



Weifu High-Technology Group Co., Ltd.

SEMI-ANNUAL REPORT 2016

August 2016

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.

All directors are attended the Board Meeting for report deliberation.

The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either.

Chen Xuejun, Principal of the Company, Ou Jianbin, person in charger of accounting works and Ou Jianbin, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of Semi-Annual Report 2016 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, Wei-fu High-technology	Refers to	Weifu High-Technology Group Co., Ltd.
Industry Group	Refers to	Wuxi Industry Development Group Co., Ltd.
Robert Bosch, Robert Bosch Company	Refers to	Robert Bosch Co., Ltd., ROBERT BOSCH GMBH
Bosch Automobile Diesel, Bosch Diesel System	Refers to	Bosch Automobile Diesel System Co., Ltd
Weifu Automotive Diesel	Refers to	Wuxi Weifu Automotive Diesel System Co., Ltd.
Weifu Leader	Refers to	Wuxi Weifu Leader Catalytic Converter Co., Ltd.
Weifu Jinning	Refers to	Nanjing Weifu Jinning Co., Ltd.
Weifu Environment	Refers to	Wuxi Weifu Environment Catalyst Co., Ltd.
Weifu Fine Machinery	Refers to	Wuxi Weifu Fine Machinery Manufacturing Co., Ltd.
Zhonglian Electronic	Refers to	Zhonglian Automobile Electronic Co., Ltd.
Ping An Securities	Refers to	Ping An Securities Co., Ltd.
Ping An Wealth	Refers to	Ping An Wealth Investment Management Co., Ltd.
Ping An Ronghui	Refers to	Shenzhen Ping An Ronghui Investment Fund Management Co., Ltd.
CSRC	Refers to	China Securities Regulatory Commission
Jiangsu Gongzheng	Refers to	Jiangsu Gongzheng Tianye CPA (LLP)
The reporting period	Refers to	1 Jan. 2016 to 30 Jun. 2016

Section II Company profile

I. Company profile

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

II. Person/Way to contact

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

III. Others

1. Way of contact

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

Applicable Not applicable

Registrations address, offices address and codes as well as website and email of the Company has no change in reporting period, found more details in Annual Report 2015.

2. Information disclosure and preparation place

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

Applicable Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2015.

3. Registration changes of the Company

Whether registration has changed in reporting period or not

√Applicable □ Not applicable

	Date of registration	Location of registration	Registration ID of Business License	Tax authority No.	Organization Code
At period-begin	2013-11-20	Wuxi Industry &Commerce Administration of Jiangsu Province	320200000014926	320200250456967	25045696-7
At period-end	2016-04-29	Wuxi Industry &Commerce Administration	91320200250456967N	91320200250456967N	91320200250456967N

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

	Current period	Same period of last year	Increase/decrease in this report y-o-y
Operating revenue (RMB)	3,366,476,452.49	3,390,437,923.64	-0.71%
Net profit attributable to shareholders of the listed company(RMB)	943,568,535.72	1,045,987,200.83	-9.79%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	829,632,717.13	884,001,959.90	-6.15%
Net cash flow arising from operating activities(RMB)	193,541,014.95	438,286,150.85	-55.84%
Basic earnings per share (RMB/Share)	0.94	1.03	-8.74%
Diluted earnings per share (RMB/Share)	0.94	1.03	-8.74%
Weighted average ROE	7.72%	9.14%	-1.42%
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end
Total assets (RMB)	16,696,620,317.59	15,704,093,069.04	6.32%
Net assets attributable to shareholder of listed company(RMB)	12,166,563,837.58	11,783,228,273.39	3.25%

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)

Applicable Not applicable

The Company has no 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 reporting period

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

Applicable Not applicable

The Company has no 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 reporting period

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

Applicable Not applicable

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-736,558.42	
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)	15,821,482.47	Including government grand received for policy-based relocation
Profit and loss of assets delegation on others' investment or management	97,055,393.89	
Held transaction financial asset, gains/losses of changes of fair values from transaction financial liabilities, and investment gains from disposal of transaction financial asset, transaction financial liabilities and financial asset available for sales, exclude the effective hedging business relevant with normal operations of the Company	20,210,318.13	
Restoring of receivable impairment provision that tested individually	1,012,469.08	
Other non-operating income and expenditure except for the aforementioned items	1,799,202.16	
Relocation expenses	-57,116.41	
Less: Impact on income tax	20,456,474.29	
Impact on minority shareholders' equity (post-tax)	712,898.02	
Total	113,935,818.59	--

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

Applicable Not applicable

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

Section IV. Report of the Board of Directors

I. Introduction

According to the data released by China Association of Automobile Manufacturers: in first half year of 2016, production and sales of the automobile in China up to 12,892,200 and 12,829,800 with a y-o-y growth of 6.47 percent and 8.14 percent respectively; among which, passenger cars shows 11,099,400 and 11,042,300 in production and sales respectively with 7.32 percent and 9.23 percent growth y-o-y and the commercial vehicle has 1,792,700 and 1,787,400 in production and sales respectively with 1.50 percent and 1.87 percent up on a y-o-y basis.

During the reporting period, in front of the complicated macro economic situation and market conditions, the Company played actively to capitalize every business opportunity to adapt to development trend. It insisted on market orientation; focused on quality improvement, seek for efficiency enhancement, adhered to operating target, improved internal control, detailed internal management and controlled risks and costs, ensuring structure adjustment of three business segments and successful transformation. The Company realized operating income of RMB3.366 billion, representing a year on year decrease of 0.71%; realized profit of RMB1.043 billion, representing a year on year decrease of 9.95%; and realized net profit attributable to owners of parent company of RMB944 million, representing a year on year decrease of 9.79%.

For the first half year of 2016, the Company managed to maintain stable operation, which accorded with the current market condition of business vehicle and non-road machinery markets. Looking for the later half year, the Company will continue to strengthen development of new products and new market, financial operation management, product quality management, information system establishment and human resources management, trying hard to deliver growth.

II. Main business analysis

Year-on-year changes for main financial data

In RMB

	Current period	Same period of last year	Y-o-y increase/decrease	Reasons for changes
Operation revenue	3,366,476,452.49	3,390,437,923.64	-0.71%	
Operation cost	2,633,281,983.25	2,643,639,033.68	-0.39%	
Sales expenses	92,799,369.25	85,114,812.69	9.03%	
Administrative expenses	314,596,534.92	293,774,077.81	7.09%	
Financial cost	-2,909,491.43	-4,167,369.67		
Income tax expense	68,314,427.18	88,185,218.04	-22.53%	
R&D investment	131,048,092.77	106,119,283.76	23.49%	
Net cash flow arising from operation activities	193,541,014.95	438,286,150.85	-55.84%	The sales collection in the Period decreased
Net cash flow arising from investment activities	-2,078,064,480.91	-549,170,196.02		The capital out-flow increased over that of last period due to purchasing trust management in the

				Period
Net cash flow arising from financing activities	-102,277,671.94	-515,429,962.26		The payable dividend has not completed in the Period for payment
Net increase of cash and cash equivalent	-1,986,801,137.90	-626,314,007.43		The capital out-flow increased over that of last period due to purchasing trust management in the Period
Non-operation revenue	18,747,382.73	77,198,017.61	-75.72%	The compensation for removal of parent company decreased over that of last period
Non-operation expenditure	2,335,822.02	56,924,343.71	-95.90%	Expenditure of the parent company for removal decreased over that of last period
Gains/losses of fair value changes on the financial assets available for sale	-56,207,588.74	123,791,917.50	-145.40%	The fair value of SDEC and Miracles decreased in the Period over that of last period
	Current period-end	Last period-end	Changes	Reasons for changes
Monetary fund	1,224,397,416.60	3,274,679,732.54	-62.61%	The capital out-flow increased over that of last year due to purchasing trust management in the Period
Account receivable	1,738,607,467.83	1,261,163,184.87	37.86%	Sales revenue in the period has a increased on a chain basis, account receivables increased over that of last year-end
Interest receivable	2,249,341.69	3,281,939.96	-31.46%	The time deposit decreased and deposit interest rate decreased in the Period, thus the interest receivable decreased over that of last year-end
Dividend receivable	361,572,367.40	3,600,000.00	9,943.68%	The dividend receivable from Bosch Automobile Diesel and Zhonglian Electronic
Other account receivable	12,278,400.19	8,817,661.08	39.25%	The receivable amount of come-and-go money from units increased over that of last year-end
Other current assets	4,612,373,442.46	2,016,204,649.28	128.77%	The trust management increased over that of last year-end in the Period
Interest payable	3,640,952.21	778,673.59	367.58%	The interest of long-term loans payable at period-end increased over that of last year-end
Dividend payable	504,475,285.00			The payable dividend still not been completed in the Period

Major changes on profit composition or profit resources in reporting period

Applicable Not applicable

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

The future development and planning extended to reporting period that published in disclosure documents as prospectus, private placing memorandum and recapitalize statement

Applicable Not applicable

No future development and planning extended to reporting period that published in disclosure documents as prospectus, private placing memorandum and recapitalize statement

Review on the previous business plan and its progress during reporting period

In first half of 2016, business of the Company remain stable basically, and convergence with the market environment of current commercial vehicle and non-road machinery, business development still have certain pressures

III. Constitution of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase or decrease of operating revenue over same period of last year	Increase or decrease of operating cost over same period of last year	Increase or decrease of gross profit ratio over same period of last year
According to industries						
Auto parts	3,177,043,549.95	2,481,834,855.65	21.88%	-0.45%	-0.19%	-0.21%
According to products						
Auto fuel injection system	1,890,457,569.65	1,418,546,330.93	24.96%	4.74%	6.36%	-1.15%
Post-processing system	1,159,240,371.67	965,574,610.52	16.71%	-7.68%	-8.09%	0.37%
Induction system	127,345,608.63	97,713,914.20	23.27%	-2.64%	-4.53%	1.52%
According to region						
Domestic	3,026,559,194.16	2,338,364,070.74	22.74%	-0.29%	0.14%	-0.33%
Overseas	150,484,355.79	143,470,784.91	4.66%	-3.55%	-5.31%	1.77%

IV. Core competitive analysis

Core competence of the Company has no major changes in reporting period. More detail can be found in 2015 annual report.

V. Investment analysis

1. Situation of equity investment outside

(1) Situation of investment outside

Applicable Not applicable

The Company had no investment outside in the Period.

(2) Holding equity of financial enterprise

Applicable Not applicable

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	0.95%	18,000,000	0.95%	12,000,000.00		Financial assets available for sales	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		Financial assets available for sales	Subscription
Total		13,000,000.00	19,000,000	--	19,000,000	--	13,000,000.00	0.00	--	--

(3) Situation of securities investment

Applicable Not applicable

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	SDE C	199,208,000.00	23,680,000	2.73%	20,470,000	2.36%	285,965,900.00	-3,534,881.87	Financial assets available for sales	Subscription
Stock	002009	Miracle Logistics	69,331,500.00	4,710,000	1.29%	4,710,000	1.29%	76,914,300.00	-20,818,200.00	Financial assets available for sales	Subscription
Total			268,539,500.00	28,390,000	--	25,180,000	--	362,880,200.00	-24,353,081.87	--	--
Disclosure date of securities investment approval of Board report			2012-03-24								
			2013-06-04								

(4) Statement of holding other listed companies' equity

Applicable Not applicable

The Company holding no other listed company's equity in the Period

2. Trust financing, investment of derivatives and entrustment loan

(1) Trust financing

Applicable Not applicable

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 withdrawal (if applicable)	Estimated income	Actual gains/losses in period
Bank, trust,	N	N	Bank financing, trust products and assets management plans	611,090	2016-01-06	2018-03-15	Anticipated annual yield agreed in the contract	340,000	0	9,705.54	9,705.54
Total				611,090	--	--	--	340,000	0	9,705.54	9,705.54
Capital resource				All refers to the self-owned capital of the Company. Amount for financing is the accumulate amount and 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)				N							
Disclosure date for approval from the Board for trust financing (if applicable)				2016-04-19							
Disclosure date for approval from board of shareholders for trust financing (if applicable)				N							

(2) Investment of derivatives

Applicable Not applicable

The Company has no derivatives investment in the Period

(3) Entrustment loan

Applicable Not applicable

The Company has no entrustment loan in the Period

3. Application of raised proceeds

Applicable Not applicable

(1) Overall application of raised proceeds

Applicable Not applicable

In 10 thousand Yuan

Total raised proceeds	285,012.43
Total raised proceeds invested during the reporting period	9,525.71
Total accumulative raised proceeds invested	285,012.43
Total raised proceeds for new purposes during the reporting period	2,365
Total accumulative raised proceeds for new purposes	12,365
Proportion of the total accumulative raised proceeds for new purposes	4.34%

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 Tianye Certified Public Accountant 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. The relevant announcements (No. 2012-002, No. 2012-012) were published on Juchao Information Website dated 1 February 2012 and 28 February 2012.

The Company held the 9th meeting of the 7th Board on 26 March 2013 and the 2012 annual general meeting on 23 May 2013 to consider and approve the resolution on alteration to equity investment plan which set out certain adjustments to the industrialization project relating to exhaust after-treatment system products. The relevant announcements (No.2013-001, No.2013-007, and No.2013-014) were published on Juchao Information Website dated 28 March and 24 May 2013.

The Company held the 21st meeting of the 7th Board on 21 April 2015 and the 2014 annual general meeting on 28 May 2015 to consider and approve the resolution on adjustment to plans and production capacity of certain investment projects funded with raised proceeds and alteration to certain such investment projects, which mainly referred to the adjustments to the plans and production capacity of the WAPS R&D and industrialization project, diesel common rail system spare parts production capacity enhancement project as well as industry park construction project, and referred to alteration to the auto power battery materials and power materials research and development project. The relevant announcements (No. 2015-003, No. 2015-010, and No. 2015-016) were published on Juchao Information Website dated 23 April and 29 May 2015.

The "proposal of supplementary funding permanently with surplus raised-fund and interest income" was deliberated and approved by the 5th session of 8th BOD held on 15 April 2016, agreed to supplemented current funds with the surplus raised-fund and interest income permanently. The relevant announcements (No. 2016-002, No. 2016-008) were published on Juchao Information Website dated 19 April 2016.

By end of the reporting period, investments with raised-fund have completed and an aggregate of RMB 2,850,124,300 proceeds raised has been invested.

(2) Situation of committed project of raised proceeds

Applicable Not applicable

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 period	Amount of accumulated investment till the period-end (2)	Investment program till the period-end (3)=(2)/(1)	Predicted serviceable condition date of project	Profit realized 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	Y	62,032	59,667	4.04	59,667	100.00%	2015-12-31	5,999	N	N
Construction project in industrial zone	Y	57,750	57,750	7,156.67	57,750	100.00%	2015-12-31	10,129	Y	N
Industrialization of tail treatment system	Y	26,000	26,000		26,000	100.00%	2015-06-30	7,258	N	N
Research institution project	N	5,154	5,154		5,154	100.00%	2012-12-31		Y	N
Auto power battery materials and power battery research and development project	Y	10,000	0						N	Y
Equity acquisition	N	34,381.5	34,381.5		34,381.5	100.00%	2012-06-30	2,815	Y	N
Liquid assets supplementation	N	90,000	89,694.93		89,694.93	100.00%			Y	N
Permanent liquid assets supplementation	N		12,365	2,365	12,365	100.00%			Y	N
Subtotal of commitment projects	--	285,317.5	285,012.43	9,525.71	285,012.43	--	--	26,201	--	--
Investment orientation for fund arising out of plan										
N/A										
Total	--	285,317.5	285,012.43	9,525.71	285,012.43	--	--	26,201	--	--
Situation about not coming up to schemed progress or expected revenue and the reason(In specific project)	Implementation of the national emission standard level IV brought substantial change to the industry condition. Routes using common rail technology have almost covered the entire national IV vehicle-based diesel engine market, which led that market demand for WAPS system had not been satisfied as expected. Meanwhile, due to the slowing macro economic growth and decrease of investment in infrastructure facilities, commercial vehicles suffered a tough market, resulting in insufficient market demand for auto exhaust gas rear processing system products, which in turn affected the expected revenue.									
Explanation on great changes of feasibility of project	Not applicable									

Amount, usage and progress of using for fund raising out of the plan	Not applicable
Change of implementation place of investment project of raised capitals	Not applicable
Adjustment of implementation way for investment project of raised capitals	Applicable
	Occurred in the Period
	The Company has completed fund raising investment, with remaining proceeds of RMB23.65 million which is used as capital for research and development and industrialization of WAPS system and production capacity improvement of diesel common rail system components. In order to improve utilization efficiency of the raised proceeds, decrease our financial expense and maximize the interests of the Company and its shareholders, the Company convened the 5 th meeting of the 8 th board of directors on 15 April 2016, to consider and approve the proposal relating to permanent liquidity supplement with the remaining raised proceeds and relevant interest income, pursuant to which, the Company was allowed to supplement liquidity permanently with the remaining raised proceeds and relevant interest income. The relevant announcements (No. 2016-002, No. 2016-008) were published on Juchao Information Website dated 19 April 2016.
Regulation of implementation ways of investment project of raised capitals	Applicable
	According to the Verification Report of Fund-Raised Project Invested in Advance with Self-raised Funds of WFHT (Su Gong W[2012] No. E1100) issued by Jiangsu Gongzheng Tianye Certified Public Accountants Co., Ltd. Up to 29 February 2012, the actual investment funding for fund-raised project invested in advance with self-raised funds amounting as 299.12 million Yuan, including 1. R&D of WAPS, industrialization, productivity expansion of diesel common rail system parts: 180.05 million Yuan; 2. construction project in industrial zone: 16.62 million Yuan; 3. industrialization of tail treatment system: 28.56 million Yuan; 4. research institution project: 51.54 million Yuan; 5. Equity acquisition project: 22.35 million Yuan. On 31 March 2012, the Proposal of Replacing the Working Capital Input to Projects by Raised Capital was deliberated and approved by 2 nd extraordinary meeting of 7 th session of the Board, agreed to replacing the working capital input to projects by raised capital with 299.12 million Yuan.
Temporarily supplement for the current capitals with idle raised capitals	Not applicable
Amount surplus in implementation of raised proceeds and reasons	Applicable
	1. The Company has completed fund raising investment, with remaining proceeds of RMB23.65 million which is used as capital for research and development and industrialization of WAPS system and production capacity improvement of diesel common rail system components. Total expenses occurred for this project decreased mainly due to that the Company strengthened cost control, supervision and management during the implementation of this project to strictly control expenditure provided that the implementation effect of the project was promised. Besides, it was also attributable to adoption of resources sharing model to reduce repeated input. 2. Since the implementation of fund raising investment, the Company has adopted special management in

	relation to the raised proceeds which accrued relevant interest income when being deposited. 3. The Company convened the 5 th meeting of the 8 th board of directors on 15 April 2016, to consider and approve the proposal relating to permanent liquidity supplement with the remaining raised proceeds and relevant interest income, pursuant to which, the Company was allowed to supplement liquidity permanently with the remaining raised proceeds and relevant interest income.
Usage and trend of unused raised capitals	All the raise money has been used by the end of the report period.
Questions or other situation while using raised capitals and in disclosure	Not applicable

(3)The changed project of raised proceeds

√ Applicable □ Not applicable

In 10 thousand Yuan

Project after changed	Corresponding original project	Total raised funds plans to invested after changed (1)	Amount actually invested in the Period	Accumulative funds actually invested ended as the Period (2)	Investment program till the period-end (3)=(2)/(1)	Predicted serviceable condition date of project	Profit realized in this year	Reach the predicted interest or not (Y/N)	Project feasibility was changed hugely or not after project changed
Permanent liquid assets supplementation	R&D OF WAPS, INDUSTRIALIZATION, PRODUCTIVITY EXPANSION OF DIESEL COMMON RAIL SYSTEM PARTS	2,365	2,365	2,365	100.00%			Y	N
R&D OF WAPS, INDUSTRIALIZATION, PRODUCTIVITY EXPANSION OF DIESEL COMMON RAIL SYSTEM PARTS	R&D OF WAPS, INDUSTRIALIZATION, PRODUCTIVITY EXPANSION OF DIESEL COMMON RAIL SYSTEM PARTS	59,667	4.04	59,667	100.00%	2015-12-31	5,999	N	N
Construction project in	Construction project in	57,750	7,156.67	57,750	100.00%	2015-12-31	10,129	Y	N

industrial zone	industrial zone								
Permanent liquid assets supplementation	Auto power battery materials and power battery research and development project	10,000		10,000	100.00%			Y	Y
Industrialization of tail treatment system	Industrialization of tail treatment system	26,000		26,000	100.00%	2015-06-30	7,258	N	N
Total	--	155,782	9,525.71	155,782	--	--	23,386	--	--
Explanation on reasons of the changes, decision-making procedures and information disclosure (explain by specific project)	<p>I. Matters occurred during the reporting period</p> <p>The Company has completed fund raising investment, with remaining proceeds of RMB23.65 million which is used as capital for research and development and industrialization of WAPS system and production capacity improvement of diesel common rail system components. In order to improve utilization efficiency of the raised proceeds, decrease our financial expense and maximize the interests of the Company and its shareholders, the Company convened the 5th meeting of the 8th board of directors on 15 April 2016, to consider and approve the proposal relating to permanent liquidity supplement with the remaining raised proceeds and relevant interest income, pursuant to which, the Company was allowed to supplement liquidity permanently with the remaining raised proceeds and relevant interest income.</p> <p>II. Occurred in previous year</p> <p>(i) The Company held the 21st meeting of the 7th Board on 21 April 2015 and the 2014 annual general meeting on 28 May 2015 to consider and approve the resolution on adjustment to plans and production capacity of certain investment projects funded with raised proceeds and alteration to certain such investment projects. The relevant announcements (No. 2015-003, No. 2015-010, and No. 2015-016) were published on Juchao Information Website dated 23 April and 29 May 2015. Reasons for the adjustments and alteration and details thereof are set out below:</p> <p>1. R&D OF WAPS, INDUSTRIALIZATION, PRODUCTIVITY EXPANSION OF DIESEL COMMON RAIL SYSTEM PARTS</p> <p>①Reasons for alteration: since the State has clearly determined the time to implement the national IV emission rules, market conditions experience substantial changes. There was a burst of increasing demands for common rail products and spare parts. Meanwhile, WAPS system had limited development space in national IV auto-applicable diesel machine, and market demands for WAPS system in non-road machinery market will be uncertain in future. In order to adapt to market variations, the Company made adjustments to investment plans and production capacity of this project funded with raised proceeds. In particular, it increased production capacity of common rail spare parts and reduced that of WAPS system, aiming to meet both processing demands for common rail spare parts and WAPS system in future through adjusting equipment injection structure and increasing flexibility of processing. In addition, the Company increased appropriately the minimum liquidity required for high pressure common rail spare parts. It seeks suitable opportunity to make subsequent injection to WAPS system with its own capital when the relevant market is matured in terms of demands.</p> <p>②Adjustments to the plans and production capacity of this project: subject to the total investment of RMB650 million remaining unchanged, investment for fixed assets is cut down to RMB440.73 million instead of the original RMB500 million; liquidity investment is raised to RMB209.27 million instead of the original RMB150 million. WAP3 system (heavy) by the original program of the 200 thousand sets adjusted for 50 thousand sets, common rail system components from the original program of the 11.8 million pieces adjusted to 19.23 million</p>								

pieces.

③Completion date of this project is adjusted to 31 December 2015.

2. Construction project in industrial zone

① Reasons for alteration: since the State has clearly determined the time to implement the national IV emission rules, market conditions experience substantial changes, there is a burst of increasing demands for common rail products and uncertainty exists in market demands for WAPS system, the Company accordingly makes adjustments to the investment plan and production capacity of this project in order to adapt to the changing market demands.

②Adjustments to the plans and production capacity of this project: subject to the total investment of RMB650 million remaining unchanged, investment for fixed assets is raised to RMB599.15 million instead of the original RMB572.50 million; liquidity investment is cut down to RMB50.85 million instead of the original RMB77.50 million, and additional liquidity required in subsequent periods will be funded with its own capital. WAP2 system (medium) by the original program of the 100 thousand sets adjusted for 30 thousand sets, common rail system components from the original program of the 810 thousand sets adjusted to 1.25 million sets. As for specific implementation, processing for the key common rail high pressure pump spare parts was implemented by the machinery system segment of Weifu headquarter office. With utilization of existing equipment, the Company was able to eliminate certain equipment that did not satisfy the requirements for environment protection and crafts processing, acquired processing facilities that delivered guaranteed and flexible performance, targeting to balance its processing capability. Capital needed for equipment investment was mainly funded with its own capital. Plant construction was mainly funded with raised proceeds. The general instalment of high pressure common rail pump was undertaken by its wholly-owned subsidiary Weifu Auto Diesel. Equipment injection occurred during assemble procedure was funded with the own capital injected by Weifu Auto Diesel rather than with raised proceeds. And it was finally sold to Bosch Auto Diesel System Co., Ltd. by Weifu Auto Diesel.

③Completion date of this project is adjusted to 31 December 2015.

3. Auto power battery materials and power battery research and development project

① Reasons for alteration: since there exists extremely huge uncertainty to implement this project technically and investment scale is large, the Company has always been prudent to implementation of this project to prevent from investment risk. In order to improve utilization efficiency of raised proceeds and protect investors' interests, the Company decided to change the raised proceeds for this project to permanent supplementary liquidity which will be all invested in its major business operation. Meanwhile, the Company will continue to follow up development of power battery and continue cooperation in terms of production, study and research, and will make prompt investment with its own capital as appropriate.

②Raised proceeds for this project changed to be permanent supplementary liquidity instead.

(II) The Company convened the 9th meeting of the 7th board of directors on 26 March 2013 and the 2012 annual general meeting on 23 May 2013, to consider and approve the report relating to change of matters scheduled under the fund raising investment. The relevant announcement was published on Juchao Information website dated 28 March 2013 and 24 May 2013, with announcement No. of 2013-001, 2013-007 and 2013-014.

The fund raising investment project subject to change refers to the "industrialization project of auto exhaust gas rear disposal system products". The major reason and specific changes are set out below:

①reason for change: taking into account the uncertainty arising from update of the prevailing national emission regulations (namely from level III to level IV) and insufficient land supply at the time being, the original investment plan of this fund raising investment project can no longer satisfy the development need of Wuxi Weifu Lida Catalytic Purifier Company Limited which was a controlling subsidiary of the implementation entity. As such, the Company needs to make corresponding adjustment to certain content of this project.

	<p>②the aggregate investment of this project has been changed to RMB340 million instead of the original RMB260 million, the gap of which will be filled up by its own capital in full.</p> <p>③the completion date of this project has been changed to 30 June 2015.</p>
Particular and reasons of fail to reached the target advance or anticipated income (explain by specific project)	Implementation of the national emission standard level IV brought substantial change to the industry condition. Routes using common rail technology have almost covered the entire national IV vehicle-based diesel engine market, which led that market demand for WAPS system had not been satisfied as expected. Meanwhile, due to the slowing macro economic growth and decrease of investment in infrastructure facilities, commercial vehicles suffered a tough market, resulting in insufficient market demand for auto exhaust gas rear processing system products, which in turn affected the expected revenue.
Explanation on major changes on project feasibility after project changed	Major reasons for change of “auto power battery materials and power battery R&D project” into “permanent supplement for liquidity” occurred in previous year: there is substantial uncertainty for this project in terms of technology routes; in order to maximize the utilization efficiency of raised proceeds and to protect investors’ interests, the Company decided to change the raised proceeds of this project into permanent supplement for liquidity, which meant that they would be used for the Company’s principal business in full. However, the Company will continue to follow up development of power battery, continue cooperation between production, study and research, and make investment with its own capital if necessary based on market conditions.

(4) Project of raised proceeds

Project of raised proceeds and summary	Disclosure date	Disclosure index
Being approved by “Reply of the Private Placement of WEIFU HIGH-TECHNOLOGY GROUP CO.,LTD.” (Zheng Jian Xu Ke [2012] No.109) issued by CSRC, the Company issuing 112,858,000 shares privately with price of 25.395 Yuan/Share. The above mentioned shares have been listed on Shenzhen Stock Exchange dated 29 February 2012. Totally 2,866,028,900 Yuan are raised and net amount of 2,850,124,300 Yuan after deducted the issuing expenses.	2012-02-28	“Private Placement of the Company and Summary of Listing Announcement” (Notice No.: 2012-12) released on Juchao Website (www.cninfo.com.cn)
Special Report on Fund-raised Deposit and Use of Funds for year of 2012	2013-03-28	Released on Juchao Website (www.cninfo.com.cn)
The Proposal of Changing the Fund-raised Projects Investment Plan was deliberated and approved by 9 th meeting of 7 th session of the Board held on 26 March 2013 and Annual General Meeting 2012 dated 23 May 2013. The amount invested in industrialization of tail treatment system project changed from 260 million Yuan originally to 340 million Yuan, the parts adjusted will funding with self-owned capital.	2013-03-28	” Notice of Changing the Fund-raised Projects Investment Plan” (Notice No.: 2013-007) released on Juchao Website (www.cninfo.com.cn)
Resolution Notice of AGM of 2012	2013-05-24	“Resolution Notice of AGM of 2012” (No.: 2013-014) released on Juchao Website (www.cninfo.com.cn)
Special Report on Fund-raised Deposit and Use of Funds for year of 2013	2014-04-15	Released on Juchao Website (www.cninfo.com.cn)
Special Report on Fund-raised Deposit and Use of Funds for year of 2014	2015-04-23	Released on Juchao Website

		(www.cninfo.com.cn)
On 21 April 2015, the Company holding the 21 st session of 7 th BOD and holding the AGM of 2014 on 28 May 2015 for deliberation and approved the proposal to adjust some fundraising project investment plans and capacity and change some fundraising projects, adjusted the WAPS research and development and industrialization and the diesel common rail system components production capacity promotion and the investment plans and capacity of industrial park construction projects, and changed the “Auto power battery materials and power battery research and development project” in raised-fund projects.	2015-04-23	”the proposal to adjust some fundraising project investment plans and capacity and change some fundraising projects” (No.: 2015-010) released on Juchao Website (www.cninfo.com.cn)
Resolution Notice of AGM of 2014	2015-05-29	“Resolution Notice of AGM of 2014” (No.: 2015-016) released on Juchao Website (www.cninfo.com.cn)
Special Report on Fund-raised Deposit and Actual Use of Funds for year of 2015	2016-04-19	Released on Juchao Website (www.cninfo.com.cn)
The ”proposal of supplementary funding permanently with surplus raised-fund and interest income” was deliberated and approved by the 5 th session of 8 th BOD held on 15 April 2016, agreed to supplemented current funds with the surplus raised-fund and interest income permanently	2016-04-19	The ”proposal of supplementary funding permanently with surplus raised-fund and interest income” (No.: 2016-008) released on Juchao Website (www.cninfo.com.cn)

4. Main subsidiaries and stock-jointly companies

√ Applicable □ Not applicable

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	1,548,248,926.98	1,256,445,022.30	784,142,134.06	125,512,090.44	106,134,116.81
Weifu Leader	Subsidiary	Automobile parts	Post-processing system productions	502,596,300.00	2,585,223,851.94	1,422,390,822.32	1,218,577,303.58	147,877,397.39	130,828,227.30

Weifu Jinning	Subsidiary	Automobile parts	Fuel injection system productions	346,286,825.80	985,104,243.03	755,284,123.53	251,871,381.48	32,628,225.42	33,326,813.22
Bosch Automobile Diesel	Joint-stock company	Automobile parts	Fuel injection system productions	USD 241000000.00	7,174,271,787.26	4,442,696,871.11	4,980,318,551.05	1,296,075,244.95	1,125,855,393.67
Zhonglian Electronic	Joint-stock company	Automobile parts	Gasoline system productions	600,620,000.00	4,100,314,335.38	3,267,836,197.22	6,785,544.55	862,334,303.80	862,587,593.21

5. Major project invested by non-raised funds

Applicable Not applicable

No major project invested by non-raised funds in Period

VI. Prediction of business performance from January – September 2016

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

VII. Explanation from the Board and Supervisory Committee for “Qualified Opinion” from the CPA of this year’s

Applicable Not applicable

VIII. Explanation on “Qualified Opinion” of previous year from the Board

Applicable Not applicable

IX. Implementation of profit distribution in reporting period

Implementation or adjustment of profit distribution plan in reporting period, cash dividend plan and shares converted from capital reserve in particular

Applicable Not applicable

The bonus scheme of the Company was formulated strictly in line with relevant regulation of Article of Association.

Profit distribution plan for year of 2015 was: based on total share capital of the Company1, 008,950,570 distribute cash dividend of RMB 5.00 (tax included) for every 10 shares to all shareholders. The scheme was deliberated and approve by 5th session of 8th BOD held on 15 April 2016 and AGM of 2015 held on 26 May 2016. The implementation of equity distribution plan for year of 2015 (Notice No.: 2016-016) was published on China Securities Journal, Securities Times, Hong Kong Commercial Daily and Juchao Website (<http://www.cninfo.com.cn>) dated 6 July 2016. And the equity distribution plan for year of 2015 was completed in July 2016.

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

X. Profit distribution and capitalization of capital reserves in the Period

Applicable Not applicable

The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either for the semi-annual year

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

Applicable Not applicable

Time	Place	Way	Type	Reception	Contents discussed and material provided
2016-05-26	Scene of the shareholders' general meeting	Spot research	Institution	Institution	Basic condition of the Company and views on market in 2016
1 Jan. 2016 to 30 Jun.	Office of the Board	Written inquiry	Individual	Public investor	The Company answered 176 questions for investors online through the investor relations interactive platform(http://irm.p5w.net/dqhd/sichuan/)
1 Jan. 2016 to 30 Jun.	Office of the Board	Telephone communication	Individual	Public investor	Basic condition of the Company and views on market in 2016, communication with investors by telephone more than 100

Section V. Important Events

I. Corporate governance

The actual corporate governance of the Company shows no major difference with the Company Law and relevant regulations from CSRC.

II. Lawsuits

Significant lawsuits and arbitrations

Applicable Not applicable

The Company had no significant lawsuits or arbitrations in the Period.

Other lawsuits

Applicable Not applicable

III. Question from media

Applicable Not applicable

No universal questioned by media in reporting period

IV. Bankruptcy reorganization

Applicable Not applicable

In reporting period, the Company has no bankruptcy reorganization occurred.

V. Transaction in assets

1. Assets acquisition

Applicable Not applicable

The Company did not purchased assets in the Period

2. Sales of assets

Applicable Not applicable

The Company did not sell assets in the Period

3. Business combination

Applicable Not applicable

The Company has no business combined in the Period

VI. Implementation of the company's equity incentive and the effects

Applicable Not applicable

No equity incentive in reporting period

VII. Significant related transaction

1. Related transaction connected to routine operations

√ Applicable □ Not applicable

Related transaction parties	Related relationship	Related transaction type	Related transaction content	Pricing principle	Related transaction price	Related transaction amount (in 10 thousand Yuan)	Proportion in the amount of the same transaction	Trading limit approved (in 10 thousand Yuan)	Whether over the approved limited or not (Y/N)	Related transaction settlement mode	Similar market price obtained	Date of disclosure	Index of disclosure
Weifu Fine Machinery	Associated company	Procurement of goods	Procurement of goods	Based on fair value of the market price	Market price	1,669.27	0.77%	3,500	N	Based on the contract terms	Market price	2016.04.19	“Prediction of routine related transaction for year of 2016” (Notice No.: 2016-005) and “Resolution Notice of AGM of 2015” was released on Juchao Website respectively dated 19 April 2016 and 27 May 2016
Bosch Automobile Diesel	Associated company, controlling subsidiary of German Bosch Company	Procurement of goods	Procurement of goods	Based on fair value of the market price	Market price	7,187.91	3.32%	15,000	N	Based on the contract terms	Market price		
Weifu Environment	Joint venture of Weifu Leader	Procurement of goods	Procurement of goods	Based on fair value of the market price	Market price	57,293.93	26.49%	135,000	N	Based on the contract terms	Market price		
Robert Bosch	Second largest shareholder of the Company	Procurement of goods	Procurement of goods	Based on fair value of the market price	Market price	4,466.11	2.06%	10,000	N	Based on the contract terms	Market price		
Weifu Fine Machinery	Associated company	Sales of goods	Sales of goods	Based on fair value of the market price	Market price	160.93	0.05%	500	N	Based on the contract terms	Market price		
Bosch Automobile Diesel	Associated company, controlling subsidiary of German Bosch Company	Sales of goods	Sales of goods	Based on fair value of the market price	Market price	91,686.04	27.24%	160,000	N	Based on the contract terms	Market price		
Weifu Environment	Joint venture of Weifu Leader	Sales of goods	Sales of goods	Based on fair value of the market price	Market price	1,173.47	0.35%	4,000	N	Based on the contract terms	Market price		
Robert Bosch	Second largest shareholder	Sales of goods	Sales of goods	Based on fair value	Market price	57.01	0.02%	500	N	Based on the contract	Market price		

	of the Company			of the market price						ct terms			
Industry Group	Majority shareholder	Other	Payable rental fee	Based on fair value of the market price	Market price	0		100	N	Based on the contract terms	Market price		
Bosch Automobile Diesel	Associated company, controlling subsidiary of German Bosch Company	Other	Labor and tech-service fee payable	Based on fair value of the market price	Market price	0		300	N	Based on the contract terms	Market price		
Robert Bosch	Second largest shareholder of the Company	Other	Fee for tech-service payable	Based on fair value of the market price	Market price	434.69		1,200	N	Based on the contract terms	Market price		
Weifu Environment	Joint venture of Weifu Leader	Other	Rental fee receivable	Based on fair value of the market price	Market price	0		250	N	Based on the contract terms	Market price		
Bosch Automobile Diesel	Associated company, controlling subsidiary of German Bosch Company	Other	Procurement of fixed assets	Based on fair value of the market price	Market price	0		500	N	Based on the contract terms	Market price		
Weifu Environment	Joint venture of Weifu Leader	Other	Procurement of fixed assets	Based on fair value of the market price	Market price	17.09			Y	Based on the contract terms	Market price		
Weifu Environment	Joint venture of Weifu Leader	Other	Sales of fixed assets	Based on fair value of the market price	Market price	14.19			Y	Based on the contract terms	Market price		
Total				--	--	164,160.64	--	330,850	--	--	--	--	--
Detail of sales return with major amount involved				Not applicable									
Report the actual implementation of the normal related transactions which were projected about their total amount by types during the reporting period(if applicable)				The total amount from daily related transaction in reporting period still in the predicted amount that approved in Annual Shareholders' General Meeting of 2015, the predicted amount of daily related transactions for year of 2016 at year-begin amounting as RMB 3,308,500,000 in total.									
Reasons for major differences between trading price and market reference price (if applicable)				Not applicable									

2. Related transaction incurred by purchase or sales of assets Applicable Not applicable

No related transaction incurred by purchase or sales of assets in Period

3. Related transaction from jointly investment outside Applicable Not applicable

No related transaction from jointly investment outside occurred in Period

4. Credits and liability of related party Applicable Not applicable

The Company had no non-operation related liabilities or credits relations in Period

5. Other related transactions Applicable Not applicable

The Company had no other related transactions in the reporting period

VIII. Non-business capital occupying by controlling shareholders and its related parties Applicable Not applicable

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

IX. Major contract and implantation**1. Trusteeship, contract and leasing****(1) Trusteeship** Applicable Not applicable

The Company had no trusteeship in the reporting period.

(2) Contract Applicable Not applicable

The Company had no contract in the reporting period.

(3) Leasing Applicable Not applicable

The Company had no leasing in the reporting period.

2. Guarantee Applicable Not applicable

In 10 thousand Yuan

Particulars about the external guarantee of the Company (Barring the guarantee for subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
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

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)			0	Total amount of actual occurred guarantee for subsidiaries in report period (B2)			6,000	
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)			6,000	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)			6,000	
Guarantee of the subsidiaries for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
Total amount of guarantee of the Company (total three abovementioned guarantee)								
Total amount of approving guarantee in report period (A1+B1+C1)				Total amount of actual occurred guarantee in report period (A2+B2+C2)			6,000	
Total amount of approved guarantee at the end of report period (A3+B3+C3)			6,000	Total balance of actual guarantee at the end of report period (A4+B4+C4)			6,000	
The proportion of the total amount of actually guarantee in the net assets of the Company(A4+ B4+C4)				0.49%				
Including:								
Amount of guarantee for shareholders, actual controller and its related parties(D)						0		
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(E)						0		
Proportion of total amount of guarantee in net assets of the Company exceed 50%(F)						0		
Total amount of the aforesaid three guarantees(D+E+F)						0		
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)						Not applicable		
Explanations on external guarantee against regulated procedures (if applicable)						Not applicable		

Explanation on guarantee with composite way

Nil

(1) Guarantee outside against the regulation

Applicable Not applicable

No guarantee outside against the regulation in Period

3. Other material contracts

Applicable Not applicable

The Company had no other material contracts in the reporting period.

4. Other material transactions

Applicable Not applicable

The Company had no other material transactions in the reporting period.

X. Commitments made by the Company or shareholders holding above 5% shares of the Company in reporting period or occurred in the previous reporting period but continued to reporting period

Applicable Not applicable

There are no commitments made by the Company or shareholders holding above 5% shares of the Company in reporting period or occurred in the previous reporting period but continued to the period

XI. Engagement and non-reappointment of CPA

Whether the semi-annual report was audited or not

Yes No

The semi-annual report had not been audited.

XII. Penalty and rectification

Applicable Not applicable

The Company had no penalty or rectification in the reporting period.

XIII. Risk disclosure of delisting with laws and rules violated

Applicable Not applicable

The Company has no delisting risks with laws and rules violated in Period

XIV. Other material events

Applicable Not applicable

1. Wholly-owned subsidiary of the Company has investment intention on industry mergers & acquisitions fund

On 31 May 2016, the Company held the 7th meeting of the 8th board of directors, to consider and approve the resolution relating to the wholly-owned subsidiary of the Company proposing to establish industry merger & acquisition funds. In order to accelerate the Company's industrial upgrade and development speed, preserve merger & acquisition projects, improve its comprehensive strength and realize development strategy, the Company agreed with Ping'an Securities in reaching for initial cooperation plan. Weifu Auto Diesel, a wholly-owned subsidiary of the Company, proposed to cooperate with Ping'an Ronghui which was established by Ping'an Caizhi (a wholly-owned subsidiary of Ping'an Securities) to establish business merger & acquisition funds. The relevant announcements (No. 2016-013 and No. 2016-015) were published on China Securities, Securities Times, Hong Kong Commercial Daily and Juchao Information website (<http://www.cninfo.com.cn>). Till now, this matter is being prepared.

2. Progress of the Company's receipt of relocation compensation

In August 2010, the Company commenced relocation related works according to the general urban planning of Wuxi government, the details of which was set out in the announcement of No. 2010-023. In September 2013, the Company entered into the Acquisition Contract of the State-owned Land Use Right of Wuxi with Wuxi Land Reservation Center, pursuant to which, the Company shall receive relocation compensation of RMB503,811,600, the details of which was set out in the announcement of No. 2013-022. In particular, the Company received

relocation compensation of RMB7.9 million, RMB145.23 million (announcement No. 2014-028), RMB145.23 million (announcement No. 2015-014), RMB180.15 million (announcement No. 2016-001) and RMB25.3016 million respectively in October 2013, October 2014, May 2015, December 2015 and June 2016, respectively. As at the end of the reporting period, the Company has received the relocation compensation of RMB503,811,600 in full. With respect to the compensation, it has been accounted for under the requirements of the Note 3 of Enterprise Accounting Principles and No.16 of Enterprise Accounting Principles-government grant promulgated by the Ministry of Finance. The related announcement was published on China Securities, Securities Times, Hong Kong Commercial Daily and Juchao Information website (<http://www.cninfo.com.cn>) .

XV. Corporate bond

Whether the Company has corporate bonds that have been publicly issued and listed on the stock exchange, and not yet due or due but not fully cashed on the approval date of annual report or not

No

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Shares

In share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Restricted shares	78,952	0.01%				-375	-375	78,577	0.01%
1. State Shareholdings	0								
2. State-owned corporate shares	0								
3. Other domestic shares	78,952	0.01%				-375	-375	78,577	0.01%
Including: domestic corporate shares	0								
Domestic nature person shares	78,952	0.01%				-375	-375	78,577	0.01%
4. Foreign shares	0								
Including: Foreign corporate shares	0								
Foreign nature person shares	0								
II. Unrestricted shares	1,008,871,618	99.99%				375	375	1,008,871,993	99.99%
1. RMB Ordinary shares	836,491,618	82.90%				375	375	836,491,993	82.90%
2. Domestically listed foreign shares	172,380,000	17.09%						172,380,000	17.09%
3. Foreign listed foreign shares	0							0	
4. Other	0							0	
III. Total shares	1,008,950,570	100.00%				0	0	1,008,950,570	100.00%

Reasons for share changed

Applicable Not applicable

Approval of share changed

Applicable Not applicable

Ownership transfer of share changed

Applicable Not applicable

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

Applicable Not applicable

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

□Applicable √Not applicable

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

□Applicable √Not applicable

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

In share

Total common shareholders at period-end	54,289	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (see Note 8)	0					
Particulars about shares held above 5% by common shareholders or top ten common shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total common shareholders at the end of report period	Changes in report period	Amount of restrict common shares held	Amount of un-restrict common shares held	Number of share pledged/frozen	
							State of share	Amount
Wuxi Industry Development Group Co., Ltd.	State-owned corporate	20.22%	204,059,398	0		204,059,398		
ROBERT BOSCH GMBH	Foreign corporate	14.16%	142,841,400	0		142,841,400		
China Securities Finance Corporation Limited	State-owned corporate	2.79%	28,172,515	-2,333,854		28,172,515		
UBS AG	Foreign corporate	2.03%	20,526,641	-1,714,307		20,526,641		
Kangjian Assets Management Company –Client’s fund	Foreign corporate	1.52%	15,351,892	-529,900		15,351,892		
Central Huijin Assets Management Co., Ltd.	State-owned corporate	1.27%	12,811,200	0		12,811,200		
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign corporate	1.23%	12,382,279	0		12,382,279		
Puxin Investment Company-Client’s fund	Foreign corporate	1.12%	11,347,877	0		11,347,877		
MERRILL LYNCH INTERNATIONAL	Foreign corporate	1.07%	10,828,901	-474,724		10,828,901		
JPMORGAN CHASE BANK,NATIONAL ASSOCIATION	Foreign corporate	0.97%	9,742,287	2,009,900		9,742,287		
Explanation on associated relationship among the aforesaid shareholders	Among the top ten shareholders, there has no associated relationship between Wuxi Industry Development Group Co., Ltd. and other shareholders, the first largest shareholder of the Company; and they do not belong to the consistent actionist regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company.							
Particular about top ten common shareholders with un-restrict shares held								
Shareholders’ name	Amount of un-restricted common shares held at period-end	Type of shares						
		Type	Amount					

Wuxi Industry Development Group Co., Ltd.	204,059,398	RMB common shares	204,059,398
ROBERT BOSCH GMBH	142,841,400	RMB common shares	115,260,600
		Domestically listed foreign shares	27,580,800
China Securities Finance Corporation Limited	28,172,515	RMB common shares	28,172,515
UBS AG	20,526,641	RMB common shares	20,526,641
Kangjian Assets Management Company –Client’s fund	15,351,892	RMB common shares	15,351,892
Central Huijin Assets Management Co., Ltd.	12,811,200	RMB common shares	12,811,200
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	12,382,279	Domestically listed foreign shares	12,382,279
Puxin Investment Company- Client’s fund	11,347,877	RMB common shares	11,347,877
MERRILL LYNCH INTERNATIONAL	10,828,901	RMB common shares	10,828,901
JPMORGAN CHASE BANK,NATIONAL ASSOCIATION	9,742,287	RMB common shares	9,742,287
Expiation on associated relationship or consistent actors within the top 10 un-restrict common shareholders and between top 10 un-restrict common shareholders and top 10 common shareholders	Among the top ten shareholders, there has no associated relationship between Wuxi Industry Development Group Co., Ltd. and other shareholders, the first largest shareholder of the Company; and they do not belong to the consistent actionist regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company.		
Explanation on top 10 shareholders involving margin business (if applicable) (see note 4)	Not applicable		

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

Yes No

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

III. Changes of controlling shareholders or actual controller

Changes of controlling shareholders in reporting period

Applicable Not applicable

Changes of controlling shareholders had no change in reporting period.

Changes of actual controller in reporting period

Applicable Not applicable

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

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

Applicable Not applicable

As far as the Company know, there are no share holding increasing plan proposed or implemented in Period from shareholder of the Company and its concerted action person

Section VII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the reporting.

Section VIII. Directors, Supervisors and Senior Executives

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

Applicable Not applicable

Found more in annual report 2015 for the changes of shares held by directors, supervisors and senior executives

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

Applicable Not applicable

There are no changes in resignation and dismissal of directors, supervisors and senior executives in the Period, found more in annual report of 2015

Section IX. Financial Report

I. Audit reports

Whether the semi-annual report was audited or not

Yes No

The financial report of this semi-annual report was unaudited

II. Financial statements

Units in Notes of Financial Statements is RMB

1. Consolidated balance sheet

Prepared by Weifu High-Technology Group Co., Ltd

2016-06-30

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	1,224,397,416.60	3,274,679,732.54
Settlement provisions		
Capital lent		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable	1,016,588,650.43	1,031,886,230.18
Accounts receivable	1,738,607,467.83	1,261,163,184.87
Accounts paid in advance	77,461,293.47	73,326,550.19
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable	2,249,341.69	3,281,939.96
Dividend receivable	361,572,367.40	3,600,000.00
Other receivables	12,278,400.19	8,817,661.08
Purchase restituted finance asset		
Inventories	907,280,742.58	865,574,792.41
Divided into assets held for sale		
Non-current asset due within one year		
Other current assets	4,612,373,442.46	2,016,204,649.28
Total current assets	9,952,809,122.65	8,538,534,740.51
Non-current assets:		

Loans and payments on behalf		
Finance asset available for sales	696,267,961.00	694,398,661.00
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment	2,884,406,007.82	3,283,584,245.43
Investment property	19,733,596.73	20,233,111.93
Fixed assets	2,342,751,201.54	2,320,627,323.42
Construction in progress	156,065,946.03	162,402,752.68
Engineering material		
Disposal of fixed asset		
Productive biological asset		
Oil and gas asset		
Intangible assets	354,930,608.85	360,610,837.42
Expense on Research and Development		
Goodwill	1,784,086.79	1,784,086.79
Long-term expenses to be apportioned	14,224,114.08	14,004,911.64
Deferred income tax asset	160,033,019.01	158,873,725.37
Other non-current asset	113,614,653.09	149,038,672.85
Total non-current asset	6,743,811,194.94	7,165,558,328.53
Total assets	16,696,620,317.59	15,704,093,069.04
Current liabilities:		
Short-term loans	263,000,000.00	360,000,000.00
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable	624,360,290.69	630,682,394.24
Accounts payable	1,688,915,601.06	1,463,607,938.95
Accounts received in advance	38,372,570.85	33,545,363.49
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	173,259,709.89	245,070,941.07
Taxes payable	54,613,352.02	52,389,865.33
Interest payable	3,640,952.21	778,673.59
Dividend payable	504,475,285.00	
Other accounts payable	54,891,464.32	49,333,826.26
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Divided into liability held for sale		

Non-current liabilities due within 1 year	60,000,000.00	60,000,000.00
Other current liabilities		
Total current liabilities	3,465,529,226.04	2,895,409,002.93
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable	18,174,545.00	18,174,545.00
Long-term wages payable	96,350,000.00	96,350,000.00
Special accounts payable	49,407,023.28	44,725,048.69
Projected liabilities		
Deferred income	413,902,821.00	400,657,991.06
Deferred income tax liabilities	25,524,818.14	35,499,320.90
Other non-current liabilities		
Total non-current liabilities	603,359,207.42	595,406,905.65
Total liabilities	4,068,888,433.46	3,490,815,908.58
Owner's equity:		
Share capital	1,008,950,570.00	1,008,950,570.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	3,396,935,227.97	3,396,935,227.97
Less: Inventory shares		
Other comprehensive income	132,228,783.76	188,436,372.50
Reasonable reserve	1,364,550.30	914,648.09
Surplus public reserve	510,100,496.00	510,100,496.00
Provision of general risk		
Retained profit	7,116,984,209.55	6,677,890,958.83
Total owner's equity attributable to parent company	12,166,563,837.58	11,783,228,273.39
Minority interests	461,168,046.55	430,048,887.07
Total owner's equity	12,627,731,884.13	12,213,277,160.46
Total liabilities and owner's equity	16,696,620,317.59	15,704,093,069.04

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

2. Balance Sheet of Parent Company

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	662,491,750.00	1,739,313,657.29
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable	199,862,327.05	159,630,301.53
Accounts receivable	635,579,363.08	537,504,587.17
Account paid in advance	46,692,751.68	50,246,196.23
Interest receivable		33,287.67
Dividends receivable	352,802,998.25	3,600,000.00
Other receivables	50,575,831.27	81,906,796.95
Inventories	152,754,826.26	151,832,151.38
Divided into assets held for sale		
Non-current assets maturing within one year		
Other current assets	4,482,280,319.07	2,038,225,831.05
Total current assets	6,583,040,166.66	4,762,292,809.27
Non-current assets:		
Available-for-sale financial assets	610,327,961.00	608,458,661.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	4,097,687,016.97	4,241,205,473.10
Investment property		
Fixed assets	1,425,906,965.23	1,417,143,347.25
Construction in progress	36,620,395.94	60,582,501.19
Project materials		
Disposal of fixed assets		
Productive biological assets		
Oil and natural gas assets		
Intangible assets	197,304,169.19	199,636,812.43
Research and development costs		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	88,864,741.81	86,269,470.27
Other non-current assets	48,865,247.58	80,413,247.85
Total non-current assets	6,505,576,497.72	6,693,709,513.09
Total assets	13,088,616,664.38	11,456,002,322.36
Current liabilities:		
Short-term borrowings	180,000,000.00	230,000,000.00
Financial liability measured by fair value and with variation reckoned into		

current gains/losses		
Derivative financial liability		
Notes payable	142,215,182.46	218,219,397.80
Accounts payable	572,217,955.97	473,825,553.93
Accounts received in advance	1,914,255.80	4,754,011.37
Wage payable	89,956,989.34	118,032,003.11
Taxes payable	25,891,786.30	16,992,552.61
Interest payable	292,886.11	292,886.11
Dividend payable	504,475,285.00	
Other accounts payable	1,069,309,017.33	12,757,135.96
Divided into liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	2,586,273,358.31	1,074,873,540.89
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable	96,350,000.00	96,350,000.00
Special accounts payable	31,141,941.17	26,459,966.58
Projected liabilities		
Deferred income	390,096,763.92	382,179,400.68
Deferred income tax liabilities	23,334,491.24	33,253,477.50
Other non-current liabilities		
Total non-current liabilities	540,923,196.33	538,242,844.76
Total liabilities	3,127,196,554.64	1,613,116,385.65
Owners' equity:		
Share capita	1,008,950,570.00	1,008,950,570.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	3,427,939,852.32	3,427,939,852.32
Less: Inventory shares		
Other comprehensive income	132,228,783.76	188,436,372.50
Reasonable reserve		
Surplus reserve	510,100,496.00	510,100,496.00
Retained profit	4,882,200,407.66	4,707,458,645.89
Total owner's equity	9,961,420,109.74	9,842,885,936.71
Total liabilities and owner's equity	13,088,616,664.38	11,456,002,322.36

3. Consolidated Profit Statement

In RMB

Item	Current Period	Last Period
I. Total operating income	3,366,476,452.49	3,390,437,923.64
Including: Operating income	3,366,476,452.49	3,390,437,923.64
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	3,051,777,186.87	3,034,775,367.69
Including: Operating cost	2,633,281,983.25	2,643,639,033.68
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Operating tax and extras	16,235,346.56	16,163,525.65
Sales expenses	92,799,369.25	85,114,812.69
Administration expenses	314,596,534.92	293,774,077.81
Financial expenses	-2,909,491.43	-4,167,369.67
Losses of devaluation of asset	-2,226,555.68	251,287.53
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)	711,952,563.17	782,338,464.77
Including: Investment income on affiliated company and joint venture	593,102,462.02	606,080,898.87
Exchange income (Loss is listed with “-”)		
III. Operating profit (Loss is listed with “-”)	1,026,651,828.79	1,138,001,020.72
Add: Non-operating income	18,747,382.73	77,198,017.61
Including: Disposal gains of non-current asset	724,772.79	16,067,700.28
Less: Non-operating expense	2,335,822.02	56,924,343.71
Including: Disposal loss of non-current asset	1,461,331.21	814,848.79
IV. Total Profit (Loss is listed with “-”)	1,043,063,389.50	1,158,274,694.62
Less: Income tax expense	68,314,427.18	88,185,218.04
V. Net profit (Net loss is listed with “-”)	974,748,962.32	1,070,089,476.58
Net profit attributable to owner’s of parent company	943,568,535.72	1,045,987,200.83
Minority shareholders’ gains and losses	31,180,426.60	24,102,275.75
VI. Net after-tax of other comprehensive income	-56,207,588.74	123,791,917.50
Net after-tax of other comprehensive income attributable to owners of parent company	-56,207,588.74	123,791,917.50
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan		

liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss	-56,207,588.74	123,791,917.50
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets	-56,207,588.74	123,791,917.50
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	918,541,373.58	1,193,881,394.08
Total comprehensive income attributable to owners of parent Company	887,360,946.98	1,169,779,118.33
Total comprehensive income attributable to minority shareholders	31,180,426.60	24,102,275.75
VIII. Earnings per share:		
(i) Basic earnings per share	0.94	1.03
(ii) Diluted earnings per share	0.94	1.03

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

Legal Representative: Chen Xuejun

Person in charge of accounting works: Ou Jianbin

Person in charge of accounting institute: Ou Jianbin

4. Profit Statement of Parent Company

In RMB

Item	Current Period	Last Period
I. Operating income	984,069,968.80	880,233,176.47
Less: Operating cost	808,344,072.54	693,408,205.57
Operating tax and extras	3,888,794.42	49,660.74
Sales expenses	20,239,016.93	36,690,749.38
Administration expenses	126,327,383.34	101,127,787.76
Financial expenses	-6,167,195.97	-4,679,551.52
Losses of devaluation of asset	70,937.80	906,328.70
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)	654,795,209.22	764,430,263.87

Including: Investment income on affiliated company and joint venture	537,117,080.67	572,172,697.97
II. Operating profit (Loss is listed with “-”)	686,162,168.96	817,160,259.71
Add: Non-operating income	14,621,604.78	74,904,050.65
Including: Disposal gains of non-current asset	461,816.10	15,891,236.49
Less: Non-operating expense	808,445.02	55,111,600.42
Including: Disposal loss of non-current asset	591,980.61	690,888.31
III. Total Profit (Loss is listed with “-”)	699,975,328.72	836,952,709.94
Less: Income tax expense	20,758,281.95	35,801,374.52
IV. Net profit (Net loss is listed with “-”)	679,217,046.77	801,151,335.42
V. Net after-tax of other comprehensive income	-56,207,588.74	123,791,917.50
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss	-56,207,588.74	123,791,917.50
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets	-56,207,588.74	123,791,917.50
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
VI. Total comprehensive income	623,009,458.03	924,943,252.92
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	2,605,746,532.90	3,678,069,702.35
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		

Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received	15,501,767.26	22,523,565.62
Other cash received concerning operating activities	17,733,683.49	26,798,281.02
Subtotal of cash inflow arising from operating activities	2,638,981,983.65	3,727,391,548.99
Cash paid for purchasing commodities and receiving labor service	1,589,143,730.33	2,456,249,486.21
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	492,300,006.76	461,724,147.75
Taxes paid	223,331,049.84	249,318,804.79
Other cash paid concerning operating activities	140,666,181.77	121,812,959.39
Subtotal of cash outflow arising from operating activities	2,445,440,968.70	3,289,105,398.14
Net cash flows arising from operating activities	193,541,014.95	438,286,150.85
II. Cash flows arising from investing activities:		
Cash received from recovering investment	3,452,670,890.00	1,909,218,450.02
Cash received from investment income	727,664,592.58	847,778,190.90
Net cash received from disposal of fixed, intangible and other long-term assets	49,158,379.90	3,149,480.44
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	30,296,467.00	145,230,000.00
Subtotal of cash inflow from investing activities	4,259,790,329.48	2,905,376,121.36
Cash paid for purchasing fixed, intangible and other long-term assets	226,897,693.98	267,700,189.90
Cash paid for investment	6,110,900,000.00	3,149,457,761.02
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	57,116.41	37,388,366.46
Subtotal of cash outflow from investing activities	6,337,854,810.39	3,454,546,317.38
Net cash flows arising from investing activities	-2,078,064,480.91	-549,170,196.02
III. Cash flows arising from financing activities		
Cash received from absorbing investment		8,419,964.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		8,419,964.00
Cash received from loans	250,000,000.00	260,000,000.00
Cash received from issuing bonds		

Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	250,000,000.00	268,419,964.00
Cash paid for settling debts	347,000,000.00	365,000,000.00
Cash paid for dividend and profit distributing or interest paying	5,277,671.94	418,849,926.26
Including: Dividend and profit of minority shareholder paid by subsidiaries		4,000,000.00
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	352,277,671.94	783,849,926.26
Net cash flows arising from financing activities	-102,277,671.94	-515,429,962.26
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	-1,986,801,137.90	-626,314,007.43
Add: Balance of cash and cash equivalents at the period -begin	3,040,315,198.85	2,028,227,816.93
VI. Balance of cash and cash equivalents at the period -end	1,053,514,060.95	1,401,913,809.50

6. Cash Flow Statement of Parent Company

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	793,334,844.25	993,616,855.94
Write-back of tax received		
Other cash received concerning operating activities	1,103,292,123.70	431,928,273.04
Subtotal of cash inflow arising from operating activities	1,896,626,967.95	1,425,545,128.98
Cash paid for purchasing commodities and receiving labor service	439,155,764.29	752,532,601.43
Cash paid to/for staff and workers	196,948,347.05	195,324,054.92
Taxes paid	53,074,955.83	40,340,377.96
Other cash paid concerning operating activities	33,496,708.65	20,494,047.59
Subtotal of cash outflow arising from operating activities	722,675,775.82	1,008,691,081.90
Net cash flows arising from operating activities	1,173,951,192.13	416,854,047.08
II. Cash flows arising from investing activities:		
Cash received from recovering investment	3,325,000,000.00	2,026,218,450.02
Cash received from investment income	698,900,348.97	834,174,339.90
Net cash received from disposal of fixed, intangible and other long-term assets	48,066,222.19	2,751,944.43
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	25,301,600.00	145,230,000.00
Subtotal of cash inflow from investing activities	4,097,268,171.16	3,008,374,734.35
Cash paid for purchasing fixed, intangible and other long-term assets	134,171,768.94	161,093,724.45
Cash paid for investment	6,155,900,000.00	3,172,226,391.02
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities	57,116.41	37,388,366.46
Subtotal of cash outflow from investing activities	6,290,128,885.35	3,370,708,481.93
Net cash flows arising from investing activities	-2,192,860,714.19	-362,333,747.58
III. Cash flows arising from financing activities		

Cash received from absorbing investment		
Cash received from loans	180,000,000.00	230,000,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	180,000,000.00	230,000,000.00
Cash paid for settling debts	230,000,000.00	260,000,000.00
Cash paid for dividend and profit distributing or interest paying	3,489,380.28	411,841,389.29
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	233,489,380.28	671,841,389.29
Net cash flows arising from financing activities	-53,489,380.28	-441,841,389.29
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	-1,072,398,902.34	-387,321,089.79
Add: Balance of cash and cash equivalents at the period -begin	1,734,531,427.66	1,159,462,935.71
VI. Balance of cash and cash equivalents at the period -end	662,132,525.32	772,141,845.92

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

This Period

In RMB

Item	This Period												
	Owners' equity attributable to parent company										Minority interests	Total equity	owners'
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk			
	Preferred stock	Perpetual capital securities	Other										
I. Balance at the end of the last year	1,008,950,570.00				3,396,935,227.97		188,436,372.50	914,648.09	510,100,496.00		6,677,890,958.83	430,048,887.07	12,213,277,160.46
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combine under the same control													
Other													
II. Balance at the beginning of this year	1,008,950,570.00				3,396,935,227.97		188,436,372.50	914,648.09	510,100,496.00		6,677,890,958.83	430,048,887.07	12,213,277,160.46
III. Increase/Decrease in this							-56,207,588.74	449,902.21			439,093,250.72	31,119,159.48	414,454,723.67

year (Decrease is listed with “-”)												
(i)Total comprehensive income						-56,207,588.74				943,568,535.72	31,180,426.60	918,541,373.58
(ii)Owners’ devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(III) Profit distribution										-504,475,285.00		-504,475,285.00
1. Withdrawal of surplus reserves												
2. Withdrawal of general risk provisions												
3. Distribution for owners (or shareholders)										-504,475,285.00		-504,475,285.00

4. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Other												
(V) Reasonable reserve							449,902.21				-61,267.12	388,635.09
1. Withdrawal in the report period							8,222,799.77				1,043,772.54	9,266,572.31
2. Usage in the report period							7,772,897.56				1,105,039.66	8,877,937.22
(VI)Others												
IV. Balance at the end of the report period	1,008,950,570.00				3,396,935,227.97	132,228,783.76	1,364,550.30	510,100,496.00		7,116,984,209.55	461,168,046.55	12,627,731,884.13

Last Period

In RMB

Item	Last Period												
	Owners' equity attributable to the parent Company										Minority interests	Total owners' equity	
	Share capital	Other equity instrument			Capital reserve	Less : Investor y shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk			Retained profit
	Preferred stock	Perpetual capital securities	Other										
I. Balance at the end of the last year	1,020,200,992.00				3,635,684,413.04		121,598,365.00	867,353.00	510,100,496.00		5,570,583,069.92	404,075,770.46	11,263,110,459.42
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combine under the same control													
Other													
II. Balance at the beginning of this year	1,020,200,992.00				3,635,684,413.04		121,598,365.00	867,353.00	510,100,496.00		5,570,583,069.92	404,075,770.46	11,263,110,459.42
III. Increase/Decrease in this	-11,250,422.00				-238,749,185.07		66,838,007.50	47,295.09			1,107,307,888.91	25,973,116.61	950,166,701.04

year (Decrease is listed with “-”)												
(i) Total comprehensive income						66,838,007.50				1,515,388,285.71	37,375,926.49	1,619,602,219.70
(ii) Owners’ devoted and decreased capital	-11,250,422.00					-238,749,185.07					12,812,655.54	-237,186,951.53
1.Common shares invested by shareholders											12,812,655.54	12,812,655.54
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4 Other	-11,250,422.00					-238,749,185.07						-249,999,607.07
(III) Profit distribution										-408,080,396.80	-24,324,710.00	-432,405,106.80
1. Withdrawal of surplus reserves												
2. Withdrawal of general risk provisions												
3. Distribution for owners (or shareholders)										-408,080,396.80	-24,324,710.00	-432,405,106.80

4. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Other												
(V) Reasonable reserve							47,295.09				109,244.58	156,539.67
1. Withdrawal in the report period							17,777,214.23				2,228,444.50	20,005,658.73
2. Usage in the report period							17,729,919.14				2,119,199.92	19,849,119.06
(VI)Others												
IV. Balance at the end of the report period	1,008,950,570.00				3,396,935,227.97	188,436,372.50	914,648.09	510,100,496.00		6,677,890,958.83	430,048,887.07	12,213,277,160.46

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

This Period

In RMB

Item	This Period										
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Total owners' equity
		Pref erred stock	Perpetual securities	Other							
I. Balance at the end of the last year	1,008,950,570.00				3,427,939,852.32		188,436,372.50		510,100,496.00	4,707,458,645.89	9,842,885,936.71
Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	1,008,950,570.00				3,427,939,852.32		188,436,372.50		510,100,496.00	4,707,458,645.89	9,842,885,936.71
III. Increase/ Decrease in this year (Decrease is listed with "-")							-56,207,588.74			174,741,761.77	118,534,173.03
(i) Total comprehensive income							-56,207,588.74			679,217,046.77	623,009,458.03
(ii) Owners' devoted and decreased capital											
1.Common shares invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners											

equity with share-based payment											
4. Other											
(III) Profit distribution									-504,475,285.00	-504,475,285.00	
1. Withdrawal of surplus reserves											
2. Distribution for owners (or shareholders)									-504,475,285.00	-504,475,285.00	
3. Other											
(IV) Carrying forward internal owners' equity											
1. Capital reserves converted to capital (share capital)											
2. Surplus reserves converted to capital (share capital)											
3. Remedying loss with surplus reserve											
4. Other											
(V) Reasonable reserve											
1. Withdrawal in the report period							1,698,128.36				1,698,128.36
2. Usage in the report period							1,698,128.36				1,698,128.36
(VI)Others											
IV. Balance at the end of the report period	1,008,950,570.00			3,427,939,852.32		132,228,783.76		510,100,496.00	4,882,200,407.66	9,961,420,109.74	

Last period

In RMB

Item	Last period										
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Total owners' equity
		Prefere d stoc k	Perpe tual capita l securi ties	Oth er							
I. Balance at the end of the last year	1,020,200,992.00				3,666,689,037.39		121,598,365.00		510,100,496.00	3,908,431,926.63	9,227,020,817.02
Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	1,020,200,992.00				3,666,689,037.39		121,598,365.00		510,100,496.00	3,908,431,926.63	9,227,020,817.02
III. Increase/ Decrease in this year (Decrease is listed with "-")	-11,250,422.00				-238,749,185.07		66,838,007.50			799,026,719.26	615,865,119.69
(i) Total comprehensive income							66,838,007.50			1,207,107,116.06	1,273,945,123.56
(ii) Owners' devoted and decreased capital	-11,250,422.00				-238,749,185.07						-249,999,607.07
1. Common shares invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners equity with share-based payment											

4. Other	-11,250,422.00				-238,749,185.07						-249,999,607.07
(III) Profit distribution										-408,080,396.80	-408,080,396.80
1. Withdrawal of surplus reserves											
2. Distribution for owners (or shareholders)										-408,080,396.80	-408,080,396.80
3. Other											
(IV) Carrying forward internal owners' equity											
1. Capital reserves converted to capital (share capital)											
2. Surplus reserves converted to capital (share capital)											
3. Remedying loss with surplus reserve											
4. Other											
(V) Reasonable reserve											
1. Withdrawal in the report period								4,167,337.97			4,167,337.97
2. Usage in the report period								4,167,337.97			4,167,337.97
(VI)Others											
IV. Balance at the end of the report period	1,008,950,570.00				3,427,939,852.32		188,436,372.50		510,100,496.00	4,707,458,645.89	9,842,885,936.71

III. Basic information of the Company

1. Historical origin of the Company

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

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

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

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

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

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

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

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

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

17.63% of the total share capital of the Company.

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

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

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

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

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

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

Registered number: 91320200250456967N

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

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

3. Business nature and major operation activities of the Company

Operation scope of the Company: technological development and consultancy service of machinery industry; internal combustion engine fuel system product, fuel system test instrument and equipment manufacturing; wholesale of dangerous chemicals (operates in line with the lists in license); general machinery, hardware and electrical, chemical products and raw materials (other than chemical dangerous), auto spare parts, autos (other than autos under-9 seats); repair of engine; 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. (items subject to approvals should be operated after approval by authorities)

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

and purifiers.

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

Financial statements of the Company were approved by the Board of Directors for reporting dated 23 August 2016.

Name of subsidiary	Shortname of subsidiary	Shareholding ratio (%)		Proportion of votes (%)	Registered capital (in 10 thousand Yuan)	Business scope	Statement consolidate (Y/N)
		Directly	Indirectly				
Nanjing Weifu Jinning Co., Ltd.	Weifu Jinning	80.00	--	80.00	34,628.70	Internal-combustion engine and accessories	Y
Wuxi Weifu Leader Catalytic Converter Co., Ltd.	Weifu Leader	94.81	--	94.81	50,259.63	Purifier and muffler	Y
Weifu Mashan Pump Glib Co., Ltd.	Weifu Mashan	100.00	--	100.00	16500	Internal-combustion engine and accessories	Y
Wuxi Weifu Chang'an Co., Ltd.	Weifu Chang'an	100.00	--	100.00	6,000	Internal-combustion engine and accessories	Y
Wuxi Weifu Automotive Diesel System Co., Ltd.	Weifu Diesel System	100.00	--	100.00	30,000	Internal-combustion engine and accessories	Y
Wuxi Weifu International Trade Co. Ltd.	Weifu International Trade	100.00	--	100.00	3,000	International trade	Y
Wuxi Weifu ITM Supercharging Technique Co., Ltd.	Weifu ITM	100.00	--	100.00	16,000	Internal-combustion engine and accessories	Y
Wuxi Weifu Schmidt Power System Spare Parts Co., Ltd.	Weifu Schmidt	66.00	--	66.00	4,800	Internal-combustion engine and accessories	Y
Ningbo Weifu Tianli Supercharging Technique Co., Ltd.	Weifu Tianli	51.00	--	51.00	10,469	Internal-combustion engine and accessories	Y
Anhui Weifu Tianshi Machinery Co., Ltd.	Weifu Tianshi	52.00	--	52.00	1,000	Internal-combustion engine and accessories	Y
Kunming Xitong Machinery Co., Ltd.	Kunming Xitong	70.00	--	70.00	400	Internal-combustion engine and accessories	Y
Wuxi Weifu-Autocam Fine Machinery Co. Ltd.	Weifu Autocam	51.00	--	51.00	USD1,510	Auto parts	Y
Wuxi Weifu Leader Catalytic Converter (Wuhan) Co., Ltd.	Weifu Leader (Wuhan)	--	60.00	60.00	1,000.00	Purifier and muffler	Y

Note: the Company completed capital increase of RMB120 million for Weifu Mashan during this reporting period. Upon completion of the capital increase, the registered capital of Weifu Mashan increased from RMB 45 million to RMB165 million. The Company completed capital increase of RMB150 million for Weifu Chang'an during this reporting period. Upon completion of the capital increase, the registered capital of Weifu Chang'an increased from RMB60 million to RMB210 million. Business registration for Weifu Chang'an is in the process.

IV. Basis of preparation of financial statements

1. Preparation base

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

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

2. Going concern

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

V. Major Accounting Policies and Estimation

Specific accounting policies and estimation attention:

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

1. Statement on observation of Accounting Standard for Business Enterprises

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

2. Accounting period

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

3. Business cycles

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

4. Recording currency

The Company's reporting currency is the RMB Yuan.

5. Accounting Treatment Method for Business Combinations

Business combination is the transaction or events that two or two above independent enterprises combined as a reporting entity. Business combination including enterprise combined under the same control and business combined under different control.

(1) The business combination under the same control

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

(2) Combine not under the same control

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

6. Preparation method for consolidated financial statement

(1) Recognition principle of consolidated scope

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

(2) Basis of control

Control is the right to govern an investee so as to obtain variable return through participating in the investee's relevant activities and the ability to affect such return by use of the aforesaid right over the investee. Relevant activities refers to the activities have major influence on return of the investee's.

(3) Consolidation process

Subsidiaries are consolidated from the date on which the company obtains their actual control, and are deconsolidated from the date that such control ceases. All significant inter-group balances, investment, transactions and unrealized profits are eliminated in the consolidated financial statements. For subsidiaries being disposed, the operating results and cash flows prior to the date of disposal are included in the consolidated income statement and consolidated cash flow statement; for subsidiaries disposed during the period, the opening balances of the consolidated balance sheet would not be restated. For subsidiaries acquired from a business combination not under common control, their operating results and cash flows subsequent to the acquisition date are included in the consolidated income statement and consolidated cash flow statement, and the opening balances and comparative figures of the consolidated balance sheet would not be restated. For subsidiaries acquired from a business combination under common control, their operating results and cash flows from the date of commencement of the accounting period in which the combination occurred to the date of combination are included in the consolidated income statement and consolidated cash flow statement, and the comparative figures of the consolidated balance sheet would be restated.

In preparing the consolidated financial statements, where the accounting policies or the accounting periods are inconsistent between the company and subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the company.

Concerning the subsidiary obtained under combination with different control, adjusted several financial statement of the subsidiary based on the fair value of recognizable net assets on purchased day while financial statement consolidation; concerning the subsidiary obtained under combination with same control, considered current status of being control by ultimate controller for consolidation while financial statement consolidation.

The unrealized gains and losses from the internal transactions occurred in the assets the Company sold to the subsidiaries fully offset "the net profit attributable to the owners of the parent company". The unrealized gains and losses from the internal transactions occurred in the assets the subsidiaries sold to the Company are distributed and offset between "the net profit attributable to the owners of the parent company" and "minority interest" according to the distribution ratio of the Company to the subsidiary. The unrealized gains and losses from the internal transactions occurred in the assets sold among the subsidiaries are distributed and offset between "the net profit attributable to the owners of the parent company" and "minority interest" according to the distribution ratio of the Company to the subsidiary of the seller.

The share of the subsidiary's ownership interest not attributable to the Company is listed as "minority interest" item under the ownership interest in the consolidated balance sheet. The share of the subsidiary's current profit or loss attributable to the minority interests is listed as "minority interest" item under the net profit item in the consolidated income statement. The share of the subsidiary's current consolidated income attributable to the minority interests is listed as the "total consolidated income attributable to the minority shareholders" item under the total consolidated income item in the consolidated income statement. If there are minority shareholders, add the "minority interests" item in the consolidated statement of change in equity to reflect the changes of the minority interests. If the losses of the current period shared by a subsidiary's minority shareholders exceed the share that the minority shareholders hold in the subsidiary ownership interest in the beginning of the period, the balance still charges against the minority interests.

When the control over a subsidiary is ceased due to disposal of a portion of an interest in a subsidiary, the fair value of the remaining equity interest is re-measured on the date when the control ceased. The difference between the sum of the consideration received from disposal of equity interest and the fair value of the remaining equity interest, less the net assets attributable to the company since the acquisition date, is recognized as the investment income from the loss of control. Other comprehensive income relating to original equity investment in

subsidiaries shall be treated on the same basis as if the relevant assets or liabilities were disposed of by the acquiree directly when the control is lost, namely be transferred to current investment income other than the relevant part of the movement arising from re-measuring net liabilities or net assets under defined benefit scheme by the original subsidiary. Subsequent measurement of the remaining equity interests shall be in accordance with relevant accounting standards such as “Accounting Standards for business Enterprises 2 – Long-term Equity Investments” or “Accounting Standards for business Enterprises 22 – Financial Instruments Recognition and Measurement”.

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

7. Joint arrangement classification and accounting treatment for joint operations

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

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

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

8. Determining standards for cash and cash equivalent

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

9. Foreign currency business and conversion

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

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

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

The following displays the methods for translating financial statements involving foreign operations into the statements in RMB: The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the owners' equity items, the items other than "undistributed profits" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements of overseas operations are translated at the average exchange rates of the transaction dates. The exchange difference arising from the above mentioned translation are recognized in other comprehensive income and is shown separately under owner' equity in the balance sheet; such exchange difference will be reclassified to profit or loss in current year when the foreign operation is disposed according to the proportion of disposal.

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

10. Financial instrument

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

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

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

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

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

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

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

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

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

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

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

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

(4) Recognition for termination of financial assets and liability

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

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

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

(5) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

11. Account Receivable

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

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

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

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

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

√ Applicable □ Not applicable

Account age	Rate for receivables	Rate for other receivables
Within 1 year (one year included)	10.00%	10.00%
Within 6 months		
6 months to 1 year	10.00%	10.00%
1—2 years	20.00%	20.00%
2—3 years	40.00%	40.00%
Over 3 years	100.00%	100.00%
3—4 years	100.00%	100.00%
4—5 years	100.00%	100.00%
Over 5 years	100.00%	100.00%

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

Applicable Not applicable

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

Applicable Not applicable

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

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

12. Inventories

(1) Classification of inventories

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

(2) Pricing for delivered inventories

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

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

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

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

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

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

basis of normal sale price.

(4) Inventory system

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

(5) Amortization of low-value consumables and wrappage

① Low-value consumables

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

② Wrappage

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

13. Classified as assets held for sale

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

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

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

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

14. Long-term equity investment

Long-term equity investments refer to long-term equity investments in which the Company has control, joint control or significant influence over the investee. Long-term equity investment without control or joint control or significant influence of the Group is accounted for as available-for-sale financial assets or financial assets measured at fair value with any change in fair value charged to profit or loss.

(1) Determination of initial investment cost

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

- ① For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment shall be the absorbing party's

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

②For a long-term equity investment acquired through a business combination involving enterprises not under common control, the initial investment cost of the long-term equity investment shall be the cost of combination on the date of acquisition. Cost of combination includes the aggregate fair value of assets paid by the acquirer, liabilities incurred or borne and equity securities issued. (For business combination resulted in an enterprise not under common control by acquiring equity of the acquire under common control through a stage-up approach with several transactions, these transactions will be judged whether they shall be treat as "transactions in a basket". If they belong to "transactions in a basket", these transactions will be accounted for a transaction in obtaining control. If they are not belong to "transactions in a basket", the initial investment cost of the long-term equity investment accounted for using cost method shall be the aggregate of the carrying amount of equity investment previously held by the acquire and the additional investment cost. For previously held equity accounted for using equity method, relevant other comprehensive income will not be accounted for. For previously held equity investment classified as available-for-sale financial asset, the difference between its fair value and carrying amount, as well as the accumulated movement in fair value previously included in the other comprehensive income shall be transferred to profit or loss for the current period.) plus the combination cost measured by costs which have directly connection with acquisition are considered as initial investment cost of such long-term equity investment. Realizable assets and liabilities undertaken by such assets (including contingent liabilities) of the party being combined as at the combination date are all measured at fair values, without consideration to amount of minority interests. The surplus of combination cost less fair value net realizable assets of the party being combined is recorded as goodwill, and the deficit is directly recognized in the consolidated statement of gains and losses.

③Long-term investments obtained through other ways:

- A. Initial investment cost of long-term equity investment obtained through cash payment is determined according to actual payment for purchase;
- B. Initial investment cost of long-term equity investment obtained through issuance of equity securities is determined at fair value of such securities;
- C. Initial investment cost of long-term equity investment (exchanged-in) obtained through exchange with non-monetary assets, which is of commercial nature, is determined at fair value of the assets exchanged-out; otherwise determined at carrying value of the assets exchanged-out if it is not of commercial nature;
- D. Initial investment cost of long-term equity investment obtained through debt reorganization is determined at fair value of such investment.

(2) Subsequent measurement on long-term equity investment

- ①Presented controlling ability on investee, the investment shall use cost method for measurement.
- ②Long-term equity investments with joint control (excluding those constitute joint ventures) or significant influence on the investee are accounted for using equity method.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost. Where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to profit or loss for the current period, and the cost of the long term equity investment shall be adjusted accordingly.

Under the equity method, investment gain and other comprehensive income shall be recognized based on the Group's share of the net profits or losses and other comprehensive income made by the investee, respectively. Meanwhile, the carrying amount of long-term equity investment shall be adjusted. The carrying amount of long-term equity investment shall be reduced based on the Group's share of profit or cash dividend distributed by the investee. In respect of the other movement of net profit or loss, other comprehensive income and profit distribution of investee, the carrying value of long-term equity investment shall be adjusted and included in the capital reserves. The Group shall recognize its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto. In the event of inconformity between the accounting policies and accounting periods of the investee and the Company, the financial statements of the investee shall be adjusted in conformity with the accounting policies and accounting periods of the Company. Investment gain and other comprehensive income shall be recognized accordingly. In respect of the transactions between the Group and its associates and joint ventures in which the assets disposed of or sold are not classified as operation, the share of unrealized gain or loss arising from inter-group transactions shall be eliminated by the portion attributable to the Company. Investment gain shall be recognized accordingly. However, any unrealized loss arising from inter-group transactions between the Group and an investee is not eliminated to the extent that the loss is impairment loss of the transferred assets. In the event that the Group disposed of an asset classified as operation to its joint ventures or associates, which resulted in acquisition of long-term equity investment by the investor without obtaining control, the initial investment cost of additional long-term equity investment shall be the fair value of disposed operation. The difference between initial investment cost and the carrying value of disposed operation will be fully included in profit or loss for the current period. In the event that the Group sold an asset classified as operation to its associates or joint ventures, the difference between the carrying value of consideration received and operation

shall be fully included in profit or loss for the current period. In the event that the Company acquired an asset which formed an operation from its associates or joint ventures, relevant transaction shall be accounted for in accordance with “Accounting Standards for Business Enterprises No. 20 “Business combination”. All profit or loss related to the transaction shall be accounted for.

The Group’s share of net losses of the investee shall be recognized to the extent that the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of the investor’s net investment in the investee are reduced to zero. If the Group has to assume additional obligations, the estimated obligation assumed shall be provided for and charged to the profit or loss as investment loss for the period. Where the investee is making profits in subsequent periods, the Group shall resume recognizing its share of profits after setting off against the share of unrecognized losses.

③Acquisition of minority interest

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

④Disposal of long-term equity investments

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

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

In respect of long-term equity investment accounted for using equity method with the remaining equity interest after disposal also accounted for using equity method, other comprehensive income previously under owners’ equity shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by investee on pro rata basis at the time of disposal. The owners’ equity recognized for the movement of other owners’ equity (excluding net profit or loss, other comprehensive income and profit distribution of investee) shall be transferred to profit or loss for the current period on pro rata basis.

In respect of long-term equity investment accounted for using cost method with the remaining equity interest after disposal also accounted for cost equity method, other comprehensive income measured and reckoned under equity method or financial instrument before control of the investee unit acquired shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by investee on pro rata basis at the time of disposal and shall be transferred to profit or loss for the current period on pro rata basis; among the net assets of investee unit recognized by equity method (excluding net profit or loss, other comprehensive income and profit distribution of investee) shall be transferred to profit or loss for the current period on pro rata basis.

In the event of loss of control over investee due to partial disposal of equity investment by the Group, in preparing separate financial statements, the remaining equity interest which can apply common control or impose significant influence over the investee after disposal shall be accounted for using equity method. Such remaining equity interest shall be treated as accounting for using equity method since it is obtained and adjustment was made accordingly. For remaining equity interest which cannot apply common control or impose significant influence over the investee after disposal, it shall be accounted for using the recognition and measurement standard of financial instruments. The difference between its fair value and carrying amount as at the date of losing control shall be included in profit or loss for the current period. In respect of other comprehensive income recognized using equity method or the recognition and measurement standard of financial instruments before the Group obtained control over the investee, it shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by investee at the time when the control over investee is lost. Movement of other owners' equity (excluding net profit or loss, other comprehensive income and profit distribution under net asset of investee accounted for and recognized using equity method) shall be transferred to profit or loss for the current period at the time when the control over investee is lost. Of which, for the remaining equity interest after disposal accounted for using equity method, other comprehensive income and other owners' equity shall be transferred on pro rata basis. For the remaining equity interest after disposal accounted for using the recognition and measurement standard of financial instruments, other comprehensive income and other owners' equity shall be fully transferred.

In the event of loss of common control or significant influence over investee due to partial disposal of equity investment by the Group, the remaining equity interest after disposal shall be accounted for using the recognition and measurement standard of financial instruments. The difference between its fair value and carrying amount as at the date of losing common control or significant influence shall be included in profit or loss for the current period. In respect of other comprehensive income recognized under previous equity investment using equity method, it shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by investee at the time when equity method was ceased to be used. Movement of other owners' equity (excluding net profit or loss, other comprehensive income and profit distribution under net asset of investee accounted for and recognized using equity method) shall be transferred to profit or loss for the current period at the time when equity method was ceased to be used.

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

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

Found more in 20-"impairment of long-term investment"

(4) Criteria of Joint control and significant influence

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

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

15. Investment real estate

Measurement mode

Measured by cost method

Depreciation or amortization method

Depreciation or amortization method

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

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

16. Fixed assets

(1) Confirmation conditions

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

(2) Depreciation methods

Categories	Method	Years of depreciation	Scrap value rate	Yearly depreciation rate
House and Building	Straight-line depreciation	20~35	5.00%	2.71~4.75
Machinery equipment	Straight-line depreciation	10	5.00%	9.50
Transportation equipment	Straight-line depreciation	4~5	5.00%	19.00~23.75
Electronic and other equipment	Straight-line depreciation	3~10	5.00%	9.50~31.67

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

The Company affirms those that conform to below one or several criteria as the finance lease fixed assets:

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

(4) The impairment test method of fixed assets and the method of provision for impairment

The impairment test method of fixed assets and the method of provision for impairment see 20-“Long term asset impairment”.

17. Construction in process

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

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

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

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

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

(2) Period of capitalization of borrowing costs

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

(3) Measure of capitalization for borrowing cost

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

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

19. Intangible assets

(1) Measurement, use of life and impairment testing

① Measurement of intangible assets

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

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

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

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

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

② Amortization methods and time limit for intangible assets:

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

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

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

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

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

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

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

20. Impairment of long-term asset

The Company will judge if there is any indication of impairment as at the balance sheet date in respect of non-current non-financial assets such as fixed assets, construction in progress, intangible assets with a finite useful life, investment properties measured at cost, and long-term equity investments in subsidiaries, joint controlled entities and associates. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for impairment test. Goodwill, intangible assets with an indefinite useful life and intangible assets beyond working conditions will be tested for impairment annually, regardless of whether there is any indication of impairment.

If the impairment test result shows that the recoverable amount of an asset is less than its carrying amount, the impairment provision will be made according to the difference and recognized as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. An asset's fair value is the price in a sale agreement in an arm's length transaction. If there is no sale agreement but the asset is traded in an active market, fair value shall be determined based on the bid price. If there is neither sale agreement nor active market for an asset, fair value shall be based on the best available information. Costs of disposal are expenses attributable to disposal of the asset, including legal fee, relevant tax and surcharges, transportation fee and direct expenses incurred to prepare the asset for its intended sale. The present value of the future cash flows expected to be derived from the asset over

the course of continued use and final disposal is determined as the amount discounted using an appropriately selected discount rate. Provisions for assets impairment shall be made and recognized for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs. The asset group is the smallest group of assets capable of generating cash flows independently.

For the purpose of impairment testing, the carrying amount of goodwill presented separately in the financial statements shall be allocated to the asset groups or group of assets benefiting from synergy of business combination. If the recoverable amount is less than the carrying amount, the Group shall recognize an impairment loss. The amount of impairment loss shall first reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduce the carrying amount of other assets (other than goodwill) within the asset group or set of asset groups, pro rata on the basis of the carrying amount of each asset.

An impairment loss recognized on the aforesaid assets shall not be reversed in a subsequent period in respect of the restorable value.

21. Long-term Deferred Expenses

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

22. Employee compensation

(1) Accounting treatment for short-term compensation

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

(2) Accounting treatment for post-employment benefit

The post-employment benefit included the defined contribution plans and defined benefit plans. Post-employment benefits plan refers to the agreement about the post-employment benefits between the enterprise and employees, or the regulations or measures the enterprise established for providing post-employment benefits to employees. Thereinto, the defined contribution plan refers to the post-employment benefits plan that the enterprise doesn't

undertake the obligation of payment after depositing the fixed charges to the independent fund; the defined benefit plans refers to post-employment benefits plans except the defined contribution plan.

(3) Accounting for retirement benefits

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

(4) Accounting for other long-term employee benefits

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

23. Accrued liability

(1) Recognition principle

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

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

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

24. Revenue

(1) Concrete judging criteria for time of recognized

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

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

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

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

(2) Recognition of revenue of assets using right alienation

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

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

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

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

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

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

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

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

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

not confirmed to render the service revenue.

25. Government Grants

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

(1) Types

Government grants are transfer of monetary assets or non-monetary assets from the government to the Group at no consideration. Government grants are classified into government grants related to assets and government grants related to income.

As for the assistance object not well-defined in government's documents, the classification criteria for assets-related or income-related grants are as: whether the grants turn to long-term assets due to purchasing for construction or other means.

(2) Recognition

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

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

(3) Accounting treatment

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

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

(1) Types

Government grants are transfer of monetary assets or non-monetary assets from the government to the Group at no consideration. Government grants are classified into government grants related to assets and government grants related to income.

As for the assistance object not well-defined in government's documents, the classification criteria for assets-related or income-related grants are as: whether the grants turn to long-term assets due to purchasing for construction or other means.

(2) Recognition

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

(3) Accounting treatment

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant shall be recognized as deferred income, and recognized in profit or loss

over the periods in which the related costs are recognized; if the grant is a compensation for related expenses or losses already incurred, the grant shall be recognized immediately in profit or loss for the current period.

26. Deferred tax assets / deferred income tax liabilities

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

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

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

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

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

27. Lease

(1) Accounting for operating lease

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

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

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

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

(2) Accounting for financing lease

Assets lease-in by financing: On the beginning date of the lease, the entry value of leased asset shall be at the

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

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

28. Other major accounting policy and accounting estimates

Significant accounting judgments and estimates

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

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

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

(1) Provision for bad debts

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

(2) Inventory impairment

According to the inventory accounting policies, the Company measures by the comparison between the cost and the net realizable value, if the cost is higher than the net realizable value and the old and unsalable inventories, the Company calculates and withdraws the inventory impairment. The inventory devalues to the net realizable value by evaluating the inventory's vendibility and net realizable value. To identify the inventory impairment, the management needs to obtain the unambiguous evidences, and consider the purpose to hold the inventory, and

judge and estimate the impacts of events after the balance sheet date. The actual results and the differences between the previously estimated results shall affect the book value of inventory and the provision or return of the inventory impairment during the period estimated to be changed.

(3) Held-to-maturity investments

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

(4) Impairment of held-to-maturity investments

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

(5) Impairment of financial assets available for sale

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

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

The Company checks whether the non-current assets except for the financial assets may decrease in value at the balance sheet date. For the intangible assets with indefinite service life, in addition to the annual impairment test, the impairment test is also needed when there is a sign of impairment. For the other non-current assets except for the financial assets, the impairment test is needed when it indicates that the book amounts may not be recoverable. When the book value of the asset or group of assets exceeds its recoverable amount, i.e. the higher between the net amount by subtracting the disposal costs from the fair value and the present value of expected future cash flows, it indicates the impairment.

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

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

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

(7) Depreciation and amortization

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

(8) Income tax

In the Company's normal business activities, the final tax treatment and calculation of some transactions have some uncertainties. Whether some projects can be disbursed from the cost and expenses before taxes requires needs to get approval from the tax authorities. If the final affirmation of these tax matters differs from the initially estimated amount, the difference shall have an impact on its current and deferred income taxes during the final identification period.

(9) Early retirement benefits and supplementary retirement benefits

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

29. Changes of important accounting policy and estimation

(1) Changes of major accounting policies

Applicable Not applicable

(2) Changes of important accounting estimate

Applicable Not applicable

30. Other

VI. Taxation

1. Major taxes and tax rates

Tax	Basis	Tax rate
VAT	Taxable revenue	17%, 6% and 5% charge rate; exportation goods are declare export tax rebates on the tax refund rate regulated by the Country or “exemption, counteraction, drawback”
Operation tax	Tax on 5% of the business turnover, and no more business tax since May	5%
City maintaining & construction tax	Turnover tax payable	7%
Corporation income tax	Taxable income	25%、15%
Educational surtax	Turnover tax payable	5%

Disclose reasons for different taxpaying body

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

2. Tax preference

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

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

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

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

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

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

3. Other

Nil

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

In RMB

Item	Closing balance	Opening balance
Cash on hand	599,430.35	593,508.90
Cash in bank	1,176,906,292.97	3,216,383,596.65
Other monetary fund	46,891,693.28	57,702,626.99
Total	1,224,397,416.60	3,274,679,732.54

Other explanation

Item	2016-06-30	2015-12-31
Bank acceptance bill, L/C and other collateral	46,891,693.28	57,702,626.99

2. Note receivables**(1) Classification of notes receivable**

In RMB

Item	Closing balance	Opening balance
Bank acceptance bill	954,672,667.47	941,836,230.18
Commercial acceptance bill	61,915,982.96	90,050,000.00
Total	1,016,588,650.43	1,031,886,230.18

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

In RMB

Item	Amount pledge at period-end
Bank acceptance bill	22,324,948.91
Total	22,324,948.91

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

In RMB

Item	Amount derecognition at period-end	Amount not derecognition at period-end
Bank acceptance bill	491,581,496.02	
Total	491,581,496.02	

3. Accounts receivable**(1) Accounts receivable by category:**

In RMB

Types	Closing balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Ratio	Amount	Accru al ratio		Amount	Ratio	Amount	Accru al ratio	
Account receivable with single significant amount and withdrawal bad debt provision separately	2,336,848.93	0.13%	2,336,848.93	100.00%		2,336,848.93	0.18%	2,336,848.93	100.00%	
Receivables with bad debt provision accrual by credit portfolio	1,753,779,687.00	99.70%	15,172,219.17	0.87%	1,738,607,467.83	1,276,903,127.17	99.44%	15,739,942.30	1.23%	1,261,163,184.87
Accounts with single minor amount but with bad debts provision accrued individually	2,971,107.87	0.17%	2,971,107.87	100.00%		4,823,109.15	0.38%	4,823,109.15	100.00%	
Total	1,759,087,643.80	100.00%	20,480,175.97	1.16%	1,738,607,467.83	1,284,063,085.25	100.00%	22,899,900.38	1.78%	1,261,163,184.87

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

Applicable Not applicable

In RMB

Account receivable (by units)	Closing balance			
	Account receivable	Bad debt reserve	Accrual ratio	Reasons
Changzhou Liankai Power Machinery Co., Ltd.	2,336,848.93	2,336,848.93	100.00%	The account was too old to collect
Total	2,336,848.93	2,336,848.93	--	--

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

Applicable Not applicable

In RMB

Age	Closing balance		
	Account receivable	Bad debt reserve	Accrual ratio
Sub item of within one year			
Within 6 months	1,662,763,766.40		
6 months to 1 year	68,364,155.00	6,836,415.51	10.00%
Subtotal of within 1 year	1,731,127,921.40	6,836,415.51	
1-2 years	15,142,318.25	3,028,463.65	20.00%
2-3 years	3,670,178.89	1,468,071.55	40.00%

Over 3 years	3,839,268.46	3,839,268.46	100.00%
Total	1,753,779,687.00	15,172,219.17	0.87%

Explanation on combination determines:

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

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

Applicable Not applicable

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

Nil

(2) Bad debt provision accrual collected or switch back

Bad debt provision accrual was 729,144.11 Yuan; the amount collected or switches back amounting to 3,106,962.88 Yuan.

Important bad debt provision collected or switch back:

In RMB

Company	Collected or switch back amount	Collection way
Hubei Yuchai Engine Co., Ltd.	214,814.85	Monetary Fund
Anhui Quanchai Power Co., Ltd.	797,654.23	Bank acceptance bill
Total	1,012,469.08	--

The amount with bad debt provision accrual seperately at period-end of last year was collected by cash of RMB 1,012,469.08 in the Period, rests of the amount are collected on the bae debt provision calculated based on age account; bad debt provision verified in the Period amounting to RMB 41,905.64

(3) Account receivable actual charge off in the Period

In RMB

Item	Amount written off
Sporadic households	41,905.64

Written-off for the major receivable: Nil

Note of written-off for account receivable: Nil

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

Total year-end balance of top five receivables by arrears party amounting to 689,230,917.56 Yuan, takes 39.18 percent of the total account receivable at year-end, bad debt provision accrual correspondingly at year-end amounting as 785,840.21 Yuan.

(5) Account receivable derecognition due to financial assets transfer

Nil

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

Nil

4. Advance payment

(1) Advance payment by age

In RMB

Age	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	65,051,955.31	83.99%	56,430,230.21	76.96%
1-2 years	7,453,279.05	9.62%	16,547,115.99	22.56%
2-3 years	4,782,248.57	6.17%	231,840.37	0.32%
Over 3 years	173,810.54	0.22%	117,363.62	0.16%
Total	77,461,293.47	--	73,326,550.19	--

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

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

Total year-end balance of top five advance payment by prepayment object amounting to 28,220,256.13 Yuan, takes 36.43 percent of the total advance payment at year-end

5. Interest receivable

Category

In RMB

Item	Closing balance	Opening balance
Time deposit	2,249,341.69	3,281,939.96
Total	2,249,341.69	3,281,939.96

6. Dividend receivables

Dividend receivables

In RMB

Item (or the invested entity)	Closing balance	Opening balance
Bosch Automobile Diesel System Co., Ltd	198,772,367.40	
Zhonglian Automobile Electronic Co., Ltd.	162,800,000.00	
Wuxi Weifu Fine Machinery Manufacturing Co., Ltd.		3,600,000.00
Total	361,572,367.40	3,600,000.00

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Other account receivable with single significant amount and	4,298,826.47	21.76%	4,298,826.47	100.00%		4,298,826.47	26.26%	4,298,826.47	100.00%	

withdrawal bad debt provision separately										
Other receivables with bad debt provision accrual by credit portfolio	15,459,891.66	78.24%	3,181,491.47	20.58%	12,278,400.19	12,071,334.85	73.74%	3,253,673.77	26.95%	8,817,661.08
Total	19,758,718.13	100.00%	7,480,317.94	37.86%	12,278,400.19	16,370,161.32	100.00%	7,552,500.24	46.14%	8,817,661.08

7. Other accounts receivable

(1) Other accounts receivable by category

In RMB

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

Applicable Not applicable

In RMB

Other account receivable(units)	Closing balance			
	Account receivable	Bad debt reserve	Accrual ratio	Reasons
American HESS	1,514,671.20	1,514,671.20	100.00%	The account was too old to collect
Nanjing Jinning Machinery Factory	2,784,155.27	2,784,155.27	100.00%	The account was too old to collect
Total	4,298,826.47	4,298,826.47	--	--

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

Applicable Not applicable

In RMB

Age	Closing balance		
	Other accounts receivable	Bad debt provision	Accrual ratio
Sub item of within one year			
Within 6 months	11,870,117.59		
6 months to one year	179,428.67	17,942.87	10.00%
Subtotal within one year	12,049,546.26	17,942.87	
1-2 years	172,906.72	34,581.34	20.00%
2-3 years	180,785.71	72,314.29	40.00%
Over 3 years	3,056,652.97	3,056,652.97	100.00%
Total	15,459,891.66	3,181,491.47	20.58%

Explanations on combination determine:

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

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

Applicable Not applicable

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

Applicable Not applicable

(2) Bad debt provision accrual collected or switch back

Bad debt provision accrual was 22,150.11 Yuan; the amount collected or switches back amounting to 82,939.41 Yuan.

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

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

In RMB

Item	Amount of write off
Sporadic households	11,393.00

Note of important other receivables of written-off: Nil

Note of other receivables of written-off:

The current reserved amount of written-off was RMB 11,393.00. The current written-off other receivables are sporadic households, every detail has small amount and is not generated by non-related transaction.

(4) Other receivables by nature

In RMB

Nature	Ending book balance	Opening book balance
Intercourse funds receivable from units	12,323,417.45	9,197,205.52
Staff loans and petty cash	3,933,444.65	2,599,095.24
Other	3,501,856.03	4,573,860.56
Total	19,758,718.13	16,370,161.32

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

In RMB

Company	Nature	Ending balance	Age	Ratio in total ending balance of other receivables	Ending balance of bad bet provision
Nanjing Jinning Machinery Factory	Intercourse funds of unit	2,784,155.27	Specific identification	14.09%	2,784,155.27
Autocam (China) Auto Parts Co., Ltd.	Intercourse funds of unit	1,436,349.89	Within 6 months	7.27%	
Ningbo Jiangbei High-Tech Industry Park Development Construction Co., Ltd.	Performance bond	1,767,000.00	Over 3 years	8.94%	1,767,000.00
Paid in advance –American HESS	Advance payment transfer-in	1,514,671.20	Specific identification	7.67%	1,514,671.20
Nanjing Zhongran City Gas Development	Intercourse	575,640.00	Over 3 years	2.91%	575,640.00

Co., Ltd.	funds of unit				
Total	--	8,077,816.36	--	40.88%	6,641,466.47

(6) Account receivables related to government subsidies

Nil

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

Nil

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

Nil

8. Inventory**(1) Inventory classification:**

In RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Raw materials	339,625,753.18	89,832,794.15	249,792,959.03	325,517,991.00	89,620,741.76	235,897,249.24
Goods in process	136,883,674.35	24,362,621.24	112,521,053.11	119,036,696.10	25,216,063.29	93,820,632.81
Finished goods	688,677,615.99	143,710,885.55	544,966,730.44	682,835,380.61	146,978,470.25	535,856,910.36
Total	1,165,187,043.52	257,906,300.94	907,280,742.58	1,127,390,067.71	261,815,275.30	865,574,792.41

(2) Inventory depreciation reserve

In RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Accrual	Other	Switch back or write-off	Other	
Raw materials	89,620,741.76	390,100.00		4,299,074.36		89,832,794.15
Goods in process	25,216,063.29					24,362,621.24
Finished goods	146,978,470.25					143,710,885.55
Total	261,815,275.30	390,100.00		4,299,074.36		257,906,300.94

① Net realizable value of the inventory refers to: during the day-to-day activities, results of the estimated sale price less costs which are going to happen by estimation till works completed sales price estimated and relevant taxes.

② accrual basis for inventory depreciation reserve:

Item	Accrual basis for inventory impairment provision	Specific basis for recognition
Materials on hand	The materials sold due to finished goods manufactured, its net realizable value is lower than the book value	Results from the estimated sale price of such inventory less the cost what will happen, estimated sales expenses and relevant taxes till the goods completed
Goods in process	The goods in process sold due to finished goods manufactured, its net realizable value is lower than the book value	Results from the estimated sale price of such inventory less the cost what will happen, estimated sales expenses and relevant taxes till the goods completed

	value	
Finished goods	its net realizable value is lower than the book value	Results from the estimated sale price less the vary taxes which shall be taken in process of sales

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

Item	Reasons of write-off
Materials on hand	Used for production and the finished goods are realized sales

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

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

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

Nil

9. Other current assets

In RMB

Item	Closing balance	Opening balance
Entrust financing products	4,560,900,000.00	1,945,000,000.00
Receivable export tax rebates	10,875,394.56	7,680,043.89
Prepaid taxes and VAT retained	40,464,566.66	62,956,607.99
Other	133,481.24	567,997.40
Total	4,612,373,442.46	2,016,204,649.28

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

In RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Instrument equity available for sale:						
Measured by fair value	362,880,200.00		362,880,200.00	456,010,900.00		456,010,900.00
Measured by cost	262,820,867.95	49,433,106.95	213,387,761.00	262,820,867.95	49,433,106.95	213,387,761.00
Other -- financial products	120,000,000.00		120,000,000.00	25,000,000.00		25,000,000.00
Total	745,701,067.95	49,433,106.95	696,267,961.00	743,831,767.95	49,433,106.95	694,398,661.00

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

In RMB

Type	Instrument equity available for sale	Instrument liability available for sale	Total
Cost /liability of equity instrument/ amortization cost of debt instrument	207,316,925.00		207,316,925.00
Fair value	362,880,200.00		362,880,200.00
Amount of fair value changes that accumulatively reckoned in other comprehensive gains	155,563,275.00		155,563,275.00

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

In RMB

The invested entity	Book balance			Depreciation reserves			Ratio of share-holding in invested entity	Cash dividend	
	Period-beginning	Increase	Decrease	Period-end	Period-beginning	Increase			Decrease
Guolian Securities	12,000,000.00			12,000,000.00				0.95%	
Guangxi Liufa Co., Ltd.	1,600,000.00			1,600,000.00	1,600,000.00		1,600,000.00	1.22%	
Financial Company of Changchai Group Co., Ltd.	800,000.00			800,000.00	800,000.00		800,000.00		
H&J Vanguard Investment Co., Ltd.	33,000,000.00			33,000,000.00	33,000,000.00		33,000,000.00	11.72%	
Nanjing Hengtai Insurance and Broker Co., Ltd.	1,000,000.00			1,000,000.00	1,000,000.00		1,000,000.00	1.85%	
Henan Gushi Weining Oil Pump & Nozzle Co., Ltd.	2,033,106.95			2,033,106.95	2,033,106.95		2,033,106.95		
Beijing Foton Environmental Engine Co., Ltd.	86,940,000.00			86,940,000.00	11,000,000.00		11,000,000.00	13.04%	
Wuxi Xidong Technological Industry Park Co., Ltd.	5,000,000.00			5,000,000.00				1.43%	
Shanghai IMS Automotive Electronic System Co., Ltd.	10,000,000.00			10,000,000.00				18.52%	

Shanghai CD Dengtong Equity Investment Fund	110,447,761.00			110,447,761.00					14.93%	1,584,389.13
Total	262,820,867.95			262,820,867.95	49,433,106.95			49,433,106.95	--	1,584,389.13

(4) Changes of impairment in Period

In RMB

Type	Instrument equity available for sale	Instrument liability available for sale	Total
Balance of impairment accrual at period-begin	49,433,106.95		49,433,106.95
Balance of impairment accrual at period-end	49,433,106.95		49,433,106.95

11. Long-term equity investment

In RMB

The invested entity	Opening balance	+,-							Closing balance	Endin g balan ce of impai rment provi sion	
		Ad diti ona l inv est me nt	Cap ital red ucti on	Investment gains recognized under equity	Other compr ehensi ve incom e adjust ment	Other equit y chan ge	Cash dividend or profit announced to issued	Imp airm ent accr ual			Ot her
I. Joint venture											
Wuxi Weifu Environment Catalyst Co., Ltd.	386,651,564.62			33,712,839.90						420,364,404.52	
Subtotal	386,651,564.62			33,712,839.90						420,364,404.52	
II. Associated enterprise											
Bosch Automobile Diesel System Co., Ltd	2,208,904,933.15			378,856,281.65			824,197,176.96			1,763,564,037.84	
Zhonglian Automobile Electronic Co., Ltd.	645,256,986.76			172,517,518.64			162,800,000.00			654,974,505.40	
Wuxi Weifu Fine Machinery Manufacturin g Co., Ltd.	42,770,760.90			2,732,299.16						45,503,060.06	
Subtotal	2,896,932,680.81			554,106,099.45			986,997,176.96			2,464,041,603.30	
Total	3,283,584,245.43			587,818,939.35			986,997,176.96			2,884,406,007.82	

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

√ Applicable □ Not applicable

In RMB

Item	House and building	Land use right	Construction in process	Total
I. original book value				
1. Opening balance	52,016,403.92			52,016,403.92
2. increased in the Period				
(1) outsourcing				
(2) Inventory\fixed assets\construction in process transfer-in				
(3) increased by combination				
3. decreased in the Period				
(1) disposal				
(2) other transfer-out				
4. Closing balance	52,016,403.92			52,016,403.92
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	31,783,291.99			31,783,291.99
2. increased in the Period	499,515.20			499,515.20
(1) accrual or amortization	499,515.20			499,515.20
3. decreased in the Period				
(1) disposal				
(2) other transfer-out				
4. Closing balance	32,282,807.19			32,282,807.19
III. Depreciation reserves				
1. Opening balance				
2. increased in the Period				
(1) accrual				
3. decreased in the Period				
(1) disposal				
(2) other transfer-out				
4. Closing balance				
IV. Book value				
1. Ending Book value	19,733,596.73			19,733,596.73
2. Opening Book value	20,233,111.93			20,233,111.93

(2) Investment real estate measured by fair value

□ Applicable√ Not applicable

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

In RMB

Item	Housing buildings	Machinery equipment	Transportation equipment	Electronic and other equipment	Total
I. original book value					
1. Opening balance	1,166,008,245.52	2,045,403,928.82	41,794,639.87	321,849,640.66	3,575,056,454.87
2. increased in the Period	6,082,340.57	92,697,702.90	1,494,428.28	38,509,401.21	138,783,872.96
(1) Purchase	961,141.00	11,664,354.96	637,868.41	2,615,985.64	15,879,350.01
(2) construction in process transfer-in	5,121,199.57	81,033,347.94	856,559.87	35,893,415.57	122,904,522.95
(3) increased by combination					
3. decreased in the Period		18,998,904.43	1,175,475.78	1,464,744.33	21,639,124.54
(1) disposal or scrapping		18,998,904.43	1,175,475.78	1,464,744.33	21,639,124.54
4. Closing balance	1,172,090,586.09	2,119,102,727.29	42,113,592.37	358,894,297.54	3,692,201,203.29
II. Accumulated depreciation					
1. Opening balance	201,364,995.47	847,112,998.87	27,807,934.31	130,153,209.50	1,206,439,138.15
2. increased in the Period	11,385,742.46	76,920,481.91	1,964,425.06	19,763,000.87	110,033,650.30
(1) accrual	11,385,742.46	76,920,481.91	1,964,425.06	19,763,000.87	110,033,650.30
3. decreased in the Period		11,874,129.35	1,272,520.35	1,374,102.91	14,520,752.61
(1) disposal or scrapping		11,874,129.35	1,272,520.35	1,374,102.91	14,520,752.61
4. Closing balance	212,750,737.93	912,159,351.43	28,499,839.02	148,542,107.46	1,301,952,035.84
III. Depreciation reserves					
1. Opening balance		42,202,894.99	125,725.40	5,661,372.91	47,989,993.30
2. increased in the Period					
(1) accrual					
3. decreased in the Period		492,027.39			492,027.39
(1) disposal or scrapping		492,027.39			492,027.39
4. Closing balance		41,710,867.60	125,725.40	5,661,372.91	47,497,965.91
IV. Book value					
1. Ending Book value	959,339,848.16	1,165,232,508.26	13,488,027.95	204,690,817.17	2,342,751,201.54
2. Opening Book value	964,643,250.05	1,156,088,034.96	13,860,980.16	186,035,058.25	2,320,627,323.42

(2) Temporarily idle fixed assets

Nil

(3) Fixed assets acquired by financing lease

Nil

(4) Fixed assets acquired by operating lease

Nil

(5) Certificate of title un-completed

In RMB

Item	Book value	Reasons
Boiler room and guard house of Weifu Jinning	3,224,528.98	Still in process of relevant property procedures
Plant and office building of Weifu Chang'an	41,686,036.45	Still in process of relevant property procedures

14. Construction in progress

(1) Construction in progress

In RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Construction project in industrial zone	1,154,438.50		1,154,438.50	39,836,288.30		39,836,288.30
Industrialization of tail treatment system	38,133,217.73		38,133,217.73	38,133,217.73		38,133,217.73
Ningbo Tianli new plant project	103,500.00		103,500.00			
Parent company technical transformation equipment engineering	24,140,826.44		24,140,826.44	13,917,647.99		13,917,647.99
Weifu Autocam equipment engineering	16,140,783.57		16,140,783.57	27,155,936.80		27,155,936.80
ITM 102 warehouse	25,265,393.76		25,265,393.76	16,101,158.89		16,101,158.89
Sporadic engineering project	53,438,658.56	2,310,872.53	51,127,786.03	29,569,375.50	2,310,872.53	27,258,502.97
Total	158,376,818.56	2,310,872.53	156,065,946.03	164,713,625.21	2,310,872.53	162,402,752.68

(2) Changes of major projects under construction

In RMB

Item	Budget	Opening balance	increased in the Period	Fixed assets transfer-in in the Period	Other decreased in the Period	Closing balance	Proportion of project investment in budget	Progress	Accumulated amount of interest capitalization	including interest capitalized amount of the year	Interest capitalization rate of the year	Source of funds
Construction project in industrial zone	650,000.00	39,836,288.30	6,595,655.91	45,277,505.71		1,154,438.50	100.00%	100.00%				Placement amount and owned funds
Industrialization of tail treatment system	340,000.00	38,133,217.73				38,133,217.73	100.00%	100.00%				Placement amount and owned

												funds
Ningbo Tianli new plant project	116,000,000.00		5,818,739.59	5,715,239.59		103,500.00	100.00%	100.00%	4,165,000.39		4.98%	Other
Parent company technical transformation equipment engineering		13,917,647.99	20,238,615.97	10,015,437.52		24,140,826.44						Other
Weifu Autocam equipment engineering		27,155,936.80	15,717,040.71	26,732,193.94		16,140,783.57						Other
ITM 102 warehouse		16,101,158.89	9,164,234.87			25,265,393.76						Other
Total	1,106,000,000.00	135,144,249.71	57,534,287.05	87,740,376.76		104,938,160.00	--	--	4,165,000.39			--

(3) The provision for impairment of construction projects

Nil

15. Intangible assets

Particular about intangible assets

In RMB

Item	Land use right	Patent	Non-patent technology	Trademark and trademark license	Computer software	Total
I. original book value						
1. Opening balance	376,128,220.00		3,539,793.05	41,597,126.47	39,371,607.18	460,636,746.70
2. increased in the Period					3,532,825.94	3,532,825.94
(1) purchase					3,532,825.94	3,532,825.94
(2) internal R&D						
(3) increased by combination						
3. decreased in the Period						
(1) disposal						
4. Closing balance	376,128,220.00		3,539,793.05	41,597,126.47	42,904,433.12	464,169,572.64
II. accumulated amortization						

1. Opening balance	53,558,503.42		1,563,408.84	9,709,000.00	18,548,097.02	83,379,009.28
2. increased in the Period	4,131,131.70		176,989.91		4,904,932.90	9,213,054.51
(1) Accrual	4,131,131.70		176,989.91		4,904,932.90	9,213,054.51
3. decreased in the Period						
(1) disposal						
4. Closing balance	57,689,635.12		1,740,398.75	9,709,000.00	23,453,029.92	92,592,063.79
III. impairment provision						
1. Opening balance				16,646,900.00		16,646,900.00
2. increased in the Period						
(1) Accrual						
3. decreased in the Period						
(1) disposal						
4. Closing balance				16,646,900.00		16,646,900.00
IV. Book value						
1. Ending Book value	318,438,584.88		1,799,394.30	15,241,226.47	19,451,403.20	354,930,608.85
2. Opening Book value	322,569,716.58		1,976,384.21	15,241,226.47	20,823,510.16	360,610,837.42

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

16. Goodwill

(1) Original book value of goodwill

In RMB

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

17. Long-term unamortized expenses

In RMB

Item	Opening balance	increased in the Period	Amortized in the Period	Other decrease	Closing balance
Remodeling costs ect.	14,004,911.64	4,583,214.23	4,364,011.79		14,224,114.08
Total	14,004,911.64	4,583,214.23	4,364,011.79		14,224,114.08

18. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets un-offset

In RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Bad debt reserves	26,963,146.02	4,328,639.75	29,076,648.82	4,639,609.68
Inventory falling price reserves	233,355,657.43	36,195,007.52	231,625,094.65	35,744,562.09

Fixed assets depreciation reserves	47,497,965.91	7,221,737.74	47,987,199.75	7,301,021.41
Construction in process depreciation reserves	2,310,872.53	346,630.88	2,310,872.53	346,630.88
Intangible assets depreciation reserves	16,646,900.00	2,497,035.00	16,646,900.00	2,497,035.00
Deferred income	409,576,819.24	61,436,522.88	395,610,989.00	59,341,648.35
Internal un-realized profit	34,003,102.01	5,441,607.75	32,612,928.06	5,292,769.12
Payable salary, accrued expenses ect.	254,596,648.30	40,085,345.92	258,374,925.93	41,308,845.53
Depreciation assets, amortization difference	1,481,298.44	222,194.77	1,481,298.44	222,194.77
Deductible loss of subsidiary	12,578,744.96	2,258,296.80	12,052,823.20	2,179,408.54
Total	1,039,011,154.84	160,033,019.01	1,027,779,680.38	158,873,725.37

(2) Deferred income tax liabilities un-offset

In RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Asset evaluation increment for combination not under the same control	14,602,179.37	2,190,326.90	14,972,289.38	2,245,843.40
Change of fair value for the financial assets available for sale	155,563,275.00	23,334,491.24	221,689,850.00	33,253,477.50
Total	170,165,454.37	25,524,818.14	236,662,139.38	35,499,320.90

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

In RMB

Item	Trade-off between the deferred income tax assets and liabilities	Ending balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets		160,033,019.01		158,873,725.37
Deferred income tax liabilities		25,524,818.14		35,499,320.90

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Closing balance	Opening balance
Deductible temporary differences - Bad debt reserves	997,347.89	1,375,751.80
Deductible temporary differences- Inventroy falling price reserves	24,550,643.51	30,190,180.65
Deductible losses –subsidiary of Weifu ITM ect.	193,873,339.02	188,909,719.27

Deductible temporary differences- Fixed assets depreciation reserves		2,793.55
Deductible temporary differences- Provision for impairment of financial assets available for sale	49,433,106.95	49,433,106.95
Total	268,854,437.37	269,911,552.22

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

In RMB

Year	Ending amount	Opening amount	Note
2016	3,044,019.10	3,044,019.10	Weifu ITM and other subsidiaries have operating losses
2017	12,490,509.17	12,490,509.17	Weifu ITM and other subsidiaries have operating losses
2018	24,828,326.76	24,828,326.76	Weifu ITM and other subsidiaries have operating losses
2019	35,159,237.40	35,159,237.40	Weifu ITM and other subsidiaries have operating losses
2020	96,981,861.11	113,387,626.84	Weifu ITM and other subsidiaries have operating losses
2021	21,369,385.48		Weifu ITM and other subsidiaries have operating losses
Total	193,873,339.02	188,909,719.27	--

19. Other non-current assets

In RMB

Item	Closing balance	Opening balance
Engineering equipment paid in advance	113,614,653.09	149,038,672.85
Total	113,614,653.09	149,038,672.85

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

In RMB

Item	Closing balance	Opening balance
Credit loan	263,000,000.00	313,000,000.00
Bill financing		47,000,000.00
Total	263,000,000.00	360,000,000.00

21. Notes payable

In RMB

Type	Closing balance	Opening balance
Bank acceptance bill	624,360,290.69	630,682,394.24
Total	624,360,290.69	630,682,394.24

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

22. Account payable**Account payable**

In RMB

Item	Closing balance	Opening balance
Within 1 year	1,596,206,805.11	1,090,199,533.46
1-2 years	14,040,785.67	304,679,526.94
2-3 years	25,035,613.61	21,424,218.43
Over 3 years	53,632,396.67	47,304,660.12
Total	1,688,915,601.06	1,463,607,938.95

23. Account received in advance

Account received in advance

In RMB

Item	Closing balance	Opening balance
Within 1 year	34,063,460.62	28,529,286.23
1-2 years	2,183,692.11	2,814,487.48
2-3 years	595,486.11	550,277.52
Over 3 years	1,529,932.01	1,651,312.26
Total	38,372,570.85	33,545,363.49

24. Wages payable

(1) Wages payable

In RMB

Item	Opening balance	Increase during the year	Decreased during the year	Closing balance
I. Short-term compensation	146,377,806.84	364,048,864.33	421,519,664.22	88,907,006.95
II. Post-employment welfare- defined contribution plans	38,562,720.22	56,269,702.25	66,715,206.21	28,117,216.26
IV. Other welfare due within one year	60,130,414.01	170,209.00	4,065,136.33	56,235,486.68
Including: other short-term welfare-Housing subsidies, employee benefits and welfare funds	18,062,557.08	170,209.00	397,124.50	17,835,641.58
Total	245,070,941.07	420,488,775.58	492,300,006.76	173,259,709.89

(2) Short-term compensation

In RMB

Item	Opening balance	Increase during the year	Decreased during the year	Closing balance
1. Wages , bonuses, allowances and subsidies	113,737,692.95	288,233,523.23	340,568,278.29	61,402,937.89
2. Welfare for workers and staff	0.00	26,343,987.26	26,343,987.26	0.00
3. Social insurance	9,946,618.76	23,257,530.37	25,536,605.77	7,667,543.36
Including: Medical insurance	7,918,398.09	19,130,249.32	21,120,796.10	5,927,851.31
Work injury insurance	1,326,796.24	2,973,625.96	3,162,728.09	1,137,694.11
Maternity insurance	701,424.43	1,153,655.09	1,253,081.58	601,997.94
4. Housing accumulation fund	10,264,677.90	21,939,819.50	24,365,161.40	7,839,336.00

5. Labor union expenditure and personnel education expense	12,428,817.23	4,274,003.97	4,705,631.50	11,997,189.70
Total	146,377,806.84	364,048,864.33	421,519,664.22	88,907,006.95

(3) Defined contribution plans

In RMB

Item	Opening balance	Increase during the year	Decreased during the year	Closing balance
1. Basic endowment insurance	23,001,931.95	45,442,300.51	49,951,380.22	18,492,852.24
2. Unemployment insurance	2,267,357.94	3,202,293.10	3,503,323.76	1,966,327.28
3. Enterprise annuity	13,293,430.33	7,625,108.64	13,260,502.23	7,658,036.74
Total	38,562,720.22	56,269,702.25	66,715,206.21	28,117,216.26

Other explanation:

The Company participates in the pension insurance and unemployment insurance plans established by government authorities by laws. Under these plans, the Company makes monthly contribution to these plans based on 14% and 2% of the social insurance contribution base for 2015 respectively. Other than the aforesaid monthly contribution, the Company takes no further payment obligation. The relevant expenditure is included in current profit or loss or cost of relevant assets when occurs. Found more of enterprise annuity in Note XV –other important event-4.” Annuity plan”

25. Tax payable

In RMB

Item	Closing balance	Opening balance
Value-added tax	20,248,389.25	21,584,605.67
Business tax		22,731.23
Enterprise income tax	27,438,638.54	21,811,569.29
Individual income tax	674,663.85	2,049,100.89
Urban maintenance and construction tax	1,410,372.32	1,511,975.13
Educational surtax	1,007,408.82	1,081,008.96
Other (including stamp tax and local funds)	3,833,879.24	4,328,874.16
Total	54,613,352.02	52,389,865.33

26. Interest payable

In RMB

Item	Closing balance	Opening balance
Long-term borrowing interest for installment	1,585,300.00	91,300.00
Interest payable for short-term loans	2,055,652.21	687,373.59
Total	3,640,952.21	778,673.59

27. Dividend payable

In RMB

Item	Closing balance	Opening balance
Common stock dividends	504,475,285.00	
Total	504,475,285.00	

Other explanation, including major payable dividend without payment over one year, disclose the reasons: nil

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

In RMB

Item	Closing balance	Opening balance
Margin	7,101,063.50	9,179,884.32
Social insurance and reserves funds that withholding	9,283,314.86	4,510,304.28
Intercourse funds of units	30,216,892.75	25,911,757.81
Other	8,290,193.21	9,731,879.85
Total	54,891,464.32	49,333,826.26

(2) Significant other payable with over one year age

In RMB

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

29. Non-current liabilities due within one year

In RMB

Item	Closing balance	Opening balance
Long-term loans due within one year	60,000,000.00	60,000,000.00
Total	60,000,000.00	60,000,000.00

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

In RMB

Item	Closing balance	Opening balance
Hi-tech Branch of Nanjing Finance Bureau [note 1] financial supporting capital (2005)	1,140,000.00	1,140,000.00
Hi-tech Branch of Nanjing Finance Bureau[note 2] financial supporting capital (2006)	1,250,000.00	1,250,000.00
Hi-tech Branch of Nanjing Finance Bureau[note 3] financial supporting capital (2007)	1,230,000.00	1,230,000.00
Loan transferred from treasury bond [note 4]	2,034,545.00	2,034,545.00
Hi-tech Branch of Nanjing Finance Bureau[note 5] financial supporting capital (2008)	2,750,000.00	2,750,000.00

Hi-tech Branch of Nanjing Finance Bureau[note 6] financial supporting capital (2009)	1,030,000.00	1,030,000.00
Hi-tech Branch of Nanjing Finance Bureau[note 7] financial supporting capital (2010)	960,000.00	960,000.00
Hi-tech Branch of Nanjing Finance Bureau[note 8] financial supporting capital (2011)	5,040,000.00	5,040,000.00
Hi-tech Branch of Nanjing Finance Bureau[note 9] financial supporting capital (2013)	2,740,000.00	2,740,000.00
Total	18,174,545.00	18,174,545.00

Other explanation:

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

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

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

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

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

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

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

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

[Note 9] To encourage Weifu Jinning to enter Nanjing High-tech Technology Industry Development Zone, financial supporting capital is allotted by High-tech branch of Finance Bureau of Nanjing for supporting use, the term is from 18 December 2013 to 18 December 2028. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.

31. Long-term employee payable**(1) Long-term employee payable**

In RMB

Item	Closing balance	Opening balance
III. Other long-term welfare	96,350,000.00	96,350,000.00
Total	96,350,000.00	96,350,000.00

32. Special payable

In RMB

Item	Opening balance	Increase during the year	Decreased during the year	Closing balance	Causes
Removal compensation of the company [note1]	26,459,966.58	25,301,600.00	20,619,625.41	31,141,941.17	
Removal compensation of subsidiary Weifu Jinning [note 2]	18,265,082.11			18,265,082.11	
Total	44,725,048.69	25,301,600.00	20,619,625.41	49,407,023.28	--

Othe note:

Explanation of removal compensation of the company and removal compensation of subsidiary Weifu Jinning:

[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 the company received RMB 503.8116 million for removal compensation. RMB 7,900,000.00 was received in 2013 as relocation compensation, and RMB 509,264.71 occurred in removals was reconked into non-operation revenue. Relocation compensation RMB 145,230,000.00 received in 2014 and RMB 152,620,735.29 occurred in removals was recmoned into non-operation revenue in the Period; The company has received relocation compensation of 325,380,000.00 Yuan in 2015, the removal charge of 68,526,638.09 Yuan compensated in the current period and the removal charge of 21,192,981.57 Yuan that occurred in 2014 but has not yet been compensated were included in the current non-operating income, new capital expenditure of 209,200,413.76 Yuan for compensation is included in the deferred income; The company has received relocation compensation of 25,301,600.00 Yuan in 2016, the removal charge of 57,116.41 Yuan compensated in the current period, new capital expenditure of 20,562,509.00 Yuan for compensation is included in the deferred income, and the surplus is 31,141,941.17 Yuan.

[Note 2]Removal compensation of subsidiary Weifu Jinning: in line with regulation of the house acquisition decision of People’s government of Xuanwu District, Nanjing City, Ning Xuan Fu Zheng Zi (2012) No.001, part of the lands and property of Weifu 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 2013 and is making up for the losses from lessee, and the above lands and property have not been collected up to 30 June 2016.

33. Deferred income

In RMB

Item	Opening balance	Increase during the year	Decreased during the year	Closing balance	Causes
Government grand	400,657,991.06	26,610,976.00	13,366,146.06	413,902,821.00	Fiscal appropriation received
Total	400,657,991.06	26,610,976.00	13,366,146.06	413,902,821.00	--

Item with government grants involved:

In RMB

Liabilities	Opening balance	New grants in the Period	Amount reckoned in non-operation revenue	Other changes	Closing balance	Assets related/Income related
Appropriation on industrialization project of electrical control and high voltage jet VE system of low emissions diesel	5,047,002.06		721,000.30		4,326,001.76	Income related /Assets related
R&D subsidy for new products	2,244,225.03				2,244,225.03	Income related
Appropriation on reforming of production line technology and R&D ability of common rail system for diesel by distributive high-voltage	7,100,000.00				7,100,000.00	Assets related
Fund of industry upgrade (2012)	60,400,000.00				60,400,000.00	Income related
Fund of industry upgrade (2013)	60,520,000.00				60,520,000.00	Income related
Appropriation on central basic construction investment	4,285,714.29				4,285,714.29	Assets related
R&D and industrialization of the high pressure variable pump of the common rail system of diesel engine for automobile	11,500,000.00				11,500,000.00	Assets related
Research institute of motor vehicle exhaust aftertreatment technology	4,000,000.00				4,000,000.00	Assets related
Fund of industry upgrade (2014)	36,831,000.00				36,831,000.00	Income related
New-built assets compensation after the removal of parent company	192,332,032.79	20,562,509.00	12,645,145.76		200,249,396.03	Assets related
Wuxi business development funds supporting foreign trade transformation and upgrading project (2015)	2,000,000.00				2,000,000.00	Assets related
Wuxi technical research and	2,000,000.00				2,000,000.00	Assets related

development institution funds (2015)						
Other	12,398,016.89	6,048,467.00			18,446,483.89	Income related /Assets related
Total	400,657,991.06	26,610,976.00	13,366,146.06		413,902,821.00	--

Other explanation:

(1) Appropriation on industrialization project of electrical control and high voltage jet VE system of low emissions diesel: in September 2009, Weifu Jinning signed “Project Contract of Technology Outcome Transferring Special Capital in Jiangsu Province” with Nanjing Technical Bureau, according to which Weifu Jinning received appropriation RMB 6.35 million in 2009, RMB 4.775 million received in 2010 and RMB 0.875 million received in 2011. According to the contract, the attendance date of this project was: from October of 2009 to March of 2012. This contract agreed 62% of newly increased investment in project would be spent in fixed assets investment which are belongs to the government grand with assets/income concerned. In 2013, accepted by the science & technology agency of Jiangsu Province, and RMB 4,789,997.04 with income related was reckoned into current operation revenue directly; the RMB 7,210,002.96 with assets related was amortized during the predicted service period of the assets, and RMB 721,000.30 amortized in the Period.

(2) R&D subsidy for new products: in 2011, the subsidy for R&D of new products are received from Wuxi New Financial Bureau by the parent company for year of 2012 to 2013, grants amounting to RMB 48.5 million, and with income concerned. The Company transfer-in non-operation revenue of RMB7,420,891.69 in 2012 while RMB 3,410,293.07 in 2013, and RMB37,668,815.24 remains. On 20 December 2013, the Company applied for orderly utilization in 2014 and later years in aspect of the un-used parts, mainly use for Euro IV and above R&D for the diesel system in later years, as well as the R&D items of engine electrical components, NRM, kernel components and process optimization. And the application was approved by Enterprise Service Bureau of Wuxi New District in 2013. Expenses for new product’s R&D amounting to RMB 24,944,729.99 in 2015, and RMB 24,944,729.99 transfer-in non-operational revenue in the Period.

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

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

(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. The project has passed the acceptance check in current period, this appropriation should be amortized within the surplus service life of current assets, and amortization amount of 2015 was 714,285.71 Yuan.

(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. In 2014, RMB 3 million received. In the period, RMB 0.45 million received. And belongs to government grants with assets concerned, and shall be amortized in the use of period for assets after project completed. Project terms from September 2013 to August 2016.

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

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

(10) New-built assets compensation after the removal of parent company: this fund is the amount transferred from the special accounts payable, please see the relevant instructions in 33 "special accounts payable"; this amount is amortized according to the depreciation and amortization schedule of new-built assets, and the write-off amount in current period is 12,645,145.76 Yuan.

(11) Wuxi business development funds supporting foreign trade transformation and upgrading project (2015): according to XSC No. [2015] 72, XCGM No. [2015]11, XSC No. [2015]231, and XCGM No. [2015]98, the company has received the 2015 Wuxi business development funds supporting project funds of 2 million Yuan appropriated by the Finance Bureau of New District Management Committee of Wuxi Municipal People's Government for subsidizing the company's construction of "the research and development of diesel engine high pressure common rail key components and the production capacity enhancement technological transformation project", the project duration is from December 2014 to December 2016; this appropriation belongs to government subsidies related to assets, and will be amortized within the useful life of assets when the project is completed.

(12) Wuxi technical research and development institution funds (2015): in accordance with XKJ No. [2015] 157, XCGM No. [2015] 100, XKJ No. [2013] 160, and XCGM No. [2013] 84, the company has received the 2015 Wuxi technical research and development institution funds of 2 million Yuan appropriated by the Finance Bureau

of New District Management Committee of Wuxi Municipal People's Government for subsidizing the company's "technical research and development institution enhancement projects", the project duration is from January 1, 2015 to December 31, 2017; this appropriation belongs to government subsidies related to assets, and will be amortized within the useful life of assets when the project is completed.

34. Share capital

In RMB

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

35. Capital reserve

In RMB

Item	Opening balance	Increase during the year	Decreased during the year	Closing balance
Capital premium (Share capital premium)	3,372,210,173.12			3,372,210,173.12
Other Capital reserves	24,725,054.85			24,725,054.85
Total	3,396,935,227.97			3,396,935,227.97

36. Other consolidated income

In RMB

Item	Opening balance	Current Period					Closing balance
		Account before income tax in the year	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less : income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	
II. Other comprehensive income items which will be reclassified subsequently to profit or loss	188,436,372.50	-44,563,400.00	18,328,698.74	-6,684,510.00	-56,207,588.74		132,228,783.76
Gains or losses arising from changes in fair value of available-for-sale financial assets	188,436,372.50	-44,563,400.00	18,328,698.74	-6,684,510.00	-56,207,588.74		132,228,783.76

Total of other consolidated income	188,436,372.50	-44,563,400.00	18,328,698.74	-6,684,510.00	-56,207,588.74		132,228,783.76
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37. Reasonable reserve

In RMB

Item	Opening balance	Increase during the period	Decrease during this period	Closing balance
Safety production costs	914,648.09	8,222,799.77	7,772,897.56	1,364,550.30
Total	914,648.09	8,222,799.77	7,772,897.56	1,364,550.30

Other explanation, including changes and reasons for changes:

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

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

38. Surplus reserves

In RMB

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

Other explanation, including changes and reasons for changes:

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

39. Retained profit

In RMB

Item	This period	Last period
Retained profits at the end of last year before adjustment	6,677,890,958.83	5,570,583,069.92
Retained profits at the beginning of the year after adjustment	6,677,890,958.83	5,570,583,069.92
Add: The net profits belong to owners of patent company of this period	943,568,535.72	1,515,388,285.71
Less: Common dividend payable	504,475,285.00	408,080,396.80
Retained profit at period-end	7,116,984,209.55	6,677,890,958.83

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

1) The retroactive adjustments to Accounting Standards for Business Enterprises and its relevant new regulations affect the retained profits at the beginning of the period amounting to 0 Yuan.

- 2) The changes in accounting policies affect the retained profits at the beginning of the period amounting to 0 Yuan.
 3) The major accounting error correction affects the retained profits at the beginning of the period amounting to 0 Yuan
 4) Merge scope changes caused by the same control affect the retained profits at the beginning of the period amounting to 0 Yuan.
 5) Other adjustments affect the retained profits at the beginning of the period amounting to 0 Yuan

40. Operating income and cost

In RMB

Item	Current Period		Last Period	
	Income	Cost	Income	Cost
Main operating	3,177,043,549.95	2,481,834,855.65	3,191,384,324.10	2,486,566,408.51
Other operating	189,432,902.54	151,447,127.60	199,053,599.54	157,072,625.17
Total	3,366,476,452.49	2,633,281,983.25	3,390,437,923.64	2,643,639,033.68

41. Business tax and surcharges

In RMB

Item	Current Period	Last Period
Business tax	106,191.33	105,118.36
City maintenance and construction tax	9,408,912.57	9,367,404.21
Educational surtax	6,720,242.66	6,691,003.08
Total	16,235,346.56	16,163,525.65

42. Sales expenses

In RMB

Item	Current Period	Last Period
Salary and fringe benefit	15,018,158.08	14,453,820.10
Consumption of office materials and business travel charge	4,076,419.39	4,060,067.70
Transportation charge	16,189,625.90	16,876,111.42
Warehouse charge	8,754,937.47	7,832,128.68
Three-guarantee fee	41,790,075.02	35,199,612.15
Business entertainment fee	4,354,155.93	3,654,933.17
Other	2,615,997.46	3,038,139.47
Total	92,799,369.25	85,114,812.69

43. Administration expenses

In RMB

Item	Current Period	Last Period
Salary and fringe benefit	117,414,017.83	115,885,283.08
Depreciation charger and long-term assets amortization	22,851,390.36	23,862,832.96
Consumption of office materials and business travel charge	8,977,407.83	10,193,844.89
Tax	9,072,563.99	7,575,179.96

Other	156,281,154.91	136,256,936.92
Total	314,596,534.92	293,774,077.81

44. Financial expenses

In RMB

Item	Current Period	Last Period
Interest expenses	7,012,656.62	7,568,318.34
Note discount interest expenses	499,399.16	1,085,681.85
Saving interest income	-11,331,400.72	-24,019,365.88
Gains/losses from exchange	362,741.04	9,581,587.54
Handling charges	547,112.47	1,616,408.48
Total	-2,909,491.43	-4,167,369.67

45. Asset impairment loss

In RMB

Item	Current Period	Last Period
I. Bad debt loss	-2,438,608.07	251,287.53
II. Inventory falling price loss	212,052.39	
Total	-2,226,555.68	251,287.53

46. Investment income

In RMB

Item	Current Period	Last Period
Income of long-term equity investment calculated based on equity	593,102,462.02	606,080,898.87
Investment income from holding financial assets available for sales	98,639,783.02	74,212,675.77
Investment income obtained from disposal of financial assets available for sales	20,210,318.13	102,044,890.13
Total	711,952,563.17	782,338,464.77

47. Non-operating income

In RMB

Item	Current Period	Last Period	Amount reckoned into current non-recurring gains/losses
Non-current assets disposal gains	724,772.79	16,067,700.28	724,772.79
Including: fixed assets disposal gains	724,772.79	16,067,700.28	724,772.79
Government subsidy	15,821,482.47	60,694,363.98	15,821,482.47
Other	2,201,127.47	435,953.35	2,201,127.47
Total	18,747,382.73	77,198,017.61	18,747,382.73

Government subsidy reckoned into current gains/losses:

In RMB

Item	Issuing subject	Issuing cause	Property type	Whether the impact of subsidies on the current profit and loss	Whether special subsidies	Amount of this period	Amount of last period	Assets related/Income related
Steady post subsidy of Wuxi City				No	No	1,747,144.00		Income related
Subsidy of economy and information form Hubin District Wuxi				No	No	210,000.00		Income related /Assets related
Budget subsidy of the 1 st technology project of Ningbo for year of 2016				No	No	240,000.00		Income related
Industrialization project for injection VE pump system with electronically controlled high pressure for less-emission diesel used				No	No	721,000.30	721,000.30	Assets related
Award fund of innovation supporting for technological corporation				No	No		820,000.00	Income related
Funds for post doctor of Ningbo for year of 2014				No	No		100,000.00	Income related
Award for the key small and micro businesses which turns to a large-scale enterprise in Wuxi for year of 2014				No	No		46,000.00	Income related
Subsidy of sharpened teeth of Jiangbei District, Ningbo for year of 2014				No	No		30,000.00	Income related
Subsidy of patent licensing for 2014.7-2014.10 of the management committee of Jiangbei District, Ningbo City				No	No		12,000.00	Income related
Compensation of relocation losses of parent company				No	No	57,116.41	58,965,363.68	Income related /Assets related
Depreciation / amortization compensation of new assets after the relocation of the parent company				No	No	12,645,145.76		Income related /Assets related
Other				No	No	201,076.00		Income related /Assets related
Total	--	--	--	--	--	15,821,482.47	60,694,363.98	--

48. Non-operating expenditure

In RMB

Item	Current Period	Last Period	Amount reckoned into current non-recurring gains/losses
Non-current assets disposal losses	1,461,331.21	814,848.79	1,461,331.21
Including: fixed assets disposal losses	1,461,331.21	814,848.79	1,461,331.21
Donations	13,500.00		13,500.00
Relocation expenditures of parent company	57,116.41	53,835,107.52	57,116.41
Local fund etc.	415,449.09	2,117,680.69	
Other	388,425.31	156,706.71	388,425.31
Total	2,335,822.02	56,924,343.71	1,920,372.93

49. Income tax expense**(1) Statement of income tax expense**

In RMB

Item	Current Period	Last Period
Current income tax expense	70,384,886.62	85,350,566.93
Adjusted the previous income tax	-855,649.30	-3,950,301.30
Increase/decrease of deferred income tax assets	-1,159,293.64	6,840,468.91
Increase/decrease of deferred income tax liability	-55,516.50	-55,516.50
Total	68,314,427.18	88,185,218.04

(2) Adjustment on accounting profit and income tax expenses

In RMB

Item	Current Period
Total profit	1,043,063,389.50
Income tax measured by statutory/applicable tax rate	156,459,508.43
Impact by different tax rate applied by subsidies	-953,503.62
Adjusted the previous income tax	-855,649.30
Impact by non-taxable revenue	-88,611,636.99
Impact by the deductible losses of the un-recognized previous deferred income tax	-2,460,864.86
The deductible temporary differences or deductible losses of the un-recognized differed income tax assets in the Period	5,350,303.81
Other	-613,730.29
Income tax expense	68,314,427.18

50. Other comprehensive income

See Note VII. 36 "Other comprehensive income"

51. Items of statement of cash flow**(1) Other cash received in relation to operation activities**

In RMB

Item	Current Period	Last Period
Income from bank deposit interest	12,545,169.83	23,562,295.35
Operational government subsidy	3,742,518.00	3,112,600.00
Other	1,445,995.66	123,385.67
Total	17,733,683.49	26,798,281.02

(2) Other cash paid in relation to operation activities

In RMB

Item	Current Period	Last Period
Expenses of sales cash paid	65,790,445.89	42,799,085.61
Expenses of management cash paid	72,594,294.94	77,452,273.07
Other	2,281,440.94	1,561,600.71
Total	140,666,181.77	121,812,959.39

(3) Cash received from other investment activities

In RMB

Item	Current Period	Last Period
Government subsidy received relevant to assets	4,994,867.00	
Relocation compensation received	25,301,600.00	145,230,000.00
Total	30,296,467.00	145,230,000.00

(4) Cash paid related with investment activities

In RMB

Item	Current Period	Last Period
Relocation expenses paid	57,116.41	37,388,366.46
Total	57,116.41	37,388,366.46

52. 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	974,748,962.32	1,070,089,476.58
Add: Assets impairment provision	-2,226,555.68	251,287.53
Depreciation of fixed assets, consumption of oil assets and depreciation	110,533,165.50	90,133,118.81

of productive biology assets		
Amortization of intangible assets	9,213,054.51	7,527,399.00
Amortization of long-term deferred expenses	4,364,011.79	3,294,049.37
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with “-”)	736,558.42	-15,252,851.49
Loss of disposing fixed assets(gain is listed with “-”)		-5,130,256.16
Financial expenses (gain is listed with “-”)	7,012,656.62	7,568,318.34
Investment loss (gain is listed with “-”)	-708,009,958.62	-782,338,464.77
Decrease of deferred income tax asset((increase is listed with “-”)	-1,159,293.64	6,840,468.91
Increase of deferred income tax liability (decrease is listed with “-”)	-55,516.50	-55,516.50
Decrease of inventory (increase is listed with “-”)	-40,577,084.43	153,225,376.86
Decrease of operating receivable accounts (increase is listed with “-”)	-489,337,981.64	-227,343,576.83
Increase of operating payable accounts (decrease is listed with “-”)	340,555,506.97	129,477,321.20
Other	-12,256,510.67	
Net cash flow arising from operating activities	193,541,014.95	438,286,150.85
2. Material investment and financing not involved in cash flow	--	--
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	1,053,514,060.95	1,401,913,809.50
Less: Balance of cash equivalent at year-begin	3,040,315,198.85	2,028,227,816.93
Net increasing of cash and cash equivalents	-1,986,801,137.90	-626,314,007.43

(2) Constitution of cash and cash equivalent

Item	Closing balance	Opening balance
I . Cash	1,053,514,060.95	3,040,315,198.85
Including: stock cash	599,430.35	774,120.49
Bank deposit available for payment at any time	1,052,914,630.60	1,401,139,689.01
III. Balance of cash and cash equivalent at period-end	1,053,514,060.95	3,040,315,198.85

53. Notes for the statement of owners equity changes

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

54. Assets with ownership or use right restricted

In RMB

Item	Book value at Period-end	Reason
Monetary fund	359,224.68	Margins paid for opening the LC
Notes receivable	22,324,948.91	Notes pledge for opening bank acceptance bill
Monetary fund	46,532,468.60	fixed deposit receipt of margins and pledge paid for opening the LC
Total	69,216,642.19	--

55. Item of foreign currency

(1) Item of foreign currency

In RMB

Item	Closing balance of foreign currency	Rate of conversion	Ending RMB balance converted
Monetary fund			
Including: USD	9,803,873.66	6.6312	65,011,447.03
EUR	749,960.37	7.3750	5,530,957.74
JPY	1,487,169.00	0.064491	95,909.02
Accounts receivable			
Including: USD	2,297,868.30	6.6312	15,237,624.27
EUR	1,588,159.16	7.3750	11,712,673.80
JPY	183,540.00	0.064491	11,836.68
Accounts payable			
Including: USD	776,971.23	6.6312	5,152,251.62
EUR	4,561,993.37	7.3750	33,644,701.11
CHF	17,601.80	6.7730	119,216.99
JPY	202,000,345.00	0.064491	13,027,204.24
Other payable			
Including: USD	11,410.98	6.6312	75,668.49
EUR	145.21	7.3750	1,070.92

VIII. Changes of consolidation range

1. Enterprise merger not under the same control

Nil

2. Enterprise merger under the same control

Nil

3. Reverse purchase

Nil

4. The disposal of subsidiaries

Whether there is a single disposal of the investment in subsidiaries that is the loss of control

Yes No

Whether there is disposal of the investment in subsidiaries through multiple transactions step by step and loss of control in the current period

Yes No

5. Other reasons for consolidation range changed

Nil

6. Other

Nil

IX. Equity in other entity**1. Equity in subsidiary****(1) Constituted enterprise group**

Subsidiary	Main operation place	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
Weifu Jinning	Nanjing	Nanjing	Spare parts of internal-combustion engine	80.00%		Enterprise merger under the same control
Weifu Leader	Wuxi	Wuxi	Automobile exhaust purifier, muffler	94.81%		Enterprise merger under the same control
Weifu Mashan	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00%		Investment
Weifu Chang'an	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00%		Investment
Weifu Diesel System	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00%		Investment
Weifu International Trade	Wuxi	Wuxi	International trade	100.00%		Enterprise merger under the same control
Weifu ITM	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00%		Enterprise merger not under the same control
Weifu Schmidt	Wuxi	Wuxi	Spare parts of internal-combustion engine	66.00%		Investment
Weifu Tianli	Ningbo	Ningbo	Spare parts of internal-combustion engine	51.00%		Enterprise merger not under the same control
Weifu Tianshi	Quanjiao	Quanjiao	Spare parts of internal-combustion engine	52.00%		Investment
Kunming Xitong	Kunming	Kunming	Spare parts of internal-combustion engine	70.00%		Enterprise merger not under the same control
Weifu Autocam	Wuxi	Wuxi	Spare parts of internal-combustion engine	51.00%		Enterprise merger not under the same control
Weifu Leader (Wuhan)	Wuhan	Wuhan	Automobile exhaust purifier, muffler	0.00%	60.00%	Investment

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

Nil

(2) Important non-wholly-owned subsidiary

In RMB

Subsidiary	Share-holding ratio of minority	Gains/losses attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority
Weifu Jinning	20.00%	6,540,982.28		150,830,682.66
Weifu Schmidt	34.00%	-2,387,538.65		4,124,910.77
Weifu Leader	5.19%	6,833,632.70		74,240,923.14
Weifu Tianli	49.00%	-192,569.16		91,910,173.27
Weifu Tianshi	48.00%	-57,267.39		-198,807.50
Kunming Xitong	30.00%	-46,675.43		1,087,928.48
Weifu Autocam	49.00%	20,489,862.25		139,172,235.73
Total		31,180,426.60		461,168,046.55

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

In RMB

Subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability
Weifu Jinning	671,852,054.18	313,252,188.85	985,104,243.03	189,054,490.63	40,765,628.87	229,820,119.50	548,237,680.67	343,321,597.96	891,559,278.63	128,148,096.16	41,486,629.17	169,634,725.33
Weifu Schmidt	34,224,967.39	25,836,029.14	60,060,996.53	47,534,668.82	0.00	47,534,668.82	29,714,758.45	29,849,811.43	59,564,569.88	39,648,927.85		39,648,927.85
Weifu Leader	1,836,481,796.85	748,742,055.09	2,585,223,851.94	1,147,272,396.29	15,560,633.33	1,162,833,029.62	1,719,634,051.96	691,177,551.39	2,410,811,603.35	1,109,736,842.00	9,512,166.33	1,119,249,008.33
Weifu Tianli	205,349,723.40	226,146,155.05	431,495,878.45	237,663,763.57	6,109,748.89	243,773,512.46	192,818,266.20	219,519,499.99	412,337,766.19	218,145,189.83	6,165,265.39	224,310,455.22
Weifu Tianshi	6,985,492.08	0.00	6,985,492.08	7,399,674.36	0.00	7,399,674.36	7,280,247.41	0.00	7,280,247.41	7,575,122.62	0.00	7,575,122.62
Kunming Xitong	3,791,949.67	1,213.98	3,793,163.65	158,661.72	0.00	158,661.72	3,910,009.89	435,263.99	4,345,273.88	555,187.18	0.00	555,187.18
Weifu Autocam	205,006,420.16	162,686,605.44	367,693,025.60	86,548,831.57	0.00	86,548,831.57	151,536,794.37	160,420,877.23	311,957,671.60	72,614,253.59	0.00	72,614,253.59

In RMB

Subsidiary	Current Period				Last Period			
	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity
Weifu Jinning	251,871,381.48	33,326,813.22	33,326,813.22	-15,144,839.00	174,054,625.68	-185,538.54	-185,538.54	73,556,860.10
Weifu Schmidt	18,095,244.63	-7,031,822.34	-7,031,822.34	2,058,637.80	18,491,795.86	-2,101,294.96	-2,101,294.96	-2,886,241.49
Weifu Leader	1,218,577,303.58	130,828,227.30	130,828,227.30	31,688,157.98	1,325,968,298.36	140,826,072.11	140,826,072.11	9,548,896.25
Weifu Tianli	118,889,212.91	-414,592.85	-414,592.85	15,712,439.69	123,440,877.63	588,351.07	588,351.07	2,658,537.39
Weifu Tianshi	117,324.79	-119,307.07	-119,307.07	189,561.81	2,803,490.60	-1,222,828.57	-1,222,828.57	-1,233,489.21
Kunming Xitong	119,032.65	-155,584.77	-155,584.77	1,839,997.79	3,045,435.88	-416,477.41	-416,477.41	361,596.54
Weifu Autocam	229,131,152.17	41,800,776.02	41,800,776.02	69,446,207.30	177,429,223.63	36,423,818.15	36,423,818.15	50,096,705.93

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

Nil

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

Nil

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

Nil

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

Name	Main operation place	Registered place	Business nature	Share-holding ratio		Accounting treatment on investment for joint venture and cooperative enterprise
				Directly	Indirectly	
I. Joint venture						
Wuxi Weifu Environment Catalyst Co., Ltd.(referred to as "Weifu Environment ")	Wuxi	Wuxi	Catalyst	49.00%	0.00%	Equity method
II. Cooperative enterprise						
Bosch Automobile Diesel System Co., Ltd(referred to as "Bosch Diesel System")	Wuxi	Wuxi	Internal combustion engine and attachment	32.50%	1.50%	Equity method
Zhonglian Automobile Electronic Co., Ltd.(referred to as "Zhonglian Automobile ")	Shanghai	Shanghai	Internal combustion engine and attachment	20.00%	0.00%	Equity method
Wuxi Weifu Fine Machinery Manufacturing Co., Ltd. (referred to as "Weifu Fine Machinery ")	Wuxi	Wuxi	Internal combustion engine and attachment	20.00%	0.00%	Equity method

(2) Main financial information of the important joint venture

In RMB

	Closing balance /Current Period	Opening balance /Last Period
	Weifu Environment	Weifu Environment
Current assets	1,368,652,768.04	1,199,654,597.10
Including: cash and cash equivalents	105,282,439.16	19,047,216.15
Non -current assets	176,628,037.52	146,472,315.03
Total assets	1,545,280,805.56	1,346,126,912.13
Current liabilities	678,504,781.73	548,344,086.38
Non -current liabilities	8,889,484.00	8,698,000.00
Total liabilities	687,394,265.73	557,042,086.38
Minority shareholders' equity	857,886,539.83	789,084,825.75
Attributable to parent company shareholders' equity	420,364,404.52	386,651,564.62
Book value of equity investment in joint ventures	420,364,404.52	386,651,564.62
Operation income	1,197,521,245.04	1,051,026,112.86

Financial expense	17,722,869.23	23,845,029.05
Income tax expense	13,843,582.93	15,166,793.77
Net profit	72,422,856.93	66,995,942.34
Total comprehensive income	72,422,856.93	66,995,942.34

(3) Main financial information of the important cooperative enterprise

In RMB

	Closing balance /Current Period			Opening balance /Last Period		
	Bosch Diesel	Zhonglian Automobile	Weifu Fine Machinery	Bosch Diesel	Zhonglian Automobile	Weifu Fine Machinery
Current assets	4,196,689,224.04	829,374,116.41	218,012,083.94	4,614,814,311.00	44,138,168.73	178,955,551.82
Non-current assets	2,977,582,563.22	3,270,940,218.97	153,170,495.24	3,173,143,652.00	3,228,859,860.11	159,197,399.31
Total assets	7,174,271,787.26	4,100,314,335.38	371,182,579.18	7,787,957,963.00	3,272,998,028.84	338,152,951.13
Current liabilities	2,731,574,916.15	830,315,168.16	140,952,783.48	2,047,007,144.00	51,444,434.83	121,624,912.99
Non-current liabilities		2,162,970.00			2,304,990.00	
Total liabilities	2,731,574,916.15	832,478,138.16	140,952,783.48	2,047,007,144.00	53,749,424.83	121,624,912.99
Attributable to parent company shareholders' equity	4,442,696,871.11	3,267,836,197.22	230,229,795.70	5,740,950,819.00	3,219,248,604.01	216,528,038.14
Share of net assets calculated by shareholding ratio	1,510,516,936.18	653,567,239.44	46,045,959.14	1,951,923,278.46	643,849,720.80	43,305,607.63
--Goodwill	267,788,761.35	1,407,265.96		267,788,761.35	1,407,265.96	
--Unrealized profit of internal trading	-14,741,658.23		-13,865.03	-10,807,106.04		-5,812.68
--Other	-1.46		-529,034.05	-0.62		-529,034.05
Book value of equity investment in joint ventures	1,763,564,037.84	654,974,505.40	45,503,060.06	2,208,904,933.15	645,256,986.76	42,770,760.90
Operation income	4,980,318,551.05	6,785,544.55	82,788,909.34	5,291,426,049.00	3,885,020.44	113,163,699.52
Net profit	1,125,855,393.67	862,587,593.21	13,701,757.56	1,239,568,252.00	721,344,954.17	16,498,388.53
Total comprehensive income	1,125,855,393.67	862,587,593.21	13,701,757.56	1,239,568,252.00	721,344,954.17	16,498,388.53
Dividends received from joint venture in the year	625,424,809.56		3,600,000.00	641,416,774.00		

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

Nil

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

Nil

(6) Excess loss occurred in joint venture or affiliates

Nil

(7) Unconfirmed commitment with joint venture investment concerned

Nil

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

Nil

4. Major conduct joint operation

Nil

5. Structured body excluding in consolidate financial statement

Nil

6. Other

Nil

X. Risk related with financial instrument

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

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

In business process, the risks with financial instrument concerned happen in front of the Company mainly including credit exposure, market risk and liquidity risk. BOD of the Company takes full charge of the risk management target and policy-making, and takes ultimate responsibility for the target of risk management and policy. Risk management department and financial control department manager and monitor those risk exposure to ensuring the risks are control in a limited range.

1. Credit Risk

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

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

The maximum credit risk exposure of the Company is the book amount of such financial assets, till end of 30 June 2016; lists of the maximum credit risk exposure of the Company are as:

Item	Amount of merge	Amount of parent company
Accounts receivable	1,738,607,467.83	635,579,363.08

Other receivables	12,278,400.19	50,575,831.27
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2. Market risk

Market risk of the financial instrument refers to the fair value of financial instrument or future cash flow due to fluctuations in the market price changes and produces, mainly includes the IRR, FX risk and other price risk.

(1) Interest rate risk (IRR)

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

(2) Foreign exchange (FX) risk

FX risks refer to the losses arising from exchange rate movement. The FX risk sustain by the Company mainly related with the USD, EUR, SF and JPY, except for the USD, EUR, SF and JPY carried out for the equipment purchasing of parent company and Autocam, system material purchasing from Weifu Diesel, system technical service and trademark usage costs from Weifu Diesel and the import and export of Weifu International Trade, other main business of the Company are pricing and settle with RMB (Yuan). In consequence of the foreign financial assets and liabilities takes minor ratio in total assets, the Company has small FX risk of the financial instrument, considered by management of the Company.

End as 30 June 2016, except for the follow assets or liabilities listed with foreign currency, assets and liabilities of the Company are carried with RMB

1. Foreign currency assets of the Company till end of 30 June 2016:

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted	Ratio in assets(%)
Monetary fund				
Including: USD	9,803,873.66	6.6312	65,011,447.03	0.39
EUR	749,960.37	7.375	5,530,957.74	0.03
JPY	1,487,169.00	0.064491	95,909.02	-
Accounts receivable				
Including: USD	2,297,868.30	6.6312	15,237,624.27	0.09
EUR	1,588,159.16	7.3750	11,712,673.80	0.07
JPY	183,540.00	0.064491	11,836.68	-
Total ratio in assets				0.58

2. Foreign currency liabilities of the Company till end of 30 June 2016:

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted	Ratio in liabilities(%)
Accounts payable				
Including: USD	776,971.23	6.6312	5,152,251.62	0.13
EUR	4,561,993.37	7.3750	33,644,701.11	0.83
JPY	17,601.80	6.7730	119,216.99	
CHF	202,000,345.00	0.064491	13,027,204.24	0.32
Other payable				
Including: USD	11,410.98	6.6312	75,668.49	

EUR	145.21	7.3750	1,070.92	
Total ratio in liabilities				1.28

③Other pricing risk

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

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

3. Liquidity risk

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

XI. Disclosure of fair value

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

In RMB

Item	Ending fair value			
	First-order	Second-order	Third-order	Total
I. Sustaining measured by fair value	--	--	--	--
(II) Available for sale financial assets	362,880,200.00			362,880,200.00
(2) Equity instrument investment	362,880,200.00			362,880,200.00
Total assets sustaining measured by fair value	362,880,200.00			362,880,200.00
II. Non-persistent measure	--	--	--	--

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

According to relevant requirement of accounting standards, the Company continues to measure the financial assets available for sale-equity instrument investment by fair value on balance sheet date. On 30 June 2016, the financial assets available for sale-equity instrument investment held by the Company refers to the SDEC (stock code: 600841) and Miracle Logistics (Stock code: 002009), determining basis of the market price at period-end

refers to the current closing price.

XII. Related party and related transactions

1. Parent company of the enterprise

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

Explanation on parent company of the enterprise

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

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

2. Subsidiary of the Enterprise

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

3. Cooperative enterprise and joint venture

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

Other cooperative enterprise and joint venture that have related transaction with the Company in the Period or occurred in pervious period:

Nil

4. Other related party

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

5. Related transaction

(1) Goods purchasing, labor service providing and receiving

Goods purchasing/labor service receiving

In RMB

Related party	Content	Current Period	Approved transaction limit	Whether more than the transaction limit	Last Period
Weifu Fine Machinery	Goods	16,692,661.89	35,000,000.00	No	20,248,305.78
Bosch Diesel System	Goods	71,879,082.59	150,000,000.00	No	80,847,225.31
Weifu Environment	Goods	572,939,263.87	1,350,000,000.00	No	563,994,116.70
Germany BOSCH	Goods	44,661,132.84	100,000,000.00	No	42,908,813.48

Goods sold/labor service providing

In RMB

Related party	Content	Current Period	Last Period
Weifu Fine Machinery	Goods	1,609,312.89	2,015,589.87

Bosch Diesel System	Goods	916,860,426.59	836,300,560.54
Weifu Environment	Goods	11,734,655.85	11,564,447.60
Germany BOSCH	Goods	570,053.25	1,323,647.83

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

Nil

(3) Related lease

Nil

(4) Related guarantee

Nil

(5) Related party's borrowed funds

Nil

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

Nil

(7) Remuneration of key manager

In RMB

Item	Current Period	Last Period
Remuneration of key manager	2,184,000.00	3,817,000.00

(8) Other related transactions

In RMB

Item	Related party	Current Period	Last Period
Fee for tech-service payable etc.	Bosch Diesel System		596,624.00
Fixed assets purchased	Bosch Diesel System		4,810,403.83
Fixed assets purchased	Weifu Environment	170,940.17	
Technology royalties paid etc.	Germany BOSCH	4,346,866.88	5,016,667.78
Sales of fixed assets	Weifu Environment	141,880.34	226,495.72

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

In RMB

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt reserves	Book balance	Bad debt reserves
Account receivable	Weifu Fine Machinery	702,984.40		596,182.91	860.57
Account receivable	Bosch Diesel System	383,735,803.94	6,900.01	222,589,877.00	12,944.94
Account receivable	Germany BOSCH	2,021,086.18	58,697.79	1,666,078.58	58,697.79
Account receivable	Weifu Environment	0.00		4,862,500.03	
Account paid in advance	Bosch Diesel System	6,105.60			
Account paid in advance	Weifu Environment	71,884.73		1,948,322.26	

(2) Payable item

In RMB

Item	Related party	Ending book balance	Opening book balance
Note payable	Weifu Environment	400,000,000.00	400,000,000.00
Account payables	Weifu Fine Machinery	11,431,615.39	8,098,454.12
Account payables	Weifu Environment	199,799,898.50	170,912,898.48
Account payables	Bosch Diesel System	12,685,995.75	8,572,119.38
Account payables	Germany BOSCH	23,875,112.87	3,957,347.73
Other payables	Weifu Fine Machinery		277.72
Other payables	Bosch Diesel System		49,745.00
Account received in advance	Weifu Environment	1,427,299.97	

7. Commitments of related party

Nil

8. Other

Nil

XIII. Share-based payment

Nil

XIV. Commitment or contingency**1. Important commitments**

Important commitments in balance sheet date

Nil

2. Contingency**(1) Contingency on balance sheet date**

Guarantees to subsidiary

Guarantee provided	Guarantee received	Debit bank	Guarantee amount (in 10 thousand Yuan)	Starting from	Terminated dated	Whether guarantee implemented or not
Weifu High-Technology Group Co., Ltd.	Weifu Tianli	Ningbo branch of China Everbright Bank	6,000.00	2013-12-24	2016-12-23	N

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

The Company has no important contingency that need to disclosed

3. Other

Nil

XV. Events after balance sheet date**1. Important non adjustment matters**

Nil

2. Profit distribution

In RMB

Profit or dividend plans to distributed	504,475,285.00
Profit or dividend declare to distributed which have been approved	504,475,285.00

3. Sales return

Nil

4. Other events after balance sheet date

Nil

XVI. Other important events

1. Previous accounting errors collection

Nil

2. Debt restructuring

Nil

3. Assets replacement

Nil

4. Pension plan

The “Enterprise Annuity Plan under the name of WFHT” has deliberated and approved by 8th meeting of 7th session of the Board: in order to mobilize the initiative and creativity of the employees, established a talent long-term incentive mechanism, enhance the cohesive force and competitiveness in enterprise, the Company carried out the above mentioned annuity plan since the date of reply of plans reporting received from labor security administration department. Annuity plans are: the annuity fund are paid by the enterprise and employees together; the amount paid by enterprise shall not over the 1/12 of the total salary of last years, amount paid by individual and enterprise shall not over the 1/6 of the total salary of last year, in accordance with the State’s annuity policy, the Company will adjusted the economic benefits in due time, in principle of responding to the economic strength of the enterprise, the amount paid by the enterprise at current period control in the 5 percent of the total salary of last year, specific paying ratio later shall be adjust correspondingly in line with the operation condition of the Company.

In December 2012, the Company received the “Reply on annuity plans reporting under the name of WFHT” from labor security administration department, later, the Company entered into the “Entrusted Management Contract of the Annuity Plan of WFHT” with PICC.

5. Segment

(1) Recognition basis and accounting policy for reportable segment

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

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

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

(2) Financial information for reportable segment

In RMB

Item	Product segment of automotive fuel injection system	Product segment of automotive air intake system	Product segment of automotive post-processing system	Offset of segment	Total
Operating revenue	2,783,349,506.04	1,218,577,303.58	142,768,495.08	778,218,852.21	3,366,476,452.49
Operating cost	2,283,559,788.29	1,009,103,223.03	112,164,127.51	771,545,155.58	2,633,281,983.25
Total profit	905,416,272.06	147,637,525.73	-7,623,235.78	2,367,172.51	1,043,063,389.50
Net profit	853,679,772.07	130,828,227.30	-7,540,703.17	2,218,333.88	974,748,962.32
Total assets	16,779,519,620.04	2,585,223,851.94	579,916,228.23	3,248,039,382.62	16,696,620,317.59
Total liabilities	4,138,654,738.14	1,162,833,029.62	299,810,016.68	1,532,409,350.98	4,068,888,433.46

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

On 31 May 2016, the Company held the 7th meeting of the 8th board of directors, to consider and approve the resolution relating to the wholly-owned subsidiary of the Company proposing to establish industry merger & acquisition funds. In order to accelerate the Company's industrial upgrade and development speed, preserve merger & acquisition projects, improve its comprehensive strength and realize development strategy, the Company agreed with Ping'an Securities in reaching for initial cooperation plan. Weifu Auto Diesel, a wholly-owned subsidiary of the Company, proposed to cooperate with Ping'an Ronghui which was established by Ping'an Caizhi (a wholly-owned subsidiary of Ping'an Securities) to establish business merger & acquisition funds.

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

In RMB

Types	Closing balance					Opening balance				
	Book balance		Bad debt reserves		Book value	Book balance		Bad debt reserves		Book value
	Amount	Ratio	Amount	Accru al ratio		Amount	Rati o	Amount	Accru al ratio	
Receivables with bad debt provision accrual by credit portfolio	639,699,544.96	100.00%	4,120,181.88	0.64%	635,579,363.08	541,526,427.64	100.00%	4,021,840.47	0.74%	537,504,587.17
Total	639,699,544.96	100.00%	4,120,181.88	0.64%	635,579,363.08	541,526,427.64	100.00%	4,021,840.47	0.74%	537,504,587.17

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

Applicable Not applicable

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

Applicable Not applicable

In RMB

Age	Closing balance		
	Account receivable	Bad debt reserves	Accrual ratio
Sub item of within one year			
Within 6 months	253,868,238.34		
6 months to one year	16,103,125.92	1,610,312.60	10.00%
Subtotal within one year	269,971,364.26	1,610,312.60	
1-2 years	1,440,926.40	288,185.28	20.00%
2-3 years	212.44	84.97	40.00%
Over 3 years	2,221,599.03	2,221,599.03	100.00%
Total	273,634,102.13	4,120,181.88	1.51%

Explanations on combination determine:

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

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

Applicable Not applicable

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

(2) Bad debt provision accrual, collected or reversed

Accrual bad debt provision 108,757.68 Yuan; collected or reversed 0.00 Yuan.

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

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

In RMB

Item	Written-off
Sporadic households	10,416.27

The important receivables written-off: nil

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

Total receivables collected by arrears party for the Period amounting to RMB482,307,970.09, takes 75.40 percent in closing balance of the account receivables, RMB 6,900.01 are accrual correspondingly for bad debt reserves.

2. Other accounts receivable

(1) Classification

In RMB

Type	Closing balance					Opening balance				
	Book balance		Bad debt reserves		Book value	Book balance		Bad debt reserves		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Other receivable with single significant amount and withdrawal bad debt provision separately	50,600,611.59	100.00%	24,780.32	0.05%	50,575,831.27	81,969,397.15	100.00%	62,600.20	0.08%	81,906,796.95
Total	50,600,611.59	100.00%	24,780.32	0.05%	50,575,831.27	81,969,397.15	100.00%	62,600.20	0.08%	81,906,796.95

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

Applicable Not applicable

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

Applicable Not applicable

In RMB

Age	Closing balance		
	Other receivable	Bad debt reserves	Accrual ratio
Sub item of within one year			
Within 6 months	3,471,430.80		
6 months to one year	65,000.00	6,500.00	10.00%
Subtotal within one year	3,536,430.80		
1-2 years	36,960.00	7,392.00	20.00%
2-3 years	27,220.79	10,888.32	40.00%
Total	3,600,611.59	18,280.32	0.51%

Explanations on combination determine:

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

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

Applicable Not applicable

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

Applicable Not applicable

(2) Bad debt provision accrual, collected or reversed

Accrual bad debt provision 0.00 Yuan; collected or reversed 37,819.88 Yuan

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

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

Nil

(4) Other receivables by nature

In RMB

Nature	Ending book balance	Opening book balance
Staff loans and petty cash	3,572,430.80	1,560,675.40
Balance of related party within the scope of the merger	47,000,000.00	80,000,000.00
Other	28,180.79	408,721.75
Total	50,600,611.59	81,969,397.15

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

In RMB

Company	Nature	Closing balance	Book age	Ratio in total ending balance of other receivables	Ending balance of bad bet provision
Weifu Chang'an	Current money with the subsidiary	35,000,000.00	Within 6 months	69.17%	
Weifu International Trade	Current money with the subsidiary	12,000,000.00	Within 6 months	23.72%	
Changzhou Taipute	Technology fee	18,624.29	2-3 years	0.04%	7,449.72
Wuxi Xingchang Machinery Components Plant	Technology fee	3,672.00	2-3 years	0.01%	1,468.80
Wuxi Klis Machinery Mould Manufacturing Co., Ltd.	Technology fee	2,040.00	Within 3 years	0.00%	624.00
Total	--	47,024,336.29	--	92.94%	9,542.52

3. Long-term equity investment

In RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Investment for subsidiary	1,701,571,723.71		1,701,571,723.71	1,431,571,723.71		1,431,571,723.71
Investment for associates and joint venture	2,396,115,293.26		2,396,115,293.26	2,809,633,749.39		2,809,633,749.39
Total	4,097,687,016.97		4,097,687,016.97	4,241,205,473.10		4,241,205,473.10

(1) Investment for subsidiary

In RMB

The invested entity	Opening balance	Increased	Decreased	Closing balance	Impairment accrual	Ending balance of impairment provision
Weifu Jinning	178,639,593.52			178,639,593.52		
Weifu Leader	460,113,855.00			460,113,855.00		
Weifu Diesel System	260,187,500.00			260,187,500.00		
Weifu Mashan	48,693,380.51	120,000,000.00		168,693,380.51		
Weifu Chang'an	70,902,037.30	150,000,000.00		220,902,037.30		
Weifu International Trade	30,999,996.22			30,999,996.22		
Weifu ITM	167,000,000.00			167,000,000.00		
Weifu Schmidt	31,680,000.00			31,680,000.00		
Weifu Tianli	90,229,100.00			90,229,100.00		
Kunming Xitong	5,471,793.17			5,471,793.17		
Weifu Tianshi	5,200,000.00			5,200,000.00		
Weifu Autocam	82,454,467.99			82,454,467.99		
Total	1,431,571,723.71	270,000,000.00		1,701,571,723.71		

(2) Inve

stment for associates and joint venture

In RMB

Company	Opening balance	+,-								Closing balance	Ending balance of impairment provision
		Additional investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Impairment accrual	Other		
I. Joint venture											
II. Associated enterprise											
Bosch Diesel	2,121,645,647.54			361,878,828.80			-787,835,536.80			1,695,688,939.54	
Zhonglian Automobile	645,256,986.76			172,517,518.64			-162,800,000.00			654,974,505.40	
Weifu Fine Machinery	42,731,115.09			2,720,733.23						45,451,848.32	
Subtotal	2,809,633,749.39			537,117,080.67			-950,635,536.80			2,396,115,293.26	
Total	2,809,633,749.39			537,117,080.67			-950,635,536.80			2,396,115,293.26	

4. Operating income and cost

In RMB

Item	Current Period		Last Period	
	Income	Cost	Income	Cost
Main business	900,441,396.25	732,893,304.94	797,148,642.77	610,786,653.56
Other business	83,628,572.55	75,450,767.60	83,084,533.70	82,621,552.01
Total	984,069,968.80	808,344,072.54	880,233,176.47	693,408,205.57

5. Investment gains

In RMB

Item	Current Period	Last Period
Income of long-term equity investment calculated based on cost	0.00	16,000,000.00
Income of long-term equity investment calculated based on equity	537,117,080.67	572,172,697.97
Investment income from period of holding the financial assets available for sale	97,467,810.42	74,212,675.77
Investment income obtained from disposal of financial assets available for sale	20,210,318.13	102,044,890.13
Total	654,795,209.22	764,430,263.87

XVIII. Supplementary Information

1. Current non-recurring gains/losses

√ Applicable □ Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset	-736,558.42	
Governmental subsidy reckoned into current gains/losses (not including the subsidy)	15,821,482.47	Including government

enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)		subsidy income received from relocation by policy
Profit and loss of assets delegation on others' investment or management	97,055,393.89	
Held transaction financial asset, gains/losses of changes of fair values from transaction financial liabilities, and investment gains from disposal of transaction financial asset, transaction financial liabilities and financial asset available for sales, exclude the effective hedging business relevant with normal operations of the Company	20,210,318.13	
Switch-back of impairment of account receivable that practice impairment test independent	1,012,469.08	
Other non-operating income and expenditure except for the aforementioned items	1,799,202.16	
Relocation expenses	-57,116.41	
Less: Impact on income tax	20,456,474.29	
Impact on minority shareholders' equity	712,898.02	
Total	113,935,818.59	--

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

Applicable Not applicable

2. REO and earnings per share

Profits during report period	Weighted average ROE	Earnings per share	
		Basic EPS (RMB/Share)	Diluted EPS (RMB/Share)
Net profits belong to common stock stockholders of the Company	7.72%	0.94	0.94
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	6.79%	0.82	0.82

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

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

Applicable Not applicable

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

Applicable Not applicable

4. Other

Nil

Section X. Documents available for reference

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

Board of Directors of

Weifu High-Technology Group Co., Ltd.

Chairman: _____

Chen Xuejun

25 August 2016