



**WEIFU HIGH-TECHNOLOGY GROUP CO., LTD.**

**SEMI-ANNUAL REPORT 2024**

**August 2024**

## 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.

Yin Zhenyuan, Principal of the Company, and Feng Zhiming, person in charge of accounting works, and Wu Junfei, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of Semi-Annual Report 2024 is authentic, accurate and complete.

All directors have attended the BoD 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.

Possible risks and countermeasures for the future operation of the Company are described in the “Discussion and Analysis of the Management” in the Report and investors are advised to check them out.

The profit distribution plan that was deliberated and approved by the Board Meeting is: based on total share capital of 971,986,293, distributed 2.20 yuan (tax included) bonus in cash for every 10-share held by all shareholders, 0 share bonus issued (tax included) and no transfer of capital reserve into share capital. When the profit distribution plan is implemented, if there is a change in the total amount of shares entitled to profit distribution, on the basis of the total amount of shares entitled to profit distribution on the equity registration date at the time of implementation of the distribution plan, the distribution amount shall be adjusted according to the principle of unchanged distribution proportion.

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

# Content

<b>Section I. Important Notice, Contents and Interpretation.....</b>	<b>2</b>
<b>Section II. Company Profile and Main Financial Indexes .....</b>	<b>6</b>
<b>Section III. Discussion and Analysis of the Management.....</b>	<b>9</b>
<b>Section IV. Corporate Governance.....</b>	<b>22</b>
<b>Section V. Environmental and Social Responsibility .....</b>	<b>25</b>
<b>Section VI. Important Matters .....</b>	<b>31</b>
<b>Section VII. Changes in Shares and Particulars about Shareholders.....</b>	<b>40</b>
<b>Section VIII. Preferred Stock .....</b>	<b>46</b>
<b>Section IX. Corporate Bonds .....</b>	<b>47</b>
<b>Section X. Financial Report .....</b>	<b>48</b>

## **Documents Available for Reference**

- I. Financial statement carrying the signatures and seals of person in charge of the Company, principal of the accounting works and person in charge of accounting organ (accounting Supervisor);
- II. Original documents of the Company and manuscripts of public notices that disclosed in the website designated by CSRC during the reporting period;
- III. The Semi-Annual report summary is published on *China Securities Journal* and *Securities Times* during the reporting period.
- IV. 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.
Bosch	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 Weifu Jinning Co., Ltd.
WFTT	Refers to	Ningbo Weifu Tianli 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 Tarde Co., Ltd.
WFSC	Refers to	Wuxi Weifu Schmitter Powertrain Components Co., Ltd.
WFAM	Refers to	Wuxi Weifu Autocam Precision Machinery Co., Ltd.
WFDT	Refers to	Wuxi Weifu E-DRIVE Technologies Co., Ltd.
WFAS	Refers to	Wuxi Weifu Autosmart Seating System Co., Ltd.
WFLH	Refers to	Weifu Lianhua Automotive Parts (Fuzhou) Co., Ltd
SPV	Refers to	Weifu Holding ApS
IRD	Refers to	IRD Fuel Cells A/S
Borit	Refers to	Borit NV
WFQL	Refers to	Wuxi Weifu Qinglong Power Technology Co., Ltd.
VHIO	Refers to	VHIT S.p.A. Societ à Unipersonale
VHWX	Refers to	VHIT Automotive Systems(Wuxi) Co.Ltd
WFSS	Refers to	Weifu Zhigan(Wuxi) Technology Co., Ltd
Lezhuo Bowei	Refers to	Lezhuo Bowei Hydraulic Technology (Shanghai) Co., Ltd
WFEC	Refers to	Wuxi WFEC Catalysts. Co., Ltd.
WFPM	Refers to	Wuxi Weifu Precision Machinery Manufacturing Co., Ltd.
Zhonglian Electronics	Refers to	Zhonglian Automobile Electronics Co., Ltd.
Autolink	Refers to	Wuxi Chelian Tianxia Information Technology Co., Ltd.
Changchun Xuyang	Refers to	Changchun Xuyang Weifu Automobile components Technology 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
The reporting period	Refers to	From January 1, 2024 to June 30, 2024

## 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	Yin Zhenyuan		

### 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. Other information

#### 1. Company contact information

Has the registered address, office address, postal code, website, email address, etc. of the Company changed during the reporting period?

Applicable  Not applicable

The registered address, office address, postal code, website, and email address of the Company remained unchanged during the reporting period. Please refer to the 2023 Annual Report for details.

#### 2. Information disclosure and location

Has the information disclosure and location changed during the reporting period?

Applicable  Not applicable

The website and media name and website of the stock exchange where the Company disclosed its semi-annual report, and the place of placement of the Company's semi-annual report remains unchanged during the reporting period. Please refer to the 2023 Annual Report for details.

#### 3. Other relevant information

Is there any change in other relevant information during the reporting period?

Applicable  Not applicable

#### IV. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data or not

Yes  No

	Amount in current period	Amount in last period	Year-on-year increase(+)/decrease(-)
Operation income (RMB)	5,694,233,552.72	6,129,649,047.40	-7.10%
Net profit attributable to shareholders of the listed Company(RMB)	954,341,269.90	948,760,859.55	0.59%
Net profit attributable to shareholders of the listed Company after deducting extraordinary gain and loss(RMB)	975,076,832.34	830,878,251.37	17.35%
Net cash flows arising from operating activities (RMB)	887,892,317.37	1,089,961,237.42	-18.54%
Basic earnings per share (RMB/Share)	0.98	0.98	0.00%
Diluted earnings per share (RMB/Share)	0.98	0.98	0.00%
Weighted average ROE	4.84%	5.24%	-0.40%
	Ending balance of current period	Ending balance of last period	Year-on-year increase(+)/decrease(-)
Total asset (RMB)	27,864,965,288.97	28,081,087,791.81	-0.77%
Net asset attributable to shareholders of listed Company (RMB)	19,363,215,440.23	19,399,892,671.78	-0.19%

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

##### 1. Difference of the net profit and net asset 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 asset disclosed in financial report, under either IAS (International Accounting Standards) or Chinese GAAP (Generally Accepted Accounting Principles) in the reporting period.

##### 2. Difference of the net profit and net asset 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 asset disclosed in financial report, under either foreign accounting rules or Chinese GAAP (Generally Accepted Accounting Principles) in the reporting period.

#### VI. Items and amounts of extraordinary gain and loss

Applicable  Not applicable

In RMB

Item	Amount	Note
Gain/loss from the disposal of non-current asset (including the write-off that accrued for impairment of asset)	5,473,643.37	
Governmental grants reckoned into current gain/loss (except for those with normal operation business concerned, and conform to the national policies & regulations and are enjoyed at a fixed basis according to certain standards and continuously affect the gain/loss of the Company)	25,710,446.36	
Except for effective hedging business related to the normal operation of the Company, the fair value gain and loss arising from the holding of financial asset and financial liability by non-financial enterprises, as well as the gain and loss arising from the disposal of financial asset and financial liability	-105,941,910.61	
Gain/loss of asset delegation on others' investment or management	37,850,294.00	
Gain/loss from debt reorganization	-284,132.56	
Other non-operating income and expenditure except for the aforementioned items	5,057,475.05	
Receivables and contract asset that have undergone separate impairment testing shall have their impairment provisions reversed	5,343,622.79	
Accounts receivable collected in the current period while written off in previous years	10,418.17	
Less: Impact on income tax	-6,351,104.63	
Impact on minority shareholders' equity (post-tax)	306,523.64	
Total	-20,735,562.44	--

Specific information on other items of gain and loss qualified the definition of extraordinary gain and loss

Applicable Not applicable

The Company does not have other items of gain and loss qualified the definition of extraordinary gain and loss

Information on the definition of extraordinary gain and loss that listed in the Q&A Notice No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Gain and Loss as the recurring gain/loss

Applicable Not applicable

The Company does not have any extraordinary gain and loss listed under the Q&A Notice No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Gain and Loss defined as recurring gain/loss



## Section III. Discussion and Analysis of the Management

### I. Major Business of the Company within the reporting period

#### (I) Main business engaged by the Company

The main business of the Company is the research and development, production and sales of core automotive parts, and currently has four business segments, including energy conservation and emission reduction, green hydrogen energy, intelligent electric, industrial and other. During the reporting period, the main products sold were diesel fuel injection system, exhaust aftertreatment system, air intake system, core parts of fuel cells, core parts of electric drive systems, core parts of thermal management systems, cabin core parts, core parts of brake systems, etc.

1. Diesel fuel injection system, including high pressure oil pump, high pressure oil rail, injector, filter and other products, widely used in diesel engines of all levels of power, supporting various trucks, buses, construction machinery, marine, agricultural machinery, generator sets, and can meet the national standard VI, off-road stage IV emission regulations, leading in the product variety, production scale, market share. While doing a good job in supporting domestic engines, some products are exported to the Americas, Southeast Asia, the Middle East and other regions.
2. Exhaust aftertreatment system, including diesel purifier, gasoline purifier, natural gas purifier, muffler, catalyst and other products, can meet the national VI standard, off-road stage IV emission regulations, with leading technical level, market scale and production capacity in China, widely used in traditional power & plug-in hybrid passenger vehicles, commercial vehicles, off-road machinery and other fields, and can provide strong support for product upgrading and renewal of OEMs.
3. Air intake system, including diesel supercharger, gasoline supercharger, natural gas supercharger and other products, can meet the national VI, off-road stage IV emission regulations, with the scope of application covering commercial vehicles, traditional power & plug-in hybrid passenger vehicles, construction machinery, agricultural machinery, generator sets and other fields, and can support the major domestic OEMs and automobile manufacturers .
4. Core parts of fuel cells, including membrane electrode, bipolar plate (graphite, metal), catalyst and BOP critical parts (such as valves, pumps, air compressor critical parts) and other products, mainly support domestic and foreign hydrogen fuel cell stack and system manufacturers and energy storage enterprises.
5. Core parts of electric drive systems, including motor shaft, end cover, water jacket and other products, mainly support domestic and foreign new energy passenger car enterprises or electric drive system manufacturers.
6. Core parts of thermal management systems, including electronic oil pump, electronic water pump, thermostat and other products, mainly support domestic and foreign new energy passenger vehicles, commercial vehicle enterprises.
7. Cabin core parts, including car seat assembly, seat skeleton, electric long slide, shock absorber and other products, mainly support domestic mainstream commercial vehicles, passenger car enterprises.
8. Core parts of brake systems, including mechanical vacuum pump and other products, mainly support domestic and foreign mainstream passenger car enterprises.

#### (II) Business Model

The Company adheres to the business philosophy of "producing high-quality products, establishing a renowned brand, and achieving shared value growth." It operates under a model where the parent Company provides centralized management while subsidiaries handle decentralized production. The parent Company is responsible for formulating strategic development plans and business objectives. It also oversees the subsidiaries in areas such as finance, major personnel management, core raw materials, quality control, and technology research and development. The subsidiaries manage production based on market orders, ensuring uniform product quality, timely understanding of customer needs, logistics cost savings, timely product supply, and improved economic efficiency for the Company.

#### (III) Industry Development

The Company operates in the automotive parts manufacturing industry. In the first half of 2024, the domestic economy showed a moderate recovery. Against this backdrop, the Chinese automotive market experienced overall growth driven by new energy vehicles and exports. A new round of price wars in the first quarter caused market hesitation and significant volatility, showing a "V" shaped trend. In the second quarter, the release of new technologies and models, along with the introduction of the national vehicle replacement policy, spurred local and corporate promotional activities, leading to a steady increase in market demand and sales. From January to June 2024, automobile production and sales reached 13.891 million and 14.047 million units respectively, growing by 4.9% and 6.1% year-on-year. Exports continued to grow rapidly, significantly contributing to the overall market growth, with 2.793 million units exported, a 30.5% increase year-on-year.

#### 1. Commercial Vehicle Market

In 2024, the commercial vehicle market started strong, aided by the vehicle replacement policy, the gradual digestion of previously overdrawn demand, structural growth in natural gas heavy trucks, and exports. Overall performance was better than the same period last year. However, issues such as insufficient domestic demand, sluggish real estate investment, slow infrastructure construction, and a bleak domestic freight industry posed significant growth pressures. Sales declined month-on-month in the second quarter. From January to June 2024, production and sales of commercial vehicles reached 2.005 million and 2.068 million units respectively, increasing by 2.0% and 4.9% year-on-year, with exports reaching 454,000 units, a 25.7% increase year-on-year. From a breakdown by vehicle type, in the period from January to June 2024, truck production and sales were 1.764 million and 1.824 million units, respectively, representing year-on-year increases of 1.4% and 4.4%. Bus production and sales were 241,000 and 244,000 units, respectively, representing year-on-year increases of 6.4% and 9.3%.

From a breakdown by vehicle type, all truck segments saw positive growth, with medium trucks showing the most significant increase. Heavy trucks sold 504,000 units, up 3.3% year-on-year; medium trucks sold 70,000 units, up 20.5%; light trucks sold 971,000 units, up 4.2%; and mini trucks sold 279,000 units, up 3.6%. In the bus segments, large and medium-sized buses also showed rapid growth. Large buses sold 32,000 units, up 33.9% year-on-year; medium buses sold 19,000 units, up 30%; and light buses sold 193,000 units, up 4.5%.

#### 2. Passenger Vehicle Market

In the first half of 2024, stimulated by the vehicle replacement policy, local subsidies, the introduction of new models, price promotions, and strong demand for new energy passenger vehicles and exports, the market maintained steady growth. From January to June 2024, production and sales of passenger vehicles reached 11.886 million and 11.979 million units, increasing by 5.4% and 6.3% year-on-year, with exports reaching 2.339 million units, a 31.5% increase year-on-year. Domestic brands saw significant growth in both exports and the new energy vehicle market, achieving a market penetration rate of 61.9%.

#### 3. New Energy Vehicle Market

The policy supporting vehicle replacement, the launch of a new round of new energy vehicle promotions, and trends such as "equal rights for oil and electricity" and "electricity being cheaper than oil" further boosted the penetration of new energy vehicles. From January to June 2024, production and sales of new energy vehicles reached 4.929 million and 4.944 million units, increasing by 30.1% and 32% year-on-year, with a market share of 35.2%. Sales of pure electric vehicles were 3.019 million units, up 11.6% year-on-year; plug-in hybrid vehicles were 1.922 million units, up 85.2%, becoming the main driver of growth in the new energy vehicle market; and fuel cell vehicles were 3,000 units, up 7.1%.

#### 4. Off-road Market

In the first half of 2024, demand for infrastructure and real estate did not significantly improve. However, favorable factors such as the vehicle replacement policy and the initiation of equipment renewal cycles in regions like Shandong and Hainan improved domestic demand. Conversely, overseas demand cooled, increasing downward pressure on exports. Agricultural machinery sales declined due to multiple factors including grain prices, emission upgrades, subsidy levels, and international conditions. From January to June 2024, sales of diesel engines for construction machinery totaled 442,000 units, down 7.4% year-on-year, and for agricultural machinery totaled 826,000 units, down 4.2% year-on-year.

(Note: The above industry data is sourced from the China Association of Automobile Manufacturers and the China Internal Combustion Engine Industry Association)

#### **(IV) Company Operations During the Reporting Period**

Since the beginning of this year, the Company has diligently implemented its annual work goals and actively addressed industry opportunities and challenges. During the reporting period, the Company achieved operating income of 5.694 billion yuan, a decrease of 7.10% year-on-year, while net profit attributable to shareholders of the listed Company was 954 million yuan, an increase of 0.59% year-on-year.

Main Activities During the Reporting Period:

1. Seizing market opportunities, traditional and emerging businesses developed synergistically.

Energy-saving and Emission Reduction Products: Post-treatment system products seizing rapid growth opportunities in hybrid passenger vehicles and natural gas commercial vehicles, sales of gasoline purifiers exceeded 1.87 million units, up 48% year-on-year; sales of natural gas purifiers reached 55,000 units, up 384% year-on-year, post-treatment system products secured projects from several joint venture brands and leading passenger vehicle customers, achieving mass production for multiple commercial vehicle projects, and steadily increasing market share in both passenger and commercial vehicle markets. Air intake system products: Gasoline turbocharger sales exceeded 310,000 units, up 308% year-on-year, maintaining rapid growth, with major passenger vehicle customer projects gradually entering mass production. Sales of four-cylinder diesel turbochargers increased by over 12% year-on-year, continuing to lead the industry, while natural gas turbocharger sales doubled year-on-year.

Green Hydrogen and Smart Electric Products: Core components of hydrogen fuel cells, such as metal bipolar plates, have completed mass delivery for domestic customer projects. Key BOP products, including thermostats, proportional valves, and electronic water pumps, have secured multiple customer projects. PEM (proton exchange membrane) water electrolysis hydrogen production systems and equipment have achieved project cooperation with some customers in scientific research and demonstration. Radar products have accelerated several intelligent driving customer projects, with client testing and new sample development actively underway. Electronic oil pump products have achieved mass production supply for multiple new energy passenger vehicle projects, with capacity expansion accelerating. Existing commercial vehicle customer projects for automotive seats remain stable, with breakthroughs achieved in passenger vehicle projects. The Fuzhou Lianhua base has been completed, with key customer projects gradually entering mass production.

2. Accelerating product iteration and upgrading, increasing R&D efforts.

Energy-saving and Emission Reduction Products: Completed the A-sample development of high-pressure fuel pumps and injectors for ultra-high-pressure electronic control fuel injection systems, as well as engine performance matching tests for key customers. Developed the B-sample for natural gas dual-fuel injectors and pressure regulation modules, and completed the initial round of trial production. Finished performance tests for methanol dual-fuel in-cylinder direct injection systems and initiated pre-research on methanol single-fuel in-cylinder direct injection technology and hydrogen engine injection technology. Developed multiple post-treatment products for hybrid passenger vehicles and export projects, expanded product development into commercial and off-road sectors, and advanced methanol engine product development. Conducted pre-research on technologies for products meeting future emission standards. Accelerated the development of turbocharger products for gasoline hybrid passenger vehicles and diesel/natural gas commercial vehicles, with key customer projects reaching mass production. Launched methanol engine turbocharger projects in the market and actively promoted the use of 48V electric turbochargers in customer pre-research projects.

Green Hydrogen and Smart Electric Products: Completed B-sample development for 35 MPa pressure relief valves; continued to expand applications for low-pressure hydrogen valve products and completed C-sample development for exhaust valves. Continued development and industrialization of key BOP components, including electronic water pumps, thermostats, and hydrogen circulation pumps. Achieved production validation for alloy catalysts and multiple rounds of production validation for fuel cell membrane electrode production lines, while establishing project interfaces for single-cell batteries. Completed the overall design of the 100 kW PEM water electrolysis hydrogen production system platform and began integrating and assembling various

modules. Finished functional development and customer validation for barrier radar products and continued developing and building customer projects and industrialization capabilities for 4D imaging radar, focusing on cost reduction.

3. Strengthening strategic planning and execution, and continuously promoting new business investments and cooperation.

**Strategic Planning:** Implement and refine the mid-term review and improvement plan of the 14th Five-Year Plan. Advance in-depth planning for new business areas such as VH and hydraulic systems. Progress with the mid- to long-term planning, review, and updating of hydrogen fuel cell strategies. Promote the business planning for the Huishan Intelligent Industrial Park. Conduct market research and analysis on hydrogen storage, and actively advance annual strategic research on automotive seats, humanoid robots, and air suspension components. Strengthen local government collaboration on radar and hydrogen storage projects.

**Investment and Cooperation:** Completed the signing of an investment cooperation agreement with Germany's Voith Group for high-pressure hydrogen storage. Finalized the spin-off of Weifu Intelligent Sensing business and established an independent joint venture. Continued the development of three major global hydrogen energy bases, investing in the R&D and capacity expansion of IRD's European and North American bases, as well as Borit's European base. Focused on enhancing domestic capabilities of the WFQL joint venture and constructing the hydrogen energy industrial park in the Asia-Pacific region. Introduced partners for the automotive seat business and established a new joint venture. Collaborated with WFEC shareholders to form a new joint venture, extending the value chain of precious metal compounds.

4. Strengthen the quality operation system and continue advancing intelligent manufacturing.

Develop and promote a comprehensive annual quality management roadmap covering five areas: quality systems, quality prevention, process quality, problem-solving, and quality team building, with 16 sub-items. Establish an external audit improvement experience repository and optimize updates to the quality manual. Promote the comprehensive application of special characteristics and development quality valves in 22 development projects. Plan and complete special characteristics re-identification and re-control evaluations for 13 business units/subsidiaries and 22 core products. Enhance and train manufacturing quality engineers on quality tools and methods. Improve quality improvement information sharing and communication. Complete the iteration of the FMS tooling management system and pilot its launch. Expand the application of the TMS tool management system and WMS warehousing management system. Continuously optimize and promote the EMS energy management platform, actively advancing energy-saving and consumption-reduction measures. Complete the design of the digital factory project business, application, and data architecture for WFAC. Progress is smooth for engineering projects such as the R&D building, Phase VI of the 103 plot factory, the hydrogen energy industrial park, and the Huishan Chang'an industrial park, which are advancing as planned.

5. Strengthening Operational Quality and Enhancing Management Efficiency

Refine the monitoring and analysis dimensions for business lines and departments, and enhance tracking of key products and projects. Standardize the functional responsibilities of business units. Develop and implement management solutions for new department control models, organizational functions, and system processes. Optimize financial procedures, update relevant systems and processes, identify business risks, and improve process efficiency. Strengthen financial risk management by addressing capital needs and current management status, and continue advancing product redemption. Optimize procurement management and core operational capabilities, and continue developing the SRM procurement platform. Enhance the analysis and disposal of slow-moving inventory, creating specialized optimization projects for such stock. Continuously improve risk management capabilities, strengthen the review, control, and response to risk issues at all levels, provide various internal control management training, and enhance the risk management awareness and skills of key personnel. Recruit talent for strategic new businesses and key projects, optimize and adjust the talent structure, and improve talent fit. Implement a performance management information system to align individual performance goals with organizational performance. Promote international talent development by planning and establishing international dispatch policies, optimizing international talent competency models, setting talent selection standards, and advancing specialized training.

## II. Analysis on Core Competitiveness

1. Industry and brand advantages. Established in 1958, with more than sixty years of development, the Company has become a renowned manufacturer of auto parts in China and has established long-term and stable cooperation with major domestic OEMs and vehicle manufacturers. The existing core auto parts products such as automotive fuel injection system, exhaust gas after-treatment system, air intake system and core parts of hydrogen fuel cell have strong market competitiveness and high market shares. The Company is a leading enterprise in the internal combustion engine industry of China and ranked 35th on the 2023 Top 100 Chinese Automotive Parts Enterprises. The subsidiary companies of the Company, WFLD and WFTT, were respectively awarded the seventh and eighth batches of national level manufacturing industry single champion enterprises, while WFTT and WFJN were respectively awarded the national level specialized and innovative “Little Giant” enterprises.

2. Technology and product advantages. The Company is a national high-tech enterprise with scientific research platforms such as National Enterprise Technology Center, National High Technology Research and Development Program Achievement Industrialization Base, Postdoctoral Research Station, Jiangsu Provincial Postgraduate Workstation, as well as several provincial engineering technology research centers, provincial engineering laboratories and other R&D institutions, which mainly focus on fuel injection system for vehicles, exhaust gas after-treatment system, air intake system, hydrogen fuel cell, intelligent network, thermal management system and other businesses for technological innovation and product development. The Company has acquired a number of key core technologies, with the technical indicators of its main products at the leading level in the industry. In recent years, the Company has made key strategic layout in the fields of green hydrogen energy, intelligent electric power industries and other fields, established the Institute of New Energy and Netlink Technology, and formed product technology research and development capabilities in hydrogen fuel cell core components, research and development capabilities for renewable energy hydrogen production, core parts of E-drive, thermal management system components, intelligent perception modules, hydraulic systems, core components as well as other components.

3. The Company has implemented Weifu Production System (WPS) with lean concept and established an overall process quality management system with relatively strong manufacturing, quality assurance, cost control and product delivery capabilities. With the focus on smart manufacturing, the Company has continued to build a smart factory with Weifu characteristics and promote the application of big data analysis and AI application, which can strongly support the future business development of the Company. The Company’s high-pressure common rail pump intelligent manufacturing demonstration factory has been selected for the 2023 list of intelligent manufacturing demonstration factories announced by the Ministry of Industry and Information Technology

4. Marketing and service advantages. The Company features a stable, professional and experienced marketing team, which can provide targeted support and services based on customer demands, as well as cordial customer relationships. With regard to long-term strategic customers, the Company has established a four-in-one marketing coordination group consisting of responsible leaders, key account managers, marketing departments and business divisions, and regular visits among the management of the companies to promote communication and cooperation. The Company has a relatively complete after-sales service system, and has built an after-sales service network, intelligent service platform, and set up special maintenance technical service stations nationwide to regularly train end-users in the use of maintenance and fault analysis and judgment, so as to provide customers with fast, timely and professional all-round after-sales services.

5. Talent team advantages. The management team of the Company has extensive experience in the auto parts industry with excellent industry reputation. The Company attaches importance to the growth of employees as well as the development of core talents. With years of accumulation, the Company has deposited a group of professional and high-quality management and technical talents and established a reasonable talent echelon, which provides a strong guarantee of human resources for the long-term and stable development of the Company. The human resource management system of the Company is relatively comprehensive, and the continuously optimized human resource management system has provided a fair platform for career development of employees to realize their values. The Company attaches importance to the service and care for employees, and

aims to enhance the service experience of employees through the construction of employee self-help platform to create a working environment with warmth and a sense of belonging.

6. International cooperation advantages. The Company is committed to the core automotive parts industry and has long been cooperating with strategic partners at home and abroad in depth. The Company has been cooperating with industry giant Robert Bosch Compan since 1984, and has established a long-term and stable cooperation relationship with Bosch and continuously expanded cooperation in new business areas, and the cooperation model between the two sides has become an industry model. Meanwhile, the Company has built joint ventures with Autocam in the United States, and cooperates closely in the field of high-end precision manufacturing. By long-term cooperation with renowned enterprises in Europe and the United States, the Company has cultivated a group of middle and senior management and technical personnel with international communication abilities, international visions and familiarity with international standards, and has mastered R&D process design, quality control and production management capabilities with international advanced levels, which has promoted favorable development of the business of the Company as well as international business and market development.

7. Excellent Corporate Culture. The Company has established a unique corporate culture system with Weifu's distinctive features, characterized by "Virtue" and "Wisdom." These cultural pillars guide and drive the Company's strategic planning. "Virtue" encompasses the principles of entrepreneurship, foundational work, and business growth, while "Wisdom" represents breakthroughs, innovation, and development, integrating these principles into the Company's management practices. The Virtue-Wisdom culture has become the growth gene of Weifu, with the belief that "Esteemed for Virtue and Wisdom, Trusted by Users" standing as a lasting conviction and unchanging declaration. Moving forward, the Company will continue to drive better living through "Virtue and Wisdom", adhering to the core values of "Focus, Innovation, Responsibility, and Integration," and promoting the spirit of "Doing Practical Work, Taking Initiative, Cooperating Well, and Striving to be First" to support the vision of becoming "Weifu: A Century-Old Expert in Automotive Core Components".

### III. Analysis of the Main business

#### Overview

Refer to the relevant content of "1. Major Business of the Company within the reporting period".

Year on year changes in major financial data

In RMB

	Amount in current period	Amount in last period	Year-on-year increase(+)/decrease(-)	Reason
Operation income	5,694,233,552.72	6,129,649,047.40	-7.10%	
Operation cost	4,620,552,753.54	5,163,871,731.26	-10.52%	
Sales expense	113,227,996.84	103,031,481.40	9.90%	
Administration expenses	330,939,659.31	299,195,729.59	10.61%	
Financial expenses	8,211,838.63	38,462,182.45	-78.65%	Mainly due to decrease in loan interest
Income tax expense	23,703,720.56	29,332,279.74	-19.19%	
R&D expenses	302,233,285.34	351,887,038.12	-14.11%	
Net cash flows arising from operating activities	887,892,317.37	1,089,961,237.42	-18.54%	
Net cash flows arising from investing activities	174,939,323.78	244,240,067.48	-28.37%	
Net cash flows arising from financing activities	-1,238,558,151.40	-1,253,388,210.29	1.18%	
Net increase of cash and cash equivalents	-187,685,655.02	110,347,069.15	-270.09%	Mainly due to a year-on-year decrease in net cash flows from operating and investing activities

Significant changes in the composition or source of profits of the Company during the reporting period

Applicable  Not applicable

There have been no significant changes in the composition or source of profits of the Company during the reporting period.

Composition of operation income

In RMB

	Amount in current period		Amount in last period		Year-on-year increase(+)/decrease(-)
	Amount	Ratio in operation revenue	Amount	Ratio in operation income	
Total operation income	5,694,233,552.72	100%	6,129,649,047.40	100%	-7.10%
By industry					
Automotive components	5,602,366,875.45	98.39%	6,052,163,689.76	98.74%	-7.43%
Other business	91,866,677.27	1.61%	77,485,357.64	1.26%	18.56%
By product					
Automotive fuel management system	2,389,384,035.29	41.96%	3,071,891,040.17	50.12%	-22.22%
Automotive post-processing system	1,788,451,511.09	31.41%	2,088,560,385.02	34.07%	-14.37%
Air intake system	501,982,916.15	8.82%	281,223,149.82	4.59%	78.50%
Other automotive components	922,548,412.92	16.20%	610,489,114.75	9.96%	51.12%
Other business	91,866,677.27	1.61%	77,485,357.64	1.26%	18.56%
By region					
Domestic	4,908,641,107.58	86.20%	5,232,339,300.50	85.36%	-6.19%
Foreign	785,592,445.14	13.80%	897,309,746.90	14.64%	-12.45%

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

Applicable  Not applicable

In RMB

	Operation income	Operation cost	Gross profit ratio	Year-on-year increase(+)/decrease(-) of operation revenue	Year-on-year increase(+)/decrease(-) of operation cost	Year-on-year increase(+)/decrease(-) of gross profit ratio
By industry						
Automotive components	5,602,366,875.45	4,590,170,191.12	18.07%	-7.43%	-10.65%	2.95%
By product						
Automotive fuel management system	2,389,384,035.29	1,832,154,586.09	23.32%	-22.22%	-26.49%	4.45%
Automotive post-processing system	1,788,451,511.09	1,532,494,804.84	14.31%	-14.37%	-19.29%	5.22%
Air intake system	501,982,916.15	389,330,715.88	22.44%	78.50%	83.83%	-2.25%
Other automotive components	922,548,412.92	836,190,084.31	9.36%	51.12%	56.50%	-3.12%
By region						
Domestic sales	4,816,774,430.31	3,890,259,244.00	19.24%	-6.56%	-9.92%	3.02%
Foreign sales	785,592,445.14	699,910,947.12	10.91%	-12.45%	-14.50%	2.14%

In case of changes in the statistical caliber of principal business data in the reporting period, the Company will refer to the principal business data after adjustment in the latest period:

Applicable Not Applicable

#### IV. Analysis of the non-main business

Applicable Not applicable

In RMB

	Amount	Ratio in total profit	Cause description	Whether be sustainable
Investment earnings	769,668,621.04	75.07%	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	-105,956,110.61	-10.33%	Mainly refers to the fair value changes of trading financial asset	
Asset impairment	-66,803,279.10	-6.52%	Mainly refers to the provision of inventory impairment	
Non-operating income	700,418.67	0.07%		
Non-operating expense	3,361,815.35	0.33%		

#### V. Asset and liability analysis

##### 1. Major changes of asset composition

In RMB

	End of current period		End of last period		Ratio changes (+/-)	Note of major changes
	Amount	Ratio in total asset	Amount	Ratio in total asset		
Monetary funds	2,725,960,523.49	9.78%	2,274,771,699.14	8.10%	1.68%	
Account receivable	3,712,958,646.89	13.32%	3,857,539,958.20	13.74%	-0.42%	
Inventory	1,891,829,597.61	6.79%	2,068,533,030.94	7.37%	-0.58%	
Investment real estate	45,905,888.45	0.16%	46,926,716.49	0.17%	-0.01%	
Long-term equity investment	5,894,271,112.10	21.15%	5,947,633,507.07	21.18%	-0.03%	
Fixed asset	3,958,946,658.33	14.21%	3,969,574,102.87	14.14%	0.07%	
Construction in progress	682,829,406.56	2.45%	564,605,931.90	2.01%	0.44%	
Right-of-use asset	45,893,971.65	0.16%	48,832,472.85	0.17%	-0.01%	
Short-term borrowings	367,616,899.38	1.32%	838,889,557.51	2.99%	-1.67%	Repay of borrowings
Contract liability	81,968,819.02	0.29%	77,686,881.24	0.28%	0.01%	
Long-term borrowings	100,000,000.00	0.36%	299,800,000.00	1.07%	-0.71%	Reclassify long-term loans due within one year
Lease liability	34,393,469.46	0.12%	37,733,196.51	0.13%	-0.01%	
Other receivables	1,795,554,563.56	6.44%	919,684,126.81	3.28%	3.16%	Dividend receivable from participating companies
Including: dividends receivable	872,701,558.93	3.13%		0.00%	3.13%	

##### 2. Major foreign asset

Applicable Not applicable



Specific content of asset	Cause of formation	Asset scale	Location	Operation model	Control measures to ensure asset security	Revenue	The proportion of overseas asset to the Company's net asset	Is there a significant impairment risk?
IRD	Business combinations not under common control	RMB 456,430,600	Denmark	A wholly-owned subsidiary of the Company, engaged in R&D, production, and sales of fuel cell components	The Company will fully pay attention to changes in the industry and market, strengthen corporate governance, personnel management, financial management, audit supervision, and performance evaluation	Nil	2.36%	No
Borit NV	Business combinations not under common control	RMB 224,164,400	Belgium	A wholly-owned subsidiary of the Company, engaged in R&D, production, and sales of fuel cell components	The Company will fully pay attention to changes in the industry and market, strengthen corporate governance, personnel management, financial management, audit supervision, and performance evaluation	Nil	1.16%	No
VHIO	Business combinations not under common control	RMB 686,762,400	Italy	A wholly-owned subsidiary of the Company, engaged in R&D, production, and sales of fuel cell components	The Company will fully pay attention to changes in the industry and market, strengthen corporate governance, personnel management, financial management, audit supervision, and performance evaluation	RMB 5,249,100	3.55%	No

### 3. Asset and liability measured by fair value

Applicable  Not applicable

In RMB

Items	Amount at the beginning period	Changes of fair value gain/loss in current 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 asset								
1.Trading financial asset(excluding derivative financial asset)	3,195,837,265.02	106,008,941.62	-		1,124,500,000.00		2,113,010,341.20	2,101,317,982.20
2.Other equity instrument investment	677,790,690.00							677,790,690.00
3.Receivable financing	1,661,749,949.46						199,857,000.44	1,861,606,949.90
Subtotal of financial asset	5,535,377,904.48	106,008,941.62	-		1,124,500,000.00		1,913,153,340.76	4,640,715,622.10
Above total	5,535,377,904.48	106,008,941.62	-		1,124,500,000.00		1,913,153,340.76	4,640,715,622.10
Financial liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Other changes: Maturity redemption

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

Yes  No

**4. The asset rights restricted till end of the reporting period**

In RMB

Item	Book value at period-end	Restriction reason
Monetary funds	128,231,135.19	Cash deposit paid for bank acceptance
Monetary funds	7,673,250.00	IRD performance bond
Monetary funds	204,620.00	Cash deposit for Mastercard
Monetary funds	4,000.00	ETC freezing
Receivables financing	897,650,012.34	Notes pledge for bank acceptance
Total	1,033,763,017.53	

**VI. Analysis on investment****1. Overall status**Applicable Not applicable

Investment amount during the reporting period (yuan)	Investment amount for the same period last year (yuan)	Change
667,248,929.69	754,371,270.53	-11.55%

**2. Significant equity investments obtained during the reporting period**Applicable Not applicable**3. Major non-equity investment in progress in the reporting period**Applicable Not applicable**4. Financial asset 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/loss 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
Domestic and foreign stocks	600841	SNAT	199,208,000.00	Measured by fair value	76,756,716.00	-34,157,388.00				-34,157,388.00	42,599,328.00	Trading financial asset	Own fund
Domestic and foreign stocks	002009	Miracle Automation	69,331,500.00	Measured by fair value	71,073,900.00	-17,662,500.00				-17,662,500.00	53,411,400.00	Trading financial asset	Own fund
Domestic	601456	Guolian	12,000,000.00	Measured by fair	1,084,000.00	-120,000.00				-120,000.00	964,000.00	Trading	Own

and foreign stocks		Securities		value		00				00		financial asset	fund	
Total			280,539,500.00	--	148,914,616.00	51,939,888.00	-	0.00	0.00	0.00	51,939,888.00	96,974,728.00	--	--
Disclosure date of securities investment approval of the Board		2012-03-24												
		2013-06-04												

## (2) Derivative investment

Applicable  Not applicable

There are no derivative investments during the reporting period.

## 5. Application of raised proceeds

Applicable  Not applicable

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

## VII. Sales of major asset and equity

### 1. Sales of major asset

Applicable  Not applicable

No major asset was sold during the reporting period.

### 2. Sales of major equity

Applicable  Not applicable

## VIII. Analysis of the main controlling and participating companies

Applicable  Not applicable

Main subsidiary and participating enterprises with over 10% influence on net profit of the Company

In RMB

Company name	Type	Main business	Register capital	Total asset	Net asset	Operating income	Operating profit	Net profit
WFLD	Subsidiary	Exhaust gas post-processing system	502,596,300.00	5,954,348,308.77	3,049,686,246.97	1,846,296,992.48	259,367,992.76	242,294,718.16
WFJN	Subsidiary	Automotive fuel injection system	346,286,825.80	1,592,580,682.71	1,209,485,960.30	358,340,142.20	63,295,360.67	51,211,227.09
RBCD	Equity participation enterprise	Automotive fuel injection system	USD 382,500,000.00	16,776,977,098.20	7,683,225,813.82	5,271,654,599.19	1,139,505,226.87	1,100,633,775.00
Zhonglian Electronics	Equity participation enterprise	Gasoline system products	600,620,000.00	9,684,138,777.56	8,345,432,001.34	17,135,271.43	1,257,109,884.12	1,254,847,847.50

Subsidiary acquired and disposed in the reporting period

Applicable  Not applicable

Corporate name	Ways of acquiring and	The impact on overall production, operation, and performance
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	disposing of subsidiaries during the reporting period	
Weifu Lianhua Automotive Parts (Fuzhou) Co., Ltd	Investment establishment	The Company is mainly engaged in the research and development, production, and sales of automotive components and intelligent onboard equipment. The establishment of this subsidiary has no significant impact on the overall production, operation, and performance of the Company during the reporting period.
Weifu Zhigan(Wuxi) Technology Co., Ltd	Investment establishment	The Company is mainly engaged in the research and development, production, and sales of intelligent onboard equipment. The establishment of this subsidiary has no significant impact on the overall production, operation, and performance of the Company during the reporting period.

Description of major equity participation enterprises:

The year-on-year increase in net profits of Weifu Lida is mainly due to the optimization and improvement of profitability, the reduction of precious metal procurement costs, the enjoyment of value-added tax input deduction preferential policies, and the increase in investment income; The significant year-on-year decrease in net profit of Weifu Jinning is mainly due to the impact of receiving government compensation for demolition in the same period of 2023. The main reason for the decrease in RBCD's operating revenue and net profit is due to the impact of demand in the commercial vehicle market, resulting in a year-on-year decrease in orders for diesel fuel injection system products. The main reason for the year-on-year increase in net profit of Zhonglian Electronics is the growth of UAES' business.

## IX. Structured subject controlled by the Company

Applicable  Not applicable

## X. Risks faced by the Company and corresponding measures

### 1. Macroeconomic and market risks

The current macroeconomic and market environment remains complex and severe, and the automotive industry will continue to face significant pressure. If the demand in the automotive industry decreases, it will have a certain impact on the Company's production, operation, and profitability.

Countermeasures: The Company will always pay attention to overseas situations, domestic macroeconomic and industry development trends, consolidate its existing leading position in the business market, seize emerging opportunities in segmented fields, deepen strategic partnerships, and strive to improve the Company's core competitiveness and overall risk resistance.

### 2. Operation management and control risks

With the acceleration of the international layout of the Company and the expansion of the scope of strategic new business, especially in the field of new energy, the management span is relatively large with potential operational management and investment risks.

Countermeasures: The Company will continuously improve and optimize internal management, improve processes, and further regulate management and control operational risks; Reinforce the control of international business and accelerate the construction of international talent team to satisfy the strategic development demands of the enterprise.

### 3. The risk of fluctuations in raw material prices

The price of aluminum, the main raw material of the Company, has kept rising, and the price of precious metals fluctuates greatly, bringing operational risks of rising costs to the Company.

Countermeasures: The Company will actively improve its market forecasting ability, reasonably control inventory, optimize demand forecasting and take other measures to reduce the risks caused by fluctuations in raw material prices. Besides, it will continue to optimize supply chain management, strengthen the vertical integration ability of the industrial chain, 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 related to financial instruments

The major financial instruments of the Company include monetary funds, structured deposits, receivables, investments in equity instruments, financial products, borrowings, payables, etc. In the process of operation, the Company is exposed to risks related to financial instruments, including credit risks, market risks and liquidity risks.

Countermeasures: Identify and analyze various risks exposed to the Company, establish appropriate risk tolerance thresholds and manage risks, monitor various risks in a timely manner, ensure that risks are controlled within limits, minimize the negative impact of risks on the operating performance of the Company, and maximize the interests of shareholders and other investors.

### **XI. Implementation of the Action Plan for “Double Improvement of Quality and Return”**

Whether the Company discloses the Action Plan for “Double Improvement of Quality and Return”

Yes No

## Section IV. Corporate Governance

### I. Annual shareholders' general meeting and extraordinary shareholders' general meeting held during the reporting period

#### 1. Annual shareholders' general meeting during the reporting period

Ordinal number of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Resolution of meeting
Annual general meeting of 2023	AGM	42.73%	2024-05-17	2024-05-18	(Notice No.: 2024-041) published on CNINFO website(www.cninfo.com.cn)

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

Applicable  Not applicable

### II. Changes in directors, supervisors and senior officers of the Company

Applicable  Not applicable

Name	Position held	Type	Date	Reason
Yin Zhenzhen	Chairman	Elected	May 17th, 2024	Change of Board
Kirsch Christoph	Vice Chairman	Elected	May 17th, 2024	Change of Board
Xu Yunfeng	Vice Chairman	Elected	May 17th, 2024	Change of Board
Feng Zhiming	Director	Elected	May 17th, 2024	Change of Board
Xu Daquan	Director	Elected	May 17th, 2024	Change of Board
Zhao Hong	Director	Elected	May 17th, 2024	Change of Board
Huang Rui	Director	Elected	May 17th, 2024	Change of Board
Xing Min	Independent director	Elected	May 17th, 2024	Change of Board
Feng Kaiyan	Independent director	Elected	May 17th, 2024	Change of Board
Pan Xinggao	Independent director	Elected	May 17th, 2024	Change of Board
Yang Fuyuan	Independent director	Elected	May 17th, 2024	Change of Board
Ma Yuzhou	Chairman of Supervisory Board	Elected	May 17th, 2024	Change of Supervisory Board
Chen Ran	Supervisor	Elected	May 17th, 2024	Change of Supervisory Board
Liu Songxue	Supervisor	Elected	May 17th, 2024	Change of Supervisory Board
Xu Yunfeng	General manager	appointment	May 17th, 2024	Board appointment
Feng Zhiming	Vice General Manager, Financial Director	appointment	May 17th, 2024	Board appointment
Xu Sheng	Vice General Manager	appointment	May 17th, 2024	Board appointment
Rong Bin	Vice General Manager	appointment	May 17th, 2024	Board appointment
Liu Jinjun	Vice General Manager, Secretary of the Board of Directors	appointment	May 17th, 2024	Board appointment
Li Gang	Chief engineer	appointment	May 17th, 2024	Board appointment
Wang Xiaodong	Chairman	Resignation upon expiration of term	May 17th, 2024	Resignation upon expiration of term
Chen Yudong	Director	Resignation upon expiration of term	May 17th, 2024	Resignation upon expiration of term

Yu Xiaoli	Independent director	Resignation upon expiration of term	May 17th, 2024	Resignation upon expiration of term
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### III. Profit distribution and capitalization of capital reserves during the reporting period

Applicable Not applicable

Plan to distribute every 10 bonus shares(share)	0
Proposed distribution of dividends per 10 shares(yuan)(tax included)	2.20
Share capital base for distribution plan (share)	971,986,293
Cash dividend amount (yuan) (tax included)	213,836,984.46
Cash dividend amount in other ways (such as share repurchase) (yuan)	0
Total cash dividends (including other methods) (yuan)	213,836,984.46
Distributable profit (yuan)	11,898,655,155.15
The proportion of total cash dividends (including other methods) to total profit distribution	100%
Cash dividend policy	
Other	
Detail explanation on profit distribution or capitalization from capital reserves	
Based on the 971,986,293 shares which exclude the buy-back shares on buy-back account (25,000,000 A-stock) from total share capital 996,986,293 shares (According to the provisions of the <i>The Company Law of the People's Republic of China</i> , the listed Company does not have the right to participate in the profit distribution and the conversion of the capital reserve into the share capital by repurchasing the shares held by the Company through the special securities account), distributing 2.20 yuan (tax included) cash dividend for every 10 shares held, no bonus shares, without capitalization from capital reserves. The total amount of cash dividend to be paid is 213,836,984.46 yuan (tax included). If the total share capital of the Company changes before the implementation of the distribution plan, the Company will be allocated according to the principle of unchanged distribution proportion and adjustment of the total amount of distribution. The independent directors of the Company expressed their independent opinions and agreed to the above proposal. The above distribution plan complies with the provisions of the Company's articles of association and review procedures, fully protecting the legitimate rights and interests of small and medium-sized investors.	

### IV. 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 meeting of the 9th session of BOD to deliberate 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 deliberate 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 meeting of 9th session of the BOD, as authorized by the second extraordinary shareholders' general meeting of 2020, deliberate 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 meeting of 10th session of the BOD to deliberate and approve relevant proposals as the 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.

On December 7, 2022, the Company held the 14th meeting of 10th session of the BOD, and deliberated and passed the Proposal on the Achievement of the Conditions for the Release of Restricted Shares in the First Restricted Period of the 2020 Restricted Stock Incentive Plan, the Proposal on Adjustment of the Buy-back Price on Restricted Stock Incentive Plan for year of 2020 and the Proposal on Buy-back and Cancellation of the Restricted Stocks Partially Granted without Circulation for year of 2020. It agreed to apply for the release of 7,632,000 restricted stocks granted to 581 incentive recipients and decided to buy-back and cancel 430,000 restricted shares held by 23 incentive recipients that had been granted but not yet unlocked. On December 16, 2022, the shares released from this restricted sale were formally available for circulation. As of February 16, 2023, the Company completed the buy-back and cancellation procedures for the aforementioned 430,000 shares at Shenzhen branch of China Securities Depository and Clearing Co., Ltd. After this cancellation, the number of incentive recipients granted for the first time by the Company's restricted stock incentive plan in 2020 was adjusted from 590 to 568, holding 11,187,000 restricted stock in total.

On April 26, 2023, the Company held the 16th meeting of the 10th session of Board of Directors and approved the Proposal on Buy-Back and Cancellation of Partial Restricted Stocks in 2020 Restricted Stock Incentive Plan. It was decided to buy back and cancel a total of 5,593,500 restricted stocks that had been granted to 568 incentive recipients but did not meet the conditions for lifting restrictions. As of June 16, 2023, the Company has completed the repurchase and cancellation procedures for the above-mentioned shares at Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. After this cancellation, there were 568 incentive recipients firstly granted with restricted stocks under 2020 restricted stock incentive plan, holding a total of 5,593,500.00 shares of restricted stock.

On October 23, 2023, the Company held the 20th meeting of the 10th session of Board of Directors and approved the Proposal on Buy-back and Cancellation of the Restricted Stocks Partially Granted in 2020 Restricted Stock Incentive Plan. It was decided to buy back and cancel a total of 417,000 restricted stocks that have been granted to 33 incentive recipients but do not meet the conditions for lifting restrictions. As of December 19, 2023, the Company has completed the buy-back and cancellation procedures for the above-mentioned shares at the Shenzhen branch of China Securities Depository and Clearing Corporation Limited. After this cancellation, there were 535 incentive recipients firstly granted with restricted stocks under 2020 restricted stock incentive plan, holding a total of 5,176,500.00 shares of restricted stock.

On April 15, 2024, the Company held the 23rd meeting of the 10th session of Board of Directors and approved the Proposal on Buy-back and Cancellation of the Restricted Stocks Partially Granted in 2020 Restricted Stock Incentive Plan. It was decided to buy back and cancel a total of 5,176,500.00 restricted stocks that have been granted to 535 incentive recipients but did not meet the conditions for lifting restrictions. As of June 7, 2024, the Company has completed the buy-back and cancellation procedures for the above-mentioned shares at the Shenzhen branch of China Securities Depository and Clearing Corporation Limited. After this cancellation, the Company's 2020 restricted stock incentive plan has been completely terminated.

## **2. Implementation of employee stock ownership plan**

Applicable Not applicable

## **3. Other employee incentives**

Applicable Not applicable



## Section V. Environmental and Social Responsibility

### I. Major environmental issues

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

Yes  No

#### Policies and industry standards related to environmental protection

Wuxi Weifu High-Tech Group Co., Ltd. and its subsidiaries diligently fulfill environmental protection policies and guidelines at all levels during production and operation, strictly comply with related national environmental protection laws and regulations such as *Environmental Protection Law of the People's Republic of China*, *Environmental Impact Assessment Law of the People's Republic of China*, *Air Pollution Prevention and Control Law of the People's Republic of China*, *Water Pollution Prevention and Control Law of the People's Republic of China*, *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*, *Noise Pollution Prevention and Control Law of the People's Republic of China*, *Energy Conservation Law of the People's Republic of China*, *Cleaner Production Promotion Law of the People's Republic of China*, *Environmental Protection Tax Law of the People's Republic of China*, *Measures for the Management of Hazardous Waste Transfer*, *Regulations on Environmental Protection of Construction Projects*, *Regulations on the Administration of Emission Permits* as well as related local environmental protection management rules and regulations, regularly collect newly promulgated laws and regulations on ecological and environmental protection at all levels, and perform compliance evaluation transformation by combining with production reality to ensure compliance with the law at all times in the production and operation of the Company.

In the process of production, the Company has constructed comprehensive waste gas and waste water treatment facilities and solid waste storage facilities in strict accordance with the requirements of related standards such as *Standards for Comprehensive Sewage Discharge*, *Water Quality Standards for Sewage Discharge into Urban Sewers*, *Comprehensive Emission Standards for Air Pollutants*, and *Pollution Control Standards for Hazardous Waste Storage*, and guaranteed stable operation, in an effort to minimize the negative impact of production and operation on the ecological environment.

#### Administrative licenses for environmental protection

All the construction projects of Wuxi Weifu High-Tech Group Co., Ltd. and its subsidiaries have been prepared with environmental impact reports (forms), and have been approved by the local ecological and environmental authorities, and all have obtained emission permits (registrations) in accordance with the requirements of laws and regulations, and the emission permits (registrations) to expire in 2023 have been changed or renewed in a timely manner, thereby effectively achieving licensed emission and legal and compliant emission.

*Discharge Permit of Wuxi Weifu High-Tech Group Co., Ltd.*, valid period: from March 27, 2023 to March 26, 2028;

*Discharge Permit of Nanjing Weifu Jinning Co., Ltd.*, valid period: From September 24, 2022 to September 23, 2027;

*Discharge Permit of Wuxi Weifu Chang'an Co., Ltd.*, valid period: from January 2, 2024 to January 1, 2029.

#### Industry emission standards and the specific situation of pollutant emissions involved in production and business activities

Company or subsidiary name	Types of main pollutants and characteristic pollutants	Names of major pollutants and characteristic pollutants	Emission method	Number of discharge outlets	Distribution of emission outlets	Emission concentration/intensity	Implemented pollutant emission standards	Total emissions	Approved total emissions	Exceeding emission standards
WFHT	Water pollutants	Chemical Oxygen Demand, Ammonia Nitrogen, Total Nitrogen,	After being treated by the Company's sewage treatment plant, it is discharged	1	WFMS sewage discharge outlet	Chemical oxygen demand 48mg/L, ammonia nitrogen 0.072mg/L, total	Water Quality Standards for Sewage Discharge into Urban	Chemical oxygen demand 9.43 tons, ammonia nitrogen 0.015 tons, total phosphorus	Chemical oxygen demand 78 tons, ammonia nitrogen 7.8 tons, total	Nil

	Total Phosphorus, Petroleum	into the municipal sewage pipeline network			phosphorus 0.15mg/L, total nitrogen 8.6mg/L, petroleum 2.44mg/L	Sewers (GB/T319 62-2015)	0.03 tons, total nitrogen 1.7 tons, petroleum 0.46 tons	phosphorus 0.52 tons, total nitrogen 10.4 tons, petroleum 1.95 tons	
Water pollutants	Chemical Oxygen Demand, Ammonia Nitrogen, Total Phosphorus, Total Nitrogen, Petroleum	After being treated by the Company's sewage treatment plant, it is discharged into the municipal sewage pipeline network	1	WFAC sewage discharge outlet	Chemical oxygen demand 76mg/L, ammonia nitrogen 22mg/L, total nitrogen 24.8mg/L, total phosphorus 2.76mg/L, petroleum 4.12mg/L	Water Quality Standards for Sewage Discharge into Urban Sewers (GB/T319 62-2015)	Chemical oxygen demand 2.0725 tons, ammonia nitrogen 0.5999 tons, total nitrogen 0.6763 tons, total phosphorus 0.0753 tons, petroleum 0.1124 tons	Chemical oxygen demand ≤ 19.0125 tons, ammonia nitrogen ≤ 1.416 tons, total nitrogen ≤ 2.2422 tons, total phosphorus ≤ 0.2627 tons, petroleum ≤ 0.5935 tons	Nil
Atmospheric pollutant	Non methane total hydrocarbons	The exhaust gas is systematically discharged after being treated by an oil mist processor and adsorbed by secondary activated carbon	19	5 machining worksh ops, 10 heat treatment worksh ops, and 4 assembly worksh ops	2.14mg/m3	Comprehensive Emission Standards for Air Pollutants (GB16297 -1996)	1.78 tons	2.523 tons	Nil
Atmospheric pollutant	Non methane total hydrocarbons	The exhaust gas is systematically discharged after being treated by an oil mist processor and adsorbed by secondary activated carbon	4	4 worksh ops in 101	1.43mg/m3 1.34mg/m3 3.18mg/m3 2.95mg/m3	Comprehensive Emission Standards for Air Pollutants (GB16297 -1996)	0.3204 tons	1.5529 tons	Nil
Atmospheric pollutant	Non methane total hydrocarbons	The exhaust gas is systematically discharged after being treated by an oil mist processor and adsorbed by secondary activated carbon	2	103 worksh op 2	1.19mg/m3 1.92mg/m3	Comprehensive Emission Standards for Air Pollutants (GB16297 -1996)	0.268704 tons	Nil	Nil
Atmospheric pollutant	Non methane total hydrocarbons	The exhaust gas is systematically discharged after being treated by an oil mist processor and adsorbed by secondary activated carbon	1	One in Worksh op 104	0.4mg/m3	Comprehensive Emission Standards for Air Pollutants (GB16297 -1996)	0.03456 tons	Nil	Nil
Atmospheric pollutant	Ammonia	Organized emissions from ammonia spray tower	1	1 heat treatment worksh op and	0.75mg/m3	Emission Standards for Odor Pollutants (GB14554)	0.038 tons	0.071 tons	Nil

			and secondary activated carbon adsorption		1 sewage treatment plant		-93)			
	Atmospheric pollutant	Particulate matter	Organized emissions after bag dust removal	2	2 heat treatment workshops	1.1mg/m <sup>3</sup> ; 1.2 mg/m <sup>3</sup>	Comprehensive Emission Standards for Air Pollutants (GB16297-1996)	0.01 ton	0.048 tons	Nil
	Solid waste	Hazardous waste such as waste oil, waste emulsion, cleaning waste liquid, grinding wheel ash, sewage pretreatment sludge, oil containing filter cartridges, etc	Entrust a legally qualified unit to dispose of it	Not applicable	Not applicable	Not applicable	Not applicable	448 tons	3958.2 tons	Nil
WFCA	Water pollutants	Chemical oxygen demand, ammonia nitrogen, total phosphorus, total nitrogen, suspended solids	After being treated by the Company's sewage treatment plant, it is discharged into the municipal sewage pipeline network	one	Sewage discharge outlet	Chemical oxygen demand 32mg/L, suspended solids 24mg/L, ammonia nitrogen 3.8mg/L, total phosphorus 0.09mg/L, total nitrogen 3.98mg/L	Water Quality Standards for Sewage Discharge into Urban Sewers (GB/T31962-2015)	Chemical oxygen demand 1.04 tons, suspended solids 0.78 tons, ammonia nitrogen 0.1235 tons, total phosphorus 0.0029 tons, total nitrogen 0.13 tons	Chemical oxygen demand 35.018 tons, suspended solids 26.263 tons, ammonia nitrogen 2.626 tons, total phosphorus 0.438 tons, total nitrogen 3.502 tons	Nil
WFJN	Water pollutants	Chemical oxygen demand, ammonia nitrogen	After being treated by the Company's sewage treatment plant, it is discharged into the municipal sewage pipeline network	one	Sewage discharge outlet	Chemical oxygen demand 89.5mg/L, ammonia nitrogen 14.55mg/L, total phosphorus 1.07mg/L, petroleum 5.4 mg/L	Water Quality Standards for Sewage Discharge into Urban Sewers (GB/T31962-2015)	Chemical oxygen demand 4.064 tons, ammonia nitrogen 0.631 tons, total phosphorus 0.03 tons, petroleum 0.24 tons	Not applicable	Nil
	Solid waste	Hazardous waste such as waste oil, oily sludge, grinding wheel dust, empty drums, activated carbon, filter cartridges, etc	Entrust qualified units to handle it	Not applicable	Not applicable	Not applicable	Not applicable	147.8 tons	Not applicable	Nil

### Treatment of pollutants

The Company mainly focuses on mechanical processing and generates oil mist exhaust gas (non methane total hydrocarbons). The oil mist exhaust gas generated in WFAC101 workshop is treated by the high-efficiency oil mist purifier and discharged into the workshop. After being treated by the secondary activated carbon adsorption device on the roof, the oil mist exhaust gas is discharged through four 15m-high exhaust funnels; The oil mist exhaust gas generated in WFAC103 workshop is treated by an efficient oil mist purifier and a secondary activated carbon adsorption device, and then discharged through two 15m-high exhaust funnels. The oil mist exhaust gas generated in WFAC104 workshop is treated by an efficient oil mist purifier and a secondary activated carbon adsorption device, and discharged through one 15 meter high exhaust pipe; The oil mist exhaust gas generated in

the WFMS machining workshop is treated by a high-efficiency oil mist purifier and a secondary activated carbon adsorption device, and then discharged through four 15m-high exhaust funnels; The cleaning exhaust gas (non methane total hydrocarbons) is treated by an efficient oil mist purifier and a secondary activated carbon adsorption device, and then discharged through two 15m-high exhaust funnels; Quenching exhaust gas (non methane total hydrocarbons) is treated by an efficient oil mist purifier and discharged through three 15m-high exhaust funnels; The test exhaust gas (non methane total hydrocarbons) is treated by an efficient oil mist purifier and discharged through a 15m-high exhaust funnels; The shot blasting exhaust gas (particulate matter) is treated by a bag filter and discharged through two 15m-high exhaust funnels; The waste gas (ammonia, methanol, non methane total hydrocarbons) generated by the carbon nitrogen co infiltration process is treated by an acid spray tower and a secondary activated carbon adsorption device, and then discharged through a 15 meter high exhaust pipe; The carburized exhaust gas (non methane total hydrocarbons) is treated by a fire curtain combustion and secondary activated carbon adsorption device, and then discharged through six 15m-high exhaust funnels; After being treated by a secondary activated carbon adsorption device, the waste gas from drying and solidifying adhesive (non methane total hydrocarbons, tin and its compounds) is discharged through two 15m-high exhaust funnels; The Company has built a comprehensive sewage treatment station with a designed processing capacity of 1600m<sup>3</sup>/day in the WFMS plant area. After the production wastewater is regulated by an air flotation tank, it is discharged into the biochemical system of the sewage station together with the domestic wastewater treated by septic tanks and oil separators for treatment. The treated wastewater is connected to the municipal pipe network for standard discharge; One production wastewater treatment station with a designed processing capacity of 120m<sup>3</sup>/day and one domestic wastewater treatment station with a designed processing capacity of 200m<sup>3</sup>/day have been constructed in the WFAC factory area. After being regulated by an air flotation tank and treated by biochemical treatment, the production wastewater is discharged together with the treated domestic wastewater into the sewage discharge outlet. The treated wastewater is connected to the municipal pipeline network for standard discharge.

WFCA has built a sewage treatment station with a designed treatment capacity of about 300m<sup>3</sup>/d in the factory. After being adjusted by the air flotation tank, the production wastewater is discharged into the biochemical system of the sewage station for treatment together with the domestic sewage treated by septic tanks and grease traps, and the treated sewage is discharged via the municipal pipe network according to the standard.

WFJN has built a set of industrial sewage treatment station with a designed treatment capacity of about 150m<sup>3</sup>/d and a domestic sewage treatment station with a treatment capacity of about 450m<sup>3</sup>/d in the factory area. After being adjusted by the air flotation tank, the industrial wastewater will be discharged into the biochemical system of the sewage station together with the domestic sewage treated by septic tanks and grease traps for treatment, and the treated sewage will be discharged via the municipal pipe network according to the standard.

#### **Emergency Response Plan for Environmental Incidents**

The Company and its subsidiaries have formulated an Emergency Response Plan for Environmental Incidents in accordance with standard regulations and the Company's actual production circumstances. This plan was reviewed and approved by the relevant local authorities and subsequently filed, with periodic updates being made as necessary. During the reporting period, the Company conducted both comprehensive and specialized emergency response drills for environmental incidents as per the annual emergency drill plan. The results of these drills were evaluated, and corresponding emergency measures were refined.

#### **Investments in Environmental Governance and Environmental Protection Tax Payments**

The Company and its subsidiaries have equipped themselves with comprehensive environmental protection facilities in line with environmental impact assessment (EIA) approvals and current environmental management requirements. All major air and water pollutants are discharged within regulatory limits, and compliant storage facilities have been established for solid waste, which is entrusted to qualified entities for disposal. The level of investment in environmental protection is leading within the industry. During the reporting period, the Company and its subsidiaries timely paid environmental protection taxes on a quarterly basis, in accordance with legal requirements.

#### **Environmental Self-Monitoring Plan**

During the reporting period, the Company and its subsidiaries developed the *2024 Environmental Self-Monitoring Plan* in accordance with relevant management requirements and regulations. This plan was reviewed and filed by the local ecological environment authorities. As per the plan, a qualified third-party institution has been commissioned to regularly monitor the Company's emissions, wastewater, and noise. All monitoring data is publicly disclosed on national and local self-monitoring platforms in accordance with the *Measures for Self-Monitoring and Information Disclosure of Key National Monitoring Enterprises (Trial)*. The data complies with national and local standards, with no instances of exceeding emission limits.

**Administrative Penalties for Environmental Issues During the Reporting Period**

Nil

**Other Environmental Information**

During the reporting period, the Company and its subsidiaries have regularly submitted pollution discharge permit compliance reports (quarterly and annual reports) in accordance with national and local laws and regulations. All air and water pollutants are discharged within standard limits, hazardous waste is disposed of by qualified entities, and transfer documentation is strictly followed.

**Measures and Effects of Carbon Emission Reduction During the Reporting Period**

Applicable  Not Applicable

Resource conservation and reduced consumption are essential components of the Company's core values. This approach not only enhances business benefits but also improves overall resource utilization. Therefore, the Company continuously drives technological innovation to increase resource efficiency, actively promotes energy conservation and emission reduction, and strives for green production. The Company's main business currently focuses on automotive energy conservation and emission reduction, with all primary products meeting national emission standards. Additionally, the Company is actively developing new energy businesses, such as green hydrogen and smart electric vehicles, which contribute to achieving carbon peak and carbon neutrality goals. In the future, the Company will concentrate on key upstream areas in the hydrogen energy industry chain, promoting the high-quality development of hydrogen technologies to support green travel and build a clean energy system.

**Other Environmental Protection Information**

Not applicable

## II. Social Responsibility

During the reporting period, the Company actively adhered to the principle of "Promoting Common Prosperity through High-Quality Development," responded to the call of the times, and vigorously promoted the noble spirit of "Humanity, Benevolence, and Dedication." The Company is committed to becoming a solid force in advancing social progress. Through various channels such as the Wuxi Municipal Federation of Trade Unions, the Wuxi Red Cross, the Wuxi Industry Group, and the *Weifu Group Public Welfare Mutual Aid Fund*, the Company has established a comprehensive and in-depth support system, accurately addressing employees' needs. A total of 110 employees have been assisted, with aid funds amounting to approximately 200,000 RMB. The Company donated 200,000 RMB to the China Workers' Development Foundation and, together with clients, participated in social welfare initiatives for truck drivers. Additionally, the Company organized donations of 75,000 RMB to the Wuxi Red Cross and has consecutively received the "Red Cross Fundraising Work Organization Award" for several years. The Company has meticulously planned and implemented a series of health-related public welfare activities, such as free medical consultations at enterprises and the promotion of essential knowledge on CPR, the Heimlich maneuver, and hypertension prevention, which effectively enhanced employees' self-rescue and mutual-rescue capabilities.

During the reporting period, the Company organized employees to participate in public welfare activities such as "Warm Together with Love" and "Intelligent Drive, Love at Fusheng," as well as a walking event called "Spreading Love with Every Step." These activities not only strengthened team cohesion but also spread goodwill within the community. By organizing the "Labor Beautifies Bicycles" event, the Company actively promoted green travel and beautified the urban environment. For the Dragon Boat Festival, the Company specially planned the "Warm Dragon Boat Festival, Caring Hearts" themed activity, visiting nursing homes to bring festive warmth and care to the elderly. This promoted the traditional virtue of respecting and caring for the elderly and fostered a warm and harmonious social atmosphere. Furthermore, as part of the "Ten Thousand Enterprises Link Ten Thousand Villages, Walk the Road to Revitalization" initiative, the Company partnered with Maohua Village in Taihua Town, Yixing, and procured two batches of agricultural products during the reporting period.

Looking ahead, the Company will continue to uphold the principle of "Creating Value Together, Sharing Results," unwaveringly fulfill its social responsibilities, focus on environmental protection, employee welfare, and broader social welfare areas, and contribute more to building a harmonious society and creating a better future through practical actions.

## Section VI. Important Matters

### I. 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 reporting period

### II. Occupation of the non-operational funds of the listed Company by controlling shareholders and its related party

Applicable  Not applicable

No non-operational funds of the listed Company have been occupied by the controlling shareholders and its related party in the reporting period.

### III. External guarantee out of the regulations

Applicable  Not applicable

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

### IV. Appointment and non-reappointment (dismissal) of CPA

Has the semi-annual financial report been audited?

Yes  No

The Company's semi-annual report has not been audited.

### V. Statement on the latest “modified audit report” by BOD and the committee of supervisors

Applicable  Not applicable

### VI. Explanation from Board of Directors for “Qualified Opinion” that issued by CPA

Applicable  Not applicable

Gongzheng Tianye Certified Public Accountants (Special General Partnership) issued an unqualified audit report with emphasis of matter paragraphs on the Company's 2023 financial report on April 15, 2024.

1. Emphasize the matters involved in the item paragraph

As stated in Note XVIII.7 of the 2023 financial report, “Other Important Transactions and Matters that Affect Investor Decisions”, Wuxi Weifu International Trade Co., Ltd(“WFTR”), a wholly-owned subsidiary of WFHT, is currently in the stage of being transferred for review and prosecution for contract fraud. The result of the case is still uncertain in the future.

2. Explanation of changes and handling of the matters involved

At present, the case is in the stage of being prosecuted by the Wuxi People's Procuratorate to the Wuxi Intermediate People's Court. The Company will fulfill its disclosure obligations in a timely manner according to the progress of subsequent cases in accordance with the law.

## VII. Bankruptcy reorganization

Applicable  Not applicable

No bankruptcy reorganization for the Company in the reporting period

## VIII. Major litigation and arbitration

Significant litigation or arbitration matters

Applicable  Not applicable

No significant litigation or arbitration matters for the Company in the reporting period.

Other litigation and arbitration

Applicable  Not applicable

Basic information of litigation (arbitration)	Amount involved (10,000.00 yuan)	Whether expected liability have been formed	Progress of litigation (arbitration)	Results and impacts of litigation (arbitration) trial	Execution of litigation (arbitration) judgments	Date of disclosure	Index of disclosure
Summary of other lawsuits where the Company or subsidiary, as the plaintiff, did not meet the disclosure criteria standard for significant litigation	1,198.99	No	Under process according to the litigation process, some cases have not been closed yet, and closed cases will be executed according to the process	No significant impact on the Company's production and operation	Some cases have been executed, while others are still in the process of execution.		
Summary of other lawsuits where the Company or subsidiary, as the plaintiff, did not meet the disclosure criteria standard for significant litigation	4,667.67	No	Under process according to the litigation process, and the case is currently under trial	No significant impact on the Company's production and operation	The case is in the trial process, has not yet been judged, and has not reached the execution stage		

## IX. Penalty and rectification

Applicable  Not applicable

Name	Type	Reason	Type of investigation punishment	Conclusion(if any)	Date of disclosure	Index of disclosure
WFHT	Other	1. Disclosed inaccurate financial information 2. Failed to fulfill the review procedures and disclosure obligations for related party transactions in accordance with regulations 3. Undisclosed 2022 performance forecast	China Securities Regulatory Commission took administrative regulatory measures	Has been issued a warning letter by Jiangsu Securities Regulatory Bureau and recorded in the integrity file of the securities and futures market.	2024-03-28	Announcement on Receiving Warning Letter from Jiangsu Securities Regulatory Bureau (Notice No. 2024-005) disclosed by the Company on the website of CNINFO (www.cninfo.com.cn)
Wang Xiaodong ((Leave office))	Director	Failure to be diligent and responsible				
Xu Yunfeng	Director					
Ou Jianbin ((Leave office))	Other					



WFHT	Other	Failed to timely disclose 2022 annual performance forecast as required	Disciplinary action taken by the stock exchange	Has been circulated a notice of criticism	2024-03-27	Decision on Issuing a Notice of Criticism and Disciplinary Action against WFHT and Related Parties on the Official Website of Shenzhen Stock Exchange
Wang Xiaodong ((Leave office))	Director	Failed to fulfill duties and obligations of honesty and diligence				
Xu Yunfeng	Director					
Ou Jianbin ((Leave office))	Other					

Explanation on rectification

Applicable Not applicable

After receiving the warning letter from Jiangsu Securities Regulatory Bureau, the Company attached great importance to it, earnestly learned from the lessons, strengthened the study of relevant laws, regulations, and normative documents, enhanced information disclosure management and improved the level of standardized operation so as to prevent such incidents from happening again. The Company and related personnel have submitted a written rectification report to the Jiangsu Securities Regulatory Bureau as required.

## X. Integrity of the Company, its controlling shareholders and actual controllers

Applicable  Not applicable

## XI. Major related party transaction

### 1. Related party transaction involved with daily operation

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	1,885.67	0.43%	4,500	N	According to the contract	Market price	2024-04-16	Notice No.: 2024-011
RBCD	Associated enterprise, controlling subsidiary of Robert Bosch	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	12,112.66	2.76%	31,300	N	According to the contract	Market price		
WFEC	Joint venture of WFLD	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	15,064.19	3.43%	119,800	N	According to the contract	Market price		
Bosch	Second largest shareholder of the Company	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	11,104.76	2.53%	22,200	N	According to the contract	Market price		
EDRI	Holding Company of Wuxi Industry Development Group Co., Ltd.	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	2.83	0.00%	0	Y	According to the contract	Market price		
FALCO NTECH	Holding Company of Wuxi Industry Development Group Co., Ltd.	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	1.45	0.00%	0	N	According to the contract	Market price		Notice No.: 2024-011

Wuxi IOT	IDG is the major shareholder, and a related natural person of the Company serves as the chairman	Procurement of goods and services	Purchase fixed asset	Fair market pricing	Market price	2.07	0.00%	0	Y	According to the contract	Market price		
WFPM	Associated enterprise	Sales of goods and services	Sales of goods and services	Fair market pricing	Market price	38.8	0.01%	200	N	According to the contract	Market price	2024-04-16	Notice No.: 2024-011
RBCD	Associated enterprise, controlling subsidiary of Robert Bosch	Sales of goods and services	Sales of goods and services	Fair market pricing	Market price	66,018	11.59%	228,100	N	According to the contract	Market price		
WFEC	Joint venture of WFLD	Sales of goods and services	Sales of goods and services	Fair market pricing	Market price	24.76	0.00%	1,500	N	According to the contract	Market price		
Bosch	Second largest shareholder of the Company	Sales of goods and services	Sales of goods and services	Fair market pricing	Market price	99,481.54	17.47%	205,600	N	According to the contract	Market price		
Changchun Xuyang	Joint venture of WFLD	Sales of goods and services	Sales of goods and services	Fair market pricing	Market price	50.67	0.01%	5,400	N	According to the contract	Market price		
Lezhuo Bowei	Associated enterprise	Sales of goods and services	Sales of goods and services	Fair market pricing	Market price	515.59	0.09%	1,540	Y	According to the contract	Market price		
WFPM	Associated enterprise	Others	Procurement of fixed asset	Fair market pricing	Market price	0.3		0	N	According to the contract	Market price		
RBCD	Associated enterprise, controlling subsidiary of Robert Bosch	Others	Payable technical service fees, etc	Fair market pricing	Market price	0		500	N	According to the contract	Market price	2024-04-16	Notice No.: 2024-011
RBCD	Associated enterprise, controlling subsidiary of Robert Bosch	Others	Receivable lease fees	Fair market pricing	Market price	23.4		100	N	According to the contract	Market price		
Bosch	Second largest shareholder of the Company	Others	Payment of technical commission fees, etc	Fair market pricing	Market price	243		500	N	According to the contract	Market price		
Bosch	Second largest shareholder of the Company	Others	Procurement of fixed asset	Fair market pricing	Market price	0		100	N	According to the contract	Market price		
Bosch	Second largest shareholder of the Company	Others	Provide technology service, etc.	Fair market pricing	Market price	0		200	N	According to the contract	Market price		
Bosch	Second largest shareholder of the Company	Others	Selling of fixed asset	Fair market pricing	Market price	0		300	N	According to the contract	Market price		
Wuxi Industry Group	The first largest shareholder of the Company	Others	Provide technology service	Fair market pricing	Market price	37.48		0	Y	According to the contract	Market price		
Lezhuo Bowei	Associated enterprise	Others	Receivable kinetic energy fees	Fair market pricing	Market price	88.88		200	N	According to the contract	Market price	2024-04-16	Notice No.: 2024-011

Lezhuo Bowei	Associated enterprise	Others	Receivable lease fees	Fair market pricing	Market price	154.87		400	N	According to the contract	Market price		
Autolink	Associated enterprise	Others	Payable lease fee	Fair market pricing	Market price	0		600	N	According to the contract	Market price		
Urban public delivery Holding	Holding Company of Wuxi Industry Group	Others	Procurement of cafeteria ingredients	Fair market pricing	Market price	108.65		0	Y	According to the contract	Market price		
WFEC	Joint venture of WFLD	Others	Provide technical services	Fair market pricing	Market price	24.42		100	N	According to the contract	Market price		
WFEC	Joint venture of WFLD	Others	Receivable lease fees	Fair market pricing	Market price	100.33		300	N	According to the contract	Market price		
WFEC	Joint venture of WFLD	Others	Payable technical service fees	Fair market pricing	Market price	25.84		0	Y	According to the contract	Market price		
WFEC	Joint venture of WFLD	Others	Payable kinetic energy fees	Fair market pricing	Market price	10.69		200	N	According to the contract	Market price		
Total				--	--	207,120.85	--	623,640	--	--	--		
Detail of sales return with major amount involved				Not applicable									
Report the actual implementation of the daily related transactions which were projected about their total amount by types during the reporting period (if applicable)				The Company expects the total amount of daily related transactions in 2024 to be 6,236.4 million yuan, and the actual total amount of daily related transactions that occurred during the reporting period is 2,071.2085 million yuan, classified as follows: 1. It is expected that the purchase of goods and services from related parties in 2024 will not exceed 1,778 million yuan, and the actual amount incurred during the reporting period is 401.7363 million yuan; 2. It is expected that the sales of goods and services to related parties in 2024 will not exceed 4,423.4 million yuan, and the actual amount incurred during the reporting period is 1,661.2936 million yuan; 3. It is expected that other related transactions with related parties in 2024 will not exceed 35 million yuan, and the actual amount incurred during the reporting period is 8.1786 million yuan.									
Reasons for major differences between trading price and market reference price (if applicable)				Not applicable									

2024-04-16  
Notice No.: 2024-011

## 2. Related party transactions of asset or acquisition and sold

Applicable  Not applicable

No related party transactions of asset or equity 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

Is there any non operating related debt and debt transaction

Yes  No

Receivable debt from related parties

Related party	Related relationship	Cause of formation	Is there any occupation of non operating funds?	Beginning balance('0000 yuan)	Increase in current period('0000 yuan)	Amount received in current period('0000 yuan)	Interest rate	Interest in current period('0000 yuan)	Ending balance('0000 yuan)

Hebei Machinery	Company controlled by the elder brother of a Company director/senior executive	Formed due to "platform trade" business	No	-212,548.78					-212,548.78
Hebei Jinda	Company controlled by Hebei Machinery			195,847.05					195,847.05
Hebei Deshuang				143,675.72					143,675.72
Hebei Lanpai				60,940.49					60,940.49
Hebei Mianzhuo				47,925.33					47,925.33
Total				235,839.81					235,839.81
The impact of related debt on the Company's operating results and financial condition		For details on the impact on the Company's operating results and financial condition, please refer to the description of "'Provision for expected credit loss on other receivables formed by "platform trade" business'"							

Note1: Hebei Machinery refers to Hebei Machinery Import and Export Co., Ltd., Hebei Jinda refers to Hebei Jinda Import and Export Co., Ltd., Hebei Lanpai refers to Hebei Lanpai Technology Co., Ltd., Hebei Mianzhuo refers to Hebei Mianzhuo Electromechanical Equipment Sales Co., Ltd. Hebei Deshuang refers to Hebei Deshuang Trading Co., Ltd.

Note2: According to the principle of substance over form, the company did not treat Weifu International Trade's "platform trade" business as a normal trade business, but accounted for it as a fund receipt and payment. Because Hebei Jinda, Hebei Deshuang, Hebei Lanpai and Hebei Mianzhuo are controlled by Hebei Machinery, based on the business essence of "platform trade" business, WFTR listed the difference between the "purchase payment" paid by WFTR to Hebei Jinda, Hebei Deshuang, Hebei Lanpai and Hebei Mianzhuo based on "platform trade" business and the "sales payment" received from Hebei Machinery 2,358.3981 million yuan as other receivables. As of June 30, 2024, the Company has made a bad debt provision of 1,448.3589 million yuan for the balance of other receivables; The bad debt provision balance is calculated by 80.10%, which is the proportion of other receivables balance of Hebei Machinery and its controlled companies 2,415.1519 million yuan to other receivables balance of WFTR's "platform trade" business portfolio 2,741.4991 million yuan as of December 31, 2023 multiply the bad debt provision for other accounts receivable balances in WFTR's "platform trade" business portfolio 1,644.0683 million yuan.

## 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

On April 15, 2024, the 23<sup>rd</sup> meeting of the 10th Board of Directors reviewed and approved the *Proposal on Investing in the Establishment of a Partnership Enterprise and Related Transactions*. For details, please refer to the announcement titled *Announcement on the Proposed Investment in the Establishment of a Partnership Enterprise and Related Transactions* (Notice No. 2024-020), disclosed by the Company on April 16, 2024. As of the date of this

report, the matter is progressing as planned.

On May 14, 2024, the 25<sup>th</sup> meeting of the 10th Board of Directors also reviewed and approved the *Proposal for Increasing Capital in an Associated Company*. Details are available in the announcement titled *Announcement on the Proposed Capital Increase in an Associated Company and Related Transactions* (Notice No. 2024-038), disclosed by the Company on May 15, 2024. As of the date of this report, this matter is progressing as planned.

On May 14, 2024, the 25<sup>th</sup> meeting of the 10th Board of Directors reviewed and approved the *Proposal to Invest in a Joint Venture for Intelligent Sensing Business and Related Transactions*. Details can be found in the announcement titled *Announcement on the Proposed Investment in a Joint Venture for Intelligent Sensing Business and Related Transactions* (Notice No. 2024-039), disclosed by the Company on May 15, 2024. As of June 27, 2024, the joint venture has completed its business registration and obtained a *Business License* from the Wuxi Economic Development Zone Administration. For specific details, please refer to the the announcement titled *Progress Announcement on the Proposed Investment in a Joint Venture for Intelligent Sensing Business and Related Transactions* (Announcement No. 2024-046) disclosed by the Company on June 29, 2024

For more information on major related party transactions, please refer to the temporary report disclosure website.

Name of temporary announcement	Disclosure date of temporary announcement	Name of website disclosing temporary announcement
<i>the Proposal on Investing in the Establishment of a Partnership Enterprise and Related Transactions</i>	2024-04-16	CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
<i>Announcement on the Proposed Capital Increase in an Associated Company and Related Transactions</i>	2024-05-15	
<i>Announcement on the Proposed Investment in a Joint Venture for Intelligent Sensing Business and Related Transactions</i>	2024-05-15	
<i>Progress Announcement on the Proposed Investment in a Joint Venture for Intelligent Sensing Business and Related Transactions</i>	2024-06-29	

## XII. Significant contract and implementations

### 1. Trusteeship, contract and leasing

#### (1) Trusteeship

Applicable  Not applicable

No trusteeship occurred during the reporting period

#### (2) Contracting

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

In ten thousand yuan

The Company' guarantee towards subsidiaries										
Name of guaranteed object	Disclosure date of announcement related to the guaranteed amount	Guaranteed amount	Actual occurring date	Actual guaranteed amount	Guarantee type	Collateral	Counter Guarantee	Guarantee period	Fulfilled or not	Guaranteed by related parties or not
VHWX	2022-12-09	1,000	2022-12-12	1,000	Joint liability guarantee	NA	NA	From the date of execution of the main contract up to the two years from the date of expiry of the performance period of the obligations under the main contract or December 30, 2026 (inclusive, whichever is the earlier)	No	No
VHIO	2023-04-28	55,000	2023-07-13	7,784	Joint liability guarantee	NA	NA	Three years from the date of receipt of the guarantee by the Italian tax bureau	No	No
WFAS	2023-04-28	4,000	2023-08-26	462	Joint liability guarantee	NA	NA	To be individually calculated according to each financing provided by the creditor to the debtor under the main contract, for each financing, the guarantee period is three years from the expiration date of the debt performance period under that financing	No	No
VHIO	2023-04-28	55,000	2023-11-16	5,309	Joint liability guarantee	NA	NA	Six months from the maturity date of each guaranteed debt, but no later than June 30, 2028	No	No
VHIO	2023-04-28	55,000	2024-04-09	30,706	Joint liability guarantee	NA	NA	Two years since VHIO completed all supplier obligations or satisfied the requirements for indicators in the guarantee letter Indicator requirements	No	No
Approved total guaranteed amount towards the subsidiaries within the reporting period (B1)		41,200			Total actual amount occurred towards subsidiaries within the reporting period (B2)			30,706		
Approved total guaranteed amount towards the subsidiaries at the year end (B3)		86,461			Total actual guarantee balance towards subsidiaries at the year end (B4)			45,261		
Total amount of the Company's guarantee(total of the top three)										
Approved total amount guaranteed within the reporting period (A1+B1+C1)		41,200			Total actual guaranteed amount occurred within the reporting period (A2+B2+C2)			30,706		
Approved total amount guaranteed at the year end (A3+B3+C3)		86,461			Actual total guarantee balance at the year end (A4+B4+C4)			45,261		

Proportion of actual total guaranteed amount (A4+B4+C4) to net asset	2.34%
Wherein:	
Explanation of situations where there is a guarantee liability or evidence indicating the possibility of assuming joint and several liability for the unexpired guarantee contract during the reporting period (if any)	NA
Explanation of providing external guarantees in violation of prescribed procedures (if any)	NA

Specific description for using the guarantee by complex method: Nil

### 3. Trusted cash asset management

Applicable  Not applicable

In ten 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 of banks	Own funds	84,350	7,700	0	0
Financial products of securities firms	Own funds	42,000	42,000	0	0
Trust financial products	Own funds	32,078.66	14,078.66	0	0
Other type	Own funds	92,711.65	76,979.46	0	0
<b>Total</b>		<b>251,140.31</b>	<b>140,758.12</b>	<b>0</b>	<b>0</b>

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

Applicable  Not applicable

In ten 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 gain/loss in period	Actual collected gain/loss in period	Amount of reserve for devaluation of withdrawal (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	Guaranteed floating income	68,000	Own fund	2024-01-29	2024-09-24	Bank wealth management products	Reference annual rate of return by the contract	2.25%-2.9%	277.78	473.69	Collected according to the contract	0	Yes	Yes	2024-04-16(Notice No.:2024-013)
Bank	Bank	Non-guaranteed floating income	42,450	Own fund	2024-01-04	2024-06-26	Bank wealth management products	Reference annual rate of return by the contract	2%-2.5%	168.24	253.15	Collected according to the contract	0	Yes	Yes	
Securities	Securities	Non-guaranteed floating income		Own fund							187.5	Collected according to the contract	0	Yes	Yes	
Trust	Trust	Non-guaranteed floating income		Own fund							341.48	Collected according to the contract	0	Yes	Yes	
Other	Other professional financial institutions	Non-guaranteed floating income		Own fund							2,529.21	Reference annual rate of return by the contract	0	Yes	Yes	
<b>Total</b>			<b>110,450</b>							<b>446.02</b>	<b>3,785.03</b>		<b>0</b>			

It is expected that the principal of entrusted financial management fails to recover or there are other situations leading to

impairment in entrusted financial management

Applicable  Not applicable

#### 4. Other significant contract

Applicable  Not applicable

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

### XIII. Explanation on other material matters

Applicable  Not applicable

The Company has no explanation on other material matters.

### XIV. 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		Change during the reporting period(+/-)					After the change	
	Amount	Proportion	New shares issued	Bonus shares	Public reserve transfer into share capital	Others	Subtotal	Amount	Proportion
I. Restricted shares	5,651,230	0.56%				-4,845,055	-4,845,050	806,175	0.08%
1. State-owned shares									
2. State-owned legal person's shares									
3. Other domestic shares	5,651,230	0.56%				-4,845,055	-4,845,055	806,175	0.08%
Including: Domestic legal person's shares									
Domestic natural person's shares	5,651,230	0.56%				-4,845,055	-4,845,055	806,175	0.08%
4. Foreign shares									



Including: Foreign legal person's shares									
Foreign natural person's shares									
II. Unrestricted shares	996,511,563	99.44%				-331,445	-331,445	996,180,118	99.92%
1. RMB ordinary shares	824,131,563	82.24%				-331,445	-331,445	823,800,118	82.63%
2. Domesticall y listed foreign shares	172,380,000	17.20%						172,380,000	17.29%
3. Overseas listed foreign shares									
4. Others									
III. Total shares	1,002,162,793	100.00%				-5,176,500	-5,176,500	996,986,293	100.00%

Reasons for share changed

Applicable Not applicable

1. During the reporting period, the Company repurchased and canceled 5,176,500 shares of 2020 restricted stock that had been granted but not unlocked, resulting in a change in restricted shares;
2. During the reporting period, titles of some directors, supervisors, and senior executives of the Company were adjusted, and the lock-up shares held by senior executives changed, resulting in changes in unrestricted shares.

Approval status of share changes

Applicable Not applicable

1. On April 15, 2024, the Company held the 23<sup>rd</sup> meeting of the 10<sup>th</sup> session of Board of Directors and approved the Proposal on Buy-back and Cancellation of the Restricted Stocks Partially Granted in 2020 Restricted Stock Incentive Plan. It was decided to buy back and cancel a total of 5,176,500 restricted stocks that have been granted to 535 incentive recipients but did not meet the conditions for lifting restrictions. As of June 7, 2024, the Company has completed the buy-back and cancellation procedures for the above-mentioned shares at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.
2. On April 15, 2024, the Company held the 23<sup>rd</sup> meeting of the 10<sup>th</sup> session of board of directors and approved the Proposal on the Election of Non-independent Director Candidates for the Board of Directors. On May 17, 2024, the Company held its 2023 annual shareholders' meeting and approved the proposal.

Ownership transfer of share changed

Applicable Not applicable

Progress of the implementation of buyback share

Applicable Not applicable

Progress of the implementation of reducing buyback shares by means of centralized bidding

Applicable Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net asset 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 restricted stocks

Applicable  Not applicable

In Share

Shareholders	Opening restricted shares	Restricted shares increased in the Period	Shares released in Period	Ending restricted shares	Restricted reasons	Date for released
Wang Xiaodong (Leave office)	225,586	120,000	75,195	180,781	Lock-up shares held by senior executives	June 7, 2024
Xu Yunfeng	193,500	105,000	0	88,500	Lock-up shares held by senior executives	June 7, 2024
Ou Jianbin (Leave office)	154,500	84,000	51,500	122,000	Lock-up shares held by senior executives	June 7, 2024
Rong bin	147,000	84,000	0	63,000	Lock-up shares held by senior executives	June 7, 2024
Liu Jinjun	147,000	84,000	0	63,000	Lock-up shares held by senior executives	June 7, 2024
Li Gang	147,000	84,000	0	63,000	Lock-up shares held by senior executives	June 7, 2024
Xu Sheng	147,000	84,000	0	63,000	Lock-up shares held by senior executives	June 7, 2024
Miao Yuming (Leave office)	91,500	0	22,500	114,000	Lock-up shares held by senior executives	--
Middle management	4,531,500	4,531,500	0	0	Restricted Stock Incentive Plan 2020	June 7, 2024
Total	5,784,586	5,176,500	149,195	757,281	--	--

Note: In the table above, shares released in the reporting period is the number that the Company repurchases and cancels the shares it has been granted but has not yet lifted the restrictions on sale in the reporting period.

## II. Securities issuance and listing

Applicable  Not applicable

## III. Number and shareholding situation of Company shareholders

Total common stock shareholders at end of the reporting period	62,203	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed (if applicable)	0					
Particulars about shares held above 5% by shareholders or top 10 shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total of common shares held at the end of reporting period	Changes in reporting period	Number of restricted shares held	Amount of unrestricted shares held	Information of shares pledged, tagged or frozen	
							State of share	Amount
Wuxi Industry Development Group Co., Ltd.	State-owned corporate	20.47%	204,059,398	0	0	204,059,398	N/A	0
Robert Bosch Co., Ltd	Foreign corporate	14.33%	142,841,400	0	0	142,841,400	N/A	0
Hong Kong Securities Clearing Company	Foreign corporate	2.90%	28,944,043	11,241,722	0	28,944,043	N/A	0
CCB Life Insurance Co., Ltd. - Traditional Insurance	Other	1.24%	12,359,918	12,359,918	0	12,359,918	N/A	0
NSSF-413	Other	1.06%	10,590,000	360,000	0	10,590,000	N/A	0

Dongwu Securities Co., Ltd	State-owned corporate	0.80%	7,999,900	7,999,900	0	7,999,900	N/A	0
FIDELITY INVMT TRT FIDELITY INTL SMALL CAP FUND	Foreign corporate	0.80%	7,955,075	744,689	0	7,955,075	N/A	0
Guolian An Fund - China Pacific Life Insurance Co., Ltd. - Dividend Insurance - Guolian An Fund - China Pacific Life Equity Relative Yield (Guaranteed Dividend) Single Asset Management Plan	Other	0.71%	7,123,179	235,200	0	7,123,179	N/A	0
Basic Pension Insurance Fund- 1003	Other	0.67%	6,698,993	-942,700	0	6,698,993	N/A	0
Xie Zuogang	Domestic natural person	0.51%	5,132,967	0	0	5,132,967	N/A	0
Strategy investor or general legal person becoming the top 10 shareholders by placing new shares (if applicable)	Nil							
Explanation on associated relationship concerted action among the aforesaid shareholders	Among the aforesaid shareholders, there has no associated relationship between Wuxi Industry Development Group Co., Ltd., the first largest shareholder of the Company, and other shareholders; and they do not belong to the persons acting in concert regulated by the <i>Management Measure of Information Disclosure on Change of Shareholding for Listed Company</i> .							
Description of the above shareholders in relation to delegate/entrusted voting rights and abstention from voting rights.	Nil							
Special note on the repurchase account among the top 10 shareholders (if applicable)	As of June 30, 2024, the repurchase special securities account of Weifu High-Technology Group Co., Ltd has 25,000,000 shares of ordinary A-Share, hereby stated that in according with the relevant requirement, they are not included in the top 10 shareholders of the Company.							
Particular about top 10 shareholders with unrestricted shares held								
Shareholders' name	Amount of unrestricted shares held at Period-end	Shares held						
		Type	Amount					
Wuxi Industry Development Group Co., Ltd.	204,059,398	RMB common shares	204,059,398					
Robert Bosch Co., Ltd	142,841,400	RMB common shares	115,260,600					
		Domestically listed foreign shares	27,580,800					
Hong Kong Securities Clearing Company	28,944,043	RMB common shares	28,944,043					
CCB Life Insurance Co., Ltd. - Traditional Insurance	12,359,918	RMB common shares	12,359,918					
NSSF-413	10,590,000	RMB common shares	10,590,000					
Dongwu Securities Co., Ltd	7,999,900	RMB common shares	7,999,900					
FIDELITY INVMT TRT FIDELITY INTL SMALL CAP FUND	7,955,075	Domestically listed foreign shares	7,955,075					
Guolian An Fund - China Pacific Life Insurance Co., Ltd. - Dividend Insurance - Guolian An Fund - China Pacific Life Equity Relative Yield (Guaranteed Dividend) Single Asset Management Plan	7,123,179	RMB common shares	7,123,179					
Basic Pension Insurance Fund- 1003	6,698,993	RMB common shares	6,698,993					
Xie Zuogang	5,132,967	Domestically listed foreign shares	5,132,967					

Explanation on associated relationship or consistent actors within the top 10 restricted shareholders and between top 10 unrestricted shareholders and top 10 shareholders	Among the aforesaid shareholders, there has no associated relationship between Wuxi Industry Development Group Co., Ltd., the first largest shareholder of the Company, and other shareholders; and they do not belong to the 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)	Nil

Shareholders holding more than 5% of the shares, top 10 shareholders or top ten unrestricted shareholders participating in the lending of shares through refinancing business

Applicable  Not applicable

Top 10 shareholders or top ten unrestricted shareholders participating in the lending/returning of shares through refinancing business

Applicable  Not applicable

Did top ten common shareholders or top ten unrestricted shareholders have agreed repurchase dealing in the reporting period?

Yes  No

The top ten common shareholders or top ten unrestricted shareholders didn't have agreed repurchase dealing in the reporting period.

#### IV. Changes in shareholding of directors, supervisors, and senior management

Applicable Not applicable

Name	Title	Working status	Number of shares held at period-begin (Share)	Number of shares increased in reporting period (Share)	Number of shares decreased in reporting period (Share)	Number of shares held at period-end (Share)	Number of restricted shares granted at period-begin(Share)	Number of restricted shares granted in reporting period (Share)	Number of restricted shares granted at period-end(Share)
Xu Yunfeng	Vice Chairman and General Manager	Currently in office	258,000	0	105,000	153,000	105,000	0	0
Xu Sheng	Deputy General Manager	Currently in office	196,000	0	84,000	112,000	84,000	0	0
Rongbin	Deputy General Manager	Currently in office	196,000	0	84,000	112,000	84,000	0	0
Liu Jinjun	Deputy General Manager and Secretary of the Board of Directors	Currently in office	196,000	0	84,000	112,000	84,000	0	0
Li Gang	Chief engineer	Currently in office	196,000	0	84,000	112,000	84,000	0	0
Wang Xiaodong	Chairman of board	Leave office	300,781	0	120,000	180,781	120,000	0	0
Ou Jianbin	Executive Vice General Manager and Financial Director	Leave office	206,000	0	84,000	122,000	84,000	0	0
Miao Yuming	Deputy General Manager	Leave office	122,000	30,000	38,000	114,000	0	0	0
Total	--	--	1,670,781	30,000	683,000	1,017,781	645,000	0	0

## **V. Changes of controlling shareholders or actual controller in the reporting period**

Changes of controlling shareholders in the reporting period

Applicable  Not applicable

The Company had no changes of controlling shareholders in the reporting period

Changes of actual controller in the reporting period

Applicable  Not applicable

The Company had no changes of actual controller in the reporting period

## Section VIII. Preferred Stock

Applicable  Not applicable

The Company had no preferred stock in the reporting period.

## **Section IX. Corporate Bonds**

Applicable  Not applicable

## Section X. Financial Report

### I. Audit report

Whether the semi annual report is audited

Yes No

The Company's semi- annual financial report has not been audited

### II. Financial Statement

Statement in Financial Notes are carried in RMB/CNY

#### 1. Consolidated Balance Sheet

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

Jun. 30, 2024

In RMB

Item	June 30, 2024	January 1, 2024
Current asset:		
Monetary fund	2,725,960,523.49	2,274,771,699.14
Settlement provision		
Capital lent		
Trading financial asset	1,431,717,057.05	2,391,487,144.96
Derivative financial asset		
Note receivable	111,953,406.82	144,976,174.84
Account receivable	3,712,958,646.89	3,857,539,958.20
Receivable financing	1,861,606,949.90	1,661,749,949.46
Account paid in advance	79,255,761.11	76,202,271.16
Insurance receivable		
Reinsurance receivable		
Contract reserve of reinsurance receivable		
Other account receivable	1,795,554,563.56	919,684,126.81
Including: Interest receivable		
Dividend receivable	872,701,558.93	
Buying back the sales of financial asset		
Inventory	1,891,829,597.61	2,068,533,030.94
Including: Data resource		
Contract asset		
Asset held for sale		
Non-current asset due within one year		
Other current asset	238,309,118.47	325,909,383.11
Total current asset	13,849,145,624.90	13,720,853,738.62
Non-current asset:		



Loans and payment on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment	5,894,271,112.10	5,947,633,507.07
Investment in other equity instrument	677,790,690.00	677,790,690.00
Other non-current financial asset	669,600,925.15	804,350,120.06
Investment real estate	45,905,888.45	46,926,716.49
Fixed asset	3,958,946,658.33	3,969,574,102.87
Construction in progress	682,829,406.56	564,605,931.90
Productive biological asset		
Oil and gas asset		
Right-of-use asset	45,893,971.65	48,832,472.85
Intangible asset	502,043,226.41	484,834,882.53
Including: Data resource		
Expense on research and development		
Including: Data resource		
Goodwill	118,827,593.37	122,316,819.20
Long-term expense to be apportioned	20,925,320.48	24,714,632.10
Deferred income tax asset	319,940,864.76	311,912,955.07
Other non-current asset	1,078,844,006.81	1,356,741,223.05
Total non-current asset	14,015,819,664.07	14,360,234,053.19
Total asset	27,864,965,288.97	28,081,087,791.81
Current liability:		
Short-term loan	367,616,899.38	838,889,557.51
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		
Note payable	2,156,179,899.55	1,759,062,642.60
Account payable	3,351,779,795.80	3,668,850,423.29
Account received in advance	485,401.22	2,911,439.65
Contractual liability	81,968,819.02	77,686,881.24
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	220,761,785.27	334,810,352.56
Tax payable	66,628,401.45	56,581,082.49
Other account payable	387,892,303.03	108,893,486.63
Including: Interest payable		
Dividend payable	329,472,281.60	
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liability due within one year	214,202,463.35	38,084,321.10
Other current liability	299,883,882.27	257,139,908.60
Total current liability	7,147,399,650.34	7,142,910,095.67

Non-current liability		
Insurance contract reserve		
Long-term loan	100,000,000.00	299,800,000.00
Bond payable		
Including: Preferred stock		
Perpetual capital security		
Lease liability	34,393,469.46	37,733,196.51
Long-term account payable	28,035,082.11	28,035,082.11
Long-term wage payable	128,526,633.44	129,844,482.80
Accrued liability	26,746,780.27	38,016,428.52
Deferred income	167,835,493.00	188,773,622.29
Deferred income tax liability	33,988,775.36	37,752,122.87
Other non-current liability		
Total non-current liability	519,526,233.64	759,954,935.10
Total liability	7,666,925,883.98	7,902,865,030.77
Owner's equity:		
Share capital	996,986,293.00	1,002,162,793.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital security		
Capital reserve	3,250,366,843.27	3,308,170,140.96
Less: inventory share	469,722,092.24	533,289,512.24
Other comprehensive income	32,287,259.21	54,156,915.97
Reasonable reserve	5,891,265.97	3,641,439.97
Surplus public reserve	510,100,496.00	510,100,496.00
Provision of general risk		
Retained profit	15,037,305,375.02	15,054,950,398.12
Total owner's equity attributable to parent Company	19,363,215,440.23	19,399,892,671.78
Minority interest	834,823,964.76	778,330,089.26
Total owner's equity	20,198,039,404.99	20,178,222,761.04
Total liability and owner's equity	27,864,965,288.97	28,081,087,791.81

Legal representative: Yin Zhenyuan

Person in charge of accounting works: Feng Zhiming

Person in charge of accounting institute: Wu Junfei

## 2. Balance sheet of parent Company

Item	In RMB	
	June 30, 2024	January 1, 2024
Current asset:		
Monetary fund	577,322,355.62	714,826,120.43
Trading financial asset	1,354,701,933.76	2,251,060,973.85
Derivative financial asset		
Note receivable	22,376,432.66	23,523,055.70
Account receivable	1,433,642,663.04	1,384,059,380.88
Receivable financing	294,458,850.37	227,811,949.87
Account paid in advance	47,826,509.58	45,875,061.25
Other account receivable	2,221,321,070.80	1,370,649,392.28

Including: Interest receivable	3,632,064.24	842,323.12
Dividend receivable	775,914,958.91	
Inventory	507,131,113.79	549,696,080.27
Including: Data resource		
Contract asset		
Asset held for sale		
Non-current asset maturing within one year		
Other current asset	11,667,975.03	11,054,042.33
Total current asset	6,470,448,904.65	6,578,556,056.86
Non-current asset:		
Debt investment		
Other debt investment		
Long-term receivable		
Long-term equity investment	7,950,444,088.24	8,008,012,424.29
Investment in other equity instrument	601,850,690.00	601,850,690.00
Other non-current financial asset	669,600,925.15	804,350,120.06
Investment real estate	33,888,032.53	34,453,448.06
Fixed asset	2,377,331,503.57	2,376,023,503.55
Construction in progress	311,061,752.14	218,670,126.54
Productive biological asset		
Oil and natural gas asset		
Right-of-use asset	4,574,776.53	4,290,695.37
Intangible asset	254,578,699.18	220,397,330.28
Including: Data resource		
Research and development cost		
Including: Data resource		
Goodwill		
Long-term deferred expense	2,479,839.68	3,759,490.67
Deferred income tax asset	144,755,023.36	109,441,564.66
Other non-current asset	642,640,242.20	731,758,973.92
Total non-current asset	12,993,205,572.58	13,113,008,367.40
Total asset	19,463,654,477.23	19,691,564,424.26
Current liability		
Short-term borrowing		480,490,722.23
Trading financial liability		
Derivative financial liability		
Note payable	362,408,253.84	365,959,174.48
Account payable	1,006,186,310.21	1,166,435,681.25
Account received in advance		
Contract liability	13,749,547.46	8,548,593.06
Wage payable	98,667,812.63	168,228,976.90
Tax payable	12,848,801.29	5,327,449.07
Other account payable	1,113,572,301.89	216,435,787.01
Including: Interest payable	1,757,583.32	1,123,734.04
Dividend payable	329,472,281.60	
Liability held for sale		
Non-current liability due within one year	203,525,865.26	28,000,984.47
Other current liability	15,860,654.41	38,294,705.54

Total current liability	2,826,819,546.99	2,477,722,074.01
Non-current liability:		
Long-term loan	100,000,000.00	299,800,000.00
Bond payable		
Including: preferred stock		
Perpetual capital security		
Lease liability	1,716,868.37	1,836,800.62
Long-term account payable		
Long term employee compensation payable	95,678,717.83	95,678,717.83
Accrued liability	7,290,089.00	10,709,925.00
Deferred income	142,462,629.02	160,462,135.18
Deferred income tax liability		
Other non-current liability		
Total non-current liability	347,148,304.22	568,487,578.63
Total liability	3,173,967,851.21	3,046,209,652.64
Owners' equity:		
Share capital	996,986,293.00	1,002,162,793.00
Other equity instrument		
Including: preferred stock		
Perpetual capital security		
Capital reserve	3,353,666,774.11	3,412,506,010.91
Less: Inventory share	469,722,092.24	533,289,512.24
Other comprehensive income		
Special reserve		
Surplus reserve	510,100,496.00	510,100,496.00
Retained profit	11,898,655,155.15	12,253,874,983.95
Total owner's equity	16,289,686,626.02	16,645,354,771.62
Total liability and owner's equity	19,463,654,477.23	19,691,564,424.26

### 3. Consolidated profit statement

In RMB

Item	2024 semi-annual	2023 semi-annual
I. Total operating income	5,694,233,552.72	6,129,649,047.40
Including: Operating income	5,694,233,552.72	6,129,649,047.40
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	5,403,425,728.45	5,988,688,585.81
Including: Operating cost	4,620,552,753.54	5,163,871,731.26
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	28,260,194.79	32,240,422.99

Sales expense	113,227,996.84	103,031,481.40
Administrative expense	330,939,659.31	299,195,729.59
R&D expense	302,233,285.34	351,887,038.12
Financial expense	8,211,838.63	38,462,182.45
Including: Interest expenses	13,772,229.94	65,616,425.64
Interest income	18,112,595.69	15,706,416.56
Add: other income	130,886,049.11	40,979,593.51
Investment income (Loss is listed with “-”)	769,668,621.04	811,406,633.49
Including: Investment income on affiliated Company and joint venture	734,287,171.95	742,783,514.37
The termination of income recognition for financial asset measured by amortized cost(Loss is listed with “-”)		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)	-105,956,110.61	-18,069,553.29
Loss of credit impairment (Loss is listed with “-”)	3,490,635.46	-846,725.76
Loss of devaluation of asset (Loss is listed with “-”)	-66,803,279.10	-90,263,537.00
Income from asset disposal (Loss is listed with “-”)	5,859,201.49	125,530,905.04
III. Operating profit (Loss is listed with “-”)	1,027,952,941.66	1,009,697,777.58
Add: Non-operating income	700,418.67	2,707,696.00
Less: Non-operating expense	3,361,815.35	758,381.69
IV. Total profit (Loss is listed with “-”)	1,025,291,544.98	1,011,647,091.89
Less: Income tax expense	23,703,720.56	29,332,279.74
V. Net profit (Net loss is listed with “-”)	1,001,587,824.42	982,314,812.15
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with “-”)	1,001,587,824.42	982,314,812.15
2.termination of net profit (net loss listed with “-”)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent Company	954,341,269.90	948,760,859.55
2.Minority shareholders’ gain and loss	47,246,554.52	33,553,952.60
VI. Net after-tax of other comprehensive income	-21,869,656.76	61,239,561.19
Net after-tax of other comprehensive income attributable to owners of parent Company	-21,869,656.76	61,239,561.19
(i) Other comprehensive income items which will not be reclassified subsequently to profit of loss	451,530.88	-305,484.37
1.Changes of the defined benefit plans that re-measured	451,530.88	-305,484.37
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	-22,321,187.64	61,545,045.56
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 asset 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	-22,321,187.64	61,545,045.56
7. Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	979,718,167.66	1,043,554,373.34
Total comprehensive income attributable to owners of parent Company	932,471,613.14	1,010,000,420.74
Total comprehensive income attributable to minority shareholders	47,246,554.52	33,553,952.60
VIII. Earning per share:		
(i) Basic earning per share	0.98	0.98
(ii) Diluted earning per share	0.98	0.98

Legal representative: Yin Zhenyuan

Person in charge of accounting works: Feng Zhiming

Person in charge of accounting institute: Wu Junfei

#### 4. Profit statement of parent Company

In RMB

Item	2024 semi-annual	2023 semi-annual
I. Operating income	1,647,889,326.24	1,999,983,446.71
Less: Operating cost	1,321,768,571.59	1,582,800,180.15
Tax and surcharge	10,090,110.47	12,898,023.37
Sales expense	11,789,414.41	14,804,263.68
Administration expense	161,566,130.87	151,432,225.43
R&D expenses	119,109,060.22	121,018,486.34
Financial expense	4,824,902.69	-30,173,931.83
Including: interest expenses	9,277,216.36	46,417,119.10
Interest income	12,050,589.75	71,778,851.32
Add: other income	62,105,684.03	29,302,719.53
Investment income (Loss is listed with “-”)	638,461,133.94	711,673,709.71
Including: Investment income on affiliated Company and joint venture	603,770,972.68	644,975,916.19
The termination of income recognition for financial asset 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 “-”)	-105,971,233.90	-18,284,414.84
Loss of credit impairment (Loss is listed with “-”)	2,009,138.93	-782,758.06
Loss of devaluation of asset (Loss is listed with “-”)	-35,029,533.34	-37,325,504.75
Income on disposal of asset (Loss is listed with “-”)	1,029,050.22	3,183,872.63
II. Operating profit (Loss is listed with “-”)	581,345,375.87	834,971,823.79
Add: Non-operating income	437,637.73	20,798.16
Less: Non-operating expense	330,008.10	452,082.96
III. Total profit (Loss is listed with “-”)	581,453,005.50	834,540,538.99
Less: Income tax	-35,313,458.70	20,717,315.23
IV. Net profit (Net loss is listed with “-”)	616,766,464.20	813,823,223.76
(i) continuous operating net profit (net loss listed with “-”)	616,766,464.20	813,823,223.76
(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 asset 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	616,766,464.20	813,823,223.76
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

## 5. Consolidated cash flow statement

In RMB

Item	2024 semi-annual	2023 semi-annual
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	6,823,095,167.50	7,220,274,822.77
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	67,238,993.27	290,682,518.69
Other cash received concerning operating activities	54,420,149.24	350,434,811.67
Subtotal of cash inflow arising from operating activities	6,944,754,310.01	7,861,392,153.13
Cash paid for purchasing commodities and receiving labor service	4,721,822,344.53	5,293,150,104.57
Net increase of customer loan and advance		
Net increase of deposit 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	876,817,470.16	845,487,116.19
Tax paid	125,654,220.31	223,362,710.57

Other cash paid concerning operating activities	332,567,957.64	409,430,984.38
Subtotal of cash outflow arising from operating activities	6,056,861,992.64	6,771,430,915.71
Net cash flow arising from operating activities	887,892,317.37	1,089,961,237.42
II. Cash flow arising from investing activities:		
Cash received from recovering investment	2,269,199,889.99	1,792,373,483.22
Cash received from investment income	91,204,017.80	227,184,527.61
Net cash received from disposal of fixed, intangible and other long-term asset	13,423,502.19	130,808,256.39
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	2,373,827,409.98	2,150,366,267.22
Cash paid for purchasing fixed, intangible and other long-term asset	509,948,929.69	521,593,700.42
Cash paid for investment	1,688,939,156.51	1,384,532,499.32
Net increase of mortgaged loan		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	2,198,888,086.20	1,906,126,199.74
Net cash flows arising from investing activities	174,939,323.78	244,240,067.48
III. Cash flows arising from financing activities		
Cash received from absorbing investment	9,000,000.00	
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	9,000,000.00	
Cash received from loans	211,155,360.59	2,472,142,881.63
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	220,155,360.59	2,472,142,881.63
Cash paid for settling debt	730,405,067.04	3,430,505,040.97
Cash paid for dividend and profit distributing or interest paying	655,405,251.11	150,449,335.07
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities	72,903,193.84	144,576,715.88
Subtotal of cash outflow from financing activities	1,458,713,511.99	3,725,531,091.92
Net cash flow arising from financing activities	-1,238,558,151.40	-1,253,388,210.29
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-11,959,144.77	29,533,974.54
V. Net increase of cash and cash equivalents	-187,685,655.02	110,347,069.15
Add: Balance of cash and cash equivalents at the period -begin	2,061,986,694.41	2,277,117,604.82
VI. Balance of cash and cash equivalents at the period -end	1,874,301,039.39	2,387,464,673.97

## 6. Cash flow statement of parent Company

Item	In RMB	
	2024 semi-annual	2023 semi-annual
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	1,836,580,357.79	1,931,059,388.32
Write-back of tax received		125,050,063.31
Other cash received concerning operating activities	35,060,914.24	28,151,813.75
Subtotal of cash inflow arising from operating activities	1,871,641,272.03	2,084,261,265.38
Cash paid for purchasing commodities and receiving labor service	1,478,289,500.53	1,283,789,999.36
Cash paid to/for staff and workers	376,267,474.70	371,210,630.31
Tax paid	10,258,978.32	76,834,144.17



Other cash paid concerning operating activities	86,820,283.60	85,355,061.82
Subtotal of cash outflow arising from operating activities	1,951,636,237.15	1,817,189,835.66
Net cash flow arising from operating activities	-79,994,965.12	267,071,429.72
II. Cash flow arising from investing activities:		
Cash received from recovering investment	1,500,199,889.99	1,285,673,483.22
Cash received from investment income	38,644,329.54	76,692,639.68
Net cash received from disposal of fixed, intangible and other long-term asset	3,150,219.06	5,120,859.04
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	101,382,422.25	266,890,277.63
Subtotal of cash inflow from investing activities	1,643,376,860.84	1,634,377,259.57
Cash paid for purchasing fixed, intangible and other long-term asset	287,840,839.26	312,219,496.56
Cash paid for investment	720,639,156.51	740,630,287.05
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	175,051,991.34	54,000,000.00
Subtotal of cash outflow from investing activities	1,183,531,987.11	1,106,849,783.61
Net cash flow arising from investing activities	459,844,873.73	527,527,475.96
III. Cash flow arising from financing activities		
Cash received from absorbing investment		
Cash received from loans		1,795,000,000.00
Other cash received concerning financing activities	775,000,000.00	15,000,000.00
Subtotal of cash inflow from financing activities	775,000,000.00	1,810,000,000.00
Cash paid for settling debts	504,600,000.00	2,026,644,800.00
Cash paid for dividend and profit distributing or interest paying	651,602,564.76	133,911,606.16
Other cash paid concerning financing activities	222,437,210.84	611,812,390.04
Subtotal of cash outflow from financing activities	1,378,639,775.60	2,772,368,796.20
Net cash flows arising from financing activities	-603,639,775.60	-962,368,796.20
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-3,365,554.33	3,103,799.68
V. Net increase of cash and cash equivalents	-227,155,421.32	-164,666,090.84
Add: Balance of cash and cash equivalents at the period -begin	713,516,740.43	803,410,185.18
VI. Balance of cash and cash equivalents at the period -end	486,361,319.11	638,744,094.34

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

Current Period

In RMB

Item	2024 semi-annual														Minority interest	Total owners' equity
	Owners' equity attributable to the parent Company															
	Share capital	Other equity instrument			Capital reserve	Less: Inventory share	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other	Subtotal			
	Preferred stock	Perpetual capital securities	Other													
I. Balance at the end of the last year	1,002,162,793.00				3,308,170,140.96	533,289,512.24	54,156,915.97	3,641,439.97	510,100,496.00		15,054,950,398.12		19,399,892,671.78	778,330,089.26	20,178,222,761.04	
Add: Change of accounting policy																
Error correction of the last period																
Other																
II. Balance at the beginning of this year	1,002,162,793.00				3,308,170,140.96	533,289,512.24	54,156,915.97	3,641,439.97	510,100,496.00		15,054,950,398.12		19,399,892,671.78	778,330,089.26	20,178,222,761.04	
III. Increase/Decrease in this year (Decrease is listed with "-")	-5,176,500.00				-57,803,297.69	63,567,420.00	21,869,656.76	2,249,826.00			-17,645,023.10		36,677,231.55	56,493,875.50	19,816,643.95	
(i) Total comprehensive income							21,869,656.76				954,341,269.90		932,471,613.14	47,246,554.52	979,718,167.66	
(ii) Owners' devoted and decreased capital	-5,176,500.00				-58,390,920.00	63,567,420.00								9,000,000.00	9,000,000.00	
1. Common share invested by shareholders														9,000,000.00	9,000,000.00	
2. Capital invested by holders of other equity instruments																
3. Amount reckoned into																

owners equity with share-based payment															
4. Other	- 5,176,500.0 0				-58,390,920.00	- 63,567,420. 00									
(III) Profit distribution										- 971,986,293.0 0		- 971,986,293.0 0			-971,986,293.00
1. Withdrawal of surplus reserve															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)										- 971,986,293.0 0		- 971,986,293.0 0			-971,986,293.00
4. Other															
(IV) Carrying forward internal owners' equity															
1. Capital reserve converted to capital (share capital)															
2. Surplus reserve converted to capital (share capital)															
3. Remedying loss with surplus reserve															
4. Carry-over retained earning from the defined benefit plans															
5. Carry-over retained earning from other comprehensive income															
6. Other															
(V) Reasonable reserve								2,249,826 .00				2,249,826.00	190,612.60		2,440,438.60
1. Withdrawal in the reporting period								14,355.52 3.67				14,355,523.67	1,693,142.6 1		16,048,666.28

## WEIFU HIGH-TECHNOLOGY GROUP CO., LTD. SEMI-ANNUAL REPORT 2024

2. Usage in the reporting period								12,105,697.67					12,105,697.67	1,502,530.01	13,608,227.68
(VI)Others				587,622.31									587,622.31	56,708.38	644,330.69
IV. Balance at the end of the reporting period	996,986,293.00			3,250,366,843.27	469,722,092.24	32,287,259.21	5,891,265.97	510,100,496.00			15,037,305.375.02		19,363,215,440.23	834,823,964.76	20,198,039,404.99

Last Period

In RMB

Item	2023 semi-annual														Minority interests	Total owners' equity
	Owners' equity attributable to the parent Company															
	Share capital	Other equity instrument			Capital reserve	Less: Inventory share	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other	Subtotal			
	Preferred stock	Perpetual capital securities	Other													
I. Balance at the end of the last year	1,008,603,293.00				3,398,368,567.63	541,623,002.63	-911,310.13	2,119,800.95	510,100,496.00		13,320,021,325.90		17,696,679,170.72	738,027,678.66	18,434,706,849.38	
Add: Changes of accounting policy																
Error correction of the last period																
Other																
II. Balance at the beginning of this year	1,008,603,293.00				3,398,368,567.63	541,623,002.63	-911,310.13	2,119,800.95	510,100,496.00		13,320,021,325.90		17,696,679,170.72	738,027,678.66	18,434,706,849.38	
III. Increase/Decrease in this year (Decrease is listed with "-")	-6,023,500.00				-63,191,471.79	-3,212,730.39	61,239,561.19	1,463,606.80			851,002,880.25		847,703,806.84	38,899,547.24	886,603,354.08	
(i) Total comprehensive income							61,239,561.19				948,760,859.55		1,010,000,420.74	33,553,952.60	1,043,554,373.34	
(ii) Owners' devoted and decreased capital	-6,023,500.00				-63,191,471.79	-3,212,730.39							-66,002,241.40	5,161,978.57	-60,840,262.83	
1.Common shares invested by shareholders														5,000,000.00	5,000,000.00	
2. Capital																

invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment					5,361,906.64								5,361,906.64	160,173.01	5,522,079.65
4. Other	6,023,500.00				-68,553,378.43	3,212,730.39							-71,364,148.04	1,805.56	-71,362,342.48
(III) Profit distribution												-97,757,979.30	-97,757,979.30		-97,757,979.30
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provision															
3. Distribution for owners (or shareholders)												-97,757,979.30	-97,757,979.30		-97,757,979.30
4. Other															
(IV) Carrying forward internal owners' equity															
1. Capital reserves converted to capital (share capital)															
2. Surplus reserves converted to capital (share capital)															
3. Remedying loss with surplus reserve															
4. Carry-over retained earnings from the defined benefit plans															
5. Carry-over retained earnings from other comprehensive income															
6. Other															
(V) Reasonable reserve									1,463,606.80				1,463,606.80	183,616.07	1,647,222.87

1. Withdrawal in the reporting period							14,709,266.91					14,709,266.91	1,646,999.84	16,356,266.75
2. Usage in the reporting period							13,245,660.11					13,245,660.11	1,463,383.77	14,709,043.88
(VI)Others														
IV. Balance at the end of the reporting period	1,002,579.73				3,335,177,095.84	538,410,272.24	60,328,251.06	3,583,407.75	510,100,496.00		14,171,024.20	18,544,382.97	776,927,225.90	19,321,310,203.46

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

Current Period

In RMB

Item	2024 semi-annual											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory share	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								
I. Balance at the end of the last year	1,002,162,793.00				3,412,506,010.91	533,289,512.24			510,100,496.00	12,253,874,983.95		16,645,354,771.62
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at the beginning of this year	1,002,162,793.00				3,412,506,010.91	533,289,512.24			510,100,496.00	12,253,874,983.95		16,645,354,771.62
III. Increase/Decrease in this year (Decrease is listed with "-")	-5,176,500.00				-58,839,236.80	-63,567,420.00				-355,219,828.80		-355,668,145.60
(i) Total comprehensive income										616,766,464.20		616,766,464.20
(ii) Owners' devoted and decreased capital	-5,176,500.00				-58,390,920.00	-63,567,420.00						

1.Common share invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other	-5,176,500.00				-58,390,920.00	-63,567,420.00						
(III) Profit distribution										-971,986,293.00		-971,986,293.00
1. Withdrawal of surplus reserve												
2. Distribution for owners (or shareholders)										-971,986,293.00		-971,986,293.00
3. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserve conversed to capital (share capital)												
2. Surplus reserve conversed to capital (share capital)												
3. Remedying loss with surplus reserve												
4.Carry-over retained earning from the defined benefit plans												
5.Carry-over retained earning from other comprehensive income												
6. Other												

(V) Reasonable reserve											
1. Withdrawal in the reporting period								3,089,003.81			3,089,003.81
2. Usage in the reporting period								3,089,003.81			3,089,003.81
(VI)Others					-448,316.80						-448,316.80
IV. Balance at the end of the reporting period	996,986,293.00				3,353,666,774.11	469,722,092.24		510,100,496.00	11,898,655,155.15		16,289,686,626.02

Last Period

In RMB

Item	2023 semi-annual											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory share	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								
I. Balance at the end of the last year	1,008,603,293.00				3,515,005,861.23	541,623,002.63			510,100,496.00	10,765,319,818.29		15,257,406,465.89
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at the beginning of this year	1,008,603,293.00				3,515,005,861.23	541,623,002.63			510,100,496.00	10,765,319,818.29		15,257,406,465.89
III. Increase/Decrease in this year (Decrease is listed with "-")	-6,023,500.00				-63,036,715.42	-3,212,730.39				716,065,244.46		650,217,759.43
(i) Total comprehensive income										813,823,223.76		813,823,223.76
(ii) Owners' devoted and decreased capital	-6,023,500.00				-63,036,715.42	-3,212,730.39						-65,847,485.03



1.Common share invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment					5,522,079.67							5,522,079.67
4. Other	-6,023,500.00				-68,558,795.09	-3,212,730.39						-71,369,564.70
(III) Profit distribution										-97,757,979.30		-97,757,979.30
1. Withdrawal of surplus reserve												
2. Distribution for owners (or shareholders)										-97,757,979.30		-97,757,979.30
3. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserve conversed to capital (share capital)												
2. Surplus reserve conversed to capital (share capital)												
3. Remedying loss with surplus reserve												
4.Carry-over retained earning from the defined benefit plans												
5.Carry-over retained earning from other comprehensive income												
6. Other												

(V) Reasonable reserve												
1. Withdrawal in the reporting period								3,237,252.50				3,237,252.50
2. Usage in the reporting period								3,237,252.50				3,237,252.50
(VI)Others												
IV. Balance at the end of the reporting period	1,002,579,793.00				3,451,969,145.81	538,410,272.24			510,100,496.00	11,481,385,062.75		15,907,624,225.32

### 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 Asset 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 May 27, 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 Asset 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 asset 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, Bosch, 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 Bosch 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 December 31, 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 5<sup>th</sup> meeting of 10<sup>th</sup> session of the 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.

After deliberation and approved by the 8<sup>th</sup> meeting of 10<sup>th</sup> session of the BOD for year of 2022, the 56,277 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 July 8, 2022; the paid-in capital (equity) of the Company comes to 1,008,603,293.00 yuan after changed.

After deliberation and approved by the 14<sup>th</sup> meeting of 10<sup>th</sup> session of the BOD for year of 2022, the 16<sup>th</sup> meeting and the 20<sup>th</sup> meeting for year of 2023, the Company bought back and canceled 430,000, 5,593,500, and 417,000 restricted shares granted for the first time under the 2020 Restricted Stock Incentive Plan. The Company completed the cancellation procedures for the bought back shares on February 16, 2023, June 16, 2023, and December 18, 2023 at the Shenzhen branch of China Securities Depository and Clearing Corporation Limited. The Company's paid in capital (share capital) after the change was RMB 1,002,162,793.00.

After deliberation and approved by the 23<sup>rd</sup> meeting of 10<sup>th</sup> session of the BOD for year of 2024, the 5,176,500 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 June 7, 2024; the paid-in capital (equity) of the Company comes to 996,986,293.00 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 Mass Work Department, Finance Department, Purchase Department, Manufacturing Quality Department, Discipline Inspection 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, Borit NV, VHIO etc.

## **3. Business nature and major operation activities of the Company**

The Company's business scope: technology development and consulting services in the mechanical industry; Manufacturing of internal combustion engine fuel system products, fuel system testing instruments and equipment, automotive electronic

components, automotive electrical components, non-standard equipment, non-standard cutting tools, and exhaust gas post-treatment systems; Sales of general machinery, hardware and electrical equipment, chemical products and raw materials (excluding hazardous chemicals), automotive parts, and automobiles (excluding passenger cars with less than nine seats); Internal combustion engine maintenance; Rental of self owned houses; Import and export business of various commodities and technologies through self operation and agency (excluding commodities and technologies restricted or prohibited from import and export by the state); Engineering and technical research and experimental development; Research and development of energy recovery systems; Manufacturing of automotive parts and accessories; General equipment manufacturing (excluding special equipment manufacturing) (for projects that require approval by law, business activities can only be carried out after approval by relevant departments)

General project: Engaging in investment activities with self owned funds; Software development; Software sales; Software outsourcing services; Mold manufacturing; Mold sales; Manufacturing of machine tool functional components and accessories; Sales of machine tool functional components and accessories; Manufacturing of drawing, calculation, and measuring instruments; Sales of drawing, calculation, and measuring instruments; Sales of industrial robots; Installation and maintenance of industrial robots; Intelligent basic manufacturing equipment manufacturing; Sales of intelligent basic manufacturing equipment; Manufacturing of industrial automatic control system devices; Sales of industrial automatic control system devices; Manufacturing of material handling equipment; Sales of material handling equipment; Manufacturing of gas and liquid separation and purification equipment; Sales of gas and liquid separation and purification equipment; Technical services, technology development, technology consulting, technology exchange, technology transfer, and technology promotion; Research and development of emerging energy technologies; Import and export of goods; Technology import and export. (Except for projects that require approval according to law, conduct business activities independently based on the business license in accordance with the law)

Licensed project: Manufacturing of special equipment; Installation, renovation, and repair of special equipment. (For projects that require approval by law, business activities can only be carried out after approval by relevant departments. The specific business projects shall be subject to the approval documents or licenses issued by the relevant departments.)

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

Financial report of the Company was approved by the Board of Directors for reporting dated August 20, 2024.

#### 5. Unless otherwise stated in the notes to these financial statements, the following Company names are abbreviated as follows:

Name of subsidiary	Short name of subsidiary
Nanjing Weifu Jinning Co., Ltd.	WFJN
Wuxi Weifu Lida Catalytic Converter Co., Ltd.	WFLD
Wuxi Weifu Mashan Fuel Injection Equipment Co., Ltd.	WFMA
Wuxi Weifu Chang'an Co., Ltd.	WFCA
Wuxi Weifu International Trade Co., Ltd.	WFTR
Wuxi Weifu Schmitter Powertrain Components Co., Ltd.	WFSC
Ningbo Weifu Tianli Turbocharging Technology Co., Ltd.	WFTT
Wuxi WFAM Precision Machinery Co., Ltd.	WFAM
Wuxi Weifu Lida Catalytic Converter(Wuhan) Co., Ltd.	WFLD (Wuhan)
Weifu Lida (Chongqing) Automotive Components Co., Ltd.	WFLD (Chongqing)
Nanchang Weifu Lida Automotive Components Co., Ltd.	WFLD (Nanchang)
Wuxi Weifu Autosmart Seating System Co., Ltd.	WFAS
Weifu Lianhua Automotive Parts (Fuzhou) Co., Ltd	WFLH
Wuxi Weifu E-drive Technologies Co., Ltd.	WFDT

Name of subsidiary	Short name of subsidiary
Wuxi Weifu Qinglong Power Technology Co., Ltd.	WFQL
VHIT Automotive Systems(Wuxi) Co.Ltd	VHWX
Weifu Zhigan(Wuxi) Technology Co., Ltd	WFSS
Weifu Holding ApS	SPV
IRD Fuel Cells A/S	IRD
IRD FUEL CELLS LLC	IRD America
Borit NV	Borit
Borit Inc.	Borit America
VHIT S.p.A	VHIO

## IV. Basis of Preparation of Financial Statements

### 1. Preparation base

The financial statements are stated in compliance with *Accounting Standard for Business Enterprises –Basic Norms* issued by the Ministry of Finance, the specific accounting rules revised and issued dated Feb. 15, 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 2023) 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 Accrued basis. Except for certain financial instruments, the financial statement measured on historical cost. Asset have impairment been found, corresponding depreciation reserves shall Accrued 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. “Changes of important accounting policies and estimation”.

### 1. Statement on observation of Accounting Standard for Business Enterprises

Financial statements prepared by the Company were in accordance with requirements of Accounting Standard for Business Enterprises, which truly and completely reflected the financial information of the Company during the reporting period, such as financial status, operation achievements and cash flow for the year of 2023.

## 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 January 1 to December 31.

## 3. Business cycles

Normal business cycle is the period from purchasing asset 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 recording currency is the RMB yuan.

## 5. Method for determining importance criteria and selection criteria

Applicable  Not applicable

Item	Importance criteria
Important prepayments with an aging of over 1 year	Prepayment with aging over 1 year accounting for more than 10% of the total prepaid amount and with an amount greater than 15 million yuan
Important construction in progress	The budget for a single project is greater than 80 million yuan
Important accounts payable with an aging of over 1 year	Account payable with aging over 1 year accounting for more than 10% of the total accounts payable and with an amount greater than 80 million yuan
Other important payables with aging of over 1 year	Other payables with aging over 1 year accounting for more than 10% of the total other payables and an amount greater than 15 million yuan
Important contract liability with aging of over 1 year	Contract liability with aging over 1 year account for more than 10% of the total contract liability and the amount greater than 15 million yuan
Important non-wholly-owned subsidiaries	The net asset of subsidiaries account for more than 5% of the net asset in the consolidated financial statements, or the net profit of subsidiaries accounts for more than 10% of the net profit in the consolidated financial statements
Important joint ventures or associates	The book value of long-term equity investments in an invested entity accounts for more than 5% of the net asset in the consolidated financial statements and the amount exceeds 1 billion yuan, or the investment gain/loss under the equity method account for more than 10% of the net profits in the consolidated financial statements and the amount exceeds 100 million yuan

## 6. 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 asset and liability acquired by combining party are measured by book value of the combined party on combination date. The balance of net asset's book value acquired by combining party and combine consideration paid (or total book value of the shares issued), shall be used to adjust capital reserve (share premium); if the capital reserve (share premium) is not enough for deducted, the retained earnings shall be adjusted. directly expenses occurred for enterprise combination, the combining party shall reckon expenses directly occurring for enterprise combination into current gain/loss at the time of occurrence. Combination day is the date when the combining party obtains 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, the fair value of the asset (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 asset of the purchaser obtained in combination, shall be 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 asset obtained, liability incurred and contingent liability incurred, as well as the combination costs. After that, if the combination costs are still lower than the fair value of the identifiable net asset 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 gain/loss. Difference of the fair value of asset paid and its book values, reckoned into current gain/loss. On purchasing date, the identifiable asset, 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.

## **7. Criteria for judging control and preparation method for consolidated financial statement**

### **(1) Criteria for judging control**

The consolidation scope of the consolidated financial statements is determined based on control. Control refers to the Company having the power over the invested entity, enjoying variable returns through participating in related activities of the invested entity, and having the ability to use the power over the invested entity to influence its return amount. When changes in relevant facts and circumstances result in changes in the relevant elements involved in the definition of control, the Company will conduct a reassessment.

When determining whether to include a structured entity in the scope of consolidation, our Company takes into account all facts and circumstances, including evaluating the purpose and design of the establishment of the structured entity, identifying the types of variable returns, and evaluating whether to control the structured entity by participating in its related activities and assuming some or all of the variability of returns.

### **(2) Preparation method for consolidated financial statements**

#### **(1) Recognition principle of consolidation 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) 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 asset 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 gain and loss from the internal transactions occurred in the asset the Company sold to the subsidiaries fully offset "the net profit attributable to the owners of the parent Company". The unrealized gain and loss from the internal transactions occurred in the asset 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 gain and loss from the internal transactions occurred in the asset 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 loss 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 asset 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 asset or liability 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 liability or net asset 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 package deal. When the economic effects and terms and conditions of the disposal transactions meet one or more of the following situations, the transactions shall normally be accounted for as package deal: 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 package deal, 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 package deal, the transactions shall be accounted as a single disposal transaction; however, the difference between the consideration received from disposal and the share of net asset disposed in each individual transaction 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.

## 8. 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 asset held solely by the Company, and recognize asset 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.

## 9. 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.

## 10. Foreign currency business and conversion

For foreign currency transactions, convert the foreign currency amount into the accounting base currency amount.

At the initial recognition of foreign currency transactions, the foreign currency amount shall be converted into the accounting base currency amount with the spot exchange rate on the transaction date. On the balance sheet date, the foreign currency monetary items shall be converted with the spot exchange rate on the balance sheet date. The settlement and monetary item discount differences arising from this are recognized in the current period's profit and loss, except for the differences arising from foreign currency special borrowings related to the acquisition and construction of asset that meet capitalization conditions and are treated according to the principle of borrowing cost capitalization. Foreign currency non-monetary items measured at historical cost shall be still converted with the exchange rate used at the initial recognition without changing their accounting base currency amount. Foreign currency non-monetary items measured at fair value shall be converted with the spot exchange rate on the fair value determination date, and the resulting differences are recognized in the current period's profit and loss. The subsequent difference shall be booked into current profit or loss or other comprehensive income in terms of the feature of non-monetary items.

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.

## 11. Financial instrument

Financial instrument is the contract that forms the financial assets for an enterprise and forms the financial liability or equity instrument for other units.

### (1) Classification and initial measurement

The Company recognizes a financial asset or liability when it becomes a party to a financial instrument contract.

#### 1) Classification and initial measurement of financial asset

At the initial recognition, according to the business model of managing financial asset and the contractual cash flow characteristics of financial asset, the Company classifies the financial asset into the financial asset measured at amortized cost, the financial asset measured at fair value and whose changes are included in other comprehensive income, and the financial asset measured at fair value and whose changes are included in current profit or loss.

Financial asset is measured at fair value for the 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 the financing component that does not exceed one year isn't considered, it shall be initially measured at the transaction value.

For financial asset 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 asset, related transaction costs are included in the initially recognized amount.

#### 2) Classification and initial measurement of financial liability

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

### (2) Subsequent measurement

#### 1) The subsequent measurement of financial asset depends on their classification:

##### ① Financial asset measured at amortized cost

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

- A. The group's business model for managing the financial asset is to collect contractual cash flows; and
- B. The contractual terms of the financial asset stipulate that cash flow generated on a specific date will be only used to pay for the principal and interest based on the outstanding principal amount.

After initial recognition, such financial asset is measured at amortized cost with the effective interest method. Gain or loss arising from financial asset 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 asset measured at fair value and whose changes are included in other comprehensive income

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

- A. The Group's business model for managing the financial asset is targeted at both the collection of contractual cash flows and the

sale of financial asset; and

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

After initial recognition, such financial asset is subsequently measured at fair value. Interests, impairment loss or gain and exchange gain and loss calculated with the effective interest method are included in profit or loss for the period, and other gain or loss are included in other comprehensive income. At the time of derecognition, the accumulated gain or loss previously included in other comprehensive income shall be carried forward from other comprehensive income to current profit or loss.

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

Except for the above financial asset measured at amortized cost and measured at fair value and whose changes are included in other comprehensive income, the Company classifies all other financial asset as financial asset 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 asset 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 asset measured at fair value and whose changes are included in current profit or loss.

After the initial recognition, such financial asset is subsequently measured at fair value, and the gain or loss (including interests and dividend income) are included in the current profit and loss, unless the financial asset is part of the hedging relationship.

However, for non-trading equity instrument investments, the Company irreversibly designates them as the financial asset 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 asset is subsequently measured at fair value. Dividend income that meets the conditions is included in profit or loss, and other gain or loss and changes in fair value are included in other comprehensive income. When it is terminated for recognition, the accumulated gain or loss previously included in other comprehensive income are transferred from other comprehensive income and included in retained earnings.

## **2) The subsequent measurement of financial liability depends on their classification:**

① Financial liability measured at fair value and with variation reckoned into current gain/loss

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

② Financial liability measured at amortized cost

Other financial liability is subsequently measured at amortized cost with the effective interest method. The gain or loss arising from de-recognition or amortization is included in current profit or loss.

## **(3) Transfer and derecognition of financial instruments**

### **1) Transfer and derecognition of financial asset**

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

If the Company has neither transferred nor retained almost all the risks and rewards of ownership of financial asset, dispose as following situations: If the control of the financial asset is abandoned, terminate the recognition of the financial asset and determine the resulting asset and liability. If the control of the financial asset is not abandoned, determine the relevant financial

asset according to the extent to which they continue to be involved in the transferred financial asset, and determine the related liability accordingly.

For those who continue to be involved by providing financial guarantees for the transferred financial asset, the asset formed by further involvement shall be recognized based on the lower of the book value of the financial asset and the amount of financial guarantees. The financial guarantee amount refers to the highest amount of consideration received that will be required to be repaid.

## **2) General principles for derecognition of financial instruments**

If the following conditions are met, the Company will derecognize the financial asset (or a portion of financial asset, or a group of similar financial asset), that is, charge off them from their accounts and balance sheets:

- ① The right to receive cash flows from financial asset has expired;
- ② The right to receive cash flows from financial asset has been transferred, or assume the obligation to timely and fully pay the cash flows received to the third party under a “pass-through agreement”; and (a) substantially transferred almost all the risks and rewards of ownership of the financial asset, or (b) relinquished control over the financial asset even though substantially neither transferred nor retained almost all the risks and rewards of ownership of the financial asset.

In case the liability for financial liability has been fulfilled, revoked or expired, such financial liability shall be derecognized. If the existing financial liability is replaced by another financial liability with substantially different terms by the same creditor, or if the terms of the existing liability is substantially modified, such replacement or modification shall be treated as derecognition of the original liability and recognition of new liability, and the difference shall be booked into the current period’s profit and loss.

The financial asset which are bought or sold in a conventional manner shall be recognized or derecognized according to the accounting on the transaction date. Buying and selling financial asset in a conventional manner refers to the purchase or sale of financial asset in accordance with contractual provisions, and the terms of the contract stipulate that financial asset is delivered according to the time schedule usually determined by regulations or market practices. The trading day refers to the date on which the Company promises to buy or sell financial asset.

### **(4) Balance-out between the financial asset and liability**

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

### **(5) Fair value of financial instruments**

For financial instruments with active markets, their fair value shall be determined based on their quoted prices in the active market. For financial instruments that do not have an active market, their fair value shall be determined with valuation techniques. At the time of valuation, the Company adopts valuation techniques that are applicable in the current situation and have sufficient available data and other information support, selects input values that are consistent with the asset or liability characteristics considered by market participants in the transaction of related asset or liability, and uses relevant observable input values as much as possible, and use unobservable input values when relevant observable input values cannot be obtained or are not feasible.

### **(6) Impairment of financial instruments**

Based on expected credit loss, the Company withdraws provisions for impairment loss and recognizes credit impairment loss for financial asset measured at amortized cost, debt instrument investments measured at fair value with changes recognized in other comprehensive income, and financial guarantee contracts.

For accounts receivable, bills receivable, and accounts receivable financing that do not contain significant financing components, the Company adopts a simplified measurement method to measure the provision for impairment loss based on the expected credit

loss amount in the entire existence period.

For accounts receivable, notes receivable, and accounts receivable financing that contain significant financing components, the Company chooses to use a simplified measurement method to measure the provision for loss based on the expected credit loss amount equivalent to the entire existence period.

For financial asset other than those using simplified measurement methods mentioned above, the Company assesses on each balance sheet date whether their credit risk has significantly increased since initial recognition. If credit risk has not significantly increased since initial recognition and is in the first stage, the Company measures loss provisions based on the expected amount of credit loss in the next 12 months; If credit risk has significantly increased since initial recognition but credit impairment has not yet occurred, and is in the second stage, the Company measures the provision for loss at an amount equivalent to the expected credit loss for the entire existence period; Financial instruments that have experienced credit impairment since initial recognition are in the third stage, and the Company measures the provisions for impairment loss based on expected credit loss over the entire existence period.

For financial instruments with lower credit risk on the balance sheet date, the Company assumes that their credit risk has not significantly increased since initial recognition and measures loss provisions based on expected credit loss over the next 12 months. Except for accounts receivable that are individually assessed for credit risk, our Company divides other accounts receivable into several portfolios based on credit risk characteristics and calculates expected credit loss on the basis of these combinations.

Accounts receivable that are individually assessed for credit risk, such as those in dispute with the other party or involved in litigation or arbitration; there are clear indications that the debtor may not be able to fulfill their repayment obligations for accounts receivable, etc.

Due to similar credit risk characteristics, no provision for bad debts is made for accounts receivable between companies within the scope of our consolidated financial statements that have no impairment in a single test.

Except for separately evaluating credit risk accounts receivable, the Company divides accounts receivable into different portfolios based on common risk characteristics and evaluates credit risk on the basis of the portfolio. The specific basis for determining different portfolios and methods for measuring expected credit loss are as follows:

Item	Basis for determining the portfolio	Specific methods for measuring expected credit loss
Accounts receivable financing - bank acceptance bill portfolio	Bank acceptance bill	For accounts receivable within six months, the Company does not provide for expected credit loss; In addition, the Company believes that the credit risk of the bank acceptance bills it holds is relatively low and will not cause significant loss due to bank defaults. Therefore, the expected credit loss shall not be measured for the corresponding receivables financing bank acceptance portfolio.
Accounts receivable - commercial acceptance bill portfolio	Commercial acceptance bill	For accounts receivable within six months, the Company does not provide for expected credit loss; In addition, the credit risk of the commercial acceptance bills held by our Company is relatively low, as these bills are mainly issued by reputable automobile manufacturers. Based on historical experience, there have been no significant defaults. Therefore, the Company doesn't measure expected credit loss for the portfolio of accounts receivable and commercial acceptance bills
Accounts Receivable - Customer Portfolio	Accounts receivable other than accounts receivable from internal related parties and those for which credit impairment loss have been individually provisioned	Measure expected credit loss based on aging
Other receivables - accounts receivable other portfolio	Other receivables except for accounts receivable from internal related parties and accounts for which credit impairment loss have been individually provisioned	Based on historical credit loss experience, combined with current conditions and predictions of future economic conditions, the expected credit loss is calculated by default risk exposure and the expected credit loss rate for the next 12 months or the entire duration.

For accounts receivable that are measured for expected credit loss based on their aging, their aging is calculated continuously from the initial recognition date of the debt. The corresponding provision ratio for expected credit loss at different aging stages is as follows:

Aging	Provision ratio (%)
Within 6 months	--
6 months - 1 year	10.00
1 - 2 years	20.00

2 -3 years	40.00
Over three years	100.00

## 12. Note receivable

Note receivable 1: bank acceptance bill

Note receivable 2: commercial acceptance bill

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

## 13. Account receivable

Account receivable 1: receivable from clients

Account receivable 2: receivable from internal related party

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

## 14. 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(inclusive) from the date of acquisition. Refer to more relevant accounting policies in Note V- 11. "Financial Instrument".

## 15. 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 loss by referring to historical credit loss experience, taking into account current conditions and forecasts of the future economic situation.

## 16. Contract asset

Recognition method and standard of contract asset: contract asset 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 loss of contract asset: the method for determining expected credit loss of contract asset is consistent with the method for determining expected credit loss of accounts receivable.

Accounting treatment method of expected credit loss of contract asset: if the contract asset is impaired, the Company shall debit the "asset impairment loss" account and credit the "contract asset impairment provision" account 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. 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 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 withdrawn 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

The Company adopts a perpetual inventory system and conducts regular physical inventory checks.

### (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.

## 18. Asset held for sale

The Company classifies non-current asset or disposal groups that meet all of the following conditions as held-for-sale: according to the practice of selling this type of asset or disposal groups in a similar transaction, the non-current asset 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 asset 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 asset and liability 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.

Asset 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 asset. In respect of impairment loss recognized for disposal group held for sale, firstly deduct the carrying value of the goodwill in the disposal group, and then deduct the carrying value of the non-current asset 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 asset 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 asset 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 asset in the non-current asset 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 asset or disposal group are no longer classified as asset held for sale since they no longer meet the condition of being classified as held for sale or the non-current asset is 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.

## 19. 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 asset or financial asset measured at fair value and with variation reckoned into current gain/loss. As for other accounting policies found more in Note V -11. "Financial instrument".

### (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 asset 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 resulting 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 treated as "package deal". If they belong to "package deal", these transactions will be accounted for a transaction in obtaining control. If they are not belonging to "package deal", 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 asset 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 asset involved, the equity instruments issued and the liability 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 asset of the combined party and the liability (including contingent liability) 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 asset of the combined party obtained by the Company is recorded as goodwill, and the amount below the fair value of the identifiable net asset 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 "package deal". If they belong to "package deal", these transactions will be accounted for a transaction in obtaining control. If they are not belonging to "package deal", 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 asset, which is of commercial nature, is determined at fair value of the asset exchanged-out; otherwise determined at carrying value of the asset 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 asset 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 asset 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 loss 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 loss based on the fair values of the invested party's individual separately identifiable asset 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 asset 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 asset. 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 loss 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 loss.

#### 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 asset 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 asset 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-7. "Criteria for judging control and preparation method for consolidated financial statement".

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 asset 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 "package deal", 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) 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. When determining whether there is joint control, firstly judge whether all the participants or participant group have controlling over such arrangement as a group or not,

and then judge 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. When determining whether significant influence can be exerted on the invested entity, 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 considered.

## 20. Investment real estate

Measurement model of investment real estate

Cost measurement

Depreciation or amortization

Investment real estate is stated at cost. 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 asset 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 investment real estate is subsequently measured by the Company with cost method. The depreciation and amortization is calculated with the straight-line method on the basis of their estimated useful lives.

## 21. Fixed asset

### (1) Recognition conditions

Fixed asset refer to the tangible asset for production of products, provision of labor, lease or operation, with a service life longer than one year and higher unit value.

### (2) Depreciation methods

Category	Depreciation method	Years of depreciation	Scrap value rate	Yearly depreciation rate
Permanent ownership land	Straight-line depreciation	Indefinite		No depreciation
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 asset with impairment provision, the depreciation amount shall be calculated after deducting the accumulated amount of impairment provision for fixed asset

The Company shall review the useful life, estimated net residual value, and depreciation method of fixed asset at least at the end of each fiscal year, and make necessary adjustments.

## 22. Construction in progress

From the date on which the fixed asset built by the Company come into an expected usable state, the construction in progress are converted into fixed asset 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 asset after final accounting is completed upon completion of projects.

## 23. Borrowing cost

### (1) Recognition of capitalization of borrowing cost

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 asset 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 asset 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 asset 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 asset reached to its intended use of status or sales, than reckoned into asset 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 asset, 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) Measurement of capitalization for borrowing cost

In respect of the special borrowings borrowed for acquisition, construction or production and development of the asset 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 asset 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 asset in excess of the expenditure on the asset 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.

## 24. Intangible asset

### (1) Service life and its determination basis, estimate, amortization method or review procedure

#### (1) Service life and its determination basis, estimate, amortization method or review procedure

##### ① Measurement of intangible asset

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

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

② Amortization methods and time limit for intangible asset:

The land use rights of the Company shall be amortized on an average basis over the transfer period from the date of transfer (the date of obtaining the land use rights); Patented technology, non-patented technology and other intangible asset 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 asset costs and current gain/loss according to the benefit object.

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

Our Company shall review the useful life and amortization method of intangible asset at least at the end of each fiscal year, and make necessary adjustments.

## **(2) The collection scope and related accounting treatment methods of R&D expenditure**

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 asset (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 gain/loss previously shall not be recognized as asset in later period. The capitalized expenses in development stage listed as development expenditure in balance sheet, and shall be transfer as intangible asset since such item reached its expected conditions for service.

## **25. Impairment of long-term asset**

The Company will judge if there is any indication of impairment as at the balance sheet date in respect of non-current non-financial asset such as fixed asset, construction in progress, intangible asset 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 asset with an indefinite useful life and intangible asset 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 asset 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 asset 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 asset 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 asset (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 asset shall not be reversed in a subsequent period in respect of the part whose value can be recovered.

## **26. Long-term deferred expense**

Long-term expenses to be amortized of the Company implies 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 liability, 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 provides service to the Company, the short-term remuneration actual occurred shall be recognized as liability and be reckoned into current gain/loss. During the accounting period when staff provides service to the Company, the actual short-term compensation occurred shall be recognized as liability and be reckoned into current gain/loss, except for those in line with accounting standards or being allowed to be reckoned into capital costs; the welfare occurred shall be reckoned into current gain/loss or relevant asset costs at the time of actual occurrence. The employee compensation shall be recognized as liability and be reckoned into current gain/loss or relevant asset costs at the time of actual occurrence. The employee benefits that belong to non-monetary benefits are measured at 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 relevant provisions should be calculated and determined as the corresponding compensation amount and determined the corresponding liability in accordance with the specified withdrawing basis and proportion, and be reckoned in the current profits and loss or relevant asset costs in the accounting period that the employees provide services.

### **(2) Accounting treatment for post-employment benefit**

The post-employment benefit includes 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. 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**

In case 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 liability 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 certain 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 asset from the present value of defined benefit obligation. The defined benefit obligation is annually calculated with the expected accumulated welfare unit method by the independent actuary on the basis of 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 gain or loss) and the net interest are reckoned in the current profits and loss or other asset costs, the changes generated by recalculating the net liability of defined benefit plans or net asset should be reckoned in other consolidated income.

### **29. Accrued 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 asset, 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

### **30. Share-based payment**

The Company's share-based payment is a transaction that grants equity instruments or assumes liability 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 liability 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 liability 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 liability assumed to increase the corresponding liability. On each balance sheet date and settlement date before the settlement of the relevant liability, the fair value of the liability is remeasured, and the changes are included in the current profit and loss.

## 31. Revenue

### (1) 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; ② The customer can control the goods or services in progress during the Company's performance; ③ The 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; ② The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods; ③ The 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 received the goods; ⑥ Other signs that the customer has obtained control of the goods.

## 2) Revenue measurement principle

① The 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.

② If 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.

④ If 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.

(2) The Company's criteria for the recognition of commodity income and specific criteria for the recognition time:

The Company's domestic sales revenue recognition time: The Company shall deliver the goods according to the agreement of the order, and check with the buyer the goods received and inspected by the buyer from the previous reconciliation date to the current reconciliation date. After the check by both parties, the risks and rewards shall be transferred to the buyer. The Company shall issue invoices to the buyer according to the varieties, quantities and amounts confirmed by the reconciliation and confirm the realization of sales income on the reconciliation date.

The Company's foreign sales revenue recognition time: after the completion of the customs audit, the Company in accordance with the export date specified in the customs declaration, to confirm the realization of sales revenue.

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

Nil

## 32. Government grants

### (1) Types

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

As for the assistance object not well-defined in government's documents, the classification criteria for asset-related or income-related grants are as: whether the grants turn to long-term asset 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 government grant shall be measured at fair value and it shall be measured by nominal amount in case the fair value can not be reliably acquired.

### (3) Accounting treatment

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

The government grant related to income which is used to make up relevant expenses and loss for later period shall be recognized as deferred income, and be reckoned into current gain/loss during the period while relevant expenses are recognized; The government grant related to income which is used to make up relevant expenses and loss that occurred shall be reckoned into current gain/loss.

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

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

## 33. Deferred income tax asset/Deferred income tax liability

The Company adopts the balance sheet debt method to calculate deferred income tax based on the temporary difference between the book value and tax basis of asset and liability on the balance sheet date, as well as the temporary difference between the book value and tax basis of items that have not been recognized as asset and liability but can be determined according to tax laws.

All types of taxable temporary differences are recognized as deferred income tax liability, unless: ① taxable temporary differences arise in the following transactions: initial recognition of goodwill, or initial recognition of asset or liability arising from a single transaction with the following characteristics: the transaction is not a business merger. When the transaction occurs, it neither affects accounting profits nor taxable income or deductible loss, and the initially recognized asset and liability do not result in equal taxable temporary differences and deductible temporary differences; ② For taxable temporary differences related to investments in subsidiaries, joint ventures, and associates, the timing of the reversal of such temporary differences can be controlled, and it is likely that such temporary differences will not be reversed in the foreseeable future.

For deductible temporary differences that can be carried forward deductible loss in future years or deduce taxes, the Company recognizes deferred income tax asset based on the future taxable income that is likely to be obtained to offset the deductible temporary differences, deductible loss, and tax deductions that can be carried forward to future years, unless: ① the deductible temporary differences arise from a single transaction that is not a business merger. The transaction does not affect accounting profits or taxable income or deductible loss at the time of occurrence, and the initially recognized asset and liability do not result in equivalent taxable temporary differences or deductible temporary differences. ② For deductible temporary differences related to investments in subsidiaries, joint ventures, and associates, such temporary differences are likely to be reversed in the foreseeable future and are likely to receive taxable income to be used to offset such temporary differences.

On the balance sheet date, the Company measures deferred income tax asset and liability in accordance with tax laws and regulations, at the applicable tax rate during the expected period of asset recovery or liability settlement, and reflects the tax impact of the expected method of asset recovery or liability settlement on the balance sheet date.

On the balance sheet date, the Company reviews the book value of deferred income tax asset. If it is likely that sufficient taxable income will not be available in the future to offset the benefits of deferred income tax asset, the book value of deferred income tax asset will be written down. On the balance sheet date, the Company reassesses unconfirmed deferred income tax asset and recognizes deferred income tax asset to the extent that sufficient taxable income is likely to be available for the reversal of all or part of the deferred income tax asset.

When the following conditions are met simultaneously, deferred income tax asset and deferred income tax liability is presented at the net amount after offsetting: having the legal right to settle current income tax asset and current income tax liability at the net

amount; Deferred income tax asset and deferred income tax liability is related to the income tax levied by the same tax collection and management department on the same taxable entity or on different taxpayers. However, in the period during which significant deferred income tax asset and deferred income tax liability is reversed in the future, the involved taxpayers intend to settle the current income tax asset and liability on a net basis or acquire asset and settle debts simultaneously.

### 34. Lease

#### (1) The Company as lessee

On the commencement date of the lease term, the Company recognizes leases with a lease term not exceeding 12 months and excluding purchase options as short-term leases; Leases with lower value when a single leased asset is considered a brand new asset is recognized as low value asset leases.

If the Company subleases or expects to sublease leased asset, the original lease is not recognized as a low value asset lease.

For all short-term leases and low value asset leases, the Company recognizes lease payments in the relevant asset cost or current profit and loss on a straight-line basis during each period of the lease term.

Except for the simplified short-term leases and low value asset leases mentioned above, the Company recognizes the right-of-use asset and lease liability for leases on the commencement date of the lease term.

##### 1) Right-of-use asset

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

On the commencement date of the lease term, the right-of-use asset is initially measured at cost. This cost includes:

①The initial measurement amount of lease liability; ②If the lease payment is made on or before the start date of the lease term and the relevant amount of the lease incentive already enjoyed shall be deducted in case there is a lease incentive; ③The initial direct expenses incurred by the lessee; ④The expected cost incurred by the lessee in dismantling and removing the leased asset, restoring the site where the leased asset is located, or restoring the leased asset to the state agreed upon in the lease terms. The Company recognizes and measures the cost in accordance with the recognition standards and measurement methods for estimated liability, as detailed in Note V-29 "Accrued liability". The aforementioned costs incurred for the production of inventory will be included in the inventory cost.

The depreciation of right-of-use asset is classified and provisioned with the straight-line method. In case it can reasonably determine that ownership of the leased asset will be obtained upon the expiration of the lease term, the depreciation rate shall be determined based on the category of the right-of-use asset and the estimated net residual value rate within the expected remaining useful life of the leased asset; In case it cannot reasonably determine that ownership of the leased asset will be acquired upon the expiration of the lease term, the depreciation rate shall be determined based on the category of the right-of-use asset during the shorter of the lease term and the remaining useful life of the leased asset.

##### 2) Lease liability

Lease liability shall be initially measured at the present value of the lease payments that have not yet been paid on the commencement date of the lease term. The lease payment amount includes the following five items: ① fixed payment amount and substantial fixed payment amount. If there is a lease incentive, the relevant amount of the lease incentive shall be deducted; ② Variable lease payments depending on index or ratio; ③ The exercise price of the purchase option, provided that the lessee reasonably determines that the option will be exercised; ④ The amount to be paid for exercising the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease; ⑤ The expected amount to be paid based on the residual value of the guarantee 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

asset. Variable lease payments that are not included in the measurement of lease liability is included in the current profit and loss when they are actually incurred, unless otherwise stipulated to be included in the cost of the relevant asset.

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.

## **(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 asset as financial leases, and all other leases are operating leases.

### 1) Operating lease

During each period of the lease term, the lease receipts is recognized by the Company as rental income with 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 booked in the current profits and loss when actually incurred.

### 2) Finance lease

On the beginning date of the lease term, the financial lease receivables is recognized by the Company 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 asset. 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.

## **35. Other major accounting policy and estimation**

Nil

## **36. Changes of important accounting policies and estimation**

### **(1) Changes of important accounting policies**

Applicable Not applicable

### **(2) Changes of important accounting estimation**

Applicable  Not applicable

### **(3) Implementation of new accounting standards adjustment for the first time starting from 2024, and implementation of relevant financial statement items at the beginning of the year for the first time**

Applicable Not applicable

## **37. Others**

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), 22%(VHIO, Italy),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% , 22%, 25%, 24% + region tax 3.9%
Educational surtax	Turnover tax payable	5%

Disclose reasons for different taxpaying body

Taxpaying body	Income tax rate
The Company, WFJN, WFLD, WFTT, WFAM, WFSC, WFLD(Chongqing)	15%
WFLD(Wuhan), WFLD(Nanchang)	20%
IRD America, Borit America	21%
IRD(Denmark))	22%
WFCA, WFTR, WFDT, WFQL, VHWX,WFAS, Borit(Belgium), WFLH, WFSS	25%
VHIO(Italy)	24% + region tax 3.9%

### 2. Tax incentives

The Company, WFJN, WFLD, WFTT, WFMA, WFAM and WFSC are high-tech enterprises and enjoy a preferential income tax rate of 15% in 2024.

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 2024, WFLD (Chongqing) paid its corporate income tax at the tax rate of 15%. In 2024, WFLD(Wuhan) and WFLD(Nanchang) meet the standards for small and micro profit enterprises. According to the “Announcement on Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households Related No.2023), the taxable income of small and micro profit enterprises will be reduced by 25%, and the enterprise income tax policy will be paid at a rate of 20%, which will continue to be implemented until December 31, 2027.

### 3. Other

Nil

## VII. Notes to major items in consolidated financial statements

### 1. Monetary funds

In RMB

Item	Ending balance	Opening balance
Cash on hand	3,066.79	6,343.24

Cash in bank	2,583,949,629.11	2,241,980,351.17
Other monetary funds	142,007,827.59	32,785,004.73
Total	2,725,960,523.49	2,274,771,699.14
Including: total amount of funds deposited overseas	137,129,527.39	126,839,309.52

#### Other explanation

The ending balance of other monetary funds includes bank acceptance bill deposit 128,231,135.19 yuan, cash deposit for Mastercard 204,620.00 yuan, in-transit dividends 1,309,380.00, IRD performance bond 7,673,250.00 yuan, the in-transit funds 4,585,442.40, ETC frozen amount of 4,000.00 yuan. The in-transit dividends 1,309,380.00 yuan was a portion of the dividend distributed by Miracle Automation (002009), a trading financial asset held by the Company, from 2017 to 2023, which was not transferred to the Company's current account due to account issues.

## 2. Trading financial asset

In RMB

Item	Ending balance	Opening balance
Financial asset measured at fair value and whose changes are included in current profit or loss	1,431,717,057.05	2,391,487,144.96
Including:		
SNAT	42,599,328.00	76,756,716.00
Miracle Automation	53,411,400.00	71,073,900.00
Other debt and equity instrument investments	1,335,706,329.05	2,243,656,528.96
Including:		
Total	1,431,717,057.05	2,391,487,144.96

## 3. Note receivable

### (1) Classification of notes receivable

In RMB

Item	Ending balance	Opening balance
Trade acceptance bill	111,953,406.82	144,976,174.84
Total	111,953,406.82	144,976,174.84

### (2) Accrued of bad debt provision

In RMB

Category	Ending balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book value		Provision for bad debts		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Including:										
Note receivable with provision for bad debts accrual on portfolio	111,953,406.82	100.00%			111,953,406.82	144,976,174.84	100.00%			144,976,174.84
Including:										



Portfolio 1: bank acceptance bill									
Portfolio 2: trade acceptance bill	111,953,406.8 2	100.00 %			111,953,406.8 2	144,976,174.8 4	100.00 %		144,976,174.8 4
Total	111,953,406.8 2	100.00 %			111,953,406.8 2	144,976,174.8 4	100.00 %		144,976,174.8 4

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

Applicable Not applicable

### (3) Provision for bad debts accrual, collected or reversal

Provision for bad debts in the current period:

Applicable Not applicable

### (4) Notes receivable already pledged by the Company at the end of the reporting period

Applicable Not applicable

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

Nil

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

Nil

## 4. Account receivable

### (1) By account age

In RMB

Aging	Ending book balance	Opening book balance
Within one year (One year included)	3,700,686,063.72	3,841,921,162.54
Including: within 6 months	3,595,955,390.16	3,732,178,445.50
6 months to one year	104,730,673.56	109,742,717.04
1-2 years	25,537,095.82	26,336,964.64
2-3 years	8,072,765.00	13,723,160.78
Over 3 years	27,830,761.56	57,510,391.30
3-4 years	5,588,622.65	5,607,074.80
4-5 years	3,775,810.94	19,615,877.12
> 5 years	18,466,327.97	32,287,439.38
Total	3,762,126,686.10	3,939,491,679.26

**(2) Accrued of bad debt provision**

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Ratio	Amount	Accrued ratio		Amount	Ratio	Amount	Accrued ratio	
Account receivable with bad debt provision accrued on a single basis	20,428,693.63	0.54%	20,428,693.63	100.00%		53,281.843.03	1.35%	53,281.843.03	100.00%	
Including:										
Account receivable with bad debt provision accrued on portfolio	3,741,697.992.47	99.46%	28,739,345.58	0.77%	3,712,958,646.89	3,886,209,836.23	98.65%	28,669,878.03	0.74%	3,857,539.958.20
Including:										
Total	3,762,126.686.10	100.00%	49,168,039.21	1.31%	3,712,958,646.89	3,939,491,679.26	100.00%	81,951,721.06	2.08%	3,857,539.958.20

Bad debt provision accrued on single basis:

In RMB

Name	Opening balance		Ending balance			
	Book balance	Bad debt reserve	Book balance	Bad debt reserve	Accrued ratio	Accrued causes
Hubei Meiyang Auto Industry Co., Ltd.	17,610,371.91	17,610,371.91				
Hunan Leopaard Auto Co., Ltd.	8,077,361.13	8,077,361.13				
BD bills	4,270,595.02	4,270,595.02				
Linyi Zotye Automobile Components Manufacturing Co., Ltd.	6,193,466.77	6,193,466.77	6,193,466.77	6,193,466.77	100.00%	Difficult to receive
Tongling Ruineng Purchasing Co., Ltd.	4,320,454.34	4,320,454.34	4,320,454.34	4,320,454.34	100.00%	Difficult to receive
Brilliance Automotive Group Holdings Co., Ltd.	3,469,091.33	3,469,091.33	2,693,280.39	2,693,280.39	100.00%	Difficult to receive
Dongfeng Chaoyang Diesel Co., Ltd.	1,823,262.64	1,823,262.64	1,823,262.64	1,823,262.64	100.00%	Difficult to receive
Jiangsu Kawei Auto Industrial Group Co., Ltd.	1,932,476.26	1,932,476.26				
Jiangsu Jintan Automobile Industry Co., Ltd.	1,059,798.43	1,059,798.43	1,059,798.43	1,059,798.43	100.00%	Difficult to receive
Tianjin Levol Engine Co., Ltd.	1,018,054.89	1,018,054.89	1,018,054.89	1,018,054.89	100.00%	Difficult to receive
Other clients	3,506,910.31	3,506,910.31	3,320,376.17	3,320,376.17	100.00%	Difficult to receive
Total	53,281,843.03	53,281,843.03	20,428,693.63	20,428,693.63		

Bad debt provision accrued on portfolio:

In RMB

Name	Ending balance		
	Book balance	Bad debt reserve	Accrued ratio
Within 6 months	3,595,955,390.16		
6 months to one year	101,922,134.50	10,192,213.44	10.00%

1-2 years	25,537,095.82	5,107,419.15	20.00%
2-3 years	8,072,765.00	3,229,106.00	40.00%
Over 3 years	10,210,606.99	10,210,606.99	100.00%
Total	3,741,697,992.47	28,739,345.58	

Explanation on determining the basis for this portfolio: Nil

The provision for bad debts of accounts receivable is made in accordance with the general model of expected credit loss:

Applicable  Not applicable

### (3) Bad debt provision accrued collected or reversal

Bad debt provision accrued in the reporting period:

In RMB

Category	Opening balance	Amount changed in the reporting period				Ending balance
		Accrued	Collected or reversal	Charged off	Other	
Bad debt provision	81,951,721.06	6,592,185.53	10,948,516.61	28,343,673.25	-83,677.52	49,168,039.21
Total	81,951,721.06	6,592,185.53	10,948,516.61	28,343,673.25	-83,677.52	49,168,039.21

Significant amount of bad debt provision accrued collected or reversal in current period: Nil

### (4) Account receivable actually charged off in the reporting period

In RMB

Item	Amount charged off
Account receivable actually charged off	28,343,673.25

Major account receivable charged off:

In RMB

Name	Feature of account receivable	Amount charged off	Reason charged off	Charged off procedures implemented	Generated by related transaction?(Y/N)
Hubei Meiyang Auto Industry Co., Ltd.	Intercourse funds of unit	17,313,155.08	Uncollectible	Approved by the Company	N
Hunan Leopaard Auto Co., Ltd.	Intercourse funds of unit	8,003,712.40	Uncollectible	Approved by the Company	N
Jiangsu Kawei Auto Industrial Group Co., Ltd.	Intercourse funds of unit	1,932,476.26	Uncollectible	Approved by the Company	N
Chongqing Zotye Auto Co., Ltd.	Intercourse funds of unit	713,685.08	Uncollectible	Approved by the Company	N
Huachen Renault Jinbei Automobile Co., Ltd	Intercourse funds of unit	342,016.43	Uncollectible	Approved by the Company	N
BAIC Ruili Auto Co., Ltd	Intercourse funds of unit	38,628.00	Uncollectible	Approved by the Company	N
Total		28,343,673.25			

Explanation on reason charged off: Nil

### (5) Top five receivables and contract asset at ending balance by arrears party

In RMB

Name	Ending balance of account receivable	Ending balance of contract asset	Ending balance of account receivable and contract asset	Ratio in total ending balance of account receivables and contract asset	Ending balance of reserve for bad debts and contract asset
RBCD	732,084,006.85		732,084,006.85	19.46%	1,170,780.48
Bosch	543,715,050.47		543,715,050.47	14.45%	2,251,804.00

Client 3	273,870,906.47		273,870,906.47	7.28%	399,249.28
Client 4	214,791,670.34		214,791,670.34	5.71%	77,024.49
Client 5	127,659,519.67		127,659,519.67	3.39%	759,318.12
Total	1,892,121,153.80		1,892,121,153.80	50.29%	4,658,176.37

## 5. Receivable financing

### (1) Category of receivable financing

In RMB

Item	Ending balance	Opening balance
Bill receivable- bank acceptance bill	1,861,606,949.90	1,661,749,949.46
Total	1,861,606,949.90	1,661,749,949.46

Other explanation:

In the process of managing the liquidity of the Company, some bills will be discounted or endorsed for transfer before maturity. The business model of managing accounts receivable aims to collect contractual cash flows and sell the financial asset, so it is classified as a financial asset measured at fair value with changes recognized in other comprehensive income and listed in accounts receivable financing.

### (2) Accrued of bad debt provision

Basis for division of each stage and provision ratio for bad debt provision

Nil

Explanation of significant changes in the financing book balance of accounts receivable with changes in loss provisions in the current period:

Nil

### (3) Bad debt provision accrued, collected or reversal

Other explanation: Nil

### (4) Receivable financing already pledged by the Company at period-end

In RMB

Item	Amount pledge at period-end
Bank acceptance bill	897,650,012.34
Total	897,650,012.34

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

Item	Amount derecognized at period-end	Amount not derecognized at period-end
Bank acceptance bill	616,663,285.46	
Trade acceptance bill		
Total	616,663,285.46	

**(6) Receivable financing actually charged off in current period**

Nil

**(7) Increase/decrease of receivable financing and changes in fair value of receivable financing in current period**

Nil

**(8) Other explanation**

Nil

**6. Other account receivables**

In RMB

Item	Ending balance	Opening balance
Dividend receivable	872,701,558.93	
Other account receivables	922,853,004.63	919,684,126.81
Total	1,795,554,563.56	919,684,126.81

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

Nil

**2) Significant overdue interest**

Nil

**3) Accrued of bad debt provision**Applicable Not applicable**4) Bad debt provision accrued, collected or reversal**

Nil

**5) Interest receivable actually charged off in current period**

Nil

**(2) Dividend receivable****1) Category of dividend receivable**

In RMB

Item (or invested enterprise)	Ending balance	Opening balance
WFEC	73,500,000.00	
RBCD	527,829,600.44	
Zhonglian Electronics	266,000,000.00	
WFPM	5,357,758.49	
Guolian Securities	14,200.00	
<b>Total</b>	<b>872,701,558.93</b>	

**2) Important dividend receivable with account age over one year**

Nil

**3) Accrued of bad debt provision**Applicable Not applicable**4) Bad debt provision accrued, collected or reversal in current period**

Nil

**5) Dividend receivable actually charged off in current period**

Nil

**(3) Other accounts receivable****1) By nature**

In RMB

Nature	Ending book balance	Opening book balance
Intercourse funds from units	4,161,124.36	4,084,594.65
Cash deposit	14,157,787.09	10,215,094.41
Staff loans and petty cash	1,540,213.27	904,305.07
Social security and provident fund paid	11,755,472.65	12,537,832.68
WFTR “platform trade” business portfolio	2,542,263,370.70	2,542,263,370.70
Other	163,015.67	38,770.10
<b>Total</b>	<b>2,574,040,983.74</b>	<b>2,570,043,967.61</b>

**2) By aging**

In RMB

Aging	Ending book balance	Opening book balance
Within one year (One year included)	22,674,290.11	18,850,121.91
Within 6 months	20,991,997.44	18,448,595.63
6 months to one year	1,682,292.67	401,526.28
1-2 years	2,004,023,844.14	2,544,896,026.07
2-3 years	541,416,353.54	954,984.11
Over 3 years	5,926,495.95	5,342,835.52
3-4 years	4,843,422.94	4,524,432.51
4-5 years	1,026,000.00	801,603.01
Over 5 years	57,073.01	16,800.00
Total	2,574,040,983.74	2,570,043,967.61

### 3) Accrued bad debt provision

Applicable Not applicable

Expected credit loss general model for provision of bad debt reserves:

In RMB

Bad debt reserve	Phase I	Phase II	Phase III	Total
	Expected credit loss over next 12 months	Expected credit loss for the entire duration (without credit impairment occurred)	Expected credit loss for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2024	6,259,786.07		1,644,100,054.73	1,650,359,840.80
Balance of Jan. 1, 2024 in the reporting period				
Current accrued	865,695.62			865,695.62
Other changes	-37,557.31			-37,557.31
Balance on June 30, 2024	7,087,924.38		1,644,100,054.73	1,651,187,979.11

Changes in book balance with significant changes in the amount of loss provision for the current period

Applicable Not applicable

### 4) Bad debt provision accrued, collected or reversal

Bad debt provision accrued in the reporting period:

In RMB

Category	Opening balance	Change in current period				Ending balance
		Accrued	Collected or reversal	Charged off	Other	
Bad debt provision	1,650,359,840.80	865,695.62			-37,557.31	1,651,187,979.11
Total	1,650,359,840.80	865,695.62			-37,557.31	1,651,187,979.11

Major bad debt provision collected or reversal in current period: Nil

### 5) Other accounts actually charged off during the reporting period

Nil

### 6) Top 5 other accounts receivable at ending balance by arrears party

In RMB

Enterprise	Nature	Ending balance	Aging	Ratio in total ending balance of other	Ending balance of bad debt reserve
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				accounts receivables	
WFTR “platform trade” business portfolio	See “Other explanations”	2,542,263,370.70	1-3 years	98.77%	1,644,068,327.93
BYD	Deposit margin	3,800,000.00	Within 1 year	0.15%	130,000.00
Bosch	Prepaid freight	2,255,998.16	Within 6 months	0.09%	
Wuxi China Resources Gas Co. LTD	Deposit margin	1,364,750.00	Over 3 years	0.05%	1,364,750.00
Zhenkunxing Industrial Supermarket (Shanghai) Co., LTD	Deposit margin	1,000,000.00	Over 3 years	0.04%	1,000,000.00
Total		2,550,684,118.86		99.10%	1,646,563,077.93

Other explanations: For details of WFTR “platform trade” business portfolio, please refer to the description in Note-XVIII, 7 “Other Significant Transactions and Matters Affecting Investors' Decisions”. The ending balance of WFTR’s “platform trade” business portfolio balance include the balance of other receivables listed in Note-XIV. 6(3).

## 7) Listed as other receivables due to centralized fund management

Nil

## 7. Account paid in advance

### (1) By aging

In RMB

Aging	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	58,024,453.83	73.22%	56,627,071.44	74.31%
1-2 years	17,294,579.76	21.82%	17,692,490.92	23.22%
2-3 years	3,086,343.65	3.89%	1,879,201.90	2.47%
Over 3 years	850,383.87	1.07%	3,506.90	
Total	79,255,761.11		76,202,271.16	

Explanation of the reasons why prepayments with an aging of over 1 year and significant amounts were not settled in a timely manner: Nil

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

In RMB

Name	Ending amount of accounts paid in advance	Proportion in total ending amount of accounts paid in advance(%)
Huitian Engineering Technology Co., Ltd	9,206,995.00	11.62
State Grid Jiangsu Electric Power Co., Ltd. Wuxi Power Supply Branch	5,427,291.39	6.85
CITIC Pacific Special Steel	3,952,615.17	4.99
Daye Special Steel Co., Ltd	3,730,243.90	4.71
Xiangyang Kanghao Electromechanical Engineering Co., Ltd	3,509,743.08	4.43
Total	25,826,888.54	32.60

## 8. Inventory

Does the Company need to comply with disclosure requirements in the real estate industry?



No

**(1) Category of inventory**

In RMB

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	568,970,143.87	104,597,883.89	464,372,259.98	590,057,187.69	116,560,014.49	473,497,173.20
Goods in process	453,226,811.99	35,517,165.28	417,709,646.71	463,097,639.20	30,595,290.34	432,502,348.86
Finished goods	1,147,406,654.19	137,658,963.27	1,009,747,690.92	1,336,512,057.06	173,978,548.18	1,162,533,508.88
Total	2,169,603,610.05	277,774,012.44	1,891,829,597.61	2,389,666,883.95	321,133,853.01	2,068,533,030.94

**(2) Data resource defined as inventory**

Nil

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

In RMB

Item	Opening balance	Current increase		Current decrease		Ending balance
		Accrued	Translation of foreign currency statements	Reversal or write-off	Other	
Stock materials	116,560,014.49	22,237,479.58	-376,357.67	33,823,252.51		104,597,883.89
Goods in process	30,595,290.34	9,727,439.89	-323,483.61	4,482,081.34		35,517,165.28
Finished goods	173,978,548.18	34,838,359.63	-140,087.94	71,017,856.60		137,658,963.27
Total	321,133,853.01	66,803,279.10	-839,929.22	109,323,190.45		277,774,012.44

① The net realizable value of inventory refers to the estimated selling price of inventory in daily activities, minus the estimated costs to be incurred until completion, estimated sales expenses, and related taxes.

② Accrued basis for inventory depreciation reserve:

Cash on hand	Accrued basis for inventory impairment provision	Specific basis for recognition
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
Finished goods	its net realizable value is lower than the book value	Results from the amount based on the estimated selling price minus the various taxes and fees that need to be borne during the sales process

③ Reasons of inventory depreciation reserves written off in current period:

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

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

Nil

**(5) Explanation of the current amortization amount of contract performance cost**

Nil

**(6) Other credit investment maturing within one year**

Nil

**9. Other current asset**

In RMB

Item	Ending balance	Opening balance
Receivable export tax rebates	9,234,636.96	9,103,488.70
VAT refund receivable	66,459,355.67	114,079,600.14
Prepaid taxes and VAT retained	140,545,153.29	173,908,288.11
Input tax to be deducted and certification	15,111.22	2,162,292.69
Other	22,054,861.33	26,655,713.47
<b>Total</b>	<b>238,309,118.47</b>	<b>325,909,383.11</b>

**10. Other equity instrument investment**

In RMB

Item	Opening balance	Gain recognized in other comprehensive income for the current period	Loss recognized in other comprehensive income for the current period	Accumulated gain recognized in other comprehensive income at the end of this period	Accumulated loss recognized in other comprehensive income at the end of this period	Dividend income recognized in this period	Ending balance	Reasons for designating fair value measurement with changes recognized in other comprehensive income
Wuxi Xichang Microchip Semi-Conductor	592,742,690.00						592,742,690.00	Non-trading equity instrument investments
Other	85,048,000.00						85,048,000.00	Non-trading equity instrument investments
<b>Total</b>	<b>677,790,690.00</b>						<b>677,790,690.00</b>	

There are items derecognized in current period: Nil

Sub-item disclosure of current non-trading equity instrument investments

In RMB

Item	Dividends income	Accumulated gain	Accumulated loss	Amount of other comprehensive income transferred to retained earnings	Reasons for defining fair value measurement with changes recognized in other comprehensive income	Reasons for transferring other comprehensive income to retained earnings
Wuxi Xichang Microchip Semi-Conductor					Non-trading equity instrument investments	Not applicable

Other					Non-trading equity instrument investments	Not applicable
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Other explanation: Nil

## 11. Long-term equity investment

In RMB

Invested entity	Opening balance (book value)	Opening balance of depreciation reserve	Current changes (+/-)							Ending balance (book value)	Ending balance of depreciation reserves	
			Additio nal investm ent	Capital reductio n	Investm ent gain/los s recogniz ed under equity	Other compreh ensive income adjustm ent	Other equity change	Cash dividend or profit announc ed to issued	Depreci ation reserves accrued			Other
I. Joint venture												
II. Associated enterprise												
WFEC	915,511,847.44				108,675,061.86		1,092,647.52	122,500,000.00			902,779,556.82	
RBCD	3,015,307,291.83				383,623,493.62			527,829,600.44			2,871,101,185.01	
Zhongli an Electron ic	1,685,502,046.73				250,991,619.50			266,000,000.00			1,670,493,666.23	
WFPM	41,464,195.65				1,804,466.43		783,350.57	5,357,758.49			38,694,254.16	
Chang hun Xuyang	9,082,823.79				335,570.17						8,747,253.62	
Precors	8,587,489.62				2,064,785.86					224,203.48	10,428,072.00	
Autolin k	182,680,857.61				2,504,187.11		1,221,900.39				178,954,770.11	
Lezhuo Bowe i	89,496,954.40		110,000,000.00		13,695,432.42						185,801,521.98	
Zhuowe i Times			27,300,000.00		29,167.83						27,270,832.17	
Subtotal	5,947,633,507.07		137,300,000.00		730,595,069.74		654,097.70	921,687,358.93		224,203.48	5,894,271,112.10	
Total	5,947,633,507.07		137,300,000.00		730,595,069.74		654,097.70	921,687,358.93		224,203.48	5,894,271,112.10	

Note: Wuxi Weifu Precision Machinery Manufacturing Co., Ltd. was renamed into Wuxi Weifu Precision Machinery Manufacturing Company Limited on February 28, 2024.

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

### (1) Autolink

The Company holds 9.6372% equity of Autolink, and appointed a director to Autolink. Though the representative, the Company can participate in the operation policies formulation of Autolink, and thus exercise a significant influence over Autolink.

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

Applicable Not applicable

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not applicable

Reasons for significant discrepancies between the aforementioned information and the information or external information used in previous years' impairment testing

Nil

Reasons for significant discrepancies between the information used in the Company's previous annual impairment tests and the actual situation of the current year

Nil

Other explanation: Nil

## 12. Other non-current financial asset

In RMB

Item	Ending balance	Opening balance
Guolian Securities	964,000.00	1,084,000.00
Investments in other debt instruments and equity instruments held for more than one year	668,636,925.15	803,266,120.06
<b>Total</b>	<b>669,600,925.15</b>	<b>804,350,120.06</b>

## 13. Investment real estate

### (1) Investment real estate measured by cost

Applicable  Not applicable

In RMB

Item	House and Building	Land use right	Construction in progress	Total
<b>I. Original book value</b>				
1. Opening balance	95,327,686.03			95,327,686.03
2. Current increased				
(1) Outsourcing				
(2) Inventory\fixed asset\construction in process transfer-in				
(3) Increased by combination				
3. Current decreased				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	95,327,686.03			95,327,686.03
<b>II. Accumulated depreciation and accumulated amortization</b>				
1. Opening balance	48,400,969.54			48,400,969.54
2. Current increased	1,020,828.04			1,020,828.04
(1) Accrued or amortization	1,020,828.04			1,020,828.04
3. Current decreased				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	49,421,797.58			49,421,797.58
<b>III. Depreciation reserves</b>				
1. Opening balance				
2. Current increased				
(1) Accrued				
3. Current decreased				

(1) Disposal				
(2) Other transfer-out				
4. Ending balance				
IV. Book value				
1. Ending Book value	45,905,888.45			45,905,888.45
2. Opening Book value	46,926,716.49			46,926,716.49

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

Applicable  Not applicable

The recoverable amount is determined based on the present value of expected future cash flows

Applicable  Not applicable

Reasons for significant discrepancies between the aforementioned information and the information or external information used in previous years' impairment testing

Nil

Reasons for significant discrepancies between the information used in the Company's previous annual impairment tests and the actual situation of the current year

Nil

Other explanation: Nil

## (2) Investment real estate measured at fair value

Applicable  Not applicable

## (3) Converted into investment real estate and measured at fair value

Nil

## (4) Investment real estate without property certification held

Nil

## 14. Fixed asset

In RMB

Item	Ending balance	Opening balance
Fixed asset	3,958,946,658.33	3,969,574,102.87
Total	3,958,946,658.33	3,969,574,102.87

### (1) Fixed asset

In RMB

Item	House and Building	Machinery equipment	Transportation equipment	Electronic and other equipment	Land	Total
I. Original book value:						
1. Opening balance	2,032,107,555.67	5,006,902,151.83	42,039,805.21	1,236,400,092.39	32,275,299.13	8,349,724,904.23
2. Current increased	57,656,278.39	133,092,401.20	870,681.40	94,563,468.21		286,182,829.20

(1) Purchase	640,532.17	1,074,600.67		4,805,357.37		6,520,490.21
(2) Construction in progress transfer-in	57,015,746.22	132,017,800.53	870,681.40	89,758,110.84		279,662,338.99
(3) Increased by combination						
3. Current decreased	11,485.04	10,921,862.09	1,976,232.74	25,843,259.24		38,752,839.11
(1) Disposal or scrapping	11,485.04	10,921,862.09	1,976,232.74	25,843,259.24		38,752,839.11
4. Conversion of foreign currency financial statement	-3,502,524.78	-12,090,911.25	-2,592.59	-8,597,274.41	-811,212.05	-25,004,515.08
5. Ending balance	2,086,249,824.24	5,116,981,779.69	40,931,661.28	1,296,523,026.95	31,464,087.08	8,572,150,379.24
II. Accumulated depreciation						
1. Opening balance	605,180,085.15	2,741,676,537.83	23,008,286.27	804,954,516.26		4,174,819,425.51
2. Current increased	33,501,759.93	137,370,052.50	1,782,232.66	109,149,642.64		281,803,687.73
(1) Accrued	33,501,759.93	137,370,052.50	1,782,232.66	109,149,642.64		281,803,687.73
3. Current decreased		9,575,434.52	1,800,910.65	16,972,190.47		28,348,535.64
(1) Disposal or scrapping		9,575,434.52	1,800,910.65	16,972,190.47		28,348,535.64
4. Conversion of foreign currency financial statement	-1,528,336.23	-7,734,899.93	134.82	-6,859,580.90		-16,122,682.24
5. Ending balance	637,153,508.85	2,861,736,255.88	22,989,743.10	890,272,387.53		4,412,151,895.36
III. Depreciation reserves						
1. Opening balance	14,920,553.54	152,003,807.08	73,319.90	22,287,693.43	16,046,001.90	205,331,375.85
2. Current increased						
(1) Accrued						
3. Current decreased		1,136,541.33		382,209.66		1,518,750.99
(1) Disposal or scrapping		1,136,541.33		382,209.66		1,518,750.99
4. Conversion of foreign currency financial statement	-375,015.35	-1,649,714.31		-332,767.11	-403,302.54	-2,760,799.31
5. Ending balance	14,545,538.19	149,217,551.44	73,319.90	21,572,716.66	15,642,699.36	201,051,825.55
IV. Book value						
1. Ending Book value	1,434,550,777.20	2,106,027,972.37	17,868,598.28	384,677,922.76	15,821,387.72	3,958,946,658.33
2. Opening Book value	1,412,006,916.98	2,113,221,806.92	18,958,199.04	409,157,882.70	16,229,297.23	3,969,574,102.87

**(2) Temporarily idle fixed asset**

Nil

**(3) Fixed asset acquired by operating lease**

Nil

**(4) Fixed asset without property certification held**

In RMB

Item	Book value	Reasons for without the property certification
Plant and office building of WFC A	29,798,747.27	Still in process of relevant property procedures

**(5) Impairment testing of fixed asset**□Applicable Not applicable**(6) Disposal of fixed asset**

Nil

**15. Construction in progress**

In RMB

Item	Ending balance	Opening balance
Construction in progress	682,829,406.56	564,605,931.90
Total	682,829,406.56	564,605,931.90

**(1) Construction in progress**

In RMB

Item	Ending balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Renovation of Xinan Branch, No. 1 workshop of the Company	217,324,382.16		217,324,382.16	148,242,724.89		148,242,724.89
Lot 103 phase VI	18,559,375.04		18,559,375.04	7,509,742.36		7,509,742.36
Production line and equipment under installation and debugging	427,384,818.52	184,615.38	427,200,203.14	391,286,034.94	184,615.38	391,101,419.56
Sporadic construction and installation projects	5,315,167.92		5,315,167.92	5,265,721.92		5,265,721.92
Software and system under installation and debugging	14,430,278.30		14,430,278.30	12,486,323.17		12,486,323.17
Total	683,014,021.94	184,615.38	682,829,406.56	564,790,547.28	184,615.38	564,605,931.90

**(2) Changes of major construction in progress**

In RMB

Item	Budget	Opening balance	Current increased	Fixed asset transfer in in the reporting period	Other decreased in the reporting 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
Renovation of Xinan Branch, No. 1 workshop of the Company		148,242,724.89	69,081,657.27			217,324,382.16	51.40%	51.40%				Company accumulates funds
Lot 103 phase VI		7,509,742.36	11,049,632.68			18,559,375.04	23.00%	23%				Company

												accumulates funds
Total		155,752,467.25	80,131,289.95			235,883,757.20						

**(3) The depreciation reserves of construction in progress**

In RMB

Item	Opening balance	Current increase	Current decrease	Ending balance	Reason for withdrawal
Equipment installation	184,615.38			184,615.38	Equipment debugging acceptance failed
Total	184,615.38			184,615.38	--

**(4) Impairment testing of construction in progress**□Applicable Not applicable**(5) Engineering material**

Other explanation: Nil

**16. Right-of-use asset****(1) Right-of-use asset**

In RMB

Item	Building	Mechanical equipment	Total
I. Original book value:			
1. Opening balance	54,412,701.74	26,999,713.53	81,412,415.27
2. Current increased	5,999,502.50	192,611.06	6,192,113.56
(1) Increased lease	5,999,502.50	192,611.06	6,192,113.56
3. Current decreased		4,207,968.93	4,207,968.93
(1) Disposal		4,207,968.93	4,207,968.93
4. Conversion of foreign currency financial statement	-862,246.33	-487,202.74	-1,349,449.07
5. Ending balance	59,549,957.91	22,497,152.92	82,047,110.83
II. Accumulated depreciation			
1. Opening balance	20,705,961.48	11,873,980.94	32,579,942.42
2. Current increased	5,091,190.84	3,098,280.21	8,189,471.05
(1) Accrued	5,091,190.84	3,098,280.21	8,189,471.05
3. Current decreased		4,207,968.93	4,207,968.93
(1) Disposal		4,207,968.93	4,207,968.93
4. Conversion of foreign currency financial statement	-208,812.54	-199,492.82	-408,305.36
5. Ending balance	25,588,339.78	10,564,799.40	36,153,139.18
III. Depreciation reserves			
1. Opening balance			
2. Current increased			
(1) Accrued			



3.Current decreased			
(1) Disposal			
4.Ending balance			
IV. Book value			
1.Ending Book value	33,961,618.13	11,932,353.52	45,893,971.65
2.Opening Book value	33,706,740.26	15,125,732.59	48,832,472.85

## (2) Impairment testing of right-of-use asset

Applicable Not applicable

## 17. Intangible asset

### (1) Intangible asset

In RMB

Item	Land use right	Patent and non-patent technology	Computer software	Trademark and trademark license	Total
I. Original book value					
1.Opening balance	372,945,018.62	265,193,677.79	214,863,628.61	41,597,126.47	894,599,451.49
2.Current increased	46,498,486.73		10,842,570.88		57,341,057.61
(1) Purchase	4,327.75		665,710.81		670,038.56
(2) Internal R&D					
(3) Increased by combination					
(4)Transfer from construction in progress	46,494,158.98		10,176,860.07		56,671,019.05
3.Current decreased			12,529.94		12,529.94
(1)Disposal or scrapping			12,529.94		12,529.94
4.Conversion of foreign currency financial statement		-6,166,612.08	-443,590.97		-6,610,203.05
5.Ending balance	419,443,505.35	259,027,065.71	225,250,078.58	41,597,126.47	945,317,776.11
II. Accumulated amortization					
1.Opening balance	113,015,433.79	109,623,226.43	160,301,847.95	9,709,000.00	392,649,508.17
2.Current increased	4,039,216.52	11,380,495.87	20,197,809.56	927,799.60	36,545,321.55
(1)Accrued	4,039,216.52	11,380,495.87	20,197,809.56	927,799.60	36,545,321.55
3.Current decreased			12,529.94		12,529.94
(1)Disposal			12,529.94		12,529.94
4.Conversion of foreign currency financial statement		-2,740,676.76	-270,367.28		-3,011,044.04
5.Ending balance	117,054,650.31	118,263,045.54	180,216,760.29	10,636,799.60	426,171,255.74
III. Depreciation reserves					
1.Opening balance			468,160.79	16,646,900.00	17,115,060.79
2.Current increased					
(1)Accrued					
3.Current decreased					

(1)Disposal					
4.Conversion of foreign currency financial statement			-11,766.83		-11,766.83
5.Ending balance			456,393.96	16,646,900.00	17,103,293.96
IV. Book value					
1.Ending Book value	302,388,855.04	140,764,020.17	44,576,924.33	14,313,426.87	502,043,226.41
2.Opening Book value	259,929,584.83	155,570,451.36	54,093,619.87	15,241,226.47	484,834,882.53

The proportion of intangible asset formed through internal R&D of the Company to the balance of intangible asset at the end of the reporting period.

## (2) Data source determined for intangible asset

Nil

## (3) Land use right without property certification held

Other explanation: Nil

## (4) Impairing test of intangible asset

Applicable Not applicable

## 18. Goodwill

### (1) Original book value of goodwill

In RMB

The invested entity or matters forming goodwill	Opening balance	Current increased		Current decreased		Ending balance
		Formed by business combination	Translation of foreign currency statements	Disposal		
Merged with WFTL	1,784,086.79					1,784,086.79
Merged with Borit	248,965,678.87		-7,207,149.96			241,758,528.91
Total	250,749,765.66		-7,207,149.96			243,542,615.70

### (2) Goodwill depreciation reserve

In RMB

The invested entity or matters forming goodwill	Opening balance	Current increased		Current decreased		Ending balance
		Formed by business combination	Translation of foreign currency statements	Disposal		
Merged with WFTT						
Merged with Borit	128,432,946.46		-3,717,924.13			124,715,022.33
Total	128,432,946.46		-3,717,924.13			124,715,022.33

**(3) Related information of asset group or asset portfolio of the goodwill**

Name	Component and basis for asset group or asset portfolio	Operation branch and basis	Is consistent with previous year?
WFTT	Long term asset related to the merger of WFTT goodwill; The management made it clear that this asset group will be used and operated independently of other asset, and will generate cash inflows independently	Automotive intake system product division; Category of asset group output products	Yes
Borit	Long term asset related to the merger of Borit's goodwill; The management made it clear that this asset group will be used and operated independently of other asset, and will generate cash inflows independently	Other automotive parts divisions; Category of asset group output products	Yes

Changes in asset group or asset portfolio

Nil

Other explanation: Nil

**(4) Specific method of determining the recoverable amount**

For asset groups with signs of impairment, the Company estimates the recoverable amount of the asset group based on the higher of its fair value minus disposal expenses and the present value of expected future net cash flows; For asset groups that show no signs of impairment, the Company determines the recoverable amount of the asset group based on the present value of the expected future net cash flows of the asset group.

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

Applicable Not applicable

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not applicable

Reasons for significant discrepancies between the aforementioned information and the information or external information used in previous years' impairment testing

Nil

Reasons for significant discrepancies between the information used in the Company's previous annual impairment tests and the actual situation of the current year

Nil

**(5) Completion of performance commitments and corresponding impairment of goodwill**

When goodwill is formed, there is a performance commitment and the reporting period or the previous period is within the performance commitment period

Applicable Not applicable

Other explanation: Nil

**19. Long-term deferred expense**

In RMB

Item	Opening balance	Current increase	Amortized in the reporting period	Other	Ending balance
Decoration expense, etc.	24,714,632.10	808,306.52	4,236,889.73	-360,728.41	20,925,320.48
Total	24,714,632.10	808,306.52	4,236,889.73	-360,728.41	20,925,320.48

**20. Deferred income tax asset/Deferred income tax liability****(1) Deferred income tax asset that are not offset**

In RMB

Item	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax asset	Deductible temporary difference	Deferred income tax asset
Unrealized profit from insider transactions	52,745,557.59	11,667,327.29	58,038,282.16	10,362,240.10
Deductible loss	1,093,630,958.09	164,044,643.71	1,021,893,078.26	153,283,961.74
Bad debt provision	49,349,118.02	7,593,004.94	82,811,787.71	12,593,312.59
Inventory depreciation reserve	244,989,763.16	38,437,035.20	286,016,361.30	45,423,673.61
Depreciation reserves of fixed asset	94,291,070.66	16,333,416.58	95,427,114.11	16,503,823.10
Depreciation reserve of construction in progress	184,615.38	27,692.31	184,615.38	27,692.31
Depreciation reserves of intangible asset	16,646,900.00	2,497,035.00	16,646,900.00	2,497,035.00
Deferred income	163,606,425.85	24,728,803.08	182,861,766.95	27,634,668.38
Payable salary, accrued expenses etc.	998,047,402.60	154,177,656.84	787,779,009.37	148,065,821.58
Depreciation asset, amortization difference	19,182,284.09	2,788,628.17	21,482,750.97	3,311,127.10
Lease liability	39,546,987.86	8,768,792.56	50,855,198.17	11,460,004.56
Changes in fair value	119,353,204.73	17,902,980.71	17,858,685.16	2,678,802.77
Total	2,891,574,288.03	448,967,016.39	2,621,855,549.54	433,842,162.84

**(2) Deferred income tax liability that are not offset**

In RMB

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liability	Taxable temporary differences	Deferred income tax liability
The difference between the fair value and taxation basis of WFTT asset in a merger not under the same control	9,490,618.75	1,423,592.79	9,724,500.55	1,458,675.07
The difference between the fair value and taxation basis of IRD asset in a merger not under the same control	47,811,607.99	10,518,553.75	54,330,413.17	11,952,690.89
The difference between the fair value and taxation basis of Borit asset in a merger not under the same control	17,305,774.53	4,326,443.60	19,310,735.89	4,827,683.93
The difference between the fair value and taxation basis of VH business in a merger not under the same control	48,888,737.70	11,733,297.05	53,064,614.54	12,735,507.49
Change in fair value of transaction financial asset	15,123.29	2,268.49	8,339,996.55	1,259,587.67
Accelerated depreciation of fixed asset	815,578,757.85	126,716,232.77	761,694,832.59	116,424,109.44
Right-of-use asset	36,763,000.26	8,294,538.54	48,832,472.85	11,023,076.15
Total	975,853,620.37	163,014,926.99	955,297,566.14	159,681,330.64

**(3) Deferred income tax asset and deferred income tax liability listed after off-set**

In RMB

Item	Trade-off between the deferred income tax asset and liability	Ending balance of deferred income tax asset or liability after off-set	Trade-off between the deferred income tax asset and liability at period-begin	Opening balance of deferred income tax asset or liability after off-set
Deferred income tax asset	129,026,151.63	319,940,864.76	121,929,207.77	311,912,955.07
Deferred income tax liability	129,026,151.63	33,988,775.36	121,929,207.77	37,752,122.87

#### (4) Details of unrecognized deferred income tax asset

In RMB

Item	Ending balance	Opening balance
Bad debt reserve	1,651,006,900.30	1,649,499,774.15
Inventory depreciation reserve	32,784,249.28	35,117,491.71
Loss from subsidiary	882,607,320.13	845,349,190.11
Depreciation reserves of fixed asset	106,760,754.89	109,904,261.74
Depreciation reserves of intangible asset	456,393.96	468,160.79
Other equity instrument investment	13,600,000.00	13,600,000.00
Wages payable, withholding expense, etc.	4,572,812.40	4,572,812.40
Total	2,691,788,430.96	2,658,511,690.90

#### (5) Deductible loss of unrecognized deferred income tax asset expired in following years

In RMB

Maturity year	Ending amount	Opening amount	Note
2024	2,473,851.78	3,792,427.29	Operating loss occurs in domestic subsidiaries
2025	7,635,552.89	12,140,693.54	Operating loss occurs in domestic subsidiaries
2026	46,418,486.84	46,418,486.84	Operating loss occurs in domestic subsidiaries
2027	126,802,486.76	126,802,486.76	Operating loss occurs in domestic subsidiaries
2028	104,019,527.69	101,104,099.31	Operating loss occurs in domestic subsidiaries
2029 and the following years	36,918,509.20		Operating loss occurs in domestic subsidiaries
No expiration date	558,338,904.97	555,090,996.37	Operating loss occurs in overseas subsidiaries
Total	882,607,320.13	845,349,190.11	

#### 21. Other non-current asset

In RMB

Item	Ending balance			Opening balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Contract acquisition cost	9,677,349.55		9,677,349.55	11,333,809.10		11,333,809.10
Engineering equipment paid in advance	219,166,657.26		219,166,657.26	232,894,913.95		232,894,913.95
Large deposit certificates with a maturity of more than one year	850,000,000.00		850,000,000.00	1,112,512,500.00		1,112,512,500.00
Total	1,078,844,006.81		1,078,844,006.81	1,356,741,223.05		1,356,741,223.05

#### 22. Asset with ownership or use right restricted

In RMB

Item	Ending				Opening			
	Book balance	Book value	Restriction type	Restriction reason	Book balance	Book value	Restriction type	Restriction reason
Monetary funds	128,231,135.19	128,231,135.19	Cash deposit	Notes pledge for bank acceptance	22,174,151.94	22,174,151.94	Cash deposit	Notes pledge for bank acceptance
Bill receivable					97,820,000.00	97,820,000.00	Pledge	Notes pledge for bank acceptance
Monetary funds	7,673,250.00	7,673,250.00	Cash deposit	IRD performance bond	7,902,000.00	7,902,000.00	Cash deposit	IRD performance bond
Monetary funds	204,620.00	204,620.00	Cash deposit	Cash deposit for Mastercard	210,720.00	210,720.00	Cash deposit	Cash deposit for Mastercard
Monetary funds	4,000.00	4,000.00	Cash deposit	ETC freezing	4,000.00	4,000.00	Cash deposit	ETC freezing
Receivables financing	897,650,012.34	897,650,012.34	Pledge	Notes pledge for bank acceptance	568,256,134.85	568,256,134.85	Pledge	Notes pledge for bank acceptance
Account receivable					16,201,589.48	14,581,430.53	Pledge	Pledge to obtain loans
<b>Total</b>	<b>1,033,763,017.53</b>	<b>1,033,763,017.53</b>			<b>712,568,596.27</b>	<b>710,948,437.32</b>		

### 23. Short-term borrowings

#### (1) Category of short-term borrowings

In RMB

Item	Ending balance	Opening balance
Guaranteed loan	3,000,000.00	3,000,000.00
Credit loan	323,943,276.83	818,592,983.28
Factory financing		16,201,589.48
Fufeiting Financing	40,168,948.86	
Payable interest	504,673.69	1,094,984.75
<b>Total</b>	<b>367,616,899.38</b>	<b>838,889,557.51</b>

Explanation on classification of short-term borrowing: Nil

#### (2) Overdue short-term loans without payment

Other explanation: Nil

### 24. Note payable

In RMB

Item	Ending balance	Opening balance
Bank acceptance bill	2,156,179,899.55	1,759,062,642.60
<b>Total</b>	<b>2,156,179,899.55</b>	<b>1,759,062,642.60</b>

Other explanation: To issue the above-mentioned bank acceptance bill, the Company paid a deposit of 128,231,135.19 yuan and pledged accounts receivable financing of 897,650,012.34 yuan.

**25. Account payable****(1) Account payable**

In RMB

Category	Ending balance	Opening balance
Payable operating funds such as labor cost or goods	3,181,056,152.16	3,547,366,822.23
Accounts payable for engineering equipment	170,723,643.64	121,483,601.06
<b>Total</b>	<b>3,351,779,795.80</b>	<b>3,668,850,423.29</b>

**(2) Significant accounts payable in advance whose aging is over 1 year or overdue**

Other explanation: Nil

**26. Other account payable**

In RMB

Item	Ending balance	Opening balance
Dividend Payable	329,472,281.60	
Other accounts payable	58,420,021.43	108,893,486.63
<b>Total</b>	<b>387,892,303.03</b>	<b>108,893,486.63</b>

**(1) Interest payable**

Nil

**(2) Dividend payable**

In RMB

Item	Ending balance	Opening balance
Dividend of common stocks	329,472,281.60	
<b>Total</b>	<b>329,472,281.60</b>	

Other explanations, including important dividends payable that have not been paid for more than one year, disclose the reason for not paying: Nil

**(3) Other account payable****1) By nature**

In RMB

Item	Ending balance	Opening balance
Deposit and margin	27,287,704.87	13,422,590.66
Social insurance and reserves funds that withholding	1,616,061.28	1,282,686.66
Intercourse funds of unit	25,512,145.98	25,512,145.98
Restricted stock repurchase obligations		63,567,420.00
Other	4,004,109.30	5,108,643.33
<b>Total</b>	<b>58,420,021.43</b>	<b>108,893,486.63</b>

**2) Significant other payable over one year**

In RMB

Item	Ending balance	Reasons for not repaying or carry-over
Ningbo Jiangbei High-tech Industrial Park Development and Construction Co., Ltd	19,026,000.00	Intercourse funds from units
Total	19,026,000.00	

**27. Accounts received in advance****(1) Accounts received in advance**

In RMB

Item	Ending balance	Opening balance
Within 1 year	485,401.22	2,911,439.65
Total	485,401.22	2,911,439.65

**(2) Significant accounts receivable in advance whose aging is over 1 year or overdue**

Other explanation: Nil

**28. Contract liability**

In RMB

Item	Ending balance	Opening balance
Within one year	58,095,702.93	63,409,595.72
1-2 years	11,079,445.73	3,625,754.55
2-3 years	5,777,241.76	8,677,954.57
Over three years	7,016,428.60	1,973,576.40
Total	81,968,819.02	77,686,881.24

**29. Wage payable****(1) Wage payable**

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
I. Short-term compensation	268,481,110.97	675,967,935.29	770,565,044.78	173,884,001.48
II. Post-employment welfare-defined contribution plans	27,791,996.30	102,254,403.02	119,645,985.82	10,400,413.50
III. Dismissed welfare	964,506.11	148,539.41	148,539.41	964,506.11
IV. Incentive funds paid within one year	18,200,000.00			18,200,000.00
V. Other short-term welfare-Housing subsidies, employee benefits and welfare funds	19,372,739.18		2,059,875.00	17,312,864.18
Total	334,810,352.56	778,370,877.72	892,419,445.01	220,761,785.27

**(2) Short-term compensation**

In RMB



Item	Opening balance	Current increased	Current decreased	Ending balance
1. Wages, bonuses, allowances and subsidies	254,165,851.19	547,447,021.98	640,291,028.05	161,321,845.12
2. Welfare for workers and staff		36,294,156.10	36,294,156.10	
3. Social insurance	323,238.00	34,131,899.03	33,864,268.96	590,868.07
Including: Medical insurance	268,640.66	27,598,496.86	27,571,493.25	295,644.27
Work injury insurance	40,482.29	3,653,700.28	3,630,893.41	63,289.16
Maternity insurance	14,115.05	2,879,701.89	2,661,882.30	231,934.64
4. Housing accumulation fund	870,058.00	41,977,917.12	41,914,398.56	933,576.56
5. Labor union expenditure and personnel education expense	9,736,105.14	6,953,803.61	7,542,899.95	9,147,008.80
6. Other short-term compensation - social security	3,385,858.64	9,163,137.45	10,658,293.16	1,890,702.93
Total	268,481,110.97	675,967,935.29	770,565,044.78	173,884,001.48

### (3) Define contribution plans

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Basic endowment premium	8,523,565.50	85,604,117.76	86,669,855.34	7,457,827.92
2. Unemployment insurance	47,208.12	2,200,208.37	2,208,951.73	38,464.76
3. Enterprise annuity	19,221,222.68	14,450,076.89	30,767,178.75	2,904,120.82
Total	27,791,996.30	102,254,403.02	119,645,985.82	10,400,413.50

Other explanation:

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 asset when occurs. Found more of enterprise annuity in Note XVIII-4 “Annuity plan”.

### 30. Tax payable

In RMB

Item	Ending balance	Opening balance
Value-added tax	28,606,537.00	8,011,069.82
Corporation income tax	22,391,507.19	30,183,553.14
Individual income tax	3,123,688.92	7,904,270.96
City maintaining & construction tax	2,118,124.27	568,820.85
Educational surtax	1,517,937.29	410,526.96
Other (including stamp tax and local funds)	8,870,606.78	9,502,840.76
Total	66,628,401.45	56,581,082.49

### 31. Non-current liability due within one year

In RMB

Item	Ending balance	Opening balance
Long-term borrowings due within one year	199,900,000.00	24,700,000.00
Lease payments due within one year	14,110,866.13	13,122,001.66

Interest payable	191,597.22	262,319.44
Total	214,202,463.35	38,084,321.10

### 32. Other current liability

In RMB

Item	Ending balance	Opening balance
Rebate payable	294,102,302.79	253,258,241.31
Pending sales tax	5,781,579.48	3,881,667.29
Total	299,883,882.27	257,139,908.60

Changes in short-term bonds payable: Nil

### 33. Long-term borrowings

#### (1) Category of long-term borrowings

In RMB

Item	Ending balance	Opening balance
Credit loan	100,000,000.00	299,800,000.00
Total	100,000,000.00	299,800,000.00

### 34. Lease liability

In RMB

Item	Ending balance	Opening balance
Lease payments	56,618,894.49	56,779,079.32
Less: Unconfirmed financing costs	8,114,558.90	5,923,881.15
Less: Lease liability due within one year	14,110,866.13	13,122,001.66
Total	34,393,469.46	37,733,196.51

### 35. Long-term account payable

In RMB

Item	Ending balance	Opening balance
Long-term account payable	9,770,000.00	9,770,000.00
Special accounts payable	18,265,082.11	18,265,082.11
Total	28,035,082.11	28,035,082.11

#### (1) Long-term account payable listed by nature

In RMB

Item	Ending balance	Opening balance
Hi-tech Branch of Nanjing Finance Bureau (note ①) Financial support funds (2009)	1,030,000.00	1,030,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ②) Financial support funds (2010)	960,000.00	960,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ③) Financial support funds (2011)	5,040,000.00	5,040,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ④) Financial support funds (2013)	2,740,000.00	2,740,000.00

Total	9,770,000.00	9,770,000.00
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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 Oct. 27, 2009 to Oct. 27, 2024. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed. This support capital has been in use for 15 years in this period, so it has been 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 December 27, 2010 to December 27, 2025. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.

Note ③: 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 Dec. 28, 2011 to Dec. 28, 2026. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.

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 December 18, 2013 to December 18, 2028. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.

## (2) Special accounts payable

In RMB

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 were compensated, including operation loss from lessee 1.4416 million yuan in total. The above compensation was received in last period and is making up for the loss from lessee, and the above lands and property have not been collected up to June 30, 2024.

## 36. Long-term wages payable

### (1) Long-term wages payable

In RMB

Item	Ending balance	Opening balance
I. Post-employment benefits - Defined benefit plan net liability	20,142,460.17	21,238,891.62
II. Dismiss welfare	12,705,455.44	12,926,873.35
III. Other long-term welfare	95,678,717.83	95,678,717.83
Total	128,526,633.44	129,844,482.80

### (2) Changes in defined benefit plan

Present value of defined benefit plan

In RMB

Item	Current Period	Last Period
I. Opening balance	21,238,891.62	20,380,744.73
II. Cost of defined benefit plan booked into current profit and loss	325,440.87	385,952.19
1. Current service cost	325,440.87	385,952.19
III. Cost of defined benefit plan booked into other comprehensive income	-451,530.88	704,649.43
1. Actuarial gain (loss are represented by “-”)	-451,530.88	704,649.43
IV. Other changes	-970,341.44	518,080.76
1. Welfare paid	-438,808.45	-99,925.69
2. Translation difference of foreign currency statements	-531,532.99	618,006.45
V. Ending balance	20,142,460.17	21,989,427.11

Other explanation:

According to relevant regulations in Italy, the Trattamento di Fine Rapporto (TFR) system is established. VHIO shall calculate and offer severance to employees in accordance with employees' employment period and taxable base salary when they leave or are dismissed. The plan predicts future cash outflows at the inflation rate and determines its present value at the discount rate. The above-mentioned benefit plan poses actuarial risks to VHIO, mainly including interest rate risk and inflation risk. The decrease in interest rates will lead to an increase in the present value of the defined benefit plan obligations. In addition, the present value of benefit plan obligations is related to the future payment standards of the plan, which are determined based on inflation rates. Therefore, an increase in inflation rate will also lead to an increase in planned liability.

### 37. Anticipated liability

In RMB

Item	Ending balance	Opening balance	Formation cause
Pending dispute and litigation		59,459.66	
Product quality assurance	19,456,691.27	26,946,035.59	
Withholding sales discounts	7,290,089.00	10,709,925.00	
Investment loss in joint ventures			
Environmental protection commitment		301,008.27	
Total	26,746,780.27	38,016,428.52	

Other explanations, including important assumptions and estimation explanations related to significant estimated liability: Nil

### 38. Deferred income

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance	Cause of formation
Government grant	188,773,622.29	15,934,738.51	36,872,867.80	167,835,493.00	
Total	188,773,622.29	15,934,738.51	36,872,867.80	167,835,493.00	--

Item with government grants involved:

In RMB

Items of liability	Opening balance	New grants in the reporting period	Amount reckoned into other income in the reporting period	Translation of foreign currency statements	Ending balance	Asset related/Income related
Appropriation for research and development ability of distributive high-pressure	4,755,045.84		390,825.70		4,364,220.14	Asset related

common rail system for diesel engine use and production line technological transformation project						
Fund of industry upgrade (2013)	7,252,478.13		7,252,478.13		0.00	Income related
R&D and industrialization of the high-pressure variable pump of the common rail system of diesel engine for automobile	1,687,274.46		499,317.53		1,187,956.93	Asset related
Research institute of motor vehicle exhaust after-treatment technology	22,026.39		22,026.39		-	Asset related
Fund of industry upgrade (2014)	36,831,000.00		1,287,794.72		35,543,205.28	Income related
New-built asset compensation after the removal of parent Company	44,826,346.03		8,771,401.60		36,054,944.43	Asset 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	2,572,688.97		609,075.97		1,963,613.00	Asset related
Implementation of the variable cross-section turbocharger for diesel engine	2,705,753.03		540,821.30		2,164,931.73	Asset related
Demonstration project for intelligent manufacturing	251,849.60		89,925.24		161,924.36	Asset related
The 2 <sup>nd</sup> batch of provincial special funds for industry transformation of industrial and information in 2019	648,856.50		211,422.34		437,434.16	Asset related
Municipal technological reform fund allocation in 2020	2,911,199.53		307,827.42		2,603,372.11	Asset related
Strategic cooperation agreement funding for key enterprise of smart manufacturing in high-tech zone	2,541,462.10		416,578.38		2,124,883.72	Asset related
The 3 <sup>rd</sup> batch of provincial special funds for industry transformation of industrial and information in 2021	3,945,523.81		513,223.58		3,432,300.23	Asset related
2023 Wuxi Industrial Transformation and Upgrading Fund	9,001,247.04		443,246.59		8,558,000.45	Asset related
Technical renovation and capacity optimization project for annual production of 150,000 sets of turbochargers	1,676,119.38		101,940.53		1,574,178.85	Asset related
Other	27,144,751.48	16,097,455.21	15,414,962.38	-162,716.70	27,664,527.61	Asset/Income related
Total	188,773,622.29	16,097,455.21	36,872,867.80	-162,716.70	167,835,493.00	

## Other explanation:

(1) 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 X CJ No. [2010] 59, the Company 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 was asset-related government grant and 390,825.70 yuan was written off based on the depreciation schedule of the related asset during the reporting period.

(2) 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 and amount of 7,252,478.13 yuan was written off in the year.

(3) R&D and industrialization of the high pressure variable pump of the common rail system of diesel engine for automobile: the Company received 8.05 million yuan appropriated for the project in 2013 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. The Company received 8.05 million yuan, 3 million

yuan and 0.45 million yuan respectively in 2013, 2014 and 2015; Such funds were asset-related government grant, and amount of 499,317.53 yuan was written off in the year according to depreciation progress of related asset.

(4) Vehicle exhaust after-treatment technology research institute project: in 2012, the subsidiary WFLD 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 was approved by Wuxi Huishan Science and Technology Bureau and Wuxi Science and Technology Bureau in 2012, and the Company received appropriation of 2.4 million yuan in 2012, and received appropriation of 1.6 million yuan in 2013. Such funds were asset-related government grants and shall be written off according to the depreciation process, and amount of 22,026.39 yuan was written off in the year.

(5) 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 and amount of 1,287,794.72 yuan was written off in the year.

(6) New-built asset compensation after the removal of parent Company: policy relocation compensation received by the Company, and will be written off according to the depreciation of new-built asset, amount of 8,771,401.60 yuan was written off in the year.

(7) 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.

(8) 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 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 asset concerned, and shall be written off according to the depreciation process, amount of 609,075.97 yuan was written off in the year.

(9) Implementation of the variable cross-section turbocharger for diesel engine: In accordance with the document YCZF[2016] No.623 and “Strong Industrial Base Project Contract for year of 2017”, subsidiary WFTT received a specific subsidy of 16.97 million yuan in 2016 and of 760,000 yuan in 2018, 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; It belongs to government grant with asset concerned, and shall be written off according to the depreciation process. Amount of 540,821.30 yuan was written off in the year.

(10) 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 asset which shall be written off based on the depreciation progress of the asset. Amount of 89,925.24 yuan was written off in the year.

(11) The 2<sup>nd</sup> 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 asset. and shall be written off according to the depreciation process, amount of 211,422.34 yuan was written off in the year.

(12) 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 asset. and shall be written off according to the depreciation process. Amount of 307,827.42 yuan was written off in the year.

(13) 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 and 0.7 million yuan received in the year, this grant was related to the intelligent transformation project and belonged to the government grants related to asset. and shall be written off according to the depreciation process, amount of 416,578.38 yuan was written off in the year.

(14) The 3<sup>rd</sup> 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 2021 was for the research, development and

industrialization of membrane electrodes for high-performance automotive proton exchange membrane fuel cells, which was an asset related government grants. According to the depreciation progress of related asset, amount of 513,223.58 yuan was written off in the year.

(15) 2023 Wuxi Industrial Transformation and Upgrading Fund: The government subsidy received in this period of 10 million yuan was used for the Company's new motor shaft, water jacket, injector seat, and gasoline rail expansion project, which is a government subsidy related to asset. According to the depreciation progress of related asset, amount of 443,246.59 yuan was written off in the year.

(16) Funding for technical renovation and capacity optimization project for annual production of 150,000 sets of turbochargers: According to BQJX[2021] No.31 and BQJX[2022]No.29 documents, the subsidiary WFTL received a government subsidy of 2 million yuan in 2023 for the annual production of 150,000 sets of turbochargers technology renovation and capacity optimization project. This subsidy belongs to asset related subsidies. According to the depreciation progress of related asset, amount of 101,940.53 yuan was written off in the year.

### 39. Share

In RMB

	Opening balance	Change during the year (+/-)					Ending balance
		New shares issued	Bonus share	Shares transferred from capital reserve	Other	Subtotal	
Total shares	1,002,162,793.00				-5,176,500.00	-5,176,500.00	996,986,293.00

Other explanation: The decrease in share capital is due to the cancellation of 5,176,500 shares that were not unlocked under the Company's restricted stock incentive plan.

### 40. Capital reserve

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
Capital premium (Share capital premium)	3,245,698,337.98		58,390,920.00	3,187,307,417.98
Other capital reserve	62,471,802.98	597,389.29	9,766.98	63,059,425.29
Total	3,308,170,140.96	597,389.29	58,400,686.98	3,250,366,843.27

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

- (1) The decrease of 58,390,920.00 yuan in capital premium (share premium) for the current period is due to the cancellation of restricted stocks.
- (2) The increase of 597,389.29 yuan in other capital reserves for the current period is due to changes in other equity of joint ventures, which the Company enjoys in proportion to its shareholding.
- (3) The decrease of 9,766.98 yuan in other capital reserves for the current period is due to the handling fee of 9,766.98 yuan paid for repurchasing shares.

### 41. Treasury stock

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
Buyback shares	469,722,092.24			469,722,092.24
Repurchase obligation of restricted stock incentive plan	63,567,420.00		63,567,420.00	

Total	533,289,512.24		63,567,420.00	469,722,092.24
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Other explanations, including changes in the current period and explanations of the reasons for the changes:

Repurchase obligation of restricted stock incentive plan has RMB 63,567,420.00 decreased in the reporting period, which was inventory shares that were converted from 5,176,500.00 unlocked shares under the Company's restricted stock incentive plan.

## 42. Other comprehensive income

In RMB

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 gain and loss 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	-1,573,054.85	451,530.88				451,530.88		- 1,121,523.97
Including: Remeasure changes in defined benefit plans	-1,589,063.65	451,530.88				451,530.88		- 1,137,532.77
Other comprehensive income that cannot be transferred to profit or loss under the equity method	16,008.80							16,008.80
II. Other comprehensive income items which will be reclassified subsequently to profit or loss	55,729,970.82	- 22,321,187.64				- 22,321,187.64		33,408,783.18
Conversion difference of foreign currency financial statement	55,729,970.82	- 22,321,187.64				- 22,321,187.64		33,408,783.18
Total other comprehensive income	54,156,915.97	- 21,869,656.76				- 21,869,656.76		32,287,259.21

Other explanations, including the adjustment of the effective portion of cash flow hedging gain and loss to the initial recognition amount of the hedged item: Nil

## 43. Reasonable reserve

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
Work safety costs	3,641,439.97	14,355,523.67	12,105,697.67	5,891,265.97
Total	3,641,439.97	14,355,523.67	12,105,697.67	5,891,265.97

Other explanation, including changes and reasons for changes:

(1) Explanation on the withdrawing of special reserves (work safety cost): According to the CZ [2022] No.136-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 monthly withdrawal by taking the actual operating income of the previous period as the withdrawing basis.



(2) The above work safety costs includes the work safety costs accrued by the Company in line with regulations and the parts enjoy by shareholders of the Company.

#### 44. Surplus reserve

In RMB

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:

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

#### 45. Retained profit

In RMB

Item	Current Period	Last Period
Retained profits at the end of last year before adjustment	15,054,950,398.12	13,320,021,325.90
Retained profits at the beginning of the year after adjustment	15,054,950,398.12	13,320,021,325.90
Add: The net profits belong to owners of patent Company of this period	954,341,269.90	1,837,291,259.68
Less: Cash dividends payable	971,986,293.00	97,757,979.30
Withdraw employee rewards and welfare funds		4,604,208.16
Retained profit at period-end	15,037,305,375.02	15,054,950,398.12

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

#### 46. Operating income and cost

In RMB

Item	Current Period		Last Period	
	Income	Cost	Income	Cost
Main operating	5,602,366,875.45	4,590,170,191.12	6,052,163,689.76	5,137,115,309.66
Other business	91,866,677.27	30,382,562.42	77,485,357.64	26,756,421.60
Total	5,694,233,552.72	4,620,552,753.54	6,129,649,047.40	5,163,871,731.26

Breakdown information of operating income and operating cost:

In RMB

Type of contract	Automotive fuel injection system and fuel cell component segment		Automotive post processing system segment		Air management system segment		Other automotive components segment		Total	
	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost
Classified by the time of										

transfer of goods											
Including:											
Primary business											
Including: confirmed at some point of time	2,389,384,035.29	1,832,154,586.09	1,788,451,511.09	1,532,494,804.84	501,982,916.15	389,330.715.88	922,548,412.92	836,190,084.31	5,602,366,875.45	4,590,170,191.12	
confirmed at some period of time											
Other business											
Including: confirmed at some point of time	49,084,207.14	9,966,363.91	13,937,447.24	3,467,657.53	4,528,867.21	983,918.79	11,067,923.31	8,577,658.76	78,618,444.90	22,995,598.99	
confirmed at some period of time											
Rental income	11,625,269.52	6,538,781.12	1,003,317.02	641,271.45	619,645.83	206,910.86			13,248,232.37	7,386,963.43	
Total	2,450,093,511.95	1,848,659,731.12	1,803,392,275.35	1,536,603,733.82	507,131,429.19	390,521,545.53	933,616,336.23	844,767,743.07	5,694,233,552.72	4,620,552,753.54	

#### 47. Operating tax and extra

In RMB

Item	Current Period	Last Period
City maintaining & construction tax	5,794,135.28	8,517,861.49
Educational surtax	4,148,769.09	6,087,805.08
Property tax	10,803,395.41	11,115,997.34
Land use tax	2,892,897.92	2,013,933.93
Vehicle use tax	3,536.00	19,170.06
Stamp duty	4,000,044.56	4,119,912.74
Other tax	617,416.53	365,742.35
Total	28,260,194.79	32,240,422.99

#### 48. Administration expenses

In RMB

Item	Current Period	Last Period
Salary and wage related expense	184,784,922.02	157,699,092.98
Depreciation charger and long-term asset amortization	59,381,681.77	53,460,774.32
Consumption of office materials and business travel charge	10,158,382.36	9,690,794.26
Share-based payment		3,351,570.96
Other	76,614,673.16	74,993,497.07
Total	330,939,659.31	299,195,729.59

#### 49. Sales expenses

In RMB

Item	Current Period	Last Period
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Salary and wage related expense	41,075,635.21	33,589,826.19
Consumption of office materials and business travel charge	5,532,210.03	5,356,063.20
Warehouse charge	10,002,106.13	3,818,351.46
Three guarantees and quality cost	35,807,470.52	38,356,321.13
Business entertainment fee	5,635,855.05	5,701,496.43
Other	15,174,719.90	16,209,422.99
<b>Total</b>	<b>113,227,996.84</b>	<b>103,031,481.40</b>

## 50. R&D expenditure

In RMB

Item	Current Period	Last Period
Technology development expenditure	302,233,285.34	351,887,038.12
<b>Total</b>	<b>302,233,285.34</b>	<b>351,887,038.12</b>

## 51. Financial expenses

In RMB

Item	Current Period	Last Period
Interest expenses	13,772,229.94	65,616,425.64
Less: interest income (be filled in with the sign of "-")	18,112,595.69	15,706,416.56
Gain/loss from exchange	10,342,985.06	-14,651,449.58
Handling charges	2,209,219.32	3,203,622.95
<b>Total</b>	<b>8,211,838.63</b>	<b>38,462,182.45</b>

## 52. Other income

In RMB

Sources of income generated	Current Period	Last Period
Government grants with routine operation activity concerned	40,309,960.72	35,592,303.00
VAT instant refund	83,247,274.78	
Tax credit for overseas subsidiaries	6,583,950.25	4,565,105.73
Refund of individual income tax handling fee	744,863.36	822,184.78
<b>Total</b>	<b>130,886,049.11</b>	<b>40,979,593.51</b>

Details of government subsidies included in other income:

Subsidy projects	Current period	Last period	Related to asset/income
Annual production of 300,000 four cylinder engine supercharger technology renovation project	6,771.94	28,439.32	Related to asset
Depreciation/amortization compensation for newly built asset after the relocation of the parent Company	8,771,401.60	8,961,973.65	Related to asset
Technical transformation of catalytic reduction system for commercial vehicles with an annual output of 180,000 units	60,222.22	116,777.78	Related to asset
Research and industrialization project of high-pressure variable pump for common rail system of automotive diesel engine	499,317.53	506,584.28	Related to asset
Intelligent manufacturing demonstration project funds	89,925.24	90,019.10	Related to asset
Research Institute of Motor Vehicle Exhaust Aftertreatment Technology	22,026.39	44,915.68	Related to asset
Implementation plan for variable cross-section turbochargers in diesel engines	540,821.30	774,340.08	Related to asset
Subsidy for the annual production of 200,000 gasoline engine turbochargers technology renovation project	137,881.94	138,201.84	Related to asset

Subsidy projects	Current period	Last period	Related to asset/income
Annual production of 150,000 gasoline engine turbochargers	103,967.92	124,278.78	Related to asset
Technical Transformation Guidance Fund of the National High tech Management Committee	609,075.97	607,212.50	Related to asset
Industrial upgrading fund	8,540,272.85	16,399,408.54	Related to income
R&D capability and production line technology transformation project of distributed high-pressure common rail system for diesel engines	390,825.70	390,825.70	Related to asset
Funding for municipal level technological renovation projects in 2020	307,827.42	307,948.54	Related to asset
The second batch of provincial special funds for industrial and information industry transformation in 2019	211,422.34	611,563.78	Related to asset
Subsidies for stabilizing and expanding positions	13,500.00	134,024.51	Related to income
Technical Renovation and Capacity Optimization Project for Annual Production of 150,000 Turbochargers	101,940.53		Related to asset
The third batch of provincial special funds for industrial and information industry transformation and upgrading in 2021	513,223.58		Related to asset
2023 Wuxi Industrial Transformation and Upgrading Fund (Second Batch) Support Project Intelligent Construction Project	443,246.59		Related to asset
3 R	697,092.82	642,615.43	Related to income
Anione	50,521.95	19,228.15	Related to income
Provincial specialized, refined, unique and new small and medium-sized enterprises	150,000.00		Related to income
Ningbo (Jiangbei) High tech Industrial Park	840,000.00		Related to income
Industrial upgrading subsidy	11,433,123.80		Related to income
Training subsidy		95,550.00	Related to income
Subsidies for stabilizing and expanding positions		135,524.51	Related to income
The second batch of technological transformation in Jiangbei District in 2023		2,000,000.00	Related to asset
Talent policy subsidies		557,028.00	Related to income
Specialized and innovative small giant enterprise subsidy		200,000.00	Related to income
Other	5,775,551.09	2,705,842.83	Related to asset/income
Total	40,309,960.72	35,592,303.00	

### 53. Income from change of fair value

In RMB

Sources	Current Period	Last Period
Trading financial asset	-105,836,110.61	7,196,973.71
Other non current financial asset	-120,000.00	-25,266,527.00
Total	-105,956,110.61	-18,069,553.29

### 54. Investment income

In RMB

Item	Current Period	Last Period
Income of long-term equity investment calculated based on equity method	734,287,171.95	742,783,514.37
Investment income from holding of trading financial asset	37,864,494.00	69,978,714.96
Income from debt restructuring	-284,132.56	
Gain/loss recognized when financing of accounts receivable is terminated for discounting	-2,198,912.35	-1,355,595.84
Total	769,668,621.04	811,406,633.49

**55. Credit impairment loss**

In RMB

Item	Current Period	Last Period
Bad debt loss of accounts receivable	4,356,331.08	146,544.21
Bad debt loss of other accounts receivable	-865,695.62	-993,269.97
Total	3,490,635.46	-846,725.76

**56. Asset impairment loss**

In RMB

Item	Current Period	Last Period
1. Loss of inventory falling price and loss of contract performance cost impairment	-66,803,279.10	-89,988,541.10
2. Impairment loss of fixed asset		-274,995.90
Total	-66,803,279.10	-90,263,537.00

**57. Income from asset disposal**

In RMB

Sources	Current Period	Last Period
Income from disposal of non-current asset	7,727,515.15	126,476,687.75
Loss from disposal of non-current asset	-1,868,313.66	-945,782.71
Total	5,859,201.49	125,530,905.04

**58. Non-operating income**

In RMB

Item	Current Period	Last Period	Amount reckoned into current non-recurring gain/loss
Payables that do not require payment	429,031.67	2,439,961.77	429,031.67
Liquidated damages and compensation income	71,807.84	164,991.15	71,807.84
Other	199,579.16	102,743.08	199,579.16
Total	700,418.67	2,707,696.00	700,418.67

**59. Non-operating expense**

In RMB

Item	Current Period	Last Period	Amount reckoned into current non-recurring gain/loss
Donation	213,500.00	20,000.00	213,500.00
Total of non-current asset disposal loss	385,558.12	661,923.94	385,558.12
Including: loss on scrapping of fixed asset	385,558.12	661,923.94	385,558.12
Loss on scrapping of intangible asset			
Other	2,762,757.23	76,457.75	2,762,757.23
Total	3,361,815.35	758,381.69	3,361,815.35

**60. Income tax expense****(1) Income tax expense**

In RMB

Item	Current Period	Last Period
Payable tax in current period	29,419,571.42	29,859,646.45
Adjust previous income tax	5,387,844.06	-11,522.40
Increase/decrease of deferred income tax asset	-15,433,648.34	-3,637,244.56
Increase/decrease of deferred income tax liability	4,329,953.42	3,121,400.25
Total	23,703,720.56	29,332,279.74

**(2) Adjustment on accounting profit and income tax expenses**

In RMB

Item	Current Period
Total profit	1,025,291,544.98
Income tax measured by statutory/applicable tax rate	153,793,731.75
Impact by different tax rate applied by subsidies	10,024,552.39
Impact from adjusting the previous income tax	5,387,844.06
Impact by non-taxable revenue	-110,434,226.77
Impact on cost, expenses and loss that unable to deducted	91,822.36
Impact by the deductible loss of the un-recognized previous deferred income tax	8,282,777.16
The deductible temporary differences or deductible loss of the un-recognized deferred income tax asset in the Period	-37,569,911.95
Impact on additional deduction	-5,557,760.85
Other	-315,107.59
Income tax expense	23,703,720.56

**61. Other comprehensive income**

See Note VII-43 “Other comprehensive income”.

**62. Items of cash flow statement****(1) Cash related to operating activities**

Cash received in relation to operation activities

In RMB

Item	Current Period	Last Period
Interest income	18,112,595.69	15,706,416.56
Government grants	19,534,548.13	16,848,073.14
Capital inflow of WFTR “platform trade” business portfolio		299,235,761.25
Other	16,773,005.42	18,644,560.72
Total	54,420,149.24	350,434,811.67

Explanation on other cash received in relation to operation activities:

Nil

Other cash paid in relation to operation activities

In RMB

Item	Current Period	Last Period
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Cash cost	320,543,557.21	301,149,590.30
Capital outflow of WFTR “platform trade” business portfolio		100,000,000.00
Other	12,024,400.43	8,281,394.08
<b>Total</b>	<b>332,567,957.64</b>	<b>409,430,984.38</b>

Explanation to other cash paid in relation to operation activities: Nil

## (2) Cash in relation to investment activities

Nil

## (3) Cash in related to financing activities

Other cash paid in related to financing activities

In RMB

Item	Current Period	Last Period
Repayment of non-financial enterprise loans		
Borrowing return by WFLD		
Lease payments	9,325,420.84	3,411,636.27
Repurchase of A shares		71,917,549.61
Shares repurchase for restricted stock incentive plan unlocked	63,567,420.00	69,247,530.00
Other	10,353.00	
<b>Total</b>	<b>72,903,193.84</b>	<b>144,576,715.88</b>

Explanation on other cash paid in relation to financing activities: Nil

Changes in liability arising from financing activities

Applicable Not applicable

In RMB

Item	Beginning balance	Current increase		Current decrease		Ending balance
		Changes in cash	Changes in non-cash	Changes in cash	Changes in non-cash	
Short-term borrowing	838,889,557.51	211,155,360.59	46,291,542.90	712,517,972.14	16,201,589.48	367,616,899.38
Long-term borrowing	299,800,000.00				199,800,000.00	100,000,000.00
Non-current liability maturing within one year	38,084,321.10		215,415,677.91	39,297,535.66		214,202,463.35
Lease liability	37,733,196.51		6,192,113.56		9,531,840.61	34,393,469.46
<b>Total</b>	<b>1,214,507,075.12</b>	<b>211,155,360.59</b>	<b>267,899,334.37</b>	<b>751,815,507.80</b>	<b>225,533,430.09</b>	<b>716,212,832.19</b>

## (4) Explanation on cash flow listed at net amount

Nil

## (5) Significant activities and financial impacts that do not involve current cash inflows and outflows but affect the financial condition of the enterprise or may affect the cash flow of the enterprise in the future

Nil

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

In RMB

Supplementary information	Current Period	Last Period
1. Net profit adjusted to cash flow of operation activities:		
Net profit	1,001,587,824.42	982,314,812.15
Add: Asset impairment provision	63,312,643.64	91,110,262.76
Depreciation of fixed asset, consumption of oil asset and depreciation of productive biology asset	282,824,515.77	259,623,099.39
Depreciation of right-of-use asset	8,189,471.05	6,380,517.86
Amortization of intangible asset	36,545,321.55	32,426,362.30
Amortization of long-term deferred expenses	4,236,889.73	2,091,207.90
Loss from disposal of fixed asset, intangible asset and other long-term asset (gain shall be filled in with the sign of “-”)	-5,859,201.49	-125,530,905.04
Loss on scrapping of fixed asset(gain shall be filled in with the sign of “-”)	385,321.29	661,923.94
Gain/loss of fair value changes(gain shall be filled in with the sign of “-”)	105,956,110.61	18,069,553.29
Financial expenses(gain shall be filled in with the sign of “-”)	10,831,104.48	-11,447,977.73
Investment loss (gain shall be filled in with the sign of “-”)	-771,867,533.39	-812,762,229.33
Decrease of deferred income tax asset(increase shall be filled in with the sign of “-”)	-15,433,648.34	1,793,420.95
Increase of deferred income tax liability(decrease shall be filled in with the sign of “-”)	4,329,953.42	3,135,839.77
Decrease of inventory(increase shall be filled in with the sign of “-”)	110,740,083.45	372,883,000.74
Decrease of operating receivable accounts (increase shall be filled in with the sign of “-”)	-46,728,537.49	370,183,379.30
Increase of operating payable accounts(decrease shall be filled in with the sign of “-”)	95,327,334.27	-108,140,333.37
Other	3,514,664.40	7,169,302.54
Net cash flows arising from operating activities	887,892,317.37	1,089,961,237.42
2. Major investments and financing activities that do not involve cash receipts and payments		
Debt-to-capital		
Convertible bonds maturing within one year		
Financing to lease fixed asset		
3. Net change of cash and cash equivalents:		
Balance of cash at reporting period end	1,874,301,039.39	2,387,464,673.97
Less: Balance of cash equivalent at year-begin	2,061,986,694.41	2,277,117,604.82
Add: Balance at year-end of cash equivalents		
Less: Balance at year-begin of cash equivalents		
Net increase of cash and cash equivalents	-187,685,655.02	110,347,069.15

**(2) Net cash payment for the acquisition of subsidiaries in the reporting period**

Other explanation: Nil

**(3) Net cash received from the disposal of subsidiaries**

Other explanation: Nil



**(4) Constitution of cash and cash equivalent**

In RMB

Item	Ending balance	Opening balance
I. Cash	1,874,301,039.39	2,061,986,694.41
Including: Cash on hand	3,066.79	6,343.24
Bank deposit available for payment at any time	1,874,297,972.60	2,061,980,351.17
II. Balance of cash and cash equivalents at the period-end	1,874,301,039.39	2,061,986,694.41

Other explanation: The difference between the bank deposits that can be used for payment at any time and the bank deposits in Note –VII.1 "Monetary Funds" refers to the fixed deposits deposited by the Company into the bank.

**(5) Items whose application scope is restricted but are still listed as cash and cash equivalents**

Nil

**(6) Monetary items not belonging to cash and cash equivalents**

In RMB

Item	Current Period	Last Period	Reasons for not belonging to cash and cash equivalents
Bank deposit--Bank fixed deposits	709,651,656.51	100,000,000.00	Not meeting the definition of cash and cash equivalents
Other monetary fund - USD margin for foreign exchange contracts		18,840,000.00	Not meeting the definition of cash and cash equivalents
Other monetary fund -Notes pledge for bank acceptance	128,231,135.19	12,066,812.90	Not meeting the definition of cash and cash equivalents
Other monetary fund -IRD performance bond	7,673,250.00	7,935,750.00	Not meeting the definition of cash and cash equivalents
Other monetary fund - Cash deposit for Mastercard	204,620.00	211,620.00	Not meeting the definition of cash and cash equivalents
Other monetary fund - ETC freezing	4,000.00	5,000.00	Not meeting the definition of cash and cash equivalents
Other monetary fund -Foreign exchange funds in transit	4,585,442.40		Not meeting the definition of cash and cash equivalents
Other monetary fund -In-transit dividends	1,309,380.00	1,262,280.00	Not meeting the definition of cash and cash equivalents
Total	851,659,484.10	140,321,462.90	

Other explanation: Nil

**(7) Notes to other significant activities**

Nil

**64. 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

**65. Item of foreign currency****(1) Item of foreign currency**

In RMB

Item	Ending balance of foreign currency	Rate of conversion	Ending RMB balance converted
Monetary funds			
Including: USD	16,285,629.19	7.1268	116,064,427.21
EUR	33,935,744.06	7.6617	260,005,312.82
HKD	8,322,447.55	0.91268	7,595,731.43
JPY	23,112,182.00	0.044738	1,033,992.80
DKK	10,416,593.11	1.0231	10,657,216.41
Account receivable			
Including: USD	3,465,962.85	7.1268	24,701,224.04
EUR	28,553,346.72	7.6617	218,767,176.56
HKD			
JPY	8,393,745.00	0.044738	375,519.36
DKK	12,119,424.99	1.0231	12,399,383.71
Long-term borrowings			
Including: USD			
EUR			
HKD			
Other account receivables			
Including: USD	130.00	7.1268	926.48
EUR	209,060.06	7.6617	1,601,755.46
DKK	2,529,970.01	1.0231	2,588,412.32
Account payable			
Including: USD	1,268,290.44	7.1268	9,038,852.31
EUR	27,088,185.10	7.6617	207,541,547.78
JPY	10,088,612.00	0.044738	451,344.32
CHF	87,388.49	7.9471	694,485.07
GBP	2,450.00	9.043	22,155.35
DKK	24,034,162.32	1.0231	24,589,351.47
Other account payable			
Including: USD	1,087.90	7.1268	7,753.25
EUR			
DKK			
Non-current liability due within one year			
Including: USD	156,471.72	7.1268	1,115,142.65
EUR	546,267.95	7.6617	4,185,341.15
DKK	1,630,830.84	1.0231	1,668,503.03
Leasing liability			
Including: USD	150,930.11	7.1268	1,075,648.71
EUR	870,260.74	7.6617	6,667,676.71
DKK	18,619,783.47	1.0231	19,049,900.47

**(2) Explanation on foreign operational entities, 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 acquired by the Company in cash in April 2019. In October 2020, the Company acquired the remaining 34.00% equity of IRD in cash, thus the Company holds

100% equity of IRD. IRD is denominated in Danish krone, and IRD is mainly engaged in R&D, production and sales of fuel cell components.

Subsidiary Borit was established in Belgium in 2010. The Company acquired 100% equity of Borit in cash in November 2020. Borit is denominated in Euro and engaged in R&D, production and sales of fuel cell components.

Subsidiary VHIO was established in Italy in 2000. The Company acquired 100.00% equity of VHIO in cash in October 2022. The Company is denominated in Euro and engaged in R&D, production, and sales of vacuum and hydraulic pumps.

## 66. Lease

### (1) The Company as the lessee

Applicable Not applicable

Variable lease payments not included in the measurement of lease liability

Applicable Not applicable

Leasing costs of simplified handling of short-term leasing or leasing costs for low value asset

Applicable Not applicable

Simplified handling of short-term leasing or low value asset leasing expenses: 2,339,542.40 yuan; The total cash outflow related to leasing is 11,848,817.62 yuan.

Please refer to Note VII-16, "Right of Use Asset," for relevant information on right of use asset.

Situations involving lease sales-back: Nil

### (2) The Company as the lessor

Operating lease with the Company as the lessor

Applicable Not applicable

In RMB

Item	Rental income	Including: income related to variable lease payments not included in rental income
Rental of houses and equipment	13,248,232.37	
Total	13,248,232.37	

Financing lease with the Company as the lessor

Applicable Not applicable

Annual un-discounted rental income for the next five years

Applicable Not applicable

Adjustment table for un-discounted rental income and net lease investments: Nil

### (3) Recognize gain/loss arising from financing lease sale with the Company as producer or dealer

Applicable Not applicable

## 67. Data resource

Nil

## 68. Others

Nil

**VIII. R&D expenditure**

In RMB

Item	Current Period	Last Period
Employee compensation	136,777,851.37	134,011,455.17
Direct investment	78,083,296.26	103,953,647.89
Depreciation and amortization	52,746,394.50	61,343,218.60
Other	34,625,743.21	52,578,716.46
Total	302,233,285.34	351,887,038.12
Including: expensed R&D expenditure	302,233,285.34	351,887,038.12

**1. R&D items that meet capitalization conditions**

Nil

**2. Important outsourced projects under research**

Nil

**IX. Changes of consolidation scope****1. Enterprise combine not under the same control****(1) Enterprise combines not under the same control occurred in the reporting period**

Nil

**(2) Consolidation cost and goodwill**

Nil

**(3) Book value of asset and liability of the merged party on the merger date**

Nil

**(4) Gain or loss 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 reporting period or not

Yes No

**(5) Notes relating to the merge date or the end of the reporting period in which the merger consideration or the fair value of the merged party's identifiable asset and liability cannot be reasonable determined**

Nil

**(6) Other explanation**

Nil

**2. Enterprise combination under the same control****(1) Enterprise combination under the same control that occurred in the current period**

Other explanation: Nil

**(2) Consolidation cost**

Nil

**(3) Book value of asset and liability 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 reporting period

Yes No**5. Changes in the scope of consolidation due to other reasons**

Explanation on changes in the scope of consolidation due to other reasons (e.g. new establishment of a subsidiary, subsidiary liquidation, etc.) and related information:

Investment establishment: Weifu Zhigan (Wuxi) Technology Co., Ltd., Weifu Lianhua Automotive Parts (Fuzhou) Co., Ltd

**6. Others**

Nil

**X. Equity in other entity****1. Equity in subsidiary****(1) Constitute of enterprise group**

In ten thousand yuan

Subsidiary	Registered capital	Main operation place	Registered place	Business nature	Share-holding ratio		Acquired way
					Directly	Indirectly	

WFJN	34,628.68	Nanjing	Nanjing	Spare parts of internal-combustion engine	80.00%		Enterprise combines under the same control
WFLD	50,259.63	Wuxi	Wuxi	Automobile exhaust purifier, muffler	94.81%		Enterprise combines under the same control
WFMA	16,500	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00%		Investment
WFCA	21,000	Wuxi	Wuxi	Spare parts of internal-combustion engine	100.00%		Investment
WFTR	3,000	Wuxi	Wuxi	Trading	100.00%		Enterprise combines under the same control
WFSC	7,600	Wuxi	Wuxi	Spare parts of internal-combustion engine	66.00%		Investment
WFTT	11,136	Ningbo	Ningbo	Spare parts of internal-combustion engine	98.83%	1.17%	Enterprise combines not under the same control
WFAM	USD3,310	Wuxi	Wuxi	Spare parts of internal-combustion engine	51.00%		Enterprise combines not under the same control
WFLD (Wuhan)	1,000	Wuhan	Wuhan	Automobile exhaust purifier, muffler		60.00%	Investment
WFLD (Chongqing)	5,000	Chongqing	Chongqing	Automobile exhaust purifier, muffler		100.00%	Investment
WFLD (Nanchang)	5,000	Nanchang	Nanchang	Automobile exhaust purifier, muffler		100.00%	Investment
WEAS	10,000	Wuxi	Wuxi	Smart car equipment		66.00%	Investment
WFLH	2,000	Fuzhou	Fuzhou	Intelligent onboard equipment		40.00%	Investment
WFDT	USD2,000	Wuxi	Wuxi	Hub Motor	80.00%		Enterprise combines not under the same control
WFQL	50,000	Wuxi	Wuxi	Fuel cell components	45.00%	30.00%	Investment
VHWX	13,400	Wuxi	Wuxi	Vacuum and hydraulic pump	100.00%		Enterprise combines not under the same control
WFSS	35,000	Wuxi	Wuxi	Intelligent onboard equipment	61.43%		Investment
SPV	DKK9,257	Denmark	Denmark	Investment	100.00%		Investment
IRD	DKK10,579	Denmark	Denmark	Fuel cell components		100.00%	Enterprise combines not under the same control
IRD America	USD1,201.83	America	America	Fuel cell components		100.00%	Enterprise combines not under the same control
Borit	EUR1,183.21	Belgium	Belgium	Fuel cell components		100.00%	Enterprise combines not under the same control
Borit America	USD0.10	America	America	Fuel cell components		100.00%	Enterprise combines not under the same control
VHIO	EUR500	Italy	Italy	Vacuum and hydraulic pump		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

Control basis for inclusion in the scope of consolidation of significant structured entities: Nil

Basis for determining whether a Company is an agent or a principal: Nil

Other explanation: Nil

## (2) Important non-wholly-owned subsidiary

In RMB

Subsidiary	Share-holding ratio of minority	Gain/loss attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority
WFJN	20.00%	10,272,101.63		241,758,016.59
WFLD	5.19%	11,395,939.12		176,918,768.17
Total		21,668,040.75		418,676,784.76

Explanation on holding ratio different from the voting right ratio for minority shareholders: Nil

Other explanation: Nil

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

In RMB

Subsi	Ending balance	Opening balance
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diary	Current asset	Non-current asset	Total asset	Current liability	Non-current liability	Total liability	Current asset	Non-current asset	Total asset	Current liability	Non-current liability	Total liability
WFJ N	943,938,330.32	648,642,352.39	1,592,580,682.71	350,278,308.20	32,816,414.21	383,094,722.41	800,008,834.76	763,327,722.52	1,563,336,557.28	372,678,469.77	32,816,414.21	405,494,883.98
WFL D	4,464,904,447.52	1,489,443,861.25	5,954,348,308.77	2,888,085,143.32	16,576,918.48	2,904,662,061.80	3,887,564,531.99	1,588,909,706.92	5,476,474,238.91	2,658,216,800.87	20,989,867.90	2,679,206,668.77
Total	5,408,842,777.84	2,138,086,213.64	7,546,928,991.48	3,238,363,451.52	49,393,332.69	3,287,756,784.21	4,687,573,366.75	2,352,237,429.44	7,039,810,796.19	3,030,895,270.64	53,806,282.11	3,084,701,552.75

In RMB

Subsidiary	Current Period				Last Period			
	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity
WFJN	358,340,142.20	51,211,227.09	51,211,227.09	41,046,920.99	362,347,975.32	140,705,646.86	140,705,646.86	-860,079.84
WFLD	1,846,296,992.48	242,294,718.16	242,294,718.16	721,730,160.17	2,175,323,269.69	71,083,391.94	71,083,391.94	455,043,631.50
Total	2,204,637,134.68	293,505,945.25	293,505,945.25	762,777,081.16	2,537,671,245.01	211,789,038.80	211,789,038.80	454,183,551.66

Other explanation: Nil

**(4) Significant restrictions on the use of enterprise group asset 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

Other explanation: 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**

Other explanation: 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 Weifu Environmental Catalysts. Co., Ltd.	Wuxi	Wuxi	Catalyst		49.00%	Equity method
RBCD	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 Company Limited	Wuxi	Wuxi	Internal-combustion engine accessories	20.00%		Equity method

Changchun Xuyang Weifu Automobile Components Technology Co., Ltd.	Changehun	Changehun	Automobile components		34.00%	Equity method
Precors GmbH	Germany	Germany	Fuel cell components		43.39%	Equity method
Wuxi ChelianTianxia Information Technology Co., Ltd.	Wuxi	Wuxi	Telematics services	9.6372%		Equity method
Lezhuo Bowei Hydraulic Technology (Shanghai) Co., Ltd	Shanghai	Shanghai	Automobile components	50.00%		Equity method
Wuxi Zhuowei Times High Tech Co., Ltd	Wuxi	Wuxi	Catalyst		39.00%	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:

The Company holds 9.6372% equity of Chelian Tianxia, and appointed director to Chelian Tianxia. Though the representative, the Company can participate in the operation policies formulation of Chelian Tianxia, and thus exercise a significant influence over Chelian Tianxia.

## (2) Main financial information of the important joint venture

Other explanation: Nil

## (3) Main financial information of the important associated enterprise

In RMB

	Ending balance/Current Period			Opening balance/Last Period		
	WFEC	RBCD	Zhonglian Electronics	WFEC	RBCD	Zhonglian Electronics
Current asset	2,839,051,141.17	13,444,988,412.78	1,424,566,139.19	3,309,330,261.33	13,057,353,298.24	156,804,165.22
Including: cash and cash equivalent	526,911,450.21	28,603,959.04	78,786,839.55	695,880,608.87	16,224,264.19	131,177,239.01
Non-current asset	405,916,252.43	3,331,988,685.42	8,259,572,638.37	417,489,997.17	3,452,708,227.20	8,276,183,030.91
Total asset	3,244,967,393.60	16,776,977,098.20	9,684,138,777.56	3,726,820,258.50	16,510,061,525.44	8,432,987,196.13
Current liability	1,215,794,214.26	9,093,751,284.38	1,333,753,910.26	1,402,974,842.29	8,401,045,934.29	7,530,191.60
Non-current liability	186,765,920.54		4,952,865.96	455,453,890.82		4,983,100.68
Total liability	1,402,560,134.80	9,093,751,284.38	1,338,706,776.22	1,858,428,733.11	8,401,045,934.29	12,513,292.28
Minority interests						
Attributable to parent Company shareholders' equity	1,842,407,258.80	7,683,225,813.82	8,345,432,001.34	1,868,391,525.39	8,109,015,591.15	8,420,473,903.85
Share of net asset calculated by shareholding ratio	902,779,556.82	2,612,296,776.70	1,669,086,400.27	915,511,847.44	2,757,065,300.99	1,684,094,780.77
Adjustment matters						
--Goodwill		267,788,761.35	1,407,265.96		267,788,761.35	1,407,265.96
--Unrealized profit of internal trading		-8,984,352.76			-9,546,770.23	
--Other		-0.28			-0.28	
Book value of equity investment in associated enterprise	902,779,556.82	2,871,101,185.01	1,670,493,666.23	915,511,847.44	3,015,307,291.83	1,685,502,046.73
Fair value of equity investment for the affiliates with consideration publicly						



Operating income	1,846,803,762.77	5,271,654,599.19	17,135,271.43	1,767,599,633.82	6,130,896,971.82	12,971,075.74
Net profit	221,785,840.51	1,100,633,775.00	1,254,847,847.50	166,314,657.54	1,418,441,731.89	896,728,440.91
Net profit from discontinued operations						
Other comprehensive income						
Total comprehensive income	221,785,840.51	1,100,633,775.00	1,254,847,847.50	166,314,657.54	1,418,441,731.89	896,728,440.91
Financial expense	410,762.90	-26,252,360.74	-757,333.28	9,020,578.19	75,025,833.08	-1,076,733.34
Income tax expense	39,071,680.16	177,111,813.24	2,262,036.62	25,702,009.08	227,856,975.09	1,428,554.30
Dividends received from associated enterprise in the year	49,000,000.00					

#### (4) Financial summary for non-important joint venture and associated enterprise

In RMB

	Ending balance/Current Period	Opening balance/Last Period
Joint venture:		
Amount based on share-holding ratio		
Associated enterprise:		
Total book value of investment	449,896,704.04	351,004,139.17
Amount based on share-holding ratio		
--Net profit	-12,695,105.24	-1,393,571.96
--Total comprehensive income	-12,695,105.24	-1,393,571.96

#### (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 joint operation

Nil

## 5. Structured body excluding in consolidated financial statement

Relevant explanations for structured entities not included in the scope of the consolidated financial statements: Nil

## 6. Other

Nil

## XI. Government grant

### 1. Government grant recognized at report ending in terms of amount receivable

Applicable Not applicable

Reasons for not receiving the expected amount of government grants at the expected time point

Applicable Not applicable

### 2. Liability involved with government grant

Applicable Not applicable

In RMB

Accounting title	Opening balance	Current increase in government grant	Amount booked into non-business income in current period	Amount carried forward to other income	Other changes in current period	Ending balance	Asset/income related
Deferred income	95,864,426.07	3,909,446.20		14,599,514.36		85,174,357.91	Asset related
Deferred income	2,913,862.75			25,000.00		2,888,862.75	Asset/income related
Deferred income	89,995,333.47	12,188,009.01		22,248,353.44	-162,716.70	79,772,272.34	Income related
Total	188,773,622.29	16,097,455.21		36,872,867.80	-162,716.70	167,835,493.00	

### 3. Government grant booked into current gain/loss

Applicable Not applicable

In RMB

Accounting title	Current Period	Last Period
Other revenue	40,309,960.72	35,592,303.00

## XII. Risk related with financial instrument

### 1. Various risks arising from financial instruments

Main financial instruments of the Company include monetary funds, structured deposits, account receivable, equity instrument investment, financial products, loans, and account payable. For more details of the financial instruments, refer to relevant items of Note VII. Risks concerned with the above-mentioned financial instruments, and measures taken by the Company to prevent such risks are as follow:

The risk management by the Company is targeted to balance risk and benefit, minimize the adverse impact on performance of the Company and maximize the benefits of shareholders and other investors. On such basis, the basic tactics of the risk management is to

recognize and analyze risks faced by the Company, establish appropriate risk exposure baseline for risk management, and supervise risks timely and reliably in order to control risks in a limited range.

During the operation process, risks faced by the Company related to financial instruments mainly include credit risk, market risk, and liquidity risk. BOD of the Company takes full charge of defining risk management target and polices, and takes ultimate responsibilities for the target of risk management and policies. The compliance department and financial control department manage and supervise risk exposures to control risks in a limited range.

## **(1) Credit Risk**

Credit risk arises in case one party of a financial instrument fails to perform its obligations, resulting in the financial loss of other party. The Company's credit risk mainly comes from monetary funds, structured deposits, note receivable, account receivable and other accounts receivable. The management has established appropriate credit policies and kept monitoring 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 lower credit risks. The Company adopts quota policies to avoid credit risks from any financial institutions.

For accounts receivable, other receivables and bills receivable, the Company sets relevant policies to control the credit risk exposure. To prevent risks, the Company has formulated a new customer credit evaluation system and an existing customer credit sales balance analysis system. For new customers, the Company performs background investigation according to the established process to determine whether to offer such customer a credit line, the scale of credit line as well as 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. For the analysis system for credit sales balance of existing customers, after receiving a purchase order from an existing customer, the Company will check the order amount and the balance of the accounts owed by such customer. 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 of credit line and otherwise the customer will 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 fluctuates with the changing market price, mainly including interest rate risk, foreign exchange risk and other price risk.

### **(1) Interest rate risk**

Interest rate risk indicates that the Company's financial status and cash flow fluctuate with the changing market interest rate. The interest rate risk of the Company is mainly related with the bank loans. In order to lower the impact of risks of fluctuating interest rate, the Company, in consideration of the expected change orientation of interest rate, chooses floating rate or fixed rate. The Company will choose fixed interest rate if the interest rate is expected to go up in the future period, and alternatively choose floating interest rate if the interest rate is expected to go up in the future period. In order to minimize the adverse impact if the change trend of interest rate is out of expectation, the Company selects short-term borrowings to satisfy its demands for liquidity and there are special provisions for early repayment.

### **(2) Foreign exchange risk**

Foreign exchange risk refers to the loss arising from fluctuation of exchange rate. The foreign exchange risk posed to the Company is mainly related to USD, EUR, CHF, JPY, HKD and DKK. The procurement of equipment by the parent Company and WFAM, the material purchasing of the parent Company, the payment of technical service expense and trademark royalty of the

parent Company, the import and export of WFTR, as well as the operation of IRD, Borit, and VHIO are settled in USD, EUR, CHF, JPY, HKD and DKK. Other main businesses of the Company are priced and settled in RMB (yuan). As the foreign financial asset and liability takes minor ratio in total asset, the Company's management believes that the foreign exchange rate of is lower.

As of June 30, 2024 except for the following asset or liability listed with foreign currency, asset and liability of the Company are carried with RMB.

① Foreign currency asset of the Company till end of June 30, 2024:

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted	Ratio in asset (%)
Monetary funds				
Including: USD	16,285,629.19	7.1268	116,064,427.21	0.42
EUR	33,935,744.06	7.6617	260,005,312.82	0.93
HKD	8,322,447.55	0.91268	7,595,731.43	0.03
JPY	23,112,182.00	0.044738	1,033,992.80	-
DKK	10,416,593.11	1.0231	10,657,216.41	0.04
Account receivable				
Including: USD	3,465,962.85	7.12680	24,701,224.04	0.09
EUR	28,553,346.72	7.66170	218,767,176.56	0.78
JPY	8,393,745.00	0.044738	375,519.36	-
DKK	12,119,424.99	1.02310	12,399,383.71	0.04
Other account receivables				
Including: USD	130.00	7.1268	926.48	-
EUR	209,060.06	7.6617	1,601,755.46	0.01
DKK	2,529,970.01	1.0231	2,588,412.32	0.01
Total ratio in asset				2.35

② Foreign currency liability of the Company till end of June 30, 2024:

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted	Ratio in asset(%)
Account payable				
Including: USD	1,268,290.44	7.1268	9,038,852.31	0.12
EUR	27,088,185.10	7.6617	207,541,547.78	2.71
JPY	10,088,612.00	0.044738	451,344.32	0.01
DKK	24,034,162.32	1.0231	24,589,351.47	0.32
GBP	2,450.00	9.0430	22,155.35	
CHF	87,388.49	7.9471	694,485.07	0.01
Other account payable				
Including: EUR	1,087.90	7.1268	7,753.25	
DKK				
Non-current liability due within one year				
Including: USD	156,471.72	7.1268	1,115,142.65	0.01
EUR	546,267.95	7.6617	4,185,341.15	0.05
DKK	1,630,830.84	1.0231	1,668,503.03	0.02
Leasing liability				
Including USD	150,930.11	7.1268	1,075,648.71	0.01
EUR	870,260.74	7.6617	6,667,676.71	0.09
DKK	18,619,783.47	1.0231	19,049,900.47	0.25
Total ratio in liability				3.60

③ Other pricing risk

The equity instrument investment held by the Company with classification as transaction financial asset and other non-current financial asset is measured on fair value of the balance sheet date. The fluctuation of expected price for these investments will affect the gain/loss of fair value changes for the Company.

Furthermore, on the premise of deliberated and approved in 10<sup>th</sup> meeting of 23<sup>rd</sup> session of the BOD and 2023 Annual General Meeting of Shareholders, 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 the *Management Mechanism of Capital Financing*, and well-defined the authority to entrust financial management, audit process, reporting system, Choice of trustee, daily monitoring and verification and investigation of responsibility, etc. 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 5 years in principle; The variety of investment includes bank financial products, trust plans of trust companies, asset management plans of asset management companies, various products issued by securities companies, fund companies and insurance companies, etc.

### (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 asset. 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.

## 2. Hedge

### (1) Risk management for hedge business

Applicable Not applicable

### (2) The Company conducts eligible hedging business and applies hedging accounting

Other explanation: Nil

### (3) The Company conducts hedging business for risk management. It is expected to achieve risk management goals but has not applied hedging accounting

Applicable Not applicable

## 3. Financial asset

### (1) By transfer manner

Applicable Not applicable

In RMB

Transfer method	Nature of transferred financial asset	Amount of transferred financial asset	Derecognized or not	Judgment basis for derecognition
Bill	Bank acceptance bills in accounts	195,820,141.64	Derecognized	Almost all of its risks and

endorsement	receivable financing that have not yet matured			rewards have been transferred
Bill discounting	Bank acceptance bills in accounts receivable financing that have not yet matured	420,843,143.82	Derecognized	Almost all of its risks and rewards have been transferred
Total		616,663,285.46		

**(2) Financial asset derecognized due to transfer**
Applicable Not applicable

In RMB

Item	Methods of transferring financial asset	Amount of derecognized financial asset	Gain/loss related to de-recognition
Accounts receivable financing	Bill endorsement	195,820,141.64	
Accounts receivable financing	Bill discounting	420,843,143.82	-2,198,912.35
Total		616,663,285.46	-2,198,912.35

**(3) Financial asset which are transferred and involved continuously**
Applicable Not applicable

Other explanation: Nil

**XIII. Disclosure of fair value****1. Ending fair value of the asset and liability measured by fair value**

In RMB

Item	Ending fair value			
	First level	Second level	Third level	Total
I. Sustaining measured at fair value	--	--	--	--
(I) Financial asset measured at fair value and whose changes are included in current profit or loss	96,974,728.00		2,004,343,254.20	2,101,317,982.20
1. Trading financial asset	96,010,728.00		1,335,706,329.05	1,431,717,057.05
(1)Investment in equity instrument	96,010,728.00			96,010,728.00
(2)Investment in other liability instruments and equity instrument			1,335,706,329.05	1,335,706,329.05
2. Other non-current financial asset	964,000.00		668,636,925.15	669,600,925.15
(1)Equity instrument investment	964,000.00		668,636,925.15	669,600,925.15
(II) Financial asset measured at fair value and whose changes are included in current profit or loss			2,539,397,639.90	2,539,397,639.90
1. Receivable financing			1,861,606,949.90	1,861,606,949.90
2. Other equity instrument investment			677,790,690.00	677,790,690.00
Total asset sustaining measured by fair value	96,974,728.00		4,543,740,894.10	4,640,715,622.10
II. Non-persistent measure of fair value	--	--	--	--

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

On June 30, 2024, the financial asset available for sale, equity instrument investments held by the Company include SNAT (stock code: 600841) and Miracle Automation (Stock code: 002009). The fair value at the end of the reporting period is determined at the closing price as of June 28, 2024.

On June 30, 2024, the non-current financial asset, equity instrument investments held by the Company include Guolian Securities (stock code: 601456). The fair value at the end of the reporting period is determined at the closing price as of June 28, 2024.

**3. The qualitative and quantitative information for the valuation technique and critical parameter that sustaining and non-persistent measured by fair value on second level**

Nil

**4. The qualitative and quantitative information for the valuation technique and critical parameter that sustaining and non-persistent measured by fair value on third level****(1) Accounts receivable financing**

For this portion of financial asset, the Company uses discounted cash flow valuation techniques to determine their fair value. Among them, important unobservable input values mainly include discount rate, contract cash flow maturity period, etc. Cash flows with a contract expiration period of 12 months or less are not discounted and are valued at cost.

**(2) Other equity instrument investments**

For this portion of financial asset, due to the lack of market liquidity, the Company uses the reset cost method to determine their fair value. Among them, important unobservable input values mainly include financial data of the invested Company.

**(3) Other debt instruments and equity instrument investments**

For this portion of financial asset, the Company uses discounted cash flow valuation techniques to determine. Among them, important unobservable input values mainly include expected annualized returns, risk coefficients, etc

**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 asset and financial liability not measured by fair value**

Nil

## 9. Other

Nil

## XIV. 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 asset	5,927,940,200 yuan	20.47%	20.47%

Explanation on parent Company of the enterprise:

Wuxi Industry Group is an enterprise controlled by the State-owned Asset Management Committee of Wuxi Municipal People's Government. Its business scope includes foreign investment by using its own asset, 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 Asset Management Committee of Wuxi Municipal People's Government.

Other explanation: Nil

### 2. Subsidiary of the Company

For more details of the Company's subsidiaries, please refer to note - X. 1 "Equity in subsidiary".

### 3. Joint venture and associated enterprise

For more details, please refer to the relevant Note - X. 3 "Equity in joint venture and associated enterprise".

Other associated enterprise or joint ventures which has related transaction with the Company in the reporting period or occurred previous are as follows:

Other explanation: Nil

### 4. Other related party

Name of Other related party	Relationship between other related parties and the Company
Bosch	Second largest shareholder of the Company
Guokai Metal	Enterprises controlled by the parent Company
Urban Public Distribution	Enterprises controlled by the parent Company
FAILCONTECH	Enterprises controlled by the parent Company
Wuxi IOT	The parent Company is the major shareholder, and a related natural person of the Company serves as the chairman
EDRI	Enterprises controlled by the parent Company
Hebei Machinery	Enterprises controlled by the Company's former director/senior management elder brother
Hebei Deshuang	Enterprises controlled by Hebei Machinery
Hebei Jinda	Enterprises controlled by Hebei Machinery
Hebei Lanpai	Enterprises controlled by Hebei Machinery



Hebei Mianzhuo	Enterprises controlled by Hebei Machinery
Key executive	Director, supervisor and senior executive of the Company

## 5. Related transaction

### (1) Goods purchasing, labor service providing and receiving

Goods purchasing/labor service receiving

In RMB

Related party	Content of related transaction	Current Period	Approved transaction limit	Whether more than the transaction limit (Y/N)	Last Period
WFPM	Goods and labor	18,856,716.80	45,000,000.00	N	19,815,457.88
RBCD	Goods and labor	121,126,592.18	313,000,000.00	N	131,039,396.29
WFEC	Goods and labor	150,641,937.84	1,198,000,000.00	N	379,816,654.91
Bosch	Goods and labor	111,047,597.86	222,000,000.00	N	111,692,343.27
Guokai Metals	Goods			N	15,867,033.58
EDRI	Goods	28,301.89		Y	
FAILCONTECH	Goods	14,500.00		Y	
Wuxi IOT	Goods and labor	20,660.38		Y	

Goods sold/labor service providing

In RMB

Related party	Content of related transaction	Current Period	Last Period
WFPM	Goods and labor	387,979.10	506,017.52
RBCD	Goods and labor	660,179,963.62	1,090,789,696.99
WFEC	Goods and labor	247,567.53	4,677,697.81
Bosch	Goods and labor	994,815,431.08	846,273,667.53
Changchun Xuyang	Goods and labor	506,713.80	678,183.20
Lezhuo Bowei	Goods and labor	5,155,881.45	222,373.51

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

The Company as lessor:

In RMB

Lessee	Asset type	Lease income recognized in the Period	Lease income recognized at last Period
WFEC	Workshop	1,003,317.02	1,003,317.02
RBCD	Parking lot	234,000.00	110,200.00
Lezhuo Bowei	Workshop and equipment	1,548,658.50	1,057,234.32

The Company as lessee:

Explanation on related lease

WFLD entered into a house leasing contract with WFEC. The plant locating at No.9 Linjiang Road, Wuxi Xinwu District, owed by WFLD, was rented out to WFEC. It is agreed that the rental income from January 1, 2024 to June 30, 2024 was 1,003,317.02 yuan.

WFJN signed a house leasing contract with Lezhuo Bowei. Lezhuo Bowei leased a portion of WFJN's plant located at No. 12 Liuzhou North Road, Pukou District, Nanjing City. The lease term is from January 1, 2023 to December 31, 2024. WFJN has confirmed the rental income of 1,411,858.50 yuan for the period from January 1, 2024 to June 30, 2024; Lezhuo Bowei also rented some equipment from WFJN, and WFJN confirmed equipment rental income of 136,800.00 yuan for the period from January 1, 2024 to June 30, 2024.

#### (4) Connected guarantee

Nil

#### (5) Related party's borrowed/lending funds

Nil

#### (6) Related party's asset transfer and debt reorganization

Nil

#### (7) Remuneration of key manager

In RMB

Item	Current Period	Last Period
Remuneration of key manager	1,950,000.00	2,300,000.00

#### (8) Other related transactions

Related party	Contents of item	Current Period	Last Period
Bosch	Pay technical commission fees, etc	2,430,001.29	1,990,910.38
Bosch	Purchase of fixed asset		1,052,964.60
Bosch	Energy fees receivable		393,590.45
WFPM	Purchase of fixed asset	3,000.00	106,000.00
WFEC	Utilities payable	106,859.84	528,099.08
WFEC	Payable technical service fees	258,396.23	
WFEC	Receivable technical service fees	244,150.94	
Urban public distribution	Purchase canteen ingredients, etc	1,086,549.83	709,227.44
Lezhuo Bowei	Energy fees receivable	888,799.56	304,658.93
Wuxi IOT	Provide technical services, etc	374,764.15	

#### (9) Related transactions to "platform trade" business

Name of related party	Current Period		Last Period	
	Sales	Purchase fund	Sales	Purchase fund
Hebei Machinery				

Name of related party	Current Period		Last Period	
	Sales	Purchase fund	Sales	Purchase fund
Hebei Jinda				-56,753,804.02
Hebei Deshuang				
Hebei Lanpai				
Hebei Mianzhuo				
Total				-56,753,804.02

Other explanation: Due to being under the control of Hebei Machinery and based on the essence of the “platform trade” business, WFTR listed the difference between the “purchase fund” paid to Hebei Jinda, Hebei Deshuang, Hebei Lanpai, and Hebei Mianzhuo in the “platform trade” business and the “sales” received from Hebei Machinery as other receivables. The negative “purchase fund” paid by WFTR to Hebei Jinda in 2023 is the “purchase fund” returned by Hebei Jinda.

## 6. Receivable/payable items of related parties

### (1) Receivable item

In RMB

Item	Related party	Ending balance		Opening balance	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
Account receivable	WFPM	109,252.85		170,770.59	
Account receivable	RBCD	732,084,006.85	1,170,780.48	686,424,501.80	1,017,817.82
Account receivable	Bosch	543,715,050.47	2,251,804.00	596,846,772.56	782,592.70
Account receivables	WFEC	1,487,356.00	60,930.00	1,787,498.57	
Account receivable	Changchun Xuyang	482,188.78		220,134.29	
Account receivables	Lezhuo Bowei	4,631,585.33	74.07	3,520,841.22	
Other non-current asset	Bosch	2,255,998.16		2,500,307.00	
Other non-current asset	Bosch	3,510,400.00		470,000.00	
Other non-current asset	Wuxi Industry Group	5,452,800.00		5,452,800.00	
Prepayments	Bosch	375,910.15			

### (2) Payable item

In RMB

Item	Related party	Ending book balance	Opening book balance
Account payable	WFPM	13,222,902.48	15,511,126.97
Other account payable	WFPM	29,000.00	29,000.00
Account payable	WFEC	39,505,305.93	480,670,597.42
Account payable	RBCD	88,080,480.26	49,028,994.76
Account payable	Bosch	15,556,402.22	18,947,846.60
Other current liability	RBCD	0.05	0.05
Contract liability	RBCD	0.36	0.36
Contract liability	Bosch	7,397,963.98	6,986,398.10

### (3) Related claims of “platform trade” business

Item	Related party	Ending balance	Opening balance
Other receivables	Hebei Machinery	-2,125,487,770.72	-2,125,487,770.72

Other receivables	Hebei Jinda	1,958,470,484.57	1,958,470,484.57
Other receivables	Hebei Deshuang	1,436,757,179.96	1,436,757,179.96
Other receivables	Hebei Lanpai	609,404,930.22	609,404,930.22
Other receivables	Hebei Mianzhuo	479,253,260.75	479,253,260.75
Total		2,358,398,084.78	2,358,398,084.78

Note: Because Hebei Jinda, Hebei Deshuang, Hebei Lanpai and Hebei Mianzhuo are controlled by Hebei Machinery, based on the business essence of "platform trade" business, WFTR listed the difference between the "purchase fund" paid by WFTR to Hebei Jinda, Hebei Deshuang, Hebei Lanpai and Hebei Mianzhuo and the "sales" received from Hebei Machinery 2,358,398,084.78 yuan as other receivables, including: The "sales payment" received from Hebei Machinery is presented as a negative number. As of June 30, 2024, the Company has made a bad debt provision of 1,448,358,922.04 yuan for the balance of other receivables; The bad debt provision balance is calculated by 80.10%, which is the proportion of other receivables balance of Hebei Machinery and its controlled companies 2,415,151,888.80 yuan to other receivables balance of WFTR's "platform trade" business portfolio 2,741,499,131.95 yuan as of December 31, 2022 multiply the bad debt provision for other accounts receivable balances in WFTR's "platform trade" business portfolio 1,644,068,327.93 yuan.

## 7. Undertakings of related party

Nil

## 8. Other

Nil

## XV. Share-based payment

### 1. Overall situation of share-based payment

Applicable Not applicable

In RMB

Category of grant object	Granted in current period		Executed in current period		Unlocked in current period		Expired in current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Sales staff							184,740	2,268,607.20
Administrative staff							3,383,220	41,545,941.60
R&D staff							959,700	11,785,116.00
Production staff							648,840	7,967,755.20
Total							5,176,500	63,567,420.00

Stock options or other equity instruments issued to the public at the end of the reporting period

Applicable Not applicable

Other explanation: Nil

### 2. Share-based payment settled by equity

Applicable Not applicable

In RMB

Method for determining the fair value of equity instruments on the grant date	Determine based on the closing price of the restricted stock on the grant date
Important parameters for determining the fair value of equity instruments on the grant date	Closing price at 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	81,051,840.00
Total amount of expenses confirmed by equity-settled share-based payments in the current period	0.00

### 3. Share-based payment settled by cash

Applicable  Not applicable

### 4. Current share-based payment expenses

Applicable  Not applicable

### 5. Modification and termination of share-based payment

Nil

### 6. Other

Nil

## XVI. 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**

Nil

**XVII. Events after the balance sheet date****1. Important non-adjustment matters**

Nil

**2. Profit distribution**

Proposed distribution of dividends per 10 shares(yuan)	2.20
Plan to distribute every 10 bonus shares(share)	0
Proposed allocation of additional shares for every 10 shares(share)	0
The dividend payout for every 10 shares declared after review and approval(yuan)	2.20
Every 10 dividend shares declared for distribution after review and approval(yuan)	0
Proposed allocation of additional shares for every 10 shares after review and approval(share)	0
Profit distribution plan	Based on the 971,986,293 shares which exclude the buy-back shares on buy-back account (25,000,000 A-stock) from total share capital 996,986,293 shares (According to the provisions of the The Company Law of the People's Republic of China, the listed Company does not have the right to participate in the profit distribution and the conversion of the capital reserve into the share capital by repurchasing the shares held by the Company through the special securities account), distributing 2.20 yuan (tax included) cash dividend for every 10 shares held, no bonus shares, without capitalization from capital reserves. The total amount of cash dividend to be paid is RMB 213,836,984.46 yuan (tax included). If the total share capital of the Company changes before the implementation of the distribution plan, the Company will be allocated according to the principle of unchanged distribution proportion and adjustment of the total amount of distribution. The above distribution plan complies with the provisions of the Company's Articles of association and review procedures, fully protecting the legitimate rights and interests of small and medium-sized investors.

**3. Return of sales**

Nil

**4. Other events after balance sheet date**

Nil

**XVIII. Other important events****1. Previous accounting errors correction****(1) Retrospective restatement**

Nil

**(2) Prospective application**

Nil

**2. Debt restructuring**

Nil

**3. Asset replacement****(1) Non-monetary asset replacement**

Nil

**(2) Other asset replacement**

Nil

**4. Pension plan**

The *Enterprise Annuity Plan under the name of WFHT* has deliberated and approved by 8<sup>th</sup> meeting of 7<sup>th</sup> session of the 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 adjust 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

If two or more operating segments have similar economic characteristics and meet certain conditions, they can be merged into one operating segment.

The Company considers the principle of importance and determines the reporting segments based on the operating segments. The reporting segment of the Company is a business unit that provides different products or services or operates in different regions. Due to the need for different technologies and market strategies in various businesses or regions, the Company independently manages the production and operation activities of each reporting segment, evaluates their operating results individually, and decides to allocate resources to them and evaluate their performance.

## (2) Financial information for reportable segment

In RMB

Item	Automotive fuel injection system and fuel cell component segment	Automotive post processing system segment	Air management system segment	Other automotive components segment	Offsetting between segments	Total
Operating income	3,046,981,942.70	1,870,569,145.39	524,910,114.67	988,240,063.85	736,467,713.89	5,694,233,552.72
Operation cost	2,443,257,848.96	1,594,153,912.73	407,560,919.56	899,384,298.35	723,804,226.06	4,620,552,753.54

## (3) If the Company has no reportable segments or is unable to disclose the total asset and liability of each reportable segment, it should state the reasons

The Company mainly produces automotive internal combustion engine fuel systems and fuel cell components, automotive components, silencers, purifiers, vacuum and hydraulic pumps, and other related products. The Company determines the reporting segments based on product or service content, but due to the mixed operation of related businesses, the total asset, total liability, and period expenses have not been allocated.

## (4) Other explanations

Nil

## 7. Other Significant Transactions and Matters Affecting Investors' Decisions

(1) The security organs have launched a criminal investigation on the case that WFTR was defrauded by contracts in its "platform trade" business. (For details, please refer to the Company's announcement No. 2023-007 disclosed on www.cninfo.com.cn and other information disclosure websites on April 13, 2023). At present, the case is in the stage of public prosecution from Wuxi People's Procuratorate to Wuxi Intermediate People's Court, and the outcome of the case is uncertain in the future.

(2) Based on the "platform trade" business's background, transaction chain, sales and purchase contract signing, transaction process, physical flow and so on, the Company carefully analyzed and made comprehensive judgment, finds that the probability of this business not belonging to normal trade business is extremely high. In terms of accounting treatment, the Company follows the principle of substance over form and does not treat it as normal trade business, but according to the receipt and payment of funds, prudently counts as claims and liability, respectively, purchases actually paid to "suppliers" and sales collected from "customers", Other receivables are reported on a net basis in the financial statements as a "platform trading" portfolio. As of June 30, 2024, the balance of the "platform trade" business portfolio was RMB 2,542.2634 million yuan, and an expected credit loss of RMB



1,644.0683 million yuan has been provisioned. Based on the comprehensive judgment of information from authorized departments, the Company has determined that there has been no significant change in the recoverable amount of debt in the “platform trade” business portfolio, and there is no need for further provision or significant reversal of expected credit loss. The recoverable amount of debt in the “platform trade” business combination is highly dependent on a series of judicial procedures such as investigation, prosecution, trial, judgment, and execution of the case, and the results still have uncertainty.

## 8. Other

Nil

## XIX. Principal notes of financial statements of parent Company

### 1. Account receivable

#### (1) By account aging

In RMB

Aging	Ending book balance	Beginning book balance
Within one year(inclusive)	1,425,283,512.21	1,376,943,595.48
Including: within six months	1,402,610,663.14	1,365,664,197.96
Six months to one year	22,672,849.07	11,279,397.52
1-2 years	9,541,302.13	9,348,871.78
2-3 years	3,708,932.83	732,334.63
Over three years	2,434,994.34	6,457,957.26
3 - 4 years	1,343,660.60	1,522,747.95
4 - 5 years	16,633.61	101,188.83
Over 5 years	1,074,700.13	4,834,020.48
Total	1,440,968,741.51	1,393,482,759.15

#### (2) Accrued of bad debt provision

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Ratio	Amount	Accrued ratio		Amount	Ratio	Amount	Accrued ratio	
Account receivable with bad debt provision accrued on a single basis	503,945.24	0.03%	503,945.24	100.00%		4,774,540.26	0.34%	4,774,540.26	100.00%	
Including:										
Account receivable with bad debt provision accrued on portfolio	1,440,464,796.27	99.97%	6,822,133.23	0.47%	1,433,642,663.04	1,388,708,218.89	99.66%	4,648,838.01	0.33%	1,384,059,380.88
Including:										
Receivables from customers	1,283,519,778.83	89.07%	6,822,133.23	0.53%	1,276,697,645.60	1,219,857,129.33	87.54%	4,648,838.01	0.38%	1,215,208,291.32
Receivables from internal related parties	156,945,017.44	10.90%			156,945,017.44	168,851,089.56	12.12%			168,851,089.56
Total	1,440,968,741.51	100.00%	7,326,078.47	0.51%	1,433,642,663.04	1,393,482,759.15	100.00%	9,423,378.27	0.68%	1,384,059,380.88

Bad debt provision accrued on single basis: 503,945.24

In RMB

Name	Beginning balance		Ending balance			
	Book balance	Bad debt reserve	Book balance	Bad debt reserve	Accrued ratio	Accrued causes
BD bills	4,270,595.02	4,270,595.02				
Tianjin Leiwo Engine Co., Ltd.	503,945.24	503,945.24	503,945.24	503,945.24	100.00%	Have difficulty in collection
Total	4,774,540.26	4,774,540.26	503,945.24	503,945.24		

Bad debt provision accrued on portfolio: 6,822,133.23

In RMB

Name	Ending balance		
	Book balance	Bad debt reserve	Accrual ratio
Within 6 months	1,251,302,247.47		
6 months to one year	19,079,989.07	1,907,998.93	10.00%
1-2 years	7,497,560.36	1,499,512.07	20.00%
2-3 years	3,708,932.83	1,483,573.13	40.00%
Over 3 years	1,931,049.10	1,931,049.10	100.00%
Total	1,283,519,778.83	6,822,133.23	

Explanation on determining the basis of this portfolio:

In the portfolio, accounts receivable from internal related parties:

Name of related party	Amount	Ratio of bad debt provision (%)
WFTR	88,143,963.69	--
WFSC	41,841,909.52	--
VHWX	17,418,428.15	
WFLD	9,117,998.99	--
WFQL	422,717.09	
Total	156,945,017.44	--

If the provision for bad debts of accounts receivable is made according to the general model of expected credit loss:

Applicable Not applicable

### (3) Bad debt provision accrued collected or reversal

Bad debt provision accrued in the reporting period:

In RMB

Category	Opening balance	Amount changed in the reporting period				Ending balance
		Accrued	Collected or reversal	Written-off	Other	
Bad debt provision	9,423,378.27	2,173,295.22	4,270,595.02			7,326,078.47
Total	9,423,378.27	2,173,295.22	4,270,595.02	0.00	0.00	7,326,078.47

Important bad debt provision collected or reversal: Nil

### (4) Account receivable actual charged off in the reporting period

Nil

**(5) Top 5 receivables and contract asset at ending balance by arrears party**

In RMB

Name	Ending balance of account receivable	Ending balance of contract asset	Ending balance of account receivable and contract asset	Ratio in total ending balance of account receivable and contract asset	Ending balance of bad debt reserve and impairment reserve of contract asset
RBCD	732,064,231.85		732,064,231.85	50.80%	1,170,780.48
Bosch	219,380,007.89		219,380,007.89	15.22%	1,609,067.82
Client 3	142,715,272.25		142,715,272.25	9.90%	399,249.28
WFTR	88,143,963.69		88,143,963.69	6.12%	
WFSC	41,841,909.52		41,841,909.52	2.90%	
Total	1,224,145,385.20		1,224,145,385.20	84.94%	3,179,097.58

**2. Other accounts receivable**

In RMB

Item	Ending balance	Opening balance
Interest receivable	3,632,064.24	842,323.12
Dividends receivable	775,914,958.91	
Other account receivables	1,441,774,047.65	1,369,807,069.16
Total	2,221,321,070.80	1,370,649,392.28

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

In RMB

Item	Ending balance	Opening balance
Interest receivable of subsidiary	3,632,064.24	842,323.12
Total	3,632,064.24	842,323.12

**2) Significant overdue interest**

Other explanation: Nil

**3) Accrued of bad debt provision**Applicable Not applicable**4) Bad debt provision accrued, collected or reversal**

Nil

**5) Interest receivable actually charged off during the reporting period**

Nil

**(2) Dividend receivable****1) Category of dividend receivable**

In RMB

Item (or investee)	Ending balance	Opening balance
Zhonglian Electronics	266,000,000.00	
RBCD	504,543,000.42	
WFPM	5,357,758.49	
Guolian Securities	14,200.00	
Total	775,914,958.91	

**2) Important dividend receivable with account age over one year**

Nil

**3) Accrued of bad debt provision**
Applicable Not applicable
**4) Bad debt provision accrued, collected or reversal**

Nil

**5) Dividend receivable actually charged off during the reporting period**

Nil

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

In RMB

Nature	Ending book balance	Opening book balance
Staff loans and petty cash	643,234.06	520,080.00
Balance of related party in the consolidate scope	3,078,109,351.33	3,006,132,546.93
Margin	4,136,816.99	3,920,799.33
Social security and provident fund paid	6,229,340.15	6,119,110.70
Other		371,066.21
Total	3,089,118,742.53	3,017,063,603.17

**2) By account age**

In RMB

Account age	Ending book balance	Beginning book balance
Within one year (One year included)	296,529,664.99	365,322,657.63

Including: within 6 months	225,835,242.49	134,688,758.70
6 months to one year	70,694,422.50	230,633,898.93
1-2 years	933,729,008.92	2,648,713,049.33
2-3 years	1,856,150,172.41	218,000.00
Over 3 years	2,709,896.21	2,809,896.21
3-4 years	1,932,820.00	2,032,820.00
4-5 years	761,330.00	769,876.21
Over five years	15,746.21	7,200.00
Total	3,089,118,742.53	3,017,063,603.17

### 3) Accrued of bad debt provision

Provision for bad debts based on the general model of expected credit loss:

In RMB

Bad debt reserve	Phase I	Phase II	Phase III	Total
	Expected credit loss over next 12 months	Expected credit loss for the entire duration (without credit impairment occurred)	Expected credit loss for the entire duration (with credit impairment occurred)	
Balance of Jan. 1, 2024	3,188,206.08		1,644,068,327.93	1,647,256,534.01
Balance of Jan. 1, 2024 in the reporting period				
Current reversal	88,160.87			88,160.87
Balance on June 30, 2024	3,276,366.95		1,644,068,327.93	1,647,344,694.88

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

Applicable Not applicable

### 4) Bad debt provision accrued, collected or reversal

Bad debt provision accrued in the reporting period:

In RMB

Category	Opening balance	Amount changed in the reporting period				Ending balance
		Accrued	Collected or reversal	Written-off	Other	
Bad debt provision	1,647,256,534.01	88,160.87				1,647,344,694.88
Total	1,647,256,534.01	88,160.87				1,647,344,694.88

Including the important bad debt provision reversal or collected in the reporting period: Nil

### 5) Other receivables actually charged off during the reporting period

Nil

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

In RMB

Name of enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other receivables	Ending balance of bad debt reserve
WFTR	Balance of related party in the consolidate scope	2,788,260,000.00	1-3 years	90.26%	1,644,068,327.93

IRD	Balance of related party in the consolidate scope	133,822,206.40	Within 1 year	4.33%	
WFCA	Balance of related party in the consolidate scope	122,468,898.93	Within six months	3.96%	
BORIT	Balance of related party in the consolidate scope	33,558,246.00	Within one year	1.09%	
Zhenkunxing Industrial Supermarket (Shanghai) Co., Ltd.	Margin	1,000,000.00	Within 3 year	0.03%	1,000,000.00
Total		3,079,109,351.33		99.67%	1,645,068,327.93

### 7) Those booked into other account receivables due to centralized fund management

Other explanation: Nil

### 3. Long-term equity investments

In RMB

Item	Ending balance			Opening balance		
	Book balance	Provision for impairment loss	Book value	Book balance	Provision for impairment loss	Book value
Investment in subsidiary	3,121,879,242.19		3,121,879,242.19	3,116,879,242.19		3,116,879,242.19
Investment in associates and joint venture	4,828,564,846.05		4,828,564,846.05	4,891,133,182.10		4,891,133,182.10
Total	7,950,444,088.24		7,950,444,088.24	8,008,012,424.29		8,008,012,424.29

#### (1) Investment in subsidiary

In RMB

Investee	Opening balance (book value)	Opening balance of provision for impairment loss	Changes in current period				Ending balance (book value)	Ending balance of provision for impairment loss
			Additional Investment	Negative Investment	Provision for impairment loss	Other		
WFJN	185,704,551.82						185,704,551.82	
WFLD	467,856,451.80						467,856,451.80	
WFMA	170,986,195.35						170,986,195.35	
WFCA	222,664,737.01						222,664,737.01	
WFTR	33,726,511.51						33,726,511.51	
WFSC	51,116,685.47						51,116,685.47	
WFTT	238,063,380.00						238,063,380.00	
WFAM	82,454,467.99						82,454,467.99	
WFDT	54,012,820.23						54,012,820.23	
SPV	1,240,910,511.02						1,240,910,511.02	
WFLD(Chongqing)	191,160.00						191,160.00	
WFAS	631,890.00						631,890.00	
WFQL	225,000,000.00						225,000,000.00	
VHWX	143,559,879.99						143,559,879.99	
WFSS			5,000,000.00				5,000,000.00	
Total	3,116,879,242.19		5,000,000.00				3,121,879,242.19	

**(2) Investment in associated enterprises and joint venture**

In RMB

Investee	Opening balance (book value)	Opening balance of provision for impairment loss	Current changes (+/-)							Ending balance (book value)	Ending balance of provision for impairment loss	
			Addition investment	Capital reduction	Investment gain/loss recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Impairment Accrued			Other
I. Joint venture												
II. Associated enterprise												
RBCD	2,892,038.98 1.78				367,168,114.71			504,543,000.42			2,754,664,096.07	
Zhonglian Electronics	1,685,502.04 6.73				250,991,619.50			266,000,000.00			1,670,493,666.23	
WFPM	41,414,341.58				1,810,858.00		783,350.57	5,357,758.49			38,650,791.66	
Chelian Tianxia	182,680,857.61				-2,504,187.11		-1,221,900.39				178,954,770.11	
Lezhuo Bowei	89,496,954.40		110,000,000.00		-13,695,432.42						185,801,521.98	
Subtotal	4,891,133,182.10	0.00	110,000,000.00	0.00	603,770,972.68		438,549.82	775,900,758.91			4,828,564,846.05	
Total	4,891,133,182.10		110,000,000.00		603,770,972.68		438,549.82	775,900,758.91			4,828,564,846.05	

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

Applicable Not applicable

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not applicable

Reasons for significant discrepancies between the aforementioned information and the information or external information used in previous years' impairment testing

Nil

Reasons for significant discrepancies between the information used in the Company's previous annual impairment tests and the actual situation of the current year

Nil

**(3) Other explanations**

Nil

**4. Operating income and cost**

In RMB

Item	Current Period		Last Period	
	Income	Cost	Income	Cost
Main business	1,571,269,780.01	1,268,571,319.80	1,939,140,764.98	1,537,898,648.30

Other business	76,619,546.23	53,197,251.79	60,842,681.73	44,901,531.85
Total	1,647,889,326.24	1,321,768,571.59	1,999,983,446.71	1,582,800,180.15

## 5. Investment income

In RMB

Item	Current Period	Last Period
Investment income from holding transaction financial asset	34,771,161.26	66,697,793.52
Investment income in joint ventures and associated enterprises	603,770,972.68	644,975,916.19
Revenue from debt restructuring	-81,000.00	
Total	638,461,133.94	711,673,709.71

## 6. Others

Nil

## XX. Supplementary Information

### 1. Current non-recurring gain/loss

Applicable Not applicable

In RMB

Item	Amount	Note
Gain/loss from the disposal of non-current asset	5,473,643.37	
Governmental grants reckoned into current gain/loss (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)	25,710,446.36	
Except for the effective hedging operations related to normal business operation of the Company, the gain/loss of fair value changes from holding the trading financial asset and trading financial liability, and the investment earnings obtained from disposing the trading financial asset, trading financial liability and financial asset available for sale	-105,941,910.61	
Gain/loss of asset delegation on others' investment or management	37,850,294.00	
Gain/loss of debt restructuring	-284,132.56	
Other non-operating income and expenditure except for the aforementioned items	5,057,475.05	
Receivables and contract asset that have undergone separate impairment testing shall have their impairment provisions reversed	5,343,622.79	
Account charged off in previous years and recovered in current year	10,418.17	
Less: Impact on income tax	-6,351,104.63	
Impact on minority shareholders' equity (after tax)	306,523.64	
Total	-20,735,562.44	--

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

Applicable Not applicable

The Company does not have other items of profits/loss 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 the reporting 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	4.84%	0.98	0.98
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gain and loss	4.95%	1.00	1.00

**3. Difference of the accounting data under accounting rules in and out of China****(1) Difference of the net profit and net asset 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 asset 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**

Nil

BOD of WEIFU HIGH-TECHNOLOGY GROUP CO., LTD.

Chairman: \_\_\_\_\_

Yin Zhenyuan

August 22, 2024