



WEIFU HIGH-TECHNOLOGY GROUP CO., LTD.
SEMI-ANNUAL REPORT 2026

August 2026

Section I. Important Notice, Contents and Interpretation

Board of Directors and all directors, 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.

Rong Bin, Principal of the Company, and Feng Zhiming, person in charge of accounting works, and Li Yanqing, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of Semi-Annual Report 2026 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 966,785,693, distributed 3.00 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

Section I. Important Notice, Contents and Interpretation	2
Section II. Company Profile and Main Financial Indexes	6
Section III. Discussion and Analysis of the Management.....	9
Section IV Corporate Governance, Environmental and Social Responsibilities	25
Section V. Important Events.....	27
Section VI. Changes in Shares and Particulars about Shareholders	32
Section VII. Corporate Bonds.....	37
Section VIII. Financial Report	39

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.
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. Società Unipersonale
VHWX	Refers to	VHIT Automotive Systems(Wuxi) Co.Ltd
Lezhuo Bowei	Refers to	Lezhuo Bowei Hydraulic Technology (Shanghai) Co., Ltd
WuXi Zhuowei	Refers to	Wuxi Zhuowei TimesHigh-Tech Co., Ltd.
WFSS	Refers to	Weifu Zhigan(Wuxi) Technology Co., Ltd
WFET	Refers to	Weifu ET Hydrogen Energy Technology (Wuxi) Co., Ltd.
WFBL	Refers to	Weifu Baolong (Nanjing) Technology Co., Ltd.
HySTech	Refers to	Voith HySTech GmbH
WFEC	Refers to	Wuxi WFEC Catalysts. Co., Ltd.
WFPM	Refers to	Wuxi Weijing Technology 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.
CSRC	Refers to	China Securities Regulatory Commission
SZSE	Refers to	Shenzhen Stock Exchange
The reporting period	Refers to	From January 1, 2026 to June 30, 2026

Section II. Company Profile and Main Financial Indexes

I. Company information

Short form of the stock	WFHT, Su Weifu-B	Stock code	000581,200581
Previous Short form of the stock	Su Weifu-A		
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.6 Huashan Road, Xinwu District, Wuxi	No.6 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

Whether the registered address, office address, postal code, website, email address, etc. of the Company changed during the report period or not

☐ Applicable ☒ Not applicable

The registered address, office address, postal code, website, and email address of the Company remained unchanged during the report period. Please refer to the 2025 Annual Report for details.

2. Information disclosure and location

Has the information disclosure and location changed during the report 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 report period. Please refer to the 2025 Annual Report for details.

3. Other relevant information

Whether there is any change in other relevant information during the report period or not

☐ 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)	6,577,060,413.92	5,760,418,633.11	14.18%
Net profit attributable to shareholders of the listed Company (RMB)	836,415,872.45	701,870,308.75	19.17%
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains/losses (RMB)	862,738,920.84	655,342,454.44	31.65%
Net cash flows arising from operating activities (RMB)	935,206,251.36	492,874,278.74	89.75%
Basic earnings per share (RMB/Share)	0.87	0.72	20.83%
Diluted earnings per share (RMB/Share)	0.87	0.72	20.83%
Weighted average ROE	4.20%	3.49%	0.71%
	Ending balance of current period	Ending balance of last period	Year-on-year increase(+)/decrease(-)
Total asset (RMB)	30,882,875,115.73	29,667,727,447.65	4.10%
Net asset attributable to shareholders of listed Company (RMB)	20,021,339,884.61	19,917,552,613.16	0.52%

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 report 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 report period.

VI. Items and amounts of non-recurring gains/losses

☒ Applicable ☐ Not applicable

Item	In RMB	
	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of asset)	2,797,183.06	
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)	9,123,350.61	
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	-45,338,513.37	
Reversal of impairment provision for accounts receivable subject to separate impairment testing	762,876.44	
Gains/losses from debt restructuring	-509,395.38	

Other non-operating income and expenditure except for the aforementioned items	1,928,124.84	
Less: Impact on income tax	-6,806,842.56	
Impact on minority shareholders' equity (post-tax)	1,893,517.15	
Total	-26,323,048.39	

Other gains/losses that conform to the definition of non-recurring gains/losses:

☐ Applicable ☒ Not applicable

The Company does not have other gains/losses that conform to the definition of non-recurring gains/losses.

Information on the definition of non-recurring gains/losses listed in the Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Non-recurring Gains/Losses as Recurring Gains/Losses

☐ Applicable ☒ Not applicable

The Company does not have any non-recurring gains/losses listed in the Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Non-recurring Gains/Losses as Recurring Gains/Losses.

Section III. Discussion and Analysis of the Management

I. Major business of the company within reporting period

(I) Main business of the company

The company has been deeply engaged in the automotive core components industry for many years. Leveraging its extensive technical expertise, comprehensive production system, and broad market presence, it has established three core business segments: energy and power, automotive intelligence, and new industrial applications and built a diversified product portfolio covering traditional internal combustion vehicles, new-energy vehicles, off-road machinery, industrial equipment, and energy storage, providing integrated solutions for domestic and international OEMs, vehicle manufacturers, and related enterprises. During the reporting period, the company's core products have consistently maintained a leading position in the industry in terms of market share, technological advancement, and production scale.

1. Energy and Power

This segment represents the Company's core competitive business, focusing on fuel injection systems, exhaust aftertreatment systems, intake systems, electric drive systems, and automotive thermal management. The Company actively promotes business transformation and upgrading and continuously expands into emerging markets such as plug-in hybrid electric vehicles, overseas exports, and electrification. The products fully comply with the latest national and industry emission standards, including China VI for on-road vehicles and Stage IV for off-road applications, offering customers highly integrated, high-efficiency key components and comprehensive system solutions.

(1) Fuel Injection System Business: Focusing on products such as high-pressure fuel pumps, high-pressure common rail systems, injectors, and filters, the Company's offerings are compatible with diesel engines with various power ratings and clean alternative fuels. These products are widely used in diverse applications including trucks, buses, construction machinery, agricultural equipment, marine engines, and power generation units. The Company leads the industry in terms of product variety, production scale, and market share. While maintaining a strong presence in domestic original equipment manufacturer (OEM) markets, it is actively expanding into overseas markets, with certain products successfully exported to regions such as the Americas, Southeast Asia, and the Middle East, earning broad recognition from international customers.

(2) Exhaust Aftertreatment System Business: Focusing on diesel, gasoline, and natural gas purifiers, mufflers, catalysts, and related products, the business caters to diverse applications including conventional and plug-in hybrid passenger vehicles, commercial vehicles, construction machinery, agricultural equipment, power generation units, motorcycles, etc. The Company ranks among the top in China in terms of technological capability, market scale, and production capacity. Leveraging advanced catalytic technology and high purification efficiency, it provides strong support for OEM product upgrades, helping customers meet the latest emission regulations and enhance their market competitiveness.

(3) Intake System Business: Focusing on products such as diesel, gasoline, and natural gas turbochargers, serving a wide range of applications including conventional and plug-in hybrid passenger vehicles, commercial vehicles, construction machinery, agricultural machinery, power generation units, motorcycles, ATVs, UAVs, etc., it provides stable and efficient support services to major domestic OEMs and vehicle manufacturers. The products offer core advantages in enhanced power output and energy efficiency, effectively optimizing engine performance while balancing power output with environmental requirements, meeting diverse power equipment needs in various application scenarios.

(4) Electric Drive System Business: Focusing on products such as motor shafts, end covers, and water jackets, these components feature high precision, strong reliability, and broad adaptability. The Company primarily supplies domestic and international new-energy passenger vehicle manufacturers and electric drive system producers, helping to enhance the power performance and driving range of new-energy vehicles.

(5) Automotive Thermal Management Business: Includes products such as electronic oil pumps and electronic water pumps. Focusing on market demands in the thermal management field of new-energy vehicles, these products effectively regulate vehicle operating temperatures, improving the stability and safety performance of new-energy vehicles. It primarily serves domestic and international new-energy passenger and commercial vehicle manufacturers.

2. Automotive Intelligence

This segment is a key strategic growth area for the Company's business transformation, focusing on intelligent chassis, smart cockpit, autonomous driving, and other component and system products. By pursuing both internal growth and external expansion, it aims to achieve rapid and substantial expansion, creating the Company's second core business segment.

(1) Intelligent Chassis Business: Focusing on core components of fully active hydraulic suspensions and braking systems, the Company is continuously enhancing our in-house R&D and manufacturing capabilities while deepening external joint ventures. It aims to develop key components such as suspension motor hydraulic pumps, solenoid valves, and brake actuation systems, securing a leading advantage in global motor and hydraulic pump technology for active hydraulic suspensions and establishing industry leadership. Currently, our suspension motor hydraulic pumps have secured production orders from multiple leading customers, while vacuum pumps are stably supplied to major domestic and international automakers. Meanwhile, next-generation wire-controlled chassis core components, including WDC solenoid valves and EMB integrated brakes, are under development, further strengthening our forward-looking technological footprint in the intelligent chassis field.

(2) Intelligent Cockpit Business: Focusing on core components such as automotive seat assemblies and electric long slide tracks, the Company adheres to a market strategy of serving both passenger and commercial vehicles. By emphasizing high performance, high quality, and cost-effectiveness, it has established a differentiated competitive advantage, achieving large-scale mass production for both passenger and commercial vehicle customers.

(3) Autonomous Driving Business: Focusing on products such as millimeter-wave corner radars, front radars, in-cabin radars, and gate control radars, it can offer customized radar modules and intelligent perception solutions for diverse applications including autonomous driving, smart cockpits, intelligent parking, and vehicle-to-infrastructure coordination, continuously expanding into global markets.

3. New Industrial

This segment represents the Company's strategic growth initiative, proactively positioned in response to industrial technological advancements. It focuses on hydraulic systems and core components, AIDC thermal management, industrial embodied intelligence and smart factory systems, new-energy industry chain (including hydrogen) and commercial aerospace precision parts and other fields. Hydraulic systems and core components serve as the segment's core business, leveraging joint venture platforms to expand into mobile and industrial hydraulic markets and continuously building comprehensive competitive advantages in cost, performance, and responsiveness. Meanwhile, the Company is intensifying its investment in emerging businesses such as AIDC thermal management components and systems, core parts and systems for industrial embodied intelligence, smart factory systems and equipment. It is actively advancing R&D and industrial collaboration for key commercial aerospace components, deepening

its layout and synergistic capabilities across the new-energy value chain, thereby achieving breakthroughs and high-quality development of this segment.

(II) Business model

The Company adheres to the business philosophy of "producing high-quality products, creating renowned brands, and achieving shared value growth," operating under a model of centralized management by the parent Company and decentralized production by its subsidiaries. The parent Company is responsible for formulating strategic development plans and operational goals, and centrally manages, guides, and evaluates subsidiaries in areas such as finance, key personnel management, core raw materials, quality control, and technology research and development. The subsidiaries organize production based on market orders, ensuring consistent product quality while enabling timely understanding of customer needs, reducing logistics costs, maintaining prompt supply, and enhancing overall profitability.

(III) Industry development

The Company is engaged in the automotive parts manufacturing industry. In the first half of 2026, the Chinese automotive industry operated steadily, with cumulative production and sales declines month by month. However, due to pressure on domestic demand, the production and sales decreased slightly year-on-year. Supported by unexpectedly strong export growth and driven by the ongoing transformation between old and new drivers of industrial development, the automobile production and sales reached 14.993 million and 15.017 million units respectively, with year-on-year decreases of 4% and 4.1%.

1. Commercial vehicle market overview

From January to June 2026, the commercial vehicle market showed a structural feature characterized by "slight domestic demand decline and export-driven growth." Driven by rapidly increasing penetration of new-energy commercial vehicles and sustained positive export performance, China's commercial vehicle market achieved year-on-year growth in both production and sales. In the first half of the year, the production and sales were 2.272 million and 2.297 million units respectively, with year-on-year increases of 8.2% and 8.3%. Among them, the sales of natural gas-powered commercial vehicles was 140,000 units, with a year-on-year increase of 17.9%. From January to June 2026, the production and sales of trucks were 1.995 million and 2.019 million units respectively, with year-on-year increases of 8.6% and 8.7%. Among them, the sales of heavy-duty trucks was 661,000 units, with a year-on-year increase of 22.6%; the sales of medium-duty trucks was 75,000 units, with a year-on-year increase of 25.3%; the sales of light-duty trucks was 1.05 million units, with a year-on-year increase of 1.3%; the sales of micro trucks was 234,000 units, with a year-on-year increase of 5.3%. During the same period, the production and sales of buses were 277,000 and 278,000 units respectively, with year-on-year increases of 6% and 5%. Among them, the sales of large and medium-sized buses was 54,000 units, with a year-on-year increase of 3.4%, while the sales of light-duty buses was 225,000 units, with a year-on-year increase of 5.4%.

From January to June 2026, the domestic sales of commercial vehicles was 1.633 million units, with a year-on-year increase of 0.8%; the exports of commercial vehicles was 664,000 units, with a year-on-year increase of 32.5%. The domestic sales of new-energy commercial vehicles was 496,000 units, with a year-on-year increase of 40.2%, accounting for 30.4% of total domestic sales of commercial vehicles. Driven by the rapid growth of pure electric models, the electrification process continuously accelerated in the commercial vehicle market.

2. Passenger vehicle market overview

From January to June 2026, the passenger vehicle market performed poorly with a slight decline, but Chinese brands showed strong performance and exports continued to serve as the core growth driver. The production and sales of passenger vehicles were 12.721 million and 12.72 million units respectively, with year-on-year decreases of 5.9% and 6%. The domestic sales of passenger vehicle were 8.288 million units, with a year-on-year decrease of 24.3%, while the exports were 4.432 million units, with a year-on-year increase of 71.7%. From January to June 2026, total sales of Chinese brand passenger vehicles were 9.138 million units, with a year-on-year decrease of 1.4%, accounting for 71.8% of total sales of passenger vehicle and the market share had a year-on-year increase of 3.3%.

3. New-energy vehicle market overview

From January to June 2026, the new-energy vehicle market maintained steady growth, with the penetration rate of new vehicle sales continuing to increase. The cumulative production and sales of new-energy vehicles were 7.438 million and 7.446 million units respectively, with year-on-year increases of 6.7% and 7.3%. The sales of new-energy vehicles accounted for 49.6% of total sales of new vehicles. Among them, the sales of pure electric vehicles were 4.987 million units, with a year-on-year increase of 13%; the sales of plug-in hybrid electric vehicles were 2.457 million units, with a year-on-year decrease of 2.5%; the sales of fuel cell vehicle was 700 units, with a year-on-year decrease of 50.1%. In terms of exports, the export of new-energy vehicles was 2.355 million units, with a year-on-year increase of 1.2 times. Among them, the export of pure electric vehicles was 1.433 million unit, with a year-on-year increase of 1.1 times; the export of plug-in hybrid electric vehicles was 922,000, with a year-on-year increase of 1.4 times, indicating that export of plug-in hybrid electric vehicles grew faster than that of pure electric vehicles. In June alone, the export of new-energy vehicle was 523,000 units, with a year-on-year increase of 1.6 times, setting a new record high for monthly exports. In June, the sales of new-energy vehicles were 1.643 million units, with a year-on-year increase of 23.6% and a market penetration rate of 58.5%.

4. Off-road vehicle market overview

In the first half of 2026, the domestic demand for construction machinery rebounded due to equipment renewal policies, while strong demand from overseas markets such as emerging economies and “Belt and Road” regions further boosted the sales. In the first half of the year, the sales of diesel internal combustion engines for construction machinery was 489,000 units, with a year-on-year increase of 7.6%. The agricultural machinery benefited from expanded subsidies and robust export growth, and the sales of diesel engines was 941,000 units, with a year-on-year increase of 14.9%.

(Note: The above industry data sources are the China Association of Automobile Manufacturers, the First Commercial Vehicle Network, and the China Internal Combustion Engine Industry Association.)

(IV) Company` business during the reporting period

Since this year, the Company has earnestly implemented its annual work objectives and plans and actively seized and responded to industry opportunities and challenges. During the reporting period, the operating revenue was RMB 6.577 billion, with a year-on-year increase of 14.18%; the net profit attributable to shareholders of the listed Company was RMB 836 million, with a year-on-year increase of 19.17%.

1. Focused on core business operations and strengthened the foundation for growth

Energy & Power Segment: In the fuel injection system business, the Company grasped the growth opportunities in the commercial vehicle export market, the sales of common rail pumps was nearly 780,000 units, with a year-on-year increase of over 30%; the sales of inline pumps increased by approximately 14%; in high-power fuel injection system products, it continued to drive the development of customer projects. In the exhaust aftertreatment system business, the market share steadily increased, the sales of gasoline purifiers was about 1.8 million units, the sales of diesel purifiers was about 150,000 units; the sales of natural gas purifiers was significantly increased year-on-year. In the intake system, the business showed strong performance, with notable success in expanding the market for gasoline turbochargers. The total sales of four-cylinder turbochargers was more than 800,000 units, among which, the sales of diesel turbochargers were 380,000 units, maintaining the leading domestic market share, the sales of gasoline turbochargers was more than 420,000 units, with a year-on-year increase of more than 100%. The sales of six-cylinder turbochargers was approximately 75,000 units, with a year-on-year increase of about 27%, while the sales of high-power turbochargers continued to increase. Leveraging its leading advantages in core components such as high-power fuel injection systems, turbocharging systems, and aftertreatment systems, the Company is actively expanding into the diesel and gas generator markets.

Automotive Intelligence Segment: In the suspension motor hydraulic pump products, it completed sample deliveries to customers, and secured new project approval from global premium automotive brands. The sales of automotive seat assemblies were 90,000 units, with a year-on-year increase of 20%; the electric long slide rail products received new customer project approvals. The millimeter-wave radar products entered mass production of multiple automaker projects, and secured the project approval from a leading domestic L4 autonomous logistics vehicle manufacturer.

New Industrial Segment: The hydraulic system business continued to expand in scale, the sales of key products maintained strong growth, and the joint venture collaboration with Bosch Rexroth was accelerated. The development and market application of core embodied intelligence components, including dexterous hands, harmonic reducers, and flexible pressure

sensors, were actively advanced. The smart factory initiatives were proactively expanded. The non-automotive market expansion for core components of hydrogen fuel cells was actively pursued, focusing particularly on metal bipolar plates in SOFC (solid oxide fuel cell) applications. PEM water electrolysis systems had cumulatively completed 1,500 hours of demonstration operation and secured multiple customer projects and orders for PEM hydrogen generation systems and electrolyzers.

2. Focused on technological breakthroughs and iterated the product portfolios

Energy & Power Segment: In the high-power fuel injection system products, completed in-vehicle validation for leading customers' 2000bar high-pressure pumps and injectors, initiated the road testing for natural gas direct injection products, and completed durability verification of methanol direct injection systems and high-low temperature cycling tests for hydrogen internal combustion engine injectors. Achieved batch production of aftertreatment system products for multiple categories of China VI-compliant vehicles, successfully deployed methanol aftertreatment solutions in real-world applications, and promoted development of new heavy-duty commercial vehicle platforms. Realized mass production of intake system products for multiple new projects involving gasoline, natural gas, and diesel turbochargers, and carried out research and testing for electric-assisted turbochargers. In automotive thermal management, achieved volume delivery and order fulfillment of multi-specification electronic oil pumps, and completed sample deliveries and testing verification for various types of water pumps. **Automotive Intelligence Segment:** Completed prototype development and accumulator design of suspension motor hydraulic pumps. In automotive seat systems, completed structural modeling and design of seat assembly frames and achieved functional validation for electric side-sliding turntable prototypes. In millimeter-wave radar products, completed design of multiple radar models, and promoted market adaptation and expansion efforts for 3D corner radars. **New Industrial Segment:** In hydraulic components, completed the development and prototyping of multiple new pumps, solenoid valves, and proportional valves. In core components for embodied intelligence, achieved breakthroughs in 11-degree-of-freedom dexterous hand control technology, and completed process validation, functional development, and customer samples delivery of various sensing and alarm products. In PEM hydrogen generation systems, completed reliability demonstration operations and sample development and certification of electrolyzers of multiple specifications, and several hydrogen valves passed qualification certifications and were delivered to customers. In low-iridium catalysts and membrane electrode assemblies, completed production line commissioning and product development, and realized small-batch supply. Successfully implemented the metal single-cell battery project and delivered it to customer applications.

3. Anchored the strategic blueprint and empowered industrial layout

The company steadily advanced the implementation and tiered decomposition of its "15th Five-Year" strategic plan, focusing on three core strategic sectors: energy and power, intelligent automotive, and new industrial. The company completed a step-by-step breakdown and review of strategic objectives across all business units and functional lines, developed dedicated action plans to support strategy execution, and conducted in-depth thematic strategic assessments on key business directions. In terms of investment and financing, it focused on orderly implementing industrial mergers and acquisitions in line with automotive electrification, continuously expanded the strategic partner ecosystem, and deepened industrial collaboration, project implementation, and capital investment coordination with key strategic partners. For priority industries under the "15th Five-Year" development plan, it systematically planned the capital operation pathways such as introducing strategic investors and advancing mixed-ownership reform. Simultaneously, it established a routine post-investment evaluation mechanism to strengthen post-merger integration capabilities and continuously refine a closed-loop management system for equity investments throughout their entire lifecycle.

4. Focused on intelligent manufacturing and quality improvement, and strictly upheld safety standards

The company continued to systematically improve the value streams of its subsidiaries and business segments, and regularly conducted improvement activities at the workshop level. It promoted the group's intelligent manufacturing initiatives by formulating mid and long-term strategic plans for AI technology applications and accelerating the implementation of "AI + manufacturing." It also promoted and accelerated manufacturing informatization, to enable equipment management system, spare parts management module and tooling management system to enter development and implementation phases. Carried out blueprint design for digital projects including production logistics simulation in industrial parks and process mining for manufacturing informatization. The company was steadily promoting the second phase of its quality management platform construction, orderly implementing functional modules related to incoming material management and customer quality management across business segments, exploring the

application of AI technologies in quality control scenarios, establishing a networked quality tools system to standardize and enable collaborative use of various tools and methods. The Company was developing two knowledge bases - cleanliness technical standards and customer quality release criteria, to consolidate and share product cleanliness specifications and customer-specific release requirements. The Company was steadily advancing the construction of its hydrogen energy industrial park, strengthening process management for key infrastructure projects such as smart manufacturing park and prototype center upgrades. The Company was promoting the implementation of its energy strategy, accelerating the development of an energy management platform to ensure the sustainable operation of its energy management system, and coordinate the execution of various energy-saving and carbon-reduction transformation projects. The Company organized all functional departments, business segments, and subsidiaries to complete tiered safety and environmental protection responsibility agreements, continuously reinforcing the primary responsibilities of EHS (Environment, Health, and Safety).

5. Fined operations and management control to safeguard compliance barriers

The Company was steadily advancing organizational optimization at headquarters, streamlining management levels and clarifying the boundaries of responsibilities among departments. It continued to refine its process authorization system and drive the implementation of business unit plans under its segments. The Company developed a human resources strategic plan, optimized systems related to talent management and employee development, and implemented the "1+5+N" incentive framework; established a strategic talent map, recruited high-end and critical talents, and strengthened the talent pipeline for the "Three Aviation and One Craftsman" initiative, earned the recognition as a key enterprise in regional talent self-evaluation; advanced the integration of human resource management systems across overseas subsidiaries, and enabled unified online operation of goal management processes. In terms of finance, the Company continued to optimize its financial shared services and business processes, conduct routine business risk assessments, fined cash flow management, and maintained stable net cash inflows from operations; continuously refined financing structure, and steadily reduced overall financing costs. In procurement and operations, closely monitored market trends and dynamically adjusted procurement strategies to mitigate supply chain delivery risks and cost fluctuation. Conducted specialized commercial negotiations for key raw materials, expanded new supply channels, and promoted applications of alternative materials and introduction of new quality suppliers. Launched a dedicated inventory turnover improvement program, for dynamic tracking of capital tied up in inventory and efficiency of bill circulation. Continuously enhanced internal control and risk prevention systems, conducted annual internal control self-audits across all business units and implemented improvements accordingly; carried out special audits in key areas to ensure effective resolution and closure of identified issues; strengthened internal audit oversight, to continuously monitor audit rectification outcomes and ensure compliant and stable operations.

II. Analysis on core competitiveness

1. Industry and brand advantages. Founded in 1958, the Company has become a renowned domestic manufacturer of automotive components after over 60 years of development, establishing long-term, stable, and deeply trusted strategic partnerships with leading domestic automakers and original equipment manufacturers. The Company's core products cover key areas including fuel injection systems, exhaust aftertreatment systems, intake systems, core components for electric drive systems, core components for thermal management systems, core components for braking systems, cabin core components, intelligent sensing modules, and core components for hydrogen fuel cells, offering a comprehensive product portfolio and strong competitive advantages in the market. Ranked 46th on the List of 2026 China Automotive Supply Chain Top 100, the Company is a leader in China's internal combustion engine industry and one of the top 500 mechanical enterprises in China. Its subsidiaries, Weifu Lida and Weifu Tianli, have been recognized as the seventh and eighth batches of National Manufacturing Single Champions respectively, while Weifu Tianli, Weifu Jinning, and Weifu Aotekem have been designated as national "Little Giant" specialized, refined, distinctive, and innovative enterprises, highlighting the company's core competitiveness and prominent industry position in niche markets.

2. Technological and product advantages. The Company is a national high-tech enterprise, equipped with advanced research platforms including a National-level Enterprise Technology Center, a National High-Tech Research and Development Program

Industrialization Base, a Postdoctoral Research Station, and Jiangsu Province Graduate Student Workstation. It also operates multiple provincial-level engineering technology research centers and engineering laboratories, forming a multi-tiered, systematic innovation system. Focusing on business areas such as energy and power, intelligent automotive systems, and new industrial applications, the company conducts technological innovation and product development, mastering numerous key core technologies in the industry. The technical specifications of main products are leading in the industry. In recent years, the company has strengthened its strategic expansion into emerging businesses, establishing robust capabilities in product development and technological reserves across new fields, including automotive seats, millimeter-wave radars, fully active suspension motor hydraulic pumps, electronic water pumps, and core components for embodied intelligence, continuously advancing the industrialization of its technological achievements.

3. Management and manufacturing advantages. The company has a well-established organizational structure and a standardized management system, with a financial shared service platform, enabling efficient integration and smooth operation among organizational personnel, business processes, and accounting calculations. It has built an HR information system platform to ensure timely, accurate, and standardized management of foundational data in organization, personnel, compensation, and attendance. The procurement shared system has been launched, establishing seamless communication channels between the enterprise and suppliers and enabling closed-loop control throughout the entire procurement process. The company has implemented the Weifu Production System (WPS) centered on lean thinking, and built a comprehensive quality management system covering R&D, procurement, production, and after-sales services, demonstrating strong capabilities in manufacturing, quality assurance, cost control, and product delivery. Leveraging intelligent manufacturing, the company is continuously advancing the development of digital factories with distinct Weifu characteristics, achieving real-time monitoring and continuous optimization of production processes through big data analytics, AI technology applications, and upgrades in smart equipment.

4. Marketing and service advantages. The company has set up a professional and highly stable marketing and service team capable of delivering refined service support to customers. By establishing a collaborative mechanism among customer managers across all business lines, it has effectively integrated resources from the market expansion department and various business units, creating a unified service system that jointly serves key strategic customers. Through regular executive exchanges and high-level coordination mechanisms, the company has continuously deepened customer relationships, enhancing customer loyalty and collaboration depth. The company has built an extensive and responsive after-sales service network, supported by an intelligent service platform and a nationwide authorized repair system, enabling fast response, professional, efficiency, and full lifecycle technical support and after-sales services and providing dual assurance for both market expansion and customer services.

5. Talent team advantages. The company's management team has extensive experience in the automotive industry, with deep industry expertise, rich operational and management experience, and a strong market reputation, providing solid decision-making support and strategic guidance for the company's steady growth. The company values employee development and emphasizes building a core talent team. Over the years, it has cultivated a group of professional, high-quality management and technical professionals, establishing a well-structured talent pipeline that ensures robust human resources for long-term, stable development. The company maintains a comprehensive human resources management system, and continuously optimizes processes, systems, and incentive mechanisms to create a fair, transparent, open, and inclusive career development platform and value realization pathway for all employees. It places great importance on employee service and care, enhancing the employee experience through self-service platforms and fostering a warm, supportive, and engaging work environment.

6. Global collaboration advantages. With years of deep involvement in the automotive industry, the company has consistently adhered to open collaboration and win-win cooperation, establishing long-term, stable, and deeply trusted partnerships with high-quality strategic partners domestically and internationally. In 1984, the company initiated a strategic alliance with Bosch, a global leader in the industry. Over the years, through joint efforts, the cooperation has expanded across multiple fields, setting an exemplary model in industry collaboration. Meanwhile, the company has jointly established industrial platforms with renowned enterprises such as U.S.-based Atekem and Baolong Technology. Leveraging long-term collaborations with leading global companies, the company has cultivated a high-quality team of management and technical professionals with international perspectives and cross-cultural communication skills. It has mastered advanced international capabilities in research and design, manufacturing processes, quality control, and production operations, providing solid support for its international business expansion and global market strategy.

7. Capital operation and industrial investment advantages. Leveraging its listed company platform and extensive network of industry partners, and relying on solid financial fundamentals and adheres to the development philosophy of "industry as the foundation, capital as the enabler", the company always focuses on core strategic sectors such as energy and power, intelligent automotive, and new industrialization to expand its industrial footprint. Through diversified approaches, including equity investments, joint ventures, and corporate bond issuances, the company continuously strengthens and extends its industrial chain, nurturing emerging growth opportunities. The company has established a comprehensive and standardized investment decision-making and post-investment management system, emphasizing strategic alignment between portfolio companies and its core business, enabling synergistic development between internal growth and external expansion and providing strong support for the implementation of its medium- to long-term strategy.

8. Excellent corporate culture. With the mission of "Quality and Intelligence Driving a Better Life," and the company envision of "Becoming a World-leading Provider of Intelligent Automotive and New Industrial Systems, the company always upholds core values of "Dedication, Innovation, Responsibility, and Integration", and promotes an entrepreneurial spirit characterized by "Practical Action, Bold Initiative, Effective Collaboration, and Striving for Excellence", forming a rich and clearly oriented cultural foundation. The company is committed to building a distinctive cultural system driven by "Quality" and "Intelligence", and further uniting development consensus and showcasing cultural confidence through branded initiatives such as the regular "Quality & Intelligence Carnival", reflecting the company's commitment to its original aspirations and its forward-looking vision. This outstanding corporate culture provides strong spiritual guidance and cultural support for sustainable and steady operations, driving continuous pursuit of excellence and serving as a lasting force behind the realization of strategic goals and high-quality growth.

III. Analysis of main business

Overview

Refer to the relevant content of "1. Major business of the Company within report 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	6,577,060,413.92	5,760,418,633.11	14.18%	
Operation cost	5,407,931,484.30	4,765,222,793.27	13.49%	
Sales expense	71,309,292.67	83,998,662.78	-15.11%	

Administration expenses	374,153,718.45	381,273,882.00	-1.87%	
Financial expenses	8,855,912.51	-35,073,044.09	125.25%	Mainly due to changes in foreign exchange gains and losses caused by exchange rate fluctuations (Exchange loss for this reporting period was approximately 13.35 million yuan, compared to an exchange gain of about 19.70 million yuan in the same period last year)
Income tax expense	59,955,818.95	42,189,606.93	42.11%	Mainly due to the increase in taxable income
R&D expenses	338,140,590.10	350,722,149.70	-3.59%	
Net cash flows arising from operating activities	935,206,251.36	492,874,278.74	89.75%	Mainly due to an increase in cash received from sales of goods and provision of services during the reporting period.
Net cash flows arising from investing activities	-906,451,406.79	719,988,801.17	-225.90%	Mainly due to increased investment scale
Net cash flows arising from financing activities	-9,331,659.61	-800,783,034.85	98.83%	Mainly due to the adjustment in the implementation timing of the Company's 2025 year cash dividend.
Net increase of cash and cash equivalents	-2,257,807.63	448,858,253.58	-100.50%	Mainly due to the decrease in net cash flows arising from investing activities.

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

☐ Applicable ☒ Not applicable

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

Component of operation income

In RMB

	Amount in current period		Amount in last period		Year-on-year increase (+)/decrease (-)
	Amount	Ratio in operation income	Amount	Ratio in operation income	
Total operation income	6,577,060,413.92	100%	5,760,418,633.11	100%	14.18%
By industry					
Automotive components	6,441,837,362.16	97.94%	5,664,265,047.26	98.33%	13.73%
Other	135,223,051.76	2.06%	96,153,585.85	1.67%	40.63%
By product					
Energy and Power	5,607,181,494.67	85.25%	4,808,603,638.15	83.48%	16.61%
Automotive Intelligence	757,860,795.16	11.52%	753,668,394.13	13.08%	0.56%
New Industrial System + AI	76,795,072.33	1.17%	101,993,014.98	1.77%	-24.71%
Other	135,223,051.76	2.06%	96,153,585.85	1.67%	40.63%
By region					
Domestic	5,846,941,562.11	88.90%	5,032,603,685.85	87.37%	16.18%
Foreign	730,118,851.81	11.10%	727,814,947.26	12.63%	0.32%

Information on industries, products, or regions accounting for more than 10% of the Company's operating income or operating profit

☒ Applicable ☐ Not Applicable

In RMB

	Operating income	Operating Cost	Gross profit rate	Year-on-year increase (+)/decrease (-) of Operating income	Year-on-year increase (+)/decrease (-) of Operating Cost	Year-on-year increase (+)/decrease (-) of gross profit rate
--	------------------	----------------	-------------------	--	--	---

By industry						
Automotive components	6,441,837,362.16	5,348,126,771.42	16.98%	13.73%	13.12%	0.45%
By product						
Energy and Power	5,607,181,494.67	4,620,095,327.27	17.60%	16.61%	15.92%	0.49%
Automotive Intelligence	757,860,795.16	642,203,265.49	15.26%	0.56%	0.73%	-0.15%
By region						
Domestic	5,711,718,510.35	4,710,486,867.82	17.53%	15.70%	14.90%	0.58%
Foreign	730,118,851.81	637,639,903.60	12.67%	0.32%	1.52%	-1.03%

IV. Analysis of non-main business

☒Applicable ☐Not applicable

In RMB

	Amount	Ratio in total profit	Cause description	Whether be sustainable
Investment earnings	668,251,528.12	73.75%	Investment earnings mainly form the joint ventures RBCD, Zhonglian Electronics and WFEC	Yes (The joint ventures RBCD, Zhonglian Electronics and WFEC maintain stable production and operation, so the investment returns are sustained and stable)
Gains/losses from changes in fair value	-65,717,427.94	-7.25%	Mainly refers to the fair value changes of tradable financial asset	
Asset impairment	-75,062,255.15	-8.28%	Mainly refers to the provision of inventory impairment	
Non-operating income	1,296,251.20	0.14%		
Non-operating expense	2,075,990.74	0.23%		

V. Asset and liability analysis

1. Major changes of asset component

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	2,414,890,487.09	7.82%	2,358,850,312.47	7.95%	-0.13%	
Accounts receivable	4,122,335,543.56	13.35%	4,341,063,178.47	14.63%	-1.28%	
Inventory	2,629,912,239.61	8.52%	2,458,134,988.90	8.29%	0.23%	
Investment real estate	50,250,692.83	0.16%	52,318,319.87	0.18%	-0.02%	
Long-term equity investment	5,822,527,426.36	18.85%	7,299,370,031.76	24.60%	-5.75%	
Fixed asset	4,464,761,205.57	14.46%	4,582,924,701.55	15.45%	-0.99%	
Construction in progress	425,065,311.64	1.38%	280,431,452.37	0.95%	0.43%	Mainly for increasing long-term asset investments
Right-of-use asset	89,829,218.94	0.29%	97,945,565.44	0.33%	-0.04%	
Short-term borrowings	626,107,426.19	2.03%	564,763,810.23	1.90%	0.13%	
Contract liabilities	86,839,084.88	0.28%	63,010,303.58	0.21%	0.07%	Mainly due to increase advance customer payments
Long-term borrowings	105,843,351.11	0.34%	87,300,000.00	0.29%	0.05%	
Lease liabilities	68,279,058.96	0.22%	73,373,773.23	0.25%	-0.03%	

Other receivables	2,134,238,766.20	6.91%	82,980,848.24	0.28%	6.63%	
Including: dividends receivable	2,055,706,449.33	6.66%	5,357,758.49	0.02%	6.64%	Dividend receivable from participating companies

2. Major foreign assets

☒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 341,140,700.00	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	1.70%	No
Borit	Business combinations not under common control	RMB247,791,700.00	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	1.24%	No
VHIO	Business combinations not under common control	RMB621,160,900.00	Italy	A wholly-owned subsidiary of the Company, engaged in R&D, production, and sales of Automotive 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	RMB10,862,100.00	3.10%	No

3. Assets and liabilities measured at fair value

☒Applicable ☐Not applicable

In RMB

Items	Opening balance	Gains/losses from changes in fair value in current period	Accumulated gains/losses from changes in fair value booked into equity	Impairment provision accrued in current period	Amount of purchase in the period	Amount of sale in the period	Other changes	Ending balance
Financial asset								
1.Tradable financial assets(excluding derivative financial asset)	2,784,723,352.05	- 89,262,091.65			4,774,156,072.48		- 4,050,913,026.14	3,418,704,306.74
2.Other equity instrument investment	1,049,138,690.00				0.00		0.00	1,049,138,690.00

3.Receivable financing	1,861,919,025.73						69,714,831.94	1,931,633,857.67
Subtotal of financial assets	5,695,781,067.78	- 89,262,091.65			4,774,156,072.48		- 3,981,198,194.20	6,399,476,854.41
Above total	5,695,781,067.78	- 89,262,091.65			4,774,156,072.48		- 3,981,198,194.20	6,399,476,854.41
Financial liabilities	0.00							0.00

Other changes: Maturity redemption

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

☐ Yes ☒ No

4. The asset rights restricted till end of the report period

In RMB

Item	Book value at period-end	Restriction reason
Monetary funds	728,665.13	Cash deposit paid for bank acceptance
Monetary funds	317,328.83	Guarantee deposit
Monetary funds	144.17	Cash deposit for Mastercard
Monetary funds	7,820,760.93	Performance bond
Monetary funds	380,066.34	Financial management guarantee deposit
Monetary funds	30,308,794.51	Loan margin
Trading financial assets	10,150,000.00	Funds frozen by the court due to litigation are deposits in a corporate structured deposit account opened by the Company in a bank. The principal balance in such deposit account was RMB100.00 million, of which RMB 10.15 million was frozen.
Receivables financing	370,229,131.46	Notes pledge for bank acceptance
Total	419,934,891.37	--

VI. Analysis on investment

1. Overall status

☒ Applicable ☐ Not applicable

Investment amount during the report period (yuan)	Investment amount for the same period last year (yuan)	Change
413,172,349.04	441,930,364.44	-6.51%

2. Significant equity investments obtained during the report period

☐ Applicable ☒ Not applicable

3. Major non-equity investment in progress in report 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	600375	Hanma Technology	1,154,757.55	Measured at fair value	888,391.56	-395,972.37		156,072.48		-395,972.37	648,491.67	Tradable financial asset	Own fund
Total			1,154,757.55	--	888,391.56	-395,972.37	0.00	156,072.48	0.00	-395,972.37	648,491.67	--	--
Disclosure date of securities investment approval of the Board				Not applicable, Hanma Technology was formed through the conversion of accounts receivable into equity.									

(2) Derivative investment

☐ Applicable ☒ Not applicable

There are no derivative investments during the report period.

5. Application of raised proceeds

☐ Applicable ☒ Not applicable

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

VII. Sales of major asset and equity

1. Sales of major asset

☐ Applicable ☒ Not applicable

No major asset was sold during the report period.

2. Sales of major equity

☐ Applicable ☒ Not applicable

VIII. Analysis of main controlling and participating companies

☒ Applicable ☐ Not applicable

Main subsidiaries 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
Subsidiary 1	Subsidiary	Automotive parts manufacturing and sales	502,596,300.00	7,008,524,500.52	3,321,705,499.84	2,353,201,262.02	113,670,543.20	89,677,474.44
RBCD	Participating enterprise	Automotive parts manufacturing and sales	USD 382,500,000.00	18,159,830,710.31	6,720,704,315.86	5,068,471,572.52	914,844,891.75	858,569,240.53
Zhonglian Electronics	Participating enterprise	Automotive parts manufacturing and sales	600,620,000.00	11,771,254,922.11	10,062,968,071.09	14,214,738.71	1,343,652,608.66	1,340,597,954.92

Note: The operation profit and net profit presented in Subsidiary 1 do not include investment income from associated enterprises.

Subsidiaries acquired and disposed in report period

☒ Applicable ☐ Not applicable

Corporate name	Ways of acquiring and disposing of subsidiaries during the report period	Impact on overall production, operation, and performance
WEIFU LIDA(MALAYSIA) SDN.BHD	Investment establishment	The establishment of this company is primarily aimed at expanding the post-processing system business in the Southeast Asian market, while also creating a synergistic relationship with the domestic market. With planned investment of 40.00 million yuan, it is expected to have a positive impact on the company's overall operations and future performance.

Wuxi Weifu Electric Drive Technology Co., Ltd	Liquidation and cancellation	The company primarily engaged in hub motor-related business. Due to the industry's development falling short of expectations, the strategic adjustments by the company and other reasons, it has been liquidated and dissolved. The assets involved in this liquidation are mainly cash-based, and the process will not have a significant impact on the company's overall operations or financial performance.
Borit Inc.	Liquidation and cancellation	The company served as Borit's U.S. business office. Due to the need for strategic optimization and improved management efficiency, it has been liquidated and dissolved. This liquidation and deregistration will not have a material impact on the company's overall operations or financial performance.

Description of major participating enterprises:

Nil

IX. Structured subject controlled by the Company

☐ Applicable ☒ Not applicable

X. Risks faced by the company and corresponding measures

1. Risks in macroeconomy and market

The current global macroeconomic environment remains complex and challenging, with insufficient domestic economic demand. The automotive industry is facing structural divergence characterized by "pressure on domestic demand and export-driven growth", intensifying competition and accelerating iteration in new-energy and intelligent technology pathways. If industry sentiment falls short of expectations or the market landscape undergoes significant changes, it could introduce certain uncertainties regarding the company's operations, market expansion, and profitability.

Countermeasures: The company will continuously monitor the macroeconomic environment and industry development trends, dynamically optimize its business strategies, strengthen and solidify its competitive position in core markets, and actively explore new products, customers, and business areas. Keeping pace with the technological trends of electrification, intelligence, and integration in the automotive industry, the company will increase R&D investment and technology reserves to enhance product competitiveness, cost control capabilities, and overall risk resilience, ensuring sustainable and stable operations. At the same time, it will seize opportunities presented by the rapid growth of export markets and fully leverage its global collaboration advantages, to steadily expand its international business footprint.

2. Risks in business management and control

With the continuous promotion of the company's international strategic layout and the continuous expansion of strategic emerging businesses, especially in the fields of new energies and new industries, the company's management range, business complexity and investment decision-making difficulty increase accordingly, and there are certain management and investment risks in internal control, cross-cultural management, project management and control, and the realization of investment benefits.

Countermeasures: The company will continue to improve the modern corporate management system, optimize internal management processes and operational mechanisms, strengthen system implementation and process control, comprehensively improve the level of refined management, strengthen the overall planning and risk control of international business, speed up the introduction of international talents and team building, enhance the ability of overseas business operation, strengthen the whole life cycle management of new businesses and new projects, to effectively prevent business and investment risks and ensure the steady realization of the company's strategic objectives.

3. Risks in raw material price fluctuation

The main raw materials needed for the company's production include aluminum and precious metals, and their prices are affected by multiple factors such as global macro-economy, supply and demand, and commodity market fluctuations. If the prices of major raw materials continue to rise sharply, it will directly increase the company's production costs and adversely affect the company's profitability and operating performance.

Countermeasures: The company will continue to strengthen the research and judgment on the market trend of bulk commodities, scientifically plan production and inventory strategies, reasonably control the inventory of raw materials, continue to deepen the collaborative management of supply chain and optimize the procurement mode, strengthen the integration of industrial chain resources and cost control, absorb the cost pressure through technical upgrading, process optimization, product structure adjustment, etc., and transfer some risks through reasonable product price adjustment when necessary, so as to minimize the impact of raw material price fluctuations on the company's operation.

4. Risks related to financial instruments

In daily operation, the company can use various financial instruments such as monetary funds, structured deposits, accounts receivable, equity instruments investment, wealth management products, bank loans and accounts payable, which may result in credit risk, market risk and liquidity risk. If the relevant risk cannot be controlled completely, it may adversely affect the company's asset security, cash flow and operating results.

Countermeasures: The company will continuously identify, evaluate and monitor all kinds of financial risks, define risk preferences and limits, strictly implement customer credit management, centralized fund management, investment and financing approval and other control processes, strengthen the whole process management of credit risk, market risk and liquidity risk, to ensure that all kinds of risks are controlled within a reasonable and tolerable range, effectively guarantee the safe and stable operation of the company's assets, and safeguard the legal rights and interests of the company and all shareholders.

5. Risks in strategic business transformation and post-investment management

In recent years, the company has accelerated its strategic transformation into new business areas, actively expanding into full active hydraulic suspension, intelligent seats, millimeter-wave radar, hydrogen energy, and comprehensive recycling of lithium batteries. It continues to advance external investments, mergers and acquisitions, integration, and industrial incubation. However, emerging industries are characterized by rapid technological iteration and long market development cycles, posing risks such as delayed technology implementation and slower-than-expected market expansion. Additionally, with increasing numbers of external investment projects, if post-investment integration, business synergy, team alignment, and operational management fail to meet expectations, the operating performance of invested companies may fall short, negatively impacting the company's overall strategic progress and financial results.

Countermeasures: The company will adhere to an industry-driven investment philosophy, strictly follow procedures for project initiation, due diligence, and decision-making, carefully select investment objects with a strong focus on synergies between projects and core businesses. It will continuously strengthen full-cycle post-investment management by establishing routine monitoring and evaluation mechanisms, enhancing oversight over the operations, finances, and major events of invested enterprises. The company will promote resource integration across business, technology, and management dimensions, proactively identify and mitigate potential operational risks. For emerging businesses still in the development phase, it will conduct forward-looking risk assessments and manages resource allocation prudently, to ensure the orderly advancement of the company's strategic transformation.

XI. Formulation and implementation of market value management system and valuation enhancement plan

Whether the company has formulated market value management system or not?

☒ Yes ☐ No

To strengthen the Company's market value management, further standardize its market value management practices, protect the legitimate rights and interests of the company's investors (especially medium and small investors) and other stakeholders, enhance the Company's investment value, and improve investor returns, the Company has formulated the Market Value Management System in accordance with the relevant provisions of laws, regulations and normative documents such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guidelines for Supervision of Listed

Companies No. 10 – Market Value Management, and the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, as well as the Articles of Association of the Company, and in combination with the Company's actual situation. This system was reviewed and approved at the 6th meeting of the 11th session of the Board of Directors on April 16, 2025. Please refer to the full text of the system disclosed by the Company on April 18, 2025 on the website of Juchao Information for specific details.

Whether the Company has disclosed valuation enhancement plan or not?

☐Yes ☒No

XII. 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” or not?

☐Yes ☒No

Section IV Corporate Governance, Environmental and Social Responsibilities

I. Changes in directors, supervisors and senior executives

☒Applicable ☐ Not applicable

Name	Duty	Type	Date	Reason
Rong Bin	General Manager	Appointed	2026-06-26	Appointed by the BoD
Xue Liang	Deputy General Manager	Appointed	2026-06-26	Continued appointed by the BoD
Yin Zhenyuan	Chairman	Leave office	2026-07-26	Job adjustment

II. Profit distribution and capitalization of capital reserves during the report period

☒Applicable ☐Not applicable

Share capital base for profit distribution proposal (shares)	3
The base number of shares for the distribution plan (shares)	966,785,693
Cash dividend amount (yuan) (including tax)	290,035,707.90
Cash dividend amount in other forms (such as share repurchase) (yuan)	0.00
Total cash dividend (including other forms) (yuan)	290,035,707.90
Distributable profits (yuan)	13,104,974,780.35
The proportion of total cash dividends (including other forms) in the total profit distribution	100%
Cash dividend amount	
Other	
Detail explanation on profit distribution or capitalization from capital reserves	
Based on the 966,785,693 shares, a cash dividend of RMB 3.00 yuan per 10 shares (including tax) will be distributed, no bonus shares and no capitalization from capital reserves. The total proposed cash dividends for this time is 290,035,707.90 yuan (including tax). If the total share capital of the Company changes before the implementation of the distribution plan, the Company will implement profit distribution 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.	

III. Implementation of the Company's stock incentive plan, employee stock ownership plan or other employee incentives

☐Applicable ☒Not applicable

The Company didn't implement stock incentive plan, employee stock ownership plan or other employee incentives.

IV. Environment information disclosure

Whether the listed company and its major subsidiaries included in the list of enterprises are required to disclose environment information in accordance with laws?

☒ Yes ☐ No

Number of enterprises included in the list of enterprises required to disclose environmental information in accordance with laws		4
SN	Enterprise name	Query index for the report on environmental information disclosure in accordance with laws
1	WFHT (Mechanical Systems Business Division)	Department of Ecology and Environment of Jiangsu Province - Enterprise Environmental Information Disclosure System in Accordance with the Law (Jiangsu) http://218.94.78.91:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://218.94.78.91:18181/spsarchive-webapp/web/sps/views/yfpl/views/yfplHomeNew/index.js
2	WFJN	
3	WFCA	
4	WFAM	

V. Social responsibility

In 2026, the Company remained focused on its goal of high-quality development and fully integrated social responsibility into its corporate strategy. Guided by its commitment to responsible action and long-term positive development, the Company embraced a service philosophy centered on care, empowerment, and community benefit. It coordinated initiatives in employee care, community service, charitable assistance, and environmental protection, fulfilling its corporate social responsibilities through practical actions and demonstrating both corporate responsibility and a strong human-centered approach.

Employee care serves as a fundamental foundation for the Company's sustainable development. During the reporting period, the Company integrated resources from various channels, including the Wuxi Federation of Trade Unions, the Red Cross Society of Wuxi, and internal corporate mutual aid funds, to establish a comprehensive and targeted employee assistance mechanism. The Company continued to provide support for employees facing critical challenges, including serious medical needs, children's education expenses, and family financial difficulties, helping employees overcome hardships and fostering a workplace culture where employees feel that the Company is like a second home. Meanwhile, the Company actively advanced the development of a "Healthy Enterprise" by organizing a series of initiatives, including on-site medical consultations in workshops, first-aid skills training, and public health education sessions on chronic disease prevention. These activities promoted health awareness among employees, enhanced employees' ability to respond to emergencies and provide mutual assistance., and provided comprehensive support for their physical and mental well-being.

In the area of philanthropy and community engagement, the Company actively fulfilled its social responsibilities by donating RMB75,000 to Red Cross charitable programs. The Company has also received the "Red Cross Fundraising Organization Award" for multiple consecutive years. With regard to community services, the Company focuses on elderly care, community welfare, and convenient public services. It carried out environmental protection volunteer activities at Hongfu Home-Based Elderly Care Service Station and organized the "Making Moxa Hammers with Skillful Hands" handicraft event to bring warmth and care to senior citizens.. Through the Hongfu Community Service Center, the Company organized free medical consultation activities, bringing accessible healthcare services directly to local residents and strengthening connections between the Company and the surrounding community. In terms of educational assistance, the Company remained committed to supporting education in remote areas by donating Children's Day care packages to No. 4 Complete Primary School of Yushu Tibetan Autonomous Prefecture in Qinghai Province, contributing to the healthy growth and development of young students. The Company also firmly embraced the principles of green development and launched the public welfare initiative "Strengthen Environmental Protection, Share a Green Future." Employees participated in volunteer hiking and environmental cleanup activities along the shores of Lake Taihu, taking concrete actions to protect the ecological environment and promote green, low-carbon, and environmentally responsible values.

Looking ahead, the Company will continue to uphold its commitment to public welfare and proactively fulfill its corporate social responsibilities. It will further enhance its employee care and support system, deepen its involvement in community services, elderly care, education assistance and environmental protection initiatives, develop innovative platforms for public welfare initiatives, and expand the reach of its social responsibility programs. Rooted in the local community and committed to giving back to society, the Company will continue to demonstrate corporate warmth through sustained social responsibility practices, contribute to social harmony and progress through concrete actions, and strengthen its reputation as a responsible corporate citizen.

Section V. Important Events

I. Commitments completed in Period and those completed till the end of the Period from actual controller, shareholders, related parties, purchaser and companies

☐ Applicable ☒ Not applicable

There are no commitments which are not completed in Period and those completed till the end of the Period from actual controller, shareholders, related parties, purchaser and companies.

II. Non-operational fund occupation by controlling shareholders and their related parties

☐ Applicable ☒ Not applicable

No non-operational fund occupation by controlling shareholders and their related parties in period.

III. External guarantee out of regulations

☐ Applicable ☒ Not applicable

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

IV. Appointment and dismissal of CPA

Whether the semi-annual financial report has been audited or not?

☐ Yes ☒ No

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

V. Explanation from the BOD, the board of supervisors and independent directors (if applicable) for “Qualified Audit Opinion” issued by CPA

☐ Applicable ☒ Not applicable

VI. Explanation from the BOD for “Qualified Audit Opinion” of last period

☐ Applicable ☒ Not applicable

VII. Bankruptcy reorganization

☐ Applicable ☒ Not applicable

No bankruptcy reorganization for the Company in report period

VIII. Lawsuits

Material litigation and arbitration matters

☐ Applicable ☒ Not Applicable

During the report period, the company has no material litigation or arbitration matters.

Other litigation matters

☒ Applicable ☐ Not Applicable

Basic information of litigation (arbitration)	Amount involved (in ten thousand 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
The Company or its subsidiaries, as plaintiffs, have no lawsuits that meet the disclosure threshold for material litigation; summary of other lawsuits	14,768.64	N	Related cases are currently under trial or execution	It has no significant impact on the company's production and operation	Case not yet closed		
The Company or its subsidiaries, as plaintiffs, have no lawsuits that meet the disclosure threshold for material litigation; summary of other lawsuits	302.36	N	Related cases are currently under trial	It has no significant impact on the company's production and operation	Case not yet closed		

IX. Penalty and rectification

☐ Applicable ☒ Not applicable

No penalty and rectification for the Company in report period.

X. Integrity of the Company, its controlling shareholder and actual controller

☐ Applicable ☒ Not applicable

XI. Major related transaction

1. Related transaction with routine operation concerned

☒ 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 ten thousand yuan)	Proportion in similar transactions	Trading limit approved (in ten 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	Joint venture	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	1,042.23	0.15%	2,600	N	According to the contract	Market price	2026/4/17	Announcement No.: 2026-008
WFEC	Joint venture of WFLD	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	50,646.35	7.24%	120,000	N	According to the contract	Market price		
RBCD	Associated enterprise, controlling subsidiary of Bosch	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	17,625.12	2.52%	36,000	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	12,180.12	1.74%	38,000	N	According to the contract	Market price		
FALCON	Holding company of IDG	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	1.19	0.00%	0	Y	According to the contract	Market price		
Changchun Xuyang	Joint venture of WFLD	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	7.82	0.00%	0	Y	According to the contract	Market price		
Lezhuo Bowei	Joint venture	Procurement of goods and services	Procurement of goods and services	Fair market pricing	Market price	1.97	0.00%	0	Y	According to the contract	Market price		

Zhongcui food	Holding company of IDG	Procurement of goods and services	Procurement of goods and services	Fair market price	Market price	21.93	0.00%	0	Y	According to the contract	Market price		
WFPM	Joint venture	Sale of goods and services	Sale of goods and services	Fair market price	Market price	72.58	0.01%	150	N	According to the contract	Market price	2026/4/17	Announcement No.: 2026-008
WFEC	Joint venture of WFLD	Sale of goods and services	Sale of goods and services	Fair market price	Market price	120.01	0.02%	750	N	According to the contract	Market price		
RBCD	Associated enterprise, controlling subsidiary of Robert Bosch Company	Sale of goods and services	Sale of goods and services	Fair market price	Market price	84,795.65	12.89%	170,000	N	According to the contract	Market price		
Bosch	Second largest shareholder of the Company	Sale of goods and services	Sale of goods and services	Fair market price	Market price	104,615.46	15.91%	265,000	N	According to the contract	Market price		
Changchun Xuyang	Joint venture of WFLD	Sale of goods and services	Sale of goods and services	Fair market price	Market price	2,319.02	0.35%	9,500	N	According to the contract	Market price		
Lezhuo Bowei	Joint venture	Sale of goods and services	Sale of goods and services	Fair market price	Market price	509.99	0.08%	1,800	N	According to the contract	Market price		
IDG	Largest shareholder of the Company	Sale of goods and services	Sale of goods and services	Fair market price	Market price	22.58	0.00%	0	Y	According to the contract	Market price		
RBCD	Associated enterprise, controlling subsidiary of Bosch	Other	Payment of technology royalty fees, etc.	Fair market price	Market price	145.78		200	N	According to the contract	Market price	2026/4/17	Announcement No.: 2026-008
RBCD	Associated enterprise, controlling subsidiary of Bosch	Other	Lease receivables	Fair market price	Market price	26.52		100	N	According to the contract	Market price		
Bosch	Second largest shareholder of the Company	Other	Payment of technology royalty fees, etc.	Fair market price	Market price	442.12		500	N	According to the contract	Market price		
Bosch	Second largest shareholder of the Company	Other	Procurement of fixed assets	Fair market price	Market price	74.88		4,000	N	According to the contract	Market price		
Bosch	Second largest shareholder of the Company	Other	Provide technical services, etc.	Fair market price	Market price	0		2,500	N	According to the contract	Market price		
WFEC	Joint venture of WFLD	Other	Technical services, etc. payable	Fair market price	Market price	0		100	N	According to the contract	Market price		
WFEC	Joint venture of WFLD	Other	Lease receivable	Fair market price	Market price	100.45		300	N	According to the contract	Market price		

WFEC	Joint venture of WFLD	Other	Motion Fee payable	Fair market pricing	Market price	23.39		200	N	According to the contract	Market price		
Lezhuo Bowei	Joint venture	Other	Lease receivables	Fair market pricing	Market price	158.54		400	N	According to the contract	Market price		
Lezhuo Bowei	Joint venture	Other	Motion Fee receivable	Fair market pricing	Market price	91.04		0	Y	According to the contract	Market price		
WFPM	Joint venture	Other	Procurement of fixed assets	Fair market pricing	Market price	19.2		0	Y	According to the contract	Market price		
Eleventh Technology	Holding company of IDG	Other	Procurement of fixed assets	Fair market pricing	Market price	15.09		0	Y	According to the contract	Market price		
IDG	Largest shareholder of the Company	Other	Provide technical services, etc.	Fair market pricing	Market price	68.21		0	Y	According to the contract	Market price		
Jiangsu Taiji	Holding company of IDG	Other	Provide technical services, etc.	Fair market pricing	Market price	2.36		0	Y	According to the contract	Market price		
Zhongcui Food	Holding company of IDG	Other	Procurement of canteen ingredients and related supplies	Fair market pricing	Market price	92.99		0	Y	According to the contract	Market price		
Junhai Xichan	Holding company of IDG	Other	Lease receivables	Fair market pricing	Market price	0.92		0	Y	According to the contract	Market price		
Total				--	--	275,243.51	--	652,100	--	--	--	--	--
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 report period (if applicable)				The Company expects the total amount of daily related transactions in 2026 to be 6,521.00 million yuan, and the actual total amount of daily related transactions that occurred during the report period is 2,752.4351 million yuan, classified as follows: 1. It is expected that the purchase of goods and services from related parties in 2026 will not exceed 1,966.00 million yuan, and the actual amount incurred during the report period is 815.2673 million yuan; 2. It is expected that the sales of goods and services to related parties in 2026 will not exceed 4,472.00 million yuan, and the actual amount incurred during the report period is 1,924.5529 million yuan; 3. It is expected that other related transactions with related parties in 2026 will not exceed 83.00 million yuan, and the actual amount incurred during the report period is 12.6149 million yuan.									
Reasons for major differences between trading price and market reference price (if applicable)				Not applicable									

Note: WFPM's full name is "Wuxi Weijing Technology Co., Ltd.", it was previously named "Wuxi Weifu Precision Machinery Manufacturing Co., Ltd."

2. Assets or equity acquisition, and sales of assets and equity

☐ Applicable ☒ Not applicable

3. Related transaction of joint external investment

☐ Applicable ☒ Not applicable

4. Related credits and liabilities

☐ Applicable ☒ Not applicable

5. Contact with related finance companies

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

7. Other major related transactions

☒ Applicable ☐ Not applicable

The Company held the 16th meeting of the 11th board of directors on June 8, 2026, deliberated and approved the proposal on the formation of Related Party Transactions Caused by Public Tendering. For specific details, please refer to the "Announcement on Related Party Transactions Caused by Public Tendering" (Announcement No. 2026-015) disclosed by the Company on June 9, 2026.

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
Announcement on Related Party Transactions Caused by Public Tendering	2026-06-09	CNINFO (http://www.cninfo.com.cn)

XII. Significant contract and implementation**1. Trusteeship, contract and leasing****1) Trusteeship**

☐ Applicable ☒ Not applicable

No trusteeship for the Company in report period

2) Contract

☐ Applicable ☒ Not applicable

No contract for the Company in report period

3) Leasing

☐ Applicable ☒ Not applicable

No leasing in the Period

2. Major guarantee

☒ 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
VHIO	2023-04-28	55,000	2023-07-13	7,784	Joint liability guarantee	NA	NA	Three years from the date on which the Italian Tax Authority receives the letter of guarantee	N	N
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 obligation, but not later than June 30, 2028	N	N
VHIO	2023-04-28	55,000	2024-04-09	30,706	Joint liability guarantee	NA	NA	Two years from the date of VHIO's full performance of all supplier obligations, or the date on which it itself meets the indicator requirements specified in the letter of guarantee	N	N
IRD	2025-04-18	5,742	2025-09-18	2,490	Pledged	3 million euros	NA	The deadline for the debtor of the main contract to fulfill the debt shall be subject to the provisions of the main contract. However, if the main contract debt is due in advance according to the provisions of laws, regulations, rules, or the main contract agreement, or if both parties to the main contract agree through	N	N

								consultation, the early due date of the debt shall be the date on which the debt performance period expires. If the main contract stipulates that the debtor shall repay the debt in installments, the due date of each debt shall be deemed as the expiration date of the performance period for that portion of the debt		
Approved total guaranteed amount towards the subsidiaries within report period (B1)			6,800		Total actual amount occurred towards subsidiaries within report period (B2)			0		
Approved total guaranteed amount towards the subsidiaries at the year end (B3)			53,089		Total actual guarantee balance towards subsidiaries at the year end (B4)			46,289		
Total amount of the Company's guarantee (total of the top three)										
Approved total amount guaranteed within report period (A1+B1+C1)			6,800		Total actual guaranteed amount occurred within report period (A2+B2+C2)			0		
Approved total amount guaranteed at the year end (A3+B3+C3)			53,089		Actual total guarantee balance at the year end (A4+B4+C4)			46,289		
Proportion of actual total guaranteed amount (A4+B4+C4) to net asset								2.31%		
Including:										
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 report period (if any)								Nil		
Explanation of providing external guarantees in violation of prescribed procedures (if any)								Nil		

Specific description for using the guarantee by complex method: Nil

3. Trusted cash asset management

☒ Applicable ☐ Not applicable

In ten thousand yuan

Type	risk characteristics	Balance of entrusted wealth management during the reporting period	Amount with impairment accrual for the overdue financial products which has not been recovered
Financing products of banks	R1 (Low risk)	253,565	0
Trust financial products	R2 (Medium-low risk)	4,079	0
Others	R3 (Medium risk)+R4 (Medium-high risk)	32,728	0

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

☐ Applicable ☒ Not applicable

4. Other material contracts

☐ Applicable ☒ Not applicable

XIII. Reception of investigation, communication and interview during the reporting period

☒ Applicable ☐ Not applicable

Reception time	Reception place	Reception mode	Reception object type	Reception Object	Main content talked about and materials provided	Index of basic situation of research
2026.01.01-2026.06.30	Interactive platform of investor relationship	Written inquiry	Other	Other	Basic company information and view of the market	Answered 16 questions online through the interactive platform for investor relations
2026.01.01-2026.06.30	Company tel.	Telephoning	Other	Other	Basic company information and view of the market	450 telephone communications with the investors

XIV. Explanation on other significant events

☐ Applicable ☒ Not applicable

There are no other significant events to be explained.

XV. Significant events of subsidiaries of the Company

☐ Applicable ☒ Not applicable

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in share capital

1. Changes in share capital

	Before the Change		Change during the report period (+/-)					In Share After the change	
	Amount	Proportion	New shares issued	Bonus shares	Public reserve transfer into share capital	Others	Subtotal	Amount	Proportion
I. Restricted shares	500,394	0.05%				14,250	14,250	514,644	0.05%
1. State-owned shares									
2. State-owned legal person's shares									
3. Other domestic shares	500,394	0.05%				14,250	14,250	514,644	0.05%
Including: Domestic legal person's shares									
Domestic natural person's shares	500,394	0.05%				14,250	14,250	514,644	0.05%
4. Foreign shares									
Including: Foreign legal person's shares									
Foreign natural person's shares									
II. Unrestricted shares	966,285,299	99.95%				-14,250	-14,250	966,271,049	99.95%
1. RMB ordinary shares	793,905,299	82.12%				-14,250	-14,250	793,891,049	82.12%
2. Domestically listed foreign shares	172,380,000	17.83%						172,380,000	17.83%
3. Overseas listed foreign shares									
4. Others									
III. Total shares	966,785,693	100.00%				0	0	966,785,693	100.00%

Reasons for share changed

☒Applicable ☐Not applicable

During the report period, changes in executive lock up of shares resulting in changes in restricted and unrestricted shares.

Approval status of share changes

☐Applicable ☒A Not applicable

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
Rong Bin	84,000	0	0	84,000	Lock-up shares held by senior executives	Nil
Feng Zhiming	48,894	0	0	48,894	Lock-up shares held by senior executives	Nil
Xu Sheng	84,000	0	0	84,000	Lock-up shares held by senior executives	Nil
Liu Jinjun	84,000	0	0	84,000	Lock-up shares held by senior executives	Nil
Li Gang	84,000	0	0	84,000	Lock-up shares held by senior executives	Nil
Former directors, supervisors and senior management	115,500	0	14,250	129,750	Lock-up shares held by former directors, supervisors and senior management	Nil
Total	500,394	0	14,250	514,644	--	--

II. Securities issuance and listing

☐ Applicable ☒ Not applicable

III. Number and shareholding situation of Company shareholders

In Share

Total common stock shareholders at end of the report period			62,701	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed (if applicable)(refer to Note 8)			0	
Particulars about shares held above 5% by shareholders or top 10 shareholders(Excluding shares lent through refinancing)								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total of common shares held at the end of report period	Changes in report 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	22.05%	213,202,199	0	0	213,202,199	N/A	0
Robert Bosch Co., Ltd	Foreign corporate	15.44%	149,241,339	0	0	149,241,339	N/A	0
SOOCHOW Securities	State-owned corporate	1.62%	15,679,495	6,037,400	0	15,679,495	Pledged	3,495,800
NSSF-413	Other	0.95%	9,180,001	60,000	0	9,180,001	N/A	0
FIDELITY INVMT TRT FIDELITY INTL SMALL CAP FUND	Foreign corporate	0.93%	8,972,271	0	0	8,972,271	N/A	0
NSSF-107	Other	0.70%	6,795,000	1,362,100	0	6,795,000	N/A	0
Hong Kong Securities Clearing Company	Foreign corporate	0.63%	6,081,864	-5,836,975	0	6,081,864	N/A	0
Xie Zuogang	Domestic natural person	0.58%	5,562,767	0	0	5,562,767	N/A	0
Lin Chuan	Domestic natural person	0.57%	5,500,000	-91,000	0	5,500,000	N/A	0
Guolian An Fund - China Pacific Life Insurance Co., Ltd	Other	0.53%	5,104,900	624,000	0	5,104,900	N/A	0

- Dividend Insurance - Guolian An Fund - China Pacific Life Equity Relative Yield (Guaranteed Dividend) Single Asset Management Plan								
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 Croup 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)	Nil							
Particular about top 10 shareholders with unrestricted shares held(Excluding shares lent through refinancing, locked-up shares for senior executives)								
Shareholders' name	Amount of unrestricted shares held at Period-end	Shares held						
		Type	Amount					
Wuxi Industry Development Group Co., Ltd.	213,202,199	RMB common shares	213,202,199					
Robert Bosch Co., Ltd	149,241,339	RMB common shares	115,260,600					
		Domestically listed foreign shares	33,980,739					
SOOCHOW Securities	15,679,495	RMB common shares	15,679,495					
NSSF-413	9,180,001	RMB common shares	9,180,001					
FIDELITY INVMT TRT FIDELITY INTL SMALL CAP FUND	8,972,271	Domestically listed foreign shares	8,972,271					
NSSF-107	6,795,000	RMB common shares	6,795,000					
Hong Kong Securities Clearing Company	6,081,864	RMB common shares	6,081,864					
Xie Zuogang	5,562,767	Domestically listed foreign shares	5,562,767					
Lin Chuan	5,500,000	RMB common shares	5,500,000					
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	5,104,900	RMB common shares	5,104,900					
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 Croup 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

Whether the top ten common shareholders or top ten unrestricted shareholders have agreed repurchase dealing in report period or not?

☐ Yes ☒ No

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

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

☐Applicable ☒Not applicable

The shareholdings of the company's directors, supervisors and senior management did not change during the report period; for details, please refer to the 2025 Annual Report.

V. Changes of controlling shareholders or actual controller in report period

Changes of controlling shareholders in report period

☐ Applicable ☒ Not applicable

The Company had no changes of controlling shareholders in report period

Changes of actual controller in report period

☐ Applicable ☒ Not applicable

The Company had no changes of actual controller in report period

VI. Preferred stock

☐ Applicable ☒ Not applicable

The Company had no preferred stock in report period.

Section VII. Corporate Bonds

I. Enterprise bonds

☐ Applicable ☒ Not applicable

II. Corporate bonds

☒ Applicable ☐ Not applicable

1. Basic information of corporate bonds

Unit: Ten Thousand Yuan

Bond name	Bond abbreviation	Bond code	Issue date	Interest accrual date	Maturity date	Bond balance	Interest rate	Principal and interest repayment method	Securities Trading Venue
WFHT 2025 Sci-Tech Innovation Corporate Bond (465 Modern Industrial Cluster Special)	25WF K1	524579	2025-12-05	2025-12-08	2028-12-08	50,000	1.9%	Interest is calculated at a simple annual rate without compound interest. Interest is paid annually, principal is repaid in a lump sum at maturity, and the final interest payment is made together with the principal redemption.	Shenzhen Stock Exchange
Investor appropriateness arrangements (if any)			The corporate bond is publicly issued to professional institutional investors						
Applicable trading mechanism			Matched transaction, negotiated transaction, click transaction, inquiry transaction, competitive bidding transaction						
Risk of termination of listing and trading (if any) and response measures			None						

Overdue unpaid bonds

☐ Applicable ☒ Not Applicable

2. Triggering and implementation of issuer or investor option clauses and investor protection clauses

☐ Applicable ☒ Not Applicable

3. Adjustment of credit rating results during the reporting period

☐ Applicable ☒ Not Applicable

4. The implementation and changes in the guarantee status, repayment plan, and other debt repayment safeguards during the reporting period, as well as their impact on the rights and interests of bond investors

☐ Applicable ☒ Not Applicable

III. Non-financial corporate debt financing instruments

☐ Applicable ☒ Not Applicable

IV. Convertible bond

☐ Applicable ☒ Not Applicable

V. During the reporting period, the consolidated financial statements incurred losses exceeding 10% of the net assets at the end of the previous year

☐ Applicable ☒ Not Applicable

VI. Major accounting data and financial indicators of the Company in the recent two years as of the end of the reporting period

Unit: Ten Thousand Yuan

Item	End of the reporting period	End of the previous year	Year-on-year increase/decrease (+/-)
liquidity ratio	1.93	1.85	4.32%
asset-liability ratio	32.09%	29.69%	2.40%
quick ratio	1.64	1.54	6.49%
	The reporting period	Same period of last year	Year-on-year increase/decrease (+/-)
Net profit after deducting non-recurring gains and losses	87,062.32	66,518.45	30.88%
EBITDA to total debt ratio	33.33%	35.55%	-2.22%
Interest coverage ratio	59.57	84.50	-29.50%
Cash interest coverage ratio	108.01	65.93	63.83%
EBITDA interest coverage ratio	83.94	125.62	-33.18%
Loan repayment rate	100.00%	100.00%	0.00%
Interest coverage	100.00%	100.00%	0.00%

Section VIII. 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.

June 30, 2026

In RMB

Item	Ending balance	Beginning balance
Current assets:		
Monetary funds	2,414,890,487.09	2,358,850,312.47
Settlement provisions		
Capital lent		
Tradable financial assets	2,668,446,370.48	2,334,658,155.36
Derivative financial assets		
Notes receivable	219,852,886.48	93,133,355.40
Accounts receivable	4,122,335,543.56	4,341,063,178.47
Receivable financing	1,931,633,857.67	1,861,919,025.73
Accounts paid in advance	127,281,493.52	99,492,959.55
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other accounts receivable	2,134,238,766.20	82,980,848.24
Including: Interest receivable		
Dividend receivable	2,055,706,449.33	5,357,758.49
Buying back the sale of financial assets		
Inventories	2,629,912,239.61	2,458,134,988.90
Including: data resource		
Contract assets		
Assets held for sale		
Non-current asset due within one year	790,255,397.26	689,033,205.47
Other current assets	126,873,106.40	137,849,612.83
Total current assets	17,165,720,148.27	14,457,115,642.42
Non-current assets:		
Loans and payments on behalf		

Creditors' investment		
Other creditors' investment		
Long-term accounts receivable		
Long-term equity investment	5,822,527,426.36	7,299,370,031.76
Investment in other equity instrument	1,049,138,690.00	1,049,138,690.00
Other non-current financial assets	750,257,936.26	751,258,396.69
Investment real estate	50,250,692.83	52,318,319.87
Fixed assets	4,464,761,205.57	4,582,924,701.55
Construction in progress	425,065,311.64	280,431,452.37
Productive biological assets		
Oil and gas assets		
Right-of-use assets	89,829,218.94	97,945,565.44
Intangible assets	450,562,433.10	478,905,295.60
Including: Data resources		
Development expenditure		
Including: Data resources		
Goodwill	1,784,086.79	1,784,086.79
Long-term expenses to be apportioned	57,697,397.12	57,396,940.60
Deferred income tax assets	300,875,710.90	309,899,010.51
Other non-current assets	254,404,857.95	249,239,314.05
Total non-current assets	13,717,154,967.46	15,210,611,805.23
Total assets	30,882,875,115.73	29,667,727,447.65
Current liabilities:		
Short-term loans	626,107,426.19	564,763,810.23
Loan from central bank		
Capital borrowed		
Tradable financial liabilities		
Derivative financial liabilities		
Note payable	2,629,903,122.45	1,913,336,503.36
Accounts payable	4,237,833,475.69	4,375,877,094.85
Accounts received in advance		4,013,931.36
Contract liabilities	86,839,084.88	63,010,303.58
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	230,734,900.13	364,256,169.69
Taxes payable	62,194,402.89	71,255,035.47
Other accounts payable	741,318,575.43	65,306,720.22
Including: Interest payable		

Dividend payable	676,749,985.10	2,937,600.00
Handle fee and commission payable		
Reinsurance payable		
Liabilities held for sale		
Non-current liabilities due within one year	28,958,678.66	130,157,223.15
Other current liabilities	236,086,884.45	245,935,469.10
Total current liabilities	8,879,976,550.77	7,797,912,261.01
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	105,843,351.11	87,300,000.00
Bonds payable	505,335,616.44	500,624,657.53
Including: Preferred stock		
Perpetual capital securities		
Lease liabilities	68,279,058.96	73,373,773.23
Long-term accounts payable	7,780,000.00	7,780,000.00
Long-term wages payable	78,406,055.33	80,454,470.77
Accrual liability	113,660,642.29	105,455,503.64
Deferred income	127,651,476.51	128,942,021.14
Deferred income tax liabilities	22,760,530.12	27,018,658.45
Other non-current liabilities		
Total non-current liabilities	1,029,716,730.76	1,010,949,084.76
Total liabilities	9,909,693,281.53	8,808,861,345.77
Owner's equity:		
Share capital	966,785,693.00	966,785,693.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	2,687,763,305.94	2,686,504,136.26
Less: Inventory shares		
Other comprehensive income	66,340,494.45	122,398,098.62
Reasonable reserve	7,539,452.76	8,619,634.17
Surplus public reserve	510,100,496.00	510,100,496.00
Provision of general risk		
Retained profit	15,782,810,442.46	15,623,144,555.11
Total owner's equity attributable to parent company	20,021,339,884.61	19,917,552,613.16
Minority interests	951,841,949.59	941,313,488.72
Total owner's equity	20,973,181,834.20	20,858,866,101.88
Total liabilities and owner's equity	30,882,875,115.73	29,667,727,447.65

Legal Representative: Rong Bin

Person in charge of accounting works: Feng Zhiming

Person in charge of accounting institute: Li Yanqing

2. Balance sheet of parent company

In RMB

Item	Ending balance	Beginning balance
Current assets:		
Monetary funds	1,272,579,711.13	641,573,048.70
Tradable financial assets	698,009,907.17	972,513,172.06
Derivative financial assets		
Notes receivable	7,800,082.62	8,526,802.49
Accounts receivable	1,713,881,244.37	1,675,175,133.11
Receivable financing	353,041,542.80	339,279,089.10
Accounts paid in advance	81,241,611.02	54,801,020.36
Other accounts receivable	2,354,509,084.01	489,034,511.33
Including: Interest receivable	385,076.40	117,347.22
Dividend receivable	1,942,779,301.20	5,357,758.49
Inventories	530,898,534.27	502,216,446.23
Including: Data resources		
Contract assets		
Assets held for sale		
Non-current assets maturing within one year	637,645,342.46	429,658,356.15
Other current assets	277,302.15	340,501.80
Total current assets	7,649,884,362.00	5,113,118,081.33
Non-current assets:		
Creditors' investment		
Other creditors' investment		
Long-term receivables		
Long-term equity investments	8,802,817,491.78	10,263,381,015.17
Investment in other equity instrument	973,198,690.00	973,198,690.00
Other non-current financial assets	750,257,936.26	751,258,396.69
Investment real estate	31,626,370.41	32,191,785.94
Fixed assets	2,692,203,559.20	2,756,810,568.23
Construction in progress	86,843,738.58	81,553,060.91
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets	2,303,346.14	2,848,428.84
Intangible assets	237,545,953.78	248,718,256.80
Including: Data resources		
Development expenditure		
Including: Data resources		
Goodwill		
Long-term deferred expenses	1,058,463.57	953,697.60
Deferred income tax assets	152,711,207.93	150,842,007.83
Other non-current assets	82,208,577.84	59,617,807.63
Total non-current assets	13,812,775,335.49	15,321,373,715.64
Total assets	21,462,659,697.49	20,434,491,796.97
Current liabilities:		

Short-term borrowings	200,294,666.67	120,077,366.66
Tradable financial liabilities		
Derivative financial liabilities		
Notes payable	484,027,343.32	416,966,899.26
Accounts payable	1,165,854,315.14	1,102,968,435.44
Accounts received in advance		
Contract liabilities	15,543,586.10	42,488,783.95
Wage payable	84,201,004.87	151,440,447.76
Taxes payable	18,273,128.13	12,706,911.51
Other accounts payable	1,290,356,704.37	118,495,769.42
Including: Interest payable	1,084,230.31	402,153.88
Dividend payable	676,749,985.10	
Liabilities held for sale		
Non-current liabilities due within one year	1,001,029.47	101,186,502.70
Other current liabilities	43,329,722.53	41,804,577.18
Total current liabilities	3,302,881,500.60	2,108,135,693.88
Non-current liabilities:		
Long-term loans	84,600,000.00	87,300,000.00
Bonds payable	505,335,616.44	500,624,657.53
Including: Preferred stock		
Perpetual capital securities		
Lease liabilities	1,451,274.24	1,641,972.69
Long-term accounts payable		
Long term employee compensation payable	54,819,699.51	54,819,699.51
Accrued liabilities	28,520,013.04	22,655,337.99
Deferred income	87,599,549.27	98,433,860.70
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	762,326,152.50	765,475,528.42
Total liabilities	4,065,207,653.10	2,873,611,222.30
Owners' equity:		
Share capital	966,785,693.00	966,785,693.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	2,815,591,075.04	2,815,516,424.65
Less: Inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve	510,100,496.00	510,100,496.00
Retained profit	13,104,974,780.35	13,268,477,961.02
Total owner's equity	17,397,452,044.39	17,560,880,574.67
Total liabilities and owner's equity	21,462,659,697.49	20,434,491,796.97

3. Consolidated profit statement

In RMB

Item	2026 semi-annual	2025 semi-annual
I. Total operating income	6,577,060,413.92	5,760,418,633.11
Including: Operating income	6,577,060,413.92	5,760,418,633.11
Interest income		
Insurance gained		
handle fee and commission income		
II. Total operating cost	6,238,097,591.51	5,577,970,476.35
Including: Operating cost	5,407,931,484.30	4,765,222,793.27
Interest expense		
Handle fee 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		
Taxes and surcharge	37,706,593.48	31,826,032.69
Sales expense	71,309,292.67	83,998,662.78
Administrative expense	374,153,718.45	381,273,882.00
R&D expense	338,140,590.10	350,722,149.70
Financial expense	8,855,912.51	-35,073,044.09
Including: Interest expenses	15,471,988.00	9,045,918.64
Interest income	21,956,678.73	26,681,031.13
Add: Other income	39,765,670.19	76,133,278.27
Investment income (Loss is listed with “-”)	668,251,528.12	545,945,486.83
Including: Investment income on affiliated company and	650,544,226.48	537,786,063.13
joint venture		
The termination of income recognition for financial		
assets measured by amortized cost		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)	-65,717,427.94	27,874,369.01
Loss of credit impairment (Loss is listed with “-”)	-4,056,163.68	-1,953,886.07
Losses of devaluation of asset (Loss is listed with “-”)	-75,062,255.15	-72,319,585.77
Income from assets disposal (Loss is listed with “-”)	4,785,068.04	-2,041,543.96
III. Operating profit (Loss is listed with “-”)	906,929,241.99	756,086,275.07
Add: Non-operating income	1,296,251.20	2,594,469.11
Less: Non-operating expense	2,075,990.74	3,344,708.84
IV. Total profit (Loss is listed with “-”)	906,149,502.45	755,336,035.34
Less: Income tax expense	59,955,818.95	42,189,606.93
V. Net profit (Net loss is listed with “-”)	846,193,683.50	713,146,428.41
(i) Classify by business continuity		
1.Continuous operating net profit (net loss listed with “-”)	846,193,683.50	713,146,428.41
2.Termination of net profit (net loss listed with “-”)		
(ii) Classify by ownership		
1.Net profit attributable to owners of parent company	836,415,872.45	701,870,308.75
2.Minority shareholders’ gains/losses	9,777,811.05	11,276,119.66
VI. Net after-tax of other comprehensive income	-56,057,604.17	137,032,360.03
Net after-tax of other comprehensive income attributable to	-56,057,604.17	137,032,360.03
owners of parent company		

(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans re-measured		
2.Other comprehensive income under equity method that cannot be transferred to gains/losses		
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 gains/losses	-56,057,604.17	137,032,360.03
1.Other comprehensive income under equity method that can transferred to gains/losses		
2.Change of fair value of other creditors' investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other creditors' investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements	-56,057,604.17	137,032,360.03
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	790,136,079.33	850,178,788.44
Total comprehensive income attributable to owners of parent Company	780,358,268.28	838,902,668.78
Total comprehensive income attributable to minority shareholders	9,777,811.05	11,276,119.66
VIII. Earnings per share:		
(i) Basic earnings per share	0.87	0.72
(ii) Diluted earnings per share	0.87	0.72

Legal representative: Rong Bin

Person in charge of accounting works: Feng Zhiming

Person in charge of accounting institute: Li Yanqing

4. Profit statement of parent company

In RMB

Item	2026 semi-annual	2025 semi-annual
I. Operating income	2,231,259,289.81	1,820,777,791.61
Less: Operating cost	1,862,990,153.27	1,554,249,540.67
Taxes and surcharge	18,322,548.67	14,109,546.73
Sales expenses	10,548,632.15	8,866,486.16
Administration expenses	178,693,495.26	173,457,220.14
R&D expenses	95,545,583.34	104,316,954.06
Financial expenses	5,558,072.91	-15,451,453.61
Including: Interest expenses	11,528,904.71	9,462,599.47
Interest income	13,714,466.96	13,414,496.93
Add: Other income	18,710,217.95	27,495,662.20
Investment income (Loss is listed with "-")	531,598,885.52	969,874,460.06
Including: Investment income on affiliated Company and joint venture	530,796,189.16	488,623,036.82
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with "-")		

Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value (Loss is listed with “-”)	-73,299,299.54	25,814,893.27
Loss of credit impairment (Loss is listed with “-”)	-3,836,223.84	1,440,706.85
Losses of devaluation of asset (Loss is listed with “-”)	-20,491,253.23	-30,098,319.74
Income on disposal of assets (Loss is listed with “-”)	24,648.90	-227,341.34
II. Operating profit (Loss is listed with “-”)	512,307,779.97	975,529,558.76
Add: Non-operating income	17,520.14	1,579,331.86
Less: Non-operating expense	947,695.78	294,805.16
III. Total Profit (Loss is listed with “-”)	511,377,604.33	976,814,085.46
Less: Income tax	-1,869,200.10	-9,816,241.31
IV. Net profit (Net loss is listed with “-”)	513,246,804.43	986,630,326.77
(i) Continuous operating net profit (net loss listed with “-”)	513,246,804.43	986,630,326.77
(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 gains/losses		
1.Changes of the defined benefit plans re-measured		
2.Other comprehensive income under equity method that cannot be transferred to gains/losses		
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 gains/losses		
1.Other comprehensive income under equity method that can transferred to gains/losses		
2.Change of fair value of other creditors' investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other creditors' investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	513,246,804.43	986,630,326.77
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated cash flow statement

In RMB

Item	2026 semi-annual	2025 semi-annual
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	8,383,428,091.12	6,910,136,894.62
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, handle fee 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	8,141,372.52	13,710,287.85
Other cash received concerning operating activities	34,102,719.80	25,132,854.67
Subtotal of cash inflow arising from operating activities	8,425,672,183.44	6,948,980,037.14
Cash paid for purchasing commodities and receiving labor service	5,982,202,374.24	5,030,455,349.07
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, handle fee and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	996,805,907.38	960,705,389.63
Taxes paid	230,233,020.58	150,801,692.40
Other cash paid concerning operating activities	281,224,629.88	314,143,327.30
Subtotal of cash outflow arising from operating activities	7,490,465,932.08	6,456,105,758.40
Net cash flows arising from operating activities	935,206,251.36	492,874,278.74
II. Cash flows arising from investing activities:		
Cash received from recovering investment	4,427,121,253.95	2,550,074,734.38
Cash received from investment income	130,536,670.05	118,028,357.68
Net cash received from disposal of fixed, intangible and other long-term assets	9,084,051.80	11,942,123.55
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	4,566,741,975.80	2,680,045,215.61
Cash paid for purchasing fixed, intangible and other long-term assets	413,172,349.04	413,517,083.30
Cash paid for investment	5,060,021,033.55	1,546,539,331.14
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	5,473,193,382.59	1,960,056,414.44
Net cash flows arising from investing activities	-906,451,406.79	719,988,801.17
III. Cash flows arising from financing activities:		
Cash received from absorbing investment	10,279,000.00	90,514,148.08
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	10,279,000.00	90,514,148.08
Cash received from loans	441,679,163.02	543,409,434.14
Other cash received concerning financing activities	30,000,000.00	
Subtotal of cash inflow from financing activities	481,958,163.02	633,923,582.22
Cash paid for settling debts	453,561,541.81	431,700,433.57
Cash paid for dividend and profit distributing or interest paying	11,596,136.93	879,948,893.33
Including: Dividend and profit of minority shareholder paid by subsidiaries	2,937,600.00	
Other cash paid concerning financing activities	26,132,143.89	123,057,290.17
Subtotal of cash outflow from financing activities	491,289,822.63	1,434,706,617.07

Net cash flows arising from financing activities	-9,331,659.61	-800,783,034.85
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-21,680,992.59	36,778,208.52
V. Net increase of cash and cash equivalents	-2,257,807.63	448,858,253.58
Add: Balance of cash and cash equivalents at the period - begin	2,020,913,308.04	1,756,944,672.22
VI. Balance of cash and cash equivalents at the period-end	2,018,655,500.41	2,205,802,925.80

6. Cash flow statement of parent company

In RMB

Item	2026 semi-annual	2025 semi-annual
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	1,954,624,236.39	2,298,097,029.77
Write-back of tax received		
Other cash received concerning operating activities	10,142,487.95	7,894,895.93
Subtotal of cash inflow arising from operating activities	1,964,766,724.34	2,305,991,925.70
Cash paid for purchasing commodities and receiving labor service	1,229,703,011.21	1,573,028,828.39
Cash paid to/for staff and workers	399,888,557.25	375,031,690.96
Taxes paid	71,854,683.92	33,654,293.69
Other cash paid concerning operating activities	86,008,317.06	93,520,007.41
Subtotal of cash outflow arising from operating activities	1,787,454,569.44	2,075,234,820.45
Net cash flows arising from operating activities	177,312,154.90	230,757,105.25
II. Cash flows arising from investing activities:		
Cash received from recovering investment	1,693,913,026.14	593,074,734.38
Cash received from investment income	32,467,618.16	492,180,593.60
Net cash received from disposal of fixed, intangible and other long-term assets	796,127.82	744,933.24
Net cash received from disposal of subsidiaries and other units	41,898,426.99	
Other cash received concerning investing activities	72,857,900.00	195,976,116.67
Subtotal of cash inflow from investing activities	1,841,933,099.11	1,281,976,377.89
Cash paid for purchasing fixed, intangible and other long-term assets	132,354,282.10	218,857,584.71
Cash paid for investment	1,709,999,999.99	508,102,019.20
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		24,040,000.00
Subtotal of cash outflow from investing activities	1,842,354,282.09	750,999,603.91
Net cash flows arising from investing activities	-421,182.98	530,976,773.98
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Cash received from loans	200,000,000.00	310,000,000.00
Other cash received concerning financing activities	687,509,701.36	719,967,055.55
Subtotal of cash inflow from financing activities	887,509,701.36	1,029,967,055.55
Cash paid for settling debts	222,700,000.00	199,800,000.00
Cash paid for dividend and profit distributing or interest paying	5,932,592.06	882,538,702.56
Other cash paid concerning financing activities	167,646,393.36	598,859,506.76
Subtotal of cash outflow from financing activities	396,278,985.42	1,681,198,209.32
Net cash flows arising from financing activities	491,230,715.94	-651,231,153.77
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-7,391,283.55	5,418,447.73
V. Net increase of cash and cash equivalents	660,730,404.31	115,921,173.19

Add: Beginning balance of cash and cash equivalents	581,160,445.96	466,194,368.01
VI. Ending balance of cash and cash equivalents	1,241,890,850.27	582,115,541.20

7. Consolidated statement of change in owners' equity

Current period

In RMB

Item	2026 semi-annual														
	Owners' equity attributable to the parent Company												Minority interests	Total owners' equity	
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	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	966,785,693.00				2,686,504,136.26		122,398,098.62	8,619,634.17	510,100,496.00		15,623,144,555.11		19,917,552,613.16	941,313,488.72	20,858,866,101.88
Add: Changes of accounting policy															
Error correction of the last period															
Other															
II. Balance at the beginning of this year	966,785,693.00				2,686,504,136.26		122,398,098.62	8,619,634.17	510,100,496.00		15,623,144,555.11		19,917,552,613.16	941,313,488.72	20,858,866,101.88
III. Increase/Decrease in report period (Decrease is listed with “-”)					1,259,169.68		-56,057,604.17	-1,080,181.41			159,665,887.35		103,787,271.45	10,528,460.87	114,315,732.32
(i) Total comprehensive income							-56,057,604.17				836,415,872.45		780,358,268.28	9,777,811.05	790,136,079.33
(ii) Owners' devoted and decreased capital														10,279,000.00	10,279,000.00
1.Common shares invested by shareholders														10,279,000.00	10,279,000.00
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other															

(III) Profit distribution											- 676,749, 985.10		- 676,749, 985.10	- 9,768,483. 58	- 686,518,4 68.68
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)											- 676,749, 985.10		- 676,749, 985.10	- 9,768,483. 58	- 686,518,4 68.68
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								- 1,080, 181.41					- 1,080,18 1.41	240,133.4 0	- 840,048.0 1
1. Withdrawal in report period								16,118 ,837.6 9					16,118,8 37.69	2,562,995. 87	18,681,83 3.56
2. Usage in report period								17,199 ,019.1 0					17,199,0 19.10	2,322,862. 47	19,521,88 1.57
(VI) Others					1,259,1 69.68								1,259,16 9.68		1,259,169. 68
IV. Balance at the end of the	966,78 5,693.0				2,687,7 63,305.		66,340, 494.45	7,539, 452.76	510,10 0,496.0		15,782,8 10,442.4		20,021,3 39,884.6	951,841,9 49.59	20,973,18 1,834.20

report period	0			94				0		6		1		
---------------	---	--	--	----	--	--	--	---	--	---	--	---	--	--

Last period

In RMB

Item	2025 semi-annual														
	Owners' equity attributable to the parent Company													Minority interests	Total owners' equity
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surpluss reserve	Provision of general risk	Retained profit	Other	Subtotal		
		Preferred stock	Perpetual capital securities	Other											
I. Balance at the end of the last year	996,986,293.00				3,263,649,101.44	469,722,092.24	10,132,405.39	6,257,090.28	510,100,496.00		15,523,124,882.77		19,840,528,176.64	672,063,047.24	20,512,591,223.88
Add: Changes of accounting policy															
Error correction of the last period															
Other															
II. Balance at the beginning of this year	996,986,293.00				3,263,649,101.44	469,722,092.24	10,132,405.39	6,257,090.28	510,100,496.00		15,523,124,882.77		19,840,528,176.64	672,063,047.24	20,512,591,223.88
III. Increase/Decrease in report period (Decrease is listed with “-”)	-25,000,000.00				-443,253,590.09	-369,716,764.24	137,032,360.03	2,031,989.76			-170,603,184.95		-130,075,661.01	102,329,810.07	-27,745,850.94
(i) Total comprehensive income							137,032,360.03				701,870,308.75		838,902,668.78	11,276,119.66	850,178,788.44
(ii) Owners' devoted and decreased capital	-25,000,000.00				-444,726,001.26	-369,716,764.24							-100,009,237.02	90,514,148.08	-9,495,088.94
1.Common shares invested by shareholders														90,514,148.08	90,514,148.08
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other	-25,000,000.00				-444,726,001.26	-369,716,764.24							-100,009,237.02		-100,009,237.02
(III) Profit distribution											-872,473,493.70		-872,473,493.70		-872,473,493.70
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for											-		-		

owners (or shareholders)										872,473,493.70		872,473,493.70		872,473,493.70
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							2,031,989.76					2,031,989.76	225,919.75	2,257,909.51
1. Withdrawal in report period							15,315,886.41					15,315,886.41	1,796,670.76	17,112,557.17
2. Usage in report period							13,283,896.65					13,283,896.65	1,570,751.01	14,854,647.66
(VI) Others					1,472,411.17							1,472,411.17	313,622.58	1,786,033.75
IV. Balance at the end of the report period	971,986,293.00				2,820,395,511.35	100,005,328.00	147,164,765.42	8,289,080.04	510,100,496.00		15,352,521,697.82	19,710,452,515.63	774,392,857.31	20,484,845,372.94

8. Statement of changes in owners' equity (parent company)

Current period

In RMB

Item	2026 semi-annual											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	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	966,785,693.00				2,815,516,424.65				510,100,496.00	13,268,477,961.02		17,560,880,574.67
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at the beginning of this year	966,785,693.00				2,815,516,424.65				510,100,496.00	13,268,477,961.02		17,560,880,574.67
III. Increase/Decrease in report period (Decrease is listed with “-.”)					74,650.39					-163,503,180.67		-163,428,530.28
(i) Total comprehensive income										513,246,804.43		513,246,804.43

(ii) Owners' devoted and decreased capital												
1. Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(III) Profit distribution									-		-	
									676,749,985.10		676,749,985.10	
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)									-		-	
									676,749,985.10		676,749,985.10	
3. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in report period								3,098,156.73				3,098,156.73
2. Usage in report period								3,098,156.73				3,098,156.73
(VI) Others					74,650.39							74,650.39
IV. Balance at the end of the report period	966,785,693.00				2,815,591,075.04				510,100,496.00	13,104,974,780.35		17,397,452,044.39

Last period

In RMB

Item	2025 semi-annual											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	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	996,986,293.00				3,394,923,686.54	469,722,092.24			510,100,496.00	12,572,820,128.71		17,005,108,512.01
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at the beginning of this year	996,986,293.00				3,394,923,686.54	469,722,092.24			510,100,496.00	12,572,820,128.71		17,005,108,512.01
III. Increase/Decrease in report period (Decrease is listed with “-”)	-25,000,000.00				-444,537,554.14	-369,716,764.24				114,156,833.07		14,336,043.17
(i) Total comprehensive income										986,630,326.77		986,630,326.77
(ii) Owners' devoted and decreased capital	-25,000,000.00				-444,726,001.26	-369,716,764.24						-100,009,237.02
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other	-25,000,000.00				-444,726,001.26	-369,716,764.24						-100,009,237.02
(III) Profit distribution										-872,473,493.70		-872,473,493.70
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-872,473,493.70		-872,473,493.70
3. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												

3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in report period								3,003,687.87				3,003,687.87
2. Usage in report period								3,003,687.87				3,003,687.87
(VI)Others					188,447.12							188,447.12
IV. Balance at the end of the report period	971,986,293.00				2,950,386,132.40	100,005,328.00			510,100,496.00	12,686,976,961.78		17,019,444,555.18

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 8.00 million yuan and inner employee share capital amounting to 15.00 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, the Board of Directors of the Company 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 deliberated and approved 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 the State-owned Assets Supervision & Administration Commission of Jiangsu Province, 8 non-circulating shareholders, including Weifu Group, 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 certain conditions were satisfying, the scheme was 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 Assets Supervision and Administration Commission of Wuxi City Government, Wuxi Industry Development Group Co., Ltd. (hereinafter referred to as Wuxi Industry Group) acquired Weifu Group. After the merger, Weifu Group was then revoked, and its assets and credits & debts were transferred to be under the name of Wuxi Industry Group. Accordingly, Wuxi Industry Group has become 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 investors privately, Robert Bosch Co., Ltd. (ROBERT BOSCHGMBH) (hereinafter referred to as Robert Bosch Company), face value was 1.00 yuan per share, added registered capital of 112,858,000 yuan, and the registered capital after change was 680,133,995 yuan. Wuxi Industry Group is the first majority shareholder of the Company, and Robert Bosch Company is the second majority shareholder of the Company.

In March 2013, the profit distribution pre-plan for year of 2012 was deliberated and approved by the Board, and also was approved by the Annual General Meeting 2012 of the Company in May 2013. On basis of total share capital 680,133,995 shares, distributed 5-share for every 10 shares held by whole shareholders, 340,066,997 shares in total are distributed. Total share capital of the Company amounted to 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 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.

Deliberated and approved by the 5th meeting of 10th session of the BOD for year of 2021, the 291,000 restricted shares were 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 was 1,008,659,570.00 yuan after the change.

After deliberation and approved by the 8th meeting of 10th session of the BOD for year of 2022, the 56,277 restricted shares were bought back and canceled by the Company initially granted under the 2020 Restricted Share Incentive Plan. The cancellation of the above-mentioned buy-back shares were completed at the Shenzhen Branch of CSDC on July 8, 2022; the paid-in capital (equity) of the Company was 1,008,603,293.00 yuan after the change.

After deliberation and approval by the the 14th, 16th and 20th meetings of the 10th session of the BOD of the Company for the year of 2023, the 430,000, 5,593,500 and 417,000 restricted shares were bought back and canceled by the Company initially granted under the 2020 Restricted Share Incentive Plan. The cancellation of the above-mentioned buy-back shares were completed at the Shenzhen Branch of CSDC on February 16, 2023, June 16, 2023 and December 18, 2023; the paid-in capital (equity) of the Company was 1,002,162,793 yuan after changed.

On 16 April 2025 and 9 May 2025, the company held the 6th meeting of the 11th board of directors and the 2024 general shareholders' meeting respectively, reviewed and approved Proposal on Changing the Use of Repurchased Shares and Cancellation, agreed to change the use of 25,000,000 A-shares in the special securities account for repurchasing, and changed from "used for implementing employee shareholding plan or equity incentive plan" to "used for cancellation and reduction of registered capital". As of 26 June 2025, the company had completed the repurchased share cancellation procedures for the aforesaid 25,000,000 shares at the Shenzhen branch of China Securities Depository and Clearing Co., Ltd. The company changed its total share capital from 996,986,293 shares to 971,986,293 shares. The Proposal on the Plan for Repurchasing Some A-Shares of the Company was reviewed and approved at the meeting, agreeing the company to repurchase some of A-shares used for reducing registered capital, using its own funds and the special loan for repurchasing, through centralized bidding transactions. On 3 July 2025, the company disclosed the Announcement on the Completion of Some A-share Repurchasing & Share Changes. The company repurchased a total of 5,200,600 A-shares by the special securities account for repurchasing, through centralized bidding transactions. As of 8 July 2025, the company had completed the repurchase and cancellation procedures for the above shares at the Shenzhen branch of China Securities Depository and Clearing Co., Ltd. After this change, as of 31 December 2025, company registered capital (total share capital) changed to RMB 966,785,693.

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' Meeting and the Board of Directors (BOD).

The Company sets up Strategic Investment Department, Market Development Department, Organization and Human Resources Department, Compliance and Securities Affairs Department, Administration Department, Finance Department, Disciplinary Inspection Department, Manufacturing and Safety Department, Procurement Center, Technology Center, MS (Mechanical Systems) Business Unit, AC (Automotive Components) Business Unit, DS (Automotive Diesel Systems) Business Unit, as well as subsidiaries including WFLD, WFJN, IRD, Borit, VHIO.

3. Business nature and major operation activities of the Company

Operation scope of parent company: Technical development and consulting services in the machinery 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, electrical appliances, chemical products and raw materials (excluding hazardous chemicals), automotive parts, and motor vehicles (excluding passenger vehicles with less than nine seats); maintenance of internal combustion engines; leasing of self-owned properties; import and export of various goods and technologies on a self-operated and agency basis (excluding goods 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; manufacturing of general equipment (excluding special equipment manufacturing) (projects that require approval in accordance with laws can only be carried out after being approved by relevant departments). Licensed projects: Manufacturing of special equipment; installation, renovation and repair of special equipment (projects that require approval in accordance with laws can only be carried out after being approved by relevant departments, and the specific business projects shall be subject to the approval results); General projects: 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, computing and measuring instruments; sales of drawing, computing and measuring instruments; sales of industrial robots; installation and maintenance of industrial robots; manufacturing of intelligent basic manufacturing equipment; 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, technical development, technical consultation, technical exchanges, technology transfer, technology promotion; research and development of new energy technologies; import and export of goods; import and export of technologies; manufacturing of ordinary valves and cocks (excluding special equipment manufacturing); research and development of valves and cocks; sales of valves and cocks (except for projects that require approval in accordance with laws, independent business activities shall be carried out in accordance with laws with a business license).

The main subsidiaries are respectively engaged in the production and sales of internal combustion engine parts, automotive parts, mufflers, purifiers, fuel cell parts, etc.

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 24, 2026.

5. In the notes to these financial statements, unless otherwise specified, the following company names are abbreviated as follows:

Name of subsidiary	Short name of subsidiary
Nanjing WFJN Co., Ltd.	WFJN
Wuxi Weifu Lida Catalytic Converter Co., Ltd.	WFLD
Wuxi Weifu Nanshan Fuel Injection Equipment Co., Ltd.	WFMA

Name of subsidiary	Short name of subsidiary
Wuxi Weifu Chang'an Co., Ltd.	WFC A
Wuxi Weifu International Trade Co., Ltd.	WFTR
Wuxi Weifu Schmitter Powertrain Components Co., Ltd.	WFSC
Ningbo WFTT 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)
WEIFU LIDA(MALAYSIA)SDN.BHD	WFLD (Malaysia)
Wuxi Weifu Autosmart Seating System Co., Ltd.	WFAS
Weifu Lianhua Automotive Components (Fuzhou) Co., Ltd.	WFLH
Wuxi Weifu Qinglong Power Technology Co., Ltd.	WFQL
VHIT Automotive Systems (Wuxi) Co. Ltd	VHCN
WEIFU Smart Sensing (Wuxi) Technology Co., Ltd.	WFSS
Weifu ET Hydrogen Energy Technology (Wuxi) Co., Ltd.	WFET
Weifu Baolong (Nanjing) Technology Co., Ltd	WFBL
Weifu Holding ApS	SPV
IRD Fuel Cells A/S	IRD
IRD FUEL CELLS LLC	IRD America
Borit NV	Borit
VHIT S.p.A. Società Unipersonale	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, 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* (Revised 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. Assets 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 report period.

V. Major accounting policies and estimation

Specific accounting policies and estimation attention:

Based on the actual production and operation characteristics, the company and each of its subsidiaries have formulated a number of specific accounting policies and accounting estimates for various transactions and events in accordance with the provisions of relevant accounting standards for enterprises. The detailed descriptions are as follows.

1. Statement on observation of accounting standard for business enterprises

The financial statements prepared by the company comply with the requirements of accounting standards for enterprises, truthfully and completely reflecting the company's financial position, operating results, cash flows and other relevant information of in report period.

2. Accounting periods

The accounting periods of the Company are divided into annual periods and interim periods. An interim accounting period refers to a report period that is shorter than a full accounting year. The Company's accounting year adopts the calendar year, that is, from January 1st to December 31st of each year.

3. Operating cycle

The Company takes 12 months as an operating cycle and uses it as the criterion for classifying the liquidity of assets and liabilities.

4. Functional currency

The currency used by the Company in preparing these financial statements is the Renminbi. The overseas subsidiaries of the Company determine their functional currencies based on the currencies in the main economic environment where they operate, such as the Euro, Danish Krone, US Dollar, etc.

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	Accounts 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 liabilities with aging of over 1 year	Contract liabilities with aging over 1 year account for more than 10% of the total contract liabilities and the amount greater than 15 million yuan
Important non-wholly-owned subsidiaries	The net assets of subsidiaries account for more than 5% of the net assets 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 assets in the consolidated financial statements and the amount exceeds 1 billion yuan, or the investment gains/losses under the equity method account for more than 10% of the net profits in the consolidated financial statements of the company and the amount exceeds 100 million yuan

6. Accounting treatment methods for business combinations under the same control and under non-Same control

Business combination refers to a transaction or event that combines two or more separate enterprises to form a single reporting entity. Business combinations are classified into business combinations under the same control and business combinations under non-same control.

(1) Business combinations under the same control

A business combination under the same control occurs when the enterprises involved in the combination are ultimately controlled by the same party or the same group of parties both before and after the combination, and such control is not temporary. In a business combination under the same control, the party that obtains control over the other enterprise involved in the combination on the combination date is the combining party, and the other enterprise involved in the combination are the combined parties. The combination date refers to the date on which the combining party actually obtains control over the combined party.

The assets and liabilities obtained by the company in a business combination are measured at their carrying amounts in the consolidated financial statements of the ultimate controlling party on the combination date, including the goodwill formed when the ultimate controlling party acquired the combined party. If there is a difference between the carrying amount of the net assets obtained and the carrying amount of the combination consideration paid (or the total par value of the issued shares), it shall be adjusted against the share premium in capital reserve. If the share premium in capital reserve is insufficient to cover the difference, the retained earnings shall be adjusted.

All direct expenses incurred by the combining party for the business combination shall be recognized as current profits and losses when incurred.

(2) Business combinations under not the same control

A business combination under non-same control occurs when the enterprises involved in the combination are not ultimately controlled by the same party or the same group of parties both before and after the combination. In a business combination under non-same control, the party that obtains control over the other enterprises involved in the combination on the acquisition date is the acquirer, and the other enterprise involved in the combination are the acquirees. The acquisition date refers to the date on which the acquirer actually obtains control over the acquiree.

For a business combination under non-same control, the combination cost includes the fair values of the assets transferred, the liabilities incurred or assumed, and the equity securities issued by the acquirer on the acquisition date in order to obtain control over the acquiree. The intermediary expenses such as audit, legal services, and valuation consultation, as well as other administrative expenses incurred for the business combination shall be recognized as current profits and losses when incurred. The transaction costs related to the equity securities or debt securities issued by the acquirer as consideration for the combination shall be included in the initial recognition amount of the equity securities or debt securities. The contingent consideration involved shall be included in the combination cost at its fair value on the acquisition date. If new or further evidence of the circumstances existing on the acquisition date emerges within 12 months after the acquisition date, which requires adjustment of the contingent consideration, the goodwill of the combination shall be adjusted accordingly. The combination cost incurred by the acquirer and the identifiable net assets obtained in the combination shall be measured at their fair values on the acquisition date. If the combination cost is greater than the acquirer's share of the fair value of the identifiable net assets of the acquiree on the acquisition date, the difference shall be recognized as goodwill. If the combination cost is less than the acquirer's share of the fair value of the identifiable net assets of the acquiree, the fair values of the identifiable assets, liabilities, and contingent liabilities of the acquiree obtained, as well as the measurement of the combination cost, shall first be rechecked. If, after the recheck, the combination cost is still less than the acquirer's share of the fair value of the identifiable net assets of the acquiree, the difference shall be recognized as current profits and losses.

If the acquirer obtains the deductible temporary differences of the acquiree but does not recognize them as deferred income tax assets on the acquisition date because the recognition conditions for deferred income tax assets are not met, and within 12 months after the acquisition date, new or further information indicates that the relevant circumstances on the acquisition date already existed and it is expected that the economic benefits brought by the deductible temporary differences of the acquiree on the acquisition date can be realized, the relevant deferred income tax assets shall be recognized, and at the same time, the goodwill shall be reduced. If the goodwill is insufficient to cover the reduction, the remaining difference shall be recognized as current profits and losses. Except for the above circumstances, the recognition of deferred income tax assets related to the business combination shall be included in current profits and losses.

For a business combination under non-same control achieved in multiple transactions in stages, if it is part of a “package of transactions”, the accounting treatment shall be carried out with reference to the descriptions in the preceding paragraphs of this section and Note III.14 Long-Term Equity Investments these financial statements. If it is not part of a “package of transactions”,

relevant accounting treatments shall be carried out separately for the individual financial statements and the consolidated financial statements:

In the individual financial statements, the initial investment cost of the investment shall be the sum of the carrying amount of the equity investment in the acquiree held before the acquisition date and the additional investment cost on the acquisition date. If the equity of the acquiree held before the acquisition date involves other comprehensive income, when disposing of the investment, the relevant other comprehensive income shall be accounted for on the same basis as that used by the acquiree when directly disposing of the relevant assets or liabilities (i.e., except for the corresponding share of the changes in the net liabilities or net assets of the defined benefit plan remeasured by the acquiree accounted for under the equity method, the rest shall be transferred to the current investment income).

In the consolidated financial statements, for the equity of the acquiree held before the acquisition date, it shall be re-measured at its fair value on the acquisition date, and the difference between the fair value and its carrying amount shall be included in the current investment income. If the equity of the acquiree held before the acquisition date involves other comprehensive income, the relevant other comprehensive income shall be accounted for on the same basis as that used by the acquiree when directly disposing of the relevant assets or liabilities (i.e., except for the corresponding share of the changes in the net liabilities or net assets of the defined benefit plan remeasured by the acquiree accounted for under the equity method, the rest shall be transferred to the investment income of the current period to which the acquisition date belongs).

7. Criteria for judging control and preparation method for consolidated financial statements

(1) Criteria for judging control

The consolidation scope of the consolidated financial statements is determined on the basis of control. Control means that the company has the power over the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use its power over the investee to influence the amount of those returns. Generally, it includes the invested entities in which the parent company holds more than half of the voting rights, and the invested entities in which the company holds less than half of the voting rights but, through agreements with other investors of the invested entity, holds more than half of the voting rights; according to the articles of association or agreements, it has the right to determine the financial and operational decisions of the invested entity; it has the right to appoint and remove the majority of the members of the board of directors of the invested entity; and it holds the majority of the voting rights on the board of directors of the invested entity.

(2) Methods for preparing consolidated financial statements

The company begins to include a subsidiary in the consolidation scope from the date when it obtains the actual control over the subsidiary's net assets and production and operation decisions, and stops including it in the consolidation scope from the date when it loses the actual control. For a disposed subsidiary, the operating results and cash flows before the disposal date have been appropriately included in the consolidated income statement and the consolidated cash flow statement; for a subsidiary disposed of in the current period, the beginning figures of the consolidated balance sheet will not be adjusted. For a subsidiary added through a business combination under non-same control, its operating results and cash flows after the acquisition date have been appropriately included in the consolidated income statement and the consolidated cash flow statement, and the beginning figures and comparative figures of the consolidated financial statements will not be adjusted. For a subsidiary added through a business combination under the same control, its operating results and cash flows from the beginning of the current consolidation period to the combination date have been appropriately included in the consolidated income statement and the consolidated cash flow statement, and the comparative figures of the consolidated financial statements will be adjusted at the same time.

When preparing the consolidated financial statements, if the accounting policies or accounting periods adopted by a subsidiary are inconsistent with those of the company, necessary adjustments will be made to the subsidiary's financial statements in accordance with the company's accounting policies and accounting periods. For a subsidiary obtained through a business combination under non-same control, its financial statements will be adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intercompany balances, transactions, and unrealized profits within the company will be eliminated when preparing the consolidated financial statements.

The portion of the subsidiary's shareholders' equity and current net profit and loss that does not belong to the company will be separately presented as the minority shareholders' equity and the minority shareholders' profit and loss under the shareholders' equity and net profit items in the consolidated financial statements. The share of the subsidiary's current net profit and loss attributable to the minority shareholders will be presented as the item "Minority Shareholders' Profit and Loss" under the net profit item in the consolidated income statement. If the losses of the subsidiary borne by the minority shareholders exceed the share of the minority shareholders in the subsidiary's beginning shareholders' equity, the minority shareholders' equity will still be reduced. 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 is re-measured on the date when the control ceased. The difference between the sum of the consideration received from disposal of equity and the fair value of the remaining equity, less the net assets attributable to the company since the acquisition date, is recognized as the investment income from the loss of control. Other comprehensive income relating to original equity investment in subsidiaries shall be treated on the same basis as if the relevant assets or liabilities were disposed of by the purchaser directly when the control is lost, namely be transferred to current investment income other than the relevant part of the movement arising from re-measuring net liabilities or net assets under defined benefit scheme by the original subsidiary. Subsequent measurement of the remaining equities 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. Refer to Note V.18 Long-term Equity investment or Note V.11 Financial Instrument

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 led 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 assets disposed in each individual transactions before loss of control shall be recognized as other comprehensive income, and reclassified as profit or loss arising from the loss of control when control is lost.

8. Classification of joint arrangements and accounting treatment methods for joint operations

A joint arrangement refers to an arrangement jointly controlled by two or more participating parties. Based on the rights enjoyed and obligations assumed by the company in the joint arrangement, the joint arrangement is classified into joint operations and joint ventures. A joint operation is a joint arrangement in which the company enjoys the relevant assets of the arrangement and assumes the relevant liabilities of the arrangement. A joint venture is a joint arrangement in which the company has rights only to the net assets of the arrangement.

The company accounts for its investment in a joint venture using the equity method and deals with it in accordance with the accounting policies described in Note V.18 (2) ② "Long-Term Equity Investments Accounted for by the Equity Method" of these notes.

As a party to a joint operation, the company recognizes the assets held solely by the company, the liabilities borne solely by the company, and also recognizes, according to its share, the jointly held assets and jointly borne liabilities; recognizes the revenue generated from the sale of the company's share of the output of the joint operation; recognizes, according to its share, the revenue generated by the joint operation from the sale of the output; recognizes the expenses incurred solely by the company, and also recognizes, according to its share, the expenses incurred by the joint operation.

When the company, as a party to a joint operation, contributes or sells assets (such assets do not constitute a business, the same below) to the joint operation, or purchases assets from the joint operation, before such assets are sold to a third party, the company

only recognizes the portion of the profit or loss arising from the transaction that is attributable to the other participating parties of the joint operation. If the assets incur asset impairment losses in accordance with the provisions of Accounting Standards for Enterprises No. 8 - Asset Impairment and other relevant regulations, in the case of the company contributing or selling assets to the joint operation, the company fully recognizes the loss; in the case of the company purchasing assets from the joint operation, the company recognizes the loss according to its assumed share.

9. Recognition standards for cash and cash equivalents

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 translation of foreign currency financial statements

(1) Translation method for foreign currency transactions

When a foreign currency transaction occurs in the company, it is initially recognized and translated into the amount in the functional currency at the spot exchange rate on the transaction date. However, for foreign currency exchange transactions or transactions involving foreign currency exchange conducted by the company, they are translated into the amount in the functional currency at the actual exchange rate applied.

(2) Translation methods for foreign currency monetary items and foreign currency non-monetary items

On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. The resulting exchange differences will be booked into current profits and losses, except for the followings: ① the exchange differences arising from foreign currency special loans related to the acquisition and construction of assets qualified for capitalization, which are accounted for in accordance with the principles of capitalizing borrowing costs; ② the exchange differences of hedging instruments for effective hedging of net investments in overseas operations (such differences are booked into other comprehensive income and will only be recognized as current profits and losses when the net investment is disposed of); ③ for available-for-sale foreign currency monetary items, the exchange differences arising from changes in other carrying amounts other than the amortized cost are included in other comprehensive income.

When preparing consolidated financial statements involving overseas operations, if there are foreign currency monetary items that substantially constitute a net investment in overseas operations, the exchange differences arising from exchange rate fluctuations are included in other comprehensive income; when the overseas operation is disposed of, they are transferred to the profit or loss of the current period of disposal.

For foreign currency non-monetary items measured at historical cost, they are still measured at the amount in the functional currency translated at the spot exchange rate on the date of the transaction. For foreign currency non-monetary items measured at fair value, they are translated at the spot exchange rate on the date when the fair value is determined. The difference between the translated amount in the functional currency and the original amount in the functional currency is treated as changes in fair value (including exchange rate changes) and is included in current profits and losses or recognized as other comprehensive income.

(3) Translation method for foreign currency financial statements

When preparing consolidated financial statements involving overseas operations, if there are foreign currency monetary items that substantially constitute a net investment in overseas operations, the exchange differences arising from exchange rate fluctuations are recognized as other comprehensive income as "translation differences of foreign currency financial statements"; when the overseas operation is disposed of, they are booked into the profit or loss of the current period of disposal.

The foreign currency financial statements of overseas operations are translated into RMB financial statements according to the following methods: The assets and liabilities items in the balance sheet are translated at the spot exchange rate on the balance sheet date; for items in the shareholders' equity category, except for the "undistributed profits" item, other items are translated at the spot exchange rate at the time of occurrence. The revenue and expense items in the income statement are translated at the spot exchange rate on the date of the transaction. The undistributed profits at the end of the previous year are the undistributed profits at the end of the previous year after translation in the previous year; the undistributed profits at the end of the period are calculated and presented

according to each item of the translated profit distribution; the difference between the total of the translated asset items and the total of the liability items and shareholders' equity items is recognized as other comprehensive income as the translation differences of foreign currency financial statements. When disposing of an overseas operation and losing control, all or in proportion to the disposal of the overseas operation, the translation differences of foreign currency financial statements related to the overseas operation and shown under the shareholders' equity items in the balance sheet are transferred to the profit or loss of the current period of disposal. The foreign currency cash flows and the cash flows of overseas subsidiaries are calculated at the spot exchange rate on the date when the cash flows occur. The impact of exchange rate changes on cash is presented separately as a reconciliation item in the cash flow statement.

Balance at the end of the previous year and the actual amount of the previous year are presented according to the amounts after translation of the previous year's financial statements.

When disposing of all the owners' equity of the company's overseas operation or losing control of the overseas operation due to the disposal of part of the equity investment or other reasons, all the translation differences of foreign currency financial statements related to the overseas operation and attributable to the owners' equity of the parent company shown under the shareholders' equity items in the balance sheet are transferred to the profit or loss of the current period of disposal.

When the proportion of equities in an overseas operation held is reduced due to the disposal of part of the equity investment or other reasons but control over the overseas operation is not lost, the translation differences of foreign currency financial statements related to the disposed part of the overseas operation are attributable to the minority shareholders' equity and are not transferred to the current profits and losses. When disposing of part of the equity of an overseas operation that is an associated enterprise or a joint venture, the translation differences of foreign currency financial statements related to the overseas operation are transferred to the profit or loss of the current period of disposal in proportion to the disposal of the overseas operation.

11. Financial instruments

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

(1) Classification, recognition and measurement of financial assets

Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, the Company classifies financial assets into financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss.

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value through profit or loss, the relevant transaction costs are directly recognized in current gains/losses; for other categories of financial assets, the relevant transaction costs are included in the initial recognition amount. For accounts receivable or notes receivable arising from the sale of products or the provision of services that do not contain or do not consider a significant financing component, the Company uses the amount of consideration it expects to be entitled to receive as the initial recognition amount.

① Financial assets measured at amortized cost

The Company's business model for managing financial assets measured at amortized cost is to collect contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with basic lending arrangements, that is, the cash flows generated on specific dates are only payments of principal and interest based on the outstanding principal amount. For such financial assets, the Company uses the effective interest rate method and measures them subsequently at amortized cost. The gains or losses arising from amortization or impairment are recognized in current gains/losses.

② Financial assets measured at fair value through other comprehensive income

The Company's business model for managing such financial assets is both to collect contractual cash flows and to sell, and the contractual cash flow characteristics of such financial assets are consistent with basic lending arrangements. The Company measures such financial assets at fair value and recognizes the changes in fair value in other comprehensive income, but impairment losses or gains, exchange differences and interest income calculated using the effective interest rate method are recognized in current gains/losses.

In addition, the Company designates some non-tradable equity instrument investments as financial assets measured at fair value through other comprehensive income. The Company recognizes the relevant dividend income from such financial assets in current gains/losses, and recognizes the changes in fair value in other comprehensive income. When such financial assets are derecognized, the cumulative gains or losses previously recognized in other comprehensive income will be transferred from other comprehensive income to retained earnings and will not be recognized in current gains/losses.

③ Financial assets measured at fair value through profit or loss

The Company classifies financial assets other than those measured at amortized cost and those measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss. In addition, upon initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company designates some financial assets as financial assets measured at fair value through profit or loss. For such financial assets, the Company measures them subsequently at fair value, and the changes in fair value are recognized in current gains/losses.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified upon initial recognition as financial liabilities measured at fair value through profit or loss and other financial liabilities. For financial liabilities measured at fair value through profit or loss, the relevant transaction costs are directly recognized in current gains/losses, and the relevant transaction costs of other financial liabilities are included in their initial recognition amount.

① Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include trading financial liabilities (including derivative instruments that are financial liabilities) and financial liabilities designated upon initial recognition as measured at fair value through profit or loss. Trading financial liabilities (including derivative instruments that are financial liabilities) are measured subsequently at fair value. Except for those related to hedge accounting, the changes in fair value are recognized in current gains/losses.

For financial liabilities designated as measured at fair value through profit or loss, the changes in fair value caused by the changes in the Company's own credit risk are recognized in other comprehensive income, and when the liability is derecognized, the cumulative changes in fair value caused by the changes in its own credit risk that have been recognized in other comprehensive income are transferred to retained earnings. The remaining changes in fair value are recognized in current gains/losses. If accounting for the impact of the changes in the own credit risk of such financial liabilities in the above manner would result in or exacerbate accounting mismatches in profit or loss, the Company will recognize all the gains or losses (including the impact amount of the changes in the enterprise's own credit risk) of such financial liabilities in current gains/losses.

② Other financial liabilities

Other financial liabilities, except for financial liabilities arising from financial asset transfers that do not meet the derecognition criteria or from continued involvement in the transferred financial assets and financial guarantee contracts, are classified as financial liabilities measured at amortized cost, and are measured subsequently at amortized cost. The gains or losses arising from derecognition or amortization are recognized in current gains/losses.

(3) Recognition criteria and measurement methods for financial asset transfers

A financial asset is derecognized if one of the following conditions is met: ① The contractual right to receive the cash flows of the financial asset expires; ② The financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferee; ③ The financial asset has been transferred, and although the enterprise has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, it has relinquished control of the financial asset.

If the enterprise has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset and has not relinquished control of the financial asset, it shall recognize the relevant financial assets to the extent of its continuing involvement in the transferred financial asset and recognize the relevant liabilities accordingly. The extent of continuing involvement in the transferred financial asset refers to the level of risk to which the enterprise is exposed due to changes in the value of the financial asset.

When the transfer of a financial asset in its entirety meets the derecognition criteria, the difference between the carrying amount of the transferred financial asset, the consideration received as a result of the transfer, and the cumulative amount of changes in fair value originally recognized in other comprehensive income is recognized in current gains/losses.

When a partial transfer of a financial asset meets the derecognition criteria, the carrying amount of the transferred financial asset is allocated between the derecognized and non-derecognized parts based on their relative fair values, and the difference between the consideration received as a result of the transfer, the cumulative amount of changes in fair value originally recognized in other comprehensive income that should be allocated to the derecognized part, and the allocated carrying amount is recognized in current gains/losses.

When the Company sells a financial asset with recourse or endorses and transfers a held financial asset, it needs to determine whether substantially all the risks and rewards of ownership of the financial asset have been transferred. If substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferee, the financial asset is derecognized; if substantially all the risks and rewards of ownership of the financial asset have been retained, the financial asset is not derecognized; if neither substantially all the risks and rewards of ownership of the financial asset have been transferred nor retained, the enterprise will continue to determine whether it retains control over the asset and conduct accounting treatment in accordance with the principles described in the preceding paragraphs.

(4) Derecognition of financial liabilities

When the current obligation of a financial liability (or a part thereof) has been discharged, the Company derecognizes the financial liability (or the part of the financial liability). When the Company (the borrower) enters into an agreement with the lender to replace the original financial liability by assuming a new financial liability, and the contractual terms of the new financial liability are substantially different from those of the original financial liability, the original financial liability is derecognized and a new financial liability is recognized at the same time. When the Company makes a substantial modification to the contractual terms of the original financial liability (or a part thereof), the original financial liability is derecognized and a new financial liability is recognized in accordance with the modified terms at the same time.

When a financial liability (or a part thereof) is derecognized, the Company recognizes the difference between its carrying amount and the consideration paid (including the transferred non-cash assets or the assumed liabilities) in current gains/losses.

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

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

(6) Fair value determination method for financial assets and financial liabilities

Fair value refers to the price that market participants can receive from selling an asset or pay to transfer a liability in an orderly transaction that occurs on the measurement date. If there is an active market for financial instruments, the company determines their fair value using quotes from the active market. The quotation in an active market refers to the price that is easily obtained regularly from exchanges, brokers, industry associations, pricing service agencies, etc., and represents the actual market transaction price that occurs in fair trade. If there is no active market for financial instruments, the company uses valuation techniques to determine their fair value. Valuation techniques include referencing prices used in recent market transactions by parties familiar with the situation and willing to trade, referencing the current fair value of other financial instruments that are substantially the same, discounted cash flow method, and option pricing models. At the time of valuation, the company adopts valuation techniques that are applicable in the current situation and supported by sufficient available data and other information, selects input values that are consistent with the asset or liability characteristics considered by market participants in transactions related to the asset or liability, and prioritizes the use of relevant observable input values as much as possible. In situations where observable input values cannot be obtained or are not feasible to obtain, use non input values.

Impairment of financial assets

The financial assets that the company needs to recognize impairment losses are financial assets measured at amortized cost and debt instrument investments measured at fair value with changes in fair value recognized in other comprehensive income, mainly

including notes receivable, accounts receivable, contract assets, other receivables, creditors' investments, other creditors' investments, long-term receivables, etc. In addition, for some financial guarantee contracts, impairment provision and credit impairment losses are also recognized in accordance with the accounting policies described in this section.

(1) Recognition method for impairment provision

Based on expected credit loss, the company has made impairment provision and recognized credit impairment losses for the above-mentioned items with the applicable expected credit loss measurement methods (general or simplified methods).

Credit loss refers to the difference between all contract cash flows receivable discounted at the original effective interest rate and all expected cash flows received by the company, that is to say, the present value of all cash shortfall. Among them, for financial assets that have been purchased or generated and have experienced credit impairment, the Company will discount them at the actual interest rate adjusted for credit of the financial asset.

The general method for measuring expected credit loss refers to the assessment of whether the credit risk of financial assets has significantly increased since initial recognition by the Company on each balance sheet date. If the credit risk has significantly increased since initial recognition, the Company measures the impairment provision based on an amount equivalent to the expected credit loss over the entire period of existence; If the credit risk does not significantly increase after initial recognition, the company measures the impairment provision based on an amount equivalent to the expected credit loss within the next 12 months. When evaluating expected credit loss, the company considers all reasonable and evidence-based information, including forward-looking information.

For financial instruments with low credit risk on the balance sheet date, the Company assumes that their credit risk has not significantly increased since initial recognition, and chooses to measure the impairment provision based on the expected credit loss in the next 12 months/does not choose a simplified treatment method, and measures the impairment provision based on whether their credit risk has significantly increased since initial recognition, using the expected credit loss amount in the next 12 months or the entire duration as the basis.

(2) Criteria for determining whether credit risk has significantly increased since initial recognition

If the default probability of a financial asset during the expected duration determined on the balance sheet date is significantly higher than the default probability during the expected duration determined at initial recognition, it indicates a significant increase in credit risk of the financial asset. Except in special circumstances, the company uses the changes in default risk that will occur within the next 12 months as a reasonable estimate of the changes in default risk that will occur throughout the entire existence period to determine whether credit risk has significantly increased since initial recognition.

Usually, if the overdue period exceeds 30 days, the company considers that the credit risk of the financial instrument has significantly increased, unless there is conclusive evidence to prove that the credit risk of the financial instrument has not significantly increased since initial recognition.

When evaluating whether credit risk has significantly increased, the company will consider the following factors:

Whether there has been a significant change in the actual or expected operating results of the debtor;

Whether there have been significant adverse changes in the regulatory, economic, or technological environment in which the debtor is located;

Whether there have been significant changes in the value of the collateral used as collateral for debt or the quality of the guarantee or credit enhancement provided by a third party, which is expected to reduce the debtor's economic motivation to repay within the contractually stipulated period or affect the probability of default;

Whether there have been significant changes in the debtor's expected performance and repayment behavior;

Has there been any change in the company's credit management methods for financial instruments.

On the balance sheet date, if the Company determines that a financial instrument has only low credit risk, the Company assumes that the credit risk of the financial instrument has not significantly increased since initial recognition. If the default risk of a financial instrument is low, the borrower has a strong ability to fulfill its contractual cash flow obligations in the short term, and even if there are adverse changes in the economic situation and operating environment over a longer period of time, it may not necessarily reduce the borrower's ability to fulfill its contractual cash obligations, then the financial instrument is considered to have low credit risk.

(3) Portfolio-based approach for evaluating expected credit risk

The company evaluates the credit risk of financial assets with significantly different credit risks, such as accounts receivable from related parties, accounts receivable that are in dispute with the other party or involve litigation or arbitration, there are clear indications that the debtor may not be able to fulfill their repayment obligations, such as accounts receivable.

In addition to financial assets assessed for credit risk individually, the company divides financial assets into different groups based on common risk characteristics. The common credit risk characteristics adopted by the company include financial instrument type, credit risk rating, aging portfolio, overdue aging portfolio, contract settlement period, debtor's industry, etc. Credit risk is evaluated based on portfolio.

(4) Accounting treatment methods for impairment of financial assets

At the end of the period, the Company calculates the estimated credit losses of various financial assets. If the estimated credit loss is greater than the carrying amount of its current impairment provision, the difference is recognized as an impairment loss; If it is less than the carrying amount of the current impairment provision, the difference is recognized as an impairment gain.

Methods for determining credit losses of financial assets

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 losses 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 the 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 losses 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 losses 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. Notes receivable

Notes receivable 1: bank acceptance

Notes receivable 2: trade acceptance

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. Accounts receivable

Accounts receivable 1: receivable from clients

Accounts 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 accounts 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 accounts receivable

Determination method of expected credit loss and accounting treatment

Other accounts receivable 1: receivable from internal related party

Other accounts receivable 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. Inventory

(1) Classification of inventory

Inventory mainly includes raw materials, product in process, finished products, contract performance costs, etc.

(2) The pricing method for outbound inventory

Valuation shall be based on the weighted average method for outbound inventory;

(3) The perpetual inventory system is applied.

(4) Amortization method for low value consumables and packaging materials

Low value consumables are amortized with one-time amortization method upon receipt; Packaging materials are amortized with one-time amortization method upon receipt.

(5) Recognition criteria and provision method for impairment provision for inventory

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. When determining the net realizable value of inventory, it is based on conclusive evidence obtained, while considering the purpose of holding inventory and the impact of events after the balance sheet date.

On the balance sheet date, inventory is measured at the lower of cost or net realizable value. When its net realizable value is lower than its cost, the provision for inventory impairment is withdrawn. The provision for inventory impairment is usually withdrawn based on the difference between the cost of a single inventory item and its net realizable value. For inventory with a large quantity and low unit price, the provision for inventory impairment shall be withdrawn according to the inventory category; For inventory related to product lines produced and sold in the same region, with the same or similar end use or purpose, and difficult to measure separately from other items, the provision for inventory impairment can be made through consolidation.

After the provision for inventory impairment has been made, if the influencing factors that previously reduced the value of inventory have disappeared, resulting in the net realizable value of inventory higher than its book value, it shall be reversed within the original provision for inventory impairment, and the reversed amount shall be included in the current gains/losses.

17. Assets held for sale

(1) Non-current assets held for sale and disposal group

If the Company mainly recovers the book value of a non-current asset through sale (including exchange of non-monetary assets with commercial substance, the same below) rather than continuing to use it or disposing of it, it will be classified as held for sale. The specific criteria are to meet the following conditions simultaneously: a non-current asset or disposal group can be immediately sold under the current circumstances, in accordance with the customary practice of selling such assets or disposal groups in similar transactions; The company has made a resolution regarding the sale plan and obtained a confirmed purchase commitment; The sale is expected to be completed within one year. Among them, the disposal group refers to a group of assets that are disposed of as a whole through sale or other means in a transaction, as well as the liabilities directly related to these assets transferred in the transaction. If the asset group or the portfolio of asset groups to which the disposal group belongs has been allocated the goodwill acquired in the business combination in accordance with the Accounting Standards for Enterprises No. 8- Impairment of Assets, the disposal group shall include the goodwill allocated to the disposal group.

When the Company initially measures or re-measures non-current assets held for sale and disposal groups on the balance sheet date, if their carrying value is higher than the net amount of fair value minus selling expenses, the carrying value shall be reduced to the net amount of fair value minus selling expenses, and the reduced amount shall be recognized as asset impairment loss and included in the current gains/losses. At the same time, the impairment provision for held for sale assets shall be made. For the disposal group, the recognized impairment loss of assets is first offset against the carrying amount of goodwill in the disposal group, and then proportionally offset against the carrying amount of various non-current assets within the disposal group that are subject to the measurement provisions of the Accounting Standards for Enterprises No. 42- Non-current Assets Held for Sale, Disposal Groups, and Discontinued Operations (hereinafter referred to as the “Standards of Assets Held for Sale”). If the net amount after deducting the selling expenses from the fair value of the disposal group held for sale on the subsequent balance sheet date increases, the previously written down amount should be restored and reversed within the asset impairment loss amount recognized for non-current assets measured under the Standards of Assets Held for Sale after being classified as holding for sale. The reversed amount should be included in the current gains/losses, and the book value of each non-current asset measured under the Standards of Assets Held for Sale in the disposal group, except for goodwill, should be increased proportionally based on the proportion of its book value; The book value of goodwill that has been offset, as well as the impairment losses recognized for non-current assets under the holding for sale standard before being classified as held for sale, shall not be reversed. The non-current assets held for sale or disposed of in disposal groups are not subject to depreciation or amortization, and interest and other expenses on liabilities held for sale in disposal groups continue to be recognized.

In case non-current assets or disposal groups no longer meet the criteria for being classified as held for sale, the Company will no longer continue to classify them as assets held for sale or remove non-current assets from the disposal group, and measure them in terms of the lower of the following two: (1) the book value of such assets before being classified as assets held for sale, adjusted for depreciation, amortization, impairment, etc. that would have been recognized if not classified assets held for sale; (2) Recoverable amount.

(2) Recognition criteria and reporting methods for termination of operations

Termination of operation refers to a component that meets one of the following conditions, can be distinguished separately, and has been disposed of or classified as held for sale: 1) the component represents an independent main business or an independent main operating region; 2) This component is part of a related plan to dispose of an independent major business or a separate major operating area; 3) This component is a subsidiary acquired specifically for resale.

The company reports the relevant gains/losses arising from termination of operation in the income statement and discloses the impact of termination in the notes.

18. Long term equity investment

The long-term equity investment referred to in this section refers to the long-term equity investment in which the company has control, joint control, or significant influence over the invested entity. The long-term equity investments that the Company does not have control, joint control, or significant influence over the investee are accounted for as financial assets measured at fair value with

changes recognized in current gains/losses. If they are non trading, the Company may designate them as financial assets measured at fair value with changes recognized in other comprehensive income at initial recognition. The accounting policy is detailed in Note V.11 Financial Instruments.

Joint control refers to the shared control of a certain arrangement by the company in accordance with relevant agreements, and the related activities of the arrangement must be unanimously agreed upon by the parties sharing control rights before making decisions. Significant impact refers to the power of the company to participate in decision-making on the financial and operational policies of the invested entity, but the company fails to control or jointly control the formulation of these policies with other parties.

(1) Recognition of investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owner's equity under the consolidated financial statements of the ultimate controlling party on the date of combination. The difference between the initial cost of the long-term equity investment and the cash paid, non-cash assets transferred as well as the book value of the debts borne by the absorbing party shall offset against the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If the consideration of the merger is satisfied by issue of equity securities, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owner's equity under the consolidated financial statements of the ultimate controlling party on the date of combination. With the total face value of the shares issued as share capital, the difference between the initial cost of the long-term equity investment and total face value of the shares issued shall be used to offset against the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. For business combination 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 assets will not be accounted for.

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.

The intermediary fees such as audit, legal services, evaluation consulting, and other related management expenses incurred by the merging or purchasing party for the enterprise merger shall be included in the current gains/losses at the time of occurrence.

Except for long-term equity investments formed by corporate mergers, other equity investments are initially measured at cost, which is determined on the basis of the actual cash purchase price paid by the company, the fair value of equity securities issued by the company, the value agreed upon in investment contracts or agreements, the fair value or original book value of assets exchanged in non-monetary asset exchange transactions, and the fair value of the long-term equity investment itself, depending on the method of acquisition. The expenses, taxes, and other necessary expenditures directly related to obtaining long-term equity investments are also booked into investment cost. For long-term equity investments that can have a significant impact on the investee or exercise joint control but do not constitute control due to additional investments, the cost of long-term equity investments is the sum of the fair value of the original held equity investment determined in accordance with the Accounting Standards for Enterprises No. 22-

Recognition and Measurement of Financial Instruments and the cost of additional investments.

(2) Subsequent measurement and recognition methods of gains/losses

Long term equity investments that have joint control (excluding joint operators) or significant influence over the invested entity shall be measured with the equity method. Besides, in the company's financial statements, long-term equity investments that can exercise control over the investee is measured with cost method.

① Long term equity investments measured with cost method

When measured with cost method, long-term equity investments are valued at their initial investment costs, and the cost of long-term equity investment shall be adjusted in case of additional or recovered investments. Current investment income is recognized based on the cash dividends or profits declared but not yet distributed by the investee, except for the actual payment made at the time of investment or the cash dividends or profits included in the consideration.

② Long term equity investments measured with equity method

When measured with equity method, where the initial investment cost of a long-term equity investment exceeds the investor's interest in the fair value of the invested party's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost. Where the initial investment cost is less than the investor's interest in the fair value of the invested party's identifiable net assets at the acquisition date, the difference shall be charged to current gains/losses, and the cost of the long-term equity investment shall be adjusted accordingly.

When measured with the equity method, investment income and other comprehensive income shall be recognized on the basis of the Group's share of the net gains/losses and other comprehensive income made by the invested party, respectively. Meanwhile, the carrying amount of long-term equity investment shall be adjusted. The carrying amount of long-term equity investment shall be reduced in terms of the Group's share of profit or cash dividend distributed by the invested party. In respect of changes in shareholders' equity other than net gains/losses, 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. Share in the invested party's net gains/losses shall be recognized after the net profit of the investee is adjusted on the basis of the fair values of the invested party's individual separately identifiable assets at the time of acquisition. 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 income and other comprehensive income shall be recognized accordingly. In respect of the transactions between the Group and its associates and joint ventures in which the assets disposed of or sold are not classified as operation, the share of unrealized gains/losses arising from inter-group transactions shall be offset 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 will not be offset to the extent that the loss is impairment loss of the transferred assets. In the event that the Group disposed of an asset classified as operation to its joint ventures or associates, which resulted in acquisition of long-term equity investment by the investor without obtaining control, the initial investment cost of additional long-term equity investment shall be the fair value of disposed operation. The difference between initial investment cost and the carrying value of disposed operation will be fully booked into current gains/losses. 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 booked into current gains/losses. 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". Gains/losses related to the transaction shall be measured in full.

The Group's share in the net losses of the invested party shall be recognized to the extent that the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of the investor's net investment in the invested party are reduced to zero. If the Group has to assume additional obligations, the expected liabilities shall be recognized in terms of the estimated obligation assumed and be booked into the investment loss for the period. Where the invested party makes profits in subsequent periods, the profits attributed to the company shall be firstly used to make up unrecognized losses.

③ Acquisition of minority interest

At the time of preparing consolidated financial statements, the difference between the increase in the long-term equity investment raising from the purchase of minority interest and the net assets attributable to the subsidiary which are measured continuously since the purchase date (or combination date) in terms of the proportion of newly acquired shares shall be used to adjust the capital surplus, or retained earnings in case capital surplus is insufficient.

④ Disposal of long-term equity investments

In consolidated financial statements, in case the parent company disposes part of long-term equity investments in a subsidiary without loss of control, the difference between disposal price and the net asset of the subsidiary related to the disposal of the long-term equity investments shall be booked into the owners' equity. If disposal of a portion of the long-term equity investments in a subsidiary by the parent company results in the loss of its control on the subsidiary, the relevant accounting policies described in Note 3.7(2). "Preparation method of consolidated financial statements" shall prevail.

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 current gains/losses.

In respect of the long-term equity investment measured with equity method, in case the remaining equity after disposal is also measured with 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 due to changes in other owners' equity (excluding net gains/losses, other comprehensive income and profit distribution of invested party) shall be transferred to current gains/losses on pro rata basis.

In respect of long-term equity investment measured with cost method, in case the remaining equity is also measured with equity method after disposal, other comprehensive income recognized and measured with equity method or recognition and measurement principle before control over the invested party shall be accounted for in terms of 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 current gains/losses on pro rata basis; among the net assets of invested party unit recognized with equity method (excluding net gains/losses, other comprehensive income and profit distribution of invested party) shall be transferred to current gains/losses on pro rata basis.

In the event of loss of control over invested party due to partial disposal of equity investment by the group, at the time of preparing separate financial statements, the remaining equity, which can apply common control or impose significant influence over the invested party after disposal, shall be measured with equity method. Such remaining equity shall be treated as being measured with equity method since it is obtained and adjustment shall be made accordingly. The remaining equity, which cannot apply common control or impose significant influence over the invested party after disposal, shall be accounted for in accordance with the recognition and measurement principles for financial instruments. The difference between its fair value and carrying amount as at the date of losing control shall be booked into current gains/losses. In respect of other comprehensive income recognized with equity method or the recognition and measurement principles of financial instruments before the company obtains 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. Changes in other owners' equity than net gains/losses, other comprehensive income and profit distribution) under net asset of invested party recognized with equity method shall be transferred to current gains/losses at the time when the control over invested party is lost. Of which, for the remaining equity after disposal measured with equity method, other comprehensive income and other owners' equity shall be carried forward on pro rata basis, and for the remaining equity after disposal measured with the recognition and measurement principles 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 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 current gains/losses. 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 current gains/losses 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 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.

19. Investment properties

Measurement model of investment properties

Measured with cost method

Depreciation or amortization method

Investment properties refer to properties held for the purpose of earning rental income or capital appreciation, or both. They include leased land use rights, land use rights held for the purpose of appreciation and subsequent transfer, leased buildings, etc.

Investment properties are initially measured at cost. Subsequent expenditures related to investment properties are included in the cost of investment properties if it is highly probable that the economic benefits related to the asset will flow into the enterprise and the cost can be measured reliably. Other subsequent expenditures are recognized in current gains/losses when they occur.

The company measures subsequent investment properties with the cost model and depreciates or amortizes them in accordance with the same policies as those for buildings or land use rights.

For the impairment test methods and the methods for provision of impairment losses of investment properties, please refer to Note V. 24 Impairment of Long-term Assets.

When owner-occupied properties or inventories are converted into investment properties, or investment properties are converted into owner-occupied properties, the carrying value before the conversion is used as the carrying value after the conversion.

When the purpose of an investment property changes to owner-occupation, as of the date of the change, the investment property is converted into fixed assets or intangible assets. When the purpose of an owner-occupied property changes to earning rental income or capital appreciation, as of the date of the change, the fixed assets or intangible assets are converted into investment properties. Upon conversion, if the investment property is measured with the cost model after conversion, the carrying value before the conversion is used as the carrying value after the conversion; if the investment property is measured with the fair value model after conversion, the fair value on the conversion date is used as the carrying value after the conversion.

When an investment property is disposed of, or is permanently withdrawn from use and it is expected that no economic benefits can be obtained from its disposal, the investment property shall be derecognized. The disposal proceeds from the sale, transfer, scrapping or damage of an investment property, after deducting its carrying value and relevant taxes and fees, are recognized in current gains/losses.

20. Fixed assets

(1) Recognition criteria

Fixed assets refer to tangible assets held for the production of goods, provision of services, leasing, or business management, with a useful life exceeding one accounting year. Fixed asset are recognized only when it is probable that the economic benefits associated with it will flow to the Company and its cost can be measured reliably. Fixed assets are initially measured at cost, taking into account the expected impact of decommissioning costs.

(2) Depreciation method

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%

The expected residual value refers to the amount that the Company is currently expected to obtain from the disposal of the fixed asset after deducting the expected disposal expenses, assuming that the fixed asset has reached the end of its expected useful life and is in the expected state at that time.

(3) Impairment test methods and methods for provision of impairment losses of fixed assets

For the impairment test methods and methods for provision of impairment losses of fixed assets, please refer to Note V. 24 “Impairment of Long-term Assets”.

(4) Other explanations

Subsequent expenditures related to fixed assets are booked into the cost of the fixed assets if it is highly probable that the economic benefits related to the fixed assets will flow into the Company and their costs can be measured reliably, and the carrying value of the replaced part shall be derecognized. Subsequent expenditures other than the above are recognized in current gains/losses when they occur.

A fixed asset shall be derecognized when it is in a state of disposal or when it is expected that no economic benefits can be generated through its use or disposal. The difference between the disposal proceeds from the sale, transfer, scrapping or damage of a fixed asset and its carrying value and relevant taxes and fees shall be recognized in current gains/losses.

The Company reviews the useful life, expected residual value and depreciation method of fixed assets at least at the end of each year. If any changes occur, they will be accounted for as changes in accounting estimates.

21. Construction in progress

The Company's construction in progress is divided into two types, built by the company or by the contracting-out method. When the construction in progress is completed and reaches the intended usable state, it is transferred to fixed assets. The criteria for determining the intended usable state shall meet one of the following situations: The physical construction (including installation) of the fixed asset has been completely finished or substantially completed; It has undergone trial production or trial operation, and the results indicate that the asset can operate normally or can stably produce qualified products, or the trial operation results show that it can operate or conduct business normally; The expenditure on the constructed fixed asset is very small or hardly occurs any more; The constructed fixed asset has met the design or contractual requirements, or is basically in line with the design or contractual requirements.

When the construction in progress reaches the intended usable state, it is transferred to fixed assets at the actual project cost. For those that have reached the intended usable state but for which the final accounts of the project have not been settled, they are first transferred to fixed assets at the estimated value, and after the final accounts of the project are settled, the original estimated value is adjusted according to the actual cost, but the originally accrued depreciation will not be adjusted.

For the impairment test methods and methods for provision of impairment losses of construction in progress, please refer to Note V. 24 “Impairment of Long-term Assets”.

22. Borrowing costs

Borrowing costs include borrowing interest, amortization of discounts or premiums, auxiliary expenses, and exchange differences arising from foreign currency borrowings, etc. Borrowing costs that can be directly attributed to the acquisition, construction, or production of assets that meet the capitalization criteria shall commence to be capitalized when the asset expenditures have been made, the borrowing costs have occurred, and the necessary acquisition, construction, or production activities to bring the asset to the intended usable or sellable state have started; the capitalization shall cease when the qualifying asset under construction or production

reaches the intended usable or sellable state. The remaining borrowing costs are recognized as expenses in the period in which they occur.

For specific borrowings, the amount of interest expense actually incurred during the current period, after deducting the interest income obtained from depositing the unutilized borrowing funds in the bank or the investment income obtained from temporary investments, shall be capitalized; The capitalized amount of general borrowings shall be determined by multiplying the weighted average of the asset expenditures exceeding the specific borrowings by the capitalization rate of the general borrowings used. The capitalization rate is determined on the basis of weighted average interest rate of the general borrowings.

During the capitalization period, the exchange differences of specific foreign currency borrowings shall be capitalized in full; The exchange differences of general foreign currency borrowings shall be booked into current gains/losses.

Assets that meet the capitalization criteria refer to fixed assets, investment properties, inventories, and other assets that require a substantial period of acquisition, construction, or production activities to reach the intended usable or sellable state.

If an abnormal interruption occurs during the acquisition, construction, or production of an asset that meets the capitalization criteria and the interruption period continues for more than 3 months, the capitalization of borrowing costs shall be suspended until the acquisition, construction, or production activities of the asset resume.

Assets that meet the capitalization criteria refer to fixed assets, investment properties, inventories, and other assets that require a substantial period of acquisition, construction, or production activities to reach the intended usable or sellable state.

23. Intangible assets

(1) Useful life and its determination basis, estimation situation, amortization method or review procedure

Intangible assets refer to identifiable non-monetary assets without physical substance that are owned or controlled by the Company.

Intangible assets are initially measured at cost. Expenditures related to intangible assets are included in the cost of intangible assets if it is highly probable that the relevant economic benefits will flow into the Company and the cost can be measured reliably. Expenditures for items other than the above are recognized in current gains/losses when they occur.

The acquired land use rights are usually accounted for as intangible assets. When constructing factories and other buildings through self-development, the expenditures for the relevant land use rights and the construction costs of the buildings are accounted for as intangible assets and fixed assets respectively. In the case of externally purchased houses and buildings, the relevant purchase price is allocated between the land use rights and the buildings. If it is difficult to make a reasonable allocation, it shall all be treated as fixed assets.

For intangible assets with a finite useful life, the original value minus the expected residual value and the cumulative amount of the provision for impairment losses already accrued shall be amortized on a straight-line basis and evenly over its expected useful life starting from the time they are available for use. Intangible assets with an indefinite useful life are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with a finite useful life shall be reviewed. Changes, if any, will be accounted for as changes in accounting estimates. In addition, the useful life of intangible assets with an indefinite useful life is also reviewed. If there is evidence indicating that the period during which the intangible asset brings economic benefits to the enterprise is foreseeable, its useful life shall be estimated and such intangible assets shall be amortized in accordance with the amortization policy for intangible assets with a finite useful life.

(2) Scope of accumulation of R&D expenditures and relevant accounting treatment methods

The expenditures of the Company's internal research and development projects are divided into expenditures in the research stage and expenditures in the development stage.

Expenditures in the research stage are booked into current gains/losses when they occur.

The Company's research and development expenditures includes materials used in research and development, labor and service costs, amortization of research and development equipment, amortization of other intangible assets and fixed assets used in the development process, and expenses such as water and electricity fees.

The specific criteria for the Company to divide the expenditures of internal research and development projects into those in the research stage and those in the development stage are as follows:

The research stage refers to the stage of original and planned investigations and research activities carried out to acquire and understand new scientific or technical knowledge; the development stage implies the stage of activities in which research results or other knowledge are applied to a certain plan or design before commercial production or use, in order to produce new or substantially improved materials, devices, products, etc.

Expenditures in the development stage that meet the following conditions simultaneously are recognized as intangible assets, and expenditures in the development stage that do not meet the following conditions are recognized in current gains/losses:

- ① It is technically feasible to complete the intangible asset so that it can be used or sold;
- ② There is an intention to complete the intangible asset and use or sell it;
- ③ The way in which the intangible asset generates economic benefits, including being able to prove that there is a market for products produced with such intangible asset or that there is a market for the intangible asset itself. If the intangible asset will be used internally, it can be proved to be useful;
- ④ There are sufficient technical, financial and other resources to support the completion of the development of the intangible asset, and capable of using or selling the intangible asset;
- ⑤ Expenditures attributable to the development stage of the intangible asset can be measured reliably.

The specific conditions for capitalizing the expenditures in the development stage of the Company:

If it is impossible to distinguish between expenditures in the research stage and expenditures in the development stage, all the research and development expenditures incurred will be recognized in current gains/losses.

(3) Impairment test methods and methods for provision of impairment losses of intangible assets

For the impairment test methods and methods for provision of impairment losses of intangible assets, please refer to Note V. 24 Impairment of Long-term Assets.

24. Impairment of long-term assets

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

If the impairment test result shows that the recoverable amount of an asset is less than its carrying amount, the impairment provision will be made in terms of 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 on the basis of the bid price. If there is neither sale agreement nor active market for an asset, fair value shall be estimated on the basis of 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 at an appropriately selected discount rate. Provisions for assets impairment shall be made and recognized for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the asset group to which the asset belongs shall be defined. The asset group is the smallest group of assets capable of generating cash flows independently.

For the purpose of impairment test, the carrying amount of goodwill presented separately in the financial statements shall be allocated to the asset groups or asset group portfolio benefiting from synergy of business combination. If the recoverable amount is less than the carrying amount, the impairment loss shall be recognized. The amount of impairment loss shall first reduce the carrying amount of any goodwill allocated to the asset group or asset groups portfolio, and then reduce the carrying amount of other assets goodwill within the asset group or asset group portfolio on the basis of the carrying amount of each asset.

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

25. Long-term deferred expenses

long-term deferred expenses refer to various expenses that have been incurred but are to be amortized over a period of more than one year and are borne by the current report period and subsequent periods. The long-term deferred expenses of the company mainly include decoration and renovation costs. The long-term deferred expenses are amortized with the straight - line method over the expected beneficial period.

26. Contract liabilities

Contract liabilities refer to the obligations of the company to transfer goods to customers in exchange for consideration received or receivable from customers. If the customer has paid the contract consideration or the company has obtained the unconditional right to receive payment before the company transfers the goods to the customer, the company will record the received or receivable amount as contract liability at the earlier of the actual payment date by the customer and the due payment date. Contract assets and contract liabilities under the same contract are presented on a net basis, and contract assets and contract liabilities under different contracts are not offset.

27. 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 gains/losses. During the accounting period when staff provides service to the Company, the actual short-term compensation occurred shall be recognized as liabilities and be reckoned into current gains/losses, 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 gains/losses or relevant assets costs at the time of actual occurrence. The employee compensation shall be recognized as liabilities and be reckoned into current gains/losses or relevant assets 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 liabilities in accordance with the specified withdrawing basis and proportion, and be reckoned in the current profits and losses or relevant asset costs in the accounting period that the employees provide services.

(2) Accounting treatment for post-employment benefit

The post-employment benefit 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 refer 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 liabilities arising from compensation for staff dismissal and included in current gains/losses, 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 profits and losses 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 assets 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 gains or losses) and the net interest are reckoned in the current profits and losses or other asset costs, the changes generated by recalculating the net liabilities of defined benefit plans or net assets should be reckoned in other consolidated income.

28. Anticipated liabilities

When the obligations arising from contingent events such as providing external guarantees, litigation matters, product quality warranties, and loss contracts become the present obligations of the company, and it is highly probable that the fulfillment of these obligations will lead to an outflow of economic benefits from the company, and the amount of these obligations can be reliably measured, the company will recognize these obligations as anticipated liabilities.

The company initially measures the anticipated liabilities based on the best estimate of the expenditures required to fulfill the relevant present obligations, and reviews the carrying amount of the anticipated liabilities on the balance sheet date.

If all or part of the expenditures required to settle anticipated liabilities are expected to be compensated by a third party, the compensation amount will be recognized as asset separately when it is basically certain that the compensation can be received, and the recognized compensation amount will not exceed the carrying amount of the anticipated liabilities.

29. Share-based payments

(1) Accounting treatment methods for share-based payments

Share-based payments are transactions in which equity instruments are granted or liabilities determined on the basis of equity instruments are assumed in order to obtain services provided by employees or other parties. Share-based payments are classified into share-based payments settled with equity instruments and share-based payments settled in cash.

① Share-based payments settled with equity instruments

For share-based payments settled by equity instruments in exchange for services provided by employees, they are measured at the fair value of the equity instruments granted to employees on the grant date. In the case where the fair value amount can only be exercised after the completion of the services during the vesting period or the achievement of the specified performance conditions, based on the best estimate of the number of exercisable equity instruments during the vesting period, it is calculated on a straight-line basis and included in the relevant costs or expenses. When the equity instruments can be exercised immediately after the grant, they are included in the relevant costs or expenses on the grant date, and the capital reserve is correspondingly increased. On each balance sheet date during the vesting period, the Company makes the best estimate based on the latest subsequent information such as

changes in the number of employees who are expected to be eligible to exercise the rights, and revises the estimated number of exercisable equity instruments. The impact of the above estimates is included in the relevant costs or expenses of the current period, and the capital reserve is adjusted accordingly.

For share-based payments settled by equity instruments in exchange for services provided by other parties, if the fair value of the services provided by other parties can be reliably measured, it is measured at the fair value of the services provided by other parties on the date of acquisition. If the fair value of the services provided by other parties cannot be reliably measured, but the fair value of the equity instruments can be reliably measured, it is measured at the fair value of the equity instruments on the date of acquisition of the services, included in the relevant costs or expenses, and the shareholders' equity is correspondingly increased.

② Cash-settled share-based payment and equity instruments

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

On each balance sheet date and settlement date before the settlement of the relevant liabilities, the fair value of the liabilities is remeasured, and the changes are included in the current gains/losses.

(2) Relevant accounting treatment for modification and termination of share-based payment plans

When the Company modifies a share-based payment plan, if the modification increases the fair value of the equity instruments granted, the Company recognizes the increase in the services received accordingly based on the increase in the fair value of the equity instruments. The increase in the fair value of the equity instruments refers to the difference between the fair values of the equity instruments before and after the modification on the modification date. If the modification reduces the total fair value of the share-based payment or adopts other methods unfavorable to employees, the Company will still continue to account for the services received as if the change had never occurred, unless the Company cancels some or all of the granted equity instruments.

During the waiting period, if the granted equity instruments are cancelled, the Company will treat the cancellation of the granted equity instruments as an acceleration of vesting, immediately recognize the amount that should be recognized in the remaining waiting period in the current gains/losses, and at the same time recognize the capital reserve. If employees or other parties are able to choose to meet the non - vesting conditions but fail to do so during the waiting period, the Company will treat it as the cancellation of the granted equity instruments.

(3) Accounting treatment for share-based payment transactions involving the company and its shareholders or controlling shareholders

For share-based payment transactions involving the Company and its shareholders or controlling shareholders, if one of the settlement enterprises and the service-receiving enterprise is within the Company's consolidation scope and the other is outside the Company's consolidation scope, the following accounting treatment will be carried out in the Company's consolidated financial statements:

① If the settlement enterprise settles with its own equity instruments, the share-based payment transaction will be treated as an equity - settled share-based payment; otherwise, it will be treated as a cash - settled share-based payment.

If the settlement enterprise is an investor of the service-receiving enterprise, it will recognize the long-term equity investment in the service-receiving enterprise based on the fair value of the equity instruments on the grant date or the fair value of the liability to be assumed, and at the same time recognize the capital reserve (other capital reserve) or liability.

② If the service-receiving enterprise has no settlement obligation or the equity instruments granted to its employees are its own equity instruments, the share-based payment transaction will be treated as an equity - settled share-based payment; if the service-receiving enterprise has a settlement obligation and the equity instruments granted to its employees are not its own equity instruments, the share-based payment transaction will be treated as a cash - settled share-based payment.

For share-based payment transactions among enterprises within the Company's consolidation scope, if the service-receiving enterprise and the settlement enterprise are not the same enterprise, the recognition and measurement of the share-based payment transaction in the individual financial statements of the service-receiving enterprise and the settlement enterprise will be handled by referring to the above principles.

30. Other financial instruments such as preferred stocks and perpetual bonds

(1) Distinction between perpetual bonds and preferred stocks

Financial instruments issued by the company, such as perpetual bonds and preferred stocks, that meet the following conditions are considered equity instruments:

- ① This financial instrument does not include contractual obligations to deliver cash or other financial assets to other parties, or to exchange financial assets or financial liabilities with other parties under potential adverse conditions;
- ② In case the financial instrument needs to be settled or can be settled using the enterprise's own equity instruments in the future, if the financial instrument is a non-derivative instrument, it does not include the contractual obligation to deliver a variable quantity of its own equity instruments for settlement; If it is a derivative instrument, the company can only settle the financial instrument by exchanging a fixed amount of its own equity instruments for a fixed amount of cash or other financial assets.

Except for financial instruments that can be classified as equity instruments according to the above conditions, other financial instruments issued by the Company should be classified as financial liabilities.

If the financial instruments issued by the company are composite financial instruments, they shall be recognized as a liability based on the fair value of the liability component, and the amount received after deducting the fair value of the liability component is recognized as "other equity instruments". The transaction costs incurred in the issuance of composite financial instruments shall be allocated between the liability component and the equity component in proportion to their respective proportions of the total issuance price.

(2) Accounting treatment methods for perpetual bonds and preferred stocks

Financial instruments such as perpetual bonds and preferred stocks classified as financial liabilities, including their related interest, dividends, gains or losses, as well as gains or losses arising from redemption or refinancing, are booked into current gains/losses, except for borrowing costs that meet capitalization criteria (see Note V.22 "Borrowing Costs").

When financial instruments such as perpetual bonds and preferred stocks classified as equity instruments are issued (including refinancing), repurchased, sold, or cancelled, the Company treats them as changes in equity and deducts related transaction costs from equity. The company treats the distribution of equity instrument holders as profit distribution.

The company does not recognize changes in fair value of equity instruments.

31. Revenue

Disclose accounting policies used for revenue recognition and measurement based on business type

When the contract signed between the company and the customer meets the following conditions simultaneously, revenue is recognized when the customer obtains control of the relevant goods: the parties to the contract have approved the contract and promise to fulfill their respective obligations; The contract specifies the rights and obligations of all parties involved in the transfer of goods or provision of services; The contract has clear payment terms related to the transferred goods; The contract has commercial substance, that is, the performance of the contract will change the risk, time distribution or amount of the company's future cash flows; The consideration that the company is entitled to receive from transferring goods to customers is likely to be recovered.

On the commencement date of the contract, the company identifies each individual performance obligation in the contract and distributes the transaction price to each individual performance obligation based on the relative proportion of the individual selling price of the promised goods for each individual performance obligation. When determining the transaction price, factors such as variable consideration, significant financing components in the contract, non-cash consideration, and payable customer consideration shall be taken into account.

For each individual performance obligation in the contract, if one of the following conditions is met, the company will recognize the transaction price allocated to that individual performance obligation as revenue during the relevant performance period according to the performance progress: the customer obtains and consumes the economic benefits brought by the company's performance at the same time as the company's performance; Customers are able to control the goods under construction during the performance process of the company; The goods produced by the company during the performance process have irreplaceable uses, and the company has the right to collect payments for the completed performance portion throughout the entire contract period. The performance progress is determined using the input method based on the nature of the transferred goods. When the performance progress cannot be reasonably determined, if the costs already incurred by the company are expected to be compensated, revenue is recognized on the basis of the amount of costs already incurred until the performance progress can be reasonably determined.

If any of the above conditions is not met, the company will recognize the transaction price allocated to the single performance obligation as revenue when the customer obtains control of the relevant goods. When determining whether the customer has obtained control of the product, the company considers the following indications: the enterprise has the right to receive payment for the product at present, that is, the customer has a current payment obligation for the product; The enterprise has transferred the legal ownership of the product to the customer, that is, the customer already owns the legal ownership of the product; The enterprise has transferred the physical item to the customer, meaning that the customer has already physically occupied the item; The enterprise has transferred the main risks and rewards of ownership of the product to the customer, that is, the customer has obtained the main risks and rewards of ownership of the product; The customer has accepted the product; Other signs indicating that the customer has gained control of the product.

The time point for recognizing domestic sales revenue of the company is as follows: the company delivers goods according to the sales contract or order agreement. On the reconciliation date agreed with the buyer, the goods received and inspected by the buyer during the period from the previous reconciliation date to this reconciliation date are verified with the buyer. After verification by both parties, the risk and reward are transferred to the buyer. The company issues an invoice to the buyer based on the confirmed variety, quantity, and amount, and confirms the realization of sales revenue on the reconciliation date.

The recognition time point for the company's foreign sales revenue: After the customs review is completed, the company confirms the realization of sales revenue based on the export date stated on the customs declaration form.

The situation where similar businesses adopt different business models involving different revenue recognition and measurement methods

Nil

32. Contract costs

Contract costs are divided into contract performance costs and contract acquisition costs.

The costs incurred by the company for the performance of a contract that simultaneously meet the following conditions are recognized as a contract performance cost asset:

- (1) The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs explicitly borne by the customer, and other costs incurred solely due to the contract;
- (2) The cost increases the resources that the enterprise will use in the future to fulfill its performance obligations;
- (3) The cost is expected to be recoverable.

The incremental costs incurred by the company for obtaining a contract that are expected to be recoverable are recognized as contract acquisition cost asset; however, if the amortization period of the asset does not exceed one year, it can be recognized in current gains/losses when it occurs.

Assets related to contract costs are amortized on the same basis as the recognition of revenue from the related goods or services.

If the carrying value of an asset related to contract costs is higher than the difference between the following two items, the company will make an impairment provision for the excess amount and recognize it as an asset impairment loss:

- (1) The remaining consideration expected to be obtained from the transfer of the goods or services related to the asset;

(2) The estimated costs to be incurred for the transfer of the related goods or services.

If the above asset impairment provision is subsequently reversed, the carrying value of the asset after the reversal shall not exceed the carrying value of the asset on the reversal date assuming no impairment provision is made.

33. Government grants

Government grants refer to monetary and non-monetary assets obtained by the Company from the government free of charge, excluding the capital invested by the government as an investor with corresponding ownership rights. Government grants are classified into asset-related government grants and income-related government grants. The Company defines government grants obtained for the construction or other formation of long-term assets as asset-related government grants; the remaining government grants are defined as income-related government grants. If the grantee is not clearly specified in the government document, the following methods are used to classify the grants into income-related government grants or asset-related government grants: (1) If the specific project to which the grant relates is specified in the government document, such grant shall be divided in terms of the relative proportion of the expenditure amount that will form assets and the expenditure amount that will be included in expenses in the budget of the specific project. This division proportion will be reviewed on each balance sheet date and changed if necessary; (2) If the government document only makes a general description of the use and does not specify a specific project, it will be regarded as income-related government grant. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value; if the fair value cannot be reliably obtained, the government grants shall be measured at nominal value. Government grants measured at nominal value are directly recognized in the current gains/losses.

The Company usually recognizes and measures government grants at the actual amount received when they are actually received. However, for those where there is conclusive evidence at the end of the period indicating that the relevant conditions specified in the fiscal support policy are met and the fiscal support funds are expected to be received, they are measured at the receivable amount. Government grants measured at the receivable amount shall meet the following conditions simultaneously: (1) The amount of the receivable grant has been confirmed by the relevant government department in writing, or can be reasonably estimated according to the relevant provisions of the officially issued fiscal fund management measures, and there is no significant uncertainty in the estimated amount; (2) It is based on the officially released fiscal support projects and their fiscal fund management measures by the local fiscal department and actively disclosed in accordance with the provisions of the Regulations on the Disclosure of Government Information, and the management measures shall be universal (any qualified enterprise can apply), rather than specifically formulated for specific enterprises; (3) The relevant grant approval document has clearly promised the disbursement period, and the disbursement of the funds is guaranteed by the corresponding fiscal budget, so it can be reasonably ensured that the funds can be received within the specified period; (4) According to the specific circumstances of the Company and the grant matter, other relevant conditions (if any) shall be met.

Government grants related to assets are recognized as deferred income and amortized into the current gains/losses in a reasonable and systematic way over the useful life of the relevant assets. Government grants related to income, if they are used to compensate for relevant costs, expenses or losses in the future, are recognized as deferred income and included in the current gains/losses in the period when the relevant costs, expenses or losses are recognized; if they are used to compensate for relevant costs, expenses or losses that have already occurred, they are directly included in the current gains/losses.

Government grants that contain both parts related to assets and parts related to income are accounted for separately according to different parts; if it is difficult to distinguish, they are classified as a whole as income-related government grants.

Government grants related to the Company's daily activities are included in other income or deducted from relevant costs and expenses according to the essence of economic transactions; government grants not related to daily activities are included in non-operating income and expenses.

In case it is required to return the recognized government grants if there is a balance of relevant deferred income, the book balance of the relevant deferred income shall be written off, and the excess part is adjusted to the current gains/losses and the book value of assets; in other cases, it is directly booked into current gains/losses.

34. Deferred income tax assets/Deferred income tax liabilities

Based on the difference between the carrying value of assets and liabilities and their tax bases (for items that are not recognized as assets and liabilities but for which the tax base can be determined according to tax law provisions, the difference between the tax base and the book amount), deferred income tax assets or deferred income tax liabilities are calculated and recognized in terms of the applicable tax rate during the period when the asset is expected to be recovered or the liability is expected to be settled.

The recognition of deferred income tax assets is limited to the amount of taxable income that is likely to be available to offset the deductible temporary differences. At the balance sheet date, if there is conclusive evidence indicating that sufficient taxable income is likely to be obtained in future periods to offset the deductible temporary differences, the deferred income tax assets that were not recognized in previous accounting periods are recognized.

The carrying value of deferred income tax assets will be reviewed at the balance sheet date. If it is likely that sufficient taxable income will not be available in future periods to offset the benefits of the deferred income tax assets, the carrying value of the deferred income tax assets shall be written down. When it is likely that sufficient taxable income will be obtained, the written-down amount is reversed.

The current income tax and deferred income tax of the company are booked in the current gains/losses as income tax expenses or gains, except for the income tax arising from business combinations, transactions or events directly recognized in owners' equity.

When the Company has the legal right to settle on a net basis and intends to settle on a net basis or to acquire assets and settle liabilities simultaneously, the current income tax assets and current income tax liabilities of the Company are presented at the net amount after offset.

35. Leasing

(1) Accounting treatment method of leasing as a lessee

The company as the lessee

The main category of leased assets of the company is buildings.

On the commencement date of the lease term, the Company recognizes right of use assets and lease liabilities for leases other than short-term leases and low value asset leases, and separately recognizes depreciation and interest expenses during the lease term.

The company adopts the straight-line method during each period of the lease term to record the lease payments for short-term leases and low value asset leases as current expenses.

① Right of use assets

The right of use asset refers to the lessee's right to use the leased asset during the lease term. On the commencement date of the lease term, the right of use assets is initially measured at cost. The cost includes: ① the initial measurement amount of the lease liability;

② If there is lease incentive for the lease payment made on or before the start date of the lease term, the relevant amount of the lease incentive already enjoyed shall be deducted; ③ The initial direct expenses incurred by the lessee; ④ The lessee is expected to incur the cost of dismantling and removing the leased asset, restoring the leased asset's location, or restoring the leased asset to the state specified in the lease terms.

The depreciation of the company's right of use assets is classified and provisioned with the straight-line method. For those who can reasonably determine that ownership of the leased asset will be acquired upon the expiration of the lease term, depreciation shall be accrued over the expected remaining useful life of the leased asset; For those whose ownership of the leased asset cannot be reasonably determined upon expiration of the lease term, depreciation shall be accrued during the shorter of the lease term or the remaining useful life of the leased asset.

The company determines whether the right of use assets have been impaired and performs accounting treatment in accordance with the relevant provisions of Enterprise Accounting Standard No. 8- Asset Impairment.

② Lease liabilities

Lease liabilities are initially measured at the present value of lease payments that have not yet been paid on the lease term commencement date. The lease payment amount includes: ① fixed payment amount (including substantial fixed payment amount), and if there is a lease incentive, the relevant amount of the lease incentive shall be deducted; ② Variable lease payments based on indices or ratios; ③ The estimated amount to be paid based on the residual value of the guarantee provided by the lessee; ④ The exercise price for purchasing the option, provided that the lessee reasonably determines that the option will be exercised; ⑤ The payment required to exercise the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease;

The company adopts the implicit interest rate of leasing as the discount rate; If the implicit interest rate of the lease cannot be reasonably determined, the incremental borrowing rate of the company shall be applied as the discount rate. The company calculates the interest expenses of lease liabilities during each period of the lease term based on a fixed periodic interest rate and includes them in financial expenses. The cyclical interest rate refers to the discount rate or revised discount rate adopted by the company.

Variable lease payments that are not included in the measurement of the lease liability are recognized in the current period's gains/losses when they actually occur.

When there are changes in the evaluation results of the option to renew, terminate or purchase the lease, the present value of the lease liability shall be remeasured based on the changed lease payment amount and the revised discount rate, and the book value of the right of use asset shall be adjusted accordingly. When there are changes in the actual lease payment amount, the expected payable amount of the guarantee residual value, or the variable lease payment amount depending on the index or ratio, the lease liability shall be remeasured based on the present value calculated by the changed lease payment amount and the original discount rate, and the book value of the right of use asset shall be adjusted accordingly.

③ Short term leasing and low value asset leasing

For short-term leases (leases with a lease term of no more than 12 months on the lease commencement date) and leases of low value assets (with a value less than 2000 yuan), the Company adopts a simplified approach by not recognizing right of use assets and lease liabilities. Instead, the lease payments are recorded in the relevant asset costs or current gains/losses with straight-line method or other systematic and reasonable methods during each period of the lease term.

(2) Accounting treatment method of leasing as a lessor

The company as the lessor

Operating lease

The company uses the straight-line method to recognize the lease receipts from operating leases as rental income for each period during the lease term. Variable lease payments related to operating leases that are not included in lease receipts are recognized in the current period's gains/losses when they actually occur.

Financial leasing

On the commencement date of the lease term, the Company recognizes the receivable financing lease payments and terminates the recognition of financing lease assets. The financing lease payments receivable are initially measured based on the net lease investment (the sum of unsecured residual value and the present value of lease receipts not yet received on the lease commencement date discounted at the lease implicit interest rate), and interest income is recognized during the lease term based on a fixed periodic interest rate. The variable lease payments obtained by the company that are not included in the net measurement of lease investments are recognized in the current gains/losses when they actually occur.

36. Other important accounting policies and estimates

In the process of applying accounting policies, due to the inherent uncertainty of operating activities, the company needs to make judgments, estimates, and assumptions about the book value of financial statement items that cannot be accurately measured. These judgments, estimates, and assumptions are based on the past historical experience of the company's management and have been made taking into account other relevant factors. These judgments, estimates, and assumptions will affect the reported amounts of income, expenses, assets, and liabilities, as well as the disclosure of contingent liabilities on the balance sheet date. However, the actual

results resulting from the uncertainty of these estimates may differ from the current estimates of the company's management, leading to significant adjustments to the carrying amounts of future affected assets or liabilities.

The company conducts regular reviews of the aforementioned judgments, estimates, and assumptions on a going concern basis. If changes in accounting estimates only affect the current period of the change, their impact is recognized in the current period of the change; If it affects both the current and future periods of the change, its impact shall be recognized in both the current and future periods of the change.

On the balance sheet date, the Company needs to make judgments, estimates, and assumptions about the amounts of financial statement items in the following important areas:

(1) Accrual of bad debts reserve

The company uses the expected credit loss model to evaluate the impairment of financial instruments. Applying the expected credit loss model requires making significant judgments and estimates, taking into account all reasonable and evidence-based information, including forward-looking information. When making such judgments and estimates, the Company infers the expected changes in the debtor's credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks, and other factors.

(2) Impairment provision for inventory

According to inventory accounting policy, the company measure inventory at the lower of cost and net realizable value, and make impairment provision for inventory for those with costs higher than net realizable value, as well as for obsolete and unsold inventory. The impairment of inventory to net realizable value is based on evaluating the sellability and net realizable value of inventory. To identify inventory impairment, management shall make judgments and estimates based on obtaining conclusive evidence and considering factors such as the purpose of holding inventory and the impact of events after the balance sheet date. The difference between the actual result and the original estimate will affect the book value of inventory and the provision or reversal of impairment provision for inventory s during the period when the estimate is changed.

(3) Impairment provision for non-financial and non-current assets

On the balance sheet date, the company assesses whether there are signs of potential impairment of non-current assets other than financial assets. For intangible assets with uncertain useful lives, in addition to annual impairment tests, impairment tests are also conducted when there are signs of impairment. When there are indications that the carrying amount of non-current assets other than financial assets cannot be recovered, impairment test shall be conducted.

When the book value of an asset or asset group is higher than the recoverable amount, which is the higher of the net amount of fair value minus disposal expenses and the present value of expected future cash flows, it indicates impairment.

The net amount after deducting disposal expenses from fair value is determined by referring to the sales agreement price or observable market price of similar assets in fair transactions, and subtracting the incremental costs directly attributable to the disposal of the asset.

When estimating the present value of future cash flows, significant judgments need to be made regarding the production, sale price, related operating costs, and discount rate used in calculating the present value of the asset (or asset group). When estimating the recoverable amount, the company will use all available relevant information, including forecasts of production, selling prices, and related operating costs based on reasonable and supportable assumptions.

The company tests at least once a year whether there is any impairment of goodwill. This requires estimating the present value of future cash flows from asset groups or portfolio of asset groups that have been allocated goodwill. When estimating the present value of future cash flows, the company needs to estimate the cash flows generated by future asset groups or portfolio of asset groups, and select an appropriate discount rate to determine the present value of future cash flows.

(4) Depreciation and amortization

The company, after considering the residual values of investment real estate, fixed assets and intangible assets, calculates and accrues depreciation and amortization using the straight-line method over their useful lives. The company regularly reviews the service life to determine the amount of depreciation and amortization expenses to be included in each report period. The service life is

determined by the company based on past experience with similar assets and expected technological updates. If there are significant changes in previous estimates, adjustments will be made to depreciation and amortization expenses in future periods.

(5) Fair value of financial instruments

For financial instruments for which there is no active trading market to provide quotes, valuation techniques need to be adopted to determine their fair values. Valuation techniques need to be used to determine fair value for financial instruments that cannot be quoted in markets with no active trading, for example, the latest trading information in the market, discounted cash flow method, and option pricing models. The company has established a set of workflow to ensure that qualified personnel are responsible for the calculation, verification, and review of fair value. The valuation model used by the company incorporates market information as much as possible and minimizes the use of unique information of the company. It should be pointed out that some of the information used in the valuation model needs to be estimated by the management (such as discount rate and target exchange rate volatility). The company regularly reviews the above estimates and assumptions and makes adjustments as necessary.

(6) Income tax

In the normal business operations of the company, there is a certain degree of uncertainty in the final tax treatment and calculation of some transactions. Whether some items can be deducted before tax requires the approval of the tax authorities in charge. If there is a difference between the final determination result of these tax matters and the initially estimated amount, such difference will have an impact on the current income tax and deferred income tax in the period of the final determination.

37. Changes of important accounting policies and estimation

(1) Changes of important accounting policies

☐ Applicable ☒ Not applicable

(2) Changes in important accounting estimations

☐ Applicable ☒ Not applicable

(3) Related entries of the financial statements at the beginning of the first year of implementing the new accounting standards since 2026

☐ Applicable ☒ Not applicable

38. 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% + regional tax 3.9%
Educational surtax	Turnover tax payable	5%
Sales tax	Ad valorem sales amount of taxable goods at ex-factory or import stage	5%、10%

Disclose reasons for different taxpaying body

Taxpaying body	Income tax rate
The company, WFJN, WFLD, WFTT, WFMA, WFAM, WFSC, WFLD(Chongqing), WFAS, WFCA	15%
WFLD(Wuhan)	20%
WFLD(Malaysia)	24%
IRD America	21%
IRD(Denmark)	22%
WFTR, WFQL, VHCN, WFLD(Nanchang), WFSS, WFLH, Borit(Belgium), WFET, WFBL	25%
VHIO(Italy)	24% + regional tax 3.9%

2. Tax incentives

The company, WFJN, WFLD, WFTT and WFMA passed high-tech enterprise accreditation in 2023, entitled to 15% preferential income tax rate from 1 January 2023 to 31 December 2025. WFAS was accredited as a high-tech enterprise in 2024, and entitled to 15% preferential income tax rate from 1 January 2024 to 31 December 2026. WFAM was accredited as a high-tech enterprise in 2024, and entitled to 15% preferential income tax rate from 1 January 2024 to 31 December 2026. WFSC and WFCA were accredited as high-tech enterprises in 2025, and entitled to 15% preferential income tax rate from 1 January 2025 to 31 December 2027.

According to Announcement on Continuation of Income Tax Policy for Western Development Enterprises 2020 No.23 of the Ministry of Finance, State Taxation Administration and National Development and Reform Commission, from 1 January 2021 to 31 December 2030, for the enterprises located in the western region with industrial items specified in Catalogue of Encouraged Industries in the Western Region as their main business and main business income accounting for more than 60% of the total enterprise income, enterprise income tax shall be levied at a reduced rate of 15%. WFLD (Chongqing) is subject to a preferential income tax rate of 15% in 2025.

According to Announcement on Relevant Tax Policy to Further Support the Development of Small-sized Micro-profit Enterprises and Individual Industrial and Commercial Households (Ministry of Finance and State Taxation Administration Announcement 2023 No.12), the taxable income shall be calculated at a reduced rate of 25% for small-sized micro-profit enterprises, with company income tax policy subject to a tax rate of 20%, which shall continue implementation until 31 December 2027. WFLD (Wuhan) met the criteria for small-sized micro-profit enterprise in 2025, and was entitled to the above tax preference.

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	3,021.82	8,403.89
Cash in bank	2,375,331,705.36	2,269,214,635.09
Other monetary funds	39,555,759.91	89,627,273.49
Total	2,414,890,487.09	2,358,850,312.47
Including: total amount of funds deposited overseas	171,045,437.67	101,759,199.50

Other explanation

The ending balance of other monetary funds includes bank acceptance deposits of 728,665.13 yuan, Mastercard deposits of 144.17 yuan, performance deposits of 7,820,760.93 yuan, guarantee deposits of 317,328.83 yuan, loan deposits of 30,308,794.51 yuan, and wealth management deposits of 380,066.34 yuan.

2. Tradable financial asset

In RMB

Item	Ending balance	Opening balance
Financial assets measured at fair value and whose changes are included in current profits and losses	2,668,446,370.48	2,334,658,155.36
Including:		
Listed company stocks	648,491.67	888,391.56
Bank wealth management products	2,544,942,815.34	2,017,206,116.57
Other wealth management products	122,855,063.47	316,563,647.23
Total	2,668,446,370.48	2,334,658,155.36

3. Notes receivable

(1) Classification of notes receivable

In RMB

Item	Ending balance	Opening balance
Trade acceptance bill	219,852,886.48	93,133,355.40
Total	219,852,886.48	93,133,355.40

(2) Accrued bad debts reserve

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debts reserve		Book value	Book value		Bad debts reserve		Book value
	Amount	Ratio	Amount	Accrued ratio		Amount	Ratio	Amount	Accrued ratio	
Notes receivable with bad debts reserve accrued on portfolio	219,852,886.48	100.00%			219,852,886.48	93,133,355.40	100.00%			93,133,355.40
Including:										
Portfolio 1: bank acceptance bill										
Portfolio 2: commerce acceptance bill	219,852,886.48	100.00%			219,852,886.48	93,133,355.40	100.00%			93,133,355.40
Total	219,852,886.48	100.00%			219,852,886.48	93,133,355.40	100.00%			93,133,355.40

The bad debts reserve of note receivable is made in accordance with the general model of expected credit loss:

☐Applicable ☒Not applicable

(3) Bad debts reserve accrued, recovered or reversed

Major amount of bad debts reserve recovered or reversed:

☐Applicable ☒Not applicable

(4) Notes receivable already pledged by the Company at the end of the period□ Applicable ☒ Not applicable**(5) Notes endorsement or discount and undue on balance sheet date**

Nil

(6) Notes receivable charged off in the period

Nil

4. Accounts receivable**(1) By aging**

In RMB

Aging	Ending book balance	Opening book balance
Within one year (One year included)	4,104,178,857.36	4,334,268,607.72
Including: within 6 months	4,032,038,605.82	4,253,883,964.14
6 months to one year	72,140,251.54	80,384,643.58
1-2 years	34,701,114.08	16,753,416.84
2-3 years	4,624,675.54	9,069,061.73
Over 3 years	27,531,926.72	26,951,657.03
3-4 years	11,215,334.71	6,824,860.07
4-5 years	1,905,574.06	18,940,431.30
> 5 years	14,411,017.95	1,186,365.66
Total	4,171,036,573.70	4,387,042,743.32

(2) Disclosure by classification based on the accrual method of bad debts reserve

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debts reserve		Book value	Book balance		Bad debts reserve		Book value
	Amount	Ratio	Amount	Accrued ratio		Amount	Ratio	Amount	Accrued ratio	
Accounts receivable with bad debts reserve accrued on single basis	20,258,150.41	0.49%	20,258,150.41	100.00%		22,742,112.36	0.52%	22,231,606.13	97.76%	510,506.23
Including:										
Accounts receivable with bad debts reserve accrued on portfolio	4,150,778.423.29	99.51%	28,442,879.73	0.69%	4,122,335,543.56	4,364,300.630.96	99.48%	23,747,958.72	0.54%	4,340,552.672.24
Including:										
Total	4,171,036,573.70	100.00%	48,701,030.14	1.17%	4,122,335,543.56	4,387,042,743.32	100.00%	45,979,564.85	1.05%	4,341,063,178.47

Bad debts reserve accrued on single basis: 20,258,150.41 yuan

In RMB

Name	Opening balance		Ending balance			
	Book balance	Bad debts reserve	Book balance	Bad debts reserve	Accrued ratio	Accrued causes
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%	Have difficulty in collection

Brilliance Automotive Group Holdings Co., Ltd.	3,337,118.71	3,337,118.71	3,002,745.56	3,002,745.56	100.00%	Have difficulty in collection
SAIC HONGYAN Automotive Co., Ltd	1,883,372.36	1,863,738.32	1,563,100.51	1,563,100.51	100.00%	Have difficulty in collection
Shaanxi Wanfang Automotive Parts Co., Ltd	2,198,973.18	2,198,973.18	2,198,973.18	2,198,973.18	100.00%	Have difficulty in collection
Dongfeng Chaoyang Diesel Co., Ltd.	1,823,262.64	1,823,262.64	1,823,262.64	1,823,262.64	100.00%	Have difficulty in collection
Nedstack Fuel Cell Technology BV	1,460,456.57	1,460,456.57			100.00%	Have difficulty in collection
Tianjin Levor Engine Co., Ltd.	1,018,054.89	1,018,054.89			100.00%	Have difficulty in collection
Others	4,827,407.24	4,336,535.05	5,476,601.75	5,476,601.75	100.00%	Have difficulty in collection
Total	22,742,112.36	22,231,606.13	20,258,150.41	20,258,150.41		

Bad debts reserve accrued on portfolio: 28,442,879.73 yuan

In RMB

Name	Ending balance		
	Book balance	Bad debts reserve	Accrued ratio
Within 6 months	4,032,038,605.82		
6 months to one year	71,188,918.09	7,118,891.84	10.00%
1-2 years	30,292,638.85	6,058,527.78	20.00%
2-3 years	3,321,334.04	1,328,533.62	40.00%
Over 3 years	13,936,926.49	13,936,926.49	100.00%
Total	4,150,778,423.29	28,442,879.73	

Explanation on determining the basis of portfolio

Nil

Bad debts reserve accrued on general model of expected credit loss:

☐ Applicable ☒ Not applicable

(3) Bad debts reserve accrued, recovered or reversed

Bad debts reserve accrued in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrued	Recovered or reversed	Charged off	Other	
Accrued on portfolio	22,231,606.13	3,022.13	762,876.44	947,783.38	-265,818.03	20,258,150.41
Accrued on single basis	23,747,958.72	5,813,785.05	1,083,299.99		-35,564.05	28,442,879.73
Total	45,979,564.85	5,816,807.18	1,846,176.43	947,783.38	-301,382.08	48,701,030.14

Major amount of bad debts reserve recovered or reversed: Nil

(4) Accounts receivable charged off in the Period

In RMB

Item	Amount charged off
Accounts receivable charged off	947,783.38

(5) Top five accounts receivable and contract assets at ending balance by debtors

In RMB

Name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Ratio in total ending balance of accounts receivable and contract assets	Ending balance of bad debts reserve and impairment provision for contract assets
RBCD	885,142,161.62		885,142,161.62	21.22%	5,507,839.36
Robert Bosch Company	662,807,371.99		662,807,371.99	15.89%	2,563,858.56
Client 1	221,429,722.64		221,429,722.64	5.31%	20,233.60
Client 2	97,027,498.01		97,027,498.01	2.33%	299,680.83
Client 3	84,519,874.84		84,519,874.84	2.03%	
Total	1,950,926,629.10		1,950,926,629.10	46.78%	8,391,612.35

5. Receivable financing**(1) By category**

In RMB

Item	Ending balance	Opening balance
Bill receivable- bank acceptance bill	1,931,633,857.67	1,861,919,025.73
Total	1,931,633,857.67	1,861,919,025.73

(2) Disclosure by classification based on the accrual method of bad debts reserve

Basis for division of each stage and accrual ratio of bad deb reserve

Nil

Explanation of significant changes in the financing book balance of accounts receivable with changes in impairment provision in the current period:

Nil

(3) Bad debt provision accrued, recovered or reversed

Other explanation: Nil

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

In RMB

Item	Amount pledge at period-end
Bank acceptance bill	370,229,131.46
Total	370,229,131.46

(5) Receivable financing endorsed or discounted but undue on balance sheet date

In RMB

Item	Amount derecognized at period-end	Amount not derecognized at period-end
Bank acceptance bill	721,965,697.56	
Commercial acceptance bill		
Total	721,965,697.56	

(6) Receivable financing 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 accounts receivable

In RMB

Item	Ending balance	Opening balance
Dividends receivable	2,055,706,449.33	5,357,758.49
Other accounts receivable	78,532,316.87	77,623,089.75
Total	2,134,238,766.20	82,980,848.24

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

Nil

2) Significant overdue interest

Nil

3) Disclosure by classification based on the accrual method of bad debts reserve☐Applicable ☒Not applicable**4) Bad debts reserve accrued, recovered or reversed**

Nil

5) Interest receivable charged off in current period

Nil

(2) Dividends receivable**1) By category**

In RMB

Item (or invested enterprise)	Ending balance	Opening balance
WFEC	39,200,000.00	
RBCD	1,671,148,690.84	
Zhonglian Electronics	340,000,000.00	
WFPM	5,357,758.49	5,357,758.49
Total	2,055,706,449.33	5,357,758.49

2) Major dividends receivable with aging over one year

Nil

3) Disclosure by classification based on the accrual method of bad debts reserve

☐Applicable ☒Not applicable

4) Bad debts reserve accrued, recovered or reversed in current period

Nil

5) Dividends receivable 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	1,149,204.57	645,071.02
Cash deposit	11,468,523.98	11,950,266.49
Staff loans and petty cash	1,265,418.63	240,006.80
Social security and provident fund paid	13,316,035.12	13,442,906.73
WFTR “platform trade” business portfolio	2,033,692,153.68	2,038,255,787.68
Other	4,488,812.15	877.68
Total	2,065,380,148.13	2,064,534,916.40

2) By aging

In RMB

Aging	Ending book balance	Opening book balance
Within one year (One year included)	21,470,484.07	16,389,752.66
Including: Within 6 months	20,371,562.98	14,219,410.49
6 months to 1 year	1,098,921.09	2,170,342.17
1-2 years	2,620,417.09	2,658,174.54
2-3 years	906,028.91	380,706.22
Over 3 years	2,040,383,218.06	2,045,106,282.98
3-4 years	2,004,940,537.20	2,040,870,405.92
4-5 years	32,601,890.43	2,651,404.05
Over 5 years	2,840,790.43	1,584,473.01
Total	2,065,380,148.13	2,064,534,916.40

3) Accrued bad debts reserve

☒Applicable ☐Not applicable

Bad debts reserve accrued on the general model of expected credit loss:

In RMB

Bad debts 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, 2026	7,719,720.15		1,979,192,106.50	1,986,911,826.65
Balance on Jan. 1, 2026 in the period				
Current accrued	197,759.73			197,759.73
Current reversal	80,500.00		31,726.80	112,226.80
Other changes	-149,528.32			-149,528.32
Balance on June. 30, 2026	7,687,451.56		1,979,160,379.70	1,986,847,831.26

Changes in book balance of bad debts reserve whose amount has major changes in the period

☐Applicable ☒Not applicable

4) Bad debts reserve accrued, recovered or reversed

Bad debts reserve accrued in the period:

In RMB

Category	Opening balance	Change in current period				Ending balance
		Accrued	Recovered or reversed	Charged-off	Other	
Bad debts reserve	1,986,911,826.65	197,759.73	112,226.80		-149,528.32	1,986,847,831.26
Total	1,986,911,826.65	197,759.73	112,226.80		-149,528.32	1,986,847,831.26

5) Other accounts charged off during the report period

Nil

6) Top 5 other accounts receivable at ending balance by debtors

In RMB

Enterprise	Nature	Ending balance	Aging	Ratio in total ending balance of other accounts receivable	Ending balance of bad debts reserve
WFTR “platform trade” business portfolio	See “Other explanations”	2,033,692,153.68	Over 3 years	98.47%	1,979,160,379.70
Wuxi China Resources Gas Co., Ltd.	Deposit margin	1,353,500.00	Over 3 years	0.07%	1,353,500.00
Wuxi Xingzhou Industrial Park Development Co., Ltd.	Deposit margin	1,146,676.84	Within 1 year, over 3 years	0.06%	718,066.05
Wuxi Xingzhou Energy Development Co., Ltd.	Deposit margin	1,045,373.12	1-2 years, over 3 years	0.05%	918,856.80

Wuxi Chenyang Construction Equipment Leasing Co., Ltd.	Deposit margin	1,000,000.00	1- 2 years	0.05%	200,000.00
Total		2,038,237,703.64		98.70%	1,982,350,802.55

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	119,364,878.75	93.78%	98,012,846.59	98.51%
1-2 years	5,537,873.27	4.35%	1,181,857.84	1.19%
2-3 years	597,120.40	0.47%	296,620.00	0.30%
Over 3 years	1,781,621.10	1.40%	1,635.12	0.00%
Total	127,281,493.52	100%	99,492,959.55	100%

Explanation on 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 balance	Proportion in total ending balance of accounts paid in advance (%)
Daye Special Steel Co., Ltd.	8,795,198.48	6.91
Shenzhen Jinminjiang Intelligent Equipment Co., Ltd.	8,400,000.00	6.60
CITIC Taifu Steel Trading Co., Ltd	8,265,632.84	6.49
Robert Bosch Company	7,106,094.82	5.58
State Grid Jiangsu Electric Power Co., Ltd, Wuxi Branch	6,427,331.39	5.05
Total	38,994,257.53	30.63

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	Impairment provision for inventory or impairment provision for contract performance costs	Book value	Book balance	Impairment provision for inventory or impairment provision for contract performance costs	Book value

Raw material	590,691,574.70	101,646,009.80	489,045,564.90	583,093,953.74	100,756,472.59	482,337,481.15
Goods in process	604,760,746.12	32,828,791.35	571,931,954.77	558,452,738.49	30,798,354.66	527,654,383.83
Finished goods	1,698,989,315.86	130,054,595.92	1,568,934,719.94	1,579,852,880.89	131,709,756.97	1,448,143,123.92
Total	2,894,441,636.68	264,529,397.07	2,629,912,239.61	2,721,399,573.12	263,264,584.22	2,458,134,988.90

(2) Data resource recognized as inventory

Nil

(3) Impairment provision for inventory and impairment provision for contract performance costs

In RMB

Item	Opening balance	Current increase		Current decrease		Ending balance
		Accrued	Other	Reversed or written off	Other	
Raw material	100,756,472.59	20,062,907.93	-1,061,647.11	18,111,723.61		101,646,009.80
Goods in process	30,798,354.66	6,761,691.90	-798,583.93	3,932,671.28		32,828,791.35
Finished goods	131,709,756.97	47,828,310.12	-322,262.17	49,161,209.00		130,054,595.92
Total	263,264,584.22	74,652,909.95	-2,182,493.21	71,205,603.89		264,529,397.07

① The net realizable value of inventory refers to the amount obtained by deducting the estimated costs to be incurred until completion, estimated selling expenses, and relevant taxes and fees from the estimated selling price of the inventory in the ordinary course of business.

② Accrual basis of impairment provision for inventory:

Item	Accrual basis of impairment provision for inventory	Specific basis for determining net realizable value
Stock materials	For materials used in producing finished goods for sale, their net realizable value is lower than their carrying value.	It is determined on the basis of the amount obtained by deducting the estimated costs to be incurred until completion, estimated selling expenses, and relevant taxes and fees from the estimated selling price of the finished goods produced.
Goods in process	For goods in process used in producing finished goods for sale, its net realizable value is lower than its carrying value.	It is determined on the basis of the amount obtained by deducting the estimated costs to be incurred until completion, estimated selling expenses, and relevant taxes and fees from the estimated selling price of the finished goods produced.
Finished goods	Its net realizable value is lower than its carrying value.	It is determined on the basis of the amount obtained by deducting various taxes and fees to be borne in the sales process from the estimated selling price.

③ Reason for carrying forward impairment provision for inventory:

Item	Reason for reversing impairment provision for inventory
Stock materials	Used in production in the current period, and the finished goods produced have been sold.
Goods in process	After the goods in process was completed in the current period, the corresponding finished goods were sold in the current period.
Finished goods	Have been sold in report period

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

Nil

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

Nil

9. Non-current assets maturing within one year

In RMB

Item	Ending balance	Opening balance
Other non-current assets due within one year	790,255,397.26	689,033,205.47
Total	790,255,397.26	689,033,205.47

Note: Principal of large-denomination certificates of deposit and accrued interest thereof that are due for redemption within one year.

(1) Credit investment maturing within one year

☐Applicable ☒Not applicable

(2) Other credit investment maturing within one year

☐Applicable ☒Not applicable

10. Other current assets

In RMB

Item	Ending balance	Opening balance
Receivable export tax rebates	6,691,938.55	7,369,802.15
VAT refund receivable	664,690.82	2,489,909.34
Prepaid taxes and VAT retained	203,311,514.98	171,745,232.56
Input tax to be deducted and certification	2,528,483.82	14,674,947.65
Deferred and prepaid expenses	12,692,688.30	15,244,244.74
Small appliances and other physical goods	20,994,032.54	42,786,744.82
Other	2,876,781.00	6,425,755.18
Less: Impairment provision for other current assets	122,887,023.61	122,887,023.61
Total	126,873,106.40	137,849,612.83

11. Other equity instrument investment

In RMB

Item	Beginning balance	Gains recognized in other comprehensive income for the current period	Losses recognized in other comprehensive income for the current period	Accumulated gains recognized in other comprehensive income at the end of this period	Accumulated losses recognized in other comprehensive income at the end of this period	Dividends income recognized in this period	Ending balance	Reasons for designating fair value measurement with changes recognized in other comprehensive income
Wuxi Xichan Microchip Co., Ltd.	592,742,690.00						592,742,690.00	Non-tradable equity instrument investment
Autolink	371,348,000.00						371,348,000.00	Non-tradable equity instrument investment
Other	85,048,000.00						85,048,000.00	Non-tradable equity instrument investment
Total	1,049,138,690.00						1,049,138,690.00	

Whether there is other equity instrument investment derecognized in current period or not: Nil

Sub-item disclosure of non-tradable equity instrument investments in the current period

In RMB

Item	Dividends income recognized	Accumulated income	Accumulated loss	Amount of other comprehensive income carried forward to retained earnings	Reasons for designating fair value measurement with changes recognized in other comprehensive income	Reasons for other comprehensive income carried forward to retained earnings
------	-----------------------------	--------------------	------------------	---	--	---

Wuxi Xichan Microchip Co., Ltd.					Non-tradable equity instrument investment	NA
Autolink					Non-tradable equity instrument investment	NA
Other					Non-tradable equity instrument investment	NA

12. Long-term equity investment

In RMB

Invested entity	Opening balance (book value)	Opening balance of impairment provision	Current changes (+/-)								Ending balance (book value)	Ending balance of impairment provision
			Investment increase	Investment decrease	Investment gains/losses recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividends or profit announced to issued	Impairment provision accrued	Foreign currency statement translation		
I. Joint venture												
II. Associated enterprise												
WFEC	1,101,591,709.17				105,383,190.86		1,064,965.91	112,700,000.00			1,095,339,865.94	
RBCD	3,924,631,976.51				289,297,271.93			1,671,148,690.84			2,542,780,557.60	
Zhongli an Electronics	2,085,881,289.20				268,119,590.98			340,000,000.00			2,014,000,880.18	
WFPM	44,114,831.94				1,750,639.24		74,650.39				45,940,121.57	
Changehun Xuyang	8,482,208.91				26,634.56						8,508,843.47	
Precors GmbH		8,998,648.57								-511,836.03		8,486,812.54
Lezhuo Bowei	98,874,762.71				-15,470,904.64						83,403,858.07	
WuXi Zhuowei	35,793,253.32				-3,359,507.17		119,553.38				32,553,299.53	
HySTech		138,865,054.65								-7,889,773.48		130,975,281.17
Subtotal	7,299,370,031.76	147,863,703.22			645,746,915.76		1,259,169.68	2,123,848,690.84		-8,401,609.51	5,822,527,426.36	139,462,093.71
Total	7,299,370,031.76	147,863,703.22			645,746,915.76		1,259,169.68	2,123,848,690.84		-8,401,609.51	5,822,527,426.36	139,462,093.71

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

☐Applicable ☒Not applicable

The recoverable amount is determined on the basis of 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 test

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

13. Other non-current financial assets

In RMB

Item	Ending balance	Opening balance
Financial assets classified as those measured at fair value with changes recognized in current profits and losses	750,257,936.26	751,258,396.69
Include: Investments in other debt instruments and equity instruments held for more than one year	750,257,936.26	751,258,396.69
Total	750,257,936.26	751,258,396.69

14. Investment real estate**(1) Investment real estate measured at cost**☒ Applicable ☐ Not applicable

In RMB

Item	House and Building	Land use right	Construction in progress	Total
I. Original book value				
1. Opening balance	101,743,835.55			101,743,835.55
2. Current increased				
(1) Outsourcing				
(2) Inventory\fixed assets\construction in process transfer-in				
(3) Increased by combination				
3. Current decreased				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	101,743,835.55			101,743,835.55
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	49,425,515.68			49,425,515.68
2. Current increased	2,067,627.04			2,067,627.04
(1) Accrued or amortization	2,067,627.04			2,067,627.04
3. Current decreased				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	51,493,142.72			51,493,142.72
III. Impairment provision				
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	50,250,692.83			50,250,692.83
2. Opening book value	52,318,319.87			52,318,319.87

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

☐Applicable ☒Not applicable

The recoverable amount is determined on the basis of 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 test

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 measured at fair value

Nil

(4) Investment real estate without property certification held

In RMB

Item	Book value	Reason for not obtaining the property rights certificate
WFJN's property	52,182.36	Still in process of relevant property procedures

15. Fixed assets

In RMB

Item	Ending balance	Opening balance
Fixed assets	4,464,761,205.57	4,582,924,701.55
Total	4,464,761,205.57	4,582,924,701.55

(1) Fixed assets

In RMB

Item	House and Building	Machinery equipment	Transportation equipment	Electronic and other equipment	Land	Total
I. Original book value:						
1. Opening balance	2,518,514,049.50	5,952,107,653.52	59,872,087.82	1,544,968,861.56	33,820,602.68	10,109,283,255.08
2. Current increased	7,731,687.41	147,158,299.25	810,156.63	93,345,634.44		249,045,777.73
(1) Purchase	245,298.05	2,748,036.23				2,993,334.28
(2) Construction in progress transfer-in	7,486,389.36	137,641,376.34	810,156.63	93,345,634.44		239,283,556.77
(3) Increased by combination						
(4) Other		6,768,886.68				6,768,886.68

3.Current decreased	1,828,589.00	11,161,624.97	221,977.84	30,557,552.46		43,769,744.27
(1) Disposal or scrapping	1,828,589.00	11,161,624.97	221,977.84	30,557,552.46		43,769,744.27
4.Conversion of foreign currency financial statement	-8,248,883.91	-36,705,897.60	-13,331.29	-26,103,890.00	-1,923,689.22	-72,995,692.02
5. Ending balance	2,516,168,264.00	6,051,398,430.20	60,446,935.32	1,581,653,053.54	31,896,913.46	10,241,563,596.52
II. Accumulated depreciation						
1.Opening balance	752,117,179.30	3,424,577,874.98	27,222,884.40	1,100,796,900.64		5,304,714,839.32
2.Current increased	39,378,376.14	158,439,555.18	2,208,030.49	130,795,073.58		330,821,035.39
(1) Accrued	39,378,376.14	151,670,668.50	2,208,030.49	130,795,073.58		324,052,148.71
(2) Other		6,768,886.68				6,768,886.68
3.Current decreased	1,091,349.05	6,530,627.18	63,768.18	17,660,365.34		25,346,109.75
(1) Disposal or scrapping	1,091,349.05	6,530,627.18	63,768.18	17,660,365.34		25,346,109.75
4.Conversion of foreign currency financial statement	-4,031,090.65	-21,694,326.62	-7,540.48	-20,421,311.72		-46,154,269.47
5.Ending balance	786,373,115.74	3,554,792,476.36	29,359,606.23	1,193,510,297.16		5,564,035,495.49
III. Impairment provision						
1.Opening balance	16,807,531.78	166,348,223.10	149,386.18	21,524,307.46	16,814,265.69	221,643,714.21
2.Current increased						
(1) Accrued						
3.Current decreased		1,575,827.41		201,193.40		1,777,020.81
(1) Disposal or scrapping		1,575,827.41		201,193.40		1,777,020.81
4.Conversion of foreign currency financial statement	-925,655.32	-4,461,893.53	-2,358.19	-753,508.72	-956,382.18	-7,099,797.94
5.Ending balance	15,881,876.46	160,310,502.16	147,027.99	20,569,605.34	15,857,883.51	212,766,895.46
IV. Book value						
1.Ending book value	1,713,913,271.80	2,336,295,451.68	30,940,301.10	367,573,151.04	16,039,029.95	4,464,761,205.57
2.Opening book value	1,749,589,338.42	2,361,181,555.44	32,499,817.24	422,647,653.46	17,006,336.99	4,582,924,701.55

(2) Temporarily idle fixed assets

Nil

(3) Fixed assets acquired by operating lease

In RMB

Item	Ending book value
Housing and building	14,465,956.72

(4) Fixed assets without property certification held

In RMB

Item	Book value	Reasons for without the property certification
WFCA - Factory and office buildings	23,881,384.34	Still in process of relevant property procedures
WFJN - Factory and office buildings	140,629.85	Still in process of relevant property procedures

(5) Impairment test of fixed assets□Applicable ☒Not applicable**(6) Disposal of fixed assets**

Other explanation: Nil

16. Construction in progress

In RMB

Item	Ending balance	Opening balance
Construction in progress	425,065,311.64	280,431,452.37
Total	425,065,311.64	280,431,452.37

(1) Construction in progress

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Hydrogen Energy Industrial Park Construction Project	1,969,973.12		1,969,973.12	1,044,510.86		1,044,510.86
Weifu (Huishan) Intelligent Manufacturing Industrial Park Phase II	29,919,390.82		29,919,390.82	7,573,068.22		7,573,068.22
Production line and equipment under installation and debugging	386,388,308.60	33,842,184.57	352,546,124.03	288,205,125.59	36,422,667.30	251,782,458.29
Software and system under installation and debugging	8,389,483.76		8,389,483.76	8,335,003.57		8,335,003.57
Sporadic construction and installation projects	32,240,339.91		32,240,339.91	11,696,411.43		11,696,411.43
Total	458,907,496.21	33,842,184.57	425,065,311.64	316,854,119.67	36,422,667.30	280,431,452.37

(2) Changes of major construction in progress

In RMB

Item	Budget	Opening balance	Current increased	Fixed assets transfer-in in the Period	Other decreased in the Period	Ending balance	Proportion of project investment in budget	Progress	Accumulated amount of interest capitalization	Including: interest capitalized amount of the year	Interest capitalization rate of the year	Source of funds
Hydrogen Energy Industrial Park Construction Project	550,000,000.00	1,044,510.86	925,462.26			1,969,973.12	0.36%	Complete the design				Owned funds

Weifu (Huishan) Intelligent Manufacturing Industrial Park Phase II	270,000,000.00	7,573,068.22	22,346,322.60			29,919,390.82	11.06%	Pre-construction phase				Owned funds
During the installation and commissioning of production lines and equipment		288,205,125.59	336,576,718.24	233,734,548.38	4,658,986.85	386,388,308.60						Owned funds
During the installation and commissioning of the software and the system		8,335,003.57	7,773,802.65	7,719,322.46		8,389,483.76						Owned funds
Total	820,000,000.00	305,157,708.24	367,622,305.75	241,453,870.84	4,658,986.85	426,667,156.30						

(3) Impairment provision of construction in progress

In RMB

Item	Opening balance	Current increase	Conversion of foreign currency financial statement	Current decrease	Ending balance	Reason for withdrawal
Equipment installation	36,422,667.30		-1,107,453.01	1,473,029.72	33,842,184.57	Equipment commissioning failed to pass acceptance
Total	36,422,667.30		-1,107,453.01	1,473,029.72	33,842,184.57	--

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

Other explanation: Nil

17. Right-of-use assets**(1) Right-of-use assets**

In RMB

Item	Building	Mechanical equipment	Total
I. Original book value:			
1. Opening balance	143,807,169.63	30,686,180.71	174,493,350.34
2. Current increased	8,031,829.00	2,901,327.15	10,933,156.15
(1) Increased lease	8,031,829.00	2,901,327.15	10,933,156.15
3. Current decreased	261,689.68	7,615,131.61	7,876,821.29
(1) Disposal	261,689.68	7,615,131.61	7,876,821.29
4. Conversion of foreign currency financial statement	-3,223,641.41	-1,217,229.09	-4,440,870.50
5. Ending balance	148,353,667.54	24,755,147.16	173,108,814.70
II. Accumulated depreciation			
1. Opening balance	51,274,733.35	21,603,143.81	72,877,877.16
2. Current increased	13,726,894.23	2,481,302.75	16,208,196.98
(1) Accrued	13,726,894.23	2,481,302.75	16,208,196.98
3. Current decreased		7,303,834.84	7,303,834.84
(1) Disposal			

(2) Other		7,303,834.84	7,303,834.84
4. Conversion of foreign currency financial statement	-1,093,231.73	-870,809.64	-1,964,041.37
5. Ending balance	63,908,395.85	15,909,802.08	79,818,197.93
III. Impairment provision			
1. Opening balance	3,669,907.74		3,669,907.74
2. Current increased			
(1) Accrued			
3. Current decreased			
(1) Disposal			
4. Conversion of foreign currency financial statement	-208,509.91		-208,509.91
5. Ending balance	3,461,397.83		3,461,397.83
IV. Book value			
1. Ending book value	80,983,873.86	8,845,345.08	89,829,218.94
2. Opening book value	88,862,528.54	9,083,036.90	97,945,565.44

(2) Impairment test of right-of-use assets□Applicable ☒Not applicable**18. Intangible assets****(1) Intangible assets**

In RMB

Item	Land use right	Patent	Non-patent technology	Computer software	Trademark and trademark license	Patent and non-patent technology	Total
I. Original book value							
1. Opening balance	432,623,934.75			280,218,155.13	41,597,126.47	272,444,060.21	1,026,883,276.56
2. Current increased	870,000.00			6,272,272.99		409,345.27	7,551,618.26
(1) Purchase				495,075.72		409,345.27	904,420.99
(2) Internal R&D							
(3) Increased by combination							
(4) Transfer from construction in progress	870,000.00			5,777,197.27			6,647,197.27
3. Current decreased							
(1) Disposal or scrapping							
4. Conversion of foreign currency financial statement				-1,254,770.79		-13,692,089.00	-14,946,859.79
5. Ending balance	433,493,934.75			285,235,657.33	41,597,126.47	259,161,316.48	1,019,488,035.03
II. Accumulated amortization							
1. Opening balance	130,143,106.85			233,456,189.03	9,709,000.00	157,532,209.34	530,840,505.22
2. Current increased	4,623,058.79			13,717,866.48		11,765,270.33	30,106,195.60
(1) Accrued	4,623,058.79			13,717,866.48		11,765,270.33	30,106,195.60
3. Current decreased							
(1) Disposal							
4. Conversion of foreign currency financial statement				-1,019,838.77		-8,515,733.61	-9,535,572.38
5. Ending balance	134,766,165.64			246,154,216.74	9,709,000.00	160,781,746.06	551,411,128.44
III. Impairment provision							
1. Opening balance				490,575.74	16,646,900.00		17,137,475.74
2. Current increased				-27,903.55		404,901.30	376,997.75

(1) Accrued						409,345.20	409,345.20
3.Current decreased				-27,903.55		-4,443.90	-32,347.45
(1) Disposal							
4.Conversion of foreign currency financial statement				-27,903.55		-4,443.90	-32,347.45
5.Ending balance				462,672.19	16,646,900.00	404,901.30	17,514,473.49
IV. Book value							
1.Ending book value	298,727,769.11			38,618,768.40	15,241,226.47	97,974,669.12	450,562,433.10
2.Opening book value	302,480,827.90			46,271,390.36	15,241,226.47	114,911,850.87	478,905,295.60

The proportion of intangible assets formed through internal R&D of the company to the balance of intangible assets at the end of this period: Nil

(2) Data resource recognized as intangible assets

Nil

(3) Land use right without property certification held

Nil

(4) Impairment test of intangible assets

☐Applicable ☒Not applicable

19. Goodwill

(1) Original book value of goodwill

In RMB

Name of invested entities 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	1,784,086.79					1,784,086.79
Merged with Borit	260,355,338.82		-14,792,379.93			245,562,958.89
Total	262,139,425.61		-14,792,379.93			247,347,045.68

(2) Impairment provision for goodwill

In RMB

Name of invested entities or matters forming goodwill	Opening balance	Current increased		Current decreased		Ending balance
		Accrued	Translation of foreign currency statements	Disposal		
Merged with WFTT						
Merged with Borit	260,355,338.82		-14,792,379.93			245,562,958.89
Total	260,355,338.82		-14,792,379.93			245,562,958.89

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

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

Borit	Long term assets 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 assets, and will generate cash inflows independently	Other automotive parts divisions; Category of asset group output products	Y
-------	--	---	---

Changes in asset group or asset group portfolio: Nil

Other explanation: Nil

(4) Specific method of determining recoverable amount

For asset groups with indicators of impairment, the Company estimates the recoverable amount of such asset groups as the higher of the net amount of their fair value less disposal costs and the present value of the estimated future net cash flows; for asset groups without indicators of impairment, the Company determines the recoverable amount of such asset groups based on the present value of the estimated future net cash flows of the asset groups.

The recoverable amount is determined on the basis of the net amount after deducting disposal expenses from the fair value.

☐Applicable ☒Not applicable

The recoverable amount is determined on the basis of 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 test

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 report period or the previous period is within the performance commitment period

☐Applicable ☒Not applicable

20. Long-term deferred expense

In RMB

Item	Opening balance	Current increase	Amortized in the Period	Other decrease	Ending balance
Decoration expense, etc.	57,396,940.60	7,938,283.26	4,664,118.47	2,973,708.27	57,697,397.12
Total	57,396,940.60	7,938,283.26	4,664,118.47	2,973,708.27	57,697,397.12

21. Deferred income tax assets/Deferred income tax liabilities

(1) Deferred income tax assets not offset

In RMB

Item	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Unrealized profit from insider transactions	68,848,993.78	12,247,294.13	71,547,412.32	13,192,513.91
Deductible loss	1,144,458,268.67	175,837,020.82	1,231,507,412.99	188,106,484.27
Bad debts reserve	47,395,067.54	7,250,044.62	44,152,193.79	6,905,968.05
Impairment provision for inventory	219,882,663.35	34,332,731.26	213,603,028.75	33,540,830.32

Impairment provision of fixed assets	94,293,409.16	16,161,693.36	95,191,249.93	16,607,584.61
Impairment provision of construction in progress	184,615.38	27,692.31	184,615.38	27,692.31
Impairment provision of intangible assets	16,646,900.00	2,497,035.00	16,646,900.00	2,497,035.00
Deferred income	107,679,517.47	16,151,927.62	116,439,925.84	17,563,299.19
Payable salary, accrued expenses etc.	838,326,785.44	151,399,664.16	954,373,383.21	149,574,911.28
Depreciation assets, amortization difference	22,494,554.11	3,377,731.69	24,717,114.06	3,711,115.68
Impairment provision of other non-current assets	146,615,749.63	21,992,362.44	146,615,749.63	21,992,362.44
Lease liabilities	64,375,465.15	13,783,681.24	77,754,490.02	16,628,519.52
Changes in fair value	10,651,202.41	1,597,680.36	40,671,644.15	6,100,746.63
Total	2,781,853,192.09	456,656,559.01	3,033,405,120.07	476,449,063.21

(2) Deferred income tax liabilities not offset

In RMB

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
The difference between the fair value and taxation basis of WFTT assets in a merger not under the same control	8,555,091.55	1,283,263.71	8,788,973.20	1,318,345.98
The difference between the fair value and taxation basis of IRD assets in a merger not under the same control	28,468,548.65	6,263,080.70	35,509,947.59	7,812,188.47
The difference between the fair value and taxation basis of Borit assets in a merger not under the same control	11,652,242.25	2,913,060.51	13,838,768.77	3,459,692.13
The difference between the fair value and taxation basis of VH business in a merger not under the same control	39,475,310.05	9,474,074.40	44,901,017.14	10,776,244.06
Change in fair value of transaction financial asset	45,407,855.56	6,949,119.09	44,731,787.81	7,018,986.57
Accelerated depreciation of fixed assets	919,227,177.68	143,243,793.81	870,317,608.44	135,932,828.36
Right-of-use assets	61,652,545.61	13,334,224.74	76,082,085.49	16,266,866.76
Others	52,592,465.76	7,888,869.87	64,198,291.94	10,983,558.81
Total	1,167,031,237.11	191,349,486.83	1,158,368,480.38	193,568,711.14

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

In RMB

Item	Trade-off between the deferred income tax assets and liabilities	Ending balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets	168,588,956.71	300,875,710.90	166,550,052.70	309,899,010.51
Deferred income tax liabilities	168,588,956.71	22,760,530.12	166,550,052.70	27,018,658.45

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Ending balance	Opening balance
Bad debts reserve	1,988,153,793.86	1,988,739,197.71
Impairment provision for inventory	44,646,733.72	49,661,555.47
Loss from subsidiary	1,368,517,645.33	1,350,265,857.24
Impairment provision of long-term equity investment	139,462,093.71	147,863,703.22
Impairment provision of fixed assets	118,473,486.30	126,452,464.28
Impairment provision of construction in progress	33,657,569.19	36,238,051.92
Impairment provision of intangible assets	867,573.49	490,575.74
Other equity instrument investment	12,600,000.00	12,600,000.00
Impairment provision of other current assets	122,887,023.61	122,887,023.61
Wages payable, withholding expense, etc.	16,914,618.10	42,545,482.35
Total	3,846,180,537.31	3,877,743,911.54

(5) The deductible losses of unrecognized deferred income tax assets will expire in following years

In RMB

Maturity year	Ending amount	Opening amount	Note
2026		33,144,849.80	The subsidiary incurred operating losses.
2027	34,244,302.94	54,686,831.09	The subsidiary incurred operating losses.
2028	75,571,841.34	78,303,845.07	The subsidiary incurred operating losses.
2029	121,397,893.26	99,939,854.63	The subsidiary incurred operating losses.
2030	189,095,860.34	218,119,741.45	The subsidiary incurred operating losses.
2031 and the following years	256,826,784.18	126,809,056.82	The subsidiary incurred operating losses.
No expiration date	691,380,963.27	739,261,678.38	The overseas subsidiary incurred operating losses.
Total	1,368,517,645.33	1,350,265,857.24	

22. Other non-current assets

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Contract acquisition cost	3,305,297.98		3,305,297.98	3,625,624.88		3,625,624.88
Contract fulfillment costs	42,229,225.47		42,229,225.47	40,362,622.75		40,362,622.75
Engineering equipment paid in advance	196,037,318.39	8,194,161.97	187,843,156.42	192,938,074.50	8,456,323.15	184,481,751.35
Large deposit certificates with a maturity of more than one year	21,027,178.08		21,027,178.08	20,769,315.07		20,769,315.07
Financial products	146,615,749.63	146,615,749.63		146,615,749.63	146,615,749.63	
Total	409,214,769.55	154,809,911.60	254,404,857.95	404,311,386.83	155,072,072.78	249,239,314.05

23. Assets with restricted ownership or use right

In RMB

Item	Ending				Opening			
	Book balance	Book value	Restriction type	Restriction reason	Book balance	Book value	Restriction type	Restriction reason

Monetary funds	728,665.13	728,665.13	Cash deposit	Notes paid for bank acceptance	20,188,696.29	20,188,696.29	Cash deposit	Notes paid for bank acceptance
Monetary funds	7,820,760.93	7,820,760.93	Cash deposit	IRD performance bond	8,291,872.97	8,291,872.97	Cash deposit	IRD performance bond
Monetary funds	317,328.83	317,328.83	Cash deposit	Letter of guarantee deposit	273,032.92	273,032.92	Cash deposit	Letter of guarantee deposit
Monetary funds	380,066.34	380,066.34	Cash deposit	Financial deposit				
Monetary funds	144.17	144.17	Cash deposit	Cash deposit for Mastercard	152.85	152.85	Cash deposit	Cash deposit for Mastercard
Monetary funds	30,308,794.51	30,308,794.51	Cash deposit	Secured financing using margin deposits and interest from bank loans as collateral	60,412,602.74	60,412,602.74	Cash deposit	Secured financing using margin deposits and interest from bank loans as collateral
Receivables financing	370,229,131.46	370,229,131.46	Pledged	Notes pledge for bank acceptance	408,648,804.25	408,648,804.25	Pledged	Notes pledge for bank acceptance
Accounts receivable			Pledged	Accounts Receivable Pledge Financing	10,000,000.00	10,000,000.00	Pledged	Accounts Receivable Pledge Financing
Trading financial assets	10,150,000.00	10,150,000.00	Frozen	Funds frozen by the court due to litigation in a corporate structured deposit account opened by the company at a bank, with a principal balance of RMB 100 million, of which RMB 10.15 million is restricted due to the freeze.	10,150,000.00	10,150,000.00	Frozen	Funds frozen by the court due to litigation in a corporate structured deposit account opened by the company at a bank, with a principal balance of RMB 100 million, of which RMB 10.15 million is restricted due to the freeze.
Total	419,934,891.37	419,934,891.37			517,965,162.02	517,965,162.02		

24. Short-term borrowings

(1) Category of short-term borrowings

In RMB

Item	Ending balance	Opening balance
Mortgage loan	29,530,159.13	59,426,508.10
Credit loan	595,716,915.32	504,667,506.68
Accrued interest	860,351.74	669,795.45
Total	626,107,426.19	564,763,810.23

Explanation on short-term borrowings: Nil

(2) Overdue and unpaid short-term loans

Other explanation: Nil

25. Note payable

In RMB

Category	Ending balance	Opening balance
Bank acceptance bill	2,629,903,122.45	1,913,336,503.36
Total	2,629,903,122.45	1,913,336,503.36

At the end of the current period, the total amount of matured but unpaid notes payable is 0.00 yuan.

26.Accounts payable**(1) Accounts payable**

In RMB

Item	Ending balance	Opening balance
Operating funds payable for labor or goods	4,053,957,202.25	4,195,992,940.45
Accounts payable for engineering equipment	183,876,273.44	179,884,154.40
Total	4,237,833,475.69	4,375,877,094.85

(2) Important accounts payable with aging over 1 year or overdue

Other explanation: Nil

27.Other accounts payable

In RMB

Item	Ending balance	Opening balance
Dividends payable	676,749,985.10	2,937,600.00
Other accounts payable	64,568,590.33	62,369,120.22
Total	741,318,575.43	65,306,720.22

(1) Interest payable

Nil

(2) Dividends payable

Item	Ending balance	Opening balance
Common stock dividends	676,749,985.10	
Dividends payable by subsidiary		2,937,600.00
Total	676,749,985.10	2,937,600.00

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

In RMB

Item	Ending balance	Opening balance
Deposit and margin	33,600,307.40	31,307,210.21
Social insurance and reserves funds withholding	2,096,773.26	2,707,549.19
Intercourse funds of entities	25,512,145.98	23,526,000.00
Other	3,359,363.69	4,828,360.82
Total	64,568,590.33	62,369,120.22

2) Important other payables with aging over 1 year or overdue

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	Not yet meeting the conditions for carry-over
Total	19,026,000.00	

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

In RMB

Item	Ending balance	Opening balance
Rent received in advance		4,013,931.36
Total		4,013,931.36

(2) Significant accounts receivable in advance with aging over 1 year or overdue

Other explanation: Nil

29.Contract liabilities

In RMB

Item	Ending balance	Opening balance
Advance payment for goods	86,839,084.88	63,010,303.58
Total	86,839,084.88	63,010,303.58

30. Wage payable**(1) Wage payable**

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
I. Short-term compensation	301,650,706.85	736,986,040.13	845,840,053.34	192,796,693.64
II. Post-employment welfare-defined contribution plans	14,651,358.81	119,180,670.76	125,343,479.16	8,488,550.41
III. Dismissed welfare	9,779,785.27	1,873,600.46	9,374,135.07	2,279,250.66
IV. Other welfare within one year	20,000,000.00		9,182,178.34	10,817,821.66
V. Other short-term welfare-Housing subsidies, employee benefits and welfare funds	18,174,318.76		1,821,735.00	16,352,583.76
Total	364,256,169.69	858,040,311.35	991,561,580.91	230,734,900.13

(2) Short-term compensation

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Wages, bonuses, allowances and subsidies	286,050,671.79	583,570,744.38	689,683,254.51	179,938,161.66
2. Welfare for workers and staff		51,693,201.86	51,693,201.86	
3. Social insurance	338,239.76	38,885,723.68	38,891,205.01	332,758.43
Including: Medical insurance	258,035.24	31,432,317.90	31,415,521.99	274,831.15
Work injury insurance	70,001.92	4,053,929.97	4,078,052.28	45,879.61
Maternity insurance	10,202.60	3,399,475.81	3,397,630.74	12,047.67
4. Housing accumulation fund	825,856.00	47,423,253.00	47,261,089.00	988,020.00
5. Labor union expenditure and personnel education expense	9,929,301.27	9,196,555.76	8,818,611.23	10,307,245.80
6. Other short-term compensation - social security	4,506,638.03	6,216,561.45	9,492,691.73	1,230,507.75
Total	301,650,706.85	736,986,040.13	845,840,053.34	192,796,693.64

(3) Define contribution plans

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Basic endowment premium	8,956,949.42	94,346,407.95	100,747,771.91	2,555,585.46
2. Unemployment insurance	44,603.15	2,267,200.74	2,266,892.27	44,911.62
3. Enterprise annuity	5,649,806.24	22,567,062.07	22,328,814.98	5,888,053.33
Total	14,651,358.81	119,180,670.76	125,343,479.16	8,488,550.41

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 corresponding expenditures shall be recognized in the current period's profit or loss or the cost of relevant assets when incurred. For details of the enterprise annuity plan, please refer to Note XVIII.4 "Annuity Plan".

31. Tax payable

In RMB

Item	Ending balance	Opening balance
Value-added tax	18,587,561.42	23,728,130.97
Corporation income tax	29,472,124.42	26,338,033.58
Individual income tax	693,939.34	6,766,820.73
City maintaining & construction tax	1,276,691.71	1,556,316.59
Educational surtax	917,751.91	1,146,327.89
Property tax	6,604,729.20	7,056,699.71
Land use tax	1,446,844.05	1,408,216.46
Stamp tax	3,044,452.36	2,887,888.46
Others	150,308.48	366,601.08
Total	62,194,402.89	71,255,035.47

32. Non-current liabilities due within one year

In RMB

Item	Ending balance	Opening balance
Long-term borrowings due within one year	42,300.00	100,104,542.78
Lease payments due within one year	28,916,378.66	30,052,680.37
Total	28,958,678.66	130,157,223.15

33. Other current liabilities

In RMB

Item	Ending balance	Opening balance
Rebate payable	229,002,878.46	231,984,909.31
Pending sales tax	7,084,005.99	7,722,417.64
Endorsed but unexpired commercial acceptance bills		6,228,142.15
Total	236,086,884.45	245,935,469.10

Changes in short-term bonds payable: Nil

34. Long-term borrowings**(1) By category**

In RMB

Item	Ending balance	Opening balance
Credit loan	105,885,651.11	187,404,542.78
Less: long-term borrowings maturing within one year	42,300.00	100,104,542.78
Total	105,843,351.11	87,300,000.00

35. Bonds payable**(1) Bonds payable**

Item	Ending balance	Opening balance
Bonds payable	505,335,616.44	500,624,657.53
Total	505,335,616.44	500,624,657.53

(2) Changed in the bonds payable (excluding other financial instruments such as preferred shares and perpetual debt classified as financial liabilities)

In RMB

Bond name	Face value	Coupon rate	Issue date	Bond maturity	Issue amount	Opening balance	Issue in current period	Accrued interest at face value	Premium discount amortization	Repayment in the current period	Ending balance	Whether a breach of contract
25 Weifu K1	500,000,000.00	1.90%	2025-12-08	3 years	500,000,000.00	500,624,657.53		4,710,958.91			505,335,616.44	N
Total					500,000,000.00	500,624,657.53		4,710,958.91			505,335,616.44	

(3) Convertible Corporate Bond Description

Nil

(4) Description of other financial instruments classified as financial liabilities

Nil

36. Lease liabilities

In RMB

Item	Ending balance	Opening balance
Lease payments	108,093,017.78	110,509,867.86
Financing expense not recognized	-10,897,580.16	-7,083,414.26
Minus: lease liabilities maturing within one year	28,916,378.66	30,052,680.37
Total	68,279,058.96	73,373,773.23

37. Long-term accounts payable

In RMB

Item	Ending balance	Opening balance
Long-term accounts payable	7,780,000.00	7,780,000.00
Total	7,780,000.00	7,780,000.00

(1) By nature

In RMB

Item	Ending balance	Opening balance
Hi-tech Branch of Nanjing Finance Bureau (note ①) Financial support funds (2011)	5,040,000.00	5,040,000.00
Hi-tech Branch of Nanjing Finance Bureau (note ②) Financial support funds (2013)	2,740,000.00	2,740,000.00
Total	7,780,000.00	7,780,000.00

Other explanation:

Note ①: To encourage WFJN to enter Nanjing High-tech Technology Industry Development Zone, financial supporting capital is allotted by High-tech branch of Finance Bureau of Nanjing for supporting use, the term is from December 28, 2011 to December 28, 2026. Provided that the operation period in the zone is less than 15 years, financial supporting capital will be reimbursed.

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 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

Nil

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

In RMB

Item	Ending balance	Opening balance
I. Post-employment benefits - Defined benefit plan net liabilities	16,906,129.35	18,028,501.68
II. Dismiss welfare	6,680,226.47	7,606,269.58
III. Other long-term welfare - incentive fund balance	54,819,699.51	54,819,699.51
Total	78,406,055.33	80,454,470.77

(2) Changes in defined benefit plan

Present value of defined benefit plan

In RMB

Item	Current period	Last period
I. Opening balance	18,028,501.68	19,879,635.58
II. Cost of defined benefit plan booked into current profit and loss	292,592.21	620,384.67
1. Current service cost	292,592.21	620,384.67
III. Cost of defined benefit plan booked into other comprehensive income		
1. Actuarial gains (losses are represented by “-”)		
IV. Other changes	-1,414,964.54	403,391.12
1. Welfare paid	392,555.38	-1,840,954.97

2. Translation difference of foreign currency statements	-1,807,519.92	2,244,346.09
V. Ending balance	16,906,129.35	20,903,411.37

39. Anticipated liability

In RMB

Item	Ending balance	Opening balance	Formation cause
Pending dispute and litigation	500,554.28	530,742.49	
Product quality assurance	112,862,608.67	104,609,340.95	
Environmental protection commitment	297,479.34	315,420.20	
Total	113,660,642.29	105,455,503.64	

Other explanations, including important assumptions and estimation explanations related to significant provisions:

In accordance with the relevant provisions of "Interpretation No. 18 on Enterprise Accounting Standards" regarding "quality assurance warranties that do not constitute a separate performance obligation," the company uniformly accounts for and discloses estimated product warranty costs under the "Provisions" item.

40. Deferred income

In RMB

Item	Opening balance	Current increased	Current decreased	Translation of foreign currency statements	Ending balance	forming reason
Government grant	128,942,021.14	12,993,948.09	13,373,411.61	-911,081.11	127,651,476.51	
Total	128,942,021.14	12,993,948.09	13,373,411.61	-911,081.11	127,651,476.51	

41. 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	966,785,693.00						966,785,693.00

42. Capital reserve

In RMB

Item	Opening balance	Current increase	Current decrease	Ending balance
Capital premium (Share capital premium)	2,619,353,129.48			2,619,353,129.48
Other capital reserve	67,151,006.78	1,259,169.68		68,410,176.46
Total	2,686,504,136.26	1,259,169.68		2,687,763,305.94

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

The increase of 1,259,169.68 yuan in other capital reserves for this period represents the amount attributable to the company based on its equity interest in changes in other comprehensive income of the associate enterprise.

43. 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	Less: written in other comprehensive income in	Less: income tax	Attributable to parent company after tax	Attributable to minority shareholder	

			previous period and carried forward to current gains/losses	previous period and carried forward to retained earnings in current period	expense		ders after tax	
I. Other comprehensive income that cannot be reclassified to gains/losses	-1,024,077.45							- 1,024,077.45
Including: Remeasure changes in defined benefit plans	-1,040,086.25							- 1,040,086.25
Other comprehensive income that cannot be transferred to gains/losses under equity method	16,008.80							16,008.80
II. Other comprehensive income items which will be reclassified subsequently to gains/losses	123,422,176.07	- 56,057,604.17				- 56,057,604.17		67,364,571.90
Conversion difference of foreign currency financial statement	123,422,176.07	- 56,057,604.17				- 56,057,604.17		67,364,571.90
Total other comprehensive income	122,398,098.62	- 56,057,604.17				- 56,057,604.17		66,340,494.45

44. Reasonable reserve

In RMB

Item	Opening balance	Current increase	Current decrease	Ending balance
Work safety expense	8,619,634.17	16,118,837.69	17,199,019.10	7,539,452.76
Total	8,619,634.17	16,118,837.69	17,199,019.10	7,539,452.76

Other explanation, including changes and reasons for changes:

(1) Explanation on the withdrawing of special reserves (work safety expense): According to the Administrative Measures on the Withdrawing and Use of Enterprise Safety Production Expenses (CZ [2022] No.136) jointly issued by the Ministry of Finance and the State Administration of Work Safety, in the current period, the Company adopted excess retreat method for quarterly withdrawal by taking the actual operating income of the previous period as the withdrawing basis.

(2) Among the above work safety expense, including the work safety expense accrued by the Company in line with regulations and the parts attributed to shareholders of the Company in work safety expense accrued by subsidiary in line with regulations.

45. 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: Nil

46. Retained profit

In RMB

Item	Current period	Last period
Retained profits at the end of last year before adjustment	15,623,144,555.11	15,523,124,882.77
Retained profits at the beginning of the year after adjustment	15,623,144,555.11	15,523,124,882.77
Add: net profits attributable to owners of parent company of this period	836,415,872.45	1,068,167,498.05
Other		1,004,237.29
Less: Common stock dividends payable	676,749,985.10	969,152,063.00
Retained profit at period-end	15,782,810,442.46	15,623,144,555.11

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

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

47. Operating income and cost

In RMB

Item	Current period		Last period	
	Income	Cost	Income	Cost
Main operating	6,441,837,362.16	5,348,126,771.42	5,664,265,047.26	4,727,893,633.72
Other business	135,223,051.76	59,804,712.88	96,153,585.85	37,329,159.55
Total	6,577,060,413.92	5,407,931,484.30	5,760,418,633.11	4,765,222,793.27

Breakdown information of operating income and operating cost:

In RMB

Type of contract	Energy and Power		Automotive Intelligence		Industrial Sysyem + AI		Total	
	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost
Business type								
Including:								
Primary business								
Including: recognize at a certain point in time	5,607,181,494.67	4,620,095,327.27	757,860,795.16	642,203,265.49	76,795,072.33	85,828,178.66	6,441,837,362.16	5,348,126,771.42
Recognized within a certain period of time								
Other business								
Including: recognize at a certain point in time	120,299,268.67	50,799,958.33	238,583.87	2,709,791.29			120,537,852.54	53,509,749.62
Recognized within a certain period of time								
Lease income	14,685,199.22	6,294,963.26					14,685,199.22	6,294,963.26
Total	5,742,165,962.56	4,677,190,248.86	758,099,379.03	644,913,056.78	76,795,072.33	85,828,178.66	6,577,060,413.92	5,407,931,484.30

48. Operating tax and extra

In RMB

Item	Current period	Last Period
City maintaining & construction tax	9,347,012.28	7,020,427.71
Educational surtax	6,714,620.05	5,025,514.39
Property tax	12,500,165.74	12,450,878.16
Land use tax	3,260,371.37	2,664,542.78
Vehicle use tax	11,396.77	9,789.10
Stamp duty	5,302,294.96	4,264,416.03
Other taxes	570,732.31	390,464.52
Total	37,706,593.48	31,826,032.69

49. Administration expenses

In RMB

Item	Current period	Last period
Salary and wage related expense	206,477,937.38	204,152,165.94

Depreciation charger and long-term assets amortization	71,018,393.50	71,505,562.18
Consumption of office materials and business travel charge	12,442,118.51	13,749,617.83
Other	84,215,269.06	91,866,536.05
Total	374,153,718.45	381,273,882.00

50. Sales expenses

In RMB		
Item	Current period	Last Period
Salary and wage related expense	37,039,872.41	44,704,795.75
Consumption of office materials and business travel charge	5,408,267.50	5,640,944.50
Warehouse charge	13,512,957.75	2,221,697.97
Business entertainment fee	6,317,746.54	3,830,951.97
Other	9,030,448.47	27,600,272.59
Total	71,309,292.67	83,998,662.78

51. R&D expenditure

In RMB		
Item	Current period	Last period
Technology development expenditure	338,140,590.10	350,722,149.70
Total	338,140,590.10	350,722,149.70

52. Financial expenses

In RMB		
Item	Current period	Last period
Interest expenses	15,471,988.00	9,045,918.64
Discounting interest expense		
Less: Interest income from deposits	21,956,678.73	26,681,031.13
Gains/losses from exchange	13,350,417.42	-19,703,453.00
Handling charges	1,990,185.82	2,265,521.40
Total	8,855,912.51	-35,073,044.09

53. Other income

In RMB		
Sources of income generated	Current period	Last period
Government grants with routine operation activity concerned	22,496,762.21	33,077,846.97
VAT instant refund	15,574,306.09	42,098,842.88
Tax credit for overseas subsidiaries	719,979.40	277,977.10
Refund of individual income tax handling fee	872,261.35	678,611.32
Bebt restructuring	102,361.14	
Total	39,765,670.19	76,133,278.27

54. Income from change of fair value

In RMB		
Sources	Current period	Last period
Fair value changes of tradable financial assets	-65,717,427.94	27,874,369.01
Total	-65,717,427.94	27,874,369.01

55. Investment income

In RMB

Item	Current period	Last period
Income of long-term equity investment measured with equity method	650,544,226.48	537,786,063.13
Investment income from holding of tradable financial assets	20,378,914.57	8,904,917.47
Investment income from disposal of tradable financial assets		957,401.23
Income from debt restructuring	-611,756.52	-90,729.00
Gains/losses recognized when financing of accounts receivable is terminated for discounting	-2,059,856.41	-1,612,166.00
Total	668,251,528.12	545,945,486.83

56. Credit impairment loss

In RMB

Item	Current period	Last period
Bad debt loss of accounts receivable	-3,970,630.75	-491,957.86
Bad debt loss of other accounts receivable	-85,532.93	-1,461,928.21
Total	-4,056,163.68	-1,953,886.07

57. Asset impairment loss

In RMB

Item	Current period	Last period
1. Loss of inventory falling price and loss of contract performance cost impairment	-74,652,909.95	-72,319,585.77
2. Impairment loss on intangible assets	-409,345.20	
Total	-75,062,255.15	-72,319,585.77

58. Income from assets disposal

In RMB

Sources	Current period	Last period
Income from disposal of non-current assets	5,408,425.62	636,603.52
Losses from disposal of non-current assets	-623,357.58	-2,678,147.48
Total	4,785,068.04	-2,041,543.96

59. Non-operating income

In RMB

Item	Current period	Last period	Amount reckoned into current non-recurring gains/losses
Payables that do not need to be paid	1,027,425.48	988,957.32	1,027,425.48
Liquidated damages and compensation income	100,700.50	1,590,079.15	100,700.50
Other	168,125.22	15,432.64	168,125.22
Total	1,296,251.20	2,594,469.11	1,296,251.20

60. Non-operating expense

In RMB

Item	Current period	Last period	Amount reckoned into current non-recurring gains/losses
Donation		200,000.00	
Non-current assets disposal losses	1,987,884.98	3,120,421.81	1,987,884.98
Including: loss on scrapping of fixed assets	1,987,884.98	3,120,421.81	1,987,884.98

Penalty and breach of contract compensation expenses	28,445.02	23,172.01	28,445.02
Other	59,660.74	1,115.02	59,660.74
Total	2,075,990.74	3,344,708.84	2,075,990.74

61. Income tax expense

(1) Income tax expense

In RMB

Item	Current period	Last period
Payable tax in current period	53,334,122.20	33,995,641.69
Deferred tax in current period	6,621,696.75	8,193,965.24
Total	59,955,818.95	42,189,606.93

(2) Adjustment on accounting profit and income tax expenses

In RMB

Item	Current period
Total profit	906,149,502.45
Income tax measured at statutory/applicable tax rate	135,922,425.37
Impact by different tax rate applied by subsidies	-3,188,668.23
Impact from adjusting the previous income tax	-852,457.66
Impact by non-taxable revenue	-95,258,998.71
Impact by the deductible losses of the un-recognized previous deferred income tax	-7,907,005.07
The deductible temporary differences or deductible losses of the un-recognized deferred income tax assets in the Period	39,263,290.15
Impact on additional deduction	-8,103,654.45
Other	80,887.55
Income tax expense	59,955,818.95

62. Other comprehensive income

See Notes VII, 43 "Other comprehensive income".

63. Items of cash flow statement

(1) Cash received in relation to operation activities

Other cash received in related to operation activities

In RMB

Item	Current period	Last period
Interest income	7,681,346.44	8,107,660.40
Government grants	18,927,298.71	12,054,487.84
WFTR "platform trade" business cash inflow	4,563,634.00	
Other	2,930,440.65	4,970,706.43
Total	34,102,719.80	25,132,854.67

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
Cash cost	271,976,817.24	309,302,243.69

Other	9,247,812.64	4,841,083.61
Total	281,224,629.88	314,143,327.30

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

(2) Cash in related to investment activities

Nil

(3) Cash in related to financing activities

Other cash received in related to financing activities

Item	Current period	Last period
Recovery of bank loan security deposit	30,000,000.00	
Total	30,000,000.00	

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

Other cash paid in related to financing activities

Item	In RMB	
	Current period	Last period
Lease payments	16,363,660.31	23,042,522.75
Repurchase of A shares		100,005,328.00
Payment of minority shareholders' investment to subsidiary	9,768,483.58	
Other		9,439.42
Total	26,132,143.89	123,057,290.17

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

Changes in liabilities arising from financing activities

☐Applicable ☒Not applicable

(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 company or may affect the cash flow of the company in the future

Nil

64. Supplementary information to statement of cash flow

(1) Supplementary information to statement of cash flow

Supplementary information	In RMB	
	Current period	Last Period
1. Net profit adjusted to cash flow of operation activities:		
Net profit	846,193,683.50	713,146,428.41
Add: Assets impairment provision	79,118,418.83	74,273,471.84
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	326,119,775.75	318,198,397.15
Depreciation of right-of-use assets	16,208,196.98	17,921,960.23

Amortization of intangible assets	30,106,195.60	32,244,387.75
Amortization of long-term deferred expenses	4,664,118.47	3,595,375.61
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains shall be filled in with the sign of “-”)	-4,785,068.04	2,041,543.96
Losses on scrapping of fixed assets (gains shall be filled in with the sign of “-”)	1,987,884.98	3,120,421.81
Gains/losses from changes in fair value(gains shall be filled in with the sign of “-”)	65,717,427.94	-27,874,369.01
Financial expenses (gains shall be filled in with the sign of “-”)	14,807,763.79	-25,308,408.52
Investment losses (gains shall be filled in with the sign of “-”)	-670,923,141.05	-544,242,591.83
Decrease of deferred income tax asset (increase shall be filled in with the sign of “-”)	19,792,504.20	10,158,100.24
Increase of deferred income tax liability (decrease shall be filled in with the sign of “-”)	-2,219,224.31	1,365,216.74
Decrease of inventory (increase shall be filled in with the sign of “-”)	-179,373,413.52	226,450,506.94
Decrease of operating receivable accounts (increase shall be filled in with the sign of “-”)	129,034,219.44	-422,168,504.08
Increase of operating payable accounts (decrease shall be filled in with the sign of “-”)	259,596,956.81	107,694,431.99
Other	-840,048.01	2,257,909.51
Net cash flows arising from operating activities	935,206,251.36	492,874,278.74
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 assets		
3. Net change of cash and cash equivalents:		
Balance of cash at period end	2,018,655,500.41	2,205,802,925.80
Less: Balance of cash equivalent at year-begin	2,020,913,308.04	1,756,944,672.22
Add: Balance at year-end of cash equivalents		
Less: Balance at year-begin of cash equivalents		
Net increase of cash and cash equivalents	-2,257,807.63	448,858,253.58

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

Nil

(3) Net cash received from the disposal of subsidiaries

Nil

(4) Components of cash and cash equivalent

In RMB

Item	Ending balance	Opening balance
I. Cash	2,018,655,500.41	2,020,913,308.04
Including: Cash on hand	3,021.82	8,403.89
Bank deposit available for payment at any time	2,018,652,478.59	2,020,443,988.43
Other monetary funds available for payment at any time		460,915.72
II. Balance of cash and cash equivalents at the period-end	2,018,655,500.41	2,020,913,308.04

(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 - principal of time deposits with a maturity of more than three months	356,679,226.77	110,920,650.69	Do not meet the definition of cash and cash equivalents.
Other Monetary Funds - Margin deposits and interest paid for obtaining bank loans	30,308,794.51		Do not meet the definition of cash and cash equivalents.
Other Monetary funds - Margin paid for bank acceptance bill	728,665.13	142,735,966.40	Do not meet the definition of cash and cash equivalents.
Other Monetary funds - IRD performance bond	7,820,760.93	8,470,394.37	Do not meet the definition of cash and cash equivalents.
Other Monetary funds - Mastercard margin	144.17	225,875.75	Do not meet the definition of cash and cash equivalents.
Other Monetary funds - Guarantee letter margin	317,328.83	278,566.46	Do not meet the definition of cash and cash equivalents.
Other Monetary Funds - Wealth Management Margin	380,066.34		Do not meet the definition of cash and cash equivalents.
Total	396,234,986.68	262,631,453.67	

(7) Notes to other significant activities

Nil

65. Notes to changes in entries of owners' equity

Explain the items and amount at period-end adjusted for "Other" at end of the last year: Nil

66. 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	40,810,892.21	6.8109	277,958,911.69
EUR	33,356,757.40	7.7671	259,084,961.82
HKD	2,220,184.52	0.86855	1,928,341.26
JPY	16,498,018.00	0.042045	693,659.17
DKK	11,327,460.12	1.0392	11,771,496.55
Accounts receivable			
Including: USD	2,360,789.67	6.8109	16,079,102.36
EUR	29,839,198.72	7.7671	231,764,040.38
HKD			
JPY			
DKK	13,027,124.58	1.0392	13,537,787.86
Long-term borrowings			
Including: USD			
EUR			
HKD			
Other accounts receivable			
Including: USD			
EUR	259,450.58	7.7671	2,015,178.60

DKK	1,995,128.00	1.0392	2,073,337.02
Short-term borrowings			
Including: USD			
EUR	176,299.20	7.7671	1,369,333.52
Accounts payable			
Including: USD	547,155.01	6.8109	3,726,618.06
EUR	23,157,337.07	7.7671	179,865,352.76
JPY	8,969,300.00	0.042045	377,114.22
DKK	15,185,975.72	1.0392	15,781,265.97
CHF	27,330.49	8.4228	230,199.25
GBP			
Other accounts payable			
Including: USD	1,087.90	6.8109	7,409.58
EUR	411.30	7.7671	3,194.61
DKK	895,612.34	1.0392	930,720.34
Non-current liabilities due within one year			
Including: USD			
EUR	650,379.84	7.7671	5,051,565.26
DKK	2,865,267.62	1.0392	2,977,586.11
Leasing liabilities			
Including: USD			
EUR	2,302,065.12	7.7671	17,880,369.99
DKK	14,600,293.41	1.0392	15,172,624.91

Other explanation:

(2) The nature of non-convertibility of currency and its financial implications, the spot exchange rate adopted and its estimation process, and the risks faced by enterprises due to currency non-convertibility

☐Applicable ☒Not applicable

(3) Explanation on overseas operating entities. For important overseas operating entities, it is necessary to disclose their main overseas business locations, the functional currency used for accounting and the basis for the selection. In the event that there are changes in the functional currency used for accounting, the reasons for such changes should also be disclosed.

☐Applicable ☒Not applicable

(4) Situation where the functional currency of an overseas operation lacks convertibility with the reporting currency of the enterprise

☐Applicable ☒Not applicable

67. Lease

(1) The company as the lessee

☒Applicable ☐Not applicable

Variable lease payments not included in the measurement of lease liabilities

☐Applicable ☒Not applicable

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

☒Applicable ☐Not applicable

The lease expense for short-term leases or low-value assets accounted for under simplified treatment was 6,726,409.12 yuan; the total cash outflows related to leases amounted to 16,363,660.31 yuan.

Situation involving sale and leaseback transactions

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	17,467,215.84	
Total	17,467,215.84	

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 gains/losses arising from financing lease sale with the company as producer or dealer

☐Applicable ☒Not applicable

68. Data resource

Nil

69. Others

Nil

VIII. R&D expenditure

In RMB

Item	Current period	Last period
Employee compensation	170,535,003.96	153,794,341.30
Direct investment	77,899,830.88	105,732,400.86
Depreciation and amortization	74,876,640.33	50,983,948.92
Other	14,829,114.93	40,211,458.62
Total	338,140,590.10	350,722,149.70
Including: expensed R&D expenditure	338,140,590.10	350,722,149.70

1. R&D items that meet capitalization conditions

Nil

2. Important outsourced projects under research

Nil

IX. Changes in consolidation scope

1. Enterprise combination not under the same control

(1) Enterprise combines not under the same control occurred in the period

Nil

(2) Consolidation cost and goodwill

Nil

(3) Book value of identifiable assets and liabilities of the merged party on the merger date

Nil

(4) Gains or losses arising from the remeasurement of equity held before the acquisition date at fair value

Whether it is a business combination realized by two or more transactions of exchange and a transaction of obtained control rights in the Period or not?

☐Yes ☒No

(5) Explanation on the inability to reasonably determine the merger consideration or the fair value of identifiable assets and liabilities of the acquired party on the purchase date or at the end of the merger period

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

Nil

(2) Consolidation cost

Nil

(3) Book value of assets and liabilities of the merged party on merger date

Nil

3. Reverse purchase

Nil

4. Disposal of subsidiaries

Whether there are transactions or events involving the loss of control over subsidiaries in the current period or not?

☐Yes ☒No

Whether there is a situation where the investment in a subsidiary is disposed of step by step through multiple transactions and control is lost in the current period or not?

☐Yes ☒No

5. Changes in the scope of consolidation due to other reasons

Explanation of changes in the scope of consolidation caused by other reasons (such as the establishment of new subsidiaries, liquidation of subsidiaries, etc.) and their related situations:

Investment and establishment: WEIFU LIDA(MALAYSIA)SDN.BHD

Liquidation and Cancellation: Wuxi Weifu Electric Drive Technology Co., Ltd., Borit Inc.

6. Other

Nil

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

In ten thousand

Subsidiary	Registered capital	Main operation place	Registered place	Business nature	Shareholding 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	100.00%		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)	300	Wuhan	Wuhan	Automobile exhaust purifier, muffler		60.00%	Investment

WFLD (Chongqing)	5,000	Chongqing	Chongqing	Automobile exhaust purifier, muffler		100.00%	Investment
WFLD (Nanchang)	3,000	Nanchang	Nanchang	Automobile exhaust purifier, muffler		100.00%	Investment
WFLD (Malaysia)	4,000	Malaysia	Malaysia	Automobile exhaust purifier, muffler		100.00%	Investment
WFAS	16,500	Wuxi	Wuxi	Smart car equipment		66.00%	Investment
WFLH	2,000	Fuzhou	Fuzhou	Smart car equipment		40.00%	Investment
WFQL	50,000	Wuxi	Wuxi	Fuel cell components	45.00%	30.00%	Investment
VHCN	13,400	Wuxi	Wuxi	Vacuum and hydraulic pump	100.00%		Enterprise combines not under the same control
WFSS	35,000	Wuxi	Wuxi	Smart car equipment	61.43%		Investment
WFET	EUR1213.60	Wuxi	Wuxi	Hydrogen storage equipment	51.00%		Investment
WFBF	40,000	Nanjing	Nanjing	Spare parts of internal-combustion engine		55.00%	Investment
SPV	DKK13,867.5	Denmark	Denmark	Investment	100.00%		Investment
IRD	DKK12,732	Denmark	Denmark	Fuel cell components		100.00%	Enterprise combines not under the same control
IRD America	USD1,543	America	America	Fuel cell components		100.00%	Enterprise combines not under the same control
Borit	EUR2,183	Belgium	Belgium	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 shareholding ratio in subsidiary different from ratio of voting right: Nil

Basis for holding half or less of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee: Nil

Basis for inclusion in the scope of consolidation of significant structured entities, control: Nil

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

Other explanation: Nil

(2) Important non-wholly-owned subsidiary

In RMB

Subsidiary	Shareholding ratio of minority	Gains/losses attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority
WFJN	20.00%	4,723,622.67		419,417,716.52

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

Other explanation: Nil

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

In RMB

Subsidiary	Ending balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
WFJN	1,430,390,114.93	405,466,973.56	1,835,857,088.49	352,360,930.63	44,679,535.21	397,040,465.84	1,338,912,784.54	441,611,115.66	1,780,523,900.20	354,865,886.53	23,106,628.07	377,972,514.60

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	344,741,249.09	35,589,217.38	35,589,217.38	3,018,547.43	312,060,940.15	30,608,460.40	30,608,460.40	20,864,345.07

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

Nil

(5) Financial support or other support provided to structured entities included in the scope of consolidated financial statements

Nil

2. Transactions where the share of owners' equity in subsidiaries changes while the company still maintains control over the subsidiary

(1) Description of situation where the share of owners' equity in subsidiaries changes

Nil

(2) Impact of the transaction on the minority shareholders' equity and the owners' equity attributable to the parent company

Other explanation: Nil

3. Equity in joint venture and associated enterprises

(1) Important joint venture and associated enterprises

Joint venture or associated enterprise	Main operation place	Registered place	Business nature	Shareholding ratio		Accounting treatment on investment for joint venture and associated enterprises
				Directly	Indirect	
WFEC	Wuxi	Wuxi	Catalyst		49.00%	Equity method
RBCD	Wuxi	Wuxi	Internal-combustion engine accessories	32.50%	1.50%	Equity method
Zhonglian Electronics	Shanghai	Shanghai	Internal-combustion engine accessories	20.00%		Equity method
WFWJ	Wuxi	Wuxi	Internal-combustion engine accessories	20.00%		Equity method
Chuangchun Xuyang	Changchun	Changchun	Automotive components		34.00%	Equity method
Precors GmbH	Germany	Germany	Fuel cell components		43.39%	Equity method
Lezhuo Bowei	Shanghai	Shanghai	Automotive components	50.00%		Equity method
WuXi Zhuowei	Wuxi	Wuxi	Professional technique service		39.00%	Equity method
Voith HySTech GmbH	Germany	Germany	Hydrogen Storage System Technology Research and Development		40.00%	Equity method

Shareholding ratio different from the voting right ratio: Nil

Basis for holding less than 20% of the voting rights but having significant influence, or holding 20% or more of the voting rights but not having significant influence: Nil

(2) Main financial information of important joint ventures

Other explanation: Nil

(3) Main financial information of important associated enterprises

In RMB

	Ending balance/Current period			Opening balance/Last Period		
	WFEC	RBCD	Zhonglian Electronics	WFEC	RBCD	Zhonglian Electronics
Current assets	3,533,492,270.18	14,718,559,091.71	1,964,886,878.93	3,492,136,152.91	13,357,799,513.32	1,442,357,420.24
Non-current assets	460,376,142.02	3,441,271,618.60	9,806,368,043.18	472,000,993.97	3,641,992,480.33	8,992,710,110.46
Total assets	3,993,868,412.20	18,159,830,710.31	11,771,254,922.11	3,964,137,146.88	16,999,791,993.65	10,435,067,530.70
Current liabilities	1,562,185,376.44	11,235,664,511.50	1,699,065,451.34	1,531,666,962.93	6,019,430,062.79	3,444,430.21

Non-current liabilities	196,295,554.22	203,461,882.95	9,221,399.68	184,323,838.72	203,083,647.18	9,252,984.32
Total liabilities	1,758,480,930.66	11,439,126,394.45	1,708,286,851.02	1,715,990,801.65	6,222,513,709.97	12,697,414.53
Minority interests						
Equity attributable to shareholders of the parent company	2,235,387,481.54	6,720,704,315.86	10,062,968,071.09	2,248,146,345.23	10,777,278,283.68	10,422,370,116.17
Share of net assets calculated based on the shareholding ratio	1,095,339,865.94	2,285,039,467.39	2,012,593,614.22	1,101,591,709.17	3,664,274,616.45	2,084,474,023.24
Adjustment matters						
--Goodwill		267,788,761.35	1,407,265.96		267,788,761.35	1,407,265.96
--Unrealized profit of internal trading		-10,047,670.86			-7,431,401.01	
--Other		-0.28			-0.28	
Book value of equity investment in associated enterprise	1,095,339,865.94	2,542,780,557.60	2,014,000,880.18	1,101,591,709.17	3,924,631,976.51	2,085,881,289.20
Fair value of equity investment for associated enterprise with consideration publicly						
Operation income	2,571,382,791.90	5,068,471,572.52	14,214,738.71	1,601,080,995.29	4,370,812,361.63	13,252,075.68
Net profit	215,067,736.50	858,569,240.53	1,340,597,954.92	172,976,401.62	760,784,253.17	1,333,377,744.95
Net profit from discontinued operations						
Other comprehensive income						
Total comprehensive income	215,067,736.50	858,569,240.53	1,340,597,954.92	172,976,401.62	760,784,253.17	1,333,377,744.95
Dividends received from associated enterprise in the year	340,000,000.00	1,597,421,542.71		117,600,000.00		

Other explanation

Adjustment item for other “-0.28”: the differential tail;

(4) Summary of financial information of insignificant joint ventures and associated enterprises

In RMB

	Ending balance/Current period	Opening balance/Last period
Joint venture:		
Amount based on shareholding ratio		
Associated enterprise:		
Total book value of investment	170,406,122.64	187,265,056.88
Amount based on shareholding ratio		
--Net profit	-17,053,138.01	-74,974,261.24
--Total comprehensive income	-17,053,138.01	-74,974,261.24

(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) Contingent 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. Liabilities involved with government grant

☒Applicable ☐Not applicable

In RMB

Entities	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	64,822,232.82	6,692,631.71		6,540,059.52	-708,819.38	64,265,985.63	Asset related
Deferred income	1,084,154.51			25,000.00		1,059,154.51	Asset/income related
Deferred income	63,035,633.81	6,301,316.38		6,808,352.09	-202,261.73	62,326,336.37	Income related
Total	128,942,021.14	12,993,948.09		13,373,411.61	-911,081.11	127,651,476.51	

3. Government grant booked into current gains/losses

☒Applicable ☐Not applicable

In RMB

Accounting title	Current period	Last period
Other revenue	22,496,762.21	33,077,846.97

XII. Risk related to financial instruments

1. Risks from financial instruments

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

Aims of engaging in the risk management is to achieve equilibrium between the risk and benefit, lower the adverse impact on

performance of the Company to minimum standards, and maximized the benefit for shareholders and other investors. Based on the risk management targets, the basic tactics of the risk management is to recognize and analyze the various risks that the Company counted, establish an appropriate risk exposure baseline and carry out risk management, supervise the various risks timely and reliably in order to control the risk in a limited range.

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

Credit Risk

Credit risk refers to the risk that one party of a financial instrument fails to perform its obligations, and resulting in the financial loss of other party. The company's credit risk mainly comes from monetary funds, structured deposits, note receivable, accounts receivable, other accounts receivable. The management has established an appropriate credit policy and continuously monitors the exposure to these credit risks.

The monetary funds and structured deposits held by the Company are mainly deposited in financial institutions such as commercial banks, the management believes that these commercial banks have higher credit and asset status, and have lower credit risks. The Company adopts quota policies to avoid credit risks to any financial institutions.

For accounts receivable, other receivables and bills receivable, the Company sets relevant policies to control the credit risk exposure. To prevent the risks, the company has formulated a new customer credit evaluation system and an existing customer credit sales balance analysis system. The new customer credit evaluation system aims at new customers, the company will investigate a customer's background according to the established process to determine whether to give the customer a credit line and the credit line size and credit period. Accordingly, the company has set a credit limit and a credit period for each customer, which is the maximum amount that does not require additional approval. The analysis system for credit sales balance of existing customers means that after receiving a purchase order from an existing customer, the company will check the order amount and the balance of the accounts owed by the customer so far, if the total of the two exceeds the credit limit of the customer, the company can only sell to the customer on the premise of additional approval, otherwise the customer must be required to pay the corresponding amount in advance. In addition, for the credit sales that have occurred, the company analyzes and audits the monthly statements for risk warning of accounts receivable to ensure that the company's overall credit risk is within a controllable range.

The maximum credit risk exposure of the Company is the carrying amount of each financial asset on the balance sheet.

Market risk

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

1) Interest rate risk

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

2) Foreign exchange risk

FX risks refer to the losses arising from exchange rate movement. The FX risk sustain by the Company mainly related with the USD, EUR, SF, JPY, HKD, DKK except for the USD, EUR, SF, JPY, HKD and DKK carried out for the equipment purchasing of parent company and WFAS, material purchasing of parent company, technical service and trademark usage costs of parent company, the import and export of WFTR, operation of IRD, operation of Borit, and operation of VHIO and other main business of the Company

are pricing and settle with RMB (yuan). As the foreign financial assets and liabilities takes minor ratio in total assets, the Company has small FX risk of the financial instrument, considered by management of the Company.

As of June 30, 2026, except for the follow assets or liabilities listed with foreign currency, assets and liabilities of the Company are carried with RMB.

① Foreign currency assets of the Company till end of June 30, 2026:

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted	Ratio in assets (%)
Monetary funds				
Including: USD	40,810,892.21	6.8109	277,958,911.69	0.90
EUR	33,356,757.40	7.7671	259,084,961.82	0.84
HKD	2,220,184.52	0.86855	1,928,341.26	0.01
JPY	16,498,018.00	0.042045	693,659.17	-
DKK	11,327,460.12	1.0392	11,771,496.55	0.04
Accounts receivable				
Including: USD	2,360,789.67	6.8109	16,079,102.36	0.05
EUR	29,839,198.72	7.7671	231,764,040.38	0.75
DKK	13,027,124.58	1.0392	13,537,787.86	0.04
Other accounts receivable				
Including: EUR	259,450.58	7.7671	2,015,178.60	0.01
DKK	1,995,128.00	1.0392	2,073,337.02	0.01
Total ratio in assets				2.65

② Foreign currency liability of the Company till end of June 30, 2026:

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted	Ratio in assets(%)
Accounts payable				
Including: USD	547,155.01	6.8109	3,726,618.06	0.04
EUR	23,157,337.07	7.7671	179,865,352.76	1.82
JPY	8,969,300.00	0.0420	377,114.22	
CHF	27,330.49	8.4228	230,199.25	
DKK	15,185,975.72	1.0392	15,781,265.97	0.16
GBP				
Other accounts payable				
Including: USD	1,087.90	6.8109	7,409.58	
EUR				
DKK				
Non-current liabilities due within one year				
Including: USD				
EUR	650,379.84	7.7671	5,051,565.26	0.05
DKK	2,865,267.62	1.0392	2,977,586.11	0.03
Leasing liabilities				
Including USD				
EUR	2,302,065.12	7.7671	17,880,369.99	0.18
DKK	14,600,293.41	1.0392	15,172,624.91	0.15
Total ratio in liabilities				2.43

③ Other pricing risk

The equity instrument investment held by the Company with classification astradable financial assets and other non-current financial assets are measured on fair value of the balance sheet date. The fluctuation of expected price for these investments will affect the gains/losses from changes in fair valuefor the Company.

Furthermore, on the premise of deliberated and approved in 8th meeting of 10th session of the BOD, the Company exercise entrust financing with the self-owned idle capital; therefore, the Company has the risks of collecting no principal due to entrust financial products default. Aims at such risk, the Company formulated 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.

Liquidity risk

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

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 purposes and expects to achieve the risk management objectives, but has not applied hedging accounting.

☐Applicable ☒Not applicable

3. Financial assets

(1) By transfer manner

☒Applicable ☐Not applicable

In RMB

Transfer method	Nature of transferred financial assets	Amount of transferred financial asset	Derecognized or not	Judgment basis for derecognition
Bill endorsement	Bank acceptance bills in accounts receivable financing that have not yet matured	278,370,524.13	Derecognized	Almost all of its risks and rewards have been transferred
Bill discounting	Bank acceptance bills in accounts receivable financing that have not yet matured	443,595,173.43	Derecognized	Almost all of its risks and rewards have been transferred
Total		721,965,697.56		

(2) Financial assets derecognized due to assignment

☑Applicable ☐Not applicable

In RMB

Item	Methods of transferring financial assets	Amount of derecognized financial assets	Gains/losses related to de-recognition
Accounts receivable financing	Bill endorsement	278,370,524.13	
Accounts receivable financing	Bill discounting	443,595,173.43	2,059,856.41
Total		721,965,697.56	2,059,856.41

(3) Financial assets which are assigned and involved continuously

☑Applicable ☐Not applicable

Other explanation: Nil

XIII. Disclosure of fair value**1. Ending fair value of the assets and liabilities measured at fair value**

In RMB

Item	Ending fair value			
	First level	Second level	Third level	Total
I. Sustaining measured at fair value	--	--	--	--
(I) Tradable financial assets	648,491.67		2,667,797,878.81	2,668,446,370.48
1. Financial assets measured at fair value and whose changes are included in current profits and losses	648,491.67		2,667,797,878.81	2,668,446,370.48
(1) Investment in equity instrument	648,491.67			648,491.67
(2) Investment in other liability instruments and equity instrument			2,667,797,878.81	2,667,797,878.81
(II) Other non-current financial assets			750,257,936.26	750,257,936.26
1. Financial assets designated to be measured at fair value and whose changes are included in current profits and losses			750,257,936.26	750,257,936.26
(1) Investment in equity instrument			750,257,936.26	750,257,936.26
(III) Receivable financing			1,931,633,857.67	1,931,633,857.67
1. Financial assets measured at fair value and whose changes are included in other comprehensive income			1,931,633,857.67	1,931,633,857.67
(IV) Other equity instrument investment			1,049,138,690.00	1,049,138,690.00
1. Financial assets measured at fair value and whose changes are included in current gains/losses			1,049,138,690.00	1,049,138,690.00
Total assets sustaining measured at fair value	648,491.67		6,398,828,362.74	6,399,476,854.41
II. non-persistent measure of fair value	--	--	--	--

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

On June 30, 2026, the tradable financial assets, equity instrument investments held by the Company, Hanma Technology (Stock code: 600375). The fair value at the end of the period is determined at the closing price as of June 30, 2026.

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

(1) Financing of receivable

For this portion of financial assets, the company uses the discounted cash flow valuation technique to determine their fair value. Among them, the important unobservable input values mainly include the discount rate, the maturity period of the contractual cash flows, etc. For the cash flows with a contractual maturity period within 12 months (inclusive), no discounting is carried out, and the cost is taken as their fair value.

(2) Investments in other equity instruments

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

(3) Investments in other debt instruments and equity instruments

For this portion of financial assets, the company uses the valuation technique of discounted cash flows to determine them. Among them, the important unobservable input values mainly include the expected annualized rate of return, the risk coefficient, 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 assets and financial liabilities not measured at fair value

Nil

9. Other

Nil

XIV. Related party and related party transactions

1. Parent company of the company

Parent company	Registration place	Business nature	Registered capital (RMB)	shareholding ratio on the enterprise for parent company	Voting right ratio on the enterprise
Wuxi Industry Group	Wuxi	Operation of state-owned assets	6,008,531,000.00	22.05%	22.05%

Explanation on parent company of the company

As of June 30, 2026, Wuxi Industry Group holds 22.05% equity of the company.

Wuxi Industry Group is an enterprise controlled by the State-owned Assets Management Committee of Wuxi Municipal People's Government. Its business scope includes foreign investment by using its own assets, house leasing services, self-operating and acting as an agent for the import and export business of various commodities and technologies (Except for goods and technologies that are restricted by the state or prohibited for import and export), domestic trade (excluding national restricted and prohibited items). (Projects that are subject to approval in accordance with laws can be operated only after being approved by relevant departments).

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

Other explanation: Nil

2. Subsidiary of the Company

For more details of the Company's subsidiaries, please refer to Note X.1(1) "Component of enterprise group".

3. Joint venture and associated enterprise

For more details, please refer to Note X.3. Equity in Joint Venture and Associated Enterprises.

Other joint venture or associated enterprises which have related transaction with the Company in the current period or previous periods: Nil

4. Other related party

Other related party	Relationship with the Company
Robert Bosch Company	Second largest shareholder of the Company
Jiangsu Taiji Industrial New Materials Co., Ltd. (hereinafter referred to as "Jiangsu Taiji")	Enterprise controlled by the parent company
Wuxi Feierkang New Materials Technology Co., Ltd. (hereinafter referred to as "FALCON")	Enterprise controlled by the parent company
Jiangsu Wuxi National Grain Reserve Depot Co., Ltd. (hereinafter referred to as "Wuxi Grain Depot")	Enterprise controlled by the parent company
Wuxi Grain Group Co., Ltd. (hereinafter referred to as "Wuxi Grain Group")	Enterprise controlled by the parent company
Wuxi Zhongcui Food Co., Ltd. (hereinafter referred to as "Zhongcui Food")	Enterprise controlled by the parent company
Eleventh Design and Research Institute of Information Industry Electronic Science and Technology Engineering Co., Ltd. (hereinafter referred to as the "Eleventh Technology")	Enterprise indirectly controlled by parent company of the Company, the Company's related natural person serves as director
Wuxi Junhai Xichan Investment Management Co., Ltd. (hereinafter referred to as "Junhai Xichan")	Enterprise controlled by the parent company
Shenzhen Dexi Consulting Co., Ltd. (hereinafter referred to as "Shenzhen Dexi")	Enterprises controlled by the Company's related nature person
Key management	Directors, supervisors, and senior executives 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	10,422,343.59	26,000,000.00	N	8,667,024.62
RBCD	Goods and labor	176,251,232.89	360,000,000.00	N	121,775,133.27
WFEC	Goods and labor	506,463,467.88	1,200,000,000.00	N	98,795,531.83
Robert Bosch	Goods and labor	121,801,229.35	380,000,000.00	N	116,055,402.96

Company					
FALCON	Goods and labor	11,946.90			89,960.17
Lezhuo Bowei	Goods	19,670.00			
Changchun Xuyang	Goods and labor	78,218.38			
Zhongcui Food	Goods and labor	219,254.40			

Goods sold/labor service providing

In RMB

Related party	Content of related transaction	Current period	Last Period
WFPM	Goods and labor	725,808.01	697,100.72
RBCD	Goods and labor	847,956,455.12	613,584,470.39
WFEC	Goods and labor	1,200,077.91	358,670.32
Robert Bosch Company	Goods and labor	1,046,154,637.53	1,049,548,207.99
Changchun Xuyang	Goods and labor	23,190,224.73	9,557,770.46
Lezhuo Bowei	Goods and labor	5,099,901.83	4,994,665.10
Wuxi Grain Depot	Goods and labor		3,967.02
Wuxi Industry Group	Goods and labor	225,848.64	

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	Assets type	Lease income recognized in the Period	Lease income recognized at last Period
WFEC	Workshop	1,004,452.20	1,004,452.20
RBCD	Parking lot	265,200.00	265,200.00
Lezhuo Bowei	Building and equipment	1,585,409.95	1,600,014.00
Junhai Xichan	Workshop	9,174.32	9,174.32

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. WFLD recognized that the rental income in the period from Jan. 1, 2026 to June 30, 2026 was 1,004,452.20 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, 2026 to December 31, 2026. WFJN has confirmed the rental income of 1,463,214.00 yuan for the period from January 1, 2026 to June 30, 2026; Lezhuo Bowei also rented some equipment from WFJN, and WFJN confirmed equipment rental income of 122,195.95 yuan in the period from January 1, 2026 to June 30, 2026.

WFHT and Junhai Xichan signed a house lease contract, reaching the following agreement on Junhai Xichan's rental of the office and meeting room on the first floor of the annex building of the R&D building located at No. 17, Changjiang Road, Wuxi: The rental income for the period from January 1, 2026 to June 30, 2026 is 9,174.32 yuan.

(4) Connected guarantee

Nil

(5) Related party's borrowed/lending funds

Nil

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

Nil

(7) Remuneration of key management

In RMB

Item	Current period	Last period
Remuneration of key manager	1,690,000.00	1,980,000.00

(8) Other related transactions

In RMB

Related party	Contents of item	Current period	Last period
WFPM	Purchase of fixed assets	192,000.00	4,075.81
RBCD	Technology royalties paid etc.	1,457,761.11	
Robert Bosch Company	Technology royalties paid etc.	4,421,239.51	
Robert Bosch Company	Purchase of fixed assets	748,849.56	396,460.18
Robert Bosch Company	Providing of technical services, etc.		3,539.82
WFEC	Utilities payable	233,909.68	260,287.40
WFEC	Providing of technical services, etc.		769,622.64
WFEC	Sale of fixed assets		1,483,185.84
Lezhuo Bowei	Utilities receivable	910,419.27	995,901.03
Jiangsu Taiji	Providing of technical services, etc.	23,584.91	
Wuxi Industry Group	Providing of technology service, etc.	682,075.47	
Eleventh Technology	Purchase of fixed assets	150,943.40	100,471.70
Zhongcui Food	Purchase cafeteria ingredients	929,861.75	2,017,973.30
Shenzhen Dexi	Accepting consulting services	71,287.13	

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

In RMB

Item	Related party	Ending balance		Opening balance	
		Book balance	Bad debts reserve	Book balance	Bad debts reserve
Accounts receivable	WFPM	807,138.76	131,537.33	778,983.46	131,537.33
Accounts receivable	RBCD	885,142,161.62	5,507,839.36	837,818,105.83	5,540,525.12
Accounts receivable	Robert Bosch Company	662,807,371.99	2,563,858.56	719,908,284.79	1,160,786.70
Accounts receivable	Lezhuo Bowei	6,415,255.15	2,764.25	3,333,359.57	1,382.13
Accounts receivable	WFEC	5,025,650.66	34,059.99	3,484,406.91	17,030.00
Accounts receivable	Changchun Xuyang	49,011,400.86		28,140,261.21	
Accounts receivable	Wuxi Grain Depot	15,900.62	1,590.06	290,447.45	740.95

Accounts receivable	Wuxi Industry Group	117,750.00			
Dividends receivable	WFPM	5,357,758.49		5,357,758.49	
Prepayments	Robert Bosch Company	7,106,094.82		13,992,553.66	
Other non-current assets	Robert Bosch Company	7,728,051.60		7,713,000.00	
Other non-current assets	Wuxi Industry Group	5,452,800.00		5,452,800.00	
Total		1,634,987,334.57	8,241,649.55	1,626,269,961.37	6,852,002.23

(2) Payable item

In RMB

Item	Related party	Ending book balance	Opening book balance
Accounts payable	WFPM	7,162,102.34	11,557,314.95
Accounts payable	WFEC	356,595,314.43	821,788,108.10
Accounts payable	RBCD	83,744,390.38	106,344,798.47
Accounts payable	Robert Bosch Company	7,917,527.49	49,807,318.10
Accounts payable	Urban Public Distribution		159,977.13
Accounts payable	Wuxi Grain Group		70,557.01
Accounts payable	Lezhuo Bowei	4,192.30	7,751.80
Accounts payable	Voith HySTech GmbH		1,607,709.29
Accounts payable	Chuangchun Xuyang		162,773.76
Accounts payable	Zhongcui Food	15,584.00	
Accounts payable	FALCON	13,500.00	
Other payable	Junhai Xichan	1,666.67	1,666.67
Contract liabilities	WFPM	730.10	195,643.85
Contract liabilities	RBCD	0.36	0.36
Contract liabilities	Robert Bosch Company	46,630.98	999,124.21
Other current liabilities	RBCD	0.05	0.05
Other current liabilities	WFPM	94.91	25,433.70
Other current liabilities	Robert Bosch Company		2,535.00
Total		455,501,734.01	992,730,712.45

7. Undertakings of related party

Nil

8. Other

Nil

XV. Share-based payment**1. Overall situation of share-based payment**☐Applicable ☒Not applicable**2. Share-based payment settled by equity**☐Applicable ☒Not applicable**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 commitments existing as of the balance sheet date

Nil

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

Nil

(2) Explain reasons for the important contingency unnecessary to disclosed by the Company

The Company has no important contingency that need to disclosed

3. Other

Nil

XVII. Events after the balance sheet date**1. Important non-adjusting events**

Nil

2. Profit distribution

Cash dividends for every 10 shares proposed to be distributed (yuan)	3
Share bonus for every 10 shares proposed to be distributed (shares)	0
Transfer of capital reserve into share capital (per10 shares) proposed	0
Cash dividends for every 10 shares declared to be distributed(yuan)	3
Share bonus for every 10 shares declared to be distributed (shares)	0
Transfer of capital reserve into share capital (per 10 shares) approved	0
Profit distribution plan	Based on the latest total share capital of the company (966,785,693 shares), a cash dividend of RMB3.00 (including tax) will be distributed for every 10 shares, without bonus shares or capital reserve conversion into share capital. The total planned cash dividend for this round is 290,035,707.90 yuan (including tax). If there is a change in the total share capital of the company before the implementation of the distribution plan, the company will distribute according to the principle of unchanged distribution ratio and adjusted total distribution amount. The above-mentioned distribution plan complies with the provisions of the company's articles of association and the review procedures, and fully protects the legitimate rights and interests of small and medium-sized investors.

3. Return of sales

Nil

4. Other events after balance sheet date

On July 9, 2026, the 18th meeting of the 11th Board of Directors of the Company approved the "Proposal on External Investment and Related Party Transactions." The Company plans to subscribe for an additional registered capital of RMB 230,635,892 in Shanghai Xien Technology Co., Ltd. (hereinafter referred to as "Shanghai Xien") using its own or self-raised funds amounting to RMB 450 million. Upon completion of this capital increase, the company will hold 33.83% equity in Shanghai Xien, and Shanghai Xien will be included in the company's consolidated financial statements. As of the date of this report disclosure, the company has completed the payment and settlement of the investment amount.

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 8th meeting of 7th 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% 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 the labor security administration department, and 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 shall satisfy the following conditions 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 The Company can obtain relevant accounting information such as the financial position, operating results and cash flows of this component through analysis.

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

In consideration of the principle of importance, the company determines the reporting segments on the basis of 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. The company mainly produces products of automotive internal combustion engine fuel systems, fuel cell components, automotive parts, mufflers, purifiers, vacuum and hydraulic pumps, etc. And it determines the reporting segments on the basis of products or service contents. However, due to the mixed operation of related businesses, the total assets, total liabilities, and period expenses have not been allocated.

(2) Financial information for reportable segment

In RMB

Item	Energy and Power	Automotive Intelligence	Industrial AI +	Offsetting between segments	Total
Revenue	5,742,165,962.56	758,099,379.03	76,795,072.33		6,577,060,413.92
Cost	4,677,190,248.86	644,913,056.78	85,828,178.66		5,407,931,484.30

(3) The company shall state the reasons if it has no reportable segments or is unable to disclose the total assets and liabilities of each reportable segment.

The company mainly produces products of automotive internal combustion engine fuel systems, fuel cell components, automotive parts, mufflers, purifiers, vacuum and hydraulic pumps, etc. And it determines the reporting segments on the basis of products or service contents. However, due to the mixed operation of related businesses, the total assets, total liabilities, and period expenses have not been allocated.

(4) Other explanations

Nil

7. Major transaction and events influencing investor's decision

Nil

8. Other

Nil

XIX. Principal notes of financial statements of parent company**1. Accounts receivable****(1) By account age**

In RMB

Aging	Ending book balance	Beginning book balance
Within one year(inclusive)	1,696,388,396.70	1,671,151,997.55
Including: within 6 months	1,669,746,556.47	1,645,841,412.82
6 months to 1 year	26,641,840.23	25,310,584.73
1-2 years	24,078,155.16	8,116,785.90
2-3 years	2,369,699.66	1,181,729.54
Over 3 years	5,370,343.42	5,657,755.38
3 - 4 years	5,249,238.32	5,045,754.81
4 - 5 years	16,735.37	191,742.18
Over 5 years	104,369.73	420,258.39
Total	1,728,206,594.94	1,686,108,268.37

(2) Disclosure by classification based on the accrual method of bad debts reserve

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debts reserve		Book value	Book balance		Bad debts reserve		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Accounts receivable with bad debts reserve accrued on single basis	657,841.75	0.04%	657,841.75	100.00%		1,331,421.03	0.08%	1,311,786.99	98.53%	19,634.04
Including:										
Accounts receivable with bad debts reserve accrued on portfolio	1,727,548,753.19	99.96%	13,667,508.82	0.79%	1,713,881,244.37	1,684,776,847.34	99.92%	9,621,348.27	0.57%	1,675,155,499.07
Including:										
Receivables from customers	1,539,068,111.29	89.06%	13,667,508.82	0.89%	1,525,400,602.47	1,467,954,762.11	87.06%	9,621,348.27	0.66%	1,458,333,413.84
Receivables from internal related parties	188,480,641.90	10.92%			188,480,641.90	216,822,085.23	12.86%			216,822,085.23
Total	1,728,206,594.94	100.00%	14,325,350.57	0.83%	1,713,881,244.37	1,686,108,268.37	100.00%	10,933,135.26	0.65%	1,675,175,133.11

Bad debts reserve accrued on single basis: 657,841.75 yuan

In RMB

Name	Beginning balance		Ending balance			
	Book balance	Bad debts reserve	Book balance	Bad debts reserve	Accrual ratio	Accrued causes
SAIC HONGYAN Automotive Co., Ltd	827,475.79	807,841.75	657,841.75	657,841.75	100.00%	Have difficulty in collection

Tianjin Leiwo Engine Co., Ltd.	503,945.24	503,945.24	0.00	0.00	100.00%	Have difficulty in collection
Total	1,331,421.03	1,311,786.99	657,841.75	657,841.75		

Bad debts reserve accrued on portfolio: 13,667,508.82 yuan

In RMB

Name	Ending balance		
	Book balance	Bad debts reserve	Accrual ratio
Within 6 months	1,481,265,914.57		
6 months to one year	26,631,452.10	2,663,145.23	10.00%
1-2 years	23,430,701.54	4,686,140.31	20.00%
2-3 years	2,369,699.66	947,879.86	40.00%
Over 3 years	5,370,343.42	5,370,343.42	100.00%
Total	1,539,068,111.29	13,667,508.82	

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 debts reserve (%)
WFTR	86,335,553.72	
WFSC	43,623,751.78	
VH WX	21,768,813.95	
WFSS	24,226,252.22	
WFLD	6,321,278.33	
WFAM	1,847,931.46	
WFQL	134,642.08	
WFET	2,863,885.13	
WFAS	645,731.03	
WFBL	712,802.20	
Total	188,480,641.90	

Bad debts reserves accrued on general model of expected credit loss:

☐Applicable ☒Not applicable

(3) Bad debts reserve accrued, recovered or reversed

Bad debts reserve accrued in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrued	Recovered or reversed	Written-off	Other	
Accrued on single basis	1,311,786.99		154,461.16	499,484.08		657,841.75
Accrued on portfolio	9,621,348.27	4,046,160.55				13,667,508.82
Total	10,933,135.26	4,046,160.55	154,461.16	499,484.08	0.00	14,325,350.57

Important bad debts reserve recovered or reversed in the period: Nil

(4) Accounts receivable written off in the Period

In RMB

Item	Write-off amount
Actual written-off accounts receivable	499,484.08

(5) Top 5 receivables and contract assets at ending balance by debtor

In RMB

Name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Ratio in total ending balance of accounts receivable and contract assets	Ending balance of bad debts reserve and impairment provision of contract assets
RBCD	885,142,161.62		885,142,161.62	51.22%	5,507,839.36
Client1	163,777,463.51		163,777,463.51	9.48%	20,233.60
Robert Bosch Company	155,084,985.72		155,084,985.72	8.97%	2,282,279.68
WFTR	86,335,553.72		86,335,553.72	5.00%	
Client 5	78,929,632.18		78,929,632.18	4.57%	
Total	1,369,269,796.75		1,369,269,796.75	79.24%	7,810,352.64

2. Other accounts receivable

In RMB

Item	Ending balance	Opening balance
Interest receivable	385,076.40	117,347.22
Dividends receivable	1,942,779,301.20	5,357,758.49
Other accounts receivable	411,344,706.41	483,559,405.62
Total	2,354,509,084.01	489,034,511.33

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

In RMB

Item	Ending balance	Opening balance
Interest receivable of subsidiaries	385,076.40	117,347.22
Total	385,076.40	117,347.22

2) Significant overdue interest

Other explanation: Nil

3) Accrued bad debts reserve☐Applicable ☒Not applicable**4) Bad debts reserve accrued, recovered or reversed**

Nil

5) Interest receivable charged off during the report period

Nil

(2) Dividends receivable**1) Category of dividends receivable**

In RMB

Investee	Ending balance	Opening balance
Zhonglian Electronics	340,000,000.00	
RBCD	1,597,421,542.71	
WFPM	5,357,758.49	5,357,758.49
Total	1,942,779,301.20	5,357,758.49

2) Important dividends receivable with aging over one year

Nil

3) Accrued bad debts reserve☐Applicable ☒Not applicable**4) Bad debts reserve accrued, recovered or reversed**

Nil

5) Dividends receivable charged off during the report period

Nil

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

In RMB

Nature	Ending book balance	Opening book balance
Staff loans and petty cash	254,111.01	140,080.00
Balance of related party in the consolidation scope	2,379,260,000.00	2,456,258,778.73
Margin	3,186,966.99	3,046,966.99
Social security and provident fund paid	6,322,284.56	6,268,831.03
Other	4,453,619.43	32,500.00
Total	2,393,476,981.99	2,465,747,156.75

2) By aging

In RMB

Aging	Ending book balance	Beginning book balance
Within one year (One year included)	137,177,935.00	189,367,609.76
Including: within 6 months	137,097,935.00	189,287,609.76
6 months to one year	80,000.00	80,000.00
1-2 years	97.19	125,219.45
2-3 years	125,122.26	
Over 3 years	2,256,173,827.54	2,276,254,327.54
3-4 years	933,996,232.43	2,274,661,181.33
4-5 years	1,320,684,948.90	50,000.00
Over 5 years	1,492,646.21	1,543,146.21
Total	2,393,476,981.99	2,465,747,156.75

3) Disclosure by classification based on the accrual method of bad debts reserve

Provision for bad debts reserve based on the general model of expected credit loss:

In RMB

Bad debts 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, 2026	3,027,371.43		1,979,160,379.70	1,982,187,751.13
Balance of Jan. 1, 2026 in the period				
Current accrual	25,024.45			25,024.45
Current reversal	80,500.00			80,500.00
Balance on June 30, 2026	2,971,895.88		1,979,160,379.70	1,982,132,275.58

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

☐Applicable ☒Not applicable

4) Bad debts reserve accrued, recovered or reversed

Bad debts reserve accrued in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrued	Recovered or reversed	Written-off	Other	
Bad debts reserve	1,982,187,751.13	25,024.45	80,500.00			1,982,132,275.58
Total	1,982,187,751.13	25,024.45	80,500.00			1,982,132,275.58

Including the important bad debts reserve recovered or reversed in the period: Nil

5) Other receivables charged off during the report period

Nil

6) Top 5 other receivables at ending balance by debtor

In RMB

Name	Nature	Ending balance	Aging	Ratio in total ending balance of other receivables	Ending balance of bad debts reserve
WFTR	Balance of related party in the consolidation scope	2,253,260,000.00	Over 3 years	94.14%	1,979,160,379.70
WFCA	Balance of related party in the consolidation scope	101,000,000.00	Within 1 year	4.22%	
WFAS	Balance of related party in the consolidation scope	25,000,000.00	Within 1 year	1.04%	
Total		2,379,260,000.00		99.40%	1,979,160,379.70

7) Those booked into other accounts receivable due to centralized fund management

Other explanation: Nil

3. Long-term equity investments

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiary	4,220,244,282.40		4,220,244,282.40	4,274,257,102.63		4,274,257,102.63

Investment in associated enterprises and joint venture	4,582,573,209.38		4,582,573,209.38	5,989,123,912.54		5,989,123,912.54
Total	8,802,817,491.78		8,802,817,491.78	10,263,381,015.17		10,263,381,015.17

(1) Investment in subsidiaries

In RMB

Investee	Opening balance (book value)	Opening balance of impairment provision	Changes in current period				Ending balance (book value)	Ending balance of impairment provision
			Additional Investment	Negative Investment	Impairment provision accrued	Other		
WFJN	185,704,551.82						185,704,551.82	
WFLD	658,974,651.80						658,974,651.80	
WFMA	170,986,195.35						170,986,195.35	
WFCA	352,664,737.01						352,664,737.01	
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	1,838,103,170.66						1,838,103,170.66	
WFLD(Chongqing)	191,160.00						191,160.00	
WFAS	631,890.00						631,890.00	
WFQL	225,000,000.00						225,000,000.00	
VH WX	143,559,879.99						143,559,879.99	
WFSS	215,005,302.80						215,005,302.80	
WFET	24,061,698.00						24,061,698.00	
Total	4,274,257,102.63			54,012,820.23			4,220,244,282.40	

(2) Investment in associated enterprises and joint venture

In RMB

Investee	Opening balance (book value)	Opening balance of impairment provision	Current changes (+/-)								Ending balance (book value)	Ending balance of provision impairment
			Additional investment	Capital reduction	Investment gain/loss recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Impairment provision accrued	Other		
I. Joint venture												
II. Associated enterprise												
RBCD	3,760,264,140.18				276,385,752.09			1,597,421,542.71			2,439,228,349.56	
Zhonglian Electronics	2,085,881,289.20				268,119,590.98			340,000,000.00			2,014,000,880.18	
WFPM	44,103,720.45				1,761,750.73		74,650.39				45,940,121.57	
Lezhuo Bowei	98,874,762.71				15,470,904.64						83,403,858.07	
Subtotal	5,989,123,912.54	0.00	0.00	0.00	530,796,189.16		74,650.39	1,937,421,542.71			4,582,573,209.38	
Total	5,989,123,912.54		0.00		530,796,189.16		74,650.39	1,937,421,542.71			4,582,573,209.38	

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

Reasons for significant inconsistencies between the aforementioned information and the information used in impairment tests of prior years or external information

Nil

Reasons for significant inconsistencies between the information used in the company's impairment tests of prior years 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	2,021,778,821.10	1,690,923,766.96	1,671,101,977.89	1,426,898,652.14
Other business	209,480,468.71	172,066,386.31	149,675,813.72	127,350,888.53
Total	2,231,259,289.81	1,862,990,153.27	1,820,777,791.61	1,554,249,540.67

5. Investment income

In RMB

Item	Current period	Last period
Investment income generated from the disposal of long-term equity investments	-12,114,393.24	
Investment income of tradable financial assets during holding period	12,946,606.27	4,729,903.52
Investment income from disposing of tradable financial assets		957,401.23
Investment income in subsidiaries		475,645,907.12
Investment income in joint ventures and associated enterprises	530,796,189.16	488,623,036.82
Revenue from debt restructuring	-11,250.00	-81,788.63
Gain on derecognition of financial assets measured at amortized cost	-18,266.67	
Total	531,598,885.52	969,874,460.06

6. Others

Nil

XX. Supplementary Information

1. Current non-recurring gains/losses

☒Applicable ☐Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current assets	2,797,183.06	
Governmental grants reckoned into current gains/losses (except for those with normal operation business concerned, and conform to the national policies & regulations and are continuously enjoyed at a fixed or quantitative basis according to certain standards)	9,123,350.61	
Except for the effective hedging operations related to normal business operation of the Company, the gains/losses from changes in fair value from holding the tradable financial assets and trading financial liabilities, and the investment earnings obtained from disposing the tradable financial asset, trading financial liability and financial assets available for sale	-45,338,513.37	

Reversal of impairment provision for receivables separately tested for impairment transfer back	762,876.44	
Gains/losses of debt restructuring	-509,395.38	
Other non-operating income and expenditure except for the aforementioned items	1,928,124.84	
Less: Impact on income tax	-6,806,842.56	
Impact on minority shareholders' equity (After tax)	1,893,517.15	
Total	-26,323,048.39	--

Specific information on other items of gains/losses that qualified the definition of non-recurring gains/losses

☐Applicable ☒Not applicable

The Company does not have other gains/losses that qualified the definition of non-recurring gains/losses

Information on the definition of non-recurring gains/losses that are listed in the *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary (non-recurring) Gain)/Loss* as the recurring gains/losses

☐Applicable ☒Not applicable

2. ROE and earnings per share

Profits during report period	Weighted average ROE	Earnings per share	
		Basic earnings per share (RMB/Share)	Diluted earnings per share (RMB/Share)
Net profits attributable to common stock stockholders of the Company	4.20%	0.87	0.87
Net profits attributable to common stock stockholders of the Company after deducting non-recurring gains/losses	4.33%	0.89	0.89

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

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

(3) Explanation on data differences under the accounting standards in and out of China; as for the differences adjustment audited by foreign auditing institute, listed name of the institute

Nil

4. Other

Nil

BOD of Weifu High-Technology Group Co., Ltd.

August 26, 2026