



无锡威孚高科技集团股份有限公司

WEIFU HIGH-TECHNOLOGY GROUP CO., LTD.

ANNUAL REPORT 2021

April 2022

Section I. Important Notice, Contents and Interpretation

Board of Directors, Board of Supervisory, 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.

Wang Xiaodong, Principal of the Company, Ou Jianbin, person in charge of accounting works and Ou Jianbin, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2021 Annual Report is authentic, accurate and complete.

All directors are attend the Meeting for the Report deliberation.

The forward-looking statements with future plans involved in the Report do not constitute a substantial commitment for investors. Investors and related parties should maintain sufficient risk awareness and investors are advised to exercise caution of investment risks.

Main risks that the Company may face in future operation are describes in the “prospects for the future development” under the “Management Discussion and Analysis” in the Report, the investors are advised to check them out.

The profit distribution plan that deliberated and approved by the Board Meeting is: based on total share capital of 1,008,603,293, distributed 16 yuan (tax included) bonus in cash for every 10-share hold by all shareholders, 0 share bonus issued (tax included) and no public reserve transfer into share capital either.

The Report is prepared in Chinese and English respectively. In the event of any discrepancy between the two versions, the Chinese version shall prevail.

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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 audit report with the seal of Accounting Firms and Signature and Seal of the CPA;
- III. Original documents of the Company and manuscripts of public notices that disclosed in the website designated by CSRC in the reporting period;
- IV. Text of the Annual Report 2021 containing the signature of the legal representative of the Company;
- V. Place for preparation: Office of the BOD of the Company

Interpretation

Items	Refers to	Contents
Company, The Company, WFHT	Refers to	WEIFU HIGH-TECHNOLOGY GROUP CO., LTD.
Weifu Group	Refers to	Wuxi Weifu Group Co., Ltd.
Wuxi Industry Group	Refers to	Wuxi Industry Development Group Co., Ltd.
Robert Bosch, Robert Bosch Company	Refers to	Robert Bosch Co., Ltd, ROBERT BOSCH GMBH
RBCD	Refers to	Robert Bosch Powertrain Ltd.
WFLD	Refers to	WUXI WEIFU LIDA CATALYTIC CONVERTER CO., LTD.
WFJN	Refers to	NANJING WFJN CO., LTD.
WFTT	Refers to	NINGBO WFTT TURBOCHARGING TECHNOLOGY CO.,LTD.
WFCA	Refers to	WUXI WEIFU CHANG 'AN CO.,LTD.
WFMA	Refers to	WUXI WEIFU MASHAN FUEL INJECTION EQUIPMENT CO., LTD.
WFTR	Refers to	WUXI WEIFU INTERNATIONAL TRADE CO.,LTD.
WFSC	Refers to	WUXI WEIFU SCHMITTER POWERTRAIN COMPONENTS CO.,LTD.
WFAM	Refers to	WUXI WFAM PRECISION MACHINERY CO.,LTD.
WFDT	Refers to	WUXI WEIFU E-DRIVE TECHNOLOGIES CO., LTD.
WFAS	Refers to	WUXI WEIFU AUTOSMART SEATING SYSTEM CO., LTD.
SPV	Refers to	Weifu Holding ApS
IRD	Refers to	IRD Fuel Cells A/S
Borit	Refers to	Borit NV
WFEC	Refers to	Wuxi WFECal Catalysts. Co., Ltd.
WFPM	Refers to	Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.
Zhonglian Electronics	Refers to	Zhonglian Automobile Electronics Co., Ltd.
Shinwell Automobile	Refers to	Shinwell Automobile Technology (Wuxi) Co., Ltd.
Guokai Metal	Refers to	Wuxi Guokai Metal Resources Co., Ltd.
CSRC	Refers to	China Securities Regulatory Commission
SZSE	Refers to	Shenzhen Stock Exchange
Gongzheng Tianye	Refers to	Gongzheng Tianye Certified Public Accountants (Special General Partnership)
The reporting period	Refers to	From Jan. 1, 2021 to Dec. 31, 2021

Section II Company Profile and Main Financial Indexes

I. Company information

Short form of the stock	WFHT, Su Weifu-B	Stock code	000581, 200581
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	无锡威孚高科技集团股份有限公司		
Short form of the Company (in Chinese)	威孚高科		
Foreign name of the Company (if applicable)	WEIFU HIGH-TECHNOLOGY GROUP CO.,LTD.		
Short form of foreign name of the Company (if applicable)	WFHT		
Legal representative	Wang Xiaodong		
Registrations add.	No.5 Huashan Road, Xinwu District, Wuxi (production & operation place:1. No.8 Huashan Road, Xinwu District, Wuxi; 2. No.17 Changjiang Road, Xinwu District, Wuxi; 3. No.139 Xixie Road, Xinwu District, Wuxi; 4. No.13 Xinhua Road, Xinwu District, Wuxi)		
Code for registrations add	214028		
Historical changes of registered address	On May 25, 1994, registered address of the Company changed to “Lot 46, National High-Tech Industrial Development Zone, Wuxi” instead of “No.107, Renmin West Road, Wuxi”; on December 9, 2008, registered address changed to “No.5 Huashan Road, New District, Wuxi” instead of “Lot 46, National High-Tech Industrial Development Zone, Wuxi”; on June 12, 2019, registered address changed to “No.5 Huashan Road, Xiwu District, Wuxi (production & operation place:1. No.8 Huashan Road, Xinwu District, Wuxi; 2. No.17 Changjiang Road, Xinwu District, Wuxi; 3. No.139 Xixie Road, Xinwu District, Wuxi; 4. No.13 Xinhua Road, Xinwu District, Wuxi)”		
Offices add.	No.5 Huashan Road, Xinwu District, Wuxi		
Codes for office add.	214028		
Company's Internet Web Site	http://www.weifu.com.cn		
E-mail	Web@weifu.com.cn		

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Liu Jinjun	Xu Kan
Contact add.	No.5 Huashan Road, Xinwu District, Wuxi	No.5 Huashan Road, Xinwu District, Wuxi
Tel.	0510-80505999	0510-80505999
Fax.	0510-80505199	0510-80505199
E-mail	Web@weifu.com.cn	Web@weifu.com.cn

III. Information disclosure and preparation place

Website of the Stock Exchange where the annual report of the Company disclosed	Shenzhen Stock Exchange(http://www.szse.cn/)
Media and Website where the annual report of the Company disclosed	<i>China Securities Journal; Securities Times; Hong Kong Commercial Daily</i> and Juchao Website(http://www.cninfo.com.cn)
Preparation place for annual report	Office of the Board of Directors

IV. Registration changes of the Company

Organization code	91320200250456967N
Changes of main business since listing (if applicable)	No change
Previous changes for controlling shareholders (if applicable)	Controlling shareholder of the Company was Weifu Group before 2009. and in 2019, controlling shareholder changed to Wuxi Industry Group since 31 May 2009 due to the merged of Wuxi Industry Group and Weifu Group. Weifu Group and Wuxi Industry Group were wholly state-owned companies of Wuxi State-owned Assets Supervision & Administration Commission of State Council, therefore, actual controller of the Company turns to Wuxi State-owned Assets Supervision & Administration Commission of State Council.

V. Other relevant information

CPA engaged by the Company

Name of CPA	Gongzheng Tianye Certified Public Accountants (Special General Partnership)
Offices add. for CPA	10/F, No.5 Building, Jiakaicheng Fortune Center, Jingrong 3 rd Street, Taihu Xincheng, Binghu District, Wuxi, Jiangsu Province
Signing Accountants	Gu Zhi, Zhang Qianqian

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

 Applicable Not applicable

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

 Applicable Not applicable**VI. Main accounting data and financial indexes**

Whether the Company is required to retrospectively adjust or restate prior year's accounting data

 Yes No

	2021	2020	Changes in the current year over the previous year (+,-)	2019

Operation income (RMB)	13,682,426,710.95	12,883,826,306.60	6.20%	8,784,356,960.30
Net profit attributable to shareholders of the listed company(RMB)	2,575,371,419.80	2,772,769,377.96	-7.12%	2,268,026,432.78
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	2,544,559,926.75	2,089,986,086.10	21.75%	1,947,408,959.68
Net cash flows arising from operating activities (RMB)	627,712,593.41	781,811,234.01	-19.71%	1,048,670,053.23
Basic earnings per share (RMB/Share)	2.57	2.79	-7.89%	2.25
Diluted earnings per share (RMB/Share)	2.57	2.79	-7.89%	2.25
Weighted average ROE	13.67%	15.78%	-2.11%	13.77%
	Year-end of 2021	Year-end of 2020	Changes at end of the current year compared with the end of previous year (+,-)	Year-end of 2019
Total assets (RMB)	27,970,858,427.84	27,350,695,388.21	2.27%	23,958,348,185.78
Net assets attributable to shareholder of listed company (RMB)	19,398,607,689.65	18,282,017,990.66	6.11%	16,990,405,136.62

The lower of the company's net profit before or after deduction of non-recurring profit (gain)/loss for the last three financial years is negative, and the audit report for the latest year indicates that there is uncertainty about the company's ability to continue as a going concern

Yes No

The lower of the net profit before or after deduction of non-recurring profit (gain)/loss is negative

Yes No

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

VIII. Quarterly main financial index

In RMB

	Q 1	Q 2	Q 3	Q 4
Operation income	4,700,158,675.54	4,337,533,080.70	3,336,372,995.83	1,308,361,958.88
Net profit attributable to shareholders of the listed company	861,572,997.00	783,816,490.32	484,604,192.65	445,377,739.83
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	932,554,535.06	769,666,019.03	444,013,803.42	398,325,569.24
Net cash flows arising from operating activities	-229,541,250.49	309,732,859.66	429,334,626.03	118,186,358.21

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial index disclosed in the company's quarterly report and semi-annual report

Yes No

IX. Items and amounts of extraordinary(non-recurring) profit (gains)/loss

Applicable Not applicable

In RMB

Item	2021	2020	2019	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-12,350,725.86	10,719,959.77	28,992,604.71	
Governmental grants reckoned into current gains/losses (except for those with normal operation business concerned, and conform to the national policies & regulations and are continuously enjoyed at a fixed or quantitative basis according to certain standards)	71,274,511.67	146,475,795.26	91,170,663.57	
Fund possession fees reckoned in current gains/losses that charged to non-financial enterprises			1,608,477.64	
Profit and loss of assets delegation on others' investment or management	2,425.40	271,684,174.09	236,832,172.54	
Except for the effective hedging operations related to normal business operation of the Company, the gains/losses of fair value changes from holding the trading financial assets and trading financial liabilities, and the investment earnings obtained from disposing the trading financial asset, trading financial liability and financial assets available for sale	-29,889,140.23	375,102,546.00	24,394,637.95	
Switch back of provision for depreciation of account receivable which was singly taken depreciation test	8,976,264.09	3,078,424.43	1,700,000.00	
Other non-operating income and expenditure except for the aforementioned items	130,837.12	-3,090,715.87	2,183,276.39	
Less: Impact on income tax	4,345,456.60	116,175,046.47	57,345,714.82	

Impact on minority shareholders' equity (post-tax)	2,987,222.54	5,011,845.35	8,918,644.88	
Total	30,811,493.05	682,783,291.86	320,617,473.10	--

Specific information on other items of profits/losses that qualified the definition of non-recurring profit(gain)/loss

Applicable Not applicable

The Company does not have other items of profits/losses that qualified the definition of non-recurring profit(gain)/loss

Information on the definition of non-recurring profit(gain)/loss that listed in the *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary (non-recurring) Profit(gain)/loss* as the recurring profit(gain)/loss

Applicable Not applicable

The Company does not have any non-recurring profit(gain)/loss listed under the *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary (non-recurring) Profit(gain)/loss* defined as recurring profit(gain)/loss

Section III Management Discussion and Analysis

I. Industry of the Company during the reporting period

The Company need to comply with the disclosure requirement on related industry of automobile manufacturing in the *Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No.3 - Disclosure of Industry Information*

The year 2021 was the convergence of the “Two Centenary Goals” and the beginning of the “14th Five-Year Plan”, China’s economy continued to recover steadily, and its economic development and pandemic prevention and control maintained its leading position in the world, and the main indicators achieved the expected goals. As a strategic and pillar industry of the national economy, the automobile industry to which the Company belongs strived to achieve recovery and growth under multiple challenges. In 2021, China’s automobile production volume and sales volume were 26.082 million units and 26.275 million units respectively, with production volume and sales volume increasing by 3.4% and 3.8% respectively over the same period of last year, ending the three-year downtrend since 2018.

1. Commercial vehicle market

In 2021, the market demand for commercial vehicles in the second half of the year was weaker than the first half of 2021 due to factors such as the switch of National VI emission standards for heavy-duty diesel vehicles, the wait-and-see consumption brought about by the policy for “light truck with blue license plate”, the sluggish real estate development industry, and the gradual weakening of early-stage policy dividends, the downward pressure on the commercial vehicle market was gradually emerging. In 2021, the production volume and sales volume of commercial vehicles were 4.674 million units and 4.793 million units, declined by 10.7% and 6.6% on a year-on-year basis.

From the production and sales of subdivided vehicle models, among the trucks, the number of heavy trucks, light trucks and mini trucks decreased significantly, with the largest decrease in heavy trucks; among passenger vehicles, the growth of light bus drove the growth of the production and sales of overall buses. In 2021, the production volume and sales volume of trucks were 4.166 million units and 4.288 million units, a year-on-year decrease of 12.8% and 8.5% respectively, among them, the sales volume of heavy trucks was 1.395 million units, a year-on-year decrease of 13.8%; the sales volume of medium-duty trucks was 179,000 units, a year-on-year increase of 12.3%; the sales volume of light trucks was 2.11 million units, a year-on-year decrease of 4.0%; the sales volume of mini-trucks was 605,000 units, a year-on-year decrease of 14.7%. In 2021, the production volume and sales volume of passenger vehicles were 508,000 units and 505,000 units, a year-on-year increase of 12.2% and 12.6% respectively, among them, 48,000 large-sized buses were sold, a year-on-year decrease of 15.4%; 46,000 medium-sized buses were sold, a year-on-year decrease of 3.1%; and 411,000 light buses were sold, a year-on-year increase of 19.4%.

In 2021, the commercial vehicle market was still dominated by traditional fuels, with diesel vehicles and gasoline vehicles accounting for 69.02% and 26.15% of the annual commercial vehicle market, respectively. New energy

vehicles (pure electric, plug-in hybrid, fuel cell) only accounted for about 3.51%, and other alternative fuel vehicles only accounted for a negligible 0.05%, which was still a niche choice. Pure electric commercial vehicles accounted for the highest proportion, reaching 3.4%; the fuel gas vehicles accounted for 1.26% in the commercial vehicle market in 2021.

2. Passenger car market

In 2021, the passenger car market showed substantial growth since the beginning of the year due to a low base. In the middle of the year, it declined due to the shortage of chip, and the market stabilized again in the fourth quarter as the supply of chip eased. At the same time, with the gradual increase in the income level of residents, China's automobile market presented a clear trend of consumption upgrading. In 2021, the production volume and sales volume of passenger vehicles were 21.408 million units and 21.482 million units respectively, a year-on-year increase of 7.1% and 6.5% respectively, an increase of 3.7% and 2.7% higher than the industry growth.

3. New energy vehicle market

In 2021, the production volume and sales volume of new energy vehicles were 3.545 million units and 3.521 million units respectively, an increase of 1.6 times on a year-on-year basis, and the market penetration rate was 13.4%, an increase of 8 percentage points on a year-on-year basis. In terms of vehicle models, the production volume and sales volume of pure electric vehicles were 2.942 million units and 2.916 million units, an increase of 1.7 times and 1.6 times on a year-on-year basis, respectively; the production volume and sales volume of plug-in hybrid vehicles were 601,000 units and 603,000 units, an increase of 1.3 times and 1.4 times on a year-on-year basis, respectively; the production volume and sales volume of fuel cell vehicles were both 2,000 units, an increase of 48.7% and 35.0% on a year-on-year basis, respectively.

(Data sources from China Association of Automobile Manufacturers, cvworld.cn)

4. Matching between the Company's operation and the industry

In 2021, the Company's operations matched with the development of the industry. In the first half of the year, driven by the strong demand in the domestic commercial vehicle market, the Company's product orders were full and sales increased. In the second half of the year, it declined with industry adjustments. During the reporting period, the Company achieved an operating income of 13.682 billion yuan, an increase of 6.20% over the same period last year, and realized a net profit attributable to shareholders of the listed Company of 2.575 billion yuan, a decrease of 7.12% over the same period last year.

II. Main businesses of the company in the reporting period

The Company need to comply with the disclosure requirement on related industry of automobile manufacturing in the Shenzhen

Stock Exchange Self-Regulatory Guidelines for Listed Companies No.3 - Disclosure of Industry Information

(i) Main business of the Company

Main business of the Company including R&D, production and sales on the automotive core component products, core products during the reporting period were diesel fuel injection system products, automotive exhaust after-treatment system products and air management system products. Meanwhile, products with core components of fuel cell have achieved small production and sales.

1. The diesel fuel management system products are widely used in different power diesel engines supporting all types of trucks, passenger cars, buses, construction machinery, marine, and generator sets. The company not only makes products matching with the main engines used at home but also exports some products to the Americas, Southeast Asia, and the Middle East. The products meet the national emission standards.
2. The automotive exhaust after-treatment system products are supporting all major automobile manufactures in China. And the products meet the national emission standards.
3. The Air management system products, matches with most of the domestic small-bore diesel engine plants and some 6-cyl diesel engine manufacturers, and meet the needs of the light and heavy commercial vehicles and some passenger cars and the engineering machinery. And the products meet the national emission standards.
4. Core component of the fuel cell, including “one membrane & two plates” (membrane electrodes, graphite bipolar plates, metal bipolar plates) and BOP key components for domestic and foreign fuel cell reactor and system manufacturers.

(ii) Business model of the Company

The Company follows the operating philosophy of “making competitive products, creating famous brands, and achieving joint value growth”, implements the business model that parent company unifies the management and subsidiaries decentralize the production. The parent company is responsible for making strategic development planning and operation targets, and making the unified management, instruction and assessment for the finance, significant personnel management, core raw materials, quality control, and the R&D of technologies. The subsidiaries arrange production based on the order management model of market, which makes the subsidiaries keep the consistent quality with the Company, helps keep abreast of customer needs and saving logistics costs, maintain the timeliness of products production and supply, and improve the Company’s economic benefits.

Production and operation of the vehicle manufacturing during the reporting period

Applicable Not applicable

Production and operation of the auto components during the reporting period

Applicable Not applicable

Unit: 10,000 pieces

	Capacity			Sales volume		
	Current period	Same period last year	Y-o-y increase/decrease (+,-)	Current period	Same period last year	Y-o-y increase/decrease (+,-)
According to components						
Fuel management system- multi-cylinder pumps	279	277	0.72%	284.8	256.8	10.90%
Fuel management system- fuel injector	216.7	253.7	-14.58%	189.6	242.8	-21.91%
After-treatment system - purifier	58	34	70.59%	44.4	33	34.55%
Air management	87.5	88.2	-0.79%	90.5	84	7.74%

system -turbocharger						
According to vehicle package						
After-treatment system - purifier	286	303	-5.61%	263.6	296	-10.95%
According to after-sale service market						
Fuel management system- multi-cylinder pumps	1	2	-50.00%	1.2	2.2	-45.45%
Fuel management system- fuel injector	0.3	1.3	-76.92%	0.4	1.2	-66.67%
Air management system -turbocharger	1.5	1.8	-16.67%	1.5	2	-25.00%
According to region						
Fuel management system- multi-cylinder pumps	280	279	0.36%	286	259	10.42%
Fuel management system- fuel injector	217	255	-14.90%	190	244	-22.13%
After-treatment system - purifier	344	337	2.08%	308	329	-6.38%
Air management system -turbocharger	89	90	-1.11%	92	86	6.98%
Others						

Explanation of reasons for more than 30% changes on a y-o-y basis

√ Applicable □ Not applicable

Increasing market demand for after-treatment system products in 2021

Sales model of the components

The Company has adhered to customer-oriented, using flexible marketing strategies and standardized development procedures to meet the needs of different types of customers so as to ensure the smooth progress of customer development plans and strive for more customers and larger market shares. The Company has established a mechanism for mutual visits to strategic customers. The Company's senior executives regularly visit customers or receive customer visits, hold high-level strategic meetings, special cooperation and exchanges and other activities. Implement special management to the company's strategic customers, establish a four-in-one collaborative organization composed of Company leaders, key account managers, marketing departments, and business departments, and do a good job in customer demand analysis and management, customer satisfaction survey analysis, etc. At the same time, the Company optimizes business processes through information technology means to increase the speed of response to customer needs, and assists customer relationship management through modern technical tools such as call centers, customer data warehouses, business intelligence, mobile devices, and

web conferences. The Company promotes the collaborative marketing of existing and new businesses, strengthens exchanges and cooperation with existing business customers in new businesses, and actively expands new customers and develops potential customers.

The Company carries out auto finance business

Applicable Not applicable

The Company carries out related business of new-energy vehicles

Applicable Not applicable

Production and operation of the complete and parts of new-energy vehicles

In RMB

Category	Capacity status	Output	Sales volume	Sales revenue
Core components of hydrogen fuel cell	1.5 million pieces	618,000 pieces	574,000 pieces	58,593,000.00
Core parts of E-drive	1.65 million pieces	466,000 pieces	402,000 pieces	32,080,000.00
Intake (PHEV) supercharger	150,000 sets	2,000 sets	1,000 sets	1,194,000.00

III. Core Competitiveness Analysis

The Company need to comply with the disclosure requirement on related industry of automobile manufacturing in the Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No.3 - Disclosure of Industry Information

1. Industry and brand advantages. The Company was established in 1958, after more than 60 years of development, it has become a famous manufacturer of auto parts at home, and has established long-term and stable cooperative relations with major domestic main engine factories and vehicle manufacturers, the existing automobile core components main products (including diesel fuel injection system, exhaust after-treatment system, air management system) have strong market competitiveness and higher market share. The company is a pacesetter enterprise in China's internal combustion engine industry, and ranks in the top 30 enterprises in China's auto parts industry.

2. Technology and product advantages. The Company is a national high-tech enterprise. It has scientific research platforms such as "National Enterprise Technology Center", "National High-tech Research and Development Plan Achievement Industrialization Base", "Post-Doctoral Scientific Research Workstation", "Jiangsu Postgraduate Workstation" and number of provincial-level engineering and technological research centers, provincial-level engineering laboratories, and other research and development institutions, mainly focus on fuel injection systems, exhaust after-treatment systems, and air management systems to conduct technical research and product development. The Company has mastered a number of core patented technologies, the main product technical indicators are at the leading level in the industry. In recent years, the Company focuses on the strategic layout in the fields of green hydrogen and smart electric, established a new energy and network technology research institute, built a hydrogen energy fuel cell test center, and formed technical research and development capabilities of hydrogen fuel cell core components and intelligent network products.

3. Management and manufacturing advantages. The Company has a complete organizational structure and management systems process, and has built a financial sharing platforms, which can realize the effective

migration and stable operation of organization & personnel, business & accounting; The established human resources information system platforms can ensure the timely and accurate standardization of organization, personnel, salary and attendance; built a purchase sharing system, opened up the information interconnection of enterprises and suppliers, and achieved the closed-loop management of the procurement process; carried out the Weifu Production System (WPS) with lean philosophy, established the quality management system with the whole process, and has strong capabilities in production and manufacturing, quality assurance, cost control and product delivery. The Company focuses on intelligent manufacturing, continues to build intelligent factories with Weifu characteristics, and promotes the application of cloud computing and 5G networks, which can strongly support the Company's future business development.

4. Advantages in marketing and service. The Company has a stable, professional and experienced marketing team that can provide targeted support and services according to customer needs, and customer relationships are harmonious. For long-term strategic customers, the company has established a four-in-one marketing collaboration organization composed of leaders, key account managers, marketing departments, and business departments. The Company's management exchanges regular visits to promote exchanges and cooperation. The Company has a relatively perfect after-sales service system, has built after-sales service network and intelligent service platform, established special maintenance technology service stations nationwide to regularly provide end users with the training of operation and maintenance, fault analysis and judgment and provide customers with fast, timely and professional comprehensive after-sales services.

5. Talent team advantage. The Company's management team has extensive experience and a good industry reputation in the Automobile components industry. The Company pays attention to the growth of employees and the construction of a core talent team. After years of accumulation, it has accumulated a group of professional and high-quality management and technical personnel, established a reasonable talent echelon, and provided strong manpower resource guarantee for the Company's long-term and stable development. The Company's human resource management system is relatively complete, continuously optimizing various human resource management systems to provide a fair value realization platform for employees' career development. The Company pays attention to the service and care of employees, improves the service experience of employees through the establishment of employee self-service platform, and creates a working environment with warmth and sense of belonging.

6. Advantages of international cooperation. The Company is committed to the core auto parts industry, and has continued to carry out in-depth cooperation with domestic and foreign strategic partners for a long time. The Company began to cooperate with the industry giant Robert Bosch Company in 1984, established a long-term and stable cooperative relationship, and continued to expand cooperation in new business areas, the cooperation model between the two parties has become a model in the industry. At the same time, the Company has established joint ventures with Autocam Corporation of the United States and Schmidt Corporation of Germany, and has cooperated closely in the field of high-end precision manufacturing. Through long-term cooperation with well-known European and American enterprises, the Company has cultivated a group of middle and senior management and technical personnel who have international communication skills, international vision, and familiarity with international standards and have mastered the international advanced R&D process design, quality

control and production management capabilities, which accelerated the sound development of the Company's business and promoted the development in international business and market.

7. Excellent corporate culture. The Company takes “quality and intelligence driving a better life” as a mission and “100-year Weifu auto core parts industry expert” as a vision, fulfills the core value of “focus, innovation, responsibility, integration”, insists on the enterprise spirit of “doing practical things, daring to act, being good at cooperation, bravely contending for the first”. During the reporting period, the Company put forward the cultural positioning of “quality and intelligence”, created a cultural system of “quality and intelligence”, “quality” and “intelligence” is the Company's cultural double engine, reflecting the persistence of the original aspiration and the pursuit of the future. The continuous innovation of corporate culture construction is a strong support for the Company's sustained excellence, provides strong support for the Company to become a trustworthy and respected industrial experts, and plays a positive role in achieving the Company's strategic objectives.

IV. Main business analysis

1. Overview

The year 2021 was the first year of the “14th Five-Year” Plan, and the overall operation of the national economy was showing a trend of stable recovery and sustainable development. During the reporting period, under the pressure of the complex and changeable macroeconomic situation and the fierce competition in the industry, the Company adhered to the principle of “stabilizing operation quality, promoting management upgrades, implementing strategic guidance, and accelerating new businesses expansion”, and with the joint efforts of all employees, the Company fully completed various operating performance indicators, operating income reached a record high. In 2021, the Company achieved operating revenue of 13.682 billion yuan, a year-on-year increase of 6.20%; net profit attributable to shareholders of listed companies was 2.575 billion yuan, a year-on-year decrease of 7.12%; total assets were 27.971 billion yuan, a year-on-year increase of 2.27%; net assets attributable to shareholders of listed companies were 19.399 billion yuan, a year-on-year increase of 6.11%.

Main work carried out by the Company during the reporting period:

1. Faced up to the difficulties, dared to challenge, and achieved steady growth in operating income.

In the face of complex environment and industry changes in 2021, the Company actively responded, gave full play to the advantages of key customers in collaborative operations, tapped potentials, bravely challenged, actively expanded, seized key markets and key projects, and achieved steady growth in operating income. Fuel management system products: the annual sales volume of common rail pumps exceeded 2.1 million units; the sales volume of VE distribution pumps exceeded 450,000 units, a year-on-year increase of over 29%; the annual sales volume of high-pressure fuel rails exceeded 1.61 million units, hitting a record high. After-treatment system products: the annual sales volume of gasoline purifiers was nearly 2.2 million sets, hitting a record high, and the annual sales volume of diesel purifiers was nearly 320,000 sets. The market share of passenger vehicles increased steadily, achieving a breakthrough in the high-end autonomous passenger vehicle market; the commercial vehicles obtained a number of National VI projects from key customers, and the overall market position was further improved. The new market of car manufacturers also made breakthroughs. Air management system products: the annual sales

volume of four-cylinder superchargers exceeded 750,000 units, hitting a record high. The gasoline engine acquired key projects from a number of customers; the diesel engine acquired projects of a number of new customers, and continued to maintain the industry position as the largest domestic market share of four-cylinder diesel engines. The six-cylinder supercharger maintained the dominant position of many key customers, acquired natural gas and diesel projects from many mainstream customers, and further expanded the mainstream customer base for six-cylinder superchargers. With its high-end precision manufacturing products, the Company has entered the supplier system of well-known companies in the new energy vehicle industry, and has obtained designated projects from customers.

2. Grasped at the National VI key projects and accelerated the research and development of new business products.

High-efficiency internal combustion power products: completed the sample development of product C for GP electronic fuel system project, completed B sample development of CB6-25; integrated electronic VE pump achieved various T4 engines. The six-cylinder supercharger completed the performance finalization of various models of multiple customers, and realized the small batch supply of many National VI diesel engine superchargers; the four-cylinder gasoline supercharger completed the PPAP of several customer projects and successfully obtained the new National VI projects of a variety of 2.5L-displacement in key markets. The after-treatment system completed the sample development of light diesel platform product A and the sample development of heavy diesel platform product B; completed the conversion of after-treatment products for several key customers.

Hydrogen energy and intelligent networking products: completed the construction of incubation line for platinum-carbon catalyst, completed the process design of the main equipment of the incubation line for platinum alloy catalyst; the performance of the membrane electrode prepared with the water-based catalyst ink formulation reached the industry-leading level; the gas diffusion layer completed the testing and verification of sample B of micropore layer preparation; the metal single cell completed the testing of A sample. The 35MPa high-pressure valve completed the development of sample A and the trial production of sample B; the low-pressure hydrogen subsystem completed the small batch production of four low-pressure valves, and the air bearing completed the optimization for complete set of manufacturing process; the electronic water pump and electronic thermostat completed the development of sample A and the design of sample B. The medium-range radar and security radar completed the development of the sample A, and the in-cabin radar completed the prototype sample design; the 4D millimeter-wave radar completed the trial production and delivery of the first batch of prototype samples.

3. The strategic plan was advanced in an orderly manner, and the new business layout was fruitful

In terms of strategic planning and implementation, the Company completed and issued the “Strategic Planning and Management System”, established the Company’s strategic planning line organization, and implemented its “14th Five-Year” strategic planning work. The Company carried out special planning research for strategic new business, deepened the business planning for core components of hydrogen fuel cell, promoted the feasibility study of hydrogen production by electrolysis of water, promoted the construction planning of the hydrogen energy business department, and obtained the support of the government department for the development of hydrogen energy business; further improved the planning of environmental situational awareness in the intelligent security field, combined with the intelligent cockpit to complete a new round of intelligent network planning; built a hydrogen fuel cell business cooperation platform, and actively promoted strategic cooperation with relevant

parties. In terms of investment cooperation, we implemented the construction planning for three major global bases for hydrogen fuel cell core components, advanced the completion of the investment in the European base and the acquisition of the equity of a German coating Company, and completed the preliminary work for the construction of the Asia-Pacific base. In order to seek opportunities for the coordinated development of the industrial chain, the Company has successively completed investments in Qingdao Shangqihui Zhuzhan New Industry Investment Fund, Wuxi Auto-link World Information Technology Co., Ltd., and Shanghai Bo yuan Jiacheng Venture Capital Partnership (Limited Partnership). We strengthened the normalized management after investment, continuously improved the management mechanism for “three meetings”, and implemented the “bimonthly report of new business project” mechanism.

4. Strengthened quality and safety management and promoted the construction of intelligent informatization.

The zero-kilometer core products of quality management all reached the annual target, and the zero-kilometer failure rate of common rail products was less than or equal to 10PPM; the establishment, application, promotion and solidification of the standards for the evaluation of all elements of the process and the regular review of customer complaints were strengthened; integrated the development of quality valves and the requirements of quality management system, introduced the tools and methods for the quality function development, and optimized the functions of the new FMEA software; promoted the positive development of quality management capabilities, advanced the preparation of the new version of Q11 manual and carried out graded training. Strictly controlled the project quality, completed the construction of the new product incubation base of the headquarters, WFMS logistics and the plant at Lingjiang Road; basically completed the construction of the fifth phase of the 103 block; completed the preliminary preparations for the R&D building project. Built an EHS information supervision platform to realize real-time monitoring and early warning of safety risk points and sewage discharge points.

Continued to promote the upgrade of intelligent informatization, completed the standardization of logistics and warehousing business processes, and launched and promoted the logistics warehouse and production execution in multiple business divisions; completed the implementation and launch of the company’s supply chain project planning system; and advanced the smart factory construction in an orderly manner. Innovatively completed the construction of Weifu Intelligent Manufacturing 5G+ laboratory, and more than 20 innovative technologies have been verified in the Company’s six typical production scenarios. Completed the implementation and launch of the data service platform, and built a complete Company data service platform architecture. The Company’s information security system has been completed and put into trial operation, and successfully passed the information security ISO27001 system certification.

5. Promoted management upgrade and improved business quality.

The Company established the “one report one meeting” supervisory control and analysis mechanism for operation and operated it on a normal basis, promoted process management and completed the optimization and launch of process portal; completed the construction of file management system, and achieved full coverage of electronic file management system; completed the popularization and application of seal management system in subsidiaries. Completed the planning and adjustment of the first stage of the Company’s procurement organization reform;

established the operation and management methods for bulk raw material futures; implemented hierarchical management for improvement of the suppliers' quality problems; built an inventory analysis data platform to promote slow-flow analysis and disposal. Promoted asset quality optimization and operational efficiency improvement, optimized wealth management structure; implemented penetration analysis of strategic product cost, clarified target cost, and promoted continuous cost optimization. According to the strategic development policy, the Company started the "San Hang Yi Jiang" talent development system, and created a valuable talent supply chain system through various forms; optimized the salary structure, formulated and tried out salary promotion plans, and continuously improved internal fairness and external competitiveness. Focused on core and new businesses and new processes, focused on conducting ex-ante risk reviews on foreign investment, entrusted wealth management, and bulk futures, did a good job in legal risk due diligence and reminders, continued to carry out internal control, self-inspection, self-inspection and special inspections, strengthened closed-loop management, and improved the Company's risk control management system so as to escort for the business development.

2.Revenue and cost

(1)Composition of operation revenue

In RMB

	2021		2020		Increase/decrease y-o-y(+,-)
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total operation revenue	13,682,426,710.95	100%	12,883,826,306.60	100%	6.20%
According to industries					
Automotive components	13,184,138,129.88	96.36%	12,430,431,489.90	96.48%	6.06%
Other business	498,288,581.07	3.64%	453,394,816.70	3.52%	9.90%
According to products					
Automotive fuel management system	6,025,368,344.71	44.04%	5,365,576,457.96	41.65%	12.30%
Automotive after-treatment system	6,511,015,127.55	47.59%	6,408,508,512.76	49.74%	1.60%
Air management system	647,754,657.62	4.73%	656,346,519.18	5.09%	-1.31%
Other business	498,288,581.07	3.64%	453,394,816.70	3.52%	9.90%
According to region					
Domestic	13,304,186,980.94	97.24%	12,670,892,115.47	98.35%	5.00%
Foreign	378,239,730.01	2.76%	212,934,191.13	1.65%	77.63%
According to sales model					
Direct sales	13,682,426,710.95	100.00%	12,883,826,306.60	100.00%	6.20%

(2) The industries, products, regions or sales model accounting for over 10% of the Company's operation revenue or operation profit

√Applicable □ Not applicable

In RMB

	Operation revenue	Operation cost	Gross profit ratio	Increase/decrease of operation revenue y-o-y	Increase/decrease of operation cost y-o-y	Increase/decrease of gross profit ratio y-o-y
According to industries						
Automotive components	13,184,138,129.88	10,822,600,520.90	17.91%	6.06%	6.89%	-0.64%
According to products						
Automotive fuel management system	6,025,368,344.71	4,547,678,483.81	24.52%	12.30%	14.76%	-1.63%
Automotive after-treatment system	6,511,015,127.55	5,811,299,783.52	10.75%	1.60%	1.09%	0.45%
Air management system	647,754,657.62	463,622,253.57	28.43%	-1.31%	12.17%	-8.60%
According to region						
Domestic sales	12,805,898,399.87	10,455,310,517.21	18.36%	4.82%	5.35%	-0.41%
Foreign sales	378,239,730.01	367,290,003.69	2.89%	77.63%	83.34%	-3.03%
According to sales model						
Direct sales	13,184,138,129.88	10,822,600,520.90	17.91%	6.06%	6.89%	-0.64%

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

□ Applicable √ Not applicable

(3) Whether the Company's revenue from physical sales is greater than its revenue from labor services

√ Yes □ No

Industries	Item	Unit	2021	2020	Increase/decrease y-o-y (+,-)
Fuel management system- multi-cylinder pumps	Sales volume	In 10 thousand sets	286	259	10.42%
	Output	In 10 thousand sets	280	279	0.36%
	Storage	In 10 thousand sets	38	44	-13.64%
Fuel management system- fuel injector	Sales volume	In 10 thousand suits	190	244	-22.13%
	Output	In 10 thousand suits	217	255	-14.90%

	Storage	In 10 thousand suits	52	25	108.00%
After-treatment system - purifier	Sales volume	In 10 thousand pieces	308	329	-6.38%
	Output	In 10 thousand pieces	344	337	2.08%
	Storage	In 10 thousand pieces	81	45	80.00%
Air management system -turbocharger	Sales volume	In 10 thousand sets	92	86	6.98%
	Output	In 10 thousand sets	89	90	-1.11%
	Storage	In 10 thousand sets	17	20	-15.00%

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

√ Applicable □ Not applicable

The installed market demand for fuel injectors is getting less and less according to the national T4 emission controls. Storage of purifier increased due to the fluctuation of precious metal price.

(4) Performance of significant sales contracts, major procurement contract entered into by the company up to the current reporting period

□ Applicable √ Not applicable

(5) Composition of operation cost

Classification of industries and products

In RMB

Industries	Item	2021		2020		Increase/decrease y-o-y (+,-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Automotive components	Direct material	9,048,058,229.72	83.60%	8,569,425,665.05	84.64%	5.59%
Automotive components	Labor cost	790,874,802.43	7.31%	698,928,471.64	6.90%	13.16%
Automotive components	Depreciation	257,633,922.53	2.38%	248,063,547.16	2.45%	3.86%
Automotive components	Varieties of consumption	726,033,566.22	6.71%	608,156,797.10	6.01%	19.38%

In RMB

Products	Item	2021		2020		Increase/decrease y-o-y (+,-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Fuel management system	Direct material	3,080,614,222.05	67.74%	2,715,216,192.48	68.52%	13.46%
Fuel management system	Labor cost	676,106,197.66	14.87%	566,823,619.35	14.30%	19.28%
Fuel management system	Depreciation	214,171,045.70	4.71%	192,635,987.10	4.86%	11.18%

Fuel management system	Varieties of consumption	576,787,018.40	12.68%	488,016,067.10	12.32%	18.19%
After-treatment system	Direct material	5,554,787,086.57	95.59%	5,500,221,875.04	95.68%	0.99%
After-treatment system	Labor cost	90,930,353.55	1.56%	104,394,069.57	1.82%	-12.90%
After-treatment system	Depreciation	27,076,236.77	0.47%	35,518,676.76	0.62%	-23.77%
After-treatment system	Varieties of consumption	138,506,106.63	2.38%	108,415,545.84	1.88%	27.75%
Air management system	Direct material	412,656,921.10	89.01%	353,987,597.53	85.64%	16.57%
Air management system	Labor cost	23,838,251.22	5.14%	27,710,782.72	6.70%	-13.97%
Air management system	Depreciation	16,386,640.06	3.53%	19,908,883.30	4.82%	-17.69%
Air management system	Varieties of consumption	10,740,441.19	2.32%	11,725,184.16	2.84%	-8.40%

Explanation

Not applicable

(6) Whether there was a change in the scope of consolidation during the reporting period

Yes No

(7) Major changes or adjustment in business, product or service of the Company in Reporting Period

Applicable Not applicable

(8) Major sales and main suppliers

Major sales clients of the Company

Total top five clients in sales (RMB)	7,081,982,680.18
Proportion in total annual sales volume for top five clients	51.77%
Ratio of the related party sales in total annual sales from top five clients	31.88%

Information of top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	RBCD	3,137,245,415.70	22.93%
2	Robert Bosch Company	1,224,350,229.77	8.95%
3	Client 1	1,180,434,132.10	8.63%

4	Client 2	1,101,363,049.87	8.05%
5	Client 3	438,589,852.74	3.21%
Total	--	7,081,982,680.18	51.77%

Other situation of main clients

√ Applicable Not applicable

The Company has association with RBCD and Robert Bosch Company. In addition, the directors, supervisors, senior executives, core technicians and actual controller of the Company have no equity in main suppliers directly or indirectly.

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	3,750,318,609.06
Proportion in total annual purchase amount for top five suppliers	29.67%
Ratio of the related party purchase in total annual purchase amount from top five suppliers	6.52%

Information of top five suppliers of the Company

Serial	Suppliers	Purchasing amount (RMB)	Ratio in annual total purchasing amount
1	Supplier 1	1,220,093,194.17	9.65%
2	WFEC	824,433,272.43	6.52%
3	Supplier 2	744,095,990.00	5.89%
4	Supplier 3	563,466,710.08	4.46%
5	Supplier 4	398,229,442.38	3.15%
Total	--	3,750,318,609.06	29.67%

Other notes of main suppliers of the Company

√ Applicable Not applicable

The Company has association with WFEC. In addition, the directors, supervisors, senior executives, core technicians and actual controller of the Company have no equity in main suppliers directly or indirectly.

3. Expenses

In RMB

	2021	2020	Increase/decrease y-o-y (+,-)	Note of major changes
Sales expenses	264,651,432.56	406,353,445.10	-34.87%	mainly due to the continuous optimization of product quality management and the reduction of three guarantee fees for customers
Administration expenses	611,872,150.24	782,824,422.63	-21.84%	
Financial expenses	20,063,248.84	-23,278,301.84		
R&D expenses	595,406,951.64	532,581,209.78	11.80%	

4. R&D investment

√ Applicable Not applicable

Projects	Purpose	Progress	Goals to be achieved	Expected impact on the future development of the Company
Development and application of the core components of clean fuel injection system	R&D the technology for alternative(natural gas, etc) traditional fuel injection system	In progress, and some models are in customer application already	Resulting a core component products for clean fuel injection system and apply to the market	Promotes the market share of clean fuel products in the future
Development and application on the common-rail pump products to meet the National VI emission standard	Development on the common-rail pump products that meets the National VI emission standards for automotive diesel engines	In progress, and some models are in customer application already	Resulting the products that meets the National VI emission standards for automotive diesel engines and apply to the market	Enhance the existing products and extend the life of traditional products
Development and application on the diesel fuel injection parts products to meet the off-road T4 emission standards	Development on the diesel fuel injection parts products that meets the off-road T4 emission standards	In progress, and some models are in customer application already	Resulting the diesel fuel injection parts products that meets the off-road T4 emission standards and apply to the market	Enhance the existing products and extend the life of traditional products
Development and application on the passenger car after-treatment products to meet the National VI emission standards	Development on the passenger car after-treatment products that meets the National VI emission standards	In progress, and some models are in customer application already	Resulting the passenger car after-treatment products that meets the National VI emission standards and apply to the market	Enhance the existing products and extend the life of traditional products
Development and application on the commercial vehicle after-treatment products to meet the National VI emission standards	Development on the commercial vehicle after-treatment products that meets the National VI emission standards	In progress, and some models are in customer application already	Resulting the commercial vehicle after-treatment products that meets the National VI emission standards and apply to the market	Enhance the existing products and extend the life of traditional products
Development and application on the after-treatment products to meet the off-road T4 emission standards	Development on the after-treatment products that meets the off-road T4 emission standards	In progress, and some models are in customer application already	Resulting the after-treatment products that meets the off-road T4 emission standards and apply to the market	Enhance the existing products and extend the life of traditional products
Development and application on the supercharger products for	Development on the supercharger products for gasoline engine that meets the National VI	In progress, and some models are in customer application already.	Resulting the supercharger products for gasoline engine that meets the National VI emission standards and put	Enhance the existing products and extend the life of traditional products

gasoline engine to meet the National VI emission standards	emission standards		them on the market	
Development and application on the supercharger products for diesel engine to meet the National VI emission standards	Development on the supercharger products for diesel engine that meets the National VI emission standards	In progress, and some models are in customer application already	Resulting the supercharger products for diesel engine that meets the National VI emission standards and put them on the market	Enhance the existing products and extend the life of traditional products
Development and application on the supercharger products for natural gas engine to meet the National VI emission standards	Development on the supercharger products for natural gas engine that meets the National VI emission standards	In progress, and some models are in customer application already	Resulting the supercharger products for natural gas engine that meets the National VI emission standards and put them on the market	Enhance the existing products and extend the life of traditional products
Development and application of the supercharger for automotive incremental engine	Development on the supercharger for automotive incremental engine	In progress, and some models are in customer application already	Resulting the supercharger products for automotive incremental engine and put them on the market	Enhance the existing products, fit in with new application scenarios and extend the life of traditional products
Development and application on the core materials of hydrogen fuel cell	Development on the core materials (one membrane & two plates, catalyst) of hydrogen fuel cell	In progress, relevant products have achieved small production and have entered customer application	Resulting a large-scale production of core materials for the hydrogen fuel cells and put them on the market	Main direction of the emerging business of the Company in the future and new business growth points
Development and application on BOP key component products of hydrogen fuel cells	Development on the BOP key component (valve, pumps, etc.) products of hydrogen fuel cells	In progress, relevant products have achieved small production and have entered customer application	Resulting a large-scale production of BOP key component products of hydrogen fuel cells and put them on the market	Main direction of the emerging business of the Company in the future and new business growth points
Development and application of the E-drive components products for new energy vehicles	Development on E-drive component (motor shaft, motor case, etc.) products for new energy vehicles	In progress, relevant products have been mass-produced and have entered customer applications	Resulting development on the E-drive components products for new energy vehicles and put them on the market	Main direction of the emerging business of the Company in the future and new business growth points
Development and application of intelligent sensing	Development on intelligent sensing core module products	In progress, sample delivery of relevant products have been	Resulting the intelligent sensing core module products and put them on the market	Main direction of the emerging business of the Company in the future and

core module products	(milliliter-wave radar)	achieved		new business growth points
Development and application of smart seating products	Development on smart seating products	In progress, some products have entered customer applications	Resulting the smart seating products and put them on the market	Main direction of the emerging business of the Company in the future and new business growth points
Development and application on core component products of hydraulic system	Development on hydraulic system core component products	In progress, some products have entered customer applications	Resulting the hydraulic system core component products and put them on the market	Main direction of the emerging business of the Company in the future and new business growth points
Development and application on core component products of brake system	Development on brake system core component products	In progress, some products have entered customer applications	Resulting the brake system core component products and put them on the market	Main direction of the emerging business of the Company in the future and new business growth points
Development and application of the intelligent manufacturing equipment	Development on intelligent manufacturing equipment	In progress, some equipment has been used in manufacturing and testing by the customers	Resulting the intelligent manufacturing equipment and put them on the market	Improve the technological capabilities in field of intelligent manufacturing and creating economic benefits

Personnel of R&D

	2021	2020	Change ratio (+,-)
Number of R&D (people)	1,112	1,094	1.65%
Ratio of number of R&D	20.82%	20.30%	0.52%
Educational background	—	—	—
Undergraduate	679	703	-3.41%
Master	207	165	25.45%
Age composition	—	—	—
Under 30	289	280	3.21%
30~40	570	566	0.71%

Investment of R&D

	2021	2020	Change ratio (+,-)
R&D investment (RMB)	595,406,951.64	532,581,209.78	11.80%
R&D investment/Operation revenue	4.35%	4.13%	0.22%
Capitalization of R&D investment (RMB)	0.00	0.00	
Capitalization of R&D investment/R&D investment	0.00%	0.00%	

Reasons and effects of significant changes in composition of the R&D personnel

□Applicable √Not applicable

The reason of great changes in the proportion of total R&D investment accounted for operation income than last year

Applicable Not applicable

Reason for the great change in R&D investment capitalization rate and rational description

Applicable Not applicable

5. Cash flow

In RMB

Item	2021	2020	Increase/decrease y-o-y (+,-)
Subtotal of cash inflow arising from operating activities	15,691,750,941.15	12,043,108,885.31	30.30%
Subtotal of cash outflow arising from operating activities	15,064,038,347.74	11,261,297,651.30	33.77%
Net cash flows arising from operating activities	627,712,593.41	781,811,234.01	-19.71%
Subtotal of cash inflow from investing activities	19,393,979,375.09	10,622,042,577.88	82.58%
Subtotal of cash outflow from investing activities	19,422,030,926.39	10,050,595,606.37	93.24%
Net cash flows arising from investing activities	-28,051,551.30	571,446,971.51	-104.91%
Subtotal of cash inflow from financing activities	1,717,278,897.47	714,062,395.41	140.49%
Subtotal of cash outflow from financing activities	2,154,807,351.77	1,940,870,096.67	11.02%
Net cash flows arising from financing activities	-437,528,454.30	-1,226,807,701.26	
Net increase of cash and cash equivalents	149,072,918.03	124,447,364.85	19.79%

Main reasons for y-o-y major changes in aspect of relevant data

Applicable Not applicable

1. Net cash flows arising from operating activities decreased compared with the previous period, mainly due to the change of settlement pattern for previous metals in the reporting period;
2. Net cash flows arising from investing activities decreased compared with the previous period, mainly due to the decrease in dividends from participating enterprises and increase in investment;
3. Net cash flows arising from financing activities increased compared with the previous period, mainly due to the increase in bank loans in the reporting period.

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

Applicable Not applicable

Mainly due to the investment earnings, and specific influencing factors found more in supplementary information of cash flow statement carried in Annotation of the Report.

V. Analysis of the non-main business

Applicable Not applicable

In RMB

	Amount	Ratio in total profit	Cause description	Whether be sustainable
Investment earnings	1,954,523,836.59	71.32%	Investment earnings mainly form the two joint ventures (RBCD and Zhonglian Electronics) with stock participated by the Company	The joint ventures RBCD and Zhonglian Electronics have stable production and operation , so the investment returns can be sustained and stable
Gain/loss of fair value changes	-40,270,333.81	-1.47%		
Asset impairment	-138,117,315.80	-5.04%		
Non-operating income	656,202.07	0.02%		
Non-operating expense	25,509,569.87	0.93%		

VI. Assets and liability analysis

1. Major changes of assets composition

In RMB

	Year-end of 2021		Year-begin of 2021		Ratio changes (+,-)	Note of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary funds	1,896,063,265.69	6.78%	1,963,289,832.33	7.17%	-0.39%	
Account receivable	2,053,800,293.77	7.34%	2,824,780,352.41	10.32%	-2.98%	
Inventory	3,445,396,375.09	12.32%	2,877,182,174.64	10.51%	1.81%	
Investment real estate	19,387,746.56	0.07%	20,886,681.62	0.08%	-0.01%	
Long-term equity investment	5,717,944,788.12	20.44%	4,801,488,290.97	17.54%	2.90%	
Fixed assets	2,932,210,452.51	10.48%	2,870,351,470.37	10.49%	-0.01%	
Construction in progress	387,429,933.08	1.39%	243,795,493.04	0.89%	0.50%	mainly due to the increase of equipment and engineering investment
Right-of-use assets	23,148,405.58	0.08%	33,192,094.14	0.12%	-0.04%	mainly due to depreciation of right of use assets
Short-term borrowings	1,437,958,206.55	5.14%	302,238,600.05	1.10%	4.04%	Mainly due to the increase of bank loans
Contract liability	136,427,636.39	0.49%	81,717,387.25	0.30%	0.19%	Mainly due to the increase of advance payment from customers
Long-term borrowings			3,050,640.97	0.01%	-0.01%	Mainly for the subsidiary loan due to return
Lease liability	15,795,469.25	0.06%	22,604,755.70	0.08%	-0.02%	Mainly refers to the actual recognition and settlement of lease liabilities in the current year

Foreign assets account for a relatively high proportion

Applicable Not applicable

2. Assets and liability measured by fair value

Applicable Not applicable

In RMB

Items	Amount at the beginning period	Changes of fair value gains/losses in this period	Accumulative changes of fair value reckoned into equity	Devaluation of withdrawing in the period	Amount of purchase in the period	Amount of sale in the period	Other changes (+,-)	Amount at period-end
Financial assets								
1.Trading financial asset(excluding derivative financial assets)	5,324,221,360.10	-39,089,653.77			18,427,520,515.00		-16,020,155,914.21	7,692,496,307.12
2.Other equity instrument investment	285,048,000.00							285,048,000.00
3.Receivable financing	1,005,524,477.88						-292,507,463.38	713,017,014.50
4.Foreign exchange contracts		-1,180,680.04			75,915,620.34			74,734,940.30
Subtotal of financial assets	6,614,793,837.98	-40,270,333.81			18,503,436,135.34		-16,312,663,377.59	8,765,296,261.92
Above total	6,614,793,837.98	-40,270,333.81			18,503,436,135.34		-16,312,663,377.59	8,765,296,261.92
Financial liabilities	0.00							0.00

Other changes

Maturity redemption

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

Yes No

3. The assets rights restricted till end of the period

Item	Book value at period-end	Restriction reason
Monetary funds	9,347,031.23	The USD margin for foreign exchange contracts
Monetary funds	17,459,061.33	Cash deposit paid for bank acceptance
Monetary funds	4,044,016.40	Court freezing
Monetary funds	194,220.00	Cash deposit for Mastercard
Note receivable	727,930,810.05	Notes pledge for bank acceptance
Receivable financing	191,355,521.58	Notes pledge for bank acceptance
Trading financial asset	252,667,176.66	In accordance with the civil ruling No.(2016)Y03MC2490 and No.(2016) Y03MC2492 of Guangdong Shenzhen Intermediate People's Court (Hereinafter referred to as Shenzhen Intermediate People's Court), the property with the value of 217 million yuan under the name of the Company and other seven respondents and the third party Shenzhen Hejun Chuangye Holdings Co., Ltd. (Hereinafter referred to as Hejun Company) was frozen. As of the end of the reporting period, 4.71 million shares of Miracle Automation and 11,739,102 shares of SDEC held by the Company were frozen.
Total	1,202,997,837.25	--

VII. Investment analysis

1. Overall situation

Applicable Not applicable

2. The major equity investment obtained in the reporting period

Applicable Not applicable

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

Applicable Not applicable

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

In RMB

Variety of securities	Code of securities	Short form of securities	Initial investment cost	Accounting measurement model	Book value at the beginning of the period	Current gain/losses of fair value changes	Cumulative fair value changes in equity	Current purchase amount	Current sales amount	Profit and loss in the Reporting Period	Book value at the end of the period	Accounting subject	Capital Source
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Domestic and foreign stocks	600841	SDEC	199,208,000.00	Measured by fair value	140,395,956.00	13,247,352.00				13,247,352.00	153,643,308.00	Trading financial asset	Own funds
Domestic and foreign stocks	002009	Miracle Automation	69,331,500.00	Measured by fair value	47,712,300.00	66,081,300.00				66,081,300.00	113,793,600.00	Trading financial asset	Own funds
Domestic and foreign stocks	601456	Guolian Securities	12,000,000.00	Measured by fair value	326,848,122.00	-118,052,944.00				-118,052,944.00	208,795,178.00	Trading financial asset	Own funds
Domestic and foreign stocks	601777	Lifan Technology	62,845.00	Measured by fair value		14,957.11		62,845.00		14,957.11	77,802.11	Trading financial asset	Own funds
Total			280,602,345.00	--	514,956,378.00	-38,709,334.89	0.00	62,845.00	0.00	-38,709,334.89	476,309,888.11	--	--
Disclosure date of securities investment approval of the Board	2012-03-24												
	2013-06-04												
Disclosure date of securities investment approval by Shareholders' general meeting (if any)													

(2) Derivative investment

Applicable Not applicable

There are no derivative investment during the reporting period.

5. Application of raised proceeds

Applicable Not applicable

There are no application of raised proceeds during the reporting period.

VIII. Sales of major assets and equity

1. Sales of major assets

Applicable Not applicable

No major assets were sold during the reporting period.

2. Sales of major equity

Applicable Not applicable

IX. Analysis of the main equity participation and controlling subsidiary

Applicable Not applicable

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

In RMB

Company name	Type	Main business	Register capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
WFLD	Subsidiary	After-treatment system products	502,596,300.00	5,857,838,518.40	2,278,036,732.74	6,527,268,564.43	325,034,632.89	337,097,184.96
WFJN	Subsidiary	Fuel management system products	346,286,825.80	1,475,883,668.40	1,033,677,360.12	825,822,469.06	101,092,828.20	96,549,390.54
RBCD	Equity participation enterprise	Fuel management system products	USD382,500,000.00	17,778,313,637.38	9,154,995,044.54	15,712,821,656.32	3,720,316,760.31	3,237,912,797.87
Zhonglian Electronics	Equity participation enterprise	Gasoline system products	600,620,000.00	6,891,391,424.95	6,885,842,599.08	24,479,957.39	1,702,508,438.95	1,699,134,647.28

Subsidiary obtained and disposed in the Period

Applicable Not applicable

Explanation on holding equity participation enterprise

During the reporting period, WFLD's operating profit and net profit grew better because of the increase in investment income from the shareholding enterprise WFEC.

X. The structured subject controlled by the Company

Applicable Not applicable

XI. Prospects for future development**i. Future development strategy**

Based on the corporate vision of "Century Weifu Automotive Core Parts Industry Expert", during the "14th Five-Year Plan" period, the Company will continue to adhere to the "international, independent, multi-dimensional" strategic concept, and accelerate the "two-engine drive" strategy of "optimizing and improving existing core business, breaking through and positioning strategic emerging business", form a new strategic pattern of comprehensive development of four major sectors of "energy saving and emission reduction",

“green hydrogen energy”, “intelligent electric” and “other core parts”, and strive to achieve the strategic goal of doubling the scale and maintaining high profitability.

(i) As the Company’s existing core business segment, energy saving and emission reduction includes three major business areas, i.e. high-pressure fuel management system, after-treatment system, and turbocharger, positioning new increments, actively promoting business transformation and upgrading, maintaining the leading position in the industry, and maintaining organic growth of businesses. Under the general trend of low-carbon and energy-saving, we will seize the strategic opportunity of upgrading emission regulations, accelerate the market expansion of related products, such as ordinary hybrids and plug-in hybrids, strengthen cooperation with joint venture brands and new leading car manufacturers, and further improve the market share of products; product development focuses on the fuel oil, after-treatment and turbocharging of high-efficiency, energy-saving (including plug-in hybrids), and clean alternative fuels (natural gas, etc.), strengthen the research and development capabilities of key technology products, enhance forward engineering capabilities, system integration and application development capabilities; consolidate and improve process operation capabilities, and improve cost and quality control capabilities.

(ii) Green hydrogen energy is an important strategic direction for the transformation of the Company’s business structure, it focuses on the core parts of hydrogen fuel cell and the hydrogen production from renewable energy sources in the middle and upper reaches of the hydrogen energy industry chain to build core competitiveness and achieve large-scale business growth.

1. The core parts business of hydrogen fuel cells will be based on the core materials of the galvanic pile (membrane electrodes, graphite bipolar plates, metal bipolar plates) and the core technical capabilities of BOP key components that have been acquired and constructed to accelerate the establishment and and operation of organizational planning, promote the construction of three global bases, and realize small-scale market application.

① Enhance global engineering capabilities. Actively promote the construction of engineering centers in Asia Pacific, Europe and North America, strengthen investment, continuously improve the engineering technology level, especially the research and development and application of product technology, and quickly realize the mass production of customer market projects.

② Expand global business functions. Accelerate the capacity building of business centers in Asia Pacific, Europe and North America, strengthen the planning and coordination of global markets and operations, realize strategic resource sharing and efficient market synergistic expansion between centers and business segments, actively expand international and domestic customers, continue to deepen the partnerships with strategic partners, strategic customers and major customers, and promote large-scale applications in the market.

③ Improve global manufacturing capacity. Accelerate the capacity building of manufacturing centers in Asia Pacific, Europe, and North America. During 2021-2025, the Company is going to achieve global production capacity of 8 million membrane electrodes, 9 million graphite bipolar plates, 4 million metal bipolar plates and 100,000 pieces of BOP key components, among them, Asia Pacific (China) is about to achieve a production capacity of 4 million membrane electrodes, 5 million graphite bipolar plates, 2 million metal bipolar plates and 100,000 pieces of BOP key components.

④ Strengthen strategic coordination and resource integration. Based on the platform of the hydrogen energy business unit, strengthen the global business strategy synergy and resource integration. In particular, regarding the construction of the Asia-Pacific base, we will integrate the business related to the core parts of hydrogen fuel cells, strengthen cooperation with various strategic partners, and set up independent business companies to face the Asia-Pacific market dominated by China, and conduct product application development, supply chain, and manufacturing, sales and service, etc.

2. Renewable energy hydrogen production business will focus on cultivating and incubating PEM electrolysis of water hydrogen production system equipment technology based on the Company's current core component technologies such as membrane electrodes and graphite/metal bipolar plates, as well as the R&D, testing and verification capabilities of PEM electrolysis of water galvanic pile, and achieve product market application.

① Make efforts to implement the demonstration line project. Complete the first and second phases of the PEM electrolysis of water hydrogen production demonstration line, and obtain the overall scheme design and implementation service capabilities of electrolysis of water hydrogen production.

② Actively acquire key technical capabilities. Seek cooperation opportunities for external technology and industrial investment, accelerate independent research and development, and build key technical capabilities such as galvanic pile, system equipment design, development and integration. Form and incubate a batch of low-power system equipment products in subdivided fields (hydrogen production field), and develop high-power system equipment technologies and products suitable for energy storage and hydrogen refueling stations.

③ Expand market application projects. Vigorously expand the customer market, strive to realize the application of low-power system equipment to form a small-scale market application, actively participate in large-scale renewable energy hydrogen production demonstration projects, and contact with domestic industry leaders to explore cooperation opportunities.

(iii) The intelligent electric sector focuses on four major business areas, i.e. the core parts of the electric drive system, the thermal management system and core parts, the IntelliSense core modules, and the in-cabin core parts, builds the core competitiveness of the market, technology and intelligent manufacturing, and achieves business transformation development and large-scale growth.

1. Based on the understanding of the research and development on the automotive core parts system and the high-end intelligent manufacturing capabilities, the core parts business of the electric drive system expands the core parts business of the electric drive, and promotes the market scale, and the Company makes advanced layout of the forward-looking technology of the in-wheel motor, comprehensively cultivates and incubates products to achieve product market application.

① The core parts of electric drive take the motor shaft, water jacket, end cap, etc. as the starting point, and expand to other core parts, enrich the product map, and form the supply capacity of key products; based on a large number of practical experience accumulated in cooperation with well-known domestic electric drive enterprises, make breakthroughs in key new energy vehicle enterprises, especially high-end new forces, establish in-depth strategic cooperation, and promote the diversified development of strategic customers.

② Accelerate the product technology optimization of in-wheel motors, realize penetration into the passenger car scene, promote the construction of set assembly capacity construction, and form mass production capacity.

2. The thermal management system and core parts business take the electronic oil pump as the entry point, rely on the Company's group-based technology, market and manufacturing platform advantages, fully promote the research and development and application of key components such as battery cooling plates, heat exchangers, as well as the strategic products of thermal management system, and further actively seek the development in other application scenarios such as energy storage.

① Achieve breakthroughs in high-end customers and have in-depth strategic cooperation with customers. Utilize the VH overseas technology and product accumulation acquired by the Company, actively penetrate into the domestic and European mature mainstream high-end customers, complete technical verification, and form the first batch of product supply; actively develop global customer resources such as OEMs and electric drive system integrators with self-developed electric drive/thermal management systems, aggregate channel resource integration capabilities, and break through key strategic customers.

② Synchronize global R&D and actively expand product business. Promote global resource planning and layout, build global synchronous R&D capabilities, realize global synchronous R&D collaboration, further expand product series, actively carry out the development and supply capabilities of core parts of thermal management system-level solutions, and expand products such as water-cooled plates and heat exchangers.

③ Enhance the global supply capacity for mass production. Strengthen the capacity building of global supply chain systems in Europe and China, integrate the Company's intelligent manufacturing genes, and achieve large-scale production and supply capabilities.

3. IntelliSense core module

In the IntelliSense core module business, the Company strategically focuses on millimeter-wave radar, provides customized radar module products and sense solutions, starts from basic scenarios, cultivates capabilities, and aims at the high-end application market for automatic driving.

① Expand multi-scenario applications and gradually develop to high-end applications. Take the lead in entering the non-vehicle radar field, expand the radar application in the smart cockpit field synchronously, quickly realize the market application of 3D radar products, and take the vehicle ADAS 3D radar as an opportunity to gradually enter the in-vehicle market and accumulate vehicle-mounted scene technology, and penetrate into the vehicle-mounted automatic driving application scenarios with the maturity of 4D radar technology.

② Technological accumulation capabilities pave the way for technological breakthroughs in high-end products. Strengthen the key technologies and R&D capabilities of millimeter-wave radars, establish large-scale production capacity of 3D radars for ADAS, at the same time, speed up the research and development progress of 4D radar products, make technological breakthroughs in high-end products, and gradually realize the commercialization of ADAS 4D radars.

4. Core parts in the cabin

The core parts business in the cabin forms a differentiated competitive advantage with high-performance, high-quality and cost-effective products, among which the car seat is the first to enter the mid-to-high-end commercial vehicle market, accelerates the realization of industrial scale development, and moves towards the mid-to-high-end passenger car market; it establishes the systematic design and testing capabilities of seat products, enhances the technological innovation capabilities, and develops towards networking and intelligence to meet the

needs of intelligent cockpit scenarios. At the same time, with the help of cooperation with intelligent cockpit partners, the Company will participate in the intelligent cockpit business field based on domain control technology, and strive to seek and expand business opportunities related to intelligent cockpits.

(iv) For other core parts and components, the Company will continue to promote the transformation and upgrading of hydraulic systems and core parts, core parts of brake systems, intelligent manufacturing equipment, and aftermarket and trade businesses, and actively explore and lay out the cutting-edge technologies and markets in line with the Company's development strategy to increase the business volume.

The Company will continue to deepen the business plan, budget management and performance management system under the guidance of the strategy, implement differentiated management and control, make efficient business coordination among sectors, accelerate the cultivation of strategic core talents, comprehensively enhance the operation and management capabilities during the strategic transformation period, and adapt to the Company's medium and long-term strategic development needs.

ii. Key work in 2022

In the face of the changeable and severe macro economy and automobile market development trends, in 2022, the Company will still closely follow the "14th Five-Year Plan" development goals, make the industry more refined and stronger, deepen and develop new businesses, and improve the Company's market position in automotive core components. The Company's operating guidelines in 2022 are aiming at strategic goals, improving business quality, consolidating management system, accelerating the implementation of new businesses, and ensuring the realization of the second annual goal of the "14th Five-Year" strategic plan.

1. Thoroughly implement strategic guidance and promote industrial investment distribution

Focus on strategic goals such as market share and profitability of high-efficiency internal combustion power business, and strengthen dynamic research and planning for strategic new businesses. Comprehensively refine and implement the capacity planning of three major global bases of the hydrogen energy business, and accelerate the establishment and operation of the Asia-Pacific (China) base; actively promote the operation of the electrolysis of water hydrogen production demonstration line; actively explore the mechanism innovation for smart electric and other businesses. Steadily promote the investment and construction of hydrogen energy business, and at the same time plan and promote the investment in the Company's new major potential strategic business product technology and the cooperation projects at a high level; actively explore new models of industrial fund investment, and gradually expand external investment cooperation.

2. Steadily improve the existing business market and accelerate the expansion of new business and new markets.

Steadily increase the market share of strategic business and strategic customers, expand and promote the successful batch production of strategic market projects such as National VI and T4, and win the corresponding market position. Fuel injection system: ensure the order delivery rate and market share of the common rail pump; ensure the market share of dispensing pump and promote the export projects of dispensing pump; ensure the supply to existing customers and obtain key projects from key customers for GP electronic control products; continue to improve the market share of high-pressure fuel rail and develop new markets. After-treatment system: accelerate the layout of independent high-end brand customers at passenger car market; focus on promoting the

development of National VI projects for leading customers at the commercial vehicle market; actively acquire the assembly projects of leading companies at the hybrid market and expand product coverage; ensure the smooth operation of projects at the non-road market. Air intake system: gradually expand the market scale of gasoline supercharger for the four-cylinder supercharger; stabilize the existing customers of six-cylinder supercharger, and ensure the batch production of new customer projects.

Accelerate the acquisition of new business leading customer market projects, and continue to promote new business cooperation with strategic partners; actively develop high-end precision manufacturing and casting business markets for new energy parts; actively promote mass production of core parts for galvanic pile, and strengthen the establishment of strategic cooperation with domestic customers, and actively obtain the product project of “one membrane and two plates”; promote the industrialization of hydrogen fuel cell parts and components, realize the small batch production of platinum carbon catalyst products, and complete the construction of domestic pilot lines for platinum alloy catalyst and membrane electrode products; achieve mass production and delivery for existing security radar products, and expand new customers and complete verification and delivery for 3D radar products, and achieve strategic customer project product development for 4D millimeter-wave radar products.

3. Strengthen quality management and intelligent manufacturing, and promote engineering construction and safety guarantee.

Plan the blueprint of the Company’s quality management information system, deepen the implementation of the Q11 quality basic standards, and continue to strengthen physical quality management. Promote the special improvement of maturity evaluation, consolidate the maturity evaluation mechanism of all elements of the process, and strengthen the maturity of product quality life cycle management. Import positive development quality tools, and implement the application and improvement of quality valves and quality management systems in developing projects. Go deep into the continuous improvement and on-site management, and deepen the effective application of system improvement methods. Optimize the WPS maturity assessment model, and build workshop benchmarking teams of each business division. Further improve the equipment operation management system, thoroughly promote the in-depth maintenance work of equipment, establish equipment maintenance knowledge base, and improve equipment operation efficiency. Accelerate the full implementation of the Company’s I-WPS system, realize the launch of the PLM and MES systems of related business divisions, and do a good job in the construction and launch of the PLM process module. Promote the application of 5G+ innovation laboratory technology in the business divisions.

Orderly promote the Company’s R&D building construction project, complete the preliminary planning and preliminary design of the new energy industry base, and do a good job in the promotion of the logistics warehouse and other projects of Weifu Industrial Park. Complete the ISO50001 energy management system construction, and promote the implementation of the compressed air system energy-saving plan. Focus on preventive management, implement the main responsibility of EHS, and strengthen the process risk identification and control. Through the EHS information supervision platform, form the ability of intelligent EHS management and monitoring, convenient handling of hidden dangers, integrated process files and automatic external data exchange. Introduce S-FMEA, carry out special rectification of dual control in key areas, and improve intrinsic safety. Carry

out the re-examination and certification of the first-class enterprise of safety production standardization, and improve the management level of safety production.

4. Continuously promote management upgrades and steadily improve operational efficiency.

Consolidate and elaborately operate the operation and management system, deepen the operation monitoring and rectification of the Company and business divisions, and promote the closed-loop management of the long-term operation mechanism of the process; implement hierarchical management and control of projects, strengthen cross-organizational coordination of projects, and promote project management upgrading of the Group. Continue to optimize shared management, optimize the integration process of enterprise, finance and taxation; build a comprehensive budget management system and create a closed management loop; further promote cost standardization and refined management, continue to improve the quality and efficiency of asset operations, and optimize wealth management structure. Complete the second-stage planning and adjustment of the Company's procurement organization reform; realize the process unification, standardization and information sharing of direct material procurement business; realize integrated procurement supply chain management, continuously optimize the process and supplier assessment indicators, and realize supplier classification management and resources integration. Do a good job in the overall planning of warehousing, transportation and logistics, improve the supply and demand plan coordination and the in-depth inventory analysis, increase effective delivery and reduce inventory. Plan the logistics visualization, tap the value of logistics data, and guide logistics improvement. Promote the optimization and upgrading of SAP, implement the process sub-module project, and realize the standardization and integration of process management. Promote the group's promotion of various modules of intelligent manufacturing, pay attention to the implementation of logistics and warehousing business processes and the comprehensive promotion of core production and manufacturing modules, promote the construction and operation of 5G+ innovation laboratories, and promote the implementation of intelligent application scenarios.

5. Strengthen the construction of talent team to promote the sustainable development of the Company.

Accelerate talent recruitment and training, promote talent sharing, and optimize the deployment of technical personnel of core businesses. Consolidate the foundation of talent management, promote the construction and application of capability models, focus on the cultivation of talents in professional fields, strengthen the development of human resources, and continue to promote the talent development project of "San Hang Yi Jiang". Optimize the incentive model, explore and pilot a more competitive incentive mechanism for new businesses. For the research and development field, implement the project-based incentive model to promote the improvement of project management. Based on the human resources information system platform, deeply analyze the group's human resources data, explore the human resources service sharing mechanism, try to implement the internal recruitment and salary settlement sharing in the group, and improve the efficiency of human resources services.

iii. Risks and countermeasures

1. Macro economy and market risks

Affected by the COVID-19 epidemic, the macro economy and market environment are still complicated and severe, and the industry will still face greater pressure. If industry demand declines, it will have a certain impact on the company's production and operation and profitability.

Countermeasures: The company will always pay attention to macroeconomic and industry development trends,

consolidate its current business market position, actively expand new businesses, and strive to improve the company's core competitiveness and overall risk resistance.

2. Operating management and risks controlling

As the company's business scope continues to expand, especially in the new energy field, the management span is rather large and there are potential operating management and investment risks. The external environment was affected by the epidemic, the varying affected degree of customers and sales declines, restrictions on logistics and transportation areas, delayed payment by some customers, and increased pressure on fund quality and repayment has brought certain risks to the company's business.

Countermeasures: the company will continue to promote the optimization and improvement of internal management, perfect the procedures, further manage standardization and control the management risks; focus on the impact of market dynamics on the Company; continue to develop strategy customers, and gradually strengthen the new business market connection and new new products promotion.

3. The risks of fluctuations in raw material prices

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

Countermeasures: The Company will actively take measures such as improving market forecasting capabilities, planning production capacity in advance, and reasonably controlling raw material inventories to reduce the risk of price fluctuations in raw materials. At the same time, the Company will continue to optimize supply chain management, strengthen vertical integration capabilities of the industrial chain, and transfer some risks through cost control measures and product price adjustments so as to reduce the impact of raw material price fluctuations on performance.

4. Risks associated with financial instruments

The Company's main financial instruments include monetary funds, structured deposits, receivables, equity instrument investments, wealth management products, loans, payable, etc. In the operation process, the risks related to financial instruments faced by the company mainly include credit risk, market risk and liquidity risk.

Countermeasures: confirm and analyze the various risks faced by the Company, establish an appropriate risk tolerance bottom line and carry out risk management, and timely monitor various risks to ensure that the risks are controlled within a limited range and the negative impact of the risks on the company's operating performance is reduced to the minimum level to maximize the interests of shareholders and other investors.

XII. Reception of research, communication and interview during the reporting period

√ Applicable □ Not applicable

Time	Reception location	Way	Reception type	Object	Main content and information provided	Basic situation index of investigation
2021-07-02	Conference room of the Company	Spot research	Institution	Institution and individual investors organized by <i>Shanghai Securities</i>	Found more in the Investor Relations Activity Record (No.: 2021-001) released on Juchao Website	http://www.cninfo.com.cn

2021-07-20	Conference room of the Company	Spot research	Institution	Institutional investors	Found more in the Investor Relations Activity Record (No.: 2021-002) released on Juchao Website	http://www.cninfo.com.cn
2021-08-24	Conference room of the Company	Telephoning	Institution	Institutional investors	Found more in the Investor Relations Activity Record (No.: 2021-003) released on Juchao Website	http://www.cninfo.com.cn
Jan. 1, 2021- Dec. 31	Interactive platform for investor relations	Written inquiries	Other	Other	Fundamentals of the Company and views on the market	Answered 330 questions online through the interactive platform for investor relations
Jan. 1, 2021- Dec. 31	Company's phone	Telephoning	Other	Other	Fundamentals of the Company and views on the market	535 telephone communications with the investors

Section IV. Corporate Governance

I. Corporate governance of the Company

During the reporting period, the Company earnestly implemented the *Basic Internal Control Standards for Enterprise* and its guidance in strict accordance to the requirements of laws, administrative regulations, department provisions and normative documents as *Company Law*, *Securities Law*, *Code of Governance for Listed Companies*, *Rules Governing the Listing of Stock on Shenzhen Stock Exchange* and *Guidance on Standard Operation of Listed Company on Shenzhen Stock Exchange*, continued to improve and enhance legal person governance structure and internal control system, thus to standardize its operation. The actual status of corporate governance in accordance with the requirements of China Securities Regulatory Commission regulatory documents related to listing Corporation.

The Company has established a series of document systems for standardized management including the *Rules of Procedure* of three committees, *Working Rules*, *internal control system*, *Evaluation Management System of Internal Control*, *Information Disclosure Management Approach*, *Financial Decision-making System of Significant Investment*, *Related Party Transaction Management System* and *Inside Information and Insider Management System*.

According to the *Company Law*, *Articles of Association* and relevant laws and regulations, the company established a relatively complete organizational control architecture system. The company's board of directors executes the resolution of general meeting of stockholders, takes charge of the company's great decisions, and take responsible for the general meeting of stockholders; the company sets up the general manager according to law to preside over the company's daily production and operation and management, organize and implement the resolutions of the board of directors, and take responsible for the board of directors; the company's board of supervisors is the company's supervisory body, takes responsible for behaviors of the directors and senior management and the supervise the company's financial affairs. The board of directors has four special committees including the strategy committee, remuneration committee, audit committee, and nominations committee. The company's general meeting of stockholders, board of directors, board of supervisors, and management layer have clear rights and obligations, perform their own duties, effectively check and balance, scientifically make decisions, coordinate operations, and lay a solid foundation for the Company's sustainable, stable and healthy development.

The Company's independent directors perform their duties and faithfully and conscientiously fulfill their obligations in strict accordance with relevant regulations of *Articles of Association* and the *Independent Director System*, and actively attend the board meetings and shareholders' meetings, understand and obtain relevant information before meetings; carefully consider each motion, and actively participate in the discussions and make recommendations. Seriously make independent opinions, and effectively protect the interests of the Company and shareholders, especially the minority shareholders. Independent directors have no objections on relevant matters of the Company.

The Company further implements the *Basic Norms of Enterprise Internal Control* and its guidelines, constructs

the internal control system in the Company headquarters and major subsidiaries, enhance the Company's management and control level, optimize the work flow, improve the internal control system, identify and control the operational risks. Please see the detailed contents of *2021 Internal Control Evaluation Report* on www.cninfo.com.cn which is the information disclosure website designated by Shenzhen Stock Exchange.

Is there any difference between the actual condition of corporate governance and relevant regulations about corporate governance for listed company from CSRC?

Yes No

There are no differences between the actual condition of corporate governance and relevant regulations about corporate governance for listed company from CSRC.

II. Independence of the Company relative to controlling shareholder and the actual controller in ensuring the Company's assets, personnel, finance, organization and businesses

1. Business: the company has a complete independent research and development, procurement, production and sales systems, the main business does not have horizontal competition with the controlling shareholders. The business is absolutely separated.

2. Personnel: the company has mutual independence with its controlling shareholders in labor, personnel and salary management; there is no mixed operation and management with the controlling shareholders. The company's general manager, vice general manager, financial administrator, secretary of the board, and senior executives don't hold any position in the shareholders' units.

3. Assets: the company's assets are independent and complete, the property relations with the controlling shareholders are clear.

4. Organization: the company has established organization completely independent from its controlling shareholders, the duty and authority of the company's stockholders' meeting, board of directors, board of supervisors and management level are clearly defined, the internal management system can operate independently.

5. Finance: the company has set up an independent financial department, established the independent financial accounting system and financial management system, opened the independent bank account, and paid taxes separately according to law.

III. Horizontal competition

Applicable Not applicable

IV. In the report period, the Company held annual shareholders' general meeting and extraordinary shareholders' general meeting

1. Annual Shareholders' General Meeting in the report period

Ordinal number of the shareholders' general meeting	Type	Ratio of investor participation	Date	Date of disclosure	Resolution of the Meeting
Annual General Meeting of 2020	AGM	45.88%	2021-05-20	2021-05-21	(Notice No.: 2021-024) published on Juchao Website(www.cninfo.com.cn)

2. Request for extraordinary shareholders' general meeting by preferred stockholders whose voting rights restore

Applicable Not applicable

V. Directors, supervisors and senior officers

1. Basic information

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period-begin (Share)	Amount of shares increased in this period (Share)	Amount of shares decreased in this period (Share)	Other changes (share)	Shares held at period-end (Share)	Reasons for increase or decrease of shares
Wang Xiaodong	Chairman	Currently in office	Male	55	2020-05-28	2024-05-19	420,781				420,781	
Kirsch Christoph	Vice Chairman	Currently in office	Male	60	2021-05-20	2024-05-19						
Xu Yunfeng	Vice Chairman, GM	Currently in office	Male	50	2020-05-28	2024-05-19	363,000				363,000	
Ou Jianbin	Director, Executive Deputy General Manager and financing Charger	Currently in office	Male	55	2012-03-07	2024-05-19	290,000				290,000	
Chen Yudong	Director	Currently in office	Male	60	2012-03-07	2024-05-19						
Zhao Hong	Director	Currently in office	Female	40	2021-05-20	2024-05-19						
Huang Rui	Director	Currently in office	Male	37	2021-05-20	2024-05-19						
Yu Xiaoli	Independent Director	Currently in office	Female	58	2018-06-27	2024-05-19						
Xing Min	Independent Director	Currently in office	Male	67	2021-05-20	2024-05-19						
Feng Kaiyan	Independent Director	Currently in office	Female	48	2021-05-20	2024-05-19						
Pan Xinggao	Independent Director	Currently in	Male	50	2021-05-20	2024-05-19						

		office										
Ma Yuzhou	Chairman of the Supervisory Committee	Currently in office	Male	47	2021-05-20	2024-05-19						
Chen Ran	Supervisor	Currently in office	Male	49	2020-05-28	2024-05-19	1,000				1,000	
Liu Songxue	Supervisor	Currently in office	Female	36	2021-05-20	2024-05-19						
Miao Yuming	Deputy GM	Currently in office	Male	58	2003-04-16	2024-05-19	290,000				290,000	
Xu Sheng	Deputy GM	Currently in office	Male	47	2020-05-28	2024-05-19	280,000				280,000	
Rong Bin	Deputy GM	Currently in office	Male	46	2020-05-28	2024-05-19	280,000				280,000	
Liu Jinjun	Deputy GM and Secretary of the Board	Currently in office	Male	46	2020-05-28	2024-05-19	280,000				280,000	
Li Gang	Chief engineer	Currently in office	Male	51	2020-05-28	2024-05-19	280,000				280,000	
Rudolf Maier	Vice Chairman	Leave office	Male	64	2012-03-07	2021-05-20						
Zhang Xiaogeng	Director	Leave office	Male	58	2015-05-28	2021-05-20						
Hua Wanrong	Director	Leave office	Female	57	2012-03-07	2021-05-20						
Lou Diming	Independent Director	Leave office	Male	58	2015-05-28	2021-05-20						
Jin Zhangluo	Independent Director	Leave office	Male	71	2015-05-28	2021-05-20						
Xu Xiaofang	Independent Director	Leave office	Male	58	2015-05-28	2021-05-20						
Shi Xingyuan	Chairman of the Supervisory Committee	Leave office	Male	59	2012-03-07	2021-05-20	12,673				12,673	
Zhou Weixing	Secretary of the Board	Leave office	Male	58	2005-06-09	2021-05-20	123,565				123,565	
Total	--	--	--	--	--	--	2,621,019	0	0	0	2,621,019	--

During the reporting period, whether there was any departure of directors and supervisors and dismissal of Senior Executives

Yes No

Changes of directors, supervisors and senior executives

Applicable Not applicable

Name	Position	Type	Date	Cause
Kirsch Christoph	Vice Chairman	Be elected	2021-05-20	Be elected
Zhao Hong	Director	Be elected	2021-05-20	Be elected
Huang Rui	Director	Be elected	2021-05-20	Be elected
Xing Min	Independent Director	Be elected	2021-05-20	Be elected
Feng Kaiyan	Independent Director	Be elected	2021-05-20	Be elected
Pan Xinggao	Independent Director	Be elected	2021-05-20	Be elected
Ma Yuzhou	Chairman of the Supervisory Committee	Be elected	2021-05-20	Be elected

Liu Songxue	Supervisor	Be elected	2021-05-20	Be elected
Rudolf Maier	Vice Chairman	Leaving at the end of the term of office	2021-05-20	Leaving at the end of the term of office
Zhang Xiaogeng	Director	Leaving at the end of the term of office	2021-05-20	Leaving at the end of the term of office
Hua Wanrong	Director	Leaving at the end of the term of office	2021-05-20	Leaving at the end of the term of office
Lou Diming	Independent Director	Leaving at the end of the term of office	2021-05-20	Leaving at the end of the term of office
Jin Zhangluo	Independent Director	Leaving at the end of the term of office	2021-05-20	Leaving at the end of the term of office
Xu Xiaofang	Independent Director	Leaving at the end of the term of office	2021-05-20	Leaving at the end of the term of office
Shi Xing yuan	Chairman of the Supervisory Committee	Leaving at the end of the term of office	2021-05-20	Leaving at the end of the term of office
Zhou Weixing	Secretary of the Board	Leaving at the end of the term of office	2021-05-20	Leaving at the end of the term of office

2. Post-holding

Professional background, major working experience and present main responsibilities in Company of directors, supervisors and senior executive

Mr. Wang Xiaodong, was born in November 1966, Chinese nationality and no permanent residence abroad, member of the CPC, a university graduate, MBA and full senior engineer. He previously served as the engineer, director and deputy chief engineer in technology center of the Company, sales director, deputy GM of RBCD, Supervisor of the company, vice chairman and GM of the Company. Currently serves as Chairman and Party Secretary of the Company.

Mr. Kirsch Christoph, was born in October 1961, German nationality, Master's degree. He previously served as R&D engineer, product manager and key account sales manager of the diesel system division in Robert Bosch Group, GM of Bosch Automotive Diesel System Co., Ltd, senior vice president of the commercial vehicle business, Bosch Diesel System Division, the executive vice president of production & quality in United Automotive Electronic Systems Co., Ltd(UAES), executive vice president of production & quality, gasoline system division of Bosch Group, the executive vice president of commercial vehicle & off-road business, the

solution business division of RBCD. Currently he serves as executive vice president, representing the Bosch Automotive and Intelligent Mobility Asia Pacific Board, and Vice Chairman of the Company.

Mr. Xu Yunfeng, born in November 1971, Chinese nationality and no permanent residence abroad, member of the CPC, a university graduate and an engineer, and holds a master's degree. He worked as a test engineer and design team leader in technical center of the Company, assistant of the oil pump & nozzle research institute of the technical center, deputy director of the product research institute of technical center, the technical sales manager, GM assistant and GM of the Wuxi Weifu Automobile Diesel System Co., Ltd, and deputy GM of the Company. He currently serves as Vice Chairman and GM of the Company and deputy secretary of the party committee of the Company.

Mr. Ou Jianbin, born in June 1966, Chinese nationality and no permanent residence abroad, member of the CPC, a senior college graduated and an accountant. Previously served as Deputy Minister of Financial Department of Weifu Company, Director and deputy GM of subsidiary WFJN, Deputy GM and GM of subsidiary WFLD and supervisor of the Company. Currently he serves as director and standing deputy GM as well as chief of the financial of the Company.

Mr. Chen Yudong, was born in September 1961, an America citizenship and a Doctor. He previously served as senior vice president of the gasoline system division of Robert Bosch Group, executive vice president of Bosch (China) Investment Ltd. Now he serves as President of Bosch (China) Investment Ltd. and Director of the Company.

Ms. Zhao Hong, born in September 1981, Chinese nationality and no permanent residence abroad, member of the CPC, Bachelor's degree, an accountant. She worked as an account in Wuxi Tianyi Membrane Technology Application Equipment Factory, the project auditor of Wuxi Founder Taxation Firm, the deputy director of audit and inspection department, director, deputy secretary of discipline inspection commission, secretary of director bureau and chief of staff in Wuxi Industry Development Group Co., Ltd. Now she is the secretary to the BOD and chief operating officer of Wuxi Industry Development Group Co., Ltd and the Director of the Company.

Mr. Huang Rui, born in December 1984, Chinese nationality and no permanent residence abroad, member of the CPC, Master's degree. He worked as the product manager of Shangde Power, senior project manager of Wuxi Merchants Bureau, manager of the Ernst & Young Huaming CPA (Shanghai), deputy GM, municipal environment division of Wuxi Guolian Environmental Energy Group, the vice president of investment development department, vice president of investment development department II (presiding over the work), vice president of investment banking of Wuxi Industry Development Group Co., Ltd. Now he is the GM of investment banking department of Wuxi Industry Development Group Co., Ltd and Director of the Company.

Ms. Yu Xiaoli, born in January 1963, Chinese nationality and no permanent residence abroad, member of the CPC, Ph.D., a professor, she has been teaching at Zhejiang University since 1985. She served as an independent director of the sixth, seventh and ninth of the Board of the Company, and the dean of the engineering branch of Zhejiang University City College. She is currently a professor at Zhejiang University and Doctoral supervisor, the chairman of the Society of Automotive Engineers of Zhejiang, an director of Zhejiang Bozhong Automobile Technology Co., Ltd., and independent director of Zhejiang Yinlun Co., Ltd, an independent director of Zhejiang EVTECH Co.,

Ltd. and independent director of Zhejiang Fenglong Electric Co., Ltd., and the independent director of the Company.

Mr. Xing Min, born in January 1954, Chinese nationality and no permanent residence abroad, member of the CPC, Bachelor's degree, a professor-level senior engineer. He worked as the secretary of the Party Committee of China Heavy Machinery Corporation, secretary of the Party Committee and GM of China Machine Tool Corporation. Now he is the executive vice president and secretary general of China Internal Combustion Engine Industry Association, Independent Director of Zhejiang Zhongjian Technology Co., Ltd, Independent Director of Jiangsu Yunyi Electric Co., Ltd., Independent Director of Changchai Company Limited, Independent Director of Zhejiang Xinchai Co., Ltd, Director of Anhui Aikelan Environmental Protection Co., Ltd, and Independent Director of the Company.

Ms. Feng Kaiyan, born in October 1973, Chinese nationality and no permanent residence abroad, member of the CPC, a Bachelor's degree, Certified Public Accountant and senior accountant. She worked as the accounting for Wuxi Production Materials Corporation and Wuxi Geological & Mining Information Service Center. Currently, she is the chief accountant of Wuxi Donghua Accounting Firms Co., Ltd, responsible person of the Sunan Branch, Jiangsu Fuhua Engineering Cost Consulting Co., Ltd, the independent director of Wuxi Weifeng Technology Co., Ltd, independent director of yuancheng Cable Co., Ltd, independent director of Kangdexin Composite Material Group Co., Ltd, the external director of Wuxi Urban Construction Development Group Co., Ltd and independent director of the Company.

Mr. Pan Xinggao, born in June 1971, Chinese nationality and no permanent residence abroad, a Bachelor's degree and a lawyer. He served as a lawyer of Shandong Jinan Quancheng Laws Firm, a lawyer of Beijing Zhongyin Law Firm and lawyer of Beijing Zhonglun Jingtong Laws Firm. Now he is the Partner of Beijing Tongshang Law Firm, the independent director of Huarui Traffic Technology Co., Ltd and independent director of the Company.

Mr. Ma Yuzhou, born in September 1974, Chinese nationality and no permanent residence abroad, member of the CPC, a Master graduate and an engineer. He worked as the craftsman in the Company's assembly branch, assistant secretary of the mission committee of the Company, deputy secretary of the Company's fuel injection branch, deputy director of the Company's Party Committee Work Dept., plunger branch deputy plant manager, head treatment plan manager, director of oil pump branch plant, assembly plant manager, deputy GM of WFTT, deputy GM and GM of the Company's mechanical system division and director of organization & personnel dept. of the Company. Now he is the deputy secretary of the Company's Party Committee and chairman of the Supervisory Committee of the Company.

Mr. Chen Ran, born in December 1972, Chinese nationality and no permanent residence abroad, member of the CPC, a Bachelor's degree, and a senior human resource manager. He once served as deputy director of the company's management department, deputy director of the investment and audit department, director of human resources department, deputy director of the party and mass department, deputy director of administration department, deputy director of engineering procurement department, director of the company's party and mass department and director of the disciplinary inspection and supervision department. He is currently a director of the Company's

organization and personnel department and supervisor of the Company.

Ms. Liu Songxue, born in July 1985, Chinese nationality and no permanent residence abroad, member of the CPC, a Bachelor's degree, and an engineer. She worked as the product testing engineer and product design engineer in technical center of the Company. Currently she is the secretary general of the Science & Technology Association of the Company and Supervisor of the Company.

Mr. Miao Yuming, born in April 1963, Chinese nationality and no permanent residence abroad, member of the CPC, Master's Degree and senior engineer. He previously served as deputy director and director of sales department and assistant GM and deputy GM of the Company. Currently he serves as deputy GM of the Company, deputy GM of RBCD.

Mr. Xu Sheng, born in March 1974, Chinese nationality and no permanent residence abroad, member of the CPC, graduate degree, holds a master's degree, and is an engineer. He once served as secretary of the party committee of the company's party committee work department, deputy director of the office of the general manager of the company, deputy secretary of the party branch and deputy factory manager of the company's injector parts branch, HSE manager of Bosch Automotive Diesel System Co., Ltd., senior manager of BPS, director of MOE5, and assistant general manager of the company. He is currently the deputy GM of the Company.

Mr. Rong Bin, born in December 1975, Chinese nationality and no permanent residence abroad, member of the CPC, holds a bachelor's degree, and is an assistant engineer. He joined the Company in July 1998 and worked as vice plant manager of the company's plunger branch, deputy manager of the common rail component company, deputy manager and manager of the first manufacturing department of the company's mechanical system business department, assistant to the general manager, deputy general manager, and general manager of the company's mechanical system business department, and general manager of the automotive diesel system division and general manager of the mechanical system division. He currently serves as the deputy GM of the Company.

Mr. Liu Jinjun, born in September 1975, Chinese nationality and no permanent residence abroad, member of the CPC, holds a bachelor's degree and a master's degree, and is an engineer. He once served as the manager of the personnel administration department and technical sales manager of Wuxi Weifu Automotive Diesel System Co., Ltd., the director of the company's human resources department, supervisor of the seventh and eighth of the Supervisory Committee of the Company, head of the corporate strategy & new business department and head of market development department of the Company. He is currently the deputy GM and secretary of the Board of the Company.

Mr. Li Gang, born in November 1970, Chinese nationality and no permanent residence abroad, member of the public interest Party, holds a bachelor's degree and a master's degree, and a full senior engineer. He once served as the product design engineer of the company's technology center, the production supervisor of the production department and the technical director of the technical sales department of Wuxi Weifu Automotive Diesel System Co., Ltd., the deputy director of the company's technology center, deputy dean of the company's engineering technology research institute and the director of the technology center, and the standing deputy director (deputy chief engineer) of the company's technology center. He is currently the chief engineer of the Company.

Post-holding in shareholder's unit

√ Applicable □ Not applicable

Name	Name of shareholder's unit	Position in shareholder's unit	Start dated of office term	End date of office term	Received remuneration from shareholder's unit (Y/N)
Kirsch Christoph	ROBERT BOSCH GMBH	Executive vice president, representing the Bosch Automotive and Intelligent Mobility Asia Pacific Board	2021-04-01		Y
Chen Yudong	Bosch (China) Investment Ltd.	President	2011-01-01		Y
Zhao Hong	Wuxi Industry Development Group Co., Ltd.	Secretary of director bureau, chief operating officer	2021-04-19		Y
Huang Rui	Wuxi Industry Development Group Co., Ltd.	GM of Investment Banking Dept.	2021-05-01		Y
Miao Yuming	Robert Bosch Powertrain Ltd.	Deputy GM	2012-03-01		Y

Post-holding in other unit

√ Applicable □ Not applicable

Name	Name of other units	Position in other unit	Start dated of office term	End date of office term	Received remuneration from other unit (Y/N)
Yu Xiaoli	Zhejiang University	Teacher and professor	1985-08-01		Y
Yu Xiaoli	Society of Automotive Engineers of Zhejiang	Director	2015-06-01		N
Yu Xiaoli	Zhejiang Bozhong Automobile Technology Co., Ltd	Director	2008-04-01		N
Yu Xiaoli	Zhejiang Fenglong Electric Co., Ltd.	Independent Director	2016-04-01		Y
Yu Xiaoli	Zhejiang EVTECH Co., Ltd	Independent Director	2016-06-01		Y
Yu Xiaoli	Zhejiang Yinlun Co., Ltd	Independent Director	2020-08-06		Y
Xing Min	China Internal Combustion Engine Industry Association	Executive vice president and secretary general	2008-08-01		Y
Xing Min	Jiangsu Yunyi Electric Co., Ltd	Independent Director	2019-07-31		Y
Xing Min	Zhejiang Zhongjian Technology Co., Ltd	Independent Director	2017-06-20		Y
Xing Min	Zhejiang Xinchai Co., Ltd	Independent Director	2019-12-06		Y
Xing Min	Changchai Company Limited	Independent Director	2020-04-16		Y
Xing Min	Anhui Aikelan Environmental Protection Co., Ltd	Director	2021-11-22		Y
Feng Kaiyan	Wuxi Donghua Accounting Firms Co., Ltd	Chief accountant	1998-10-01		Y
Feng Kaiyan	Jiangsu Fuhua Engineering Cost Consulting Co., Ltd - Sunan Branch	Responsible person	2020-07-16		Y

Feng Kaiyan	Wuxi Weifeng Technology Co., Ltd	Independent Director	2017-12-28		Y
Feng Kaiyan	yuancheng Cable Co., Ltd.	Independent Director	2019-11-22		Y
Feng Kaiyan	Kangdexin Composite Material Group Co., Ltd	Independent Director	2020-08-26		Y
Feng Kaiyan	Wuxi Urban Construction Development Group Co., Ltd	External Director	2021-12-31		Y
Pan Xinggao	Beijing Tongshang Law Firm	Lawyer/ Partner	2007-10-01		Y
Pan Xinggao	Huarui Traffic Technology Co., Ltd	Independent Director	2022-02-26		Y
Explanation on post-holding in other unit	The aforesaid are the independent directors of the Company				

Punishment of securities regulatory authority in recent three years to the company's current and outgoing directors, supervisors and senior management during the reporting period

Applicable Not applicable

3. Remuneration for directors, supervisors and senior executives

Decision-making procedures, recognition basis and payment for directors, supervisors and senior executives

1. Decision-making procedure: the remuneration committee of the Board shall make proposals according to completion status of the major annual targets, the implementation of which is subject to submission to and approval by the Board;
2. Determination reference: remuneration of directors, supervisors and senior management who receive remuneration from the Company is determined based on the Annual Operating Results Assessment Measures of Senior Management and Remuneration Management Rules of Senior Management as approved at the shareholders' general meetings. Allowance for independent directors of the Company is determined by shareholders' general meeting which is set at 15,000 yuan per person/year (tax included), and the traveling expense occurred by them arising from attending the Company's board meeting, general meetings and relevant activities will be reimbursed according to the actual conditions.
3. Actual payment: remuneration of directors, supervisors and senior management who receive remuneration from the Company comprises of basic annual pay and performance related annual salary. The basic annual pay shall be determined based on specific positions and paid monthly, while the performance related salary is determined and paid based on satisfaction of the various performance indicators since it is directly linked with the economic benefits of the Company. Remuneration of independent directors will be paid on a quarterly basis.

Remuneration for directors, supervisors and senior executives in reporting period

In 10,000 yuan

Name	Title	Sex	Age	Post-holding status	Total remuneration obtained from the Company (before taxes)	Whether remuneration obtained from related party of the Company (Y/N)
Wang Xiaodong	Chairman	Male	55	Currently in office	449	N

Kirsch Christoph	Vice Chairman	Male	60	Currently in office		Y
Xu Yunfeng	Vice Chairman、GM	Male	50	Currently in office	383	N
Ou Jianbin	Director, Executive Deputy General Manager and financing Changer	Male	55	Currently in office	328	N
Chen Yudong	Director	Male	60	Currently in office		Y
Zhao Hong	Director	Female	40	Currently in office		Y
Huang Rui	Director	Male	37	Currently in office		Y
Yu Xiaoli	Independent Director	Female	58	Currently in office	14.1	N
Xing Min	Independent Director	Male	67	Currently in office	10	N
Feng Kaiyan	Independent Director	Female	48	Currently in office	10	N
Pan Xinggao	Independent Director	Male	50	Currently in office	10	N
Ma Yuzhou	Chairman of the Supervisory Committee	Male	47	Currently in office	192	N
Chen Ran	Supervisor	Male	49	Currently in office	72	N
Liu Songxue	Supervisor	Female	36	Currently in office	16	N
Miao Yuming	Deputy GM	Male	58	Currently in office		Y
Xu Sheng	Deputy GM	Male	47	Currently in office	192	N
Rong Bin	Deputy GM	Male	46	Currently in office	192	N
Liu Jinjun	Deputy GM, Secretary of the Board	Male	46	Currently in office	192	N
Li Gang	Chief engineer	Male	51	Currently in office	192	N
Rudolf Maier	Vice Chairman	Male	64	Leave office		Y
Zhang Xiaogeng	Director	Male	58	Leave office		Y
Hua Wanrong	Director	Female	57	Leave office		Y
Lou Diming	Independent Director	Male	58	Leave office	4.1	N
Jin Zhangluo	Independent Director	Male	71	Leave office	4.1	N
Xu Xiaofang	Independent Director	Male	58	Leave office	4.1	N
Shi Xing yuan	Chairman of the Supervisory Committee	Male	59	Leave office	328	N
Zhou Weixing	Secretary of the Board	Male	58	Leave office	81	N
Total	--	--	--	--	2,673.4	--

VI. Responsibility performance of directors during the reporting period

1. The board of directors during the reporting period

Session of meeting	Date of meeting	Disclosure date	Meeting resolutions
The 22 nd Session of 9 th BOD	2021-02-26	2021-03-02	The Notice of the Resolution of 22 nd Session of 9 th BOD (Notice No.: 2021-001) published on Juchao Website (www.cninfo.com.cn)
The 23 rd Session of 9 th BOD	2021-04-16	2021-04-20	The Notice of the Resolution of 23 rd Session of 9 th BOD (Notice No.: 2021-006) published on Juchao Website (www.cninfo.com.cn)
The 24 th Session of 9 th BOD	2021-04-23		The Notice of the Resolution of 24 th Session of 9 th BOD (announcement-free according to relevant regulations)
The 1 st Session of 10 th BOD	2021-05-20	2021-05-21	The Notice of the Resolution of 1 st Session of 10 th BOD (Notice No.: 2021-025) published on Juchao Website (www.cninfo.com.cn)
The 2 nd Session of 10 th BOD	2021-06-18	2021-06-19	The Notice of the Resolution of 2 nd Session of 10 th BOD (Notice No.: 2021-028) published on Juchao Website (www.cninfo.com.cn)
The 3 rd Session of 10 th BOD	2021-08-20		The Notice of the Resolution of 3 rd Session of 10 th BOD (announcement-free according to relevant regulations)
The 4 th Session of 10 th BOD	2021-09-17	2021-09-18	The Notice of the Resolution of 4 th Session of 10 th BOD (Notice No.: 2021-035) published on Juchao Website (www.cninfo.com.cn)
The 5 th Session of 10 th BOD	2021-10-22	2021-10-26	The Notice of the Resolution of 5 th Session of 10 th BOD (Notice No.: 2021-038) published on Juchao Website (www.cninfo.com.cn)

2. The attending of directors to Board meetings and shareholders general meeting

The attending of directors to Board Meeting and Shareholders General Meeting							
Director	Times of Board meeting supposed to attend in the report period	Times of Presence	Times of attending the Board Meeting by communication	Times of entrusted presence	Times of Absence	Absent the Meeting for the second time in a row (Y/N)	Times of attend the general meeting
Wang Xiaodong	8	2	6			N	1
Kirsch Christoph	5		5			N	1
Xu Yunfeng	8	2	6			N	1
Ou Jianbin	8	2	6			N	1
Chen Yudong	8		8			N	1
Zhao Hong	5	1	4			N	1
Huang Rui	5	1	4			N	1
Yu Xiaoli	8	2	6			N	1
Xing Min	5	1	4			N	1
Feng Kaiyan	5	1	4			N	1
Pan Xinggao	5	1	4			N	1
Rudolf Maier	3		3			N	0
Zhang Xiaogeng	3	1	2			N	0
Hua Wanrong	3	1	2			N	0
Lou Diming	3	1	2			N	0
Jin Zhangluo	3	1	2			N	0
Xu Xiaofang	3	1	2			N	0

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

3. Objection for relevant events from directors

Directors come up with objection about Company's relevant matters

Yes No

No directors come up with objection about Company's relevant matters in the Period

4. Other explanation on responsibility performance of directors

The opinions from directors have been adopted

Yes No

Director's statement to the Company that a proposal has been or has not been adopted

During the reporting period, all the directors of the Company were diligent and conscientious, carried out their work in strict accordance with the relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange, as well as the Articles of Association, Rules of Procedure for the Board of Directors and other systems, and paid close attention to the Company's standardized operation and business condition, put forward relevant opinions on the Company's major governance and operation decisions according to the actual situation of the Company, form a consensus after full communication and discussion, and supervise and promote the implementation of the resolutions of the board of directors, ensure scientific, timely and efficient decision-making, and maintain the legitimate rights and interests of the Company and all shareholders.

VII. The special committees under the BOD during the reporting period

Committee name	Members	Number of meetings held	Date of meeting	Meeting content	Important comments and suggestions made	Other performance of duties	Specific circumstances of the objection (if applicable)
The 9 th Strategy Committee	Wang Xiaodong, Rudolf Maier, Chen Yudong, Yu Xiaoli and Lou Diming	1	2021-04-16	Consideration of the Strategic Vision of the Company's Future Development	Strategy Committee verified and deliberated on the matters strictly in terms of the Rules of Work of Strategy Committee of the Board and relevant laws and regulations, relevant proposals are unanimously agreed.	N/A	N/A
The 9 th Audit Committee	Jin Zhangluo, Xu Xiaofang and Hua Wanrong	1	2021-04-16	Consideration of the (1)Annual Report of 2020 (full-text) and Summary of Annual Report 2020; (2)Financial Report of 2020; (3)Proposal Regarding the Actual Amount of Some Routine Related Transactions in 2020 Exceeds the Estimated Amount; (4)Summary Report of Audit Work for year of 2020; (5) Proposal on Estimating the Total Amount of Routine Related Transactions in 2021; (6) Proposal to Revise the Financial Management System of Funds; (7) Proposal on Entrusted Wealth Management with Idle Own-Funds of the Company; (8) Proposal on Appointment of the Auditing Institution for 2021 Financial Report; and (9) Proposal on Appointment of Auditing Institution for 2021 Internal Control Evaluation	Audit Committee verified and deliberated on the matters strictly in terms of the Rules of Work of Audit Committee of the Board and relevant laws and regulations, relevant proposals are unanimously agreed.	N/A	N/A
The 10 th Audit Committee	Feng Kaiyan, Pan Xinggao and Zhao Hong	2	2021-08-20	Consideration of the Semi-Annual Report of 2021 (full-text) and Summary of Semi-Annual Report 2021	Audit Committee verified and deliberated on the matters strictly in terms of the Rules of Work of Audit Committee of the Board and relevant laws and regulations, relevant proposals are unanimously agreed.	N/A	N/A
			2021-10-22	Consideration of the Third Quarter Report of 2021	Audit Committee verified and deliberated on the matters strictly in terms of the Rules of Work of Audit Committee of the Board and relevant laws and regulations,	N/A	N/A

					relevant proposals are unanimously agreed.		
The 9 th Remuneration Committee	Xu Xiaofang, Jin Zhangluo and Zhang Xiaogeng	1	2021-04-16	Consideration of the (1) Proposal Report on Remuneration Assessment for Senior Executives and Payout for year of 2020; (2) Proposal on Revision of Remuneration Management Measures for Senior Executives; and (3) Proposal Report of the Allowance for Independent Director	Remuneration Committee verified and deliberated on the matters strictly in terms of the Rules of Work of Remuneration Committee of the Board and relevant laws and regulations, relevant proposals are unanimously agreed.	N/A	N/A
The 10 th Remuneration Committee	Yu Xiaoli, Feng Kaiyan and Huang Rui	1	2021-10-22	Consideration of the (1) Proposal on Adjustment of the Buy-back Price on Restricted Stock Incentive Plan for year of 2020; and (2) Proposal on Buy-back and Cancellation of the Restricted Stocks Partially Granted without Circulation for year of 2020	Remuneration Committee verified and deliberated on the matters strictly in terms of the Rules of Work of Remuneration Committee of the Board and relevant laws and regulations, relevant proposals are unanimously agreed.	N/A	N/A
The 9 th Nomination Committee	Lou Diming, Yu Xiaoli and Wang Xiaodong	1	2021-04-16	Consideration of the Review of Candidate Qualification for Non-independent Directors and Independent Directors of 10 th BOD	Nomination Committee verified and deliberated on the matters strictly in terms of the Rules of Work of Nomination Committee of the Board and relevant laws and regulations, relevant proposals are unanimously agreed.	N/A	N/A
The 10 th Nomination Committee	Pan Xinggao, Xing Min and Chen Yudong	1	2021-05-20	Consideration of the Review on Qualification of the Senior Executives to be Appointed and Related Information	Nomination Committee verified and deliberated on the matters strictly in terms of the Rules of Work of Nomination Committee of the Board and relevant laws and regulations, relevant proposals are unanimously agreed.	N/A	N/A

VIII. Works from Supervisory Committee

The Company has risks in reporting period that found in supervisory activity from supervisory committee

Yes No

IX. Particulars of workforce

1. Number of Employees, Professional composition, Education background

Employee in-post of the parent Company at period-end (people)	2,623
Employee in-post of main Subsidiaries at period-end (people)	2,717
The total number of current employees at period-end (people)	5,340
The total number of current employees to receive pay (people)	5,340
Retired employee' s expenses borne by the parent Company and	0

main Subsidiaries (people)	
Professional composition	
Category of professional composition	Numbers of professional composition (people)
Production personnel	3,203
Sales personnel	167
Technical personnel	1,231
Financial personnel	95
Administrative personnel	644
Total	5,340
Education background	
Category of education background	Numbers (people)
Master degree and above	335
Undergraduate	1,513
Junior college	1,101
Other	2,391
Total	5,340

2. Remuneration Policy

According to the talent concept of “joint endeavour and fair sharing”, the Company further improves the performance management and salary management system, strengthens the scientificity and pertinence of performance goals, and focuses on the Company’s strategy and business plan to give full play to the guiding and promoting role of goals; further plays the role of incentive funds, strengthens the promotion and incentive strength of major innovation and development projects so as to promote the realization of the Company’s strategic goals.

3. Training programs

The Company takes “building a strategy-oriented talent team” as the goal, further improves and trains the development capabilities, actively promotes the construction of the “San Hang Yi Jiang” talent training system, and develops ability improvement plans and specific training plans for employees in different development channels; builds an online training platform, expands multi-dimensional training resources, and increases training coverage; further improves the ability of internal trainers, strengthens training development and curriculum settings for new businesses; further strengthens action learning, promotes the implementation of training effects, and comprehensively promotes the ability improvement of the Company’s employees.

4. Labor outsourcing

Applicable Not applicable

X. Profit distribution plan and transfer of public reserve into share capital

Formulation, implementation and adjustment of profit distribution policy, in particular the cash dividend policy during the reporting period

Applicable Not applicable

1. Cash dividend policy: carry out bonus distribution according to the regulations of *Articles of Association*
2. During reporting period, the Company implemented the profit distribution for year of 2020, based on the total share capital after excluding the buy-back shares on buy-back account (56,277 A-stock) from total share capital 1,008,950,570 shares, distributed 15 yuan (tax included) bonus in cash for every 10 shares held, no capitalization from public reserves. The plan was completed in June 2021. The implementation of the Company's cash dividend policy is in compliance with the provisions of *Articles of Association*, relevant decision-making procedures are complete and fully listen to the views of independent directors and small & medium shareholders and maintain the legitimate rights and interests of small & medium shareholders.

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

The Company earnings during the reporting period and profit available for distribution to shareholders from parent company is negative, but no cash dividend distribution plan has been proposed

Applicable Not applicable

Profit distribution and capitalization of capital reserves during the reporting period

Applicable Not applicable

Bonus shares for every 10-share (Share)	0
Dividends for every 10-share (RMB) (Tax included)	16.00
Increase for every 10-share (Share)	0
Equity base of distribution plan (Share)	1,008,603,293
Total cash dividend (RMB) (Tax included)	1,613,765,268.80
Cash dividend by other ways (share buy-back included) (RMB)	0.00
Total cash dividend (other ways included) (RMB)	1,613,765,268.80
Profits available for distribution (RMB)	12,396,934,922.01
Ratio of the total cash dividend (other ways included) in total profit distribution	100%

Cash dividend policy
Other
Detail explanation on profit distribution or capitalization from capital public reserve
<p>Audited by Gongzheng Tianye Certified Public Accountants, net profit of the parent company for year of 2021 amount as 2,210,557,100Yuan, as of 31 December 2021 the profit available for distribution for shareholders amounted as 12,396,934,900 Yuan. The profit distribution plan for 2021: with the total share capital of the company at the end of 2021(1,008,659,570 shares), excluding the shares already repurchased on the repurchase account (56,277 shares of A-stock), that is the 1,008,603,293 shares as the base, distribute 16.00 Yuan (tax included) in cash for every 10 shares to all shareholders without bonus shares and capitalization of capital reserve. (In accordance with the Company Laws, shares of the company held by a listed company through a special securities account for repurchase shall not be entitled to participate in profit distribution and capitalization of capital reserves).The remaining undistributed profits will be carried forward to the next year. The proposed cash dividend is 1,613,765,300Yuan (tax included), accounting for 62.66% of the net profit attributable to shareholder of listed company for year of 2021 in consolidate statement. Independent directors expressed their independent opinions in this regard and agreed with the above proposal. The profit distribution proposal has yet to be deliberation by AGM of 2021.</p>

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

Applicable Not applicable

1. Stock incentive

On October 12, 2020, the Company held the 17th session of the 9th Board of Directors to deliberated and approved relevant proposal as the "Restricted Stock Incentive Plan 2020 (Draft)".

On November 3, 2020, the Company held the second extraordinary shareholders' general meeting of 2020 to deliberated and approved relevant proposals as the "Restricted Stock Incentive Plan 2020 (Draft) and its summary", "Proposal on Assessment Management Measures for Restricted Stock Incentive Plan Implementation" and "Proposal to Request the Shareholders' General Meeting to Authorized BOD to Fully Handle Matters Regarding Stock Incentive"

On November 12, 2020, the Company held the 21st session of 9th BOD, as authorized by the second extraordinary shareholders' general meeting of 2020, deliberated and approved the "Proposal on Adjusting the List of Incentive Objects of the Restricted Stock Incentive Plan and the Number of Rights Granted" and the "Proposal on the First Grant of Restricted Stocks to Incentive Objects of the 2020 Restricted Stock Incentive Plan". The BOD considers that conditions for the initial grant of 2020 restricted stock incentive plan have been met, and November 12, 2020 is determine as the initial grant date, 19,540,000 restricted shares are granted to 601 incentive recipients at a grant price of 15.48 yuan/Share.

The Notice on Completion of the First Grant of 2020 Restricted Stock Incentive Plan was released by the Company dated December 8, 2020.

On October 22, 2021, the Company held the 5th session of 10th BOD to deliberated and approved relevant proposals as Adjustment of the Buy-back Price on Restricted Stock Incentive Plan for year of 2020 and Buy-back

and Cancellation of the Restricted Stocks Partially Granted without Circulation for year of 2020, and decided to buy-back and cancel 291,000 restricted shares held by 11 incentive recipients that had been granted but not yet unlocked. As of December 20, 2021, cancellation of the above mentioned buy-back shares are completed at the Shenzhen Branch of CSDC. After cancellation, number of the incentive recipients for the first grant of 2020 restricted stock incentive plan was adjusted from 601 to 590, restricted stock of 19,249,000 shares are being held in total.

Equity incentive received by directors and senior executives

√ Applicable □ Not applicable

In share

Name	Title	Number of stock options held at beginning of the year	Number of new stock options granted during the reporting period	Number of stock exercisable during the reporting period	Number of stock exercised during the reporting period	Exercise price of the stock exercised during the reporting period (RMB/Share)	Number of stock options held at end of the period	Market value at end of the Period (RMB/Share)	Number of restricted shares held at beginning of the period	Number of shares unlocked during the period	Number of new restricted shares granted during the reporting period	Grant price of restricted shares (RMB/Share)	Number of restricted shares held at end of the period
Wang Xiaodong	Chairman							21.54	400,000			15.48	400,000
Xu Yunfeng	Vice Chairman, GM							21.54	350,000			15.48	350,000
Ou Jianbin	Director, executive vice president and head of finance							21.54	280,000			15.48	280,000
Miao Yuming	Deputy GM							21.54	280,000			15.48	280,000
Xu Sheng	Deputy GM							21.54	280,000			15.48	280,000
Rong Bin	Deputy GM							21.54	280,000			15.48	280,000
Liu Jinjun	Deputy GM, Secretary of the Board							21.54	280,000			15.48	280,000
Li Gang	Chief engineer							21.54	280,000			15.48	280,000
Total	--	0	0	0	0	--	0	--	2,430,000	0	0	--	2,430,000

Assessment mechanism and incentive condition of the senior executives

Assessment and incentive of senior management of the Company is conducted pursuant to the *Company Law*, *Articles of Association*, and the *Annual Operating Results Assessment Measures of Senior Management* and *Remuneration Management Rules of Senior Management* as approved at the general meetings. Assessment of operating results of senior management comprises of annual operating results assessment and term-of-service operating results assessment. Assessment on results and procedure was combined, and assessment results were linked to incentives and punishment. With respect to annual operating results review, the remuneration committee of the Board made comprehensive assessment on satisfaction of the annual operating targets and determined the

annual remuneration, incentives or punishment for senior management based on their review results (which was implemented according to remuneration management rules of senior management), based on the major annual operating targets set by the Board under required procedures and methods through establishment of scientific performance indicators and assessment system and combination of scoring in terms of quantity and review comments. During the reporting period, the Company made appropriate assessment on its senior management under the performance indicator and assessment system, the results of which had been reflected in the annual performance related remuneration.

Given that the Company implements the 2020 restricted stock incentive plan, and the incentive targets overlap with the long-term incentives for core talents, the remuneration committee of the BOD proposes that the Company's 2020 restricted stock incentive plan suspend the provision of incentive funds during the implementation period and use for medium and long-term incentives for core talents.

2. Implementation of employee stock ownership plan

Applicable Not applicable

3. Other employee incentives

Applicable Not applicable

XII. Construction and implementation of internal control system during the reporting period

1. Construction and implementation of internal control

During the reporting period, the Company strictly followed requirement of Basic Internal Control Standards for Enterprises and its accompanying guidelines, persist in the risk control concept of “keeping the bottom line; controlling risks; guarding the development”, constantly consolidate the fundamental of internal control management, continuously optimize the internal control process and vigorously promote the construction of internal control system, conducted the supervision and improvement of the operation of internal control with risk-oriented to effectively prevent risks in business management, provided a strong guarantee for high-quality and healthy development of the enterprise and accelerate the achievement of Company's strategic goals.

2. Details of major defects in internal control identified during the reporting period

Yes No

XIII. Management and controls on the subsidiary during reporting period

Name	Integration plans	Integration progress	Problems encountered in integration	Measures taken to resolve	Progress in solution	Follow-up solution plan
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

XIV. Internal control self-assessment report or internal control audit report

1. Self-assessment Report of Internal Control

Disclosure date of full internal control assessment report	2022-04-19	
Disclosure index of full internal control assessment report	<i>Self-assessment report of internal control for 2021</i> , more details found in Juchao website (www.cninfo.com.cn) appointed by Shenzhen Stock Exchange	
The ratio of the total assets of units included in the scope of assessment accounting for the total assets on the company's consolidated financial statements	97.88%	
The ratio of the operating income of units included in the scope of assessment accounting for the operating income on the company's consolidated financial statements	99.60%	
Defects recognition criteria		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	See details in (II) Basis for assessment of internal controls and defect recognition criteria of internal controls of III Assessment of Internal Controls in <i>2021 Annual Internal Control Self-Assessment Report</i> disclosed on www.cninfo.com.cn dated April 19, 2022.	See details in (II) Basis for assessment of internal controls and defect recognition criteria of internal controls of III Assessment of Internal Controls in <i>2021 Annual Internal Control Self-Assessment Report</i> disclosed on www.cninfo.com.cn dated April 19, 2022.
Quantitative standard	See details in (II) Basis for assessment of internal controls and defect recognition criteria of internal controls of III Assessment of Internal Controls in <i>2021 Annual Internal Control Self-Assessment Report</i> disclosed on www.cninfo.com.cn dated April 19, 2022.	See details in (II) Basis for assessment of internal controls and defect recognition criteria of internal controls of III Assessment of Internal Controls in <i>2021 Annual Internal Control Self-Assessment Report</i> disclosed on www.cninfo.com.cn dated April 19, 2022.
Number of significant defects in financial reports	0	
Number of significant defects in non-financial reports	0	
Number of important defects in financial reports	0	
Number of important defects in non-financial reports	0	

2. Auditing report of internal control

Applicable Not applicable

Deliberations in Internal Control Audit Report	
Audit institute considers that: according to relevant regulations and <i>Basic Internal Control Standards for Enterprise</i> , Weifu High-Technology Group Co., Ltd. in all major aspects, keeps an efficiency of internal control of financial report dated 31 December 2021	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	2022-04-19
Index of audit report of internal control (full-text)	<i>Audit report of internal control for year of 2021</i> , more details found in Juchao website (www.cninfo.com.cn) appointed by Shenzhen

	Stock Exchange
Opinion type of auditing report of IC	Standard unqualified
Whether the non-financial report had major defects (Y/N)	N

Carried out modified opinion for internal control audit report from CPA

Yes No

The internal control audit report, issued by CPA, has concerted opinion with self-evaluation report, issued from the Board

Yes No

XV. Rectification of Self-examination Problems in Special Governance Actions in Listed Company

N/A

Section V. Environmental and Social Responsibility

I. Major environmental

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

Yes No

Administrative punishment for environmental problems during the reporting period

Name of company or subsidiary	Reason for punishment	Violation	Punishment result	The impact on the production and operation of listed companies	The Company's rectification measures
N/A	N/A	N/A	N/A	N/A	N/A

Other environmental information disclosed refer to key polluters

Not applicable

Measures taken to reduce carbon emissions during the reporting period and their effects

Applicable Not applicable

As an important part of the Company's core value, saving resources and reducing consumption, on the one hand, are conducive to the improvement of enterprise efficiency, and at the same time, are also conducive to the improvement of resource utilization rate of the whole society. Therefore, the Company continuously improves resource utilization rate through technological innovation, vigorously promotes energy conservation and emission reduction, and strives to achieve green production. The Company's existing main business is based on the energy saving and emission reduction of automobiles. At present, the Company's main products have all met the requirements of national emission regulations, and we are actively stocking products that meet more stringent emission regulations. In recent years, the Company has accelerated the layout and development of new energy businesses such as green hydrogen energy and intelligent electric power, which will help achieve the goals of peak carbon dioxide emissions and carbon neutrality.

Reasons for not disclosing other environmental information

Not applicable

II. Social responsibility

For details, please refer to the Social Responsibility Report for Year of 2021 released by the Company on the same day on Juchao Website (www.cninfo.com.cn)

III. Consolidating and expanding the achievements of poverty alleviation and rural revitalization

During the reporting period, the Company actively fulfilled its social responsibilities, demonstrated its corporate accountability for the era, established a good corporate image, and made positive contributions to promoting sustainable and high-quality development of economic society.

In the action of “ten thousand enterprises unite with ten thousand to take the road of revitalization together”, the Company joined with Maohua Village, Taihua Town, Yixing for co-construction. The Company combined the procurement of agricultural products for employee welfare and the employees’ team building activities with the support for the development and revitalization of Maohua Village, and organized employees to go to Maohua Village for team building activities. The Company’s party committee signed a contract with the party building alliance of the party general branch of Baita Village, Xizhu Town, Yixing, so as to deepen the cooperation connotation, expand the cooperation results, and achieve mutual benefit. The visit and study of party members and key members and the cultural construction of staff team were combined with the development and revitalization of Baita Village. The Company has successively organized 6 batches of party members and employees to visit Baita Village for team building and cultural visits, and purchased some agricultural products from Baita Village.

Section VI. Important Matters

I. Implementation of undertakings

1. Undertakings that the actual controller, shareholders, related party, buyers and the Company have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

Applicable Not applicable

No undertakings that the actual controller, shareholders, related party, buyers and the Company have fulfilled during the reporting period and have not yet fulfilled by the end of the period

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

Applicable Not applicable

II. Non-operational fund occupation from controlling shareholders and its related party

Applicable Not applicable

No non-operational fund occupation from controlling shareholders and its related party in period.

III. External guarantee out of the regulations

Applicable Not applicable

No external guarantee out of the regulations occurred in the period.

IV. Statement on the latest “modified audit report” by BOD

Applicable Not applicable

V. Explanation from Board of Directors, Supervisory Committee and Independent Directors (if applicable) for “Qualified Opinion” that issued by CPA

Applicable Not applicable

VI. Explanation of the changes in accounting polices, accounting estimates or correction of significant accounting errors compared with the financial report of the previous year

Applicable Not applicable

Implemented the new lease standards: The Ministry of Finance issued the revised Accounting Standards for Business Enterprise No.21- Lease in December 2018. the Company has implemented the new leasing standards from January 1, 2021. For the contracts

existing prior to the date of first implementation, the Company has chosen not to re-assess whether they are leases or contains a leases. The Company adjusted the amount of retained earnings and other related items in financial statements at the beginning of the year of initial implementation based on the cumulative effect of initial implementation, without adjusting the information for comparable period. For details, please refer to “Note V.37. Changes in Significant Accounting Policies and Accounting Estimates” in Section X of the Financial Report.

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

Applicable Not applicable

No changes in consolidation statement scope in the reporting period

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

Accounting firm appointed

Name of domestic accounting firm	Gongzheng Tianye Certified Public Accountants (Special General Partnership)
Remuneration for domestic accounting firm (in 10 thousand yuan)	166
Continuous life of auditing service for domestic accounting firm	30
Name of domestic CPA	Gu Zhi, Zhang Qianqian
Continuous life of auditing service for domestic accounting firm	Gu Zhi (1 year), Zhang Qianqian (2 year)

Re-appointed accounting firms in this period

Yes No

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

Applicable Not applicable

Being deliberated in Annual Shareholders General Meeting of 2020, Gongzheng Tianye was appointed as audit accounting firm for internal control of the Company for year of 2021. In the Period, auditing charge for internal control amounting to 220,000 yuan.

IX. Particular about delisting after annual report disclosed

Applicable Not applicable

X. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period

XI. Major litigation and arbitration

Applicable Not applicable

Basic Situation of Litigation (Arbitration)	Amount Related to the Case (yuan)	Whether Formed Accrued Liabilities	Progress of Litigation (Arbitration)	Trial Results and Effects of Litigation (Arbitration)	Judgment Implementation of Litigation (Arbitration)	Disclosure Date	Disclosure Index
On March 6, 2017, the company received the civil ruling No.(2016)Y03MC2490 and No.(2016) Y03MC2492 from Shenzhen Intermediate People's Court about the dispute case that the plaintiff applicant China Cinda Asset Management Co., Ltd. Shenzhen Branch (hereinafter referred to as "Cinda Company") appealed the respondent Weifu High Technology and other seven respondents and the shareholders of the third party Hejun Company damaged the interests of corporate creditors, which adopted the mandatory measures to freeze the assets with value of RMB 217 million under the name of the Company and other seven respondents and Hejun Company. Freeze 4.71 million shares of Miracle Automation and 15.3 million shares of SDEC Stock held by the company.	21,703	N	By the company's application for reconsideration, Shenzhen Intermediate People's Court deemed the total assets that Cinda Company applied for preservation to be RMB 217,027,697.23. The total value of 15.3 million shares of SDEC Stock and 4.71 million shares of Miracle Automation held by the company has exceeded the total assets that Cinda Company applied for preservation, therefore, 3,560,898 shares of SDEC Stock held by the company was unfrozen. Up to the end of the reporting period, the company's frozen assets were as follows: 4.71 million shares of Miracles Automation held by the company and its fruits, and 11,739,102 shares of SDEC Stock held by the company and its fruits. At present, this litigation is in the first instance (the first trial held on 24 Sept. 2017, and follow trial will wait for notice by the court).	This litigation will not affect the company's daily operating activities for the time being	Not yet implemented	8 March 2017	(Announcement No.: 2017-002) published on Juchao Website (www.cninfo.com.cn)
The Company has applied to Futian People's Court of Shenzhen for compulsory liquidation with Hejun Company	3,300	N	The Company has applied to Futian People's Court of Shenzhen for compulsory liquidation with Hejun Company. The civil ruling paper (Yue (0304) QS [2017] No. 5) made by Shenzhen Futian District People's Court ruled that Hejun Company should be made compulsory liquidation. The Company will actively cooperate with the court to work on the liquidation to protect its legitimate rights and interests.	There is no impact on daily operation activities of the Company	Relevant works are in process	6 Dec. 2017	(Announcement No.: 2017-023) published on Juchao Website (www.cninfo.com.cn)

XII. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

XIII. Integrity of the company and its controlling shareholders and actual controllers

Applicable Not applicable

XIV. Major related party transaction

1. Day-to-day related party transaction

√ Applicable □ Not applicable

Related party	Relationship	Type of related transaction	Content of related party transaction	Pricing principle	Related party transaction price	Related party transaction amount (in 10 thousand yuan)	Proportion in similar transactions	Trading limit approved (in 10 thousand yuan)	Whether over the approved limited or not (Y/N)	Clearing form for related transaction	Available similar market price	Date of disclosure	Index of disclosure
WFPM	Associated enterprise	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	4,983.99	0.39%	4,200	Y	According to the contract	Market price	April 20, 2021	Notice No:2021-012
RBCD	Associated enterprise, controlling subsidiary of Robert Bosch	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	35,990.31	2.85%	33,500	Y	According to the contract	Market price	April 20, 2021	Notice No:2021-012
WFEC	Joint venture of WFLD	Procurement of goods	Procurement of goods	Fair market pricing	Market price	82,396.29	6.52%	165,000	N	According to the contract	Market price	April 20, 2021	Notice No:2021-012
Robert Bosch Company	Second largest shareholder of the Company	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	21,657.66	1.71%	21,500	Y	According to the contract	Market price	April 20, 2021	Notice No:2021-012
Guokai Metal	Holding subsidiary of Wuxi Industry Group	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	5,799.12	0.46%		Y	According to the contract	Market price		
Changchun Xuyang	JOINT VENTURE OF WFLD	Procurement of goods	Procurement of goods	Fair market pricing	Market price	171.26	0.01%		Y	According to the contract	Market price		
Shinwell Automobile	Associated enterprise	Procurement of goods	Procurement of goods	Fair market pricing	Market price		0.00%	100	N	According to the contract	Market price	April 20, 2021	Notice No:2021-012
WFPM	Associated enterprise	Sales of goods and services	Sales of goods and services	Fair market pricing	Market price	2,950.16	0.22%	4,500	N	According to the contract	Market price	April 20, 2021	Notice No:2021-012

RBCD	Associated enterprise, controlling subsidiary of Robert Bosch	Sales of goods and services	Sales of goods and services	Fair market pricing	Market price	313,724.54	22.93%	320,000	N	According to the contract	Market price	April 20, 2021	Notice No:2021-012
WFEC	JOINT VENTURE OF WFLD	Sales of goods and services	Sales of goods and services	Fair market pricing	Market price	763.02	0.06%	2,500	N	According to the contract	Market price	April 20, 2021	Notice No:2021-012
Robert Bosch Company	Second largest shareholder of the Company	Sales of goods and services	Sales of goods and services	Fair market pricing	Market price	122,435.02	8.95%	122,000	Y	According to the contract	Market price	April 20, 2021	Notice No:2021-012
Changchun Xuyang	JOINT VENTURE OF WFLD	Sales of goods	Sales of goods	Fair market pricing	Market price	2,143.62	0.16%		Y	According to the contract	Market price		
Shinwell Automobile	Associated enterprise	Sales of goods	Sales of goods	Fair market pricing	Market price	2.93	0.00%	100	N	According to the contract	Market price	April 20, 2021	Notice No:2021-012
RBCD	Associated enterprise, controlling subsidiary of Robert Bosch	Other	Technical service fee payable	Fair market pricing	Market price	45.56		100	N	According to the contract	Market price	April 20, 2021	Notice No:2021-012
RBCD	Associated enterprise, controlling subsidiary of Robert Bosch	Other	Payment of technical commission fee etc.	Fair market pricing	Market price	233.23		300	N	According to the contract	Market price	April 20, 2021	Notice No:2021-012
RBCD	Associated enterprise, controlling subsidiary of Robert Bosch	Other	Purchase of fixed assets	Fair market pricing	Market price	52.84			Y	According to the contract	Market price		
Robert Bosch Company	Second largest shareholder of	Other	Technical commission	Fair market pricing	Market price	557.75		700	N	According to the contract	Market price	April 20, 2021	Notice No:2021-012

	the Company		payable							act			
Robert Bosch Company	Second largest shareholder of the Company	Other	Purchase of fixed assets	Fair market pricing	Market price	92.79			Y	According to the contract	Market price		
WFEC	JOINT VENTURE OF WFLD	Other	Rental fees receivable	Fair market pricing	Market price	168.31		300	N	According to the contract	Market price	April 20, 2021	Notice No:2021-012
WFEC	JOINT VENTURE OF WFLD	Other	Purchase of fixed assets	Fair market pricing	Market price	2.04			Y	According to the contract	Market price		
WFEC	JOINT VENTURE OF WFLD	Other	Technical service fees payable etc.	Fair market pricing	Market price	45		200	N	According to the contract	Market price	April 20, 2021	Notice No:2021-012
WFEC	JOINT VENTURE OF WFLD	Other	Provide technical services, etc.	Fair market pricing	Market price	87.34			Y	According to the contract	Market price		
Total				--	--	594,302.78	--	675,000	--	--	--	--	--
Detail of sales return with major amount involved				Not applicable									
Report the actual implementation of the day-to-day related transactions which were projected about their total amount by types during the reporting period (if applicable)				Being deliberated and approved by AGM of 2020, total day-to-day related party transaction for year of 2021 predicted as 6750 million yuan, actually 5943.0278 million yuan occurred in the Period, the related transaction classified according to types are as: 1. it estimated that procurement of goods and labor service from related party in 2021 will up to 2243 million yuan, while 1509.9863 million yuan occurred actually in the Period; 2. it estimated that sales of goods and labor service to related party in 2021 will up to 4491 million yuan, while 4420.1929 million yuan actually occurred. 3. it estimated that other related transactions with related party for year of 2021 will up to 16 million yuan while 12.8486 million yuan actually occurred.									
Reasons for major differences between trading price and market reference price (if applicable)				Not applicable									

2. Related party transactions of assets acquisition and sold

Applicable Not applicable

No related party transactions of assets acquisition and sold occurred during the reporting period

3. Related party transactions of mutual investment outside

Applicable Not applicable

No related party transactions of mutual investment outside occurred during the reporting period.

4. Contact of related party credit and debt

Applicable Not applicable

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

5. Contact with the related finance companies

Applicable Not applicable

There are no deposits, loans, credits or other financial business between the finance companies with associated relationship and related parties

6. Transactions between the finance company controlled by the Company and related parties

Applicable Not applicable

There are no deposits, loans, credits or other financial business between the finance companies controlled by the Company and related parties

7. Other material related party transactions

Applicable Not applicable

(1) On September 17, 2021, the Proposal of Intended to Participated in the Investment and Establishment of a Partnership Enterprise and Related Transactions was deliberated and approved by 4th session of 10th BOD.

Disclosure website for inquires to the notice regarding material related transactions

Interim report	Disclosure date	Website for disclosure
Intended to Participated in the Investment and Establishment of a Partnership Enterprise and Related Transactions	September 18, 2021	Juchao Website(http://www.cninfo.com.cn)

XV. Significant contract and implementations**1. Trusteeship, contract and leasing****(1) Trusteeship**

Applicable Not applicable

No trusteeship occurred during the reporting period

(2) Contract

Applicable Not applicable

No contract occurred during the reporting period

(3) Leasing

Applicable Not applicable

No leasing occurred during the reporting period

2. Material guarantees

Applicable Not applicable

No material guarantees occurred during the reporting period

3. Entrust others to cash asset management**(1) Trust financing**

Applicable Not applicable

Trust financing during the period

In 10 thousand yuan

Type	Capital sources	Amount occurred	Outstanding balance	Overdue amount	Amount with impairment accrual for the overdue financial products which has not been recovered
Financing products	Own funds	299,300	91,916	0	0
Financial products of securities firms	Own funds	111,500	96,512	0	0
Trust financial products	Own funds	345,653	345,653	0	0
Other type	Own funds	141,573	141,573	0	0
Total		898,026	675,654	0	0

Details of the single major amount, or high-risk trust investment with low security, poor fluidity

Applicable Not applicable

In 10 thousand yuan

Trustee institution name	Trustee type	Type	Amount	Source of funds	Start date	End date	Capital investment purpose	Criteria for fixing reward	Reference annual rate of return	Anticipated income (if applicable)	Actual gains/losses in period	Actual collected gains/losses in period	Amount of reserve for devaluation of with drawing (if applicable)	Whether approved by legal procedure (Y/N)	Whether has entrust finance plan in the future	Summary of the items and related query index (if applicable)
Bank	Bank	Non-guaranteed floating income	1,235,985.77	Own funds	2021-01-05	2022-04-08	Bank financial products	Reference annual rate of return by the contract	2.50%-4%	609.99	6,300.99	Collected according to the	0	Y	Y	April 20, 2021 (Announcement No.

												contract				2021-014)
Securities	Securities	Non-guaranteed floating income	158,500	Own funds	2021-01-12	2022-12-13	Asset Management Plan	Reference annual rate of return by the contract	4.20%-10%	5,322.48	3,845.03	Collected according to the contract	0	Y	Y	
Trust	Trust	Non-guaranteed floating income	297,780	Own funds	2021-01-08	2023-12-24	Collection trust plan	Reference annual rate of return by the contract	3.30%-8%	20,900.76	19,289.32	Collected according to the contract	0	Y	Y	
Other	Other professional financial institutions	Non-guaranteed floating income	104,480	Own funds	2021-02-08	2023-08-13	Private Equity Products	Reference annual rate of return by the contract	5.30%-10%	9,242.96	1,534.73	Collected according to the contract	0	Y	Y	
Total			1,796,745.77	--	--	--	--	--	--	36,076.19	30,970.07	--	0	--	--	--

Entrust financial expected to be unable to recover the principal or impairment might be occurred

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

The company had no entrusted loans in the reporting period.

4. Other significant contract

Applicable Not applicable

The company had no other significant contract in the reporting period.

XVI. Explanation on other material matters

Applicable Not applicable

There are no explanation on other material matters in the period

XVII. Material matters of subsidiary of the Company

Applicable Not applicable

Section VII. Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

1. Changes in Share Capital

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Public reserve transfer into share capital	Others	Subtotal	Amount	Proportion
I. Restricted shares	19,620,830	1.94%				-331,494	-331,494	19,289,336	1.91%
1. State-owned shares									
2. State-owned legal person's shares									
3. Other domestic shares	19,620,830	1.94%				-331,494	-331,494	19,289,336	1.91%
Including: Domestic legal person's shares									
Domestic natural person's shares	19,620,830	1.94%				-331,494	-331,494	19,289,336	1.91%
4. Foreign shares									
Including: Foreign legal person's shares									
Foreign natural person's shares									
II. Unrestricted shares	989,329,740	98.06%				40,494	40,494	989,370,234	98.09%
1. RMB ordinary shares	816,949,740	80.97%				40,494	40,494	816,990,234	81.00%
2. Domestically listed foreign shares	172,380,000	17.09%						172,380,000	17.09%
3. Overseas listed foreign shares									
4. Others									
III. Total shares	1,008,950,570	100.00%				-291,000	-291,000	1,008,659,570	100.00%

Reasons for share changed

√ Applicable □ Not applicable

1. During the reporting period, restricted shares changed due to the buy-back and canceled of some restricted shares granted without circulation for year of 2020;

2. During the reporting period, change of lock-up shares held by senior executives are resulting by the change of directors, supervisors and senior executives.

Approval of share changed

Applicable Not applicable

On October 22, 2021, the Company held the 5th session of 10th BOD to deliberate and approved relevant proposals as Adjustment of the Buy-back Price on Restricted Stock Incentive Plan for year of 2020 and Buy-back and Cancellation of the Restricted Stocks Partially Granted without Circulation for year of 2020, and decided to buy-back and cancel 291,000 restricted shares held by 11 incentive recipients that had been granted but not yet unlocked.

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 or need to disclosed under requirement from security regulators

Applicable Not applicable

2. Changes of lock-up stocks

Applicable Not applicable

In Share

Shareholders	Opening shares restricted	Restricted Shares increased in the Period	Shares released in Period	Ending shares restricted	Restricted reasons	Date for released
Shi Xing yuan	9,505		9,505	0	Lock-up shares held by senior executives	As required by the rules
Zhou Weixing	122,674		2,674	120,000	Lock-up shares held by senior executives and Restricted Stock Incentive Plan for year of 2020	As required by the rules
Dai Lizhong	1,500		1,500	0	Lock-up shares held by senior executives	As required by the rules
Chen Xuejun	26,065		26,065	0	Lock-up shares held by senior executives	As required by the rules
Chen Ran	750		750	0	Lock-up shares held by senior executives	As required by the rules
Middle management staff, other core staff (11 people in total)	291,000		291,000	0	Restricted Stock Incentive Plan for year of 2020	As required by the rules
Total	451,494	0	331,494	120,000	--	--

II. Securities issuance and listing

1. Security offering (without preferred stock) in Reporting Period

Applicable Not applicable

2. Changes of total shares and shareholders structure as well as explanation on changes of assets and liability structure

√ Applicable □ Not applicable

During the reporting period, the restricted shares for year of 2020 which has granted without circulation have repurchased and canceled partially by the Company, that is 291,000 shares, total share capital of the Company comes to 1,008,659,570 shares from 1,008,950,570 shares.

3. Current internal staff shares

□ Applicable √ Not applicable

III. Particulars about shareholder and actual controller of the Company

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

In Share

Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Number of lock-up stocks held	Amount of un-lock up stock held	Information of shares pledged, tagged or frozen	
							State of share	Amount
Wuxi Industry Development Group Co., Ltd.	State-owned corporate	20.23%	204,059,398	0	0	204,059,398		
ROBERT BOSCH GMBH	Foreign corporate	14.16%	142,841,400	0	0	142,841,400		
Hong Kong Securities Clearing Company	Foreign corporate	2.45%	24,709,421	-40293651	0	24,709,421		
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign corporate	1.53%	15,444,715	-648800	0	15,444,715		
Basic Pension Insurance Fund- 1003	Other	0.76%	7,715,656	-3447650	0	7,715,656		
FIDELITY INVMT TRT FIDELITY INTL SMALL CAP FUND	Foreign corporate	0.70%	7,043,386	-296200	0	7,043,386		
NSSF - 413	Other	0.53%	5,340,000	-510000	0	5,340,000		
Haitong Securities Company Limited	State-owned corporate	0.46%	4,635,900	-327,701	0	4,635,900		

Qian Hao	Domestic nature person	0.41%	4,150,300	334,700	0	4,150,300		
Industrial and Commercial Bank of China Limited - Fullgoal CSI Bonus Enhanced Securities Investment Fund	Other	0.37%	3,706,582	1,391,100	0	3,706,582		
Strategy investor or general legal person becoming the top 10 shareholders by placing new shares (if applicable)	N/A							
Explanation on associated relationship among the aforesaid shareholders	Among the aforesaid 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 persons acting in concert regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company.							
Description of the above shareholders in relation to delegate/entrusted voting rights and abstention from voting rights.	N/A							
Special note on the repurchase account among the top 10 shareholders (if applicable)	N/A							
Particular about top ten shareholders with un-lock up stocks held								
Shareholders' name	Amount of un-lock up stocks 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					
Hong Kong Securities Clearing Company	24,709,421	RMB common shares	24,709,421					
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	15,444,715	Domestically listed foreign shares	15,444,715					
Basic Pension Insurance Fund- 1003	7,715,656	RMB common shares	7,715,656					
FIDELITY INVMT TRT FIDELITY INTL SMALL CAP FUND	7,043,386	Domestically listed foreign shares	7,043,386					
NSSF - 413	5,340,000	RMB common shares	5,340,000					
Haitong Securities Company Limited	4,635,900	RMB common shares	4,635,900					
Qian Hao	4,150,300	RMB common shares	4,150,300					
Industrial and Commercial Bank of China Limited - Fullgoal CSI Bonus Enhanced Securities Investment Fund	3,706,582	RMB common shares	3,706,582					
Explanation on associated relationship or consistent actors within the top 10 un-lock up shareholders and between top 10 un-lock up shareholders and top 10 shareholders	Among the aforesaid 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 persons acting in concert 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)	N/A							

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

Yes No

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

2. Controlling shareholder of the Company

Nature of controlling shareholders: local state-owned holding

Type of controlling shareholders: legal person

Controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
Wuxi Industry Development Group Co., Ltd.	Yao Zhiyong	1995-10-05	913202001360026543	External investment with own funds; housing rental services; self-operation and acting as an agent for the import & export of various commodities and technologies (except for commodities and technologies that restricted or prohibited for import & export by the State), domestic trading (restricted and prohibited projects by the State excluded)
Equity of other domestic/oversea listed company control by controlling shareholder as well as stock-joint in report period	1. First majority shareholder of the Company—Wuxi Industry Group is the controlling shareholder of Wuxi Taiji Industry Corporation Limited (stock code: 600667). 2. The majority shareholder of the Company Industry Group holds 2,3185,000 circulating shares (15.65% of total shares of New Hongtai) of Wuxi New Hongtai Electrical Technology Co., Ltd. (Short name: New Hongtai, Stock Code: 603016).			

Changes of controlling shareholders in reporting period

Applicable Not applicable

The Company had no changes of controlling shareholders in reporting period

3. Actual controller and person acting in concert of the Company

Nature of actual controller: local state-owned assets management

Type of actual controller: legal person

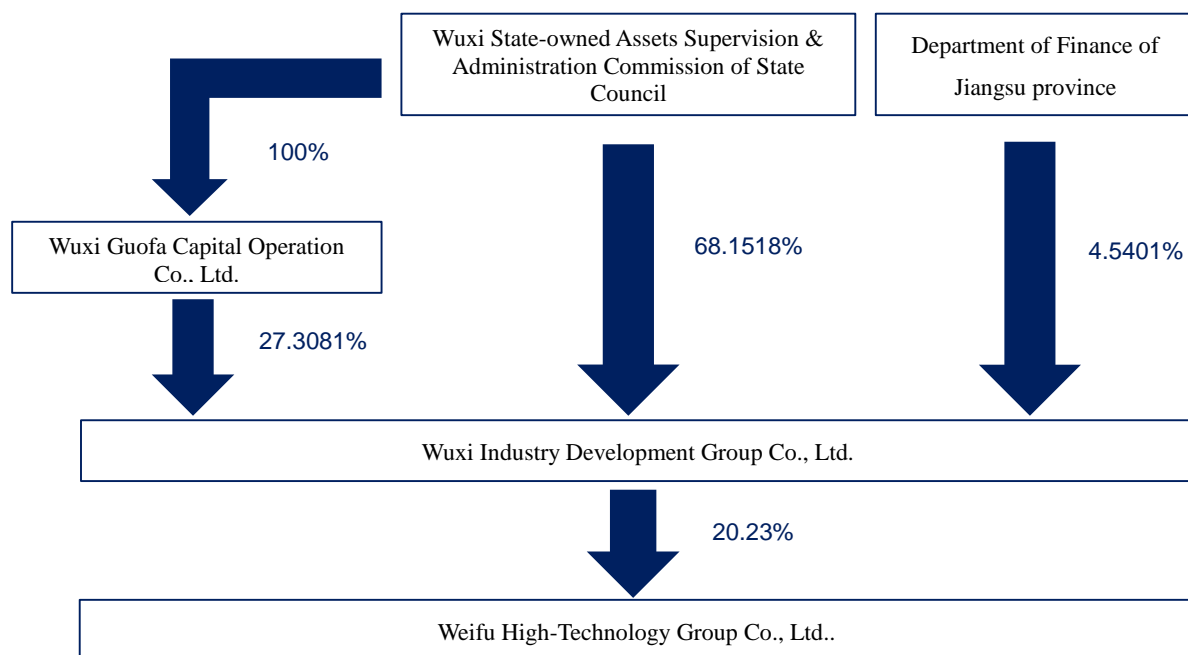
Actual controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
State-owned Assets Supervision & Administration Commission of Wuxi Municipality of Jiangsu Province	Zhang Jianchun		~	State-owned Assets management
Equity of domestic/oversea listed company control by actual controller in report period	Not applicable			

Changes of actual controller in reporting period

Applicable Not applicable

No changes of actual controllers for the Company in reporting period.

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



Actual controller controlling the Company by entrust or other assets management

Applicable Not applicable

4.The total number of shares pledged by controlling shareholders or the first majority shareholder and its persons acting in concert accounts for 80% of the shares held by them

Applicable Not applicable

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

Applicable Not applicable

Corporate shareholders	Legal rep./person in charge of unit	Dated founded	Register capital	Main business or management activity
ROBERT BOSCH GMBH	Bettina Holzwarth, Nora Kristin Klug	1886-11-15	1200 million euros	Development, manufacture and distribution of products, technologies, systems, solutions and service performance, especially in mobile, electrical engineering, electronics, mechanical engineering, mechanics, metals and other materials, medicine, logistics, communications and information technology, including solutions based on data, and related fields. The Company's goal is to further perform regionally based and business-related services. The Company may directly or indirectly enter into various business transactions to achieve this goal. In order to achieve the goal, the Company can establish, acquire and participate in business activities in any form permitted by

				law, or carry out business activities through them and organize under unified management. The Company may restrict some of the activities described in paragraph 1 above or hold and manage their participating interests.
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6. Restriction on shares reduction for controlling shareholders, actual controllers, restructuring side and other undertakings entity

Applicable Not applicable

IV. The specific implementation of shares buy-back during the reporting period

Implementation progress of shares buy-back

Applicable Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

Applicable Not applicable

Section VIII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period.

Section IX. Corporate Bonds

Applicable Not applicable

Section X. Financial Report

I. Audit report

Type of audit opinion	Standard unqualified opinion
Signing date of audit report	15 April, 2022
Name of audit institute	Gongzheng Tianye Certified Public Accountants (Special General Partnership)
Serial of Auditing Report	Su Gong W 【2022】 No. A385
Name of CPA	Gu Zhi, Zhang Qianqian

Auditor's Report

Su Gong W 【2022】 No. A385

To the Shareholders of Weifu High-Technology Group Co., Ltd.:

I. Auditing opinions

We have audited the financial statement under the name of Weifu High-Technology Group Co., Ltd. (hereinafter referred to as WFHT), including the consolidated and parent Company's balance sheet of 31 December 2021 and profit statement, and cash flow statement, and statement on changes of shareholders' equity for the year ended, and notes to the financial statements for the year ended.

In our opinion, the Company's financial statements have been prepared in accordance with the Enterprises Accounting Standards and Enterprises Accounting System, and they fairly present the financial status of the Company and of its parent company as of 31 December 2021 and its operation results and cash flows for the year ended.

II. Basis of opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of the auditor's report. We are independent of the Company in accordance with the Certified Public Accountants of China's Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of

the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition is the key audit matter that we identified in auditing.

1. Matter description

As described in the 32. Revenue in Note V and 42. Operation revenue and operation cost in Note VII carried in the financial statement, WFHT achieved an operation revenue of 13,682,426,700 yuan for year of 2021. As one of the biggest source of profits for WFHT, operating revenue has a significant effect on the general financial statement, in which there are certain of inherent risks existed for the reason that the management manipulate the timing of recognition so as to achieve specific objectives or anticipations. Therefore, we will take the Revenue recognition as the key auditing matter.

2. The solution to the matter in auditing

(1)The Company has tested the design and execution of key internal control related to revenue recycling so as to confirm the validity of internal control;(2) The Company should make sure whether the recognition condition and method of major operating revenue are compliance with the accounting standards for business enterprise; it also should pay an attention to that whether the cyclical and occasional revenue is compliance with the decided revenue recognition principle and methods;(3) Combining with status and data of the industry where WFHT is located, the Company should make a judgment on the rationality of fluctuation of the revenue composition;(4) The Company should carry out the procedure of account receivable and revenue letter of confirmation, and make a judgment on the rationality of the timing of revenue recognition; (5) Combining with the procedure of letter of confirmation, the Company should make a random inspection on sales contracts or orders, delivery lists, logistics bills, customs declaration, sales invoices, signing-off sheet and other documents related to revenue to verify the authenticity of revenue;(6) Referring to the recorded revenue before and after the Balance Sheet Date, the Company should select some samples and check out the supportive documents such as delivery lists, customs declaration and receipt forms to make a judgment on whether the income has been recorded at the appropriate accounting period.

IV. Other information

The management of WFHT is responsible for other information which includes the information covered in the Company's 2021 annual report excluding the financial statement and our audit report.

Our audit opinions on the financial statements do not cover other information, and we do not issue any form of authentication conclusions on other information.

In combination with our audit of the financial statements, it is our responsibility to read other information and, in

the process, consider whether there is material inconsistency or material misstatement between the other information and the financial statements or what we learned during the audit.

Based on the work we have carried out, if we determine that there is a material misstatement of other information, we should report that fact and in this regard we have nothing to report.

V. Responsibilities of management and those charged with governance for the financial statements

The management is responsible for the preparation of the financial statements in accordance with the Accounting Standards for Enterprise to secure a fair presentation, and for the design, establishment and maintenance of the internal control necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing matters related to going concern (if applicable) and using the going concern assumption unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Responsibilities of the auditor for the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the CAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the CAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern assumption and, based on the

audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by the CAS to draw users' attention in audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify audit opinion. Our conclusions are based on the information obtained up to the date of audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the governance with a statement of our compliance with the ethical requirements relating to our independence and communicate with the governance on all relationships and other matters that may reasonably be considered to affect our independence, as well we the relevant precautions (if applicable).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Jiangsu Gongzheng Tianye CPA
(Special General Partnership)

Chinese CPA: Gu Zhi
(engagement partner)

Wuxi China

Chinese CPA: Zhang Qianqian

15 April, 2022

II. Financial Statement

Statement in Financial Notes are carried Unit: RMB/CNY

1. Consolidated Balance Sheet

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

December 31, 2021

In RMB

Item	December 31, 2021	December 31, 2020
Current assets:		
Monetary funds	1,896,063,265.69	1,963,289,832.33
Settlement provisions		
Capital lent		
Trading financial assets	6,076,436,069.42	3,518,432,939.10
Derivative financial assets		
Note receivable	1,116,550,186.21	1,657,315,723.56
Account receivable	2,053,800,293.77	2,824,780,352.41
Receivable financing	713,017,014.50	1,005,524,477.88
Accounts paid in advance	178,059,249.99	151,873,357.76
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	17,908,078.54	54,209,580.88
Including: Interest receivable		
Dividend receivable		49,000,000.00
Buying back the sale of financial assets		
Inventories	3,445,396,375.09	2,877,182,174.64
Contract assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	220,320,922.50	2,137,921,113.61
Total current assets	15,717,551,455.71	16,190,529,552.17
Non-current assets:		
Loans and payments on behalf		

Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment	5,717,944,788.12	4,801,488,290.97
Investment in other equity instrument	285,048,000.00	285,048,000.00
Other non-current financial assets	1,690,795,178.00	1,805,788,421.00
Investment real estate	19,387,746.56	20,886,681.62
Fixed assets	2,932,210,452.51	2,882,230,191.08
Construction in progress	387,429,933.08	243,795,493.04
Productive biological asset		
Oil and gas asset		
Right-of-use assets	23,148,405.58	
Intangible assets	440,593,119.82	454,412,947.69
Expense on Research and Development		
Goodwill	231,255,015.75	257,800,696.32
Long-term expenses to be apportioned	15,304,783.57	15,062,171.09
Deferred income tax asset	242,248,194.57	198,393,501.50
Other non-current asset	267,941,354.57	195,259,441.73
Total non-current asset	12,253,306,972.13	11,160,165,836.04
Total assets	27,970,858,427.84	27,350,695,388.21
Current liabilities:		
Short-term loans	1,437,958,206.55	302,238,600.05
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		
Note payable	1,760,032,216.30	2,462,592,372.82
Account payable	3,206,653,702.59	4,100,984,240.39
Accounts received in advance	2,854,518.96	4,071,236.87
Contractual liability	136,427,636.39	81,717,387.25
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		

Wage payable	339,888,502.70	332,421,811.82
Taxes payable	40,105,648.88	67,493,690.29
Other account payable	359,905,317.46	361,556,257.42
Including: Interest payable	6,184.14	4,862.22
Dividend payable	25,671,100.00	
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year	34,088,773.68	36,914,242.02
Other current liabilities	212,969,271.55	222,871,087.33
Total current liabilities	7,530,883,795.06	7,972,860,926.26
Non-current liabilities:		
Insurance contract reserve		
Long-term loans		3,050,640.97
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability	15,795,469.25	
Long-term account payable	32,015,082.11	39,479,218.17
Long-term wages payable	108,311,923.19	181,980,293.94
Accrual liability		
Deferred income	298,052,867.56	328,204,476.73
Deferred income tax liabilities	23,097,535.20	30,653,933.12
Other non-current liabilities		
Total non-current liabilities	477,272,877.31	583,368,562.93
Total liabilities	8,008,156,672.37	8,556,229,489.19
Owner's equity:		
Share capital	1,008,659,570.00	1,008,950,570.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	3,371,344,172.82	3,294,242,368.28
Less: Inventory shares	270,249,797.74	303,627,977.74
Other comprehensive income	-36,746,344.60	13,916,619.47

Reasonable reserve	712,215.31	2,333,490.03
Surplus public reserve	510,100,496.00	510,100,496.00
Provision of general risk		
Retained profit	14,814,787,377.86	13,756,102,424.62
Total owner's equity attributable to parent company	19,398,607,689.65	18,282,017,990.66
Minority interests	564,094,065.82	512,447,908.36
Total owner's equity	19,962,701,755.47	18,794,465,899.02
Total liabilities and owner's equity	27,970,858,427.84	27,350,695,388.21

Legal Representative: Wang Xiaodong

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	December 31, 2021	December 31, 2020
Current assets:		
Monetary funds	1,002,808,546.46	1,157,684,053.05
Trading financial assets	5,493,703,374.82	3,452,348,980.19
Derivative financial assets		
Note receivable	303,726,372.69	422,246,979.39
Account receivable	536,957,890.22	982,782,279.22
Receivable financing		
Accounts paid in advance	93,419,268.82	75,650,090.49
Other account receivable	204,125,517.63	197,335,714.63
Including: Interest receivable	113,055.56	897,777.78
Dividend receivable	26,718,900.00	
Inventories	1,076,094,722.15	725,276,241.43
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	149,352,872.77	2,057,772,839.50
Total current assets	8,860,188,565.56	9,071,097,177.90

Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	6,867,282,228.56	5,978,128,303.88
Investment in other equity instrument	209,108,000.00	209,108,000.00
Other non-current financial assets	1,690,795,178.00	1,805,788,421.00
Investment real estate		
Fixed assets	1,786,089,596.76	1,758,198,856.53
Construction in progress	239,183,999.25	154,741,266.85
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets	1,240,879.96	
Intangible assets	209,952,168.75	208,112,706.57
Research and development costs		
Goodwill		
Long-term deferred expenses	348,970.34	
Deferred income tax assets	85,012,991.24	76,508,392.85
Other non-current assets	185,646,711.53	117,013,906.01
Total non-current assets	11,274,660,724.39	10,307,599,853.69
Total assets	20,134,849,289.95	19,378,697,031.59
Current liabilities		
Short-term borrowings	272,578,883.63	102,088,888.89
Trading financial liability		
Derivative financial liability		
Notes payable	569,405,391.94	448,901,718.36
Account payable	1,012,390,712.80	1,265,845,068.26
Accounts received in advance		
Contract liability	7,879,319.15	6,209,575.73
Wage payable	220,719,432.58	216,870,819.60
Taxes payable	12,427,327.61	32,974,322.59
Other accounts payable	392,455,373.80	339,096,991.12
Including: Interest payable	117,777.78	
Dividend payable		

Liability held for sale		
Non-current liabilities due within one year	462,484.41	
Other current liabilities	143,935,332.78	182,611,991.54
Total current liabilities	2,632,254,258.70	2,594,599,376.09
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability	1,003,106.55	
Long-term account payable		
Long term employee compensation payable	103,482,333.50	176,245,345.03
Accrued liabilities		
Deferred income	265,509,545.34	285,714,239.98
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	369,994,985.39	461,959,585.01
Total liabilities	3,002,249,244.09	3,056,558,961.10
Owners' equity:		
Share capital	1,008,659,570.00	1,008,950,570.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	3,487,154,855.59	3,407,732,016.61
Less: Inventory shares	270,249,797.74	303,627,977.74
Other comprehensive income		
Special reserve		
Surplus reserve	510,100,496.00	510,100,496.00
Retained profit	12,396,934,922.01	11,698,982,965.62
Total owner's equity	17,132,600,045.86	16,322,138,070.49
Total liabilities and owner's equity	20,134,849,289.95	19,378,697,031.59

3. Consolidated Profit Statement

In RMB

Item	2021	2020
I. Total operating income	13,682,426,710.95	12,883,826,306.60
Including: Operating income	13,682,426,710.95	12,883,826,306.60
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	12,772,618,230.58	12,193,088,999.51
Including: Operating cost	11,220,367,713.57	10,429,284,441.97
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		
Tax and extras	60,256,733.73	65,323,781.87
Sales expense	264,651,432.56	406,353,445.10
Administrative expense	611,872,150.24	782,824,422.63
R&D expense	595,406,951.64	532,581,209.78
Financial expense	20,063,248.84	-23,278,301.84
Including: Interest expenses	38,698,621.09	11,466,886.33
Interest income	41,478,845.32	51,622,216.58
Add: other income	71,276,971.68	80,342,497.11
Investment income (Loss is listed with “-”)	1,954,523,836.59	1,964,805,688.57
Including: Investment income on affiliated company and joint venture	1,632,117,748.78	1,659,752,704.14
The termination of income recognition for financial assets measured by amortized cost(Loss is listed with “-”)	-959,296.18	-946,468.33
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)	-40,270,333.81	383,325,765.19
Loss of credit impairment (Loss is listed with “-”)	4,059,750.80	-11,184,647.60
Losses of devaluation of asset (Loss is listed with “-”)	-138,117,315.80	-178,837,472.85
Income from assets disposal (Loss is listed with “-”)	3,932,344.07	11,454,408.60
III. Operating profit (Loss is listed with “-”)	2,765,213,733.90	2,940,643,546.11

Add: Non-operating income	656,202.07	66,467,021.62
Less: Non-operating expense	25,509,569.87	4,158,888.17
IV. Total profit (Loss is listed with “-”)	2,740,360,366.10	3,002,951,679.56
Less: Income tax expense	90,995,689.95	180,215,749.00
V. Net profit (Net loss is listed with “-”)	2,649,364,676.15	2,822,735,930.56
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with “-”)	2,649,364,676.15	2,822,735,930.56
2.termination of net profit (net loss listed with “-”)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	2,575,371,419.80	2,772,769,377.96
2.Minority shareholders’ gains and losses	73,993,256.35	49,966,552.60
VI. Net after-tax of other comprehensive income	-50,662,087.73	13,839,596.07
Net after-tax of other comprehensive income attributable to owners of parent company	-50,662,964.07	13,781,747.80
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss	16,008.80	
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss	16,008.80	
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss	-50,678,972.87	13,781,747.80
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements	-50,678,972.87	13,781,747.80
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders	876.34	57,848.27

VII. Total comprehensive income	2,598,702,588.42	2,836,575,526.63
Total comprehensive income attributable to owners of parent Company	2,524,708,455.73	2,786,551,125.76
Total comprehensive income attributable to minority shareholders	73,994,132.69	50,024,400.87
VIII. Earnings per share:		
(i) Basic earnings per share	2.57	2.79
(ii) Diluted earnings per share	2.57	2.79

As for the enterprise combined under the same control, net profit of 0 yuan achieved by the merged party before combination while 0 yuan achieved last period

Legal Representative: Wang Xiaodong

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	2021	2020
I. Operating income	4,832,340,790.45	4,536,417,803.79
Less: Operating cost	3,605,342,507.48	3,236,311,612.73
Taxes and surcharge	29,689,175.82	38,086,034.27
Sales expenses	44,807,972.25	126,442,956.05
Administration expenses	324,244,883.74	533,649,297.97
R&D expenses	225,949,431.82	205,001,982.50
Financial expenses	-15,417,294.04	-34,275,071.44
Including: interest expenses	7,427,980.88	4,163,923.00
Interest income	26,881,455.19	40,948,820.72
Add: other income	41,029,454.01	58,782,085.85
Investment income (Loss is listed with "-")	1,758,393,772.54	1,816,759,403.42
Including: Investment income on affiliated Company and joint venture	1,366,704,678.23	1,457,471,604.06
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with "-")		
Net exposure hedging income (Loss is listed with "-")		
Changing income of fair value (Loss is listed with "-")	-40,747,662.86	383,241,806.28
Loss of credit impairment (Loss is listed with "-")	-654,218.49	2,076,529.99

Losses of devaluation of asset (Loss is listed with “-”)	-40,950,682.53	-82,232,381.43
Income on disposal of assets (Loss is listed with “-”)	850,642.47	-520,470.69
II. Operating profit (Loss is listed with “-”)	2,335,645,418.52	2,609,307,965.13
Add: Non-operating income	527,726.36	30,937,706.44
Less: Non-operating expense	24,178,368.73	3,493,103.39
III. Total Profit (Loss is listed with “-”)	2,311,994,776.15	2,636,752,568.18
Less: Income tax	101,437,713.12	162,713,161.17
IV. Net profit (Net loss is listed with “-”)	2,210,557,063.03	2,474,039,407.01
(i)continuous operating net profit (net loss listed with “-”)	2,210,557,063.03	2,474,039,407.01
(ii) termination of net profit (net loss listed with “-”)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	2,210,557,063.03	2,474,039,407.01
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	2021	2020
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	15,555,511,937.16	11,908,396,653.71
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		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received	50,070,441.00	32,138,413.08
Other cash received concerning operating activities	86,168,562.99	102,573,818.52
Subtotal of cash inflow arising from operating activities	15,691,750,941.15	12,043,108,885.31
Cash paid for purchasing commodities and receiving labor service	12,479,791,466.70	8,277,296,527.38
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	1,436,357,958.29	1,295,921,487.63
Taxes paid	499,681,099.37	788,150,479.38
Other cash paid concerning operating activities	648,207,823.38	899,929,156.91
Subtotal of cash outflow arising from operating activities	15,064,038,347.74	11,261,297,651.30
Net cash flows arising from operating activities	627,712,593.41	781,811,234.01
II. Cash flows arising from investing activities:		
Cash received from recovering investment	18,129,191,548.43	8,051,178,224.52
Cash received from investment income	1,238,803,864.71	2,462,910,424.30
Net cash received from disposal of fixed, intangible and other long-term	15,303,195.04	42,851,678.36

assets		
Net cash received from disposal of subsidiaries and other units	9,000,000.00	
Other cash received concerning investing activities	1,680,766.91	65,102,250.70
Subtotal of cash inflow from investing activities	19,393,979,375.09	10,622,042,577.88
Cash paid for purchasing fixed, intangible and other long-term assets	753,581,993.49	492,683,539.12
Cash paid for investment	18,668,448,932.90	9,246,030,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		297,302,758.31
Other cash paid concerning investing activities		14,579,308.94
Subtotal of cash outflow from investing activities	19,422,030,926.39	10,050,595,606.37
Net cash flows arising from investing activities	-28,051,551.30	571,446,971.51
III. Cash flows arising from financing activities		
Cash received from absorbing investment		312,640,853.85
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		10,161,653.85
Cash received from loans	1,711,808,897.47	395,691,406.43
Other cash received concerning financing activities	5,470,000.00	5,730,135.13
Subtotal of cash inflow from financing activities	1,717,278,897.47	714,062,395.41
Cash paid for settling debts	575,619,575.18	371,154,665.80
Cash paid for dividend and profit distributing or interest paying	1,561,591,089.99	1,120,464,009.41
Including: Dividend and profit of minority shareholder paid by subsidiaries	13,970,282.31	15,748,768.80
Other cash paid concerning financing activities	17,596,686.60	449,251,421.46
Subtotal of cash outflow from financing activities	2,154,807,351.77	1,940,870,096.67
Net cash flows arising from financing activities	-437,528,454.30	-1,226,807,701.26
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-13,059,669.78	-2,003,139.41
V. Net increase of cash and cash equivalents	149,072,918.03	124,447,364.85
Add: Balance of cash and cash equivalents at the period -begin	944,946,018.70	820,498,653.85
VI. Balance of cash and cash equivalents at the period -end	1,094,018,936.73	944,946,018.70

6. Cash Flow Statement of Parent Company

In RMB

Item	2021	2020
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	5,563,589,299.47	4,470,039,778.75

Write-back of tax received		
Other cash received concerning operating activities	42,028,025.86	61,033,856.80
Subtotal of cash inflow arising from operating activities	5,605,617,325.33	4,531,073,635.55
Cash paid for purchasing commodities and receiving labor service	3,605,626,128.99	2,312,159,843.14
Cash paid to/for staff and workers	788,560,324.22	730,528,257.00
Taxes paid	283,285,319.76	562,371,147.42
Other cash paid concerning operating activities	172,424,308.24	341,484,021.47
Subtotal of cash outflow arising from operating activities	4,849,896,081.21	3,946,543,269.03
Net cash flows arising from operating activities	755,721,244.12	584,530,366.52
II. Cash flows arising from investing activities:		
Cash received from recovering investment	14,660,350,548.43	7,324,178,224.52
Cash received from investment income	1,117,355,887.53	2,434,385,770.96
Net cash received from disposal of fixed, intangible and other long-term assets	675,341.73	810,004.53
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	32,072,638.81	214,831,510.69
Subtotal of cash inflow from investing activities	15,810,454,416.50	9,974,205,510.70
Cash paid for purchasing fixed, intangible and other long-term assets	466,841,006.41	262,442,259.33
Cash paid for investment	15,006,974,321.57	8,853,827,446.85
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		112,342,336.68
Subtotal of cash outflow from investing activities	15,473,815,327.98	9,228,612,042.86
Net cash flows arising from investing activities	336,639,088.52	745,593,467.84
III. Cash flows arising from financing activities		
Cash received from absorbing investment		302,479,200.00
Cash received from loans	376,524,000.00	102,000,000.00
Other cash received concerning financing activities	100,000,000.00	
Subtotal of cash inflow from financing activities	476,524,000.00	404,479,200.00
Cash paid for settling debts	202,000,000.00	116,000,000.00
Cash paid for dividend and profit distributing or interest paying	1,520,286,898.73	1,097,442,763.44
Other cash paid concerning financing activities	4,385,823.06	400,017,180.33
Subtotal of cash outflow from financing activities	1,726,672,721.79	1,613,459,943.77
Net cash flows arising from financing activities	-1,250,148,721.79	-1,208,980,743.77
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-4,982,656.55	-2,070,408.32

V. Net increase of cash and cash equivalents	-162,771,045.70	119,072,682.27
Add: Balance of cash and cash equivalents at the period -begin	651,188,544.53	532,115,862.26
VI. Balance of cash and cash equivalents at the period -end	488,417,498.83	651,188,544.53

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

Current Period

In RMB

Item	2021														
	Owners' equity attributable to the parent Company												Minority interests	Total owners' equity	
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surpluses	Provision of general risk	Retained profit	Other			Subtotal
	Preferred stock	Perpetual capital securities	Other												
I. Balance at the end of the last year	1,008,950,570.00				3,294,242,368.28	303,627,977.74	13,916,619.47	2,333,490.03	510,100,496.00		13,756,102,424.62		18,282,017,990.66	512,447,908.36	18,794,465,899.02
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				3,294,242,368.28	303,627,977.74	13,916,619.47	2,333,490.03	510,100,496.00		13,756,102,424.62		18,282,017,990.66	512,447,908.36	18,794,465,899.02
III. Increase/Decrease in this year (Decrease is listed with "-")	-291,000.00				77,101,804.54	-33,378,180.00	-50,662,964.07	-1,621,274.72			1,058,684,953.24		1,116,589,698.99	51,646,157.46	1,168,235,856.45
(i) Total comprehensive income							-50,662,964.07				2,575,371,419.80		2,524,708,455.73	73,994,132.69	2,598,702,588.42
(ii) Owners' devoted and decreased capital	-291,000.00				70,463,804.54	-33,378,180.00							103,550,984.54	17,321,034.44	120,872,018.98
1. Common shares invested by shareholders	-291,000.00												-291,000.00	15,000,000.00	14,709,000.00
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity					74,241,533.60								74,241,533.60	2,321,034.44	76,562,568.04

with share-based payment															
4. Other				-3,777,729.06	-33,378,180.00							29,600,450.94		29,600,450.94	
(III) Profit distribution												-1,517,422.799.42	-1,517,422.799.42	-39,641,382.31	-1,557,064.181.73
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)												-1,513,341.439.50	-1,513,341.439.50	-39,641,382.31	-1,552,982.821.81
4. Other												-4,081,359.92	-4,081,359.92		-4,081,359.92
(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 . Carry-over retained earnings from the defined benefit plans															
5 . Carry-over retained earnings from other comprehensive income															
6. Other															
(V) Reasonable reserve															
1. Withdrawal in the report period															
2. Usage in the report period															
(VI)Others				6,638,000.00								736,332.86	7,374,332.86		7,374,332.86
IV. Balance at the end of the report period	1,008,659,570.00			3,371,344.172.82	270,249,797.74	-36,746,344.60	712,215.31	510,100,496.00				14,814,787.377.86	19,398,607,689.65	564,094,065.82	19,962,701.755.47

Last Period

In RMB

Item	2020														
	Owners' equity attributable to the parent Company													Minority interests	Total owners' equity
	Share capital	Preferred stock	Other equity instrument		Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surpluses reserve	Provision of general risk	Retained profit	Other	Subtotal		
I. Balance at the end of the last year	1,008,950,570.00				3,391,527,806.33		134,871.67	3,247,757.06	510,100,496.00		12,076,443,635.56		16,990,405,136.62	494,248,174.05	17,484,653,310.67
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				3,391,527,806.33		134,871.67	3,247,757.06	510,100,496.00		12,076,443,635.56		16,990,405,136.62	494,248,174.05	17,484,653,310.67
III. Increase/Decrease in this year (Decrease is listed with "-")					-97,285,438.05	303,627,977.74	13,781,747.80	-914,267.03			1,679,658,789.06		1,291,612,854.04	18,199,734.31	1,309,812,588.35
(i) Total comprehensive income							13,781,747.80				2,772,769,377.96		2,786,551,125.76	50,024,400.87	2,836,575,526.63
(ii) Owners' devoted and decreased capital					-97,285,438.05	303,627,977.74							-400,913,415.79	-16,046,487.85	-416,959,903.64
1. Common shares invested by shareholders					-96,389,202.59	302,479,200.00							-398,68,402.59	25,079,496.04	-373,788,906.55
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment					6,280,461.58								6,280,461.58	204,375.92	6,484,837.50
4. Other					-7,176,697.04	1,148,777.74							-8,325,474.78	-41,330,359.81	-49,655,834.59
(III) Profit distribution											-1,095,767,216.49		-1,095,767,216.49	-15,748,768.80	-1,111,515,985.29

1. Withdrawal of surplus reserves																
2. Withdrawal of general risk provisions																
3. Distribution for owners (or shareholders)											-1,093,241,270.00		-1,093,241,270.00		-15,748,768.80	-1,108,990,038.80
4. Other											-2,525,946.49		-2,525,946.49			-2,525,946.49
(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. Carry-over retained earnings from the defined benefit plans																
5. Carry-over retained earnings from other comprehensive income																
6. Other																
(V) Reasonable reserve																
1. Withdrawal in the report period																
2. Usage in the report period																
(VI)Others																
IV. Balance at the end of the report period	1,008,950,570.00				3,294,242,368.28	303,627,977.74	13,916,619.47	2,333,490.03	510,100,496.00		13,756,102,424.62		18,282,017,990.66	512,447,908.36	18,794,465,899.02	

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

Current Period

In RMB

Item	2021											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferr ed stock	Perpet ual capital securiti es	Other								
I. Balance at the end of the last year	1,008,950,570.00				3,407,732,016.61	303,627,977.74			510,100,496.00	11,698,982,965.62		16,322,138,070.49
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				3,407,732,016.61	303,627,977.74			510,100,496.00	11,698,982,965.62		16,322,138,070.49
III. Increase/Decrease in this year (Decrease is listed with "-")	-291,000.00				79,422,838.98	-33,378,180.00				697,951,956.39		810,461,975.37
(i) Total comprehensive income										2,210,557,063.03		2,210,557,063.03
(ii) Owners' devoted and decreased capital	-291,000.00				72,784,838.98	-33,378,180.00						105,872,018.98
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					76,562,568.04							76,562,568.04
4. Other	-291,000.00				-3,777,729.06	-33,378,180.00						29,309,450.94
(III) Profit distribution										-1,513,341,439.50		-1,513,341,439.50
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-1,513,341,439.50		-1,513,341,439.50
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 . Carry-over retained earnings from the defined benefit plans													
5 . Carry-over retained earnings from other comprehensive income													
6. Other													
(V) Reasonable reserve													
1. Withdrawal in the report period									6,436,417.80				6,436,417.80
2. Usage in the report period									6,436,417.80				6,436,417.80
(VI)Others					6,638,000.00					736,332.86			7,374,332.86
IV. Balance at the end of the report period	1,008,659,570.00				3,487,154,855.59	270,249,797.74			510,100,496.00	12,396,934.92	2.01		17,132,600,045.86

Last period

In RMB

Item	2020												
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity	
		Preferr ed stock	Perpet ual capital securit ies	Other									
I. Balance at the end of the last year	1,008,950,570.00				3,488,221,286.39				510,100,496.00	10,381,863,816.29			15,389,136,168.68
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				3,488,221,286.39				510,100,496.00	10,381,863,816.29			15,389,136,168.68
III. Increase/Decrease in this year (Decrease is listed with "-")					-80,489,269.78	303,627,977.74				1,317,119,149.33			933,001,901.81
(i) Total comprehensive income										2,474,039,407.01			2,474,039,407.01
(ii) Owners' devoted and decreased capital					-80,489,269.78	303,627,977.74							-384,117,247.52
1.Common shares invested by shareholders					-96,389,202.59	302,479,200.00							-398,868,402.59

2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment					6,484,837.50							6,484,837.50
4. Other					9,415,095.31	1,148,777.74						8,266,317.57
(III) Profit distribution										-1,093,241,270.00		-1,093,241,270.00
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-1,093,241,270.00		-1,093,241,270.00
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 . Carry-over retained earnings from the defined benefit plans												
5 . Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve										-1,177,442.02		-1,177,442.02
1. Withdrawal in the report period										5,849,756.55		5,849,756.55
2. Usage in the report period										7,027,198.57		7,027,198.57
(VI)Others										1,177,442.02	-63,678.987.68	-62,501,545.66
IV. Balance at the end of the report period	1,008,950,570.00				3,407,732,016.61	303,627,977.74			510,100,496.00	11,698,982,965.62		16,322,138,070.49

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 115.4355 million yuan, including state-owned share capital amounting to 92.4355 million yuan, public corporate share capital amounting to 8 million yuan and inner employee share capital amounting to 15 million yuan.

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

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 303.4355 million yuan.

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 394.46615 million yuan, of which state-owned shares amounted to 120.16615 million yuan, public corporate shares 10.4 million yuan, foreign-funded shares (B-share) 88.40 million yuan, RMB ordinary shares (A-share) 156 million yuan and inner employee shares 19.5 million yuan.

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 10 yuan for each allotted share. Actually 41.9 million shares was allotted, and the total share capital after the allotment increased to 436.36615 million yuan, of which state-owned corporate shares amounted to 121.56615 million yuan, public corporate shares 10.4 million yuan, foreign-funded shares (B-share) 88.4 million yuan and RMB ordinary shares (A-share) 216 million yuan.

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 share 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 February 2012, the Company issued RMB ordinary shares (A-share) of 112,858,000 shares to Wuxi Industry Groups and overseas strategic investor privately, Robert Bosch Co., Ltd. (ROBERT BOSCHGMBH) (hereinafter referred to as Robert Bosch Company), face value was ONE yuan per share, added registered capital of 112,858,000 yuan, and the registered capital after change was 680,133,995 yuan. Wuxi Industry Group is the first majority shareholder of the Company, and Robert Bosch Company is the second majority shareholder of the Company.

In March 2013, the profit distribution pre-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 1,020,200,992 yuan 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 (share capital) becomes 1,008,950,570 yuan after the change.

After deliberation and approved by the 5th session of 10th BOD for year of 2021, the 291,000 restricted shares are buy-back and canceled by the Company initially granted under the 2020 Restricted Share Incentive Plan. The cancellation of the above mentioned buy-back shares are completed at the Shenzhen Branch of CSDC on December 20, 2021; the paid-in capital (equity) of the Company comes to 1,008,659,570.00 yuan after changed.

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

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

Unified social credit code: 91320200250456967N

The Company sets up Shareholders' General Meeting, the Board of Directors (BOD) and the Board of Supervisors (BOS)

The Company sets up Administration Department, Technology Centre, organization & personnel department, Office of the Board, compliance department, IT department, Strategy & new business Department, market

development department, Party-masses Department, Finance Department, Purchase Department, Manufacturing Quality Department, MS (Mechanical System) division, AC (Automotive Components) division and DS (Diesel System) division, etc. and subsidiaries such as WUXI WEIFU LIDA CATALYTIC CONVERTER CO., LTD, NANJING WFJN CO., LTD, IRD Fuel Cells A/S and Borit NV, etc.

3. Business nature and major operation activities of the Company

Operation scope of parent company: Technology development and consulting service in the machinery industry; manufacture of engine fuel oil system products, fuel oil system testers and equipment, manufacturing of auto electronic parts, automotive electrical components, non-standard equipment, non-standard knife tool and exhaust after-treatment system; sales of the general machinery, hardware & electrical equipment, chemical products & raw materials (excluding hazardous chemicals), automotive components and vehicles (excluding nine-seat passenger car); internal combustion engine maintenance; leasing of the own houses; 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. Research and test development of engineering and technical; R&D of the energy recovery system; manufacture of auto components and accessories; general equipment manufacturing (excluding special equipment manufacturing), (any projects that needs to be approved by laws can only be carried out after getting approval by relevant authorities) General items: engage in investment activities with self-owned funds (except for items subject to approval according to the law, independently carry out business activities according to laws with business licenses)

Major subsidiaries respectively activate in production and sales of engine accessories, automotive components, mufflers, purifiers and fuel cell components etc.

4. Authorized reporting parties and reporting dates for the financial report

Financial report of the Company were approved by the Board of Directors for reporting dated April 15, 2022.

5. Scope of consolidate financial statement

Name of subsidiary	Short name of subsidiary	Shareholding ratio (%)		Proportion of votes (%)	Registered capital (in 10 thousand yuan)	Business scope	State ment consolidate (Y/N)
		Directly	Indirectly				
NANJING WFJN CO., LTD.	WFJN	80.00	--	80.00	34,628.70	Internal-combustion engine accessories	Y
WUXI WEIFU LIDA CATALYTIC CONVERTER CO., LTD.	WFLD	94.81	--	94.81	50,259.63	Purifier and muffler	Y
WUXI WEIFU MASHAN FUEL INJECTION EQUIPMENT CO., LTD.	WFMA	100.00	--	100.00	16,500	Internal-combustion engine accessories	Y
WUXI WEIFU CHANG AN CO.,LTD.	WFCA	100.00	--	100.00	21,000	Internal-combustion engine accessories	Y
WUXI WEIFU INTERNATIONAL TRADE CO.,LTD.	WFTR	100.00	--	100.00	3,000	Trade	Y
WUXI WEIFU SCHMITTER POWERTRAIN COMPONENTS CO.,LTD.	WFSC	66.00	--	66.00	7,600	Internal-combustion engine accessories	Y
NINGBO WFTT TURBOCHARGING TECHNOLOGY CO.,LTD.	WFTT	98.83	1.17	100.00	11,136	Internal-combustion engine accessories	Y

WUXI WFAM PRECISION MACHINERY CO.,LTD.	WFAM	51.00	--	51.00	USD2,110	Automotive components	Y
WUXI WEIFU LIDA CATALYTIC CONVERTER (WUHAN) CO., LTD.	WFLD (WUHAN)	--	60.00	60.00	1,000	Purifier and muffler	Y
Weifu Lida (Chongqing) Automotive components Co., Ltd.	WFLD (Chongqing)	--	100.00	100.00	5,000	Purifier and muffler	Y
Nanchang Weifu Lida Automotive Components Co., Ltd.	WFLD (Nanchang)	--	100.00	100.00	5,000	Purifier and muffler	Y
WUXI WEIFU AUTOSMART SEATING SYSTEM CO., LTD.	WFAS	--	66.00	66.00	10,000	Smart car device	Y
WUXI WEIFU E-DRIVE TECHNOLOGIES CO., LTD.	WFDT	80.00	--	80.00	USD2,000	Wheel motor	Y
Weifu Holding ApS	SPV	100.00	--	100.00	DKK238	Investment	Y
IRD Fuel Cells A/S	IRD	--	100.00	100.00	DKK8,660	Fuel cell components	Y
IRD FUEL CELLS LLC	IRD America	--	100.00	100.00	USD300	Fuel cell components	Y
Borit NV	Borit	--	100.00	100.00	EUR315.59	Fuel cell components	Y
Borit Inc.	Borit America	--	100.00	100.00	USD0.1	Fuel cell components	Y

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 42 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, automotive components, mufflers, purifiers and fuel cell components etc., in line with the actual

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 Note V- 36. Other major accounting policy 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 dated 31 December 2021, such as financial status, operation achievements and cash flow for the year of 2021.

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 under the same/different control

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 purchaser held before the date of purchasing included) for purchasing controlling right from the purchaser, the liability occurred or undertake on purchasing date less the fair value of identifiable net assets of the purchaser 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 purchaser 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 purchaser.

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 invested party so as to obtain variable return through participating in the invested party's relevant activities and the ability to affect such return by use of the aforesaid right over the invested party. Relevant activates refers to activates have major influence on return of the invested party's.

(3) Consolidation process

Subsidiaries are consolidated from the date on which the company obtains their actual control, and are de-consolidated 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 purchaser 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. Recognition 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. There into, 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. There into, 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) Recognition and termination of financial instrument

A financial asset or liability is recognized when the group becomes a party to a financial instrument contract.

The recognition of a financial assets shall be terminated if it meets one of the following conditions:

- ① the contractual right to receive the cash flow of the financial assets terminates; and
- ② the financial assets is transferred and the company transfers substantially all the risks and rewards of ownership of the financial asset to the transferring party;
- ③ the financial asset was transferred and control, although the company has neither transferred nor retained almost all the risks and rewards of the ownership of a financial asset, it relinquishes control over the financial asset.

If all or part of the current obligations of a financial liability has been discharged, the financial liability or part of it is terminated for recognition. When the Company (debtor) and the creditor sign an agreement to replace the existing financial liabilities with new financial liabilities, and the new financial liabilities and the existing financial liabilities are substantially different from the contract terms, terminated the recognition of the existing financial liabilities and recognize the new financial liabilities at the same time.

Financial assets are traded in the normal way and their accounting recognition and terminated the recognition of proceed on a trade date basis.

(2) Classification and measurement of financial assets

At the initial recognition, according to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the Company classifies the financial assets into the financial assets measured at amortized cost, the financial assets measured at fair value and whose changes are included in other comprehensive income, and the financial assets measured at fair value and whose changes are included in current profit or loss. Financial assets are measured at fair value at initial recognition, but if the receivables or receivables financing arising from the sale of goods or the provision of services do not include a significant financing component or do not consider a financing component that does not exceed one year, it shall be initially measured in accordance with the transaction value. For financial assets measured at fair value and whose changes are included in the current profit or loss, related transaction costs are directly included in the current profit and loss; for other types of financial assets, related transaction costs are included in the initially recognized amount.

The business model for managing financial assets refers to how the Company manages financial assets to generate cash flows. The business model determines whether the cash flow of financial assets managed by the Company is based on contract cash flow, selling financial assets or both. The Company determines the business model for managing financial assets based on objective facts and based on the specific business objectives of financial assets management determined by key management personnel.

The Company evaluates the contractual cash flow characteristics of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on a specific date are only payments for the principal and the interest based on the outstanding principal amount. The principal is the fair value of the financial assets at initial recognition; the interest includes the time value of money, the credit risk associated with the outstanding principal amount for a specific period, and other basic borrowing risks, costs and consideration of profit. In addition, the Company evaluates the contractual terms that may result in changes in the time distribution or the amount of contractual cash flows of the financial assets to determine whether they meet the requirements of the above contractual cash flow characteristics.

Only when the Company changes its business model of managing financial assets, all affected financial assets are reclassified on the first day of the first reporting period after the business model changes, otherwise the financial assets are not allowed to be reclassified after initial recognition.

① Financial assets measured at amortized cost

The Company classifies the financial assets that meet the following conditions and haven't been designated as financial assets measured at fair value and whose changes are included in current profit or loss as financial assets measured at amortized cost:

A. the group's business model for managing the financial assets is to collect contractual cash flows; and

B. the contractual terms of the financial assets stipulate that cash flow generated on a specific date is only paid for the principal and interest based on the outstanding principal amount.

After initial recognition, such financial assets are measured at amortized cost by using the effective interest method.

Gains or losses arising from financial assets which are measured at amortized cost and are not a component of any hedging relationship are included in current profit or loss when being terminated for recognition, amortized by effective interest method, or impaired.

② Financial assets measured at fair value and whose changes are included in other comprehensive income

The Company classifies the financial assets that meet the following conditions and haven't been designated as financial assets measured at fair value and whose changes are included in current profit or loss as financial assets measured at fair value and whose changes are included in other comprehensive income:

A. the Group's business model for managing the financial assets is targeted at both the collection of contractual cash flows and the sale of financial assets; and

B. the contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount.

After initial recognition, such financial assets are subsequently measured at fair value. Interests, impairment losses or gains and exchange gains and losses calculated by using the effective interest method are included in profit or loss for the period, and other gains or losses are included in other comprehensive income. When being terminate for recognition, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in current profit or loss.

③ Financial assets measured at fair value and whose changes are included in current profit or loss

Except for the above financial assets measured at amortized cost and measured at fair value and whose changes are included in other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value and whose changes are included in current profit or loss. In the initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Company irreversibly designates part of the financial assets that should be measured at amortized cost or measured at fair value and whose changes are included in the other comprehensive income as the financial assets measured at fair value and whose changes are included in current profit or loss.

After the initial recognition, such financial assets are subsequently measured at fair value, and the gains or losses (including interests and dividend income) are included in the current profit and loss, unless the financial assets are

part of the hedging relationship.

However, for non-trading equity instrument investments, the Company irreversibly designates them as the financial assets that are measured at fair value and whose changes are included in other comprehensive income in the initial recognition. The designation is made based on a single investment and the relevant investment is in line with the definition of equity instruments from the issuer's perspective. After initial recognition, such financial assets are subsequently measured at fair value. Dividend income that meets the conditions is included in profit or loss, and other gains or losses and changes in fair value are included in other comprehensive income. When it is terminated for recognition, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in retained earnings.

(3) Classification and measurement of financial liabilities

The financial liabilities of the Company are classified as financial liabilities measured at fair value and whose changes are included in current profit or loss and financial liabilities measured at amortized cost at the initial recognition. For financial liabilities that are not classified as financial liabilities measured at fair value and whose changes are included in current profit or loss, the related transaction expenses are included in the initial recognition amount.

① Financial liability measured by fair value and with variation reckoned into current gains/losses

Financial liability measured by fair value and with variation reckoned into current gains/losses including tradable financial liability and the financial liabilities that are designated as fair value in the initial recognition and whose changes are included in current profit or loss. For such financial liabilities, the subsequent measurement is based on fair value, and the gains or losses arising from changes in fair value and the dividends and interest expenses related to these financial liabilities are included in current profit or loss.

② Financial liability measured by amortized cost

Other financial liabilities are subsequently measured at amortized cost by using the effective interest method. The gain or loss arising from recognition termination or amortization is included in current profit or loss.

③ Distinctions between financial liabilities and equity instruments

Financial liabilities are liabilities that meet one of the following conditions:

- A. Contractual obligations to deliver cash or other financial assets to other parties.
- B. Contractual obligations to exchange financial assets or financial liabilities with other parties under potentially adverse conditions.
- C. Non-derivative contracts that must be settled or that can be settled by the company's own equity instruments in the future, and the enterprise will deliver a variable amount of its own equity instruments according to the contract.
- D. Derivative contracts that must be settled or that can be settled by the company's own equity instruments in the future, except for derivatives contracts that exchange a fixed amount of cash or other financial assets with a fixed amount of their own equity instruments.

An equity instrument is a contract that proves it has a residual equity in the assets of an enterprise after deducting all liabilities.

If the Company cannot unconditionally avoid performing a contractual obligation by delivering cash or other financial assets, the contractual obligation is consistent with the definition of financial liability.

If a financial instrument is required to be settled or can be settled by the Company's own equity instruments, it is necessary to consider whether the Company's own equity instruments used to settle the instrument are a substitute for cash or other financial assets, or to make the instrument holder enjoy the residual equity in the assets of the issuer after deducting all liabilities. In the former case, the instrument is the Company's financial liability; if it is the latter, the instrument is the Company's equity instrument.

(4) Fair value of financial instruments

The company uses valuation techniques that are applicable under current circumstances and that have sufficient available data and other information support to determine the fair value of related financial assets and financial liabilities. The company divides the input values used by valuation techniques into the following levels and uses them in sequence:

- ① The first-level input value is the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in the active market;
- ② The second-level input value is the direct or indirect observable input value of the relevant assets or liabilities other than the first-level input value, including quotations of similar assets or liabilities in an active market; quotations of same or similar assets or liabilities in an active market; other observable input value other than quotations, such as interest rate and yield curves that are observable during the normal quote interval; market-validated input value, etc.;
- ③ The third-level input value is the unobservable input value of the relevant assets or liabilities, including the interest rate that cannot be directly observed or cannot be verified by observable market data, stock volatility, future cash flow of the retirement obligation assumed in the business combination, and financial forecasting made by its own data, etc.

(5) Impairment of financial assets

On the basis of expected credit losses, the Company performs impairment treatment on financial assets measured at amortized cost and creditors' investment etc. measured at fair value and whose changes are included in other comprehensive income and recognize the provisions for loss.

① Measurement of expected credit losses

Expected credit loss refers to the weighted average of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows that the Company discounts at the original actual interest rate and are receivable in accordance with contract and all cash flows expected to be received, that is, the present value of all cash shortages. Among them, for the purchase or source of financial assets that have suffered credit impairment, the Company discounts the financial assets at the actual interest rate adjusted by credit.

When measuring expected credit losses, the Company individually evaluates credit risk for financial assets with significantly different credit risks, such as receivables involving litigation and arbitration with the other party, or receivables having obvious indications that the debtor is likely to be unable to fulfill its repayment obligations,

and so on.

Except for the financial assets that separately assess the credit risks, the Company classified the account receivable according to their characteristic of risks, calculated the expected credit losses on basis of portfolio.

Basis for determining the portfolio as follow:

A - Note receivable

Note receivable 1: bank acceptance

Note receivable 2: trade acceptance

B - Account receivable

Account receivable 1: receivable from clients

Account receivable 2: receivable from internal related party

C- Receivable financing

Receivable financing 1: bank acceptance

Receivable financing 2: trade acceptance

D - Other account receivables

Other account receivables 1: receivable from internal related party

Other account receivables 2: receivable from others

As for the note receivable, account receivable, receivable financing and other account receivable classified in portfolio, by referring to the experience of historical credit loss, the expected credit loss is calculated by combining the current situation and the forecast of future economic conditions.

Except for the financial assets adopting simplified metering method, the Company assesses at each balance sheet date whether its credit risk has increased significantly since initial recognition. If credit risk has not increased significantly since initial recognition, it is in the first stage, the Company measures the loss provisions based on the amount equivalent to the expected credit loss in the next 12 months; if the credit risk has increased significantly since initial recognition but no credit impairment has occurred, it is in the second stage, the Company measures the loss provisions based on the amount equivalent to the expected credit loss for the entire duration; if credit impairment occurs after initial recognition, it is in the third stage, the Company measures the loss provisions based on the amount equivalent to the expected credit loss for the entire duration. For financial instruments with low credit risks at the balance sheet date, the Company assumes that their credit risks have not increased significantly since initial recognition.

The Company evaluates the expected credit losses of financial instruments based on individual items and portfolios. When assessing expected credit losses, the Company considers reasonable and evidence-based information about past events, current conditions, and forecasts of future economic conditions.

When the Company no longer reasonably expects to be able to fully or partially recover the contractual cash flow of a financial asset, the Company directly writes down the book balance of the financial asset.

②Assessment of a significant increase in credit risk:

The Company determines the relative changes in default risk of the financial instrument occurred in the expected

duration and assess whether the credit risks of financial instrument has increased significantly since the initial recognition by comparing the risk of default of the financial instrument on the balance sheet date with the risk of default of financial instrument on the initial recognition date. When determining whether the credit risk has increased significantly since the initial recognition, the Company considers reasonable and evidence-based information that can be obtained without unnecessary additional costs or effort, including forward-looking information. The information considered by the Company includes:

- A. The debtor fails to pay the principal and interest according to the contractual maturity date;
- B. Serious worsening of external or internal credit rating (if any) of the financial instruments that have occurred or are expected;
- C. Serious deterioration of the debtor's operating results that have occurred or are expected;
- D. Changes in existing or anticipated technical, market, economic or legal circumstances that will have a material adverse effect on the debtor's ability to repay the company.

Based on the nature of financial instruments, the Company assesses whether credit risk has increased significantly on the basis of a single financial instrument or combination of financial instruments. When conducting an assessment based on a combination of financial instruments, the Company can classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk ratings.

The Company believes that financial assets are subject to default in the following circumstances:

The debtor is unlikely to pay the full amount to the Company, and the assessment does not consider the Company to take recourse actions such as realizing collateral (if held).

③ Financial assets with credit impairment

On the balance sheet date, the Company assesses whether the credit of financial assets measured at amortized cost and the credit of debt investments measured at fair value and whose changes are included in other comprehensive income has been impaired. When one or more events that adversely affect the expected future cash flows of a financial asset occur, the financial asset becomes a financial asset that has suffered credit impairment. Evidence that credit impairment has occurred in financial assets includes the following observable information:

- A. The issuer or the debtor has significant financial difficulties;
- B. The debtor breaches the contract, such as default or overdue repayment of interest or principal;
- C. The Company gives concessions to the debtor that will not be made in any other circumstances for economic or contractual considerations relating to the financial difficulties of the debtor;
- D. The debtor is likely to go bankrupt or carry out other financial restructurings;
- E. The financial difficulties of the issuer or the debtor have caused the active market of the financial asset to disappear.

④ Presentation of expected credit loss provisions

In order to reflect the changes in the credit risk of financial instruments since the initial recognition, the Company re-measures the expected credit losses on each balance sheet date, and the resulting increase or reversal of the loss provisions shall be included in current profit and loss as impairment losses or gains. For financial assets measured at amortized cost, the loss provisions are written off against the book value of the financial assets listed in the balance

sheet; for debt investments measured at fair value and whose changes are included in other comprehensive income, the Company recognizes the loss provisions in other comprehensive income and does not deduct the book value of the financial asset.

⑤ Write-off

If the Company no longer reasonably expects that the financial asset contract cash flow can be fully or partially recovered, directly write down the book balance of the financial asset. Such write-downs constitute the termination of recognition for related financial assets. This usually occurs when the Company determines that the debtor has no assets or sources of income to generate sufficient cash flow to repay the amount that will be written down. However, according to the Company's procedures for recovering the due amount, the financial assets that have been written down may still be affected by the execution activities.

If the financial assets that have been written down are recovered afterwards, they shall be included in the profit or loss of the period being recovered as the reversal of the impairment loss

(6) Transfer of financial assets

The transfer of financial assets refers to the transfer or delivery of financial assets to the other party (the transferee) other than the issuer of the financial assets.

For financial assets that the Company has transferred almost all risks and rewards of ownership of financial assets to the transferee, terminate the recognition of the financial assets; if almost all the risks and rewards of ownership of financial assets have been retained, do not terminate the recognition of the financial assets.

If the Company has neither transferred nor retained almost all the risks and rewards of ownership of financial assets, dispose as following situations: If the control of the financial assets is abandoned, terminate the recognition of the financial assets and determine the resulting assets and liabilities. If the control of the financial assets is not abandoned, determine the relevant financial assets according to the extent to which they continue to be involved in the transferred financial assets, and determine the related liabilities accordingly.

(7) Balance-out between the financial assets and liabilities

As the Group has the legal right to balance out the financial liabilities by the net or liquidation of the financial assets, the balance-out sum between the financial assets and liabilities is listed in the balance sheet. In addition, the financial assets and liabilities are listed in the balance sheet without being balanced out.

11. Note receivable

Note receivable 1: bank acceptance

Note receivable 2: trade acceptance

The Company calculates expected credit losses by referring to historical credit loss experience, taking into account current conditions and forecasts of the future economic situation.

12. Account receivable

Account receivable 1: receivable from clients

Account receivable 2: receivable from internal related party

The Company calculates expected credit losses by referring to historical credit loss experience, taking into account current conditions and forecasts of the future economic situation.

13. Receivable financing

The note receivable and account receivable which are measured at fair value and whose changes are included in other comprehensive income are classified as receivables financing within one year(including one year) from the date of acquisition. Relevant accounting policy found more in 10. Financial Instrument in Note V.

14. Other account receivables

Determination method of expected credit loss and accounting treatment

Other account receivables 1: receivable from internal related party

Other account receivables 2: receivable from others

The Company calculates expected credit losses by referring to historical credit loss experience, taking into account current conditions and forecasts of the future economic situation.

15. Inventory

(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

The cost of inventory at the time of acquisition and delivery is calculated according to the standard cost method, and the difference in cost that it should bear is carried forward at the end of the period, and the standard cost is adjusted to the actual cost.

(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.

16. Contract assets

The Company presents the contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligation and the customer's payment.

Recognition method and standard of contract assets: contract assets refer to the right of a company to receive consideration after transferring goods or providing services to customers, and this right depends on other factors besides the passage of time. The company's unconditional (that is, only depending on the passage of time) right to collect consideration from customers are separately listed as receivables.

Method for determining expected credit losses of contract assets: the method for determining expected credit losses of contract assets is consistent with the method for determining expected credit losses of accounts receivable.

Accounting treatment method of expected credit losses of contract assets: if the contract assets are impaired, the company shall debit the "asset impairment loss" subject and credit the "contract asset impairment provision" subject according to the amount that should be written down. When reversing the provision for asset impairment that has already been withdrawn, make opposite accounting entries.

17. Assets held for sale

The Company classifies non-current assets or disposal groups that meet all of the following conditions as held-for-sale: according to the practice of selling this type of assets or disposal groups in a similar transaction, the non-current assets or disposal group can be sold immediately at its current condition; The sale is likely to occur, that is, the Company has made resolution on the selling plan and obtained definite purchase commitment, the selling is estimated to be completed within one year. Those assets whose disposal is subject to approval from relevant authority or supervisory department under relevant requirements are subject to that approval.

Where the Company loses control over its subsidiary due to disposal of investment in the subsidiary, whether or not the Company retains part equity investment after such disposal, investment in the subsidiary shall be classified in its entirety as held for sale in the separate financial statement of the parent company subject to that the investment in the subsidiary proposed to be disposed satisfies the conditions for being classified as held for sale, and all the assets and liabilities of the subsidiary shall be classified as held for sale in consolidated financial statement.

The purchase commitment identified refers to the legally binding purchase agreement entered into between the Company and other parties, which sets out certain major terms relating to transaction price, time and adequately stringent punishment for default, which render an extremely minor possibility for material adjustment or revocation of the agreement.

Assets held for sale are measured at the lower of their carrying value and fair value less selling expense. If the carrying value is higher than fair value less selling expense, the excess shall be recognized as impairment loss and recorded in profit or loss for the period, and allowance for impairment shall be provided for in respect of the assets. In respect of impairment loss recognized for disposal group held for sale, carrying value of the goodwill in the disposal group shall be deducted first, and then deduct the carrying value of the non-current assets within the disposal group applicable to this measurement standard on a pro rata basis according to the proportion taken by their carrying value.

If the net amount of fair value of non-current assets held for sale less sales expense on subsequent balance sheet date increases, the amount previously reduced for accounting shall be recovered and reverted from the impairment loss recognized after the asset is classified under the category of held for sale, with the amount reverted recorded in profit or loss for the period. Impairment loss recognized before the asset is classified under the category of held for sale shall not be reverted. If the net amount of fair value of the disposal group held for sale on the subsequent balance sheet date less sales expenses increases, the amount reduced for accounting in previous periods shall be restored, and shall be reverted in the impairment loss recognized in respect of the non-current assets which are applicable to relevant measurement provisions after classification into the category of held for sale, with the reverted amount charged in profit or loss for the current period. The written-off carrying value of goodwill shall not be reverted.

The non-current assets in the non-current assets or disposal group held for sale is not depreciated or amortized, and the debt interests and other fees in the disposal group held for sale continue to be recognized.

If the non-current assets or disposal group are no longer classified as held for sale since they no longer meet the condition of being classified as held for sale or the non-current assets are removed from the disposal group held for sale, they will be measured at the lower of the following:

- (i) The amount after their book value before they are classified as held for sale is adjusted based on the depreciation, amortization or impairment that should have been recognized given they are not classified as held for sale;
- (ii) The recoverable amount.

18. 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 invested party. 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 by fair value and with variation reckoned into current gains/losses. As for other accounting policies found more in “10. Financial instrument” in Note V.

(1) Determination of initial investment cost

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

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

② For the long-term equity investment obtained by business combination not under the same control, the fair value of the assets involved, the equity instruments issued and the liabilities incurred or assumed on the transaction date, plus the combined cost directly related to the acquisition is used as the initial investment cost of the long-term equity investment. The identifiable assets of the combined party and the liabilities (including

contingent liabilities) assumed by the combined party on the combining date are all measured at fair value, regardless of the amount of minority shareholders' equity. The amount of the combined cost exceeding the fair value of the identifiable net assets of the combined party obtained by the Company is recorded as goodwill, and the amount below the fair value of the identifiable net assets of the combining party is directly recognized in the consolidated income statement. (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.)

③ Long-term investments obtained through other ways:

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

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

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

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

(2) Subsequent measurement on long-term equity investment

① Presented controlling ability on invested party, the investment shall use cost method for measurement.

② Long-term equity investments with joint control (excluding those constitute joint ventures) or significant influence on the invested party 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 invested party'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 invested party'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 invested party,

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 invested party. In respect of the other movement of net profit or loss, other comprehensive income and profit distribution of invested party, 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 invested party's net profits or losses based on the fair values of the invested party's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto. In the event of in-conformity between the accounting policies and accounting periods of the invested party and the Company, the financial statements of the invested party 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 invested party 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 invested party 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 invested party 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 invested party is making profits in subsequent periods, the Group shall resume recognizing its share of profits after setting off against the share of unrecognized losses.

③ Acquisition of minority interest

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

④ Disposal of long-term equity investments

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

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

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

In the event of loss of control over invested party 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 invested party 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 invested party 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 invested party, it shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by invested party at the time when the control over invested party is lost. Movement of other owners' equity (excluding net profit or loss, other comprehensive income and profit distribution under net asset of invested party 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 invested party 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 invested party 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 invested party 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 invested party 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 Note V-25."impairment of long-term assets"

(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 invested party, but to fail to control or joint control the formulation of such policies together with other parties. While recognizing whether have significant influence by invested party, the potential factors of voting power as current convertible bonds and current executable warrant of the invested party held by investors and other parties shall be thank over.

19. Investment real estate

Measurement model of investment real estate

Cost measurement

Depreciation or amortization

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 Note V- “25.Impairment of long-term assets”

20. Fixed assets

(1) Recognition 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

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

For the fixed assets with impairment provision, the depreciation amount shall be calculated after deducting the accumulated amount of impairment provision for fixed assets

(3) Recognition basis, valuation and depreciation method for financial lease assets 【For year 2020】

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'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; 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 and provision for impairment of fixed assets

The impairment test method and provision for impairment of fixed assets found more in Note V-25. "Impairment of long-term assets".

21. Construction in progress

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 Note V-"25. Impairment of long-term assets"

22. 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.

23. Right-of-use assets

The right-of-use asset refers to the right of the Company, as the lessee, to use the leased asset during the lease term.

On the commencement date of the lease term, the Company recognizes the right-of-use assets for leases other than short-term leases and leases of low-value assets. Right-of-use assets are initially measured at cost. The cost includes the initial measurement amount of the lease liability; the lease payments made on or before the commencement date of the lease term, deduct the relevant amount of the lease incentive already enjoyed if there is a lease incentive; the initial direct expenses incurred by the lessee; the cost expected to be incurred by the lessee to dismantle and remove the leased assets, restore the site where the leased assets locate, or restore the leased assets to the condition agreed upon in the lease terms, but this does not include the cost attributable to the production of inventory.

The Company subsequently uses the straight-line method to depreciate the right-of-use assets. If it can be reasonably determined that the ownership of the leased asset can be obtained at the expiration of the lease term, the Company shall accrue depreciation over the remaining useful life of the leased asset. If it cannot be reasonably determined that the ownership of the leased asset can be obtained at the expiration of the lease term, the Company shall accrue depreciation within the shorter of the lease term and the remaining useful life of the leased asset. When the recoverable amount is lower than the book value of the right-of-use asset, the Company shall write down its book value to the recoverable amount.

24. Intangible assets

(1) Measurement, use of life and impairment testing

① Measurement of intangible assets

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

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

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

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

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

② Amortization methods and time limit for intangible assets:

Land use right of the company had average amortization by the transfer years from the beginning date of transfer (date of getting land use light); Patented technology, non-patented technology and other intangible assets of the Company are amortized by straight-line method 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 Note V-“25.Impairment of long-term assets”.

(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.

25. Impairment of long-term assets

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 part whose value can be recovered.

26. 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.

27. Contract liability

The Company lists the obligation to transfer goods or provide labor services to customers for the consideration received or receivable from customers as contractual liabilities, such as the amount that the company has received before the transfer of the promissory goods.

28. 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 welfare 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 treatment 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 treatment 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.

29. Lease liability

Substantial On the commencement date of the lease term, the Company recognizes the present value of the unpaid lease payments as lease liabilities. Lease payments include the following five items: fixed payments and in-substance fixed payments, if there is a lease incentive, deduct the amount related to the lease incentive; variable lease payments that depend on an index or ratio, which are determined at the initial measurement according to the index or ratio determination on the commencement date of lease term; exercise price for a purchase option provided that the lessee is reasonably certain that the option shall be exercised; payments for exercising the option to terminate the lease provided that the lease term reflects that the lessee shall exercise the option to terminate the lease option; estimated payments due based on guaranteed residual value provided by the lessee.

When calculating the present value of lease payments, the interest rate implicit in the lease is used as the discount rate. If the interest rate implicit in the lease cannot be determined, the company's incremental borrowing rate is

used as the discount rate. The Company calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate, and includes it in the current profit and loss, unless it is otherwise stipulated to be included in the cost of the relevant assets. Variable lease payments that are not included in the measurement of lease liabilities are included in the current profit and loss when they are actually incurred, unless otherwise stipulated to be included in the cost of the relevant assets. After the commencement date of the lease term, when there is a change in the in-substance fixed payment, or a change in the estimated amount payable for the guaranteed residual value, or a change in the index or ratio used to determine the lease payment, or a change in the evaluation results of the purchase option, renewal option or termination option or when the actual exercise situation changes, the Company shall re-measure the lease liability according to the present value of the changed lease payments.

30. Accrual liability

(1) Recognition principle

An obligation related to a contingency, such as guarantees provided to outsiders, pending litigation or arbitration, 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

31. Share-based payment

The Company's share-based payment is a transaction that grants equity instruments or assumes liabilities determined on the basis of equity instruments in order to obtain services provided by employees or other parties. The Company's share-based payment is classified as equity-settled share-based payment and cash-settled share-based payment.

(1) Equity-settled share-based payment and equity instruments

Equity-settled share-based payment in exchange for services provided by employees shall be measured at the fair value of the equity instruments granted to employees. If the Company uses restricted stocks for share-based payment, employees contribute capital to subscribe for stocks, and the stocks shall not be listed for circulation or transfer until the unlocking conditions are met and unlocked; if the unlocking conditions specified in the final equity incentive plan are not met, the Company shall repurchase the stocks at the pre-agreed price. When the Company obtains the payment for the employees to subscribe for restricted stocks, it shall confirm the share capital and capital reserve (share capital premium) according to the obtained subscription money, and at the same time recognize a liability in full for the repurchase obligation and recognize treasury shares. On each balance sheet date during the waiting period, the Company makes the best estimate of the number of vesting equity instruments

based on the changes in the latest obtained number of vested employees, whether they meet the specified performance conditions, and other follow-up information. On this basis, the services obtained in the current period are included in related costs or expenses based on the fair value on the grant date, and the capital reserve shall be increased accordingly.

For share-based payments that cannot be vested in the end, costs or expenses shall not be recognized, unless the vesting conditions are market conditions or non-vesting conditions. At this time, regardless of whether the market conditions or the non-vesting conditions are met, as long as all non-market conditions in the vesting conditions are met, it is deemed as vesting.

If the terms of equity-settled share-based payment are modified, at least the services obtained should be confirmed in accordance with the unmodified terms. In addition, any modification that increases the fair value of the equity instruments granted, or a change that is beneficial to employees on the modification date, is recognized as an increase in services received.

If the equity-settled share payment is canceled, it will be treated as an accelerated vesting on the cancellation day, and the unconfirmed amount will be confirmed immediately. If an employee or other party can choose to meet the non-vesting conditions but fails to meet within the waiting period, it shall be treated as cancellation of equity-settled share-based payment. However, if a new equity instrument is granted and it is determined on the date of grant of the new equity instrument that the new equity instrument granted is used to replace the cancelled equity instrument, the granted substitute equity instruments shall be treated in the same way as the modification of the original equity instrument terms and conditions.

(2) Cash-settled share-based payment and equity instruments

Cash-settled share-based payments are measured at the fair value of the liabilities calculated and determined on the basis of shares or other equity instruments undertaken by the Company. If it's vested immediately after the grant, the fair value of the liabilities assumed on the date of the grant is included in the cost or expense, and the liability is increased accordingly. If the service within the waiting period is completed or the specified performance conditions are met, the service obtained in the current period shall be included in the relevant costs or expenses based on the best estimate of the vesting situation within the waiting period and the fair value of the liabilities assumed to increase the corresponding liabilities. On each balance sheet date and settlement date before the settlement of the relevant liabilities, the fair value of the liabilities is remeasured, and the changes are included in the current profit and loss.

32. Revenue

Accounting policies used in revenue recognition and measurement

1) Revenue recognition principle

On the starting date of the contract, the company evaluates the contract, identifies each individual performance obligation contained in the contract, and determines whether each individual performance obligation is performed within a certain period of time or at a certain point in time.

When one of the following conditions is met, it belongs to the performance obligation within a certain period of time, otherwise, it belongs to the performance obligation at a certain point in time: ① The customer obtains and consumes the economic benefits brought by the company's performance while the company performs the contract; ②The customer can control the goods or services under construction during the company's performance; ③The goods or services produced during the company's performance have irreplaceable uses, and the company has the right to collect payment for the performance part that has been completed so far during the entire contract period.

For performance obligations performed within a certain period of time, the company recognizes revenue in accordance with the performance progress during that period. When the performance progress cannot be reasonably determined, if the cost incurred is expected to be compensated, the revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined. For performance obligations performed at a certain point in time, revenue is recognized at the point when the customer obtains control of the relevant goods or services. When judging whether the customer has obtained control of the goods, the company considers the following signs: ① The company has the current right to receive payment for the goods, that is, the customer has the current payment obligation for the goods; ②The company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods; ③The company has transferred the goods to the customer in kind, that is, the customer has physically taken possession of the goods; ④ The company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods; ⑤ The customer has accepted the goods; ⑥Other signs that the customer has obtained control of the goods.

2) Revenue measurement principle

①The company measures revenue based on the transaction price allocated to each individual performance obligation. The transaction price is the amount of consideration that the company expects to be entitled to receive due to the transfer of goods or services to customers, and does not include payments collected on behalf of third parties and payments expected to be returned to customers.

②If there is variable consideration in the contract, the company shall determine the best estimate of the variable consideration according to the expected value or the most likely amount, but the transaction price including the variable consideration shall not exceed the amount of cumulatively recognized revenue that is unlikely to be significantly turned back when the relevant uncertainty is eliminated.

③ If there is a significant financing component in the contract, the company shall determine the transaction price based on the amount payable that the customer is assumed to pay in cash when obtaining the control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest method during the contract period. On the starting date of the contract, if the company expects that the customer pays the price within one year after obtaining control of the goods or services, the significant financing components in the contract shall not be considered.

④If the contract contains two or more performance obligations, the company will allocate the transaction price to each individual performance obligation based on the relative proportion of the stand-alone selling price of the goods promised by each individual performance obligation on the starting date of the contract.

Differences in accounting policies for revenue recognition due to different operating models for the same type of business

N/A

33. Government grants

(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 and measure

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. If the fair value can not be reliably acquired, than measured by nominal amount.

(3) Accounting treatment

A government grant related to an asset shall be recognized as deferred income, and reckoned into current gains/losses according to the depreciation process in use life of such assets.

A government grant related to income, if they making up relevant expenses and losses for later period, than recognized deferred income, and should reckoned into current gain/loss during the period while relevant expenses are recognized; if they making up relevant expenses and losses that occurred, than reckoned into current gains/losses.

A government grant related to daily operation activity of the Company should reckoned into other income; those without related to daily operation activity should reckoned into non-operation income and expenses.

The financial discount funds received by the Company shall write down relevant borrowing costs.

34. Deferred income 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

35. Lease

(1)Accounting for operating lease

Accounting policies applicable from January 1, 2021

Lease refers to a contract in which the lessor transfers the right to use assets to the lessee for consideration within a certain period of time. On the commencement date of the contract, the company evaluates whether the contract is a lease or includes a lease. If one party in the contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract is a lease or includes a lease. If the contract includes multiple separate leases at the same time, the company will split the contract and conduct accounting treatment for each separate lease. If the contract includes both the leased and non leased parts, the lessee and the lessor shall separate the leased and non leased parts.

(1) The company as lessee

For the general accounting treatment of the company as the lessee, see note V, 23 "right to use assets" and note V, 29 "lease liabilities".

For short-term leases with a lease term of no more than 12 months and low value asset leases with a lower value when a single asset is new, the company chooses not to recognize the right to use assets and lease liabilities, and the relevant rental expenses are included in the current profit and loss or the cost of relevant assets according to the straight-line method in each period of the lease term.

If the lease changes and meets the following conditions at the same time, the company will treat the lease change as a separate lease for Accounting: the lease change expands the lease scope by adding the right to use one or more leased assets; The increased consideration is equivalent to the amount adjusted according to the conditions of the contract at the separate price for most of the expansion of the lease scope. If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the company will re allocate the consideration of the contract after the change, re determine the lease term, and re measure the lease liability according to the present value calculated by the lease payment after the change and the revised discount rate.

(2) The company as lessor

On the lease commencement date, the company classifies leases that have substantially transferred almost all the

risks and rewards related to the ownership of the leased assets as financial leases, and all other leases are operating leases.

1) Operating lease

During each period of the lease term, the company recognizes the lease receipts as rental income according to the straight-line method, and the initial direct expenses incurred are capitalized, amortized on the same basis as the recognition of rental income, and included in the current profit and loss by stages. The variable lease payments obtained by the company related to operating leases that are not included in the lease receipts are included in the current profits and losses when actually incurred.

2) Finance lease

On the beginning date of the lease term, the company recognizes the financial lease receivables according to the net amount of the lease investment (the sum of the unsecured residual value and the present value of the lease collection not received on the beginning date of the lease term discounted according to the embedded interest rate of the lease), and terminates the recognition of the financial lease assets. During each period of the lease term, the company calculates and recognizes the interest income according to the interest rate embedded in the lease. The amount of variable lease payments obtained by the company that are not included in the measurement of net lease investment shall be included in the current profit and loss when actually incurred.

(3) Sale leaseback

The company evaluates and determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with the accounting standards for Business Enterprises No. 14 - revenue.

1) The company as lessee

If the asset transfer in the sale and leaseback transaction is sales, the company measures the right to use assets formed by the sale and leaseback according to the part of the book value of the original assets related to the right to use obtained by the leaseback, and only recognizes the relevant gains or losses on the rights transferred to the lessor.

If the asset transfer in the sale and leaseback transaction does not belong to sales, the company will continue to recognize the transferred asset, recognize a financial liability equal to the transfer income, and carry out accounting treatment for the financial liability in accordance with the accounting standards for Business Enterprises No. 22 - recognition and measurement of financial instruments.

2) The company as lessor

If the asset transfer in the sale and leaseback transaction belongs to sales, the company will conduct accounting treatment for asset purchase in accordance with other applicable accounting standards for business enterprises, and accounting treatment for asset lease in accordance with accounting standards for Business Enterprises No. 21 - leasing.

If the asset transfer in the sale and leaseback transaction does not belong to sales, the company does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income, and carries out accounting treatment for the financial asset in accordance with the accounting standards for Business Enterprises No. 22 - recognition and measurement of financial instruments.

Accounting policy applied in 2020

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 treatment for financing lease

Accounting policy applied in 2020

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.

36. Other major accounting policy and estimation

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

The Company has used the expected credit loss model to assess the impairment of financial instruments. The application of the expected credit loss model requires significant judgement and estimates, and must consider all reasonable and evidence-based information, including forward-looking information. In making such judgments and estimates, the Company infers the expected changes in debtors' credit risks based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors.

(2) Inventory falling price reserves

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) 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.

(4) 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.

(5) Fair value of financial instrument

Financial instruments that do not have active markets to provide quotes need to use valuation techniques to determine fair value. Valuation techniques include the latest transaction information, discounted cash flow methods, and option pricing models. The Company has established a set of work processes to ensure that qualified personnel are responsible for the calculation, verification and review of fair value. The valuation model used by the Company uses the market information as much as possible and uses the Company-specific information as little as possible. It should be noted that part of the information used in the valuation model requires management's estimation (such as discount rate, target exchange rate volatility, etc.). The Company regularly reviews the above estimates and assumptions and makes adjustments if necessary.

(6) 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.

37.Changes of important accounting policy and estimation

(1)Changes of important accounting policies

√Applicable □Not applicable

Content and reasons for changes in accounting policies	Approval process	Note
Implementation of new leasing standard	Deliberated and approved by AGM of 2020	

Implementation of new leasing standard:

The Ministry of Finance issued the revised Accounting Standards for Business Enterprise No.21- Lease in December 2018. the Company has implemented the new leasing standards from January 1, 2021. For the contracts existing prior to the date of first implementation, the Company has chosen not to re-assess whether they are leases or contains a leases. The Company adjusted the amount of retained earnings and other related items in financial statements at the beginning of the year of initial implementation based on the cumulative effect of initial implementation, without adjusting the information for comparable period.

Main effects of implementing the new leasing standard on financial statement as of January 1, 2021 are as follows:

Consolidated financial statement:

In RMB

Item	2020-12-31	Impact amount	2021-1-1
Fixed assets	2,882,230,191.08	-11,878,720.71	2,870,351,470.37
Right-of-use assets	--	33,192,094.14	33,192,094.14
Non-current liability due within one year	36,914,242.02	4,570,870.79	41,485,112.81
Lease liability	--	22,604,755.70	22,604,755.70
Long-term payable	39,479,218.17	-5,862,253.06	33,616,965.11

Financial statement of parent company:

In RMB

Item	2020-12-31	Impact amount	2021-1-1
Right-of-use assets	--	1,710,935.83	1,710,935.83
Lease liability	--	1,269,864.48	1,269,864.48
Non-current liability due within one year	--	441,071.35	441,071.35

(2) Changes of important accounting estimations

Applicable Not applicable

(3) Adjustment the financial statements at the beginning of the first year of implementation of new leasing standards since 2021

Applicable Not applicable

Whether need to adjust the items in balance sheet at the beginning of the year

Yes No

Consolidate balance sheet

In RMB

Item	2020-12-31	2021-01-01	Adjustments
Current assets:			
Monetary funds	1,963,289,832.33	1,963,289,832.33	
Settlement provisions			
Capital lent			
Trading financial asset	3,518,432,939.10	3,518,432,939.10	

Derivative financial assets			
Note receivable	1,657,315,723.56	1,657,315,723.56	
Account receivable	2,824,780,352.41	2,824,780,352.41	
Receivable financing	1,005,524,477.88	1,005,524,477.88	
Account paid in advance	151,873,357.76	151,873,357.76	
Insurance receivable			
Reinsurance receivables			
Contract reserve of reinsurance receivable			
Other account receivables	54,209,580.88	54,209,580.88	
Including: Interest receivable			
Dividend receivable	49,000,000.00	49,000,000.00	
Buying back the sale of financial assets			
Inventory	2,877,182,174.64	2,877,182,174.64	
Contract assets			
Assets held for sale			
Non-current asset due within one year			
Other current assets	2,137,921,113.61	2,137,921,113.61	
Total current assets	16,190,529,552.17	16,190,529,552.17	
Non-current assets:			
Loans and payments on behalf			
Debt investment			
Other debt investment			
Long-term account receivables			
Long-term equity investment	4,801,488,290.97	4,801,488,290.97	
Other equity instrument investment	285,048,000.00	285,048,000.00	
Other non-current financial assets	1,805,788,421.00	1,805,788,421.00	
Investment real estate	20,886,681.62	20,886,681.62	
Fixed assets	2,882,230,191.08	2,870,351,470.37	-11,878,720.71
Construction in progress	243,795,493.04	243,795,493.04	
Productive biological assets			
Oil and gas assets			
Right-of-use assets		33,192,094.14	33,192,094.14
Intangible assets	454,412,947.69	454,412,947.69	
Development expenses			

Goodwill	257,800,696.32	257,800,696.32	
Long-term deferred expenses	15,062,171.09	15,062,171.09	
Deferred income tax assets	198,393,501.50	198,393,501.50	
Other non-current assets	195,259,441.73	195,259,441.73	
Total non-current assets	11,160,165,836.04	11,181,479,209.47	21,313,373.43
Total assets	27,350,695,388.21	27,372,008,761.64	21,313,373.43
Current liabilities:			
Short-term borrowings	302,238,600.05	302,238,600.05	
Loan from central bank			
Capital borrowed			
Trading financial liability			
Derivative financial liability			
Note payable	2,462,592,372.82	2,462,592,372.82	
Account payable	4,100,984,240.39	4,100,984,240.39	
Account received in advance	4,071,236.87	4,071,236.87	
Contract liability	81,717,387.25	81,717,387.25	
Selling financial asset of repurchase			
Absorbing deposit and interbank deposit			
Security trading of agency			
Security sales of agency			
Wage payable	332,421,811.82	332,421,811.82	
Taxes payable	67,493,690.29	67,493,690.29	
Other account payable	361,556,257.42	361,556,257.42	
Including: Interest payable	4,862.22	4,862.22	
Dividend payable			
Commission charge and commission payable			
Reinsurance payable			
Liability held for sale			
Non-current liability due within one year	36,914,242.02	41,485,112.81	4,570,870.79
Other current liabilities	222,871,087.33	222,871,087.33	
Total current liabilities	7,972,860,926.26	7,977,431,797.05	4,570,870.79
Non-current liabilities:			
Insurance contract reserve			
Long-term loans	3,050,640.97	3,050,640.97	

Bonds payable			
Including: Preferred stock			
Perpetual capital securities			
Lease liability		22,604,755.70	22,604,755.70
Long-term account payable	39,479,218.17	33,616,965.11	-5,862,253.06
Long-term wages payable	181,980,293.94	181,980,293.94	
Accrual liability			
Deferred income	328,204,476.73	328,204,476.73	
Deferred income tax liabilities	30,653,933.12	30,653,933.12	
Other non-current liabilities			
Total non-current liabilities	583,368,562.93	600,111,065.57	16,742,502.64
Total liabilities	8,556,229,489.19	8,577,542,862.62	21,313,373.43
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	3,294,242,368.28	3,294,242,368.28	
Less: Inventory shares	303,627,977.74	303,627,977.74	
Other comprehensive income	13,916,619.47	13,916,619.47	
Reasonable reserve	2,333,490.03	2,333,490.03	
Surplus public reserve	510,100,496.00	510,100,496.00	
Provision of general risk			
Retained profit	13,756,102,424.62	13,756,102,424.62	
Total owner's equity attributable to parent company	18,282,017,990.66	18,282,017,990.66	
Minority interests	512,447,908.36	512,447,908.36	
Total owner's equity	18,794,465,899.02	18,794,465,899.02	
Total liabilities and owner's equity	27,350,695,388.21	27,372,008,761.64	21,313,373.43

Explanation on adjustment

The Ministry of Finance issued the revised Accounting Standards for Business Enterprise No.21- Lease in December 2018. the Company has implemented the new leasing standards from January 1, 2021. For the contracts existing prior to the date of first implementation, the Company has chosen not to re-assess whether they are leases or contains a leases. The Company adjusted the amount of retained earnings and other related items in financial statements at the beginning of the year of initial implementation based on the cumulative effect of initial implementation, without adjusting the information for comparable period.

Balance sheet of parent company

In RMB

Item	2020-12-31	2021-01-01	Adjustments
Current assets:			
Monetary funds	1,157,684,053.05	1,157,684,053.05	
Trading financial asset	3,452,348,980.19	3,452,348,980.19	
Derivative financial assets			
Note receivable	422,246,979.39	422,246,979.39	
Account receivable	982,782,279.22	982,782,279.22	
Receivable financing			
Account paid in advance	75,650,090.49	75,650,090.49	
Other account receivable	197,335,714.63	197,335,714.63	
Including: Interest receivable	897,777.78	897,777.78	
Dividend receivable			
Inventories	725,276,241.43	725,276,241.43	
Contract assets			
Assets held for sale			
Non-current assets maturing within one year			
Other current assets	2,057,772,839.50	2,057,772,839.50	
Total current assets	9,071,097,177.90	9,071,097,177.90	
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investments	5,978,128,303.88	5,978,128,303.88	
Investment in other equity instrument	209,108,000.00	209,108,000.00	
Other non-current financial assets	1,805,788,421.00	1,805,788,421.00	
Investment real estate			
Fixed assets	1,758,198,856.53	1,758,198,856.53	
Construction in progress	154,741,266.85	154,741,266.85	
Productive biological assets			
Oil and gas assets			
Right-of-use assets		1,710,935.83	1,710,935.83
Intangible assets	208,112,706.57	208,112,706.57	
Research and development costs			

Goodwill			
Long-term deferred expenses			
Deferred income tax assets	76,508,392.85	76,508,392.85	
Other non-current assets	117,013,906.01	117,013,906.01	
Total non-current assets	10,307,599,853.69	10,309,310,789.52	1,710,935.83
Total assets	19,378,697,031.59	19,380,407,967.42	1,710,935.83
Current liabilities:			
Short-term borrowings	102,088,888.89	102,088,888.89	
Trading financial liability			
Derivative financial liability			
Notes payable	448,901,718.36	448,901,718.36	
Account payable	1,265,845,068.26	1,265,845,068.26	
Accounts received in advance			
Contract liability	6,209,575.73	6,209,575.73	
Wage payable	216,870,819.60	216,870,819.60	
Taxes payable	32,974,322.59	32,974,322.59	
Other accounts payable	339,096,991.12	339,096,991.12	
Including: Interest payable			
Dividend payable			
Liability held for sale			
Non-current liability due within one year		441,071.35	441,071.35
Other current liabilities	182,611,991.54	182,611,991.54	
Total current liabilities	2,594,599,376.09	2,595,040,447.44	441,071.35
Non-current liabilities:			
Long-term loans			
Bonds payable			
Including: Preferred stock			
Perpetual capital securities			
Lease liability		1,269,864.48	1,269,864.48
Long-term payable			
Long term employee compensation payable	176,245,345.03	176,245,345.03	
Accrued liabilities			
Deferred income	285,714,239.98	285,714,239.98	
Deferred income tax liabilities			

Other non-current liabilities			
Total non-current liabilities	461,959,585.01	463,229,449.49	1,269,864.48
Total liabilities	3,056,558,961.10	3,058,269,896.93	1,710,935.83
Owners' 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	3,407,732,016.61	3,407,732,016.61	
Less: Inventory shares	303,627,977.74	303,627,977.74	
Other comprehensive income			
Special reserve			
Surplus reserve	510,100,496.00	510,100,496.00	
Retained profit	11,698,982,965.62	11,698,982,965.62	
Total owner's equity	16,322,138,070.49	16,322,138,070.49	
Total liabilities and owner's equity	19,378,697,031.59	19,380,407,967.42	1,710,935.83

Explanation on adjustment

The Ministry of Finance issued the revised Accounting Standards for Business Enterprise No.21- Lease in December 2018. the Company has implemented the new leasing standards from January 1, 2021. For the contracts existing prior to the date of first implementation, the Company has chosen not to re-assess whether they are leases or contains a leases. The Company adjusted the amount of retained earnings and other related items in financial statements at the beginning of the year of initial implementation based on the cumulative effect of initial implementation, without adjusting the information for comparable period.

(4) Retrospective adjustment of early comparison data description when initially implemented the new leasing standards since 2021

Applicable Not applicable

38. Other

Nil

VI. Taxation

1. Major taxes and tax rates

Tax	Basis	Tax rate
VAT	The output tax is calculated based on the taxable income, and VAT is calculated based on the difference after deducting the input tax available for deduction for the current period	25%(IRD,Denmark), 21%(Borit,Belgium), 13%, 9%, 6%, Collection rate 5%

City maintaining & construction tax	Turnover tax payable	7%、5%
Corporation income tax	Taxable income	15%, 20%、21% (IRD America、Borit America), 22% (IRD,Denmark), 25% (Borit,Belgium)
Educational surtax	Turnover tax payable	5%

Disclose reasons for different taxpaying body

Taxpaying body	Income tax rate
WFMA, WFCA, WFTR, WFSC, WFAS, WFLD(Nanchang), WFDT, Borit	25%
The Company, WFJN, WFLD, WFTT, WFLD(Chongqing), WFAM	15%
WFLD(Wuhan)	20%
IRD America, Borit America	21%
SPV、IRD	22%

2. Tax incentives

The Company, WFJN, WFLD and WFTT are accredited as a high-tech enterprise in 2020, and enjoy a preferential income tax rate of 15% from 1 January 2020 to 31 December 2022. WFAM is accredited as a high-tech enterprise in 2021, and enjoy a preferential income tax rate of 15% from 1 January 2021 to 31 December 2023.

According to the “Continuation of the Enterprise Income Tax Policies for Western Development ” No.23 (Year of 2020) issued together by Ministry of Finance, SAT and NDRC, from January 1, 2011 to December 31, 2030, the enterprises located in the west region and mainly engaged in the industrial projects stipulated in the *Catalogue of Encouragement Industries in Western China*, and whose main business income accounting for more than 60% of the total income of the enterprise in the current year can pay the corporate income tax at the tax rate of 15%. In 2021, WFLD (Chongqing) paid its corporate income tax at the tax rate of 15%.

In 2021, Weifu Leader (Wuhan) met the standards of small and low-profit enterprises, and the part of taxable income that did not exceed 1 million Yuan was included in the taxable income at a reduced rate of 12.5%, and the corporate income tax was paid at the tax rate of 20%; while the part of the taxable income exceeding 1 million Yuan but not exceeding 3 million Yuan was included in the taxable income at a reduced rate of 50%, and the corporate income tax was paid at the tax rate of 20%.

3. Other

VII. Notes to major items in consolidated financial statements

1. Monetary funds

Unit: RMB/CNY

Item	Ending balance	Opening balance
------	----------------	-----------------

Cash on hand	150,438.79	507.66
Cash in bank	1,864,868,497.94	1,905,945,511.04
Other Monetary funds	31,044,328.96	57,343,813.63
Total	1,896,063,265.69	1,963,289,832.33
Including: Total amount saving aboard	69,969,414.25	33,723,245.25
Total amount with restriction on use for mortgage, pledge or freeze	31,044,328.96	57,343,813.63

Other explanation

The ending balance of other monetary funds includes bank acceptance bill deposit 17,459,061.33 yuan, Mastercard deposit 194,220.00 yuan, frozen dividends 4,044,016.40 yuan and the foreign exchange contract margin is 9,347,031.23 yuan. The frozen dividend of 4,044,016.40 yuan represents the part of dividends distributed by SDEC (stock code:600841) and Miracle Automation (stock code:002009) from 2017 to 2021 held by the Company as financial assets available for sale. According to the notices numbered Yue 03MC [2016]2490 and Yue 03MC [2016]2492 served by Guangdong Shenzhen Intermediate People's Court, these dividends were frozen.

2. Trading financial asset

Unit: RMB/CNY

Item	Ending balance	Opening balance
Financial assets measured at fair value and whose changes are included in current profit or loss	6,076,436,069.42	3,518,432,939.10
Including:		
SDEC	153,643,308.00	140,395,956.00
Miracle Automation	113,793,600.00	47,712,300.00
Lifan Technology	77,802.11	
Financial products	0	3,330,324,683.10
Foreign exchange contract	74,734,940.30	
Other debt instruments and equity instruments investment	5,734,186,419.01	
Including:		
Total	6,076,436,069.42	3,518,432,939.10

3. Note receivable

(1) Classification of notes receivable

Unit: RMB/CNY

Item	Ending balance	Opening balance
------	----------------	-----------------

Bank acceptance bill	968,022,652.08	1,312,571,695.46
Trade acceptance bill	148,527,534.13	344,744,028.10
Total	1,116,550,186.21	1,657,315,723.56

Unit: RMB/CNY

Category	Ending balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Including:										
Note receivable with bad debt provision accrual on portfolio	1,116,550,186.21	100.00%			1,116,550,186.21	1,657,315,723.56	100.00%			1,657,315,723.56
Including:										
Portfolio 1: bank acceptance bill	968,022,652.08	86.70%			968,022,652.08	1,312,571,695.46	79.20%			1,312,571,695.46
Portfolio 2: trade acceptance bill	148,527,534.13	13.30%			148,527,534.13	344,744,028.10	20.80%			344,744,028.10
Total	1,116,550,186.21	100.00%			1,116,550,186.21	1,657,315,723.56	100.00%			1,657,315,723.56

Statement of the basis for determining the combination:

On December 31, 2020, the company accrued bad debt provisions according to the expected credit losses for the entire duration, bank acceptance bills and trade acceptance bill do not need to accrue bad debt provisions. The company believed that the bank acceptance bills held did not have significant credit risk and would not cause significant losses due to bank defaults. The trade acceptance bill held by the Company did not have significant credit risk, because these bills were mainly issued by large state-owned enterprises and listed companies with good reputation, and based on historical experience, there had been no major defaults, so they did not accrue bad debt provisions for the receivable bank acceptance bills and trade acceptance bill.

If the provision for bad debts of note receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose related information about bad-debt provisions:

Applicable Not applicable

(2) Bad debt provision accrual collected or switch back

Provision for bad debts in the current period:

Applicable Not applicable

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

Unit: RMB/CNY

Item	Amount pledge at period-end
Bank acceptance bill	655,932,358.60
Trade acceptance bill	71,998,451.45
Total	727,930,810.05

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

Unit: RMB/CNY

Item	Amount derecognition at period-end	Amount not derecognition at period-end
Bank acceptance bill	209,012,512.01	
Trade acceptance bill	299,864.89	
Total	209,312,376.90	

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

Unit: RMB/CNY

Item	Amount transfer to account receivable at period-end
Trade acceptance bill	7,300,000.00
Total	7,300,000.00

Other explanation

The trade acceptance bill that the company transferred to the accounts receivable due to in 2018 the failure of the drawer to perform the agreement at the end of the period were the bills of the subsidiaries controlled by Baota Petrochemical Group Co., Ltd. and the bills accepted by Baota Petrochemical Group Finance Co., Ltd. (hereinafter referred to as "BDbills"); In 2018, the amount transferred to account receivable was 7 million yuan, and 1.7 million yuan has been recovered in 2019, and an increase of 2 million yuan was added in 2020.

(6) Note receivable actually written-off in the period

Nil

4. Account receivable**(1) Classification of account receivable**

Unit: RMB/CNY

Category	Ending balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	

Account receivable with bad debt provision accrual on a single basis	61,361,142.44	2.87%	61,361,142.44	100.00%		80,362,095.35	2.74%	80,362,095.35	100.00%	
Including:										
Account receivable with bad debt provision accrual on portfolio	2,076,986,857.82	97.13%	23,186,564.05	1.12%	2,053,800,293.77	2,847,529,398.11	97.26%	22,749,045.70	0.80%	2,824,780,352.41
Including:										
Total	2,138,348,000.26	100.00%	84,547,706.49	3.95%	2,053,800,293.77	2,927,891,493.46	100.00%	103,111,141.05	3.52%	2,824,780,352.41

Bad debt provision accrual on single basis: RMB 61,361,142.44

Unit: RMB/CNY

Name	Ending balance			
	Book balance	Bad debt reserve	Accrual ratio	Accrual causes
Hubei Meiyang Auto Industry Co., Ltd.	20,139,669.45	20,139,669.45	100.00%	Have difficulty in collection
Hunan Leopard Auto Co., Ltd.	8,910,778.54	8,910,778.54	100.00%	Have difficulty in collection
BD bills	7,300,000.00	7,300,000.00	100.00%	Have difficulty in collection
Linyi Zotye Automobile components Manufacturing Co., Ltd.	6,193,466.77	6,193,466.77	100.00%	Have difficulty in collection
Tongling Ruineng Purchasing Co., Ltd.	4,320,454.34	4,320,454.34	100.00%	Have difficulty in collection
Brilliance Automotive Group Holdings Co., Ltd.	3,469,091.33	3,469,091.33	100.00%	Have difficulty in collection
Zhejiang Zotye Auto Manufacturing Co., Ltd.	3,217,763.27	3,217,763.27	100.00%	Have difficulty in collection
Dongfeng Chaoyang Diesel Co., Ltd.	1,951,447.02	1,951,447.02	100.00%	Have difficulty in collection
Jiangsu Kawei Auto Industrial Group Co., Ltd.	1,932,476.26	1,932,476.26	100.00%	Have difficulty in collection
Jiangsu Jintan Automobile Industry Co., Ltd.	1,059,798.43	1,059,798.43	100.00%	Have difficulty in collection
Tianjin Leiwo Engine Co., Ltd.	1,018,054.89	1,018,054.89	100.00%	Have difficulty in collection

Other custom	1,848,142.14	1,848,142.14	100.00%	Have difficulty in collection
Total	61,361,142.44	61,361,142.44	--	--

Bad debt provision accrual on portfolio: RMB 23,186,564.05

Unit: RMB/CNY

Name	Ending balance		
	Book balance	Bad debt reserve	Accrual ratio
Within 6 months	1,931,412,052.09		
6 months to one year	119,054,169.59	11,905,416.94	10.00%
1-2 years	16,418,405.74	3,283,681.15	20.00%
2-3 years	3,507,940.74	1,403,176.30	40.00%
Over 3 years	6,594,289.66	6,594,289.66	100.00%
Total	2,076,986,857.82	23,186,564.05	--

If the provision for bad debts of accounts receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose related information about bad-debt provisions:

Applicable Not applicable

By account age

Unit: RMB/CNY

Account age	Book balance
Within one year (One year included)	2,050,737,706.77
Including: within 6 months	1,931,412,052.09
6 months to one year	119,325,654.68
1-2 years	18,459,228.41
2-3 years	25,770,931.96
Over 3 years	43,380,133.12
3-4 years	43,380,133.12
Total	2,138,348,000.26

(2) Bad debt provision accrual collected or switch back

Bad debt provision accrual in the period:

Unit: RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	
Bad debt provision	103,111,141.05	1,857,333.45	6,229,404.62	14,157,037.63	-34,325.76	84,547,706.49

Total	103,111,141.05	1,857,333.45	6,229,404.62	14,157,037.63	-34,325.76	84,547,706.49
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Important bad debt provision collected or switch back: Nil

(3) Account receivable actual charge off in the Period

Unit: RMB/CNY

Item	Amount charge off
Jiangxi Dorcen Automobile Industry Co., Ltd.	3,867,632.16
Changchun FAW Sihuan Engine Manufacturing Co., Ltd	1,755,724.70
Wuxi Kaipu Machinery Co., Ltd.	1,713,322.55
Jiangxi Dorcen Automobile Co., Ltd.	1,338,959.01
Mianyang Xinchun Power Machinery Co., Ltd.	1,268,437.72
Fujian Zhao'an Country Minyue Bianjie Agricultural Machinery Automobile Components Co., Ltd.	1,111,007.12
Penglai Branch of Beiben Truck Group Co., Ltd.	678,390.63
Guangxi Nanning Kai yuan Auto Parts Co., Ltd.	666,203.00
Changzhou Borui Oil Pump & Nozzle Co., Ltd.	646,437.00
Retail enterprise	1,110,923.74
Total	14,157,037.63

Major charge-off for the major receivable: Nil

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

Unit: RMB/CNY

Name	Ending balance of account receivable	Ratio in total ending balance of account receivables	Ending balance of bad debt reserve
Custom 1	289,459,996.19	13.54%	80,832.31
Robert Bosch Company	236,685,486.17	11.07%	426,203.85
Custom 3	140,266,272.68	6.56%	599,358.62
Custom 4	133,236,949.33	6.23%	7,142,200.43
Custom 5	131,705,063.69	6.16%	1,141,038.44
Total	931,353,768.06	43.56%	

(5) Account receivable derecognition due to financial assets transfer

Nil

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

Nil

5. Receivable financing

Unit: RMB/CNY

Item	Ending balance	Opening balance
Bill receivable- bank acceptance bill	713,017,014.50	1,005,524,477.88
Total	713,017,014.50	1,005,524,477.88

Increase and decrease in current period and changes in fair value of receivables financing

 Applicable Not applicable

If the bad debt provision for account receivable is calculated and withdrawn according to the general model of expected credit loss, please refer to the disclosure method of other account receivables in aspect of impairment provision:

 Applicable Not applicable

Other explanation:

During the management of enterprise liquidity, the company will discount or endorse transfers before the maturity of some bills, the business model for managing bills receivable is to collect contractual cash flows and sell the financial asset, so it is classified as financial assets measured at fair value and whose changes are included in other comprehensive income, which is listed in receivables financing.

6. Account paid in advance**(1) Account age of account paid in advance**

Unit: RMB/CNY

Account age	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	172,019,278.72	96.61%	146,877,271.37	96.71%
1-2 years	3,318,636.20	1.86%	2,799,827.49	1.84%
2-3 years	1,140,843.34	0.64%	1,254,109.33	0.83%
Over 3 years	1,580,491.73	0.89%	942,149.57	0.62%
Total	178,059,249.99	--	151,873,357.76	--

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

Nil

(2) Top 5 account paid in advance at ending balance by prepayment object

Total year-end balance of top five account paid in advance by prepayment object amounted to 88,572,262.16 yuan, takes 49.74 percent of the total advance payment at year-end.

7. Other account receivables

Unit: RMB/CNY

Item	Ending balance	Opening balance
Dividend receivable		49,000,000.00
Other account receivables	17,908,078.54	5,209,580.88
Total	17,908,078.54	54,209,580.88

(1) Interest receivable**1) Category of interest receivable**

Nil

2) Significant overdue interest

Nil

3) Accrual of bad debt provision Applicable Not applicable**(2) Dividend receivable****1) Category of dividend receivable**

Unit: RMB/CNY

Item (or invested enterprise)	Ending balance	Opening balance
Wuxi WFEC Catalyst Co., Ltd.		49,000,000.00
Total		49,000,000.00

2) Important dividend receivable with account age over one year

Nil

(3) Other account receivables**1) Other account receivables classification by nature**

Unit: RMB/CNY

Nature	Ending book balance	Opening book balance
Intercourse funds from units	1,991,247.85	

Cash deposit	6,212,842.61	5,650,143.62
Staff loans and petty cash	555,076.61	766,301.05
Social security and provident fund paid	10,547,050.70	
Other	1,952,403.17	1,651,737.93
Total	21,258,620.94	8,068,182.60

2) Accrual of bad debt provision

Unit: RMB/CNY

Bad debt reserve	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2021	2,826,778.32		31,823.40	2,858,601.72
Balance of Jan. 1, 2021 in the period	—	—	—	—
Current accrual	493,305.68			493,305.68
Current written-off	1,365.00			1,365.00
Balance on Dec. 31, 2021	3,318,719.00		31,823.40	3,350,542.40

Change of book balance of loss provision with amount has major changes in the period

 Applicable Not applicable

By account age

Unit: RMB/CNY

Account age	Book balance
Within one year (One year included)	15,539,862.54
Within 6 months	15,439,862.54
6 months to one year	100,000.00
1-2 years	3,004,533.40
2-3 years	80.00
Over 3 years	2,714,145.00
3-4 years	2,714,145.00
Total	21,258,620.94

3) Bad debt provision accrual, collected or switch back

Bad debt provision accrual in the period:

Unit: RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	
Bad debt provision	2,858,601.72	493,305.68		1,365.00		3,350,542.40
Total	2,858,601.72	493,305.68		1,365.00		3,350,542.40

Including the important bad debt provision switch back or collected in the period: nil

4) Other receivables actually written-off during the reporting period

Unit: RMB/CNY

Item	Amount charge off
Other sporadic	1,365.00

Note of important other receivables of written-off: Nil

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

Unit: RMB/CNY

Enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other receivables	Ending balance of bad debt reserve
Ningbo Jiangbei High-Tech Industry Park Development Construction Co., Ltd.	Deposit margin	1,767,000.00	Over 3 years	8.31%	1,767,000.00
Wuxi China Resources Gas Co., Ltd.	Deposit margin	1,346,300.00	Within 6 months, 1-2 years	6.33%	205,200.00
Autocam (China) Auto Parts Co., Ltd.	Current accounts	1,298,252.55	Within 6 months	6.11%	
Zhenkunxing Industrial Supermarket (Shanghai) Co., Ltd.	Deposit margin	1,000,000.00	1-2 years	4.70%	200,000.00
Robert Bosch Company	Current accounts	692,995.30	Within 6 months	3.26%	
Total	--	6,104,547.85	--	28.71%	2,172,200.00

6) Other account receivables related to government grants

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) Category of inventory**

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Inventory depreciation reserve or Provision for impairment of contract performance costs	Book value	Book balance	Inventory depreciation reserve or Provision for impairment of contract performance costs	Book value
Stock materials	693,636,748.61	84,791,307.00	608,845,441.61	584,188,987.86	73,833,368.32	510,355,619.54
Goods in process	406,224,039.14	18,593,866.28	387,630,172.86	415,445,852.86	14,589,096.65	400,856,756.21
Finished goods	2,578,635,721.74	129,714,961.12	2,448,920,760.62	2,124,817,656.18	158,847,857.29	1,965,969,798.89
Total	3,678,496,509.49	233,100,134.40	3,445,396,375.09	3,124,452,496.90	247,270,322.26	2,877,182,174.64

(2) Inventory depreciation reserve or provision for impairment of contract performance costs

Unit: RMB/CNY

Item	Opening balance	Current increased		Current decreased		Ending balance
		Accrual	Other	Switch back or write-off	Other	
Stock materials	73,833,368.32	40,167,342.95	-468,345.51	28,741,058.76		84,791,307.00
Goods in process	14,589,096.65	12,204,540.06		8,199,770.43		18,593,866.28
Finished goods	158,847,857.29	82,062,784.53	-269,665.42	110,926,015.28		129,714,961.12
Total	247,270,322.26	134,434,667.54	-738,010.93	147,866,844.47		233,100,134.40

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:

Cash on hand	Accrual basis for inventory impairment	Specific basis for recognition
--------------	--	--------------------------------

	provision	
Materials in stock	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
Cash on hand	Accrual basis for inventory impairment provision	Specific basis for recognition

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

Cash on hand	Reasons of write-off
Materials in stock	Used for production and the finished goods are realized sales
Goods in process	Goods in process completed in the Period and corresponding finished goods are realized sales in the Period
Finished goods	Sales in the Period

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

Nil

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

Nil

9. Other current assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
Structured deposits		1,925,000,000.00
Receivable export tax rebates	6,457,803.72	5,286,965.71
VAT refund receivable	3,985,115.26	
Prepaid taxes and VAT retained	204,700,549.12	200,524,304.70
Input tax to be deducted and certification	6,274.43	178,073.42
Other	5,171,179.97	6,931,769.78
Total	220,320,922.50	2,137,921,113.61

10. Long-term equity investments

Unit: RMB/CNY

The	Opening	Current changes (+, -)	Ending	Ending
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invested entity	balance (book value)	Additi onal invest ment	Capital reducti on	Investme nt gain/loss recognize d under equity	Other comprehe nsive income adjustmen t	Other equity change	Cash dividend or profit announce d to issued	Impairme nt accrual	Other	balance (book value)	balance of depreciati on reserves
I. Joint venture											
II. Associated enterprise											
Wuxi WFEC Catalyst Co., Ltd.	677,317,176.28			215,155,778.68	16,885.14		98,000,000.00			794,489,840.10	
Robert Bosch Powertrain Ltd.	2,800,589,709.40			1,097,650,070.35			558,125,544.30			3,340,114,235.45	
Zhonglian Automobile Electronic Co., Ltd.	1,237,548,856.31			339,826,929.46			198,800,000.00			1,378,575,785.77	
Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.	74,854,070.65			-5,477,798.38		6,638,000.00	30,000,000.00			46,014,272.27	
Shinwell Automobile Technology (Wuxi) Co., Ltd.	982,750.11		298,865.01	-683,885.10							
Changchun Xuyang Weifu Automobile components Technology Co., Ltd.	10,195,728.22			153,091.71						10,348,819.93	
Precors GmbH		5,901,794.22		-87,249.63					-468,665.61	5,345,878.98	

Wuxi Chelian Tianxia Information Technology Co., Ltd.		150,000,000.00		-6,944,044.38						143,055,955.62	
Subtotal	4,801,488,290.97	155,901,794.22	298,865.01	1,639,592,892.71	16,885.14	6,638,000.00	884,925,544.30		-468,665.61	5,717,944,788.12	
Total	4,801,488,290.97	155,901,794.22	298,865.01	1,639,592,892.71	16,885.14	6,638,000.00	884,925,544.30		-468,665.61	5,717,944,788.12	

Other explanation

Explanation on those holding less than 20% of the voting rights but with significant influence:

(1) Precors GmbH:

Wholly-owned subsidiary of the Company - Borit, holds 8.11% equity of Precors GmbH, Borit appointed a director to Precors GmbH. Though the representative, Borit can participate in the operation policies formulation of Precors GmbH, and thus exercise a significant influence over Precors GmbH.

(2) Wuxi Chelian Tianxia Information Technology Co., Ltd. (Hereinafter referred to as "Chelian Tianxia"):

The Company holds 8.8295% equity of Chelian Tianxia, and appointed a director to Chelian Tianxia. Though the representative, the Company can participate in the operation policies formulation of Chelian Tianxi, and thus exercise a significant influence over Chelian Tianxi.

11. Other equity instrument investment

Unit: RMB/CNY

Item	Ending balance	Opening balance
Wuxi Xidong Science & Technology Industrial Park	5,000,000.00	5,000,000.00
Beijing Zhike Industry Investment Holding Group Co., Ltd.	75,940,000.00	75,940,000.00
Rare earth Catalysis Innovation Research Institute (Dongying) Co., Ltd.	4,108,000.00	4,108,000.00
Wuxi Xichang Microchip Semi-Conductor	200,000,000.00	200,000,000.00
Total	285,048,000.00	285,048,000.00

Disclosure of the non-trading equity instrument investment item by item

Nil

12. Other non-current financial assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
Guolian Securities	208,795,178.00	326,848,122.00
Tradable financial assets holding for over one year	0	1,467,000,000.00
Investments in other debt instruments and equity instruments held for more than one year	1,482,000,000.00	11,940,299.00
Total	1,690,795,178.00	1,805,788,421.00

13. Investment real estate

(1) Investment real estate measured by cost

√ Applicable □ Not applicable

Unit: RMB/CNY

Item	House and Building	Land use right	Construction in progress	Total
I. original book value				
1. Opening balance	65,524,052.61			65,524,052.61
2. Current increased				
(1) outsourcing				
(2) Inventory\fixed assets\construction in process transfer-in				
(3) increased by combination				
3. Current decreased				
(1) disposal				
(2) other transfer-out				
4. Ending balance	65,524,052.61			65,524,052.61
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	44,637,370.99			44,637,370.99
2. Current increased	1,498,935.06			1,498,935.06
(1) accrual or amortization	1,498,935.06			1,498,935.06
3. Current decreased				
(1) disposal				
(2) other transfer-out				
4. Ending balance	46,136,306.05			46,136,306.05
III. Depreciation reserves				
1. Opening balance				

2.Current increased				
(1) accrual				
3. Current decreased				
(1) disposal				
(2) other transfer-out				
4.Ending balance				
IV. Book value				
1.Ending Book value	19,387,746.56			19,387,746.56
2.Opening Book value	20,886,681.62			20,886,681.62

(2) Investment real estate measured at fair value

Applicable Not applicable

(3) Investment real estate without property certification held

Nil

14. Fixed assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
Fixed assets	2,932,210,452.51	2,870,351,470.37
Total	2,932,210,452.51	2,870,351,470.37

(1) Fixed assets

Unit: RMB/CNY

Item	House and Building	Machinery equipment	Transportation equipment	Electronic and other equipment	Total
I. original book value:					
1. Opening balance	1,584,594,589.53	3,331,362,060.16	30,281,281.50	532,011,701.70	5,478,249,632.89
2. Current increased	34,390,390.58	272,796,414.41	6,970,031.67	195,616,134.81	509,772,971.47
(1) Purchase		10,668,713.03		833,555.11	11,502,268.14
(2) Construction in progress transfer-in	34,390,390.58	254,759,762.24	6,970,031.67	194,782,579.70	490,902,764.19
(3) increased by combination					

(4) Financial lease transfer in		7,367,939.14			7,367,939.14
3.Current decreased	48,746,495.67	55,051,289.67	4,478,807.10	12,149,268.75	120,425,861.19
(1) disposal or scrapping	48,746,495.67	55,051,289.67	4,478,807.10	12,149,268.75	120,425,861.19
4.Conversion of foreign currency financial statement		-8,818,494.71		-1,150,246.45	-9,968,741.16
5.Ending balance	1,570,238,484.44	3,540,288,690.19	32,772,506.07	714,328,321.31	5,857,628,002.01
II. Accumulated depreciation					
1.Opening balance	420,143,043.64	1,785,173,380.76	22,602,310.15	291,068,729.12	2,518,987,463.67
2.Current increased	47,866,276.19	213,842,643.95	2,036,120.68	141,308,325.34	405,053,366.16
(1) accrual	47,866,276.19	206,474,704.81	2,036,120.68	141,308,325.34	397,685,427.02
(2) Financial lease transfer in		7,367,939.14			7,367,939.14
3.Current decreased	28,184,090.54	41,378,900.85	4,234,247.04	9,021,470.45	82,818,708.88
(1) disposal or scrapping	28,184,090.54	41,378,900.85	4,234,247.04	9,021,470.45	82,818,708.88
4.Conversion of foreign currency financial statement		-5,554,362.21		-977,399.51	-6,531,761.72
5.Ending balance	439,825,229.29	1,952,082,761.65	20,404,183.79	422,378,184.50	2,834,690,359.23
III. Depreciation reserves					
1.Opening balance		81,771,072.40	73,319.90	7,066,306.55	88,910,698.85
2.Current increased		3,682,648.26			3,682,648.26
(1) accrual		3,682,648.26			3,682,648.26
3.Current decreased		911,787.05		954,369.79	1,866,156.84
(1) disposal or scrapping		911,787.05		954,369.79	1,866,156.84
4.Ending balance		84,541,933.61	73,319.90	6,111,936.76	90,727,190.27
IV. Book value					
1.Ending Book value	1,130,413,255.15	1,503,663,994.93	12,295,002.38	285,838,200.05	2,932,210,452.51
2.Opening Book value	1,164,451,545.89	1,464,417,607.00	7,605,651.45	233,876,666.03	2,870,351,470.37

(2) Temporarily idle fixed assets

Nil

(3) Fixed assets acquired by operating lease

Nil

(4) Fixed assets without property certification held

Unit: RMB/CNY

Item	Book value	Reasons for without the property certification
Plant and office building of Weifu Chang'an	32,262,206.56	Still in process of relevant property procedures

Other explanation

Decreased in the Period including the scrap reduction (original value: 47,038,726.49 yuan, accumulated depreciation 27,155,173.49 yuan) from WFHT Xinan Branch Plant No.1 Workshop (XI Fang Quan Zheng Zi No.WX1000475970-1). Due to the business development requirement, according to the investment filing certificate (Xi Xing Xing Shen Tou Bei No.: [2021]961) issued by Administrative Approval Bureau of Wuxi Xinwu District and the Granted Administrative License Decision Letter (Xi Gong (Zhi) Zhun Jue Zi No.: [2022]001) issued by Wuxi Municipal Public Security Bureau, the Company intends to demolish the building by explosives and rebuild to a R&D building, the building was scrapped in the current period.

(5) Disposal of fixed assets

Nil

15. Construction in progress

Unit: RMB/CNY

Item	Ending balance	Opening balance
Construction in progress	387,429,933.08	243,795,493.04
Total	387,429,933.08	243,795,493.04

(1) Construction in progress

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Technical transformation of parent company	88,688,772.85		88,688,772.85	123,249,079.40		123,249,079.40
Lot 103 phase V of the parent company	89,599,174.42		89,599,174.42	6,892,365.50		6,892,365.50
WFMS rebuilding of the parent company	12,185,858.74		12,185,858.74			
Technical transformation of WFAM	72,318,870.79		72,318,870.79	20,720,304.97		20,720,304.97
Technical transformation of WFLD	13,368,288.81		13,368,288.81	27,031,547.25		27,031,547.25

Technical transformation of Denmark RID	23,293,601.39		23,293,601.39	9,649,568.91		9,649,568.91
Other project	87,975,366.08		87,975,366.08	56,252,627.01		56,252,627.01
Total	387,429,933.08		387,429,933.08	243,795,493.04		243,795,493.04

(2) Changes of major projects under construction

Unit: RMB/CNY

Item	Budget	Opening balance	Current increased	Fixed assets transfer-in in the Period	Other decrease in the Period	Ending 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
Technical transformation of parent company		123,249,079.40	221,500,314.38	256,060,620.93		88,688,772.85						The company accumulates funds
Lot 103 phase V of the parent company		6,892,365.50	82,706,808.92			89,599,174.42						The company accumulates funds
WFMS rebuilding of the parent company			12,185,858.74			12,185,858.74						The company accumulates funds
Technical transformation of WFAM		20,720,304.97	86,720,543.66	35,121,977.84		72,318,870.79						The company accumulates funds
Technical transformation of WFLD		27,031,547.25	63,771,039.52	77,434,297.96		13,368,288.81						The company accumulates funds
Technical transformation of Denmark RID		9,649,568.91	13,883,069.18	239,036.70		23,293,601.39						The company accumulates funds
Total		187,542,304.97	480,767,308.92	368,855,620.93		299,454,774.42	--	--				--

		866.03	634.40	933.43		567.00					
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(3) The provision for impairment of construction projects

Nil

(4) Engineering materials

Nil

16. Right-of-use assets

Unit: RMB/CNY

Item	Building	Mechanical equipment	Total
I. Original book value:			
1. Opening balance	18,125,393.02	31,516,312.24	49,641,705.26
2. Current increased		76,187.97	76,187.97
3. Current decreased		7,367,939.14	7,367,939.14
(1) Transfer to own assets		7,367,939.14	7,367,939.14
4. Conversion of foreign currency financial statement	-520,709.01	-2,460,648.22	-2,981,357.23
5. Ending balance	17,604,684.01	21,763,912.85	39,368,596.86
II. Accumulated depreciation			
1. Opening balance		16,449,611.12	16,449,611.12
2. Current increased	4,210,378.53	4,462,084.23	8,672,462.76
(1) Accrual	4,210,378.53	4,462,084.23	8,672,462.76
3. Current decreased		7,367,939.14	7,367,939.14
(1) Disposal			
(2) Transfer to own assets		7,367,939.14	7,367,939.14
4. Conversion of foreign currency financial statement	-69,622.12	-1,464,321.34	-1,533,943.46
5. Ending balance	4,140,756.41	12,079,434.87	16,220,191.28
III. Depreciation reserves			
1. Opening balance			
2. Current increased			
(1) Accrual			
3. Current decreased			

(1) Disposal			
4. Ending balance			
IV. Book value			
1. Ending Book value	13,463,927.60	9,684,477.98	23,148,405.58
2. Opening Book value	18,125,393.02	15,066,701.12	33,192,094.14

17. Intangible assets

(1) Intangible assets

Unit: RMB/CNY

Item	Land use right	Patent	Non-patent technology	Computer software	Trademark and trademark license	Total
I. original book value						
1. Opening balance	381,012,520.44		185,079,328.12	97,684,862.76	41,597,126.47	705,373,837.79
2. Current increased			15,000,000.00	25,984,798.36		40,984,798.36
(1) Purchase				25,984,798.36		25,984,798.36
(2) internal R&D						
(3) increased by combination						
(4) Shareholders' capital contribution			15,000,000.00			15,000,000.00
3. Current decreased			369,011.14	245,278.06		614,289.20
(1) disposal			369,011.14	245,278.06		614,289.20
4. Conversion of foreign currency financial statement			-17,820,986.51	-272,175.84		-18,093,162.35
5. Ending balance	381,012,520.44		181,889,330.47	123,152,207.22	41,597,126.47	727,651,184.60
II. accumulated amortization						
1. Opening balance	95,252,939.06		55,078,092.67	74,273,958.37	9,709,000.00	234,313,990.10
2. Current increased	8,364,798.97		15,043,622.40	19,051,784.98		42,460,206.35
(1) accrual	8,364,798.97		15,043,622.40	19,051,784.98		42,460,206.35
3. Current decreased				245,278.06		245,278.06
(1) disposal				245,278.06		245,278.06

4.Conversion of foreign currency financial statement			-5,917,361.13	-200,392.48		-6,117,753.61
5.Ending balance	103,617,738.03		64,204,353.94	92,880,072.81	9,709,000.00	270,411,164.78
III. Depreciation reserves						
1.Opening balance					16,646,900.00	16,646,900.00
2.Current increased						
(1) accrual						
3.Current decreased						
(1) disposal						
4.Ending balance					16,646,900.00	16,646,900.00
IV. Book value						
1.Ending Book value	277,394,782.41		117,684,976.53	30,272,134.41	15,241,226.47	440,593,119.82
2.Opening Book value	285,759,581.38		130,001,235.45	23,410,904.39	15,241,226.47	454,412,947.69

(2) Land use right without property certification held

Nil

18. Goodwill

(1) Original book value of goodwill

Unit: RMB/CNY

The invested entity or matters forming goodwill	Opening balance	Current increased			Current decreased		Ending balance
		Formed by business combination	Purchase price recovered in the current period	Translation of foreign currency statements	Disposal		
Merged with WFTT	1,784,086.79						1,784,086.79
Merged with Borit	256,016,609.53		-1,136,214.91	-25,409,465.66			229,470,928.96
Total	257,800,696.32		-1,136,214.91	-25,409,465.66			231,255,015.75

(2) Goodwill depreciation reserves

Other explanation

1) Goodwill formed by the merger of WFTT:

In 2010, the Company controlling and combine WFTT by increasing the capital, the goodwill is the number that combination cost greater than the fair value of identical net assets of WFTT. At the end of the period, the company conducted an impairment test on goodwill to estimate the present value of future cash flows and the recoverable amount of the goodwill-related asset group, that is to estimate the present value of future cash flow based on the management's financial budget for the next five years and the discount rate of 14.78%, the cash flow of the year after the five years of financial budget has remained stable. The asset group identified during the goodwill impairment test did not change.

The key parameters determined by the goodwill impairment test are as follows: The current value of the expected future cash flow of the asset group related to goodwill is measured by using 20%~24% of gross profit margin and 4%~14% of the operating income growth rate in the forecast period as key parameters. The management determines these parameters based on historical conditions prior to the forecast period and forecasts of market development. After the above tests, the company's goodwill does not need to make provisions for impairment.

2) Goodwill formed by the merger of Borit:

In 2020, the company acquired 100.00% equity of Borit in the form of cash purchase, the goodwill was the part that the cost of the merger was greater than the fair value share of the identifiable net assets of Borit. According to the "Assets Appraisal Report" (Wanlong PBZi (2022) No. 40016) issued by Wanlong (Shanghai) Assets Appraisal Co., Ltd, appointed by the Company, the recoverable value of the assets group where the goodwill of the merged with Borit is 423,300,000 yuan, higher than the carrying value of 288,969,900 yuan, and there is no impairment loss of goodwill.

19. Long-term deferred expenses

Unit: RMB/CNY

Item	Opening balance	Current increased	Amortized in the Period	Other decrease	Ending balance
Remodeling costs etc.	15,062,171.09	5,043,070.27	4,800,457.79		15,304,783.57
Total	15,062,171.09	5,043,070.27	4,800,457.79		15,304,783.57

20. Deferred income tax assets/Deferred income tax liabilities**(1) Deferred income tax assets that are not offset**

Unit: RMB/CNY

Item	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Unrealized profit from insider transactions	65,251,129.55	10,531,677.19	19,551,845.38	3,457,610.51
Bad debt provision	87,681,266.17	13,383,420.21	104,259,030.38	15,779,756.63
Inventory depreciation	224,955,223.94	37,688,819.01	225,684,043.14	35,799,261.60

reserve				
Depreciation reserves of fixed assets	57,218,038.14	8,677,481.50	55,397,599.68	8,523,566.97
Depreciation reserves of intangible assets	16,646,900.00	2,497,035.00	16,646,900.00	2,497,035.00
Other equity instrument investment			10,000,000.00	1,500,000.00
Deferred income	295,502,674.12	44,620,545.44	323,924,836.18	48,935,725.44
Payable salary, accrued expenses etc.	1,236,037,621.62	188,472,847.67	981,477,549.10	151,813,641.23
Depreciation assets, amortization difference	54,047,597.49	8,868,412.34	89,867,140.23	14,608,530.41
Deductible loss of subsidiary	53,658,338.05	11,465,129.69	9,703,095.17	2,425,773.79
Equity incentive	80,742,533.73	12,498,678.30	6,330,515.63	987,908.92
Fiscal and tax differences for leasing business	378,997.84	72,554.36		
Total	2,172,120,320.65	338,776,600.71	1,842,842,554.89	286,328,810.50

(2) Deferred income tax liabilities that are not offset

Unit: RMB/CNY

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
The difference between the fair value and taxation basis of WFTT assets in a merger not under the same control	10,660,027.75	1,599,004.14	11,271,189.48	1,690,678.40
The difference between the fair value and taxation basis of IRD assets in a merger not under the same control	68,854,748.78	15,148,044.73	86,905,585.08	19,119,228.72
The difference between the fair value and taxation basis of Borit assets in a merger not under the same control	25,246,551.70	6,311,637.91	39,376,104.10	9,844,026.00

Change of fair value of transaction financial asset	318,337,329.74	47,794,985.96	366,808,362.19	55,023,506.38
Accelerated depreciation of fixed assets	294,934,456.08	48,772,268.60	211,571,729.76	32,911,802.62
Total	718,033,114.05	119,625,941.34	715,932,970.61	118,589,242.12

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

Unit: RMB/CNY

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	-96,528,406.14	242,248,194.57	-87,935,309.00	198,393,501.50
Deferred income tax liabilities	-96,528,406.14	23,097,535.20	-87,935,309.00	30,653,933.12

(4) Details of unrecognized deferred income tax assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
Bad debt reserve	216,982.72	1,710,712.39
Inventory depreciation reserve	8,144,910.46	21,586,279.12
Loss from subsidiary	279,247,744.04	193,713,240.35
Depreciation reserves of fixed assets	33,509,152.13	33,513,099.17
Other equity instrument investment	13,600,000.00	46,600,000.00
Equity incentive	2,304,871.81	154,321.87
Total	337,023,661.16	297,277,652.90

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

Unit: RMB/CNY

Maturity year	Ending amount	Opening amount	Note
2021		12,343,844.69	Subsidiaries have operating losses
2022	3,781,066.93	3,781,066.93	Subsidiaries have operating losses
2023	1,171,973.53	1,171,973.53	Subsidiaries have operating losses

2024	18,520,699.71	18,520,699.71	Subsidiaries have operating losses
2025	12,151,503.80	12,151,503.80	Subsidiaries have operating losses
2026	22,596,818.84		Subsidiaries have operating losses
No expiration period	221,025,681.23	145,744,151.69	Overseas subsidiaries have operating losses
Total	279,247,744.04	193,713,240.35	--

21. Other non-current assets

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Engineering equipment paid in advance	267,941,354.57		267,941,354.57	195,259,441.73		195,259,441.73
Total	267,941,354.57		267,941,354.57	195,259,441.73		195,259,441.73

22. Short-term borrowings

(1) Category of short-term borrowings

Unit: RMB/CNY

Item	Ending balance	Opening balance
Guaranteed Loan	72,197,000.00	
Credit loan	1,264,241,086.57	301,958,184.49
Bill financing	100,000,000.00	
Accrued interest	1,520,119.98	280,415.56
Total	1,437,958,206.55	302,238,600.05

Explanation of short-term loan classification:

Nil

(2) Overdue short-term loans without payment

Nil

23. Note payable

Unit: RMB/CNY

Category	Ending balance	Opening balance
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Bank acceptance bill	1,760,032,216.30	2,462,592,372.82
Total	1,760,032,216.30	2,462,592,372.82

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

Other notes:·

RMB 17,459,061.33 was paid as margin for issuing the above bank acceptance draft, and RMB 919,286,331.63 was pledged as notes receivable.

24. Account payable

(1) Account payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Within 1 year	3,066,299,727.36	3,986,993,867.21
1-2 years	64,962,570.18	87,605,077.14
2-3 years	52,067,026.49	13,824,720.43
Over three years	23,324,378.56	12,560,575.61
Total	3,206,653,702.59	4,100,984,240.39

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

Nil

25. Accounts received in advance

(1) Accounts received in advance

Unit: RMB/CNY

Item	Ending balance	Opening balance
Within 1 year	2,854,518.96	4,071,236.87
Total	2,854,518.96	4,071,236.87

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

Nil

26. Contract liabilities

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Within 1 year	132,406,102.56	77,554,320.04
1-2 years	2,681,086.39	2,763,605.96
2-3 years	132,196.85	255,602.59
Over three years	1,208,250.59	1,143,858.66
Total	136,427,636.39	81,717,387.25

27. Wage payable

(1) Wage payable

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
I. Short-term compensation	184,226,322.31	1,229,954,965.30	1,206,358,955.94	207,822,331.67
II. Post-employment welfare- defined contribution plans	49,931,097.42	150,090,291.23	179,742,081.34	20,279,307.31
III. Dismissed welfare	1,645,271.32	2,676,526.08	3,076,470.31	1,245,327.09
IV. Incentive funds paid within a year	84,150,000.00	57,021,506.64	47,291,506.64	93,880,000.00
V. Other short-term welfare-Housing subsidies, employee benefits and welfare funds	12,469,120.77	4,081,359.92	-111,055.94	16,661,536.63
Total	332,421,811.82	1,443,824,649.17	1,436,357,958.29	339,888,502.70

(2) Short-term compensation

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Wages, bonuses, allowances and subsidies	155,323,190.62	994,247,266.99	952,393,522.71	197,176,934.90
2. Welfare for workers and staff	112.35	80,637,346.71	80,565,400.14	72,058.92
3. Social insurance	17,498,085.68	58,614,929.34	75,920,323.29	192,691.73
Including: Medical insurance	14,251,442.15	48,718,750.94	62,797,587.59	172,605.50
Work injury insurance	1,661,670.58	5,184,089.01	6,829,106.29	16,653.30
Maternity insurance	1,584,972.95	4,712,089.39	6,293,629.41	3,432.93
4. Housing accumulation fund	1,016,187.00	76,572,294.01	76,931,607.01	656,874.00
5. Labor union expenditure and personnel education expense	10,367,089.56	18,254,550.95	19,010,410.58	9,611,229.93

6. Other short-term compensation - social security	21,657.10	1,628,577.30	1,537,692.21	112,542.19
Total	184,226,322.31	1,229,954,965.30	1,206,358,955.94	207,822,331.67

(3) Defined contribution plans

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Basic endowment premium	29,844,835.64	101,322,089.03	130,750,479.61	416,445.06
2. Unemployment insurance	912,529.16	3,441,267.28	4,328,263.00	25,533.44
3. Enterprise annuity	19,173,732.62	45,326,934.92	44,663,338.73	19,837,328.81
Total	49,931,097.42	150,090,291.23	179,742,081.34	20,279,307.31

Other explanation:

1. Reclassification of long-term staff remuneration payable:

An amount of 72,763,011.53 yuan is recorded in post office benefits - defined benefit plan and incentive fund payable within one year, which represents the difference between the incentive fund of 111,770,000.00 yuan expected to be paid in 2022 and the beginning balance of incentive fund payable within one year, post office benefits-defined benefit plan and the actual amount paid in this period.

2. Other short-term benefits- housing allowance, employee incentive and welfare fund: have -111,055.94 yuan paid in the period, mainly because the amount of housing allowance refunded from employees received by the enterprise during the period was greater than the amount of housing allowance paid during the period.

3. Post-employment welfare- defined contribution plans:

The Company participates in the pension insurance and unemployment insurance plans established by government authorities by laws, a certain percentage of the social security fee regulated by the government will pay by the Company monthly for the plans. 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 XVI-4." Annuity plan"

4. Dismiss welfare

The wages payable resulted from the implementation of inner retirement plan, the amount paid in the year 905,359.22 yuan re-classified into the wage payable from long-term wages payable.

28. Taxes payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Value-added tax	24,533,584.80	28,744,351.90

Corporation income tax	2,317,331.81	21,458,320.79
Individual income tax	3,528,037.22	7,184,934.79
City maintaining & construction tax	1,750,188.23	1,983,996.80
Educational surtax	1,250,134.44	1,417,140.56
Other (including stamp tax and local funds)	6,726,372.38	6,704,945.45
Total	40,105,648.88	67,493,690.29

29. Other account payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Interest payable	6,184.14	4,862.22
Dividends payable	25,671,100.00	
Other accounts payable	334,228,033.32	361,551,395.20
Total	359,905,317.46	361,556,257.42

(1) Interest payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Other	6,184.14	4,862.22
Total	6,184.14	4,862.22

Major overdue interest: Nil

(2) Dividend payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Common stock dividend	25,671,100.00	
Total	25,671,100.00	

(3) Other account payable

1) Classification of other accounts payable according to nature of account

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Deposit and margin	24,601,774.89	12,759,592.29
Social insurance and reserves funds that withholding	1,695,074.09	8,853,543.93
Intercourse funds of unit	33,562,145.98	30,982,145.98
Restricted stock repurchase obligations	269,101,020.00	302,479,200.00
Other	5,268,018.36	6,476,913.00
Total	334,228,033.32	361,551,395.20

2) Significant other payable with over one year age

Unit: RMB/CNY

Item	Ending balance	Reasons for non-repayment or carry-over
Nanjing Jidian Industrial Group Co., Ltd.	4,500,000.00	Intercourse funds
Restricted stock repurchase business	269,101,020.00	Restricted stock repurchase business
Total	273,601,020.00	--

30. Non-current liabilities due within one year

Unit: RMB/CNY

Item	Ending balance	Opening balance
Long-term borrowings due within one year	27,744,527.80	33,271,589.84
Lease payments due within one year	6,318,273.66	8,186,856.30
Interest payable	25,972.22	26,666.67
Total	34,088,773.68	41,485,112.81

31. Other current liabilities

Unit: RMB/CNY

Item	Ending balance	Opening balance
Rebate payable	198,936,922.68	213,477,951.00
Pending sales tax	14,032,348.87	9,393,136.33
Total	212,969,271.55	222,871,087.33

Changes in short-term bonds payable: Nil

32. Long-term borrowings

(1) Category of Long-term borrowings

Unit: RMB/CNY

Item	Ending balance	Opening balance
Guaranteed loan		3,050,640.97
Total		3,050,640.97

Explanation of long-term loan classification: Nil

33. Lease liability

Unit: RMB/CNY

Item	Ending balance	Opening balance
Lease Payments	15,795,469.25	22,604,755.70
Total	15,795,469.25	22,604,755.70

34. Long-term account payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Long-term account payable	13,750,000.00	15,351,883.00
Special accounts payable	18,265,082.11	18,265,082.11
Total	32,015,082.11	33,616,965.11

(1) Long-term account payable listed by nature

Unit: RMB/CNY

Item	Ending balance	Opening balance
Hi-tech Branch of Nanjing Finance Bureau (note ①) Financial support funds (2006)		1,250,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ②) Financial support funds (2007)	1,230,000.00	1,230,000.00
Loan transferred from treasury bond (note ③)		339,090.00
Hi-tech Branch of Nanjing Finance Bureau (note ④) Financial support funds (2008)	2,750,000.00	2,750,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ⑤) Financial support funds (2009)	1,030,000.00	1,030,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ⑥) Financial support funds (2010)	960,000.00	960,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ⑦) Financial support funds (2011)	5,040,000.00	5,040,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ⑧) Financial support funds (2013)	2,740,000.00	2,740,000.00
Total	13,750,000.00	15,339,090.00

Other explanation:

Note ①: To encourage WFJN 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. This support fund has expired fifteen years in the current period, so it is transferred to other income.

Note ②: To encourage WFJN 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 ③: Loan transferred from treasury bond: WFJN received 1.87 million yuan of special funds from budget of the central government, and 3.73 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, the Company paid back special funds of 3.73 million yuan to the local government in 11 years since 2012, the Company paid the principal of 339,090.00 yuan the year, fully repaid as of the period-end.

Note ④: To encourage WFJN 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 ⑤: To encourage WFJN 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 ⑥: To encourage WFJN 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 ⑦: To encourage WFJN 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 ⑧: To encourage WFJN to enter Nanjing High-tech Technology Industry Development Zone, financial supporting capital is allotted by High-tech branch of Finance Bureau of Nanjing for supporting use, the term is from 18 December 2013 to 18 December 2028. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.

(2) Special accounts payable

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance	Cause of formation
Removal compensation of subsidiary WFJN	18,265,082.11			18,265,082.11	
Total	18,265,082.11			18,265,082.11	--

Other explanation:

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 WFJN 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 WFJN and House Expropriation Management Office of Xuanwu District, Nanjing City, 19.7067 million yuan in total are compensate, including operation losses from lessee 1.4416 million yuan in total. The above compensation was received in last period and is making up for the losses from lessee, and the above lands and property have not been collected up to 31 December 2021.

35. Long-term wages payable**(1) Long-term wages payable**

Unit: RMB/CNY

Item	Ending balance	Opening balance
I. Post-employment benefits - Defined benefit plan net liabilities		
II. Dismiss welfare	4,829,589.69	5,734,948.91
III. Other long-term welfare	103,482,333.50	176,245,345.03
Total	108,311,923.19	181,980,293.94

36. Deferred income

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance	Cause of formation
Government grant	328,204,476.73	21,400,035.18	51,551,644.35	298,052,867.56	
Total	328,204,476.73	21,400,035.18	51,551,644.35	298,052,867.56	--

Item with government grants involved:

Unit: RMB/CNY

Item	Opening balance	New grants in the Period	Amount reckoned in non-operation revenue	Amount reckoned into other income in the period	Cost reduction in the period	Other changes	Ending balance	Assets related/Income related
Industrialization project for injection VE pump system with electronically controlled high pressure for less-emission diesel used	1,442,000.56			721,000.30			721,000.26	Assets related/Income related
Appropriation on reforming of production line technology and R&D ability of common rail system for diesel by distributive high-voltage	7,100,000.00			781,651.38			6,318,348.62	Assets related
Fund of industry upgrade (2012)	642,169.73			642,169.73				Income related
Fund of industry upgrade (2013)	60,520,000.00						60,520,000.00	Income related
Appropriation on central basic construction investment	714,285.73			714,285.73				Assets related
R&D and industrialization of the high-pressure variable pump of the common rail system of diesel engine for automobile	5,327,618.88			1,510,144.21			3,817,474.67	Assets related
Research institute of motor vehicle exhaust	1,213,727.21			565,067.04			648,660.17	Assets related

after-treatment technology								
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	104,085,274.40			20,950,845.46			83,134,428.94	Assets related
Fund of industry upgrade (2016)	40,000,000.00						40,000,000.00	Income related
Guiding capital for the technical reform from State Hi-Tech Technical Commission	6,595,319.83			1,537,652.50			5,057,667.33	Assets related
Implementation of the variable cross-section turbocharger for diesel engine	7,362,788.75			1,480,000.04			5,882,788.71	Assets related
Demonstration project for intelligent manufacturing	849,099.60			196,718.10			652,381.50	Assets related
The 2 nd batch of provincial special funds for industry transformation of industrial and information in 2019	5,000,000.00			1,553,649.88			3,446,350.12	Assets related
Municipal technological reform fund allocation in 2020	4,770,000.00			626,593.93			4,143,406.07	Assets related
Strategic cooperation agreement funding for key enterprise of smart manufacturing in high-tech zone	4,060,000.00	700,000.00		309,130.41			4,450,869.59	Assets related
The 3 rd batch of provincial special funds for industry transformation of industrial and information in 2021		13,500,000.00					13,500,000.00	Assets related
Other	41,691,192.04	7,445,481.15		19,962,735.64		-245,445.97	28,928,491.58	Assets related/Income related
Total	328,204,476.73	21,645,481.15		51,551,644.35		-245,445.97	298,052,867.56	

Other explanation:

(1) Appropriation on industrialization project of electrical control and high voltage jet VE system of low emissions diesel: in September 2009, WFJN signed "Project Contract of Technology Outcome Transferring Special Capital in Jiangsu Province" with Nanjing Technical Bureau, according to which WFJN received appropriation 6.35 million yuan in 2009, 4.775 million yuan received in 2010 and 0.875 million yuan 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 4,789,997.04 yuan with income related was reckoned into current operation revenue directly; the 7,210,002.96 yuan with assets related was amortized during the predicted service period of the assets, and 721,000.30 yuan amortized in the Period.

(2) The appropriation for research and development ability of distributive high-pressure common rail system for diesel engine use and production line technological transformation project: according to 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 grants related to assets, amount of 781,651.38 yuan was reversed based on the depreciation schedule of the related assets during the period.

(3) Industry upgrading funds (2012): In accordance with the document Xi Xin Guanjing Fa [2012] No.216 and Document Xi Xin Guancai Fa [2012] No. 85, the Company received funds of 60.4 million yuan appropriated for industry upgrading this year. Current write off: 642,169.73 yuan.

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

(5) Appropriation for investment of capital construction from the central government: In accordance with the document Xi Caijian [2012] No.43, the Company received appropriation of 5 million yuan for investment of capital construction from the central government in 2012. The project has passed the acceptance check in current period, this appropriation should be amortized within the surplus service life of current assets, and amortization amount of current period is 714,285.73 yuan.

(6) R&D and industrialization of the high pressure variable pump of the common rail system of diesel engine for automobile: the Company received appropriated for the project in 2013 with 8.05 million yuan in line with documents of Xi Ke Ji [2013] No.186, Xi Ke Ji [2013] No.208, Xi Cai Gong Mao [2013] No.104, Xi Cai Gong Mao [2013] No.138, Xi Ke Ji [2014] No.125, Xi Cai Gong Mao [2014] No.58, Xi Ke Ji [2014] No. 246 and Xi Cai Gong Mao [2014] No.162. Received 3 million yuan in 2014 and 0.45 million yuan in 2015; and belongs to government grant with assets concerned, and shall be amortized according to the depreciation process, amount of 1,510,144.21 yuan amortizes in the year.

(7) Vehicle exhaust after-treatment technology research institute project: in 2012, the subsidiary WFLD 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 grants related to assets and will be amortized according to the depreciation process, amount of 565,067.04 yuan amortizes in the year.

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

(9) New-built assets compensation after the removal of parent company: policy relocation compensation received by the Company, and will be amortized according to the depreciation of new-built assets, amount of 20,950,845.46 yuan amortizes in the year.

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

(11) Guiding capital for the technical reform from State Hi-Tech Technical Commission: In accordance with the document Xi Jing Xin ZH [2016] No.9 and Xi Cai GM [2016] No.56, the Company received a 9.74 million yuan for the guiding capital of technical reform (1st batch) from Wuxi for year of 2016, and belongs to government grant with assets concerned, and shall be amortized according to the depreciation process, amount of 1,537,652.50 yuan amortize in the year.

(12) Implementation of the variable cross-section turbocharger for diesel engine: In accordance with the document YCZ Fa[2016] NO.623 and “Strong Industrial Base Project Contract for year of 2016”, subsidiary WFTT received a specific subsidy of 16.97 million yuan (760,000 yuan received in the period), the fund supporting strong industrial base project (made-in-China 2025) of central industrial transformation and upgrading 2016 from Ministry of Industry and Information Technology; and belongs to government grant with assets concerned, and shall be amortized according to the depreciation process, amount of 1,480,000.04 yuan amortize in the year.

(13) Demonstration project for intelligent manufacturing: under the Notice Relating to Selection of the Intelligent Manufacturing Model Project in Huishan District in 2016 (HJXF[2016]No.36), a fiscal subsidy of 3,000,000 yuan was granted by relevant government authority in Huishan district to our subsidiary WFLD in 2017 to be utilized for transformation and upgrade of WFLD's

intelligent manufacturing facilities. This subsidy belongs to government grant related to assets which shall be amortized based on the depreciation progress of the assets. Amortization for the year amounts to 196,718.10 yuan.

(14) The 2nd batch of provincial special funds for industry transformation of industrial and information in 2019: according to XCGM [2019] No. 121, the Company received a special fund of 5 million yuan in 2020, this subsidy was related to the "Weifu High-Technology New Factory Internet Construction" projects, and belonged to government grants related to assets. and shall be amortized according to the depreciation process, amount of 1,553,649.88 yuan amortize in the year.

(15) Municipal technological reform fund allocation in 2020: according to XGXZH [2020] No. 16, the Company received 4.77 million yuan of municipal technological transformation fund project allocation in 2020, which was related to key technological transformation projects and belonged to government grants related to assets. and shall be amortized according to the depreciation process, amount of 626,593.93 yuan amortize in the year.

(16) Strategic cooperation agreement funding for key enterprise of smart manufacturing in high-tech zone: according to XXGXF [2020] No. 61, the Company received a related grant of 4.06 million yuan in 2020, 0.7 million yuan received in the Period, this grant was related to the intelligent transformation project and belonged to the government grants related to assets. and shall be amortized according to the depreciation process, amount of 309,130.41 yuan amortize in the year.

(17) The 3rd batch of provincial special funds for industry transformation of industrial and information in 2021: according to the SCGM [2021] No.92, the government grant 13.5 million yuan received in the Period was for the research, development and industrialization of membrane electrodes for high-performance automotive proton exchange membrane fuel cells, which was an assets related government grants.

37. Share capital

In RMB

	Opening balance	Change during the year(+,-)					Ending balance
		New shares issued	Bonus share	Shares transferred from capital reserve	Other	Subtotal	
Total shares	1,008,950,570.00				-291,000.00	-291,000.00	1,008,659,570.00

Other explanation:

Decreased in share capital was due to the buy-back and cancellation of 291,000 restricted shares initially granted under the Restricted Shares Incentive Plan for year of 2020.

38. Capital reserve

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
Capital premium (Share capital premium)	3,242,767,917.78		3,777,729.06	3,238,990,188.72
Other Capital reserve	51,474,450.50	80,879,533.60		132,353,984.10
Total	3,294,242,368.28	80,879,533.60	3,777,729.06	3,371,344,172.82

Other explanation, including changes in the period and reasons for changes;

(1) Share capital premium has 3,777,729.06 yuan decreased in the Period, mainly because the 291,000 shares for restricted shares

incentive plan were repurchased and cancellation by the Company, the difference between repurchase costs of 4,068,180.00 yuan and share capital of 291,000.00 yuan amounted to 3,777,180.00 yuan, and handling fee for repurchase of 549.06 yuan.

(2) Other Capital reserve has 80,879,533.60 yuan increased in the Period, mainly including two parts: ① the 74,241,533.60 yuan after deducted 2,321,034.44 yuan attributable to minority from 76,562,568.04 yuan, the expenses of share-based payment settled by equity; and ② for the equity incentive implemented by associate of the Company -- Wuxi Weifu Precision Machinery Manufacturing Co., Ltd., the Company is entitled to 6,638,000.00 yuan in proportion to the shareholdings.

39. Treasury stock

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
Stock repurchases	1,148,777.74			1,148,777.74
Repurchase obligation of restricted stock incentive plan	302,479,200.00		33,378,180.00	269,101,020.00
Total	303,627,977.74		33,378,180.00	270,249,797.74

Other explanations, including changes in the current period and explanations of the reasons for the changes:

Repurchase obligation of restricted stock incentive plan: has 33,378,180.00 yuan decreased in the Period, mainly including two parts:

① the 29,310,000.00 yuan cash dividends received by restricted stock incentive recipients during the period; and ② 4,068,180.00 yuan is the repurchase and cancellation of 291,000 restricted shares granted but not yet unlocked by the Company as treasury stock forfeited due to the departure and health of employee's.

40. Other comprehensive income

Unit: RMB/CNY

Item	Opening balance	Current period						Ending 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: written in other comprehensive income in previous period and carried forward to retained earnings in current period	Less: income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	
I. Other comprehensive income that cannot be reclassified to profit or loss		16,885.14				16,008.80	876.34	16,008.80
Other comprehensive income that cannot be transferred to profit or loss under the equity method		16,885.14				16,008.80	876.34	16,008.80
II. Other comprehensive income items which will be reclassified subsequently to profit or loss	13,916,619.47	-50,678,972.87				-50,678,972.87		-36,762,353.40
Conversion difference of foreign currency financial statement	13,916,619.47	-50,678,972.87				-50,678,972.87		-36,762,353.40
Total other comprehensive income	13,916,619.47	-50,662,087.73				-50,662,964.07	876.34	-36,746,344.60

Other explanation, including the adjustment on initial recognition for arbitrage items that transfer from the effective part of cash flow hedge profit/loss: Nil

41. Reasonable reserve

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
Safety production costs	2,333,490.03	22,714,778.27	24,336,052.99	712,215.31
Total	2,333,490.03	22,714,778.27	24,336,052.99	712,215.31

Other explanation, including changes and reasons for changes:

(1) Instructions for the withdrawing of special reserves (safe production cost): According to the CQ [2012] No. 16 - Administrative Measures on the Withdrawing and Use of Enterprise Safety Production Expenses jointly issued by the Ministry of Finance and the State Administration of Work Safety, in the current period, the Company adopted excess retreat method for quarterly withdrawal by taking the actual operating income of the previous period as the withdrawing basis.

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

42. Surplus reserve

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending 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:

Withdrawal of the statutory surplus reserves: 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.

43. Retained profit

Unit: RMB/CNY

Item	Current period	Last period
Retained profits at the end of last year before adjustment	13,756,102,424.62	12,076,443,635.56
Retained profits at the beginning of the year after adjustment	13,756,102,424.62	12,076,443,635.56
Add: The net profits belong to owners of patent company of this period	2,575,371,419.80	2,772,769,377.96
Less: Common dividend payable	1,513,341,439.50	1,093,241,270.00

Less: Withdraw employee rewards and welfare funds	4,081,359.92	2,525,946.49
Add: Net effect of disposal other equity instrument investment	736,332.86	2,656,627.59
Retained profit at period-end	14,814,787,377.86	13,756,102,424.62

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

44. Operating income and cost

Unit: RMB/CNY

Item	Current period		Last Period	
	Income	Cost	Income	Cost
Main operating	13,184,138,129.88	10,822,600,520.90	12,430,431,489.90	10,124,574,480.95
Other business	498,288,581.07	397,767,192.67	453,394,816.70	304,709,961.02
Total	13,682,426,710.95	11,220,367,713.57	12,883,826,306.60	10,429,284,441.97

Whether the lower of the audited net profit before and after deduction of non-recurring gains and losses is negative

Yes No

45. Operating tax and extras

Unit: RMB/CNY

Item	Current period	Last Period
City maintaining & construction tax	19,681,944.17	22,768,800.74
Educational surtax	14,058,531.57	16,259,673.98
Property tax	17,669,096.06	16,993,056.48
Land use tax	4,507,402.14	4,516,628.41
Vehicle use tax	27,218.52	29,923.52
Stamp duty	3,834,974.65	4,508,905.03
Other taxes	477,566.62	246,793.71
Total	60,256,733.73	65,323,781.87

46. Sales expenses

Unit: RMB/CNY

Item	Current period	Last Period
Salary and fringe benefit	56,098,840.97	58,727,035.03
Consumption of office materials and business travel charge	9,301,927.42	9,260,423.14
Warehouse charge	17,101,049.13	24,982,242.41
Three guarantees and quality cost	138,960,972.56	272,364,223.21
Business entertainment fee	28,210,881.07	25,842,735.05
Other	14,977,761.41	15,176,786.26
Total	264,651,432.56	406,353,445.10

47. Administration expenses

Unit: RMB/CNY

Item	Current period	Last Period
Salary and fringe benefit	322,167,980.30	295,394,722.09
Depreciation charger and long-term assets amortization	71,899,617.49	65,638,800.42
Consumption of office materials and business travel charge	24,870,963.21	16,772,265.23
Incentive fund		187,658,444.76
Share-based payment	48,352,297.07	3,878,656.31
Other	144,581,292.17	213,481,533.82
Total	611,872,150.24	782,824,422.63

46. R&D expenses

Unit: RMB/CNY

Item	Current period	Last Period
Technological development expenses	595,406,951.64	532,581,209.78
Total	595,406,951.64	532,581,209.78

49. Financial expenses

Unit: RMB/CNY

Item	Current period	Last Period
Interest expenses	38,698,621.09	11,466,886.33
Note discount interest expenses	19,837,754.67	8,075,178.10

Less: interest income	41,478,845.32	51,622,216.58
Gains/losses from exchange	-1,982,034.19	5,138,503.01
Handling charges	4,987,752.59	3,663,347.30
Total	20,063,248.84	-23,278,301.84

50. Other income

Unit: RMB/CNY

Sources of income generated	Current period	Last Period
Government grants with routine operation activity concerned	71,274,511.67	80,342,497.11
VAT instant refund	2,460.01	
Total	71,276,971.68	80,342,497.11

51. Investment income

Unit: RMB/CNY

Item	Current period	Last Period
Income of long-term equity investment calculated based on equity	1,632,117,748.78	1,659,752,704.14
Investment income from disposal of long-term equity investments	8,701,134.99	
Investment income from holding financial assets available for sales	314,664,249.00	683,211.60
Income from financial products	0	263,460,954.90
Other	-959,296.18	40,908,817.93
Total	1,954,523,836.59	1,964,805,688.57

52. Income from change of fair value

Unit: RMB/CNY

Sources	Current period	Last Period
Changes in the fair value of wealth management products	-380,318.88	8,223,219.19
Changes in the fair value of the stocks of listed companies held-excluding the stocks of listed companies that are included in other equity instrument investments	-38,709,334.89	375,102,546.00
Changes in fair value of foreign exchange contracts	-1,180,680.04	
Total	-40,270,333.81	383,325,765.19

53. Credit impairment loss

Unit: RMB/CNY

Item	Current period	Last Period
Bad debt loss	4,059,750.80	-11,184,647.60
Total	4,059,750.80	-11,184,647.60

54. Assets impairment loss

Unit: RMB/CNY

Item	Current period	Last Period
I. Loss of inventory falling price and loss of contract performance cost impairment	-134,434,667.54	-142,400,798.47
II. Impairment loss of fixed assets	-3,682,648.26	-36,436,674.38
Total	-138,117,315.80	-178,837,472.85

55. Income from assets disposal

Unit: RMB/CNY

Sources	Current period	Last Period
Income from disposal of non-current assets	6,580,346.41	12,962,146.98
Losses from disposal of non-current assets	-2,648,002.34	-1,507,738.38
Total	3,932,344.07	11,454,408.60

56. Non-operating income

Unit: RMB/CNY

Item	Current period	Last Period	Amount reckoned into current non-recurring gains/losses
Periodic reduction or exemption of part of social insurance premiums		60,373,772.69	
Periodic reduction of kinetic energy costs		5,759,525.46	
Liquidated damages and compensation income	397,361.84		397,361.84
Other	258,840.23	333,723.47	258,840.23
Total	656,202.07	66,467,021.62	656,202.07

government grants included in the current profit and loss: Nil

57. Non-operating expense

Unit: RMB/CNY

Item	Current period	Last Period	Amount reckoned into current non-recurring gains/losses
Donation	237,041.06	3,107,003.70	237,041.06
Non-current assets disposal losses	24,984,204.92	738,248.83	24,984,204.92
Including: loss of fixed assets scrap	24,615,193.78	738,248.83	24,615,193.78
Loss on scrapping of intangible assets	369,011.14		369,011.14
Other	288,323.89	313,635.64	288,323.89
Total	25,509,569.87	4,158,888.17	25,509,569.87

Other notes: The loss of fixed assets scrapped in this period includes the reduction of workshop No. 1 of WFHT Xinan Branch. (No. WX1000475970-1). Due to the business development needs of the company, according to the investment project record certificate issued by the Administrative Examination and Approval Bureau of Xinwu District of Wuxi city (Xi Xinhang Review and Investment Preparation [2021] no. 961) and the decision of administrative Approval issued by the Public Security Bureau of Wuxi City (Xi Gong (Zhi) Zhunjuezi [2022]001), the company plans to demolish the house in the form of blasting and rebuild it into a RESEARCH and development building, so the house will be scrapped in this period.

58. Income tax expense**(1) Income tax expense**

Unit: RMB/CNY

Item	Current period	Last Period
Payable tax in current period	140,397,942.05	170,925,337.68
Adjusted the previous income tax	941,390.84	-2,349,322.00
Increase/decrease of deferred income tax assets	-54,019,435.84	-54,432,577.63
Increase/decrease of deferred income tax liability	3,675,792.90	66,072,310.95
Total	90,995,689.95	180,215,749.00

(2) Adjustment on accounting profit and income tax expenses

Unit: RMB/CNY

Item	Current period
Total profit	2,740,360,366.10
Income tax measured by statutory/applicable tax rate	411,054,054.92
Impact by different tax rate applied by subsidies	-4,538,497.57
Adjusted the previous income tax	941,390.84

Impact by non-taxable revenue	-246,008,927.64
Impact on cost, expenses and losses that unable to deducted	6,100,407.95
Impact by the deductible losses of the un-recognized previous deferred income tax	-28,736,658.75
The deductible temporary differences or deductible losses of the un-recognized deferred income tax assets in the Period	18,038,494.97
Impact on additional deduction	-63,047,657.53
Other	-2,806,917.24
Income tax expense	90,995,689.95

59. Other comprehensive income

See Note VII. 40 “Other comprehensive income”

60. Items of cash flow statement

(1) Other cash received in relation to operation activities

Unit: RMB/CNY

Item	Current period	Last Period
Interest income	41,478,845.32	52,277,269.56
Government grants	40,118,348.47	41,044,012.67
Margin on operation bill	3,237,920.90	
Other	1,333,448.30	9,252,536.29
Total	86,168,562.99	102,573,818.52

(2) Other cash paid in relation to operation activities

Unit: RMB/CNY

Item	Current period	Last Period
Cash cost	628,017,019.32	840,363,837.09
Other	20,190,804.06	59,565,319.82
Total	648,207,823.38	899,929,156.91

(3) Cash received from other investment activities

Unit: RMB/CNY

Item	Current period	Last Period
Received the disposal payment		10,654,092.89

Received investment funds in transit at the end of 2019		30,448,157.81
Intercourse funds of unit		24,000,000.00
The contingent consideration received for the purchase of Borit's equity	1,136,214.91	
Other	544,552.00	
Total	1,680,766.91	65,102,250.70

(4) Cash paid related with investment activities

Unit: RMB/CNY

Item	Current period	Last Period
Margin paid by L/C for purchase of equipment		587,241.00
Intercourse funds of unit		13,992,067.94
Total		14,579,308.94

(5) Other cash received in relation to financing activities

Unit: RMB/CNY

Item	Current period	Last Period
Borrowings received by WFLD	5,470,000.00	5,470,000.00
Borrowings received by IRD		260,135.13
Total	5,470,000.00	5,730,135.13

(6) Cash paid related with financing activities

Unit: RMB/CNY

Item	Current period	Last Period
Account paid for purchasing minority equity of IRD		48,507,056.85
National debt paid transfer to loans	339,090.00	351,298.00
Borrowing return by WFLD	5,470,000.00	
Lease payments	7,718,867.54	375,886.28
Repurchase of A shares		400,017,180.33
Shares repurchase and cancellation for restricted stock incentive plan and handling charge	4,068,729.06	
Total	17,596,686.60	449,251,421.46

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

Unit: RMB/CNY

Supplementary information	Current period	Last Period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	2,649,364,676.15	2,822,735,930.56
Add: Assets impairment provision	134,057,565.00	190,022,120.45
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	399,184,362.08	390,748,987.16
Depreciation of right-of-use assets	8,672,462.76	
Amortization of intangible assets	42,460,206.35	37,146,026.79
Amortization of long-term deferred expenses	4,800,457.79	12,637,958.88
Loss from disposal of fixed assets, intangible assets and other long-term assets (gain is listed with "-")	-3,932,344.07	-11,454,408.60
Losses on scrapping of fixed assets (gain is listed with "-")	24,984,204.92	738,248.83
Gain/loss of fair value changes (gain is listed with "-")	40,270,333.81	-383,325,765.19
Financial expenses (gain is listed with "-")	31,368,748.20	17,798,991.04
Investment loss (gain is listed with "-")	-1,944,475,801.41	-1,957,024,490.66
Decrease of deferred income tax asset ((increase is listed with "-")	-54,019,435.84	-54,432,577.63
Increase of deferred income tax liability (decrease is listed with "-")	3,675,792.90	66,072,310.95
Decrease of inventory (increase is listed with "-")	-723,297,146.60	-591,321,045.44
Decrease of operating receivable accounts (increase is listed with "-")	1,615,814,968.48	-1,326,286,166.68
Increase of operating payable accounts (decrease is listed with "-")	-1,676,121,153.69	1,562,204,812.18
Other	74,904,696.58	5,550,301.37
Net cash flows arising from operating activities	627,712,593.41	781,811,234.01
2. Material investment and financing not involved in cash flow	--	--
Conversion of debt into capital		
Switching Company bonds due within one year		
financing lease of fixed assets		
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	1,094,018,936.73	944,946,018.70
Less: Balance of cash equivalent at year-begin	944,946,018.70	820,498,653.85
Add: Balance at year-end of cash equivalents		
Less: Balance at year-begin of cash equivalents		
Net increase of cash and cash equivalents	149,072,918.03	124,447,364.85

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

Nil

(3) Net cash received from the disposal of subsidiaries

Nil

(4) Constitution of cash and cash equivalent

Unit: RMB/CNY

Item	Ending balance	Opening balance
I. Cash	1,094,018,936.73	944,946,018.70
Including: Cash on hand	150,438.79	507.66
Bank deposit available for payment at any time	1,093,868,497.94	944,945,511.04
II. Balance of cash and cash equivalents at the period-end	1,094,018,936.73	944,946,018.70

Other explanation:

The difference between bank deposits available for payment at any time and the bank deposits in Note VII. 1 "Monetary Funds" is the company's fixed deposits in the bank.

62. Note of the changes of owners' equity

Explain the items and amount at period-end adjusted for "Other" at end of the last year: nil

63. Assets with ownership or use right restricted

Unit: RMB/CNY

Item	Ending Book value	Restriction reason
Note receivable	727,930,810.05	Notes pledge for bank acceptance
Monetary funds	9,347,031.23	Forex Contracts USD Margin
Monetary funds	17,459,061.33	Cash deposit paid for bank acceptance
Monetary funds	4,044,016.40	Court freeze
Monetary funds	194,220.00	Mastercard deposit
Receivables financing	191,355,521.58	Notes pledge for bank acceptance
Trading financial asset	252,667,176.66	In accordance with the civil ruling No.(2016)Y03MC2490 and No.(2016)Y03MC2492 of Guangdong Shenzhen Intermediate People's Court, the property with the value of 217 million yuan under the name of the Company and other seven respondents and the third party Shenzhen Hejun Chuangye Holdings Co., Ltd. (Hereinafter referred to as Hejun Company) was frozen. As of the end of the reporting period, 4.71 million shares of Miracle Automation and 11,739,102 shares of SDEC held by the Company were frozen.
Total	1,202,997,837.25	--

64. Item of foreign currency

(1) Item of foreign currency

Unit: RMB/CNY

Item	Closing balance of foreign currency	Rate of conversion	Ending RMB balance converted
Monetary funds	--	--	
Including: USD	4,635,313.91	6.3757	29,553,370.90
EUR	3,523,091.48	7.2197	25,435,663.56
HKD	16,665,233.07	0.8176	13,625,494.56
DKK	47,357,072.54	0.9711	45,988,453.14
Account receivable	--	--	
Including: USD	3,189,026.92	6.3757	20,332,278.93
EUR	1,194,637.24	7.2197	8,624,922.48
HKD			
JPY	6,317,177.00	0.0554	349,971.61
DKK	11,962,185.67	0.9711	11,616,478.50
Long-term borrowings	--	--	
Including: USD			
EUR			
HKD			
Other account receivables			
Including: DKK	1,930,131.18	0.9711	1,874,350.39
Short-term borrowings			
Including: USD	1,213,620.00	6.3757	7,737,677.03
EUR	26,679,517.79	7.2197	192,618,114.59
Account payable			
Including: USD	454,364.11	6.3757	2,896,889.26
EUR	2,144,276.32	7.2197	15,481,031.74
JPY	31,215,120.00	0.0554	1,729,317.65
DKK	9,175,001.10	0.9711	8,909,843.57
Other account payable			
Including: DKK	76,815.40	0.9711	74,595.43
Non-current liabilities due within one year			
Including: EUR	380,142.19	7.2197	2,744,512.57

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

√ Applicable □ Not applicable

Subsidiary of the Company IRD was established in Denmark in 1996. The 66% equity of IRD were required by the Company in cash in April 2019, and in October 2020, increasing the shareholding to 34.00% by cash purchase. After the increase in holdings, the company acquired 100.00% of the company's equity. Book-keeping currency of IRD was Danish krone, and IRD mainly engaged in the R&D, production and sales of fuel cell components.

Subsidiary Borit was established in Belgium in 2010. the Company acquired 100% equity of Borit by cash acquisition in November 2020. Borit is denominated in Euro and engaged in the R&D, production and sales of fuel cell components.

65. Government grants

(1) Government grants

Unit: RMB/CNY

Category	Amount	Item	Amount reckoned in current gain/loss
Annual output of 150,000 gasoline engine turbochargers	200,000.00	Deferred income, other income	416,105.36
Strategic cooperation agreement funding for key enterprise of smart manufacturing in high-tech zone	700,000.00	Deferred income, other income	309,130.41
Borit R&D grants	822,830.04	Deferred income, other income	1,411,156.80
Wind2H	425,268.54	Deferred income, other income	425,268.54
FIT-4-AMANDA	723,598.73	Deferred income, other income	723,598.73
Anione	191,020.47	Deferred income, other income	897,126.79
3 R	526,428.36	Deferred income, other income	526,428.36
ECOethylene	2,666,335.01	Deferred income, other income	1,322,854.33
The third batch of provincial-level industrial and information industry transformation special funds in 2021	13,500,000.00	Deferred income	
2020 District Modernization Industry Development Fund	1,890,000.00	Deferred income, other income	177,548.52
2020 Financial Support Fund for Investment Promotion Enterprises	3,740,400.00	Other income	3,740,400.00
Special subsidy for provincial business development in 2021	2,551,200.00	Other income	2,551,200.00
Service charge for three agencies	1,540,317.23	Other income	1,540,317.23

Jiangbei District People's Government on Commending the 2020 Economic Innovation and Development Award	1,450,000.00	Other income	1,450,000.00
Guiding funds for intelligent transformation and technological transformation	1,500,000.00	Other income	1,500,000.00
Job stabilization subsidy	1,297,349.42	Other income	1,297,349.42
BORIT withholding refund	991,481.10	Other income	991,481.10
Special funds to subsidize municipal enterprises after R&D investment	401,200.00	Other income	401,200.00
2021 Enterprise New Apprenticeship Work Subsidy	573,000.00	Other income	573,000.00
2019 "Taihu Talent Program" project support fund allocation	390,000.00	Other income	390,000.00
Subsidy funds for manufacturing individual champions, specializing in new small giants	300,000.00	Other income	300,000.00
subsidy for prototype	250,000.00	Other income	250,000.00
Patent grant	220,000.00	Other income	220,000.00
District-level rewards for smart workshops	200,000.00	Other income	200,000.00
Nanjing Jiangbei New District High-tech Enterprise Cultivation Award	200,000.00	Other income	200,000.00
Wuxi Binhu District Innovation Award Fund	160,000.00	Other income	160,000.00
2021 Science and Technology Innovation Fund	150,000.00	Other income	150,000.00
Jiangsu Postdoctoral Innovation Practice Base was selected for funding in 2020	150,000.00	Other income	150,000.00
To honor Nanchang's 2019 annual work incentive funds for cultivating industrial enterprises above designated size	150,000.00	Other income	150,000.00
Nanchang Newly-added corporate subsidies in 2019	150,000.00	Other income	150,000.00
2018-2020 Development Zone Talent Policy Continuous Subsidy	241,000.00	Other income	241,000.00
Special funds for high-quality provinces and high-quality districts in 2019	110,000.00	Other income	110,000.00
Postdoctoral pit-stop funding	100,000.00	Other income	100,000.00
Other	1,656,919.57	Other income	1,656,919.57
Total	40,118,348.47		

(2) Government grants rebate

Applicable Not applicable

66. Other

Nil

VIII. Changes of consolidation scope

1. Enterprise combine not under the same control

(1) Enterprise combines not under the same control occurred in the period

Nil

(2) Combination cost and goodwill

Nil

(3) Identifiable assets and liability on purchasing date under the purchaser

Nil

(4) Gains or losses arising from re-measured by fair value for the equity held before purchasing date

Whether it is a business combination realized by two or more transactions of exchange and a transaction of obtained control rights in the Period or not

Yes No

(5) Notes relating to the purchase date or the end of the period in which the merger consideration or the fair value of the purchasee's identifiable assets and liabilities cannot be reasonable determined

Nil

(6) Other explanations

Nil

2. Enterprise combine under the same control

(1) Business combinations under the same control that occurred in the current period

Nil

(2) Consolidation cost

Nil

(3) Book value of assets and liabilities of the merged party on the merger date

Nil

3. Reverse purchase

Nil

4. Disposal of subsidiaries

Whether there is a single disposal of an investment in a subsidiary that resulted in a loss of control

 Yes No

Whether there is a step-by-step disposal of investment in a subsidiary through multiple transactions and loss of control during the 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 of enterprise group**

Subsidiary	Main operation place	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
WFJN	Nanjing	Nanjing	Spare parts of internal-combustion engine	80.00%		Enterprise combines under the same control
WFLD	Wuxi	Wuxi	Automobile exhaust purifier, muffler	94.81%		Enterprise combines under the same control
WFMA	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00%		Investment
WFCA	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00%		Investment
WFTR	Wuxi	Wuxi	Trading	100.00%		Enterprise combines under the same control
WFSC	Wuxi	Wuxi	Spare parts of internal-combustion engine	66.00%		Investment
WFTT	Ningbo	Ningbo	Spare parts of	98.83%	1.17%	Enterprise combines not

			internal-combustion engine			under the same control
WFAM	Wuxi	Wuxi	Spare parts of internal-combustion engine	51.00%		Enterprise combines not under the same control
WFLD (Wuhan)	Wuhan	Wuhan	Automobile exhaust purifier, muffler		60.00%	Investment
WFLD (Chongqing)	Chongqing	Chongqing	Automobile exhaust purifier, muffler		100.00%	Investment
WFLD (Nanchang)	Nanchang	Nanchang	Automobile exhaust purifier, muffler		100.00%	Investment
WFAS	Wuxi	Wuxi	Smart car equipment		66.00%	Investment
WFDT	Wuxi	Wuxi	Hub Motor	80.00%		Enterprise combines not under the same control
SPV	Denmark	Denmark	Investment	100.00%		Investment
IRD	Denmark	Denmark	Fuel cell components		100.00%	Enterprise combines not under the same control
IRD America	America	America	Fuel cell components		100.00%	Enterprise combines not under the same control
Borit	Belgium	Belgium	Fuel cell components		100.00%	Enterprise combines not under the same control
Borit America	America	America	Fuel cell components		100.00%	Enterprise combines not under the same control

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

Basis for holding half or less of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee: Nil

Basis for inclusion in the scope of consolidation of significant structured entities, control: nil

Basis for determining whether a company is an agent or a principal: nil

(2) Important non-wholly-owned subsidiary

Unit: RMB/CNY

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
WFJN	20.00%	19,273,102.63	13,970,282.31	205,874,656.33
WFSC	34.00%	4,363,973.17		20,911,190.87
WFLD	5.19%	12,062,050.43		134,688,907.88
WFAM	49.00%	38,432,716.54	25,671,100.00	190,028,914.77
Total		74,131,842.77	39,641,382.31	551,503,669.85

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

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

Unit: RMB/CNY

Subsidiary	Ending balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
WFJN	1,163,24	312,639,	1,475,88	403,140,	39,065,6	442,206,	1,182,87	293,436,	1,476,31	433,667,	42,293,9	475,961,
	4,507.43	160.97	3,668.40	636.22	72.06	308.28	6,680.02	809.97	3,489.99	329.34	14.58	243.92
WFSC	216,066,	46,302,7	262,369,	200,467,		200,467,	213,435,	47,533,8	260,968,	212,812,		212,812,
	879.24	41.60	620.84	446.49		446.49	154.59	38.59	993.18	487.33		487.33
WFLD	4,503,22	1,354,61	5,857,83	3,558,32	21,480,0	3,579,80	4,942,03	1,210,90	6,152,94	4,206,72	28,424,9	4,235,14
	3,903.30	4,615.10	8,518.40	1,743.41	42.25	1,785.66	9,786.72	7,784.80	7,571.52	2,685.63	30.25	7,615.88
WFAM	413,380,	483,832,	897,212,	450,194,	59,932,1	510,126,	323,378,	427,175,	750,553,	325,074,	63,548,3	388,623,
	063.83	825.41	889.24	211.90	62.99	374.89	083.30	823.65	906.95	838.81	92.29	231.10
Total	6,295,91	2,197,38	8,493,30	4,612,12	120,477,	4,732,60	6,661,72	1,979,05	8,640,78	5,178,27	134,267,	5,312,54
	5,353.80	9,343.08	4,696.88	4,038.02	877.30	1,915.32	9,704.63	4,257.01	3,961.64	7,341.11	237.12	4,578.23

Unit: RMB/CNY

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
WFJN	825,822,469.06	96,549,390.54	96,549,390.54	79,645,579.97	685,608,389.43	110,875,256.44	110,875,256.44	42,395,588.51
WFSC	350,165,714.10	12,839,649.76	12,839,649.76	38,135,056.28	252,434,907.65	14,694,274.89	14,694,274.89	-2,270,586.10
WFLD	6,527,268,564.43	337,097,184.96	337,114,070.10	-323,189,683.23	6,427,844,701.00	245,276,849.88	245,276,849.88	41,415,937.03
WFAM	641,120,626.61	81,627,198.42	81,627,198.42	53,533,412.73	485,081,038.09	50,518,929.75	50,518,929.75	86,836,060.40
Total	8,344,377,374.20	528,113,423.68	528,130,308.82	-151,875,634.25	7,850,969,036.17	421,365,310.96	421,365,310.96	168,376,999.84

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

Nil

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

Nil

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

Nil

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

Nil

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

Joint venture or associated enterprise	Main operation place	Registered place	Business nature	Share-holding ratio		Accounting treatment on investment for joint venture and associated enterprise
				Directly	Indirectly	
Wuxi WFECal Catalysts. Co., Ltd.	Wuxi	Wuxi	Catalyst		49.00%	Equity method
Robert Bosch Powertrain Ltd.	Wuxi	Wuxi	Internal-combustion engine accessories	32.50%	1.50%	Equity method
Zhonglian Automobile Electronics Co., Ltd.	Shanghai	Shanghai	Internal-combustion engine accessories	20.00%		Equity method
Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.	Wuxi	Wuxi	Internal-combustion engine accessories	20.00%		Equity method
Shinwell Automobile Technology (Wuxi) Co., Ltd.	Wuxi	Wuxi	Automobile components		45.00%	Equity method
Changchun Xuyang Weifu Automobile components Technology Co., Ltd.	Changchun	Changchun	Automobile components		34.00%	Equity method
Precors GmbH	Germany	Germany	Fuel cell parts		8.11%	Equity method
Wuxi Chelian Tianxia Information Technology Co., Ltd.	Wuxi	Wuxi	Telematics services	8.83%		Equity method

Holding shares ratio different from the voting right ratio:

Nil

Has major influence with less 20% voting rights hold, or has minor influence with over 20% (20% included) voting rights hold:

(1) Precors GmbH:

Wholly-owned subsidiary of the Company - Borit, holds 8.11% equity of Precors, Borit appointed a director to Precors. Though the representative, Borit can participate in the operation policies formulation of Precors, and thus exercise a significant influence over Precors.

(2) Chelian Tianxia:

The Company holds 8.8295% equity of Chelian Tianxia, and appointed a director to Chelian Tianxia. Though the representative, the Company can participate in the operation policies formulation of Chelian Tianxi, and thus exercise a significant influence over Chelian Tianxi.

(2) Main financial information of the important joint venture

Nil

(3) Main financial information of the important associated enterprise

Unit: RMB/CNY

	Ending balance/Current period			Opening balance/Last Period		
	WFEC	RBCD	Zhonglian Automobile	WFEC	RBCD	Zhonglian Automobile
Current assets	4,359,756,878.88	14,697,384,325.87	71,871,241.06	4,446,438,334.10	11,965,249,225.12	201,344,601.39
Non-current assets	344,385,727.94	3,080,929,311.51	6,819,520,183.89	363,513,166.84	2,995,027,302.84	5,985,689,857.38
Total assets	4,704,142,606.82	17,778,313,637.38	6,891,391,424.95	4,809,951,500.94	14,960,276,527.96	6,187,034,458.77
Current liabilities	2,858,118,635.51	8,623,318,592.84	2,970,685.68	3,251,776,146.44	7,423,648,562.76	3,687,897.36
Non-current liabilities	224,616,134.38		2,578,140.19	175,895,402.90		2,638,609.61
Total liabilities	3,082,734,769.89	8,623,318,592.84	5,548,825.87	3,427,671,549.34	7,423,648,562.76	6,326,506.97
Minority interests						
Attributable to parent company shareholders' equity	1,621,407,836.93	9,154,995,044.54	6,885,842,599.08	1,382,279,951.60	7,536,627,965.20	6,180,707,951.80
Share of net assets calculated by shareholding ratio	794,489,840.10	3,112,698,315.15	1,377,168,519.82	677,317,176.28	2,562,453,508.17	1,236,141,590.36
Adjustment matters						

--Goodwill		267,788,761.35	1,407,265.96		267,788,761.35	1,407,265.96
--Unrealized profit of internal trading		-40,372,840.77			-29,652,559.84	
--Other		-0.28	-0.01		-0.28	-0.01
Book value of equity investment in associated enterprise	794,489,840.10	3,340,114,235.45	1,378,575,785.77	677,317,176.28	2,800,589,709.40	1,237,548,856.31
Fair value of equity investment for the affiliates with consideration publicly						
Operation income	7,595,559,889.80	15,712,821,656.32	24,479,957.39	7,458,886,474.12	15,742,669,081.61	23,790,158.00
Net profit	432,505,306.32	3,237,912,797.87	1,699,134,647.28	296,484,991.05	3,511,327,740.19	1,538,581,105.06
Net profit from discontinued operations						
Other comprehensive income	34,459.46					
Total comprehensive income	432,539,765.78	3,237,912,797.87	1,699,134,647.28	296,484,991.05	3,511,327,740.19	1,538,581,105.06
Dividends received from associated enterprise in the year	98,000,000.00	558,125,544.30	198,800,000.00		1,801,681,159.00	331,400,000.00

Other explanation

Adjustment item for other “-0.28”: the differential tail;

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

Unit: RMB/CNY

	Ending balance/Current period	Opening balance/Last Period
Joint venture:	--	--

Amount based on share-holding ratio	--	--
Associated enterprise:	--	--
Total book value of investment	204,764,926.80	86,032,548.98
Amount based on share-holding ratio	--	--
--Net profit	-13,039,885.78	13,773,166.19
-- Other comprehensive income		
--Total comprehensive income	-13,039,885.78	13,773,166.19

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

Nil

(6) Excess loss occurred in joint venture or associated enterprise

Nil

(7) Unconfirmed commitment with joint venture investment concerned

Nil

(8) Intangible liability with joint venture or associated enterprise investment concerned

Nil

4. Major conduct joint operation

Nil

5. Structured body excluding in consolidate financial statement

Relevant explanations for structured entities not included in the scope of the consolidated financial statements: nil

6. Other

Nil

X. Risk related with financial instrument

Main financial instrument of the Company including monetary funds, structured deposits, account receivable, equity instrument investment, financial products, loans, and 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 caring 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. Compliance department and financial control department manager and monitor those risk exposures to ensuring the risks are control in a limited range.

1. Credit Risk

Credit risk refers to the risk that one party of a financial instrument fails to perform its obligations, and resulting in the financial loss of other party. The company's credit risk mainly comes from monetary funds, structured deposits, note receivable, account receivable, other account receivables. The management has established an appropriate credit policy and continuously monitors the exposure to these credit risks.

The monetary funds and structured deposits held by the Company are mainly deposited in financial institutions such as commercial banks, the management believes that these commercial banks have higher credit and asset status, and have lower credit risks. The Company adopts quota policies to avoid credit risks to any financial institutions.

For accounts receivable, other receivables and bills receivable, the Company sets relevant policies to control the credit risk exposure. To prevent the risks, the company has formulated a new customer credit evaluation system and an existing customer credit sales balance analysis system. The new customer credit evaluation system aims at new customers, the company will investigate a customer's background according to the established process to determine whether to give the customer a credit line and the credit line size and credit period. Accordingly, the company has set a credit limit and a credit period for each customer, which is the maximum amount that does not require additional approval. The analysis system for credit sales balance of existing customers means that after receiving a purchase order from an existing customer, the company will check the order amount and the balance of the accounts owed by the customer so far, if the total of the two exceeds the credit limit of the customer, the company can only sell to the customer on the premise of additional approval, otherwise the customer must be required to pay the corresponding amount in advance. In addition, for the credit sales that have occurred, the company analyzes and audits the monthly statements for risk warning of accounts receivable to ensure that the company's overall credit risk is within a controllable range.

The maximum credit risk exposure of the Company is the carrying amount of each financial asset on the balance sheet.

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

(1) Interest rate risk (IRR)

IRR refers to the fluctuate risks on Company's financial status and cash flow arising from rates changes in market. IRR of the Company mainly related with the bank loans. In order to lower the fluctuate of IRR, the Company, in

line with the anticipative change orientation, choose floating rate or fixed rate, that is the rate in future period will goes up prospectively, than choose fixed rate; if the rate in future period will decline prospectively, than choose the floating rate. In order to minor the bad impact from difference between the expectation and real condition, loans for liquid funds of the Company are choose the short-term period, and agreed the terms of prepayment in particular.

(2) Foreign exchange (FX) risk

FX risks refer to the losses arising from exchange rate movement. The FX risk sustain by the Company mainly related with the USD, EUR, SF, JPY, HKD, DKK except for the USD, EUR, SF, JPY, HKD and DKK carried out for the equipment purchasing of parent company and Autocam, material purchasing of parent company, technical service and trademark usage costs of parent company, the import and export of Weifu International Trade, operation of IRD and operation of Borit, 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 31st December 2021, 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 31st December 2021:

Cash on hand	Ending foreign currency balance	Convert rate	Ending RMB balance converted	Ratio in assets (%)
Monetary funds				
Including: USD	4,635,313.91	6.3757	29,553,370.90	0.11
EUR	3,523,091.48	7.2197	25,435,663.56	0.09
HKD	16,665,233.07	0.8176	13,625,494.56	0.05
DKK	47,357,072.54	0.9711	45,988,453.14	0.16
Account receivable				
Including: USD	3,189,026.92	6.3757	20,332,278.93	0.07
EUR	1,194,637.24	7.2197	8,624,922.48	0.03
JPY	6,317,177.00	0.0554	349,971.61	0.00
DKK	11,962,185.67	0.9711	11,616,478.50	0.04
Other account receivables				
Including: DKK	1,930,131.18	0.9711	1,874,350.39	0.01
Total ratio in assets				0.56

② Foreign currency liability of the Company till end of 31st December 2021:

Cash on hand	Ending foreign currency balance	Convert rate	Ending RMB balance converted	Ratio in assets(%)
Short-term borrowings				
Including: USD	1,213,620.00	6.3757	7,737,677.03	0.10
EUR	26,679,517.79	7.2197	192,618,114.59	2.41

Account payable				
Including: USD	454,364.11	6.3757	2,896,889.26	0.04
EUR	2,144,276.32	7.2197	15,481,031.74	0.19
JPY	31,215,120.00	0.0554	1,729,317.65	0.02
DKK	9,175,001.10	0.9711	8,909,843.57	0.11
Other account payable				
Including: DKK	76,815.40	0.9711	74,595.43	0.00
Non-current liabilities due within one year				
Including: EUR	380,142.19	7.2197	2,744,512.57	0.03
Total ratio in liabilities				2.90

③ Other pricing risk

The equity instrument investment held by the Company with classification as transaction financial asset and other non-current financial assets are measured on fair value of the balance sheet date. The fluctuation of expected price for these investments will affect the gains/losses of fair value changes for the Company.

Furthermore, on the premise of deliberated and approved in 10th session of 8th BOD, 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 invest for the stocks, derivative products, security investment fund and the entrust financial products aims at 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

Unit: RMB/CNY

Item	Ending fair value			
	First-order	Second-order	Third-order	Total
I. Sustaining measured by fair value	--	--	--	--
(I) Transaction financial asset	267,514,710.11	74,734,940.30	5,734,186,419.01	6,076,436,069.42
1. Financial assets measured at fair value and whose changes are included in current profit or loss	267,514,710.11	74,734,940.30	5,734,186,419.01	6,076,436,069.42
(1) Investment in debt instruments				
(2) Investment in equity instruments	267,514,710.11		5,734,186,419.01	6,001,701,129.12
(3) Foreign exchange contract		74,734,940.30		74,734,940.30
(II) Other equity instrument investment			285,048,000.00	285,048,000.00
(III) Receivables financing			713,017,014.50	713,017,014.50
(IV) Other non current financial assets - financial products		208,795,178.00		208,795,178.00
(V) Other non current financial assets - equity instrument investment			1,482,000,000.00	1,482,000,000.00
Total liability sustaining measured by fair value	267,514,710.11	283,530,118.30	8,214,251,433.51	8,765,296,261.92
II. Non-persistent measure	--	--	--	--

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

On 31 December 2021, the financial assets available for sale-equity instrument investment held by the Company refers to the SDEC (stock code: 600841), Miracle Automation (Stock code: 002009) and Lifan Technology (Stock Code: 601777), determining basis of the market price at period-end refers to the closing price of 31 December 2021.

3. The qualitative and quantitative information for the valuation technique and critical parameter that sustaining and non-persistent measured by fair value on second-order

On 31 December 2021, other non-current financial assets-equity instrument investment held by the Company refers to the Guolian Securities (stock code: 601456), determining basis of the market price at period-end refers to the closing price and liquidity discounts of 31 December 2021.

The trading financial assets sustaining measured by fair value refers to the swap contracts and forward exchange contracts, the fair value measurement is based on the fair value of swap contracts and forward exchange contracts offered by the banks that entered into the contracts.

4. The qualitative and quantitative information for the valuation technique and critical parameter that sustaining and non-persistent measured by fair value on third-order

(1) Financing of accounts receivable

For this part of financial assets, the Company uses discounted cash flow valuation techniques to determine its fair value. Among them, important unobservable input values mainly include discount rate and contractual cash flow maturity period. The cash flow with a contract expiration period of 12 months (inclusive) shall not be discounted, and the cost shall be regarded as its fair value.

(2) Fair value of other equity instrument investments - changes in fair value are included in other comprehensive income

For this part of financial assets, due to the lack of market liquidity, the Company adopts replacement cost method to determine their fair value. Among them, the important unobservable input values mainly include the financial data of the invested company.

(3) Fair value of investment in other debt instruments and equity instruments

For this part of financial assets, the company uses discounted cash flow valuation technology to determine. Among them, the important unobtainable input values mainly include expected annual return rate and risk coefficient.

5. Continuous third-level fair value measurement items, adjustment information between the opening and closing book value and sensitivity analysis of unobservable parameters

Nil

6. Continuous fair value measurement items, if there is a conversion between various levels in the current period, the reasons for the conversion and the policy for determining the timing of the conversion

Nil

7. Changes in valuation technology during the current period and reasons for the changes

Nil

8. The fair value of financial assets and financial liabilities not measured by fair value

Nil

9. Other

Nil

XII. Related party and related party 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	5,289,262,000	20.23%	20.23%

Explanation on parent company of the enterprise

Wuxi Industry Group is an enterprise controlled by the State-owned Assets Management Committee of Wuxi Municipal People's Government. Its business scope includes foreign investment by using its own assets, house leasing services, self-operating and acting as an agent for the import and export business of various commodities and technologies (Except for goods and technologies that are restricted by the state or prohibited for import and export), domestic trade (excluding national restricted and prohibited items). (Projects that are subject to approval in accordance with the law can be operated only after being approved by relevant departments).

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

Other explanation:

Nil

2. Subsidiary of the Enterprise

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

3. Joint venture and associated enterprise

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

Other associated enterprise or joint ventures which has related transaction with the Company in the period or occurred previous:

Nil

4. Other Related party

Other Related party	Relationship with the Enterprise
Robert Bosch Company	Second largest shareholder of the Company
Guokai Metals	Enterprises controlled by the parent 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

Unit: RMB/CNY

Related party	Content of related transaction	Current period	Approved transaction limit	Whether more than the transaction limit (Y/N)	Last Period
WFPM	Goods and labor	49,839,916.90	42,000,000.00	Y	34,570,825.03
RBCD	Goods and labor	359,903,131.37	335,000,000.00	Y	29,740,591.61
WFEC	Goods	823,962,918.45	1,650,000,000.00	N	3,051,418,777.65
Robert Bosch Company	Goods and labor	216,576,637.98	215,000,000.00	Y	150,855,622.37
Changchun Xuyang	Goods	1,712,596.87		Y	
Shinwell Automobile	Goods		1,000,000.00	N	1,733,572.01
Guokai Metals	Goods	57,991,174.20		Y	

Goods sold/labor service providing

Unit: RMB/CNY

Related party	Content of related transaction	Current period	Last Period
WFPM	Goods and labor	29,501,561.74	6,092,391.01
RBCD	Goods and labor	3,137,245,415.70	2,961,684,269.09
WFEC	Goods and labor	7,630,155.96	29,663,885.81
Robert Bosch Company	Goods and labor	1,224,350,229.77	860,611,502.90
Shinwell Automobile	Goods	29,250.79	103,329.66
Changchun Xuyang	Goods and labor	21,436,170.70	

Description of related transactions in the purchase and sale of goods, provision and acceptance of labor services: nil

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

Nil

(3) Related lease

As a lessor for the Company:

Unit: RMB/CNY

Lessee	Assets type	Lease income recognized in the Period	Lease income recognized at last Period
WFEC	Workshop	1,683,130.70	2,508,057.00

Explanation on related lease

WFLD entered into the house leasing contract with WFEC, as for the plant locates at No.9 Linjiang Road, Wuxi Xinwu district, owed by WFLD, rent-out to WFEC, agreements are made as: the rental from 1 January 2021 to 31 December 2021 was 1,683,130.70 yuan due to the reduction in leased space.

(4) Related guarantee

Nil

(5) Related party's borrowed/lending funds

Unit: RMB/CNY

Related party	Loan amount	Start date	Maturity	Note
Borrowing				
Wuxi Industry Group	5,470,000.00	2021-07-29	2022-07-21	This year, WFLD received borrowed funds from Wuxi Industry Group.
Lending				

This year, WFLD received 5.47 million yuan of borrowed funds from Wuxi Industrial Group and repaid 5.47 million yuan of borrowed funds from Wuxi Industrial Group

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

Nil

(7) Remuneration of key manager

Unit: RMB/CNY

Item	Current period	Last Period
Remuneration of key manager	26,170,000.00	16,986,000.00

(8) Other related transactions

Related party	Name	Current period	Last Period
WFPM	Payable for technical services	--	54,783.81
WFPM	Purchase of fixed assets	--	145,200.00
RBCD	Payable for technical services	455,591.30	184,740.27
RBCD	Purchase of fixed assets	528,378.37	447,692.06
RBCD	Technology royalties paid etc.	2,332,313.62	295,419.00
Robert Bosch Company	Technology royalties paid etc.	5,577,508.74	5,072,260.23
Robert Bosch Company	Purchase of fixed assets	927,851.05	22,927,889.53
WFEC	Purchase of fixed assets	20,353.98	30,000.00
WFEC	Payable for technical services	450,000.00	64,433.96
WFEC	Sales of fixed assets	--	9,426.00
WFEC	Provide technical services, etc.	873,420.02	--

6. Receivable/payable items of related parties

(1) Receivable item

Unit: RMB/CNY

Item	Related party	Ending balance		Opening balance	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
Account receivable	WFPM	1,233,084.39		160,565.87	
Account receivable	RBCD	48,954,455.60	56,805.74	549,543,387.12	
Account receivable	Robert Bosch Company	236,685,486.17	426,203.85	205,738,695.62	84,473.87
Other account receivables	Robert Bosch Company	692,995.30			
Account receivable	Changchun Xuyang	995,215.93			
Account receivable	WFEC	6,212,780.39		642,390.75	
Other account receivables	WFEC			49,000,000.00	
prepayments	Robert Bosch Company	539,263.12		2,970,930.93	
Other non-current assets	Robert Bosch Company	9,932,547.00			

(2) Payable item

Unit: RMB/CNY

Item	Related party	Ending book balance	Opening book balance
Account payable	WFPM	11,634,159.55	12,959,303.46
Other account payable	WFPM	29,000.00	29,000.00
Account payable	WFEC	299,939,408.63	850,384,640.88
Account payable	RBCD	33,418,536.50	7,178,387.17
Account payable	Robert Bosch Company	16,412,385.58	5,370,249.46
Account payable	Shinwell Automobile		19,320.30
Account payable	Guokai Metals	2.86	
Other current liabilities	RBCD	120,466,375.78	169,620,804.78
Other current liabilities	WFPM		74,778.76
Other current liabilities	Robert Bosch Company	39,165.98	

Other account payable	Wuxi Industry Group	5,476,184.14	5,474,862.22
Other account payable	Guokai Metals	2,717,849.00	
Contract liability	WFPM		619,469.03
Contract liability	RBCD	0.36	0.36
Contract liability	Robert Bosch Company	796,325.77	18,094.85

7. Undertakings of related party

Nil

8. Other

Nil

XIII. Share-based payment

1. Overall situation of share-based payment

Applicable Not applicable

Unit: RMB/CNY

Total amount of various equity instruments granted by the company in the current period	0.00
Total amount of various equity instruments exercised by the company in the current period	0.00
Total amount of various equity instruments invalidated by the company in the current period	4,504,680.00
The scope of the exercise price of the stock options issued by the company at the end of the period and the remaining period of the contract	The grant price is 15.48 yuan per share; the exercise time is from the first trading day 24 months after the completion of the registration of the restricted stocks granted in the first tranche to the last trading day within 60 months from the date of completion of the registration of the restricted stock granted in the first tranche, so the remaining period of the contract is 3 years and 11 months.
The scope of the exercise price of other equity instruments issued by the company at the end of the period and the remaining period of the contract	N/A

2. Share-based payment settled by equity

Applicable Not applicable

Unit: RMB/CNY

Method for determining the fair value of equity instruments on the	Determine based on the closing price of the restricted stock on
--	---

grant date	the grant date
Basis for determining the number of vesting equity instruments	Unlocking conditions
Reasons for the significant difference between estimate in the current period and estimate in the prior period	Not Applicable
Cumulative amount of equity-settled share-based payments included in the capital reserve	83,047,405.54
Total amount of expenses confirmed by equity-settled share-based payments in the current period	76,562,568.04

Other explanations

Other explanations:

This restricted stock incentive plan has been reviewed and approved by the company's second extraordinary general meeting of shareholders in 2020. The overview of this restricted stock incentive plan is as follows:

- (1) Stock source: the company's A-share common stock repurchased from the secondary market.
- (2) Grant date: November 12, 2020.
- (3) Grant objects and number of grants: 19,540,000 restricted stocks were granted to 601 incentive objects of the company and its subsidiaries.
- (4) Grant price: 15.48 yuan/share.
- (5) Grant registration completion date: December 4, 2020.
- (6) Lifting the restrictions on sales:

Unlock period	Unlock time	Ratio of unlocked quantity to granted quantity
Phase I unlocked	Starting from the first trading day 24 months after the completion of the registration of the first grant and ending on the last trading day within 36 months	4/10
Phase II unlocked	Starting from the first trading day 36 months after the completion of the registration of the first grant and ending on the last trading day within 48 months	3/10
Phase III unlocked	Starting from the first trading day 48 months after the completion of the registration of the first grant and ending on the last trading day within 60 months	3/10

(7) Performance appraisal requirements at the company level:

Unlock conditions	Performance appraisal requirements
The first batch of unlock conditions	1. the weighted average ROE for year of 2021 is not less than 10%; 2. the growth rate of self-operating profit in 2021 will not be less than 6% compared with the year of 2019, the absolute amount will not be less than 845 million yuan; 3. the cash dividends for year of 2021 shall be no less than 50% of the profit available for distribution of the current year.
The second batch of unlocking conditions	1. the weighted average ROE for year of 2022 is not less than 10%; 2. the growth rate of self-operating profit in 2022 will not be less than 12% compared with the year of 2019, the absolute amount will not be less than 892 million yuan; 3. the cash dividends for year of 2022 shall be no less than 50% of the profit available for distribution of the current year.
The third batch of unlocking conditions	1. the weighted average ROE for year of 2023 is not less than 10%; 2. the growth rate of self-operating profit in 2023 will not be less than 20% compared with the year of

	2019, the absolute amount will not be less than 958 million yuan; 3. the cash dividends for year of 2023 shall be no less than 50% of the profit available for distribution of the current year.
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Other explanation: self-operating profit refers to the net profit attributable to the owners of the parent company after deducting non-recurring gains and losses, and deducting the investment income from RBCD and CNEMS.

3. Share-based payment settled by cash

Applicable Not applicable

4. Modification and termination of share-based payment

Nil

5. Other

Nil

XIV. Undertakings or contingency

1. Important undertakings

Important undertakings on balance sheet date

Nil

2. Contingency

(1) Contingency on balance sheet date

Nil

(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 information required by the Guidelines for Information Disclosure of Automobile Manufacturing Related Industries

The Company need to comply with the disclosure requirement on related industry of automobile manufacturing in the *Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No.3 - Disclosure of Industry Information*

Mortgage sales, financial leasing and other models of sales accounted for more than 10% of operating income

Applicable Not applicable

The company's guarantee to the dealer

Applicable Not applicable

3. Other

Nil

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

Nil

2. Profit distribution

Unit: RMB/CNY

Profit or dividend plans to distributed	1,613,765,268.80
Profit or dividend declare to distributed which have been approved	1,613,765,268.80

3. Sales return

Nil

4. Other events after balance sheet date

On February 7, 2022, the Company held the 7th session of 10th BOD to deliberated and approved the Proposal on Acquisition of Equity and Related Transactions. The Company intends to purchase the VHIT S.p.A. ociet à Unipersonale and its wholly-owned subsidiary - 100% equity of VHIT Automotive Systems(Wuxi) Co. Ltd held by Robert Bosch S.p.A. Societ à Unipersonale for a consideration of approximately 60 million euros. Upon transaction completion, VHIT and VHCN will included in the consolidate statement of the Company.

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 session of 7th BOD: 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 enterprise's contribution shall not exceed 8% of the gross salary of the employees of the enterprise per year, the combined contribution of the enterprise and the individual employee shall not exceed 12% of the total salary of the employees of the enterprise. 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 8 percent of the total salary of last year, the maximum annual allocation to employees shall not exceed five times the average allocation to employees and the excess shall not be counted towards the allocation. The individual contribution is limited to 1% of one's total salary for the previous year. Specific paying ratio later shall be adjusted 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. Termination of operation

Not applicable

6. Segment

(1) Recognition basis and accounting policy for reportable segment

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

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

The Company mainly engaged in the manufacture of fuel system of internal combustion engine and fuel cell components products, auto components, muffler and purifier etc., based on the product segment, the Company determine three reporting segments as auto fuel injection system and fuel cell components, air management system and automotive post processing system. Accounting policy for the three reporting segments are shares the

same policy state in Note V

Segment assets exclude transaction financial asset, other account receivables-dividend receivable, other non-current financial assets, other equity instrument investment, long term equity investment and other undistributed assets, since these assets are not related to products operation.

(2) Financial information for reportable segment

Unit: RMB/CNY

Item	Automotive fuel injection system and fuel cell parts product division	Product segment of automotive post processing system	Product segment of air management system	Add: undistributed assets and profits and losses such as investment or income, debt instrument and equity instrument investment or its holding and disposal income accounted by equity method	Offset of segment	Total
Operating income	6,614,355,862.92	6,627,678,374.59	679,279,175.80		238,886,702.36	13,682,426,710.95
Operating cost	5,014,698,591.79	5,912,290,423.73	484,489,294.01		191,110,595.96	11,220,367,713.57
Total Profit	657,306,321.47	118,725,331.77	50,122,583.72	1,914,222,928.04	16,798.90	2,740,360,366.10
Net profit	589,576,060.81	133,353,803.04	52,794,682.10	1,873,652,613.41	12,483.21	2,649,364,676.15
Total assets	9,524,779,508.57	4,688,890,555.65	919,986,689.80	13,748,963,807.89	911,762,134.07	27,970,858,427.84
Total liabilities	4,105,047,118.96	3,610,393,608.66	499,348,559.69	-184,141.69	206,448,473.25	8,008,156,672.37

(3) If the company has no reportable segments or is unable to disclose the total assets and liabilities of each reportable segment, it should state the reasons

Not applicable

(4) Other explanations

Nil

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

Nil

8. Other

Nil

XVII. Principal notes of financial statements of parent company

1. Account receivable

(1) Classification of account receivable

Unit: RMB/CNY

Category	Ending balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with bad debt provision accrual on a single basis	7,803,945.24	1.42%	7,803,945.24	100.00%		11,107,123.51	1.11%	11,107,123.51	100.00%	
Including:										
Account receivable with bad debt provision accrual on portfolio	540,453,844.97	98.58%	3,495,954.75	0.65%	536,957,890.22	985,882,139.36	98.89%	3,099,860.14	0.31%	982,782,279.22
Including:										
Including: receivables from customers	324,001,494.50	59.10%	3,495,954.75	1.08%	320,505,539.75	836,329,626.26	83.89%	3,099,860.14	0.37%	833,229,766.12
Receivables from internal related parties	216,452,350.47	39.48%			216,452,350.47	149,552,513.10	15.00%			149,552,513.10
Total	548,257,790.21	100.00%	11,299,899.99	2.06%	536,957,890.22	996,989,262.87	100.00%	14,206,983.65	1.42%	982,782,279.22

Bad debt provision accrual on single basis: RMB 7,803,945.24

Unit: RMB/CNY

Name	Ending balance			
	Book balance	Bad debt reserve	Accrual ratio	Accrual causes
BD bills	7,300,000.00	7,300,000.00	100.00%	Have difficulty in collection

Tianjin Leiwo Engine Co., Ltd.	503,945.24	503,945.24	100.00%	Have difficulty in collection
Total	7,803,945.24	7,803,945.24	--	--

Bad debt provision accrual on portfolio: RMB 3,495,954.75

Unit: RMB/CNY

Name	Ending balance		
	Book balance	Bad debt reserve	Accrual ratio
Within 6 months	306,383,472.02		
6 months to one year	13,797,094.52	1,379,709.43	10.00%
1-2 years	1,883,035.50	376,607.10	20.00%
2-3 years	330,423.74	132,169.50	40.00%
Over 3 years	1,607,468.72	1,607,468.72	100.00%
Total	324,001,494.50	3,495,954.75	--

If the provision for bad debts of accounts receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose related information about bad-debt provisions:

Applicable Not applicable

By account age

Unit: RMB/CNY

Account age	Book balance
Within one year (One year included)	531,511,454.98
Including: within 6 months	499,628,726.55
6 months to one year	31,882,728.43
1-2 years	7,004,497.53
2-3 years	330,423.74
Over 3 years	9,411,413.96
3-4 years	9,411,413.96
Total	548,257,790.21

(2) Bad debt provision accrual collected or switch back

Bad debt provision accrual in the period:

Unit: RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	
Bad debt provision	14,206,983.65	431,630.57		3,338,714.23		11,299,899.99

Total	14,206,983.65	431,630.57		3,338,714.23		11,299,899.99
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Important bad debt provision collected or switch back: nil

(3) Account receivable actual charge off in the Period

Unit: RMB/CNY

Item	Amount charge off
Wuxi Kaipu Machinery Co., Ltd.	1,126,236.40
Fujian Zhao'an Country Minyue Bianjie Agricultural Machinery Automobile Components Co., Ltd.	1,111,007.12
Changzhou Borui Oil Pump & Nozzle Co., Ltd.	646,437.00
Other customers	455,033.71
Total	3,338,714.23

Major charge-off for the major receivable: nil

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

Unit: RMB/CNY

Name	Ending balance of account receivable	Ratio in total ending balance of account receivables	Ending balance of bad debt reserve
WFSC	79,968,096.84	14.59%	
WFLD	55,684,351.21	10.16%	
RBCD	46,501,776.95	8.48%	56,805.74
Custom 4	41,026,419.35	7.48%	1,092,323.65
WFTR	40,840,838.10	7.45%	
Total	264,021,482.45	48.16%	--

(5) Account receivable derecognition due to financial assets transfer

Nil

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

Nil

2. Other account receivables

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Interest receivable	113,055.56	897,777.78
Dividend receivable	26,718,900.00	
Other account receivables	177,293,562.07	196,437,936.85
Total	204,125,517.63	197,335,714.63

(1) Interest receivable**1) Category of interest receivable**

Unit: RMB/CNY

Item	Ending balance	Opening balance
Interest receivable of unified-borrowing & unified-lending	113,055.56	897,777.78
Total	113,055.56	897,777.78

2) Significant overdue interest

Nil

3) Accrual of bad debt provision Applicable Not applicable**(2) Dividend receivable****1) Category of dividend receivable**

Unit: RMB/CNY

Item (or invested enterprise)	Ending balance	Opening balance
WFAM	26,718,900.00	
Total	26,718,900.00	

2) Important dividend receivable with account age over one year

Nil

3) Accrual of bad debt provision Applicable Not applicable

(3) Other account receivables**1) Other account receivables classification by nature**

Unit: RMB/CNY

Nature	Ending book balance	Opening book balance
Staff loans and petty cash	400,080.00	483,650.21
Balance of related party in the consolidate scope	169,746,521.72	194,745,396.72
Margin	1,518,640.00	1,030,340.00
Social security and provident fund paid	5,926,527.66	256,334.00
Other	9,364.69	7,200.00
Total	177,601,134.07	196,522,920.93

2) Accrual of bad debt provision

Unit: RMB/CNY

Bad debt reserve	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance of Jan. 1, 2021	84,984.08			84,984.08
Balance of Jan. 1, 2021 in the period	—	—	—	—
Current accrual	222,587.92			222,587.92
Balance on Dec. 31, 2021	307,572.00			307,572.00

Change of book balance of loss provision with amount has major changes in the period

 Applicable Not applicable

By account age

Unit: RMB/CNY

Account age	Book balance
Within one year (One year included)	142,516,992.35
Within 6 months	137,416,992.35
6 months to one year	5,100,000.00
1-2 years	20,493,906.00
2-3 years	14,552,695.72
Over 3 years	37,540.00

3-4 years	37,540.00
Total	177,601,134.07

3) Bad debt provision accrual, collected or switch back

Bad debt provision accrual in the period:

Unit: RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	
Bad debt provision	84,984.08	222,587.92				307,572.00
Total	84,984.08	222,587.92				307,572.00

Including the important bad debt provision switch back or collected in the period: nil

4) Other receivables actually written-off during the reporting period

Nil

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

Unit: RMB/CNY

Enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other receivables	Ending balance of bad debt reserve
WFLD	Balance of related party in the consolidate scope	100,000,000.00	Within 1 year	56.31%	
WFCA	Balance of related party in the consolidate scope	54,193,906.00	Within 2 years	30.51%	
WFMA	Balance of related party in the consolidate scope	15,552,615.72	Within 3 years	8.76%	
Zhenkunxing Industrial Supermarket (Shanghai) Co., Ltd.	Margin	1,000,000.00	1-2 years	0.56%	200,000.00
Wang Xiaojin	Employee Loans and Reserve Funds	400,000.00	Within 2 years	0.23%	70,000.00
Total	--	171,146,521.72	--	96.37%	270,000.00

6) Other account receivables related to government grants

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

3. Long-term equity investments

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Depreciated on reserves	Book value	Book balance	Depreciated on reserves	Book value
Investment for subsidiary	2,106,415,908.37		2,106,415,908.37	1,978,302,303.40		1,978,302,303.40
Investment for associates and joint venture	4,760,866,320.19		4,760,866,320.19	3,999,826,000.48		3,999,826,000.48
Total	6,867,282,228.56		6,867,282,228.56	5,978,128,303.88		5,978,128,303.88

(1) Investment for subsidiary

Unit: RMB/CNY

The invested entity	Opening balance (book value)	Changes in Current Period				Ending balance (book value)	Ending balance of depreciation reserves
		Additional Investment	Negative Investment	Provision for impairment loss	Other		
WFJN	179,208,759.14	6,765,271.87				185,974,031.01	
WFLD	460,845,639.39	8,122,707.00				468,968,346.39	
WFMA	168,847,702.38	2,150,549.94				170,998,252.32	
WFCA	221,046,402.93	1,732,387.50				222,778,790.43	
WFTR	32,908,992.35	1,015,537.50				33,924,529.85	
WFSC	50,244,628.12	906,018.74				51,150,646.86	
WFTT	235,185,028.12	2,927,137.50				238,112,165.62	
WFAM	82,454,467.99					82,454,467.99	
WFDT	53,887,039.61	228,994.92				54,116,034.53	

SPV	493,673,643.37	104,265,000.00				597,938,643.37	
Total	1,978,302,303.40	128,113,604.97				2,106,415,908.37	

(2) Investment for associates and joint venture

Unit: RMB/CNY

Enterprise	Opening balance (book value)	Current changes (+, -)							Ending balance (book value)	Ending balance of depreciation reserves
		Addit ional invest ment	Capit al reduc tion	Investment gain/loss recognized under equity	Other compre hensive income adjustm ent	Othe r equit y chan ge	Cash dividend or profit announced to issued	Impair ment accrua l		
I. Joint venture										
II. Associated enterprise										
RBCD	2,687,524,679.53			1,039,367,216.43			-533,502,358.52			3,193,389,537.44
Zhonglian Automobile	1,237,548,856.31			339,826,929.46			-198,800,000.00			1,378,575,785.77
WFPM	74,752,464.64			-5,545,423.28		6,638,000.00	-30,000,000.00			45,845,041.36
Chelian Tianxia		150,000.00		-6,944,044.38						143,055,955.62
Subtotal	3,999,826,000.48									4,760,866,320.19
Total	3,999,826,000.48	150,000.00		1,366,704,678.23		6,638,000.00	-762,302,358.52			4,760,866,320.19

(3) Other explanations

Nil

4. Operating income and cost

Unit: RMB/CNY

Item	Current period		Last Period	
	Income	Cost	Income	Cost
Main business	4,392,019,155.83	3,267,569,244.02	4,164,444,997.29	2,955,881,019.87
Other business	440,321,634.62	337,773,263.46	371,972,806.50	280,430,592.86
Total	4,832,340,790.45	3,605,342,507.48	4,536,417,803.79	3,236,311,612.73

5. Investment income

Unit: RMB/CNY

Item	Current period	Last Period
Investment income from holding transaction financial asset	309,089,065.06	683,211.60
Investment income in subsidiaries	82,600,029.25	62,995,075.18
Investment income in joint ventures and associated enterprises	1,366,704,678.23	1,457,471,604.06
Investment income of financial products	0	258,702,394.98
Other		36,907,117.60
Total	1,758,393,772.54	1,816,759,403.42

6. Other

Nil

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

√ Applicable □ Not applicable

Unit: RMB/CNY

Item	Amount	Note
Gains/losses from the disposal of non-current asset	-12,350,725.86	
Governmental grants reckoned into current gains/losses (except for those with normal operation business concerned, and conform to the national policies & regulations and are continuously enjoyed at a fixed or quantitative basis according to certain standards)	71,274,511.67	
Profit and loss of assets delegation on others' investment or management	2,425.40	

Except for the effective hedging operations related to normal business operation of the Company, the gains/losses of fair value changes from holding the trading financial assets and trading financial liabilities, and the investment earnings obtained from disposing the trading financial asset, trading financial liability and financial assets available for sale	-29,889,140.23	
Switch back of provision for depreciation of account receivable which was singly taken depreciation test	8,976,264.09	
Other non-operating income and expenditure except for the aforementioned items	130,837.12	
Less: Impact on income tax	4,345,456.60	
Impact on minority shareholders' equity	2,987,222.54	
Total	30,811,493.05	--

Specific information on other items of profits/losses that qualified the definition of non-recurring profit(gain)/loss

Applicable Not applicable

The Company does not have other items of profits/losses that qualified the definition of non-recurring profit(gain)/loss

Information on the definition of non-recurring profit(gain)/loss that listed in the *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary (non-recurring) Profit(gain)/loss* as the recurring profit(gain)/loss

Applicable Not applicable

2. ROE and earnings per share

Profits during report period	Weighted average ROE	Earnings per share	
		Basic earnings per share (RMB/Share)	Diluted earnings per share (RMB/Share)
Net profits belong to common stock stockholders of the Company	13.67%	2.57	2.57
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	13.51%	2.54	2.54

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

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

Applicable Not applicable

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

Applicable Not applicable

(3) Explanation on data differences under the accounting standards in and out of China; as for the differences adjustment audited by foreign auditing institute, listed name of the institute

Nil

4.Other

BOD of Weifu High-Technology Group Co., Ltd.

Chairman: _____

Wang Xiaodong

19 April 2022