.34	2,671,933,815.15	--	--	--	49,433,106.95		123,166,374.78

(2) Limited ability for capital transfer to investment enterprise

In RMB

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

[Note 1] Bosch Diesel System: register capital at beginning of the year was US\$ 200 million and US\$ 30 million increased in the year. Increase register capital from the unpaid profit that distributed which was announced in last year, register capital of Bosch Diesel System comes to US\$ 230 million after increased. And including US\$ 74.75 million contributed by the Company, accounts for 32.50% of the register capital while Weifu Jinning contribute US\$ 3.45 million, a 1.5% in register capital.

[Note 2] According to the equity transfer agreement signed between the Company and Autocam Corporation, the one percent equity of Weifu Autocam, hold by Autocam Corporation, was transferred to the Company; capital contributed by the Company accounted for 51 percent of the register capital of Weifu Autocam, thus comes to the controlling subsidiary of the Company. The Company calculated based on cost method.

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

In RMB

Item	Opening book balance	Increase during the period	Decrease during this period	Closing book balance
I. Total original book value	24,091,482.75			24,091,482.75
1. Houses and buildings	24,091,482.75			24,091,482.75
II. Accumulated depreciation and accumulated amortization	20,210,136.45	456,982.86		20,667,119.31
1. Houses and buildings	20,210,136.45	456,982.86		20,667,119.31
III. Total net book value of investment real estate	3,881,346.30	-456,982.86		3,424,363.44
1. Houses and buildings	3,881,346.30	-456,982.86		3,424,363.44
V. Total book value of investment real estate	3,881,346.30	-456,982.86		3,424,363.44
1. Houses and buildings	3,881,346.30	-456,982.86		3,424,363.44

In RMB

	This period
Depreciation and amortization amount in this period	456,982.86

(2) Investment real estate measured by fair value

In RMB

Item	Opening fair value	Increase during the period			Decrease during this period		Closing fair value
		Purchase	Self-use real estate or transfer from inventory	Gains/losses of fair value changed	Disposal	Transfer to self-use real estate	

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**

In RMB

Item	Opening book balance	Increase during the period		Decrease during this period	Closing book balance
I. Total original book value:	2,623,391,562.99	320,913,396.33		44,446,284.91	2,899,858,674.41
Including: House and Building	754,436,264.43	23,116,140.40		3,200,811.95	774,351,592.88
Machinery equipment	1,589,205,727.01	234,289,284.84		35,115,159.29	1,788,379,852.56
Transportation tools	22,888,669.05	26,594,625.51		3,982,796.68	45,500,497.88
Other equipment	256,860,902.50	36,913,345.58		2,147,516.99	291,626,731.09
--	Opening book balance	Increase during this period	Accrual in this period	Decrease during this period	Book balance at period-end
II. total of accumulated depreciation:	1,115,928,394.29		218,786,200.86	29,486,057.28	1,305,228,537.87
Including: House and Building	194,260,954.92		28,941,630.91	1,474,305.31	221,728,280.52
Machinery equipment	772,960,847.70		149,544,599.60	23,454,835.35	899,050,611.95
Transportation tools	14,060,526.20		18,003,097.21	2,642,192.28	29,421,431.13
Other equipment	134,646,065.47		22,296,873.14	1,914,724.34	155,028,214.27
--	Opening book balance		--		Book balance at period-end
III. total net value of fixed assets	1,507,463,168.70		--		1,594,630,136.54
Including: House and Building	560,175,309.51		--		552,623,312.36
Machinery equipment	816,244,879.31		--		889,329,240.61
Transportation tools	8,828,142.85		--		16,079,066.75
Other equipment	122,214,837.03		--		136,598,516.82
IV. Total impairment provision	102,656,934.52		--		123,592,331.66
Machinery equipment	94,235,450.08		--		115,009,921.02
Transportation tools	134,401.36		--		133,515.66
Other equipment	8,287,083.08		--		8,448,894.98
V. total book value of fixed assets	1,404,806,234.18		--		1,471,037,804.88
Including: House and Building	560,175,309.51		--		552,623,312.36
Machinery equipment	722,009,429.23		--		774,319,319.59
Transportation tools	8,693,741.49		--		15,945,551.09
Other equipment	113,927,753.95		--		128,149,621.84

Depreciation in this period amounting to 173,412,530.32 Yuan; original price transfer from construction in progress to fixed assets amounting as 184,719,320.30 Yuan

(2) Temporary idle fixed assets

In RMB

Item	Original book value	Depreciation accumulative	Impairment provision	Net book value	Note
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(3) Fixed assets leasing-in by financing lease

In RMB

Item	Original book value	Depreciation accumulative	Net book value
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(4) Fixed assets leasing-out by operational lease

In RMB

Types	Closing book value
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(5) Fixed assets held for sale in period-end

In RMB

Item	Book value	Fair value	Disposal expense predicted	Disposal date predicted
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(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	2014
Plant of parent company's Huishan Technology Center	Newly built plant, in process of relevant property procedures	2014
Plant and office building of Weifu Jinning	Newly built plant, in process of relevant property procedures	2014

Explanation on fixed assets:

In depreciation accumulative for the Period, depreciation amount accrual amounting as RMB 173,412,530.32, opening amount for depreciation accumulative while Weifu-Autocam combined was RMB 45,373,670.54.

In original fixed assets for the Period, original RMB 184,719,320.30 was transferred to fixed assets from construction in process, opening amount for original fixed assets while Weifu-Autocam combined was RMB 105,862,669.86, rests of the amount was the direct outsourcing.

No fixed assets through financial leasing at end of the Period

No fixed assets pledged at end of the Period

Particular about fixed assets without completed property certificate

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

In RMB

Item	Closing amount			Opening amount		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
R& D AS WELL AS INDUSTRIALIZATION OF WAPS AND CAPACITY PROMOTION FOR PARTS OF DIESEL COMMON RAIL SYSTEM	1,166,919.67		1,166,919.67	705,837.58		705,837.58
Construction of industry zone district	134,769,103.17		134,769,103.17	4,352,455.56		4,352,455.56
Industrialization of auto tail-gas treatment system products				13,265,410.92		13,265,410.92
Engineering research institution project				35,345.48		35,345.48
Ningbo Tianli new plant project	22,101,076.65		22,101,076.65			
Other projects	43,948,350.20	2,522,110.89	41,426,239.31	51,759,620.61	4,469,121.67	47,290,498.94
Total	201,985,449.69	2,522,110.89	199,463,338.80	70,118,670.15	4,469,121.67	65,649,548.48

(2) Changes of major projects under construction

In RMB

Item	Budget	Opening amount	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	Closing amount
R& D AS WELL AS INDUSTRIALIZATION OF WAPS AND CAPACITY PROMOTION FOR PARTS OF DIESEL COMMON RAIL SYSTEM		705,837.58	9,851,008.14	9,389,926.05			44.20%				Fund-raised	1,166,919.67

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Construction of industry zone district		4,352,455.56	130,416,647.61				26.40%				Fund-raised	134,769,103.17
Industrialization of auto tail-gas treatment system products		13,265,410.92	63,616,421.37	76,881,832.29			41.30%				Fund-raised	
Engineering research institution project		35,345.48	477,777.71	513,123.19			100.00%				Fund-raised	
Ningbo Tianli new plant project			22,101,076.65				25.50%				Self-raised funds	22,101,076.65
Parent company's project of technical improvement equipment		17,678,122.96	24,179,108.65	41,215,082.71							Self-raised funds	642,148.90
Weifu-Autocam's equipment project			33,528,653.60	29,981,004.04							Self-raised funds	3,547,649.56
Total		36,037,172.50	284,170,693.73	157,980,968.28		--	--			--	--	162,226,897.95

Explanation on changes of major projects under construction

No capitalized interest for above projects

(3) Construction in process impairment provision

In RMB

Item	Opening amount	Increase during the period	Decrease during this period	Closing amount	Accrual Reason
Other projects	4,469,121.67		1,947,010.78	2,522,110.89	
Total	4,469,121.67		1,947,010.78	2,522,110.89	--

(4) Progress of material construction in progress

Item	progress	Note
R&D AS WELL AS INDUSTRIALIZATION OF WAPS AND CAPACITY PROMOTION FOR PARTS OF DIESEL COMMON RAIL SYSTEM	44.20%	
Construction of industry zone district	26.40%	
Industrialization of auto tail-gas treatment system products	41.30%	
Engineering research institution project	100.00%	
Ningbo Tianli new plant project	25.50%	

(5) Explanation on construction in process**19. Construction materials**

In RMB

Item	Opening amount	Increase during the period	Decrease during this period	Closing amount
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Explanation on construction materials

20. Disposal of fixed assets

In RMB

Item	Opening book value	Closing book value	Reasons for turn to disposal
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Explain the progress of disposal of fixed assets transfer over one year

21. Productive biological assets**(1) Measured by cost**

In RMB

Item	Opening book balance	Increase during the period	Decrease during this period	Closing book balance
I. Crop farming				
II. Livestock				
III. Forestry				
IV. Aquaculture				

(2) Measured by fair value

In RMB

Item	Opening book value	Increase during the period	Decrease during this period	Closing book value
I. Crop farming				
II. Livestock				
III. Forestry				
IV. Aquaculture				

Explanation on productive biological assets

22. oil/gas assets

In RMB

Item	Opening book balance	Increase during the period	Decrease during this period	Closing book balance
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Explanation on oil/gas assets

23. Intangible assets**(1) Particular about intangible assets**

In RMB

Item	Opening book balance	Increase during the period	Decrease during this period	Closing book balance
I. Total original book value	340,571,428.49	92,260,726.52	1,150,072.22	431,682,082.79
Land use right of parent company	194,142,164.60			194,142,164.60
Trademark of parent company		15,241,226.47		15,241,226.47
Computer software of parent company		3,880,140.18		3,880,140.18
Computer software of Weifu International Trade		21,367.52		21,367.52
Trademark license 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	1,535,120.08	300,854.70		1,835,974.78
Land use right of Weifu Leader		19,012,255.00		19,012,255.00
Computer software of Weifu Leader	1,570,988.78	270,917.96		1,841,906.74
Land use right of Weifu ITM	17,136,659.60			17,136,659.60
Computer software of Weifu ITM		352,093.18		352,093.18
Land use right of Weifu Tianli	50,406,445.80	659,855.00		51,066,300.80
Computer software of Weifu Tianli	2,750,944.36	855,187.89		3,606,132.25
Land use right of Weifu Jialin	1,150,072.22		1,150,072.22	
Land use right of Weifu Chang'an		51,250,000.00		51,250,000.00
Non-Patents technology of Weifu Schmidt	3,539,793.05			3,539,793.05
Computer software of Weifu-Autocam		416,828.62		416,828.62
II. total accumulated amortization	43,618,663.37	11,301,957.43	170,306.86	54,750,313.94
Land use right of parent company	10,234,120.37	3,935,383.68		14,169,504.05
Trademark of parent company				
Computer software of parent company		208,184.15		208,184.15
Computer software of Weifu International Trade		1,780.62		1,780.62
Trademark license of Weifu Jinning	9,709,000.00			9,709,000.00
Land use right of Weifu Jinning	14,135,151.56	958,272.00		15,093,423.56
Land use right of Weifu Diesel System	2,371,526.60	282,083.46		2,653,610.06
Computer software of Weifu Diesel System	1,022,664.25	550,593.30		1,573,257.55
Land use right of Weifu Leader		95,379.21		95,379.21
Computer software of Weifu Leader	407,193.07	850,475.56		1,257,668.63
Land use right of Weifu ITM	3,284,526.48	342,733.20		3,627,259.68
Computer software of Weifu ITM		64,101.12		64,101.12
Land use right of Weifu Tianli	972,498.98	1,083,113.75		2,055,612.73
Computer software of Weifu Tianli	822,226.10	2,122,067.87		2,944,293.97

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Land use right of Weifu Jialin	158,285.20	12,021.66	170,306.86	
Land use right of Weifu Chang'an		102,705.41		102,705.41
Non-Patens technology of Weifu Schmidt	501,470.76	353,979.36		855,450.12
Computer software of Weifu-Autocam		339,083.08		339,083.08
III. total net book value of intangible assets	296,952,765.12	80,958,769.09	979,765.36	376,931,768.85
Land use right of parent company	183,908,044.23	-3,935,383.68	0.00	179,972,660.55
Trademark of parent company	0.00	15,241,226.47	0.00	15,241,226.47
Computer software of parent company	0.00	3,671,956.03	0.00	3,671,956.03
Computer software of Weifu International Trade	0.00	19,586.90	0.00	19,586.90
Trademark license of Weifu Jinning	16,646,900.00	0.00	0.00	16,646,900.00
Land use right of Weifu Jinning	14,616,448.44	-958,272.00	0.00	13,658,176.44
Land use right of Weifu Diesel System	10,860,213.40	-282,083.46	0.00	10,578,129.94
Computer software of Weifu Diesel System	512,455.83	-249,738.60	0.00	262,717.23
Land use right of Weifu Leader	0.00	18,916,875.79	0.00	18,916,875.79
Computer software of Weifu Leader	1,163,795.71	-579,557.60	0.00	584,238.11
Land use right of Weifu ITM	13,852,133.12	-342,733.20	0.00	13,509,399.92
Computer software of Weifu ITM	0.00	287,992.06	0.00	287,992.06
Land use right of Weifu Tianli	49,433,946.82	-423,258.75	0.00	49,010,688.07
Computer software of Weifu Tianli	1,928,718.26	-1,266,879.98	0.00	661,838.28
Land use right of Weifu Jialin	991,787.02	-12,021.66	979,765.36	0.00
Land use right of Weifu Chang'an	0.00	51,147,294.59	0.00	51,147,294.59
Non-Patens technology of Weifu Schmidt	3,038,322.29	-353,979.36	0.00	2,684,342.93
Computer software of Weifu-Autocam	0.00	77,745.54	0.00	77,745.54
IV. Total impairment provision	16,646,900.00			16,646,900.00
Land use right of parent company				
Trademark of parent company				
Computer software of parent company				
Computer software of Weifu International Trade				
Trademark license 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 Leader				
Computer software of Weifu Leader				
Land use right of Weifu ITM				
Computer software of Weifu ITM				
Land use right of Weifu Tianli				
Computer software of Weifu Tianli				
Land use right of Weifu Jialin				
Land use right of Weifu Chang'an				
Non-Patens technology of Weifu Schmidt				
Computer software of Weifu-Autocam				
Total of intangible asset book value	280,305,865.12	80,958,769.09	979,765.36	360,284,868.85
Land use right of parent company	183,908,044.23			179,972,660.55
Trademark of parent company				15,241,226.47
Computer software of parent company				3,671,956.03

Computer software of Weifu International Trade				19,586.90
Trademark license of Weifu Jinning				
Land use right of Weifu Jinning	14,616,448.44			13,658,176.44
Land use right of Weifu Diesel System	10,860,213.40			10,578,129.94
Computer software of Weifu Diesel System	512,455.83			262,717.23
Land use right of Weifu Leader				18,916,875.79
Computer software of Weifu Leader	1,163,795.71			584,238.11
Land use right of Weifu ITM	13,852,133.12			13,509,399.92
Computer software of Weifu ITM				287,992.06
Land use right of Weifu Tianli	49,433,946.82			49,010,688.07
Computer software of Weifu Tianli	1,928,718.26			661,838.28
Land use right of Weifu Jialin	991,787.02			
Land use right of Weifu Chang'an				51,147,294.59
Non-Patens technology of Weifu Schmidt	3,038,322.29			2,684,342.93
Computer software of Weifu-Autocam				77,745.54

The amount amortized in this period accounting as 10,993,997.71 Yuan

(2) Expenditure of project development

In RMB

Item	Opening amount	Increase during the period	Decrease during this period		Closing amount
			Record into current gains and losses	Confirm as intangible assets	

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 have been kept in book, disclosed the assessment institution and way of assessment:

24. Goodwill

In RMB

Name of invested company or items formed goodwill	Opening balance	Increase during the period	Decrease during this period	Closing balance	Closing impairment provision
Weifu Tianli	1,784,086.79			1,784,086.79	
Total	1,784,086.79			1,784,086.79	

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 2013 and in 2012, and no sign of impairment of goodwill been found in Weifu Tianli.

25. Long-term deferred expense

In RMB

Item	Opening amount	Increase during the period 额	Amortization during this period	Other decrease	Closing amount	Reasons for other decrease
Decoration charge etc.	12,227,687.75	10,110,241.81		6,006,154.32	16,331,775.24	
Total	12,227,687.75	10,110,241.81		6,006,154.32	16,331,775.24	--

Explanation on long-term deferred expense:

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

Deferred income tax assets and deferred income tax liability that recognized

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In RMB

Item	Closing amount	Opening amount
Deferred income tax assets:		
Assets impairment provision	48,174,800.20	37,344,316.63
Operation losses from subsidiary		347,619.08
Deferred income	28,239,697.24	18,079,366.25
Internal un-realized profit	6,548,915.40	2,528,003.20
Payable salary, three-guarantee accrual etc.	33,651,395.21	27,720,249.40
Subtotal	116,614,808.05	86,019,554.56
Deferred income tax liability:		
Variation of fair value of financial assets available for sale which reckoned into capital reserve	17,470,485.00	9,972,240.00
Differences of fair value and taxation basis of Weifu Tianli, which was combined under different control	2,467,909.40	2,578,942.40
Subtotal	19,938,394.40	12,551,182.40

Details of un-recognized deferred income tax assets

In RMB

Item	Closing amount	Opening amount
Deductible temporary differences-Bad debt reserve (parent company)	4,400,000.00	16,423,371.59
Deductible temporary differences-Long-term equity investment impairment provision	49,433,106.95	51,789,006.95
Deductible losses -Weifu ITM and other subsidiaries	45,961,603.98	28,767,539.77
Total	99,794,710.93	96,979,918.31

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

In RMB

Year	Closing amount	Opening amount	Note
2013		7,634,262.55	Weifu ITM and other subsidiaries have operation deficit
2014	2,429,134.89	2,429,134.89	Weifu ITM and other subsidiaries have operation deficit
2015	3,169,614.06	3,169,614.06	Weifu ITM and other subsidiaries have operation deficit
2016	3,044,019.10	3,044,019.10	Weifu ITM and other subsidiaries have operation deficit
2017	12,490,509.17	12,490,509.17	Weifu ITM and other subsidiaries have operation deficit
2018	24,828,326.76		Weifu ITM and other subsidiaries have operation deficit
Total	45,961,603.98	28,767,539.77	--

Details of taxable difference and deductible differences

In RMB

Item	Amount of temporary differences	
	Amount at period-end	Amount at period-begin
Items of taxable differences		
Bad debt reserve	14,443,825.14	11,084,339.77
Inventory impairment provision	152,004,964.97	106,200,666.66
Fixed assets impairment provision	123,592,331.66	102,656,934.52
Construction in process impairment provision	2,522,110.89	4,469,121.67
Intangible assets impairment provision	16,646,900.00	16,646,900.00
Operation losses from subsidiary		1,390,476.34
Deferred income	188,264,648.24	120,529,108.31
Internal un-realized profit	43,626,587.78	12,243,777.68
Payable salary, three-guarantee accrual etc.	221,616,667.80	182,183,273.68
Subtotal	762,718,036.48	557,404,598.63
Item of deductible differences		

Differences of fair value and taxation basis of Weifu Tianli, which was combined under different control	16,452,729.34	17,192,949.32
Variation of fair value of financial assets available for sale	116,469,900.00	66,481,600.00
Subtotal	132,922,629.34	83,674,549.32

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

Item of deferred income tax assets and liability after mutual offset

In RMB

Item	Deferred income tax assets and liability after mutual offset at period-end	Deductible of temporary differences of payable taxes after mutual offset at period-end	Deferred income tax assets and liability after mutual offset at period-begin	Deductible of temporary differences of payable taxes after mutual offset at period-begin
Deferred income tax assets	116,614,808.05		86,019,554.56	
Deferred income tax liability	19,938,394.40		12,551,182.40	

Details of mutual offset of deferred income tax assets and liability

In RMB

Item	Amount mutual offset
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Explanation on deferred income tax assets and deferred income tax liabilities

27. Details of asset impairment provision

In RMB

Item	Opening book balance	Increase during the period	Decrease during this period		Closing book balance
			Reversal	Written-off	
I. Bad debt reserve	27,507,711.36	6,127,783.42	539,817.91	14,251,851.73	18,843,825.14
II. Inventory impairment provision	106,200,666.66	59,428,785.60		13,624,487.29	152,004,964.97
V. Long-term equity investment provision	51,789,006.95			2,355,900.00	49,433,106.95
VII. Fix assets impairment provision	102,656,934.52	23,604,440.97		2,669,043.83	123,592,331.66
IX. Construction in process impairment provision	4,469,121.67			1,947,010.78	2,522,110.89
XII. Intangible assets impairment provision	16,646,900.00				16,646,900.00
Total	309,270,341.16	89,161,009.99	539,817.91	34,848,293.63	363,043,239.61

Explanation on asset impairment provision:

28. Other non-current assets

In RMB

Item	Closing amount	Opening amount
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Explanation on other non-current assets

29. Short-term loans**(1) Type of Short-term Loans**

In RMB

Item	Closing amount	Opening amount
Guarantee loans	399,500,000.00	70,000,000.00
Total	399,500,000.00	70,000,000.00

Explanation on short-term loans

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

In RMB

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

In RMB

Item	Closing fair value	Opening fair value
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Explanation on transactional financial liabilities:

31. Note payable

In RMB

Types	Closing amount	Opening amount
Bank acceptance bill	383,418,397.65	278,184,200.63
Total	383,418,397.65	278,184,200.63

Amount expired in next accounting period: 383,418,397.65 Yuan

Explanation on note payable:

Margin saving RMB 152,660,000 was provided for the bank acceptance bill, and 103.063 million Yuan was pledge for not receivable

32. Account payables

(1) Account payables

In RMB

Item	Closing amount	Opening amount
Within 1 year	1,392,785,345.30	1,041,109,124.61
1-2 years	34,820,774.21	77,004,432.34
2-3 years	35,735,580.70	2,769,567.39
Over 3 years	13,440,279.18	12,628,206.91
Total	1,476,781,979.39	1,133,511,331.25

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

In RMB

Name of the company	Closing amount	Opening amount
German Bosch Company	23,536,386.44	6,902,117.57
Total	23,536,386.44	6,902,117.57

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

33. Account received in advance

(1) Account received in advance

In RMB

Item	Closing amount	Opening amount
Within 1 year	34,658,130.49	36,302,939.11
1-2 years	1,619,257.30	14,362,975.85
2-3 years	4,489,665.94	473,918.02
Over 3 years	1,529,962.17	1,482,478.99
Total	42,297,015.90	52,622,311.97

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

In RMB

Name of the company	Closing amount	Opening amount
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(3) Explanation on major account received in advance with over one year age:

34. Wages payable

In RMB

Item	Opening book balance	Increase during the period	Decrease during this period	Closing book balance
I. Wage, bonus, allowance and subsidy	204,514,141.35	496,367,400.39	485,395,758.87	215,485,782.87
II. Employees' welfare	0.00	38,120,193.50	38,120,193.50	0.00
III. Social security	37,253,130.94	128,901,368.80	126,738,510.71	39,415,989.03
IV. Housing fund	1,497,503.29	33,355,871.70	33,297,618.70	1,555,756.29
VI. Other	33,027,394.12	31,570,486.64	25,216,415.24	39,381,465.52
Including: Residence subsidy for employees	18,434,483.07		5,078,215.08	13,356,267.99
Labor union and staff educational charge	14,238,127.65	8,808,433.91	7,543,558.20	15,503,003.36
Staff bonus and welfare fund		9,182,410.77		9,182,410.77
Other	354,783.40	13,579,641.96	12,594,641.96	1,339,783.40
Total	276,292,169.70	728,315,321.03	708,768,497.02	295,838,993.71

Wages payable has 0 Yuan for arrears

Outlay for labor union and staff educational charge amounting as 15,503,003.36 Yuan; non-monetary welfare amounting as 0 Yuan and compensation for dismissal of labor relationship amounting to 0 Yuan

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

The annual employee bonus of 2013 will be paid before end of April 2014. The bonus funds of the parent company to be counted and withdrawn according to the resolutions of shareholders' meeting includes in the salary, bonus, allowances and subsidies, and the Company will use according to the board of directors' arrangements.

Staff bonus and welfare fund refers to, subsidiary of the Company Weifu-Autocam, which is accrual and use in line with relevant regulations as a foreign-funded enterprise,

35. Tax payable

In RMB

Item	Closing amount	Opening amount
VAT	-22,762,664.31	-5,574,642.73
Business tax	14,187.60	782,490.88
Enterprise income tax	63,034,264.50	26,286,094.33
Personal income tax	51,112.66	226,120.35
City maintenance and construction tax	98,185.79	1,247,648.89
Educational surtax	70,132.67	891,250.66
Other	3,309,378.70	3,612,748.54
Total	43,814,597.61	27,471,710.92

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

36. Interest payable

In RMB

Item	Closing amount	Opening amount
Interest payable for short-term loans	996,716.67	220,500.00
Total	996,716.67	220,500.00

Explanation on interest payable:

37. Dividend payable

In RMB

Name of the company	Closing amount	Opening amount	Reasons for un-payment over one year
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Explanation on dividend payable:

38. Other payables

(1) Other payables

In RMB

Item	Closing amount	Opening amount
Within 1 year	57,829,595.15	54,978,609.46
1-2 years	20,553,060.36	8,602,362.68
2-3 years	1,185,600.90	386,885.62
Over 3 years	7,756,638.45	7,396,384.36
Total	87,324,894.86	71,364,242.12

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

In RMB

Name of the company	Closing amount	Opening amount
Wuxi Industry Group	17,250,000.00	
Total	17,250,000.00	

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

Item	2013-12-31	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

39. Predicted liability

In RMB

Item	Opening amount	Increase during the period	Decrease during this period	Closing amount

Explanation on predicted liability:

40. Non-current liability due within one year

(1) Non-current liability due within one year

In RMB

Item	Closing amount	Opening amount

(2) Long-term loans due within one year

Long-term loans due within one year

In RMB

Item	Closing amount	Opening amount

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

Top five long-term loans due within one year:

In RMB

Unit	Starting date for loans	Termination date for loans	Currency	Rate (%)	Closing amount		Opening amount	
					Amount in foreign currency	Local currency	Amount in foreign currency	Local currency

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

In RMB

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

Amount paid after balance sheet date.

Explanation on long-term loans due within one year:

(3) Bond payable due within one year

In 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
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Explanation on bond payable due within one year:

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

In RMB

Unit	Terms	Initial amount	Rate (%)	Interest reckoned	Amount at period-end	Loan condition
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Explanation on long-term account payable due within one year:

41. Other current liability

In RMB

Item	Closing book balance	Opening book balance
Sales discount	9,500,000.00	4,800,000.00
Vary subsidy	872,000.00	1,188,800.00
Auditing fee	1,200,000.00	1,500,000.00
Three-guarantee charge	12,000,000.00	12,013,530.77
Certificate charge for real estate	2,317,423.10	2,317,423.10
Other	425,121.13	282,511.40
Total	26,314,544.23	22,102,265.27

Explanation on other current liability:

42. Long-term loan**(1) Category of long-term loans**

In RMB

Item	Closing amount	Opening amount
Guaranteed loan	60,000,000.00	
Total	60,000,000.00	

Explanation on category of long-term loans:

Parent company offering guarantee and borrow-in special loans by Weifu Tianli

(2) Top five long-term loans

In RMB

Unit	Starting date for loans	Termination date for loans	Currency	Rate (%)	Closing amount		Opening amount	
					Amount in foreign currency	Local currency	Amount in foreign currency	Local currency

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

In RMB

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

In RMB

Unit	Term	Initial amount	Rate (%)	Interest reckoned	Closing balance	Loan condition
Hi-tech Branch of Nanjing Finance Bureau	2005-10-20 to 2020-10-20	1,140,000.00			1,140,000.00	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 October 2005 to 20 October 2020. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.
Hi-tech Branch of Nanjing Finance Bureau	2006-7-20 to 2021-7-20	1,250,000.00			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.
Hi-tech Branch of Nanjing Finance Bureau	2007-9-17 to 2022-9-17	1,230,000.00			1,230,000.00	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 17 September 2007 to 17 September 2022. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.
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			3,051,818.00	Loan transferred from treasury bond: Weifu Jinning received RMB1.87 million Yuan of special funds from budget of the central government, and RMB1.73 million Yuan of special funds from budget of the local government. The non-operating income transferred in was 1.87 million Yuan in 2011 which was confirmed not to return, if the Company pays back special funds of 3.73 million Yuan to the local government in 11 years since 2012, then the Company needs to repay the principal of 339,091.00 Yuan each year.
Hi-tech Branch of Nanjing Finance Bureau	2008-11-10 to 2023-11-10	2,750,000.00			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	2009-10-27 to 2024-10-27	1,030,000.00			1,030,000.00	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 27 October 2009 to 27 October 2024. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.
Hi-tech Branch of	2010-12-27 to 2025-12-2	960,000.00			960,000.00	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 Finance Bureau	7					Nanjing for supporting use, the term is from 27 December 2010 to 27 December 2025. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.
Hi-tech Branch of Nanjing Finance Bureau	2011-12-28 to 2026-12-28	5,040,000.00			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.
Hi-tech Branch of Nanjing Finance Bureau	2013-12-18 to 2028-12-18	2,740,000.00			2,740,000.00	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 18 December 2013 to 18 December 2028. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.

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

In RMB

Unit	Closing amount		Opening amount	
	Foreign currency	RMB	Foreign currency	RMB

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

Explanation on long-term payable:

45. Specific account payable

In RMB

Item	Opening amount	Increase during the period	Decrease during this period	Closing amount	Note
Removal compensation of parent company		7,390,735.29		7,390,735.29	
Removal compensation of Weifu Jinning		18,265,082.11		18,265,082.11	
Total		25,655,817.40		25,655,817.40	--

Explanation on specific account payable:

[Note 1] According to the "State-owned land use right of Wuxi City purchase contract" signed between parent company and Wuxi Land Reserve Center, the two parties come to an agreement with the property attributable to parent company, located in No.107, Renmin West Road, Wuxi City and No.125, Yunhe East Road, Wuxi City, as well as the equipment unable to move, that is parent company received RMB 503.8116 million for removal compensation. RMB 7,900,000.00 was received in the Period as relocation compensation, and RMB 509,264.71 occurred in removal was reconked into non-operation revenue.

[Note 2]Removal compensation of Weifu Jinning: in line with regulation of the house acquisition decision of People's government of Xuanwu District, Nanjing City, Ning Xuan Fu Zheng Zi (2012) No.001, part of the lands and property of Weifu Jinning needs expropriation in order to carry out the comprehensively improvement of Ming Great Wall. According to the house expropriation and compensation agreement in state-owned lands signed between Weifu Jinning and House Expropriation Management Office of Xuanwu District, Nanjing City, RMB 19.7067 million in total are compensate, including operation losses from lessee RMB 1.4416 million in total. The above compensation was received in the Year and is making up for the losses from lessee, and the above lands and property have not been collected up to 31 December 2013.

46. Other non-current liability

In RMB

Item	Closing book balance	Opening book balance
Appropriation on industrialization project of electrical control and high voltage jet VE system of low emissions diesel	6,489,002.66	12,000,000.00
R&D subsidy for new products	37,668,815.24	41,079,108.31
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
Fund of industry upgrade (2012)	60,400,000.00	60,400,000.00

Fund of industry upgrade (2013)	60,520,000.00	
Appropriation on central basic construction investment	5,000,000.00	5,000,000.00
R&D and industrialization of the high pressure variable pump of the common rail system of diesel engine for automobile	8,050,000.00	
Research institute of motor vehicle exhaust aftertreatment technology	4,000,000.00	2,400,000.00
Other	6,278,222.71	5,900,000.00
Total	195,506,040.61	133,879,108.31

Explanation on other non-current liability

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. In 2013, accepted by the science & technology agency of Jiangsu Province, and RMB 4,789,997.04 with income related was reckoned into current operation revenue directly; the RMB 7,210,002.96 with assets related was amortized during the predicted service period of the assets.
2. R&D subsidy for new products: in 2011, the subsidy for R&D of new products are received from Wuxi New Financial Bureau for year of 2012 to 2013. The RMB 3,410,293.07 compensate for expenditure of R&D has transfer to non-operation income. In line with the reply from enterprise service management office of Wuxi New District, the amount can be extended to year of 2014 and later period for compensate the expenditure of R&D of the Company.
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.
4. Industry upgrading funds (2012): In accordance with the document Xi Xin Guan Jing Fa [2012] No.216 and Document Xi Xin Guan Cai Fa [2012] No. 85, the Company received funds of 60.4 million Yuan appropriated for industry upgrading this year.
5. Industry upgrading funds (2013): In accordance with the document Xi Xin Guan Jing Fa [2013] No.379, Xi Xin Guan Jing Fa [2013] No.455, Xi Xin Guan Cai Fa [2013] No.128 and Xi Xin Guan Cai Fa [2013] No.153, the Company received funds of 60.52 million Yuan appropriated for industry upgrading in 2013.
6. Appropriation for investment of capital construction from the central government: In accordance with the document Xi Caijian [2012] No.43, the Company received appropriation of 5 million Yuan for investment of capital construction from the central government in 2012.
7. R&D and industrialization of the high pressure variable pump of the common rail system of diesel engine for automobile: the Company received appropriated for the project in 2013 with 8.05 million Yuan in line with documents of Xi Ke Ji [2013] No.186, Xi Ke Ji [2013] No.208, Xi Cai Gong Mao [2013] No.104 and Xi Cai Gong Mao [2013] No.138.
8. Research institute of motor vehicle exhaust aftertreatment technology: the appropriation received by Weifu Leader from research institute of motor vehicle exhaust aftertreatment technology

Item of liability with government subsidy concerned

In RMB

Item	Opening balance	Subsidy increase during this period	Amount reckoned into non-operation revenue in the Period	Other changes	Closing balance	Assets-related/Income-related

47. Share capital

In RMB

	Opening amount	Increased (decreased) in this period					Closing amount
		New shares issued	Bonus shares	Shares converted from public reserve	Other	Subtotal	
Total shares	680,133,995.00		340,066,997.00			340,066,997.00	1,020,200,992.00

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.

Being deliberated and approved in Annual General Meeting of 2012, base on the total share capital 680,133,995 shares, distributed 5 bonus shares for each 10-share to whole shareholders with the retained profit. Totally 340,066,997 shares distributed in 2013 and up to 31 December 2013, total share capital of the Company amounting to 1,020,200,992 Yuan.

At period-end, Wuxi Industry Group, who holds 204,059,398 shares of the Company with 20.00% in total share

capital, is the substantial shareholder of the Company.

48. Stock shares

Explanation on stock shares:

49. Reasonable reserve

Explanation on reasonable reserve

Item	2012-12-31	Increase during the period	Decrease during this period	2013-12-31
Safety production costs	--	17,366,734.77	16,111,593.58	1,255,141.19

1. According to the “management method of extraction and use the safety production costs for enterprise” Cai Qi [2012] No.16 jointly issued by Ministry of Finance and Administration of Production Safety Supervision, the provision for year of 2013 is based on the actual operation revenue of last year, extract on average month-by-month basis through excess regressive method

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

50. Capital reserves

In RMB

Item	Opening amount	Increase during the period	Decrease during this period	Closing amount
Capital premium (Share capital premium)	3,614,101,338.14		3,141,979.95	3,610,959,358.19
Other Capital reserves	19,083,331.38			19,083,331.38
Net variation of fair value of financial assets available for sale	56,509,360.00	42,490,055.00		98,999,415.00
Total	3,689,694,029.52	42,490,055.00	3,141,979.95	3,729,042,104.57

Explanation on capital reserve

Capital reserves decrease during this period: In 2013, the 15 percent shares of Weifu Schmidt held by Shanghai Weishi Automobile Technology Development Co., Ltd were transferred by the Company, and the Company increase capital for Weifu Schmidt after that, thus, the Company accounts for 66 percent in register capital of Weifu Schmidt after capital increased. After equity transfer and capital increased, the difference, between cost of long-term equity investment newly obtained and the equity shares of Weifu Schmidt enjoy by the Company in line with shares newly increased, were adjusted to decreasing capital reserves.

51. Surplus reserves

In RMB

Item	Opening amount	Increase during the period	Decrease during this period	Closing amount
Statutory surplus reserves	340,066,997.50	93,541,690.26		433,608,687.76
Total	340,066,997.50	93,541,690.26		433,608,687.76

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

Withdraw the legal surplus according to 10% of the net profit after tax of the parent company.

At the end of last year, the legal surplus of the Company has been withdrawn to 50% of the registered capital (share capital), as the non-public offering of stock increased the registered capital (share capital) this year, the Company continued to withdraw the legal surplus according to 10% of the net profit after tax of the parent company until the balance of legal surplus reached 50% of the registered capital (share capital).

52. General risk provision

Explanation on general risk provision:

53. Retained profit

In RMB

Item	Amount	Withdrawal or Allocation Ratio
Retained profits at the end of last year before adjustment	3,946,085,733.22	--
Retained profits at the beginning of the year after adjustment	3,946,085,733.22	--
Add: The net profits belong to owners of patent company of this period	1,108,221,450.83	--
Less: Withdraw legal surplus reserves	93,541,690.26	
Common dividend payable	204,040,198.50	
Common dividend transfer as share capital	340,066,997.00	
Amount at period-end Retained profit	4,416,658,298.29	--

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

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

The retained 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 2012 approved in the Board in March 2013, as well as deliberated in Annual General Meeting of 2012 in May 2013, base on the total share capital 680,133,995 shares, distributed 3.00 Yuan (tax included) for each 10 shares held in cash, totally 204.0402 million Yuan common dividend were distributed

Meanwhile, increase share capital from retained profit, distribute 5 bonus shares to each 10 shares held by whole shareholders, totally 340,066,997 shares are distributed to all shareholders in 2013.

At the end of last year, the legal surplus of the Company has been withdrawn to 50% of the registered capital (share capital), as the non-public offering of stock increased the registered capital (share capital) this year, the Company continued to withdraw the legal surplus according to 10% of the net profit after tax of the parent company until the balance of legal surplus reached 50% of the registered capital (share capital).

54. Operating income and cost**(1) Operating income and cost**

In RMB

Item	Amount of this period	Amount of last period
Main operating income	5,157,336,631.31	4,651,387,384.54
Other operating income	431,971,058.24	363,896,034.17
Operating cost	4,169,807,309.66	3,773,477,621.24

(2) Main business (By industries)

In RMB

Industry	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Auto parts	5,157,336,631.31	3,785,725,942.14	4,651,387,384.54	3,441,200,769.51
Total	5,157,336,631.31	3,785,725,942.14	4,651,387,384.54	3,441,200,769.51

(3) Main business (By products)

In RMB

Products	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Vehicle fuel injection system	3,915,983,172.09	2,774,949,906.93	3,667,499,333.27	2,637,702,014.93
Intake system	172,146,754.65	128,225,147.76	153,580,378.18	113,203,879.68
Tail treatment system	1,069,206,704.57	882,550,887.45	830,307,673.09	690,294,874.90
Total	5,157,336,631.31	3,785,725,942.14	4,651,387,384.54	3,441,200,769.51

(4) Main business (By districts)

In RMB

District	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Domestic	4,902,874,502.23	3,544,580,678.04	4,362,027,051.97	3,158,670,288.49
Overseas	254,462,129.08	241,145,264.10	289,360,332.57	282,530,481.02
Total	5,157,336,631.31	3,785,725,942.14	4,651,387,384.54	3,441,200,769.51

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

In RMB

Client	Income from main business	The percentage in all operating income of the Company (%)
Client1	601,336,432.13	10.76%
Client2	419,471,583.81	7.5%
Client3	371,895,431.33	6.65%
Client4	324,806,138.72	5.81%
Client5	300,555,432.66	5.38%
Total	2,018,065,018.65	36.1%

Explanation on operating income

55. Contract item income

In RMB

Fixed price contract	Contract Item	Amount	Cost accumulative occurred	Gross profit accumulative recognized (loss listed with “-“)	Amount with settlement done
Fixed price contract	Contract Item	Amount	Cost accumulative occurred	Gross profit accumulative recognized (loss listed with “-“)	Amount with settlement done

Explanation on contract item

56. Business tax and surcharges

In RMB

Item	Amount of this period	Amount of last period	Taxation standards
Business tax	899,131.65	2,126,923.20	
City maintenance and construction tax	18,409,600.46	17,328,343.12	
Educational surtax	13,149,726.11	12,377,649.77	
Total	32,458,458.22	31,832,916.09	--

Explanation on business tax and surcharges

57. Sales expenses

In RMB

Item	Amount of this period	Amount of last period
Salary and fringe benefit	29,938,097.34	28,414,034.46
Consumption of office materials and business travel charge	9,233,423.99	10,484,898.09
Transportation charge	21,831,267.64	16,636,577.74
Warehouse charge	6,700,597.97	5,795,193.53
Three-guarantee fee	121,517,869.58	114,827,045.64
Other	17,931,595.72	14,485,738.51
Total	207,152,852.24	190,643,487.97

58. Administration expenses

In RMB

Item	Amount of this period	Amount of last period
Salary and fringe benefit	214,063,951.21	187,215,019.30
Depreciation charger and long-term assets amortization	41,701,775.11	36,836,465.47
Consumption of office materials and business travel charge	26,851,654.50	28,963,108.82
Tax	15,751,703.56	16,202,726.61
Other	259,916,325.59	175,326,722.83
Total	558,285,409.97	444,544,043.03

59. Financial expenses

In RMB

Item	Amount of this period	Amount of last period
Interest expenses	19,565,782.02	18,404,432.74
Note discount interest expenses	1,926,637.10	3,972,141.41
Saving interest income	-80,932,111.78	-99,501,969.93
Gains/losses from exchange	994,847.30	564,246.83
Handling charges	1,553,754.67	1,066,203.21
Total	-56,891,090.69	-75,494,945.74

60. Income of fair value changes

In RMB

Sources generating income of fair value changes	Amount of this period	Amount of last period
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Explanation on income of fair value changes

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

In RMB

Item	Amount of this period	Amount of last period
Income of long-term equity investment calculated based on cost	360,000.00	595,000.00

Income of long-term equity investment calculated based on equity	549,177,316.88	368,812,771.97
Investment income obtained from disposal of long-term equity investment		1,316,200.00
Investment income obtained from held-to-maturity investment	91,274,698.13	24,750,377.29
Investment income obtained from financial assets available for sales	1,681,280.00	740,000.00
Other		4,963.64
Total	642,493,295.01	396,219,312.90

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

In RMB

Invested company	Amount of this period	Amount of last period	Reasons of change (+,-)
Guolian Security	360,000.00	540,000.00	
Hengtai Insurance		55,000.00	
Total	360,000.00	595,000.00	--

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

In RMB

Invested company	Amount of this period	Amount of last period	Reasons of change (+,-)
Zhonglian Automobile Electronic Co., Ltd	178,510,823.40	159,648,592.32	Profit growth due to influence from auto industry
Bosch Diesel System	316,348,004.76	149,572,192.27	Profit growth due to influence from auto industry
Wuxi Weifu Environment Protection Catalyst Co., Ltd.	37,779,655.68	38,736,025.76	Profit growth due to influence from auto industry
Wuxi Weifu-Autocam Fine Machinery Co. Ltd.	8,813,013.09	14,210,163.84	Calculated on cost method in the Year
Wuxi Weifu Fine Machinery Manufacturing Co., Ltd.	7,725,819.95	6,645,784.49	Profit growth due to influence from auto industry
Total	549,177,316.88	368,812,758.68	--

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:

62. Asset impairment loss

In RMB

Item	Amount of this period	Amount of last period
I. bad debt loss	5,587,965.51	1,680,267.02
II. inventory falling price loss	59,428,785.60	17,865,741.65
III. Impairment loss of financial assets available for sales	0.00	0.00
IV. Impairment loss of held-to-maturity investment	0.00	0.00
V. Impairment loss of long-term equity investment	0.00	0.00
VI. Impairment loss of investment real estate	0.00	0.00
VII. Impairment loss of fixed assets	23,604,440.97	1,569,688.98
VIII. Impairment loss of engineering materials	0.00	0.00
IX. Impairment loss of construction in process	0.00	0.00
X. Impairment loss of productive biological assets	0.00	0.00
XI. Impairment loss of fuel/oil assets	0.00	0.00
XII. Impairment loss of intangible assets	0.00	0.00
XIII. Goodwill impairment loss	0.00	0.00

XIV. Other	0.00	0.00
Total	88,621,192.08	21,115,697.65

63. Non-operating income

(1) Non-operating income

In RMB

Item	Amount of this period	Amount of last period	Amount reckoned into current non-recurring gains/losses
Non-current assets disposal gains	17,140,286.06	4,395,890.34	17,140,286.06
Including: fixed assets disposal gains	17,140,286.06	4,395,890.34	17,140,286.06
Government subsidy	19,375,596.41	15,105,216.19	19,375,596.41
Other	1,031,368.28	1,004,572.10	1,031,368.28
Total	37,547,250.75	20,505,678.63	37,547,250.75

Explanation on non-operating income

(2) Government subsidy reckoned into current gains/losses

In RMB

Item	Amount of this period	Amount of last period	Assets-related/i ncome-related	Non-recurring gains/losses (Y/N)
Appropriation of industrialization project for injection VE pump system with electronically controlled high pressure for less-emission diesel used	5,510,997.34		Income-related	Y
Grants for R&D of new products	3,410,293.07		Income-related	Y
Scientific research grants for THU light diesel 863 project	970,000.00		Income-related	Y
Scientific research grants of Tongji University	400,000.00		Income-related	Y
Scientific research grants of Weichai Power 863 project	300,000.00		Income-related	Y
Scientific research grants of Eco-environment Research Center of CAS	250,000.00		Income-related	Y
Other deferred income transfer-in	1,632,377.29		Income-related	Y
Compensation of relocation losses of parent company	509,264.71		Income-related	Y
Finance discount	750,000.00		Income-related	Y
Policy-related subsidy	1,798,588.00		Income-related	Y
Other expenditure of foreign service development	211,080.00		Income-related	Y
Subsidy for scientific and technological innovation team of internal combustion supercharge technology	800,000.00		Income-related	Y
Support incentive of technological enterprise innovation	580,000.00		Income-related	Y
Subsidy of preferred entrust project	200,000.00		Income-related	Y
Fiscal subsidy of staff training for leading personnel and tip-top talent of Ningbo City	200,000.00		Income-related	Y
Grants for new product research and development - transfer of deferred income		7,450,891.69	Income-related	Y
Financial support funds (2004) – transfer of long-term account payable		1,710,000.00	Income-related	Y
Innovation support funds of scientific and technological enterprise		720,000.00	Income-related	Y
The first batch of funds for science and technology project of Ningbo City in 2012		560,000.00	Income-related	Y

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Interest subsidies		1,010,000.00	Income-related	Y
Support funds		816,330.00	Income-related	Y
Subsidy for research and development		300,000.00	Income-related	Y
Subsidy for research and development		320,000.00	Income-related	Y
Other	1,852,996.00	2,217,994.50	Income-related	Y
Total	19,375,596.41	15,105,216.19	--	--

2013

Item	Note
Appropriation of industrialization project for injection VE pump system with electronically controlled high pressure	Deferred income transfer-in
Grants for R&D of new products	Deferred income transfer-in
Scientific research grants for THU light diesel 863 project	Deferred income transfer-in, agreement signed between Weifu Leader and THU
Scientific research grants of Tongji University	Deferred income transfer-in, agreement signed between Weifu Leader and THU
Scientific research grants of Weichai Power 863 project	Deferred income transfer-in, agreement signed between Weifu Leader and Weichai Power
Scientific research grants of Eco-environment Research Center of CAS	Deferred income transfer-in, agreement signed between Weifu Leader and Eco-environment Research Center of CAS
Other deferred income transfer-in	
Compensation of relocation losses of parent company	
Finance discount	Document of Huishan District People's Government of Wuxi City
Policy-related subsidy	Agreement with Weifu Leader and Wuxi Huishan Economic Development Zone Committee
Other expenditure of foreign service development	Ministry of Finance, Ministry of Commerce Chai Qi [2012] No.142
Subsidy for scientific and technological innovation team of internal combustion supercharge technology	Ningbo Science & Technology Bureau, Finance Bureau of Ningbo City Yong Ke Ji (2013) No. 95
Support incentive of technological enterprise innovation	Jiangbei District Science & Technology Bureau of Ningbo City, Jiangbei District Finance Bureau of Ningbo City Bei Qu Ke Ji (2013) No. 12
Subsidy of preferred entrust project	Ningbo Science & Technology Bureau, Finance Bureau of Ningbo City Yong Ke Ji (2013) No.57
Fiscal subsidy of staff training for leading personnel and tip-top talent of Ningbo City	Ningbo Human Resources and Social Security Bureau, Finance Bureau of Ningbo City Yong Ren She Fa (2012) No.485

2012

Item	Note
Grants for new product research and development - transfer of deferred income	In last year, obtained a subsidy for new product research and development from ministry of finance of Wuxi Xin district. The compensation for expenditure of R&D RMB 7,450,891.69 transfer into non-operation revenue in the Year.

Financial support funds (2004) – transfer of long-term account payable	The support funds for encourage Weifu Jinning entered into the Nanjing Hi-Tech Industry Development Zone allocated from Hi-Tech branch of Nanjing Ministry of Finance, with term from 5 August 2004 to 4 August 2012. And the funds should be return if operated in the Zone less than 15 years. No funds return confirmed in the Year and transfer to non-operation revenue in the Period
Innovation support funds of scientific and technological enterprise	Office of Science & Technology of Jiangbei District, Ningbo City Bei Qu Ke Ji [2012] No.15
The first batch of funds for science and technology project of Ningbo City in 2012	Office of Science & Technology of Ningbo City, Ministry of Finance Yong Ke Ji [2012] No.67; Yong Cai Zheng Jiao [2012] No.616
Interest subsidies	People’s government of Huishan District, Wuxi City Hui Fu Fa[2011] No.50
Support funds	In line with the Agreement signed between Weifu Leader and Wuxi Huishan Economic Development Zone Committee, the Company received the funds
Subsidy for research and development	Received the R&D subsidy in line with the agreement signed between Weifu Leader and Nanjing University
Subsidy for research and development	Received the R&D subsidy in line with the agreement signed between Weifu Leader and Weichai Power

64. Non-operating expenditure

In RMB

Item	Amount of this period	Amount of last period	Amount reckoned into current non-recurring gains/losses
non-current assets disposal losses	4,013,576.76	1,364,127.23	4,013,576.76
Including: fixed assets disposal losses	4,013,576.76	1,364,127.23	4,013,576.76
Donations	143,500.00	368,500.00	143,500.00
Relocation expenses of parent company	509,264.71		509,264.71
Local fund etc.	5,752,779.43	5,091,234.68	
Other expenditure	2,185,351.62	1,048,857.98	2,185,351.62
Total	12,604,472.52	7,872,719.89	6,851,693.09

Explanation on non-operating expenditure

65. Income tax expense

In RMB

Item	Amount of this period	Amount of last period
current income tax calculated based on tax law and relevant rules	133,722,384.85	106,578,282.43
Increase/decrease of deferred income tax assets	-30,595,253.49	-2,687,671.53
Increase/decrease of deferred income tax liability	-111,033.00	-111,033.00
Total	103,016,098.36	103,779,577.90

66. 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= $P_1/(S_0+S_1+S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k +$ 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.

Item	Symbol or calculation formula	2013	2012
Net profits belong to common stock stockholders of the Company	P_0	1,108,221,450.83	889,326,939.46
Non-recurring gains/losses	DC	95,135,794.96	36,647,179.14
Net profits belong to common stock stockholders of the Company after deducted non-recurring gains/losses	$=P_0-DC$	1,013,085,655.87	852,679,760.32
Total shares amount at period-begin	S_0	680,133,995.00	567,275,995.00
Number of increased shares due to reserve's conversion into share capital or distribution of dividends	S_1	340,066,997.00	--
Number of increased shares due to issue of new shares or debt-to-equity	S_i	--	112,858,000.00
Number of accumulated months from the next month of shares increase to the end of the reporting period	M_i	12	--
Number of decreased shares due to repurchase	S_j	--	--
Number of accumulated months from the next month of shares decrease to the end of the reporting period	M_j	--	--
Number of contraction of shares in the reporting period	S_k	--	--
Number of months in the reporting period	M_0	12	12
The weighted average number of ordinary shares outstanding	$S = S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k$	1,020,200,992	991,986,492.50
Basic EPS	$=P_0 \div S$	1.09	0.90
Basic EPS after deducted non-recurring gains/losses	$=(P_0-DC) \div S$	0.99	0.86

[Note] The Company increase the capital stock from retained profit for the period, and exercise retroactive adjustment for the weighted average and EPS of common shares that outstanding last period

67. Other consolidated income

In RMB

Item	Amount of this period	Amount of last period
1.gains (losses) amount generated by available-for-sale financial assets	42,490,055.00	56,509,360.00
Subtotal	42,490,055.00	56,509,360.00
Total	42,490,055.00	56,509,360.00

Explanation on other consolidated income

The privately offering share of SDEC was purchased by the Company in March 2012 with restriction term of one year; in June 2013, privately offering shares of Miracle Logistics was purchased by the Company with restriction of one year. RMB 42,490,055.00 was reckoned into capital reserve after deduction of deferred income tax liability

from changes of fair value at period-end

68. Notes to statement of cash flow

(1) Other cash received in relation to operation activities

In RMB

Item	Amount
Income from bank deposit interest	67,113,336.03
Government subsidy	80,493,264.00
Current amount	27,101,140.72
Other	1,031,368.28
Total	175,739,109.03

Explanation on other cash received in relation to operation activities

(2) Other cash paid in relation to operation activities

In RMB

Item	Amount
Expenses of cash paid	177,182,122.82
Expenses of management cash paid	260,180,276.60
Other	1,131,292.26
Total	438,493,691.68

Explanation on other cash paid in relation to operation activities

(3) Cash received from other investment activities

In RMB

Item	Amount
Relocation compensation received	27,606,673.11
The cash and cash equivalent obtained from subsidiary Weifu-Autocam is larger than the cash paid for obtaining the subsidiary	18,479,719.38
Total	46,086,392.49

Explanation on cash received from other investment activities

(4) Cash paid related with investment activities

In RMB

Item	Amount
Relocation expenses paid (including compensation of losses for the lessee)	1,950,855.71
Total	1,950,855.71

Explanation on cash paid related with investment activities

(5) Other cash received in relation to financing activities

In RMB

Item	Amount

Explanation on other cash received in relation to financing activities

(6) Cash paid related with financing activities

In RMB

Item	Amount
National debt paid transfer to loans	339,091.00
Total	339,091.00

Explanation on cash paid related with financing activities

69. Supplementary information to statement of cash flow

(1) Supplementary information to statement of cash flow

In RMB

Supplementary information	This Period	Last Period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	1,154,293,532.95	934,237,292.21
Add: Assets impairment provision	88,621,192.08	21,115,697.65
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	173,869,513.18	151,856,239.74
Amortization of intangible assets	10,993,997.71	7,325,734.12
Amortization of long-term deferred expenses	6,006,154.32	3,614,305.84
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with "--")	-13,231,886.25	-3,031,763.11
Loss of disposing fixed assets(gain is listed with "--")	105,176.95	
Financial expenses (gain is listed with "--")	19,565,782.02	18,404,432.74
Investment loss (gain is listed with "--")	-642,493,295.01	-396,219,312.90
Decrease of deferred income tax asset((increase is listed with "--")	-30,595,253.49	-2,687,671.53
Increase of deferred income tax liability (decrease is listed with "--")	-111,033.00	-111,033.00
Decrease of inventory (increase is listed with "--")	-286,714,190.20	106,211,262.03
Decrease of operating receivable accounts (increase is listed with "--")	-354,068,354.41	469,130,650.28
Increase of operating payable accounts (decrease is listed with "--")	676,252,906.21	-144,086,615.61
Other	1,463,880.07	
Net cash flow arising from operating activities	803,958,123.13	1,165,759,218.46
2. Material investment and financing not involved in cash flow	--	--
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	2,288,739,620.44	2,432,803,698.08
Less: Balance of cash equivalent at year-begin	2,432,803,698.08	745,778,764.22
Net increasing of cash and cash equivalents	-144,064,077.64	1,687,024,933.86

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

In RMB

Supplementary information	Amount of this period	Amount of last period
I. Relevant information about obtaining subsidiary and other business units:	--	--
1. price of obtaining subsidiary and other operation unit	1,401,687.00	
2. cash and cash equivalent obtained from subsidiary and other operation unit	1,401,687.00	
Less: cash and cash equivalent held by subsidiary and other operation unit	19,881,406.38	
3. net cash received from subsidiary and other operation unit	-18,479,719.38	
4. net assets obtained from subsidiary	130,097,039.43	
Current assets	118,988,469.60	
Non-current assets	77,303,807.36	
Current liability	66,195,237.53	
II. Relevant information about disposal of subsidiary and other business units:	--	--

(3) Constitution of cash and cash equivalent:

In RMB

Item	Closing amount	Opening amount
I . Cash	2,288,739,620.44	2,432,803,698.08
Including: stock cash	1,127,043.52	481,336.46
Bank deposit available for payment at any time	2,287,612,576.92	2,432,322,361.62
III. Balance of cash and cash equivalent at period-end	2,288,739,620.44	2,432,803,698.08

Explanation on constitution of cash and cash equivalent:

70. 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:

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

In RMB

Name	Total assets at period-end	Total liability at period-end	Net assets at period-end	Total operation revenue in this period	Net profit in this period	Note
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IX. Related Parties and Transactions

1. Parent company of the Company

Parent company	Relationship	Nature	Registration place	Legal representative	Business nature	Registered capital	Proportion of shares held to the Company (%)	Proportion of voting right to the Company (%)	Final controller of the Company	Organization code
Wuxi Industry Group	Controlling shareholder	State-owned exclusively	Wuxi	Jiang Guoxiong	Operation of state-owned assets	358937.924146(in 10 thousand Yuan)	20%	20%	State-owned Assets Supervision & Administration Commission of Wuxi Municipality of Jiangsu Province	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

Subsidiary	Type	Nature	Registration place	Legal representative	Business nature	Registered capital	Proportion of shares held (%)	Proportion of voting right (%)	Organization code
Weifu Jinning	Controlling subsidiary	Limited company	Nanjing	Chen Xuejun	Parts of combustion engine	346,286,825.80	80%	80%	13497754-6
Weifu Leader	Controlling subsidiary	Limited company	Wuxi	Chen Xuejun	Vehicle exhaust cleaner, muffler	502,596,300.00	94.81%	94.81%	13600159-8
Weifu Mashan	Controlling subsidiary	Limited company	Wuxi	Wang Xiaodong	Parts of combustion engine	45,000,049.36	100%	100%	13625011-3
Weifu Chang'an	Controlling subsidiary	Limited company	Wuxi	Wang Xiaodong	Parts of combustion engine	60,000,000.00	100%	100%	70354868-9
Weifu Nano	Controlling subsidiary	Limited company	Wuxi	Xu Liangfei	Nano material	30,000,000.00	80%	80%	74066428-3
Weifu Diesel System	Controlling subsidiary	Limited company	Wuxi	Chen Xuejun	Parts of combustion engine	300,000,000.00	100%	100%	76418029-1
Weifu International Trade	Controlling subsidiary	Limited company	Wuxi	Gao Guoyuan	International trade	30,000,000.00	100%	100%	76103151-4
Weifu ITM	Controlling subsidiary	Limited company	Wuxi	Chen Xuejun	Parts of combustion engine	160,000,000.00	100%	100%	72418270-0
Weifu Schmidt	Controlling subsidiary	Limited company	Wuxi	Chen Xuejun	Parts of combustion engine	48,000,000.00	66%	66%	69449050-9
Weifu Tianli	Controlling	Limited company	Ningbo	Chen Xuejun	Parts of combustion	104,690,000.00	51%	51%	73424810-1

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	subsidiary				engine				
Weifu Jialin	Controlling subsidiary	Limited company	Chaoyang	Xu Yunfeng	Parts of combustion engine	8,000,000.00	51%	51%	78877120-5
Weifu Tianshi	Controlling subsidiary	Limited company	Quanjiao	Wang Weiliang	Parts of combustion engine	10,000,000.00	52%	52%	57301523-4
Kunming Xitong	Controlling subsidiary	Limited company	Kunming	Xu Yunfeng	Parts of combustion engine	4,000,000.00	70%	70%	77554741-5
Weifu-Autocam	Controlling subsidiary	Limited company	Wuxi	Gao Guoyuan	Parts of combustion engine	US\$10,000,000.00	51%	51%	77540714-8

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

Invested company	Type	Register place	Legal rep.	Business nature	Register capital	Equity proportion held by the Company (%)	Proportion of voting rights in invested company (%)	Relationship	Organization code
I. Joint venture									
Wuxi Weifu Environment Protection Catalyst Co., Ltd.	joint-venture of Sino-foreign	Wuxi	Ou Jianbin	Catalyst	50,000,000.00	49%	49%	Joint-venture of Weifu Leader	75969849-1
II. Associated company									
Bosch Diesel System	joint-venture of Sino-foreign	Wuxi	BOHLER KLAUS	Accessories and matching parts of internal combustion engine	USD230,000,000.00	34%	34%	Associated company	60791796-6
Weifu Precision Machinery Manufacture Co., Ltd.	Limited company	Wuxi	Chen Haojun	Accessories and matching parts of internal combustion engine	12,000,000.00	20%	20%	Associated company	73944370-7

4. Particulars about other related parties

Other Related parties	Relationship with the Company	Organization code
German Bosch Company	Second largest shareholder of the Company	

Explanation on other related parties:

5. Related transaction

(1) Statement of commodity purchased and labor service received

In RMB

Related parties	Content	Pricing way and decision making procedures	Amount of this period		Amount of last period	
			Amount	Ratio in similar transactions (%)	Amount	Ratio in similar transactions (%)
Wuxi Weifu Fine Machinery Manufacturing Co., Ltd.	Products purchase or receiving labor service	Market price / approved by shareholders general meeting	74,351,203.93	2.31%	73,419,425.84	2.6%
Bosch Diesel System	Products purchase or receiving labor service	Market price / approved by shareholders general meeting	202,375,098.93	6.3%	153,709,737.35	5.43%
Wuxi Weifu Environment Protection Catalyst Co., Ltd.	Products purchase or receiving labor service	Market price / approved by shareholders general meeting	570,685,691.38	17.76%	515,432,097.39	18.25%
Weifu-Autocam (joint venture of the Company in last year and from Jan. to June of the Period)	Products purchase or receiving labor service	Market price / approved by shareholders general meeting	10,620,477.22	0.33%	15,279,076.96	0.54%
German Bosch Company	Products purchase or receiving labor service	Market price / approved by shareholders general meeting	73,342,204.50	2.28%	35,730,141.61	1.27%

Statement of commodity sales and labor service provided

In RMB

Related parties	Content	Pricing way and decision making procedures	Amount of this period		Amount of last period	
			Amount	Ratio in similar transactions (%)	Amount	Ratio in similar transactions (%)
Wuxi Weifu Fine Machinery Manufacturing Co., Ltd.	Selling products or providing labor service	Market price / approved by shareholders general meeting	18,615,264.63	0.33%	16,199,710.11	0.32%
Bosch Diesel System	Selling products or providing labor service	Market price / approved by shareholders general meeting	601,336,432.13	10.76%	321,678,319.96	6.41%
Wuxi Weifu Environment Protection Catalyst Co., Ltd.	Selling products or providing labor service	Market price / approved by shareholders general meeting	17,163,135.62	0.31%	9,549,026.73	0.19%
Weifu-Autocam (joint venture of the Company in last year and from Jan. to June of the Period)	Selling products or providing labor service	Market price / approved by shareholders general meeting	2,103,498.69	0.04%	3,104,958.20	0.06%
German Bosch Company	Selling products or providing labor service	Market price / approved by shareholders general meeting			14,898,845.25	0.3%

(2) Related trusteeship/contract

Statement of related trusteeship/contract

In RMB

Assignee/contract-out party	Assigner/contract or	Assts type	Starting from	Terminated dated	Pricing basis	Income recognized in this period
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Statement of entrusted management and contract

In RMB

Assignee/contract-out party	Assigner/contract or	Assts type	Starting from	Terminated dated	Pricing basis	Income recognized in this period
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Explanation on related trusted ship and contract

(3) Related leasing

Leasing-out

In RMB

Lessor	Lessee	Type of leasing	Starting from	Terminated dated	Pricing basis for leasing income	Leasing income recognized in period
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Statement of leasing

In RMB

Lessor	Lessee	Type of leasing	Starting from	Terminated dated	Pricing basis for leasing income	Leasing income recognized in period
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Explanation on related leasing:

(4) Related guarantee

In RMB

Guarantee provided	Guarantee received	Guarantee amount	Starting from	Terminated dated	Whether guarantee implemented or not
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Explanation on related leasing:

(5) Borrowed funds from related party

In RMB

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

(6) Assets transfer, debt restructure of related party

In RMB

Related parties	Type	Content	Pricing principal	Amount of this period		Amount of last period	
				Amount	Ratio in similar transactions (%)	Amount	Ratio in similar transactions (%)

(7) Other related transactions

Equity transferring

Equity transfer for year of 2012:

A. according to the equity transfer agreement signed between the Company and Wuxi Industry Group, 1.5 percent equity of Bosch Diesel System held by Wuxi Industry Group was transferred with consideration RMB 206.89 million paid by the Company.

B. according to the equity transfer agreement signed between the Company and German Bosch Company, 1 percent equity of Bosch Diesel System held by German Bosch Company was transferred with consideration RMB 137.526 million paid by the Company.

C. according to the agreement signed between Weifu Leader and Wuxi Industry Group, equity of Wuxi Venture Capital Group Co., Ltd. held by Weifu Leader was transferred to Wuxi Industry Group with consideration RMB 3.9762 million paid by Wuxi Industry Group.

The above equity value was assessed by professional assessment organization and amount for transfer is reference to the assessment result from professional insitute.

There are no related transaction of equity transfer occurred in 2013

Trademark transfer

According to the trademark transfer agreement signed between the Company and Wuxi Industry Group, trademark held by Wuxi Industry Group were purchased by the Company with consideration of RMB 16.1557 million (tax included).

Land use right transfer

According to the state-owned land use right transfer agreement signed between the subsidiary Weifu Chang'an and Wuxi Industry Group, the land assets located at No.88, Huichang Road, Huishan District, Wuxi City owned by Wuxi Industry Group was transferred by Weifu Chang'an, and RMB 51.25 million in total should be paid by Weifu Chang'an.

Other related transactions

Item	Related parties	2013	2012
Payable Technology service etc.	Bosch Diesel System	5,039,383.08	6,817,692.00
Rental receivable	Weifu-Autocam	--	1,722,358.00
Rental receivable	Wuxi Weifu Environment Protection Catalyst Co.,Ltd.	2,061,647.33	1,860,956.00
Fixed assets purchased	Wuxi Weifu Environment Protection Catalyst Co.,Ltd.	--	376,521.74
Fixed assets purchased	Bosch Diesel System	96,395.27	--
Land and trademark fee payable	Wuxi Industry Group	4,323,200.00	6,261,546.16
Technology royalties paid etc.	German Bosch Company	16,458,215.51	17,930,478.31

6. Account receivable/payable for related parties

Account receivable from related parties

In RMB

Item	Related parties	Amount at period-end		Amount at period-begin	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
Note receivable	Wuxi Weifu Fine Machinery Manufacturing Co., Ltd.	1,080,000.00			
Account receivable	Wuxi Weifu Fine Machinery Manufacturing Co., Ltd.	1,180,465.57			
Account receivable	Bosch Diesel System	100,164,734.24		53,027,656.44	
Account receivable	Wuxi Weifu-Autocam Fine Machinery Co. Ltd.			1,865,602.94	
Account paid in advance	Wuxi Industry Group			15,155,700.00	
Account paid in advance	Wuxi Weifu Environment Protection Catalyst Co., Ltd.			683,559.35	

Account payable for related parties

In RMB

Item	Related parties	Amount at period-end	Amount at period-begin
Note payable	Wuxi Weifu Environment Protection Catalyst Co., Ltd.	80,000,000.00	
Account payables	Wuxi Weifu Fine Machinery Manufacturing Co., Ltd.	10,450,446.23	19,657,909.58
Account payables	Wuxi Weifu Environment Protection Catalyst Co., Ltd.	175,293,136.79	141,686,937.76
Account payables	Bosch Diesel System	5,623,282.56	5,623,282.56

Account payables	Wuxi Weifu-Autocam Fine Machinery Co. Ltd.		1,078,898.36
Account payables	German Bosch Company	23,536,386.44	6,902,117.57
Account received in advance	Wuxi Weifu Environment Protection Catalyst Co., Ltd.	2,627,152.95	4,146,398.48
Other payables	Wuxi Industry Group	17,250,000.00	

X. Share-based payment

1. General particular about share-based payment

In RMB

Explanation on share-based payment

2. Share-based payment settled by equity

In RMB

Explanation on share-based payment settled by equity

3. Share-based payment settled by cash

In RMB

Explanation on share-based payment settled by cash

4. Share-based payment settled by service

In RMB

5. Particular about amendment of share-based 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:

Assets pledged or mortgaged up to 31 December 2013:

1. RMB 158.82 million savings for issuing bank acceptance bill or marginal deposit
2. RMB 103.06 million bank acceptance bill in note receivable of the Company was pledged to the bank for guarantee of bank acceptance issued

XII. Commitments

1. Material commitments

2. Commitments made previously

In 2012, according to the Trademark Transfer Agreement signed with Wuxi Industry Group, the Company purchase the trademark "Xi" held by Wuxi Industry Group, relevant procedures have completed in 2013.

XIII. Subsequent events of balance sheet

1. Explanation on major event after balance sheet date

In RMB

Item	Content	Influence on financial status and operation results	Reasons for no estimation on influence amount
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2. Profit distribution after balance sheet date

In RMB

Profit or dividend plans to distributed	306,060,297.60
Profit or dividend declare to distributed which have been approved	306,060,297.60

3. Other explanation after balance sheet date

1. According to the resolution of 15th meeting of 7th session of the Board held on 15 January 2014, the Company plans to invest the equity investment fund of Shanghai Chengding Detong with RMB 100 million, the self-owned capital of the Company.
2. According to the resolution of 16th meeting of 7th session of the Board held on 11 April 2014, the Company plans to exercise trust management with self-owned fund up to RMB 2 billion.

XIV. Other major event**1. Non-monetary assets exchange****2. Debt reorganization****3. Enterprise combination****4. Leasing****5. Financial instrument issued outside and convertible to shares in report period****6. Assets and liability measured by fair value**

In RMB

Item	Amount at period-begin	Gains/losses of change of fair value in this term	Changes of fair value reckoned into equity accumulatively	Impairment accrual in this term	Amount at period-end
Financial assets					
3. Financial assets available for sales	265,689,600.00	42,490,055.00			385,009,400.00
Total	265,689,600.00	42,490,055.00			385,009,400.00
Financial liability	0.00				0.00

7. Foreign currency financial assets and financial liability

In RMB

Item	Amount at period-begin	Gains/losses of change of fair value in this term	Changes of fair value reckoned into equity accumulatively	Impairment accrual in this term	Amount at period-end
Financial assets					
Subtotal of financial assets	0.00				0.00
Financial liability	0.00				0.00

8. Main content of pension plan and major changes

Pension plan has no changes

9. Other

XV. Principle notes of financial statements of parent company

1. Accounts receivable

(1) Accounts receivable

In RMB

Types	Closing amount				Opening amount			
	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	1.04%	6,919,976.11	100%
Account receivable of bad debt provision withdrawal by combination								
Including: Age combination	371,879,011.88	55.64%	3,223,908.39	0.87%	370,797,881.41	55.42%	2,921,815.31	0.79%
Subsidiary combination	296,435,522.03	44.35%			286,265,572.30	42.78%		
Subtotal of group	668,314,533.91	99.99%	3,223,908.39	0.48%	657,063,453.71	98.2%	2,921,815.31	0.44%
Accounts with single significant amount and bad debts provision accrued individually	97,292.64	0.01%	97,292.64	100%	5,103,395.48	0.76%	5,103,395.48	100%
Total	668,411,826.55	--	3,321,201.03	--	669,086,825.30	--	14,945,186.90	--

Explanation for category of account receivables:

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.

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

 Applicable Not applicable

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

 Applicable Not applicable

In RMB

Age	Closing amount			Opening amount		
	Book balance		Bad debt reserve	Book balance		Bad debt reserve
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year						
Including:	--	--	--	--	--	--
Within 6 months	362,622,150.61	97.51%		365,426,500.42	98.55%	
6 months to 1 year	6,228,167.55	1.68%	622,816.76	2,543,272.70	0.69%	254,327.27
Subtotal of within 1 year	368,850,318.16	99.19%	622,816.76	367,969,773.12	99.24%	254,327.27
1-2 years	527,985.41	0.14%	105,597.08	43,700.39	0.01%	8,740.08
2-3 years	8,689.60		3,475.84	209,433.24	0.06%	83,773.30

Over 3 years	2,492,018.71	0.67%	2,492,018.71	2,574,974.66	0.69%	2,574,974.66
Total	371,879,011.88	--	3,223,908.39	370,797,881.41	--	2,921,815.31

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

Applicable Not applicable

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

Applicable Not applicable

Accounts with single significant amount and bad debts provision accrued individually at end of period

Applicable Not applicable

In RMB

Contents of account receivables	Book balance	Bad debt reserve	Provision proportion (%)	Reason for provision
Other clients	97,292.64	97,292.64	100%	The account was too old to collect
Total	97,292.64	97,292.64	--	--

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

In 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

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

In RMB

Contents of account receivables	Book balance	Bad debt amount	Provision proportion (%)	Reason

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

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

In RMB

Name of the company	Nature of account receivables	Time of write-off	Amount written off	Reason for write-off	Arising from related transactions (Y/N)
Liuzhou Special Diesel Engine Factory	Amount for goods		1,612,018.00	Old account age and unable to collected	N
Shaoyang Shenfeng Engine Manufacturing Co., Ltd.	Amount for goods		1,589,871.23	Old account age and unable to collected	N
Changzhou Wanzhou Diesel Engine Company	Amount for goods		1,500,000.00	Old account age and unable to collected	N
Yuejin Light Automobile Co., Ltd.	Amount for goods		1,218,086.88	Old account age and unable to collected	N
Henan Agricultural Machinery Company	Amount for goods		1,000,000.00	Old account age and unable to collected	N
Hubei Duoling Engine Machinery Co., Ltd.	Amount for goods		775,624.61	Old account age and unable to collected	N
Henan Xinxiang Internal-Combustion Engine Plant	Amount for goods		753,754.25	Old account age and unable to collected	N
Yunnan Jinma Diesel Engine Factory	Amount for goods		579,210.11	Old account age and unable to collected	N
Dongfeng Nanchong Automobile Co., Ltd.	Amount for goods		569,974.38	Old account age and unable to collected	N
Guangxi Liuzhou Zhongxing Engine Plant	Amount for goods		474,895.94	Old account age and unable to collected	N

Zhejiang Agricultural Machinery Accessories Company	Amount for goods		457,800.00	Old account age and unable to collected	N
Changchai Group Jintan Diesel Plant	Amount for goods		375,035.52	Old account age and unable to collected	N
Fujian Longma Agricultural Vehicles Manufacturing Co., Ltd.	Amount for goods		365,169.92	Old account age and unable to collected	N
Other clients	Amount for goods		947,027.30	Old account age and unable to collected	N
Total	--	--	12,218,468.14	--	--

Explanation for write-off of account receivables:

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

In RMB

Name of the company	Closing amount		Opening amount	
	Book balance	Bad debt provision accrual	Book balance	Bad debt provision accrual

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

(6) Top 5 account receivable

In RMB

Name of the company	Relationship with the Company	Amount	Terms	Proportion in total account receivables (%)
Weifu Chang'an	Subsidiary	112,253,896.68	Within 1 year	16.79%
Weifu Diesel System	Subsidiary	103,294,005.96	Within 1 year	15.45%
Client3	Client	64,275,778.82	Within 1 year	9.62%
Bosch Diesel System	Associated company	47,593,182.73	Within 1 year	7.12%
Client5	Client	44,735,399.57	Within 1 year	6.69%
Total	--	372,152,263.76	--	55.67%

(7) Account receivables due from related parties

In RMB

Name of the company	Relationship with the Company	Amount	Proportion in total account receivables (%)
Weifu Diesel System	Subsidiary	103,294,005.96	15.45%
Weifu Chang'an	Subsidiary	112,253,896.68	16.79%
Weifu Mashan	Subsidiary	35,317,926.61	5.28%
Weifu International Trade	Subsidiary	7,014,674.33	1.05%
Kunming Xitong	Subsidiary	6,326,805.11	0.95%
Weifu Tianshi	Subsidiary	24,142,970.10	3.61%
Weifu-Autocam	Subsidiary	2,889,772.03	0.43%
Weifu ITM	Subsidiary	5,195,471.21	0.78%
Bosch Diesel System	Associated company	47,593,182.73	7.12%
Total	--	344,028,704.76	51.46%

(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

2. Other accounts receivable

(1) Other accounts receivable

In RMB

Types	Closing amount				Opening amount			
	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	27.23%	2,000,000.00	100%	2,000,000.00	7.15%	2,000,000.00	100%
Other receivable of bad debt provision withdrawal by combination								
Including: Age combination	2,943,800.84	40.09%	36,515.70	1.24%	1,628,348.19	5.82%	46,924.84	2.88%
Subsidiary combination					21,927,747.27	78.44%		
Subtotal of group	2,943,800.84	40.09%	36,515.70	1.24%	23,556,095.46	84.26%	46,924.84	0.2%
Other receivable with single minor amount while withdrawal bad debt provision separately	2,400,000.00	32.68%	2,400,000.00	100%	2,400,000.00	8.59%	2,400,000.00	100%
Total	7,343,800.84	--	4,436,515.70	--	27,956,095.46	--	4,446,924.84	--

Explanation for category of other receivables:

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.

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

√ Applicable □ Not applicable

In RMB

Contents of other receivables	Book balance	Bad debt amount	Provision proportion (%)	Reason
Jiangsu Techniques and Technology Center	2,000,000.00	2,000,000.00		
Total	2,000,000.00	2,000,000.00	--	--

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

√ Applicable □ Not applicable

In RMB

Age	Closing amount				Opening amount			
	Book balance		Bad debt reserve	Book balance		Bad debt reserve		
	Amount	Proportion (%)		Amount	Proportion (%)			
Within 1 year								
Including:	--	--	--	--	--	--	--	
Within 6 months	2,635,947.35	89.54%		1,296,724.00	79.64%			
6 months to 1 year	250,550.00	8.51%	25,055.00	200,000.00	12.28%	20,000.00		

Subtotal of within 1 year	2,886,497.35	98.05%	25,055.00	1,496,724.00	91.92%	20,000.00
1-2 years	57,303.49	1.95%	11,460.70	128,624.19	7.9%	25,724.84
2-3 years				3,000.00	0.18%	1,200.00
Total	2,943,800.84	--	36,515.70	1,628,348.19	--	46,924.84

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

Applicable Not applicable

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

Applicable Not applicable

Other receivable with single minor amount while withdrawal bad debt provision separately at end of period

Applicable Not applicable

In RMB

Contents of other receivables	Book balance	Bad debt reserve	Provision proportion (%)	Reason for provision
Nanjing University	600,000.00	600,000.00	8.17%	Bad debt reserve accrual totally
Southeast University	600,000.00	600,000.00	8.17%	Bad debt reserve accrual totally
Nanjing University of Science and Technology	600,000.00	600,000.00	8.17%	Bad debt reserve accrual totally
Nanjing University of Technology	600,000.00	600,000.00	8.17%	Bad debt reserve accrual totally
Total	2,400,000.00	2,400,000.00	--	--

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

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

In RMB

Contents of account receivables	Book balance	Bad debt amount	Provision proportion (%)	Reason
Explanation for other receivable with single minor amount while the risks of the group categorized with similar risk characteristics are relative significant:				

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

In RMB

Name of the company	Nature of other receivables	Time of write-off	Amount written off	Reason for write-off	Arising from related transactions (Y/N)
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

In RMB

Name of the company	Closing amount		Opening amount	
	Book balance	Bad debt provision accrual	Book balance	Bad debt provision accrual

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

(6) Top 5 other receivable

In RMB

Name of the company	Relationship with the Company	Amount	Terms	Percentage in total accounts receivable

Weifu High-Technology Group Co., Ltd. Annual Report of 2013 (Full-text)

				amount (%)
Jiangsu Techniques and Technology Center	Non-related party	2,000,000.00	Over 3 years	27.23%
Nanjing University	Non-related party	600,000.00	Over 3 years	8.17%
Southeast University	Non-related party	600,000.00	Over 3 years	8.17%
Nanjing University of Science and Technology	Non-related party	600,000.00	Over 3 years	8.17%
Nanjing University of Technology	Non-related party	600,000.00	Over 3 years	8.17%
Total	--	4,400,000.00	--	59.91%

(7) Other receivables due from related parties

In RMB

Name of the company	Relationship with the Company	Amount	Proportion in total other receivables (%)
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(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**3. Long-term equity investment**

In RMB

Invested company	Calculation method	Investment cost	Opening balance	Increase/decrease(+,-)	Closing balance	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 period	Cash bonus this period
Weifu Jinning	Cost method	178,639,593.52	178,639,593.52		178,639,593.52	80%	80%	--			93,949,002.07
Weifu Leader	Cost method	460,113,855.00	460,113,855.00		460,113,855.00	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%	--			117,672,378.25
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%	--			2,497,947.74
Weifu ITM	Cost method	167,000,000.00	167,000,000.00		167,000,000.00	100%	100%	--			
Weifu Schmidt	Cost method	31,680,000.00	8,100,000.00	23,580,000.00	31,680,000.00	66%	66%	--			
Weifu Tianli	Cost method	90,229,100.00	90,229,100.00		90,229,100.00	51%	51%	--			1,861,202.66
Weifu Jialin	Cost method	4,685,868.73	4,685,868.73		4,685,868.73	51%	51%	--			2,528,876.00
Kunming Xitong	Cost method	5,471,793.17	5,471,793.17		5,471,793.17	70%	70%	--			

Weifu High-Technology Group Co., Ltd. Annual Report of 2013 (Full-text)

Weifu Tianshi	Cost method	5,200,000.00	5,200,000.00		5,200,000.00	52%	52%	--			
Weifu-Autocam	Cost method	66,349,490.11		66,349,490.11	66,349,490.11	51%	51%	--			
Weifu-Autocam	Equity method	37,842,087.00	66,604,790.02	-66,604,790.02				--			10,470,000.00
Bosch Diesel System	Equity method	867,509,767.37	1,329,363,084.03	360,450,712.91	1,689,813,796.94	32.5%	32.5%	--			
Zhonglian Automobile Electronic Co., Ltd	Equity method	120,124,000.00	375,291,329.83	68,724,448.62	444,015,778.45	20%	20%	--			109,786,374.78
Wuxi Weifu Fine Machinery Manufacturing Co., Ltd.	Equity method	2,000,000.00	33,948,438.79	5,145,459.95	39,093,898.74	20%	20%	--			2,550,000.00
Guolian Securities Co., Ltd.	Cost method	12,000,000.00	12,000,000.00		12,000,000.00	1.2%	1.2%	--			360,000.00
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		
Yangdong Co., Ltd.	Cost method	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	--	2,527,384,368.93	3,215,186,667.12	455,289,421.57	3,670,476,088.69	--	--	--	37,900,000.00		341,675,781.50

Explanation on long-term equity investment

1. Weifu Schmidt: Weifu Schmidt 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.

In 2013, the 15 percent shares of Weifu Schmidt held by Shanghai Weishi Automobile Technology Development Co., Ltd were transferred by the Company, and the Company increase capital for Weifu Schmidt after that, thus, the Company accounts for 66 percent in register capital of Weifu Schmidt after capital increased.

2. Bosch Diesel System: register capital at beginning of the year was US\$ 200 million and US\$ 30 million increased in the year. Increase register capital from the unpaid profit that distributed which was announced in last year, register capital of Bosch Diesel System comes to US\$ 230 million after increased. And including US\$ 74.75 million contributed by the Company, accounts for 32.50% of the register capital.

3. Weifu-Autocam: according to the equity transfer agreement signed between the Company and Autocam Corporation, the one percent equity of Weifu Autocam, hold by Autocam Corporation, was transferred to the Company; capital contributed by the Company accounted for 51 percent of the register capital of Weifu Autocam, thus comes to the controlling subsidiary of the Company. The Company calculated based on cost method since being subsidiary of the Company.

4. Operating income and cost

(1) Operating income

In RMB

Item	Amount of this period	Amount of last period
Main operating income	2,106,217,057.40	1,818,534,349.08
Other operating income	355,848,553.86	313,554,640.09
Total	2,462,065,611.26	2,132,088,989.17
Operating cost	1,983,561,133.99	1,782,615,888.55

(2) Main business (by industry)

In RMB

Industry	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost

Auto parts	2,106,217,057.40	1,649,446,346.65	1,818,534,349.08	1,484,100,850.30
Total	2,106,217,057.40	1,649,446,346.65	1,818,534,349.08	1,484,100,850.30

(3) Main business (by product)

In RMB

Product	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Auto parts	2,106,217,057.40	1,649,446,346.65	1,818,534,349.08	1,484,100,850.30
Total	2,106,217,057.40	1,649,446,346.65	1,818,534,349.08	1,484,100,850.30

(4) Main business (by districts)

In RMB

Districts	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Domestic sales	2,106,217,057.40	1,649,446,346.65	1,818,534,349.08	1,484,100,850.30
Total	2,106,217,057.40	1,649,446,346.65	1,818,534,349.08	1,484,100,850.30

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

In RMB

Client	Total operation revenue	The percentage in all operating revenue of the Company (%)
Client1	219,281,569.17	8.91%
Client2	218,529,144.69	8.88%
Client3	205,695,233.26	8.35%
Client4	194,884,749.86	7.92%
Client5	110,177,220.55	4.47%
Total	948,567,917.53	38.53%

Explanation on operating income

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

In RMB

Item	Amount of this period	Amount of last period
Income of long-term equity investment calculated based on cost	218,869,406.72	280,432,522.71
Income of long-term equity investment calculated based on equity	495,674,234.35	324,586,557.36
Investment income obtained from disposal of long-term equity investment		340,000.00
Investment income obtained from held-to-maturity investment	91,274,698.13	24,750,377.29
Investment income obtained during holding available-for-sale financial assets	1,681,280.00	740,000.00
Total	807,499,619.20	630,849,457.36

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

In RMB

Invested company	Amount of this period	Amount of last period	Reasons of change (+,-)
Weifu Diesel System	117,672,378.25	159,929,783.21	Profit for year of 2012 declined, bonus decrease in the Year
Weifu Jinning	93,949,002.07	98,595,318.41	Profit for year of 2012 declined, bonus decrease in the Year
Weifu Jialin	2,528,876.00		
Weifu International Trade	2,497,947.74	2,936,625.13	Profit for year of 2012 declined, bonus decrease in the Year
Weifu Tianli	1,861,202.66	3,661,958.65	Profit for year of 2012 declined, bonus decrease in the Year
Weifu Chang'an		9,513,204.85	Profit for year of 2012 declined, no bonus in the Year
Weifu Mashan		3,659,232.46	Profit for year of 2012 declined, no bonus in the Year
Total	218,509,406.72	278,296,122.71	--

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

In RMB

Invested company	Amount of the current period	Amount of the last period	Reasons for changes (+,-)
Zhonglian Automobile Electronic Co., Ltd	178,510,823.40	159,648,592.32	Profit increase in this period due to influence from auto industry
Bosch Diesel System	300,654,937.91	144,050,276.71	Profit increase in this period due to influence from auto industry
Weifu-Autocam	8,813,013.09	14,210,163.84	Calculated by equity method from January to June in the Year
Weifu Precision Machinery Manufacture Co., Ltd.	7,695,459.95	6,677,524.49	Profit increase in this period due to influence from auto industry
Total	495,674,234.35	324,586,557.36	--

Explanation on investment income:

6. Supplementary information of cash flow statement

In RMB

Supplementary information	This Period	Last Period
1. adjust the net profits to be cash flow for operating activities	--	--
net profits	935,416,902.62	738,872,973.12
Add: Assets impairment provision	43,991,263.31	6,802,374.73
fixed assets depreciation, oil-and-gas assets loss , productive living beings depreciation	73,819,899.27	70,867,749.45
intangible assets amortization	4,143,567.83	3,935,383.69
losses from handling fixed assets, intangible assets and assets(profits fill with "--")	-201,707.06	-1,301,252.20
financial costs(profits fill with "--")	9,704,022.22	15,953,501.26
investment losses(profits fill with "--")	-807,499,619.20	-630,849,457.36
deferred income tax assets decrease(increases fill with "--")	-14,520,690.04	-1,913,384.93
stock decreases(increases fill with "--")	-47,640,730.27	88,059,213.76
operating receivables decrease(increases fill with "--")	-22,029,212.98	420,734,256.00
operating payables increase(decreases fill with "--")	394,679,579.62	-48,295,959.29
cash flow net amount generated by operating activities	569,863,275.32	662,865,398.23
2. significant investment financial activities not involving and cash deposit and withdrawal	--	--
3. net changes of cash and cash equivalents	--	--

ending balance of cash	1,422,429,501.73	1,524,564,526.97
decrease: opening balance of cash equivalents	1,524,564,526.97	132,135,416.49
net increase of cash and cash equivalents	-102,135,025.24	1,392,429,110.48

7. Assets and liabilities enter into the account book with assessed value by counter purchase

Assets and liability reckoned into book with fair value while counter purchased

In RMB

Item	Fair value	Method to determine fair value	Process of fair value	Original Book value
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In RMB

Item	Amount of long-term equity investment form by counter purchased	Process of long-term equity investment
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XVI. Supplementary Information

1. Current non-recurring gains/losses

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	13,126,709.30	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	19,375,596.41	
Profit and loss of assets delegation on others' investment or management	91,274,698.13	
Other non-operating income and expenditure except for the aforementioned items	-1,806,748.05	
Less: Impact on income tax	19,872,935.33	
Impact on minority shareholders' equity (post-tax)	6,961,525.50	
Total	95,135,794.96	--

Explain recognition reasons item-by-item if the government subsidy reckoned into current gains/losses was the recurring gains/losses

Applicable Not applicable

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

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

In RMB

	Net profit attributable to shareholders of listed company		Net assets attributable to shareholders of listed company	
	Amount in this period	Amount in last period	Closing amount	Opening amount
Chinese GAAP	1,108,221,450.83	889,326,939.46	9,600,765,223.81	8,655,980,755.24
Items and amount adjusted by IAS				

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

In RMB

	Net profit attributable to shareholders of listed company		Net assets attributable to shareholders of listed company	
	Amount in this period	Amount in last period	Closing amount	Opening amount
Chinese GAAP	1,108,221,450.83	889,326,939.46	9,600,765,223.81	8,655,980,755.24
Items and amount adjusted by foreign accounting rules				

(3) Reasons for the differences of accounting data under accounting rules in and out of China**3. REO and earnings per share**

In 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	12.12%	1.09	1.09
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	11.08%	0.99	0.99

4. Abnormalities and reasons of the accounting statement items of the Company

1. Interest receivables

Balance of interest receivable at end of 2013 increase RMB 13.8188 million over that of 2012, mainly because more un-due saving interest were accrual in the Year and interest receivable increased correspondingly.

2. Dividend receivable

Balance of dividend receivable for end of 2013 and 2012 refers to the receivable cash dividend from Bosch Diesel System that announced in 2012 for distribution. Balance of dividend receivable at end of 2013 decrease RMB 84.6797 million over that of 2012 with 78.69% down, mainly because part of the profit distribution for year of 2012 was paid by Bosch Diesel System in the Year. According to the resolution of the Board from Bosch Diesel System, part of the cash dividend announced for distribution for year of 2012 were transferring into register capital, and in year of 2013, part of the cash dividend was transferred into register capital by the Bosch Diesel System. For end of 2013, balance of dividend receivable of the Company and Weifu Jinning refers to the parts that have not transferring into register capital by Bosch Diesel System yet.

3. Inventory

Balance of inventory at end of 2013 increase RMB 273.0897 million over that of 2012 with 31.55% up, mainly because relevant stock reserves increased along with the business expansion of Weifu Leader and Weifu Diesel System in the Year.

4. Other current assets

Balance of other current assets at end of 2013 increase RMB 1079.9382 million over that of 2012, mainly because more investment of entrust financing products for the Yera.

5. Financial assets available for sale

Balance of financial assets available for sale at end of 2013 increase RMB 119.3198 million over that of 2012 with 44.91% up, mainly because the Company subscribed privately shares offering of Miracle Logistics in the Year.

6. Held-to-maturity investment

Balance of held-to-maturity investment at end of 2013 decrease RMB 249 million over that of 2012, mainly because the Company transferred entrust financing investment due within one year to other current assets in the Year.

7. Construction in process

Balance of construction in process at end of 2013 increase RMB 133.8138 million over that of 2012, mainly because Weifu Industry Park project of the Company and Weifu Tianli's new plant project are start to constructing, investment increased in the Year.

8. Long-term unamortized expenses

Balance of long-term unamortized expenses at end of 2013 increase RMB 4.1041 million over that of 2012 with 33.56% up, mainly because expenses of house decoration increased by Weifu Leader.

9. Deferred income tax assets

Balance of deferred income tax assets at end of 2013 increase RMB 30.5953 million over that of 2012 with

35.57% up, mainly because with the growth of assets impairment provision and deferred income, deferred income tax assets increased correspondingly.

10. Short-term loans

Balance of short-term loans at end of 2013 increase RMB 329.5 million over that of 2012, mainly because with rapid development of the business from part of the subsidiaries, more capital need required and bank loans increased.

11. Note payable

Balance of note payable at end of 2013 increase RMB 105.2342 million over that of 2012 with 37.83% up, mainly because the Company increase the settlement business of note payable.

12. Account payables

Balance of account payables at end of 2013 increase RMB 343.2706 million over that of 2012 with 30.28% up, mainly because payables enlarge along with the business expansion of the Company.

13. Tax payable

Balance of tax payable at end of 2013 increase RMB 16.3429 million over that of 2012 with 59.49% up, mainly because enterprise income tax increase with the growth of operation profit.

14. Long-term loans

Balance of long-term loans at end of 2013 was RMB 60 million, which is the special loans borrowed by Weifu Tianli.

15. Special payables

Balance of special payables at end of 2013 was RMB 25.6558 million, which is the balance after make up for relocation expenses and losses of the lessee by relocation compensations received by Company and Weifu Jinning.

16. Deferred income tax liability

Balance of deferred income tax liability at end of 2013 increase RMB 7.3872 million over that of 2012, mainly because at end of the Period, variation of fair value of financial assets available for sale increased, and relevant deferred income tax liability growth.

17. Other non-current liability

Balance of other non-current liability at end of 2013 was RMB 61.6269 million, which refers to the government subsidy received by the Company in the Year increased.

18. Assets impairment loss

Assets impairment loss for year of 2013 increase RMB 67.5055 million over that of 2012, mainly because affected by emission regulation upgrade, assets impairment provision of inventory and relevant fixed assets were accrued by the Company, Weifu Jinning and Weifu Diesel System.

19. Investment income

Investment income for year of 2013 increase RMB 246.274 million over that of 2012 with 62.16% up, mainly because the profit growth and profit from financial products investment increase in Bosch Diesel System, the associated company.

20. Non-operation income

Non-operation income for year of 2013 increase RMB 17.0416 million over that of 2012 with 83.11% up, mainly because the government subsidy reckoned into non-operation income increased in the Year and income from disposal of long-term assets from Weifu Jialin growth.

21. Non-operation expenditure

Non-operation expenditure for year of 2013 increase RMB 4.7318 million over that of 2012 with 60.10% up, mainly because losses from disposal of fixed assets and other expenditure increased in the Year.

22. Net cash flow arising from operation activity

Net cash flow arising from operation activity for year of 2013 decrease RMB 361.8011 million over that of 2012 with 31.04% down, mainly because note receivable, account receivable and balance of inventory increased in the Year.

23. Net cash flow arising from investment activity

Net cash flow arising from investment activity for year of 2013 increase RMB 600.3908 million over that of

2012 with 36.22% up, mainly because more financial products investment increased in last year and investment for Bosch Diesel System, the affiliated enterprise.

24. Net cash flow arising from financing activity

Net cash flow arising from financing activity for year of 2013 decrease RMB 2069.6787 million over that of 2012, mainly because RMB 2850.1243 million fund raised from privately offering last year.

Section XI. Documents available for reference

- I. Annual Reports with the chairman's own signature;
- II. Financial report with signature and seal of legal representative, person in charge of financial works and accountant officer;
- III. Original audit report seal with accounting firms and signature and seal with CPA;
- IV. The original manuscripts of all documents and announcements of the Company publicly disclosed on *China Securities Journal*, *Securities Times* and *Hong Kong Commercial Daily* during the Period.

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

Chairman: _____

Chen Xuejun

15 April 2014