ANNOUNCEMENT
OF
2005 INTERIM RESULTS

WEIFU HIGH-TECHNOLOGY CO., LTD.

无 锡 威 孚 高 科 技 股 份 有 限 公 司

(Incorporated in the People's Republic of China with limited liability)

Contents

The reader is advised that this announcement of the Company has been prepared originally in Chinese. In the event of a conflict between this version and the original Chinese version or difference in interpretation between the versions of the announcement, the Chinese version shall prevail.

Section I. Important Notice

IMPORTANT: The Board of Directors of Weifu High-Technology Co., Ltd. and its directors confirm that there are no material omissions, false representations or misleading statements in this announcement, and collectively and individually accept full responsibility for the authenticity, accuracy and completeness of information contained herein.

Chairman of the Board of the Company, Mr. Xu Liangfei, General Manager Mr. Han Jiangming and person in charge of finance Ms. Sun Qingxian hereby confirm that the financial report in the semi-annual report 2005 is true and complete.

Section II. Company Information

I. Basic information
(I) Company Name:
Name in Chinese: 无锡威孚高科技股份有限公司
Name in English: WEIFU HIGH-TECHNOLOGY CO., LTD.
(II) Stock Listing and Trading: Shenzhen Stock Exchange
Short Form of the Stock: Weifu High-Tech, Su Weifu-B
Stock Code: 000581, 200581
(III) Registered Address: Plot No. 46, National Hi-Tech Industry Development Zone, Wuxi
Head Office: No.107, Renmin Road (W), Wuxi City
Postal Code: 214031
The Company's Internet Website: http://www. weifu.com.cn
E-Mail: web@ weifu.com.cn
(IV) Legal Representative: Mr. Xu Liangfei
(V) Secretary of the Board of the Company: Mr. Zhou Weixing
Representative of Securities Affairs: Mr. Gu Yiming
Mailing Address: No.107, Renmin Road (W), Wuxi City
Tel.: 86-510-2719579
Fax: 86-510-2751025
E-Mail: wfjt @ public1.wx.js.cn
(VI) Names of Newspapers designated by CSRC and chosen by the Company:
Securities Times, China Securities, Hong Kong Ta Kung Pao
Internet Website chosen by the Company: http://www.cninfo.com.cn
Interim Announcement for reference: Securities Department of the Company

II. Key Financial Data and Indexes
(I) Key accounting data and financial indexes (Unit: RMB)

	At the end of this report period	**At the period-end of last year**	**Increase/decrease at the end of this report period compared with**

			the year-begin (%)
Current assets	2,646,478,093.79	2,310,139,889.62	14.56
Current Liability	1,813,213,173.87	1,582,764,296.35	14.56
Total assets	4,636,830,236.65	4,192,225,510.09	10.61
Shareholders' equity (excluding minority interests)	2,353,757,569.31	2,201,310,248.63	6.93
Net assets per share (RMB)	5.39	5.04	6.94
Net assets per share after adjustment (RMB)	5.38	5.04	6.75
	In the report period (Jan.-Jun. 2005)	**At the same period of last year**	**Increase/decrease in this report period compared with the same period of last year (%)**
Net profit	152,447,320.68	130,166,454.42	17.12
Net profit after deducting non-recurring gains and losses	144,615,310.71	131,214,820.34	10.21
Earnings per share	0.35	0.30	16.67
Return on equity (%)	6.48	6.24	0.24
Net cash flow arising from operating activities	-352,109,454.88	72,163,593.52	-587.93

Note: Items of non-recurring gains and losses and amount involved: (Unit: RMB)

Items	Amount
Non-recurring expenditure	
Non-operation expenditure	408,638.37
Provision for depreciation of fixed assets	-557,518.46
Losses rising from disposal of fixed assets	240,296.78
Other expenditure	725,860.05
Subtotal	408,638.37
Non-recurring gains:	
Non-operation income	349,855.92
Income from disposal of fixed assets	297,805.92
Others	52,050.00

Charge off government appropriation for tech-reform	9,346,749.34
Subtotal	9,696,605.26
Net amount of non-recurring gains and losses	9,287,966.89
Less: Impact on income tax due to non-recurring gains and losses	1,393,195.04
Less: Impact on minority interests due to non-recurring gains and losses	62,761.88
Impact on the Company due to non-recurring gains and losses	7,832,009.97

(III) Difference in accounting statement prepared under CAS and IAS and explanation:
The Company's net profit calculated under Chinese Accounting System was RMB 152,447,320.68.
The Company's net profit calculated under International Accounting Standards was RMB 140,507,599.41. The difference was due to goodwill amortization rising from purchasing affiliated company amounting to RMB 1,248,353.32, amortized and deferred income amounting to RMB – 5,508,129, unconfirmed income from government subsidy amounting to RMB – 7,679,945.59.

(IV) In accordant with Regulations on the Information Disclosure of Companies Publicly Issuing Shares (No. 9) released by CSRC, the Company's return on equity and earnings per share as calculated based on net profit after deducting non-recurring gains and losses are as follows:

Unit: RMB

Items	Profit in the report period	Return on equity (%)		Earnings per share (RMB)	
		Fully diluted	Weighted average	Fully diluted	Weighted average
Profit from main operation	365,670,600.74	15.54	16.06	0.84	0.84
Operating profit	172,602,946.56	7.33	7.58	0.40	0.40
Net profit	152,447,320.68	6.48	6.69	0.35	0.35
Net profit after deducting non-recurring gains and losses	144,615,310.71	6.14	6.35	0.33	0.33

Section III. Share Capital and Shareholders

I. In the report period, the Company's share capital remained unchanged.
II. About shareholder

Unit: share

Total shareholders at the end of report period			45201		
Particulars about the top ten shareholders					
Names of shareholders	**Increase/decrease in the report period**	**Shares held at the period-end**	**Proportion (%)**	**Shares pledged or frozen**	**Classification**
1. WUXI WEIFU GROUP COMPANY LIMITED	0	121566150	27.86	0	State-owned share
2. ROBERT BOSCH GMBH	0	14144000	3.24	Unknown	B-share
3. YINFENG SECURITIES INVESTMENT FUNDS	6107744	13302767	3.05	Unknown	A-share
4. GALAXY YINTAI FINANCE DIVIDENDS SECURITIES INVESTMENT FUNDS	—1463561	9623333	2.21	Unknown	A-share
5. CHINA MERCHANTS XIANFENG SECURITIES INVESTMENT FUNDS	6484575	6484575	1.49	Unknown	A-share
6. BOSCH WELL-CHOSEN STOCK SECURITIES INVESTMENT FUNDS	2000000	6299794	1.44	Unknown	A-share
7. TONGQIAN SECURITIES INVESTMETN FUND	—3870765	6138700	1.41	Unknown	A-share
8. YUYANG SECURITIES INVESTMETN FUNDS	—798944	6137963	1.41	Unknown	A-share
9. CHINA MERCHATS STOCK SECURITIES INVESTMETN FUNDS	5029049	5029049	1.15	Unknown	A-share
10. TIANYUAN SECURITIES INVESTMETN FUNDS	0	5000000	1.15	Unknown	A-share

Particulars about the top ten shareholders of circulation share		
Name of shareholder	Circulating shares held at period-end	Type of share
1. ROBERT BOSCH GMBH	14144000	B-share
2. YINFENG SECURITIES INVESTMENT FUNDS	13302767	A-share
3. GALAXY YINTAI FINANCE DIVIDENDS SECURITIES INVESTMENT FUNDS	9623333	A-share
4. CHINA MERCHANTS XIANFENG SECURITIES INVESTMENT FUNDS	6484575	A-share
5. BOSCH WELL-CHOSEN STOCK SECURITIES INVESTMENT FUNDS	6299794	A-share
6. TONGQIAN SECURITIES INVESTMETN FUND	6138700	A-share
7. YUYANG SECURITIES INVESTMETN FUNDS	6137963	A-share
8. CHINA MERCHATS STOCK SECURITIES INVESTMETN FUNDS	5029049	A-share

9. TIANYUAN SECURITIES INVESTMETN FUNDS	5000000	A-share
10. CHINA SOUTH STEADY GROWTH SECURITIES INVESTMETN FUNDS	4362980	A-share

Explanation on associated relationship or consistent actions among the above shareholders	Among the top ten shareholders, there exists no associated relationship between Wuxi Weifu Group Company Limited, the first largest shareholder of the Company, and other shareholders, and they do not belong to the consistent actionist regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company. The Company was unknown whether there exists associated relationship among the other shareholders.
Explanation on the appointed period of holding shares which strategic investor or general legal person participates in the allotment of new shares	Naught

III. In the report period, the controlling shareholder of the Company remained unchanged.

Section IV. Directors, Supervisors and Senior Management

I. About shares held by directors, supervisors and senior management of the Company
Shares held by directors, supervisors and senior management remained unchanged in the report period.
II. Change in the directors, supervisors and senior management
On Jun. 9, 2005, the Company held 2004 Shareholders' General Meeting and conducted election at expiration of office term; the Meeting approved the 5th Supervisory Committee and the 5th Board of Directors of the Company. The Board of Directors was made up of Mr. Xu Liangfei, Mr. Han Jiangming, Mr. Wang Weiliang, Mr. Gao Guoyuan, Mr. Ge Songping, Mr. Shi Xingyuan, Mr. Chen Chaolin, Mr. Zhang Xiaoyu, Mr. Ou'yang Minggao, Mr. Chen Juchang and Mr. Chen Qilong, etc. 11 persons (therein Mr. Zhang Xiaoyu, Mr. Ou'yang Minggao, Mr. Chen Juchang and Mr. Chen Qilong are independent directors); the Supervisory Committee was made up of Mr. Chen Xuejun, Mr. Li Guodong, Mr. Zhang Jiming, Mr. Ou Jianbin and Mr. You Jianzhong, etc. 5 persons, therein Mr. Chen Xuejun and Mr. You Jianzhong are employee supervisors.
On June 9, 2005, the Company held the 1st Meeting of the 5th Board and 1st Meeting of the 5th Supervisory Committee, the Board meeting unanimously elected Mr. Xu Liangfei as Chairman of the Board, Mr. Han Jiangming as vice Chairman of the Board, engaged Mr. Han Jiangming as General Manager; Mr. Shi Xingyuan, Ms. Sun Qingxian, Mr. Liao Yuming, Mr. Wang Yawei and Mr. Deng Xijiang as deputy General Manager; engaged Mr. Zhou Weixing as secretary of the Board.
The Supervisory Committee unanimously elected Mr. Chen Xuejun as Chairman of the Supervisory Committee.

Section V. Executive Statements

1. Operation Review

At present, the Company remains principally engaged in the manufacturing and sales of fuel injection system of diesel engines for vehicles.

In the first half of the year, influenced by such disadvantageous factors as macro-control of the State and "Overfreight limitation" for automobiles etc., the automobile industry faced the situation that structural adjustment was sped up and growth speed of demand was becoming slow. Thus, the structural adjustment in oil pump industry was further sped up and the competition was much more intensified. Aiming at this situation, the Company fully pushed the structural adjustment of oil pumps and emphasized on developing PS 7100, PW2000, Pump IW, Pump PL and Distributing Pump VE as accessories for heavy trucks and light trucks. Therefore, the Company has still kept a reasonable growth under the condition that the total demand volume in the industry had no obvious increase. In the first half year of 2005, the Company realized sales income and net profit amounting to RMB 1755.8064 million and RMB 152.4473 million respectively, an increase of 85.66% and 17.12% over the same period of last year respectively.

2. Financial Survey

Unit: RMB

Items	Jan.-Jun. 2005	Jan.-Jun. 2004	Increase margin +/- %
Main business revenue	1,755,806,383.72	945,713,029.27	85.66
Main operating profit	365,670,600.74	240,968,078.72	51.75
Net profit	152,447,320.68	130,166,454.42	17.12
	Amount at period-begin	Amount at period-end	Increase margin +/- %
Total Assets	4,636,830,236.65	4,192,225,510.09	10.61
Shareholders' Equity	2,353,757,569.31	2,201,310,248.63	6.93

Notes:

(1) Main business income increased by 85.66% over the same period of last year, mainly due to increase of subsidiary Wuxi Weifu Diesel System in consolidated statement so increase of main business income amounting to RMB 762.61 million, and increase of conducted products of the Company and increase of Weifu Lida.

(2) Main business profit increased by 51.75% over same period of last year, mainly due to increase of main business.

(3) Net profit increased by 17.12% over same period of last year mainly due to increase of main business,

(4) Total assets increased by 10.61% over the same period of last year mainly due to increase of investment.

(5) Shareholders' equity increased by 6.39% over the same period of last year mainly

due to realization of net profit in the report period.

3. Financial Index

Unit: RMB

Items	Jan.-Jun. 2005	Jan.-Jun. 2004	Increase /Decrease (±%)
Operating expenses	60,426,077.07	31,647,609.97	90.93
Management expenses	109,837,693.92	85,564,584.33	28.37
Financial expenses	31,706,725.20	12,114,109.73	161.73

(1) Operating expenses increased by 90.93% over the same period of last year mainly due to newly increase of subsidiary Wuxi Weifu Diesel System Co., Ltd. in consolidated statement.
(2) Management expenses increased by 28.37% over the same period of last year mainly due to newly increase of subsidiary Wuxi Weifu Diesel System Co., Ltd. in consolidated statement.
(3) Financial expenses increased by 161.73% over the same period of last year mainly due to newly increase of bank loan interest of subsidiary Wuxi Weifu Diesel System Co., Ltd. in consolidated statement.

4. Main operation classified according to industries

Unit: RMB

Industries	Main business income	Main business cost	Gross rate (%)	Increase/decrease of main business over the same period of last year (%)	Increase/decrease of main business cost over same period of last year (%)	Increase/decrease of main business cost over same period of last year (%)
Other standard components and parts	1,755,806,383.72	1,385,618,086.14	21.08	85.66	98.07	-4.95

5. **Main operation classified according to products**

Unit: RMB

Products	Main business	Main business cost	Gross	Increase/decrease of main	Increase/decrease of main business cost	Increase/decrease of main

	income		rate (%)	business over the same period of last year (%)	over same period of last year (%)	business cost over same period of last year (%)
1. Fittings and accessories of internal combustion engine	1,697,275,287.78	1,338,929,342.35	21.11	87.42	99.49	—4.77
2. Muffler & catalytic converter	58,531,095.94	46,688,743.79	20.23	45.85	64.43	—9.02

6. Main operations and areas

Unit: RMB

Categories of area	Main business revenue	Increment over the previous period (±)
1. Inside the province	386,086,618.76	21.08
2. Outside the province	1,369,719,764.96	118.51

7. Operations of share-holding company

Zhonglian Automobile Electronics Co. 20% shares held by the Company, mainly engaged in producing automobile electronics control system, and realized net profit amounting to RMB 110 million in the 1st half year of 2005.

Section VI. Significant Matters

I. Administration of the Company

According to the requirement of the Company Law, Securities Law and laws and regulations promulgated by CSRC, the Company continuously consummated the administration structure and every systems of the Company, which basically complied with the relevant requirements of CSRC.

II. Profit Distribution Proposal 2004and Distribution Proposal Semi-2005

1. Implementation of Profit Distribution Proposal 2004

2004 Shareholders' General Meeting of the Company held on Jun. 9, 2005 approved 2004 Profit Distribution Proposal 2004: distribute cash dividend RMB 1.00(tax included) to all shareholders as 3 shares per 10 shares. It estimated to be dispatched in July.

2. Distribution Proposal Semi-2005 of the Company was: No distribution and no conversion of public reserve to share capital.

III. Significant lawsuits and arbitrations

There were no significant lawsuits or arbitrages about the Company in the period or carried down from the previous period.

IV. Significant purchase of assets, sale of assets and assets reorganization

In the report period, there was no significant purchase of assets, sale of assets or assets reorganization.

V. Significant related transactions

The related transactions between the Company and the first principal shareholder Wuxi Weifu Group Co., Ltd. in the first half of 2005

RMB'0000

Items	In the first half of 2005	In the first half of 2004
Purchase of commodities	760.30	147.00
Sale of commodities	10601.40	10122.00
Expenses of using land and trademark	278.90	247.30

VI. Significant contracts and the implementation

1. In the report period, the Company had never kept as custodian, contracted or leased any other company's assets and vice versa.

2. In the report period, the Company provided current assets loan guarantee amounting to RMB 50 million for the controlling subsidiary Weifu Chanan Oil Pump & Nozzle Co., Ltd.; Parent company provided guarantee amounting to RMB 110 million for consolidated controlling subsidiary Nanjing Weifu Jinning Co., Ltd..

3. In the report period, the Company had never entrusted others to manage cash management.

VII. Other significant events

The shareholders holding 5% shares of the Company existed no commitment in the period or carried down from the previous period.

VIII. Capital occupied by the controlling shareholder and subsidiaries

Dated the report period, the controlling shareholders and subsidiaries didn't occupy capital.

IX. Special explanation and independent opinions of external guarantee of the Company provided by independent directors:

In the report period, the Company can strictly implement the regulations of ZJF [2003] No. 56 Document. After we verified the relevant financial information of the Company, now the explanation of the external guarantee of the Company were as follows:

1. Dated the end of the report period, the Company didn't provide guarantee for controlling shareholders and other related parties, which the Company held less than 50% share equity, any non-legal units or individuals;

2. Dated the end of the report period, total amount of external guarantee amounted to RMB 160 million; including the amount of guarantee of the parent company for the controlling subsidiary was RMB 160 million;

3. Ended the report period, the Company had no indirect or direct guarantees for

warrantees which assets liability ratio exceeding 70%.
4. Dated the end of the report period, the Company existed no guarantee out of line.
X. Index of other information and public notice
The public notice of the Company was respectively published in Securities Times, China Securities and Ta Kung Pao. The disclosing Internet Website was http://www.cninfo.com.cn.
1. Apr. 22, 2005 Public Notice on Resolution of 20th Meeting of the 4th Board, Notification on Holding Shareholders' General Meeting, Summary of Annual Report of 2004 and the 1st Quarterly Report of 2005 were published.
4. On Jun. 10, 2005, Public Notice on the Resolution of 2004 Shareholders' General Meeting.

Section VII. Financial Statement

I. The semi-2005 financial statements of the Company were not audited.
II. Financial Report

BALANCE SHEET

Jun.30, 2005

Prepared by Weifu High-Technology Co., Ltd. Unit: RMB

Assets	Note	Consolidated		Parent Company	
		Jun.30, 2005	Dec.31, 2004	Jun.30, 2005	Dec.31, 2004
Current assets:					
Capital in cash	V.1	838,064,391.02	814,962,308.15	372,229,611.75	376,936,967.24
Short-term investment		-	-	-	-
Notes receivable	V.2	195,862,862.40	111,441,158.65	125,147,262.00	67,586,082.00
Dividend receivable	V.3	91,173,104.74	91,173,104.74	91,173,104.74	91,173,104.74
Interest receivable		-	-	-	-
Accounts receivable	V.4	636,601,223.11	527,588,711.99	304,733,749.22	288,632,429.84
Other receivable	V.5	90,113,864.93	61,810,971.36	117,927,075.43	60,854,613.25
Prepayment		19,922,785.98	32,451,438.85	9,552,733.01	8,414,584.19
Subsidy receivable		-	-	-	-
Inventory	V.6	773,951,638.19	670,671,456.13	329,169,341.67	323,004,429.55
Charges to be amortized		788,223.42	40,739.75	682,473.42	-
Long-term bonds investment one year due		-	-	-	-
Other current assets		-	-	-	-
Total current assets		2,646,478,093.79	2,310,139,889.62	1,350,615,351.24	1,216,602,210.81
Long-term investment:					
Long-term equity investment	V.7	969,978,401.47	889,623,489.42	1,602,130,682.24	1,510,359,162.49
Long-term bonds investment	V.8	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00
Long-term investment, total		972,978,401.47	892,623,489.42	1,605,130,682.24	1,513,359,162.49
Fixed assets:					
Original value of fixed assets	V.9	1,097,726,582.35	1,054,276,223.36	663,019,115.46	635,216,523.07
Less: Accumulated depreciation	V.9	300,194,545.15	269,101,134.42	179,194,279.19	159,959,160.99
Fixed assets, net		797,532,037.20	785,175,088.94	483,824,836.27	475,257,362.08
Less: provision for fixed assets devaluation	5.9	7,076,921.14	7,634,439.60	2,197,426.35	2,687,071.56
Fixed assets, net		790,455,116.06	777,540,649.34	481,627,409.92	472,570,290.52
Construction material		-	-	-	-
Construction-in-progress	V.10	124,201,985.83	105,652,288.59	70,761,421.07	71,510,394.20
Disposal of fixed assets		-	12,993.32	-	-
Total fixed assets		914,657,101.89	883,205,931.25	552,388,830.99	544,080,684.72
Intangible and other assets					
Intangible assets	V.11	102,716,639.50	106,256,199.80	3,377,996.09	3,420,868.79
Long-term expenses to be allocated			-	-	-
Other long-term assets		-	-		-
Total intangible assets and other assets		102,716,639.50	106,256,199.80	3,377,996.09	3,420,868.79
Deferred taxation:					

Deferred taxation, credit		-	-	-	-
Total assets		4,636,830,236.65	4,192,225,510.09	3,511,512,860.56	3,277,462,926.81

BALANCE SHEET(CON.)

Jun.30, 2005

Prepared by Weifu High-Technology Co., Ltd. Unit: RMB

Liability and shareholders' equity	Note	Consolidated		Parent Company	
		Jun.30, 2005	Dec.31, 2004	Jun.30, 2005	Dec.31, 2004
Current liabilities:					
Short-term borrowings	V.12	1,034,724,976.50	552,829,500.00	424,866,700.00	414,829,500.00
Notes payables	V.13	134,550,000.00	72,107,100.00	134,550,000.00	69,317,100.00
Accounts payables	V.14	495,651,373.12	839,265,709.43	222,318,478.83	254,885,409.71
Advance collection		1,766,475.08	3,427,591.49	1,531,054.08	1,493,545.20
Wages payables		-	-	-	-
Welfare fees payables		5,987,147.80	4,400,172.56	-	-
Dividends payables	V.15	416,000.00	416,000.00	416,000.00	416,000.00
Tax not paid yet	V.16	-15,127,938.76	-28,990,846.81	5,409,952.25	-4,633,526.09
Other accounts not paid yet		2,770,286.21	2,180,474.63	1,235,492.20	1,098,554.14
Other payables	V.17	109,305,223.85	97,154,102.97	84,719,988.72	61,539,060.76
Advance allocation		38,169,630.07	4,974,492.08	4,115,589.61	-
Liabilities estimated		-	-	-	-
Long-term debts one-year due		5,000,000.00	35,000,000.00	5,000,000.00	35,000,000.00
Other current liabilities		-	-	-	-
Total current liabilities		1,813,213,173.87	1,582,764,296.35	884,163,255.69	833,945,643.72
Long-term liabilities:					
Long-term borrowings	V.18	268,000,000.00	225,000,000.00	265,000,000.00	225,000,000.00
Bonds payables		-	-	-	-
Long-term payables	V.19	15,590,000.00	15,590,000.00	-	-
Special payables	V.20	18,330,285.12	24,317,034.46	8,592,035.56	17,207,034.46
Other long-term liabilities		-	-	-	-
Total long-term liabilities		301,920,285.12	264,907,034.46	273,592,035.56	242,207,034.46
Deferred taxation, debit		-	-	-	-
Total liabilities		2,115,133,458.99	1,847,671,330.81	1,157,755,291.25	1,076,152,678.18
Minority Shareholders' equity		167,939,208.35	143,243,930.65	-	-
Shareholders' equity:					
Share capital	V.21	436,366,150.00	436,366,150.00	436,366,150.00	436,366,150.00
Capital reserve	V.22	922,231,186.44	922,231,186.44	922,231,186.44	922,231,186.44
Surplus reserve	V.23	222,716,548.18	222,716,548.18	213,349,453.75	213,349,453.75
Including: Public welfare		73,694,592.28	73,694,592.28	70,572,227.47	70,572,227.47
Retained profit	V.24	772,443,684.69	619,996,364.01	781,810,779.12	629,363,458.44
Distribution dividend planed					
Total shareholders' equity		2,353,757,569.31	2,201,310,248.63	2,353,757,569.31	2,201,310,248.63
Total liability and shareholders' equity		4,636,830,236.65	4,192,225,510.09	3,511,512,860.56	3,277,462,926.81

STATEMENTS OF INCOME AND INCOME APPROPRIATION

Jan.-Jun.,2005

Prepared by Weifu High-Technology Co., Ltd. Unit: RMB

Items	Note	Consolidated		Unconsolidated	
		Jan.-Jun., 2005	**Jan.-Jun., 2004**	**Jan.-Jun., 2005**	**Jan.-Jun., 2004**
I. Sales Income	V.25	1,755,806,383.72	945,713,029.27	804,847,566.00	781,572,337.37
Less: Business costs		1,385,618,086.14	699,573,185.89	647,311,013.89	623,384,414.09
Business taxes and surtax	V.26	4,517,696.84	5,171,764.66	2,653,648.57	3,357,538.32
II. Main Business Profit		365,670,600.74	240,968,078.72	154,882,903.54	154,830,384.96
Add: Other income		8,902,842.01	-3,850,462.38	8,633,035.22	-4,508,980.67
Less: Operating expenses		60,426,077.07	31,647,609.97	35,815,988.55	25,379,734.40
Administration expenses		109,837,693.92	85,564,584.33	42,064,858.58	33,068,333.46
Financial expenses	V.27	31,706,725.20	12,114,109.73	11,520,021.62	11,632,851.30
III. Operating Profit		172,602,946.56	107,791,312.31	74,115,070.01	80,240,485.13
Add: Investment income	V.28	24,120,612.04	43,551,306.42	92,327,219.75	63,704,270.78
Subsidy income		-	-	-	-
Non-operating income		349,855.92	475,873.15	254,840.16	381,380.06
Less: Non-operating expenses	V.29	5,550,126.15	4,655,155.72	2,973,872.51	4,843,791.57
IV. Total Profit		191,523,288.37	147,163,336.16	163,723,257.41	139,482,344.40
Less: Income tax		14,380,690.00	12,795,889.98	11,275,936.73	9,315,889.98
Minority interests		24,695,277.69	4,200,991.76	-	-
V. Profit, net		152,447,320.68	130,166,454.42	152,447,320.68	130,166,454.42
Add: Retained profit at the year-begin		619,996,364.01	424,732,232.29	629,363,458.44	429,555,095.83
Other transferring into		-	-	-	-
VI. Distributable Profit		772,443,684.69	554,898,686.71	781,810,779.12	559,721,550.25
Less: Allocation of statutory surplus reserve			-		-
Allocation of statutory public welfare fund			-		-
Allocation of employee welfare and bounty		-	-	-	
Allocation of reserve fund				-	
Allocation of development fund of enterprise		-			
Returning into investment from profit		-	-		-
VII. Distributable Profit to shareholders		772,443,684.69	554,898,686.71	781,810,779.12	559,721,550.25
Less: Dividends distributed to preference shares			-	-	-
Allocation of any discretionary surplus reserve					-
Dividends distributed to common shares		-	-	-	-
Capitalized dividends		-	-	-	-
VIII. Retained profit		772,443,684.69	554,898,686.71	781,810,779.12	559,721,550.25

Supplemental information

1. Income from selling or disposal branch and investee enterprise
2. Losses due from natural disaster
3. Increase of total profit due to the change of accounting policies
4. Increase of total profit due to the change of accounting estimation
5. Loss on debts reorganization
6. Others

SUPPLEMENTARY STATEMENT OF PROFIT

Jan.-Jun., 2005

Prepared by Weifu High-Technology Co., Ltd.

Profit in the report period	Return on equity (%)		Earnings per share (RMB/share)	
	Fully diluted	Weighted average	Fully diluted	Weighted average
Profit from main operation	15.54	16.06	0.84	0.84
Operating profit	7.33	7.58	0.40	0.40
Net profit	6.48	6.69	0.35	0.35
Net profit after deducting non-recurring gains and losses	6.14	6.35	0.33	0.33

DETAILS OF NON-RECURRING GAINS AND LOSSES

Unit: RMB

Items	Amount
Non-recurring losses：	
Non-operating expenses:	408,638.37
Allowance for depreciation of fixed assets	-557,518.46
Losses from disposal of fixed assets	240,296.78
Donation expenses	-
Other expenses	725,860.05
Provision for falling price of stockage	-
Sub-total	408,638.37
Non-recurring gains：	
Non-operating income:	349,855.92
Income from disposal of fixed assets	297,805.92
Other income	52,050.00
Charge off government appropriation for tech-reform	9,346,749.34
Switch back of allowance for bad debts	-
Switch back of provision for falling price of stockage	-
Sub-total	9,696,605.26
Net amount of non-recurring gains and losses (gains - losses)	9,287,966.89
Less: Impact on income tax due to non-recurring gains and losses	1,393,195.04

Less: Impact on minority interests due to non-recurring gains and losses	62,761.88
Impact on the Company due to non-recurring gains and losses	7,832,009.97

CASH FLOW STATEMENT

Jan.-Jun., 2005

Prepared by Weifu High-Technology Co., Ltd. Unit: RMB

Items	Note	Consolidated	Parent company
I. Cash flows from operating activities			
Cash gained on sales and service		1,842,113,319.82	894,075,691.29
Taxation return		-	-
Cash received from other operating activities	V.30	13,918,187.94	4,124,751.95
Sub-total cash gained on operations		1,856,031,507.76	898,200,443.24
Cash used for sales and service		1,949,955,573.28	740,541,054.13
Cash paid to/for employees		97,241,227.75	57,084,375.21
Tax paid		62,398,616.97	36,899,550.70
Cash used for other operating activities	V.31	98,545,544.64	51,863,580.98
Sub-total out flow of cash		2,208,140,962.64	886,388,561.02
Net cash generated from operations		-352,109,454.88	11,811,882.22
II. Cash flows from investing operating activities			
Investment return		-	-
Cash received from selling subsidiary		-	-
Cash received from investment income		705,700.00	555,700.00
Disposal of fixed assets, intangible assets and other long-term assets		4,805,622.85	4,619,757.85
Cash received from other investing activities		-	-
Sub-total cash gained on investment		5,511,322.85	5,175,457.85
Purchase of fixed assets, intangible assets and other long-term assets		58,837,626.94	34,949,667.18
Cash paid for investment		56,940,000.00	-
Cash paid for purchasing subsidiary		-	-
Cash used in other investing activities		-	-
Sub-total out flow of cash		115,777,626.94	34,949,667.18
Net cash generated from investing activities		-110,266,304.09	-29,774,209.33
III. Cash flows from financing activities			
Cash received from absorbing investment		-	-
Cash from borrowings		1,220,389,421.87	394,866,700.00
Cash received from other financing activities		-	-
Sub-total cash gained on financing activities		1,220,389,421.87	394,866,700.00
Cash paid for liabilities		719,107,425.37	374,829,500.00
Cash paid for dividends or profit distributing, repayment of interest		15,804,154.66	6,782,228.38
Cash paid by subsidiary to minority interest		-	-
Cash used in other financing activities		-	-
Sub-total out flow of cash		734,911,580.03	381,611,728.38

Net cash generated from financing activities	485,477,841.84	13,254,971.62
IV. Adjustment on foreign exchange	-	-
V. Net increase in cash /cash equivalent	23,102,082.87	-4,707,355.49

SUPPLEMENTARY STATEMENTS OF CASH FLOWS

Jan.-Jun., 2005

Prepared by Weifu High-Technology Co., Ltd. Unit: RMB

Items	Consolidated	Parent company
I. Net profit subject to adjustment as cash flows		
Profit, net	152,447,320.68	152,447,320.68
Plus: Losses/gains of minority interests	24,695,277.69	-
Provision for fixed assets devaluation	1,707,693.34	695,429.92
Fixed assets depreciation	35,149,003.43	22,729,743.14
Allocations of intangible assets	3,294,560.30	42,872.70
Allocations of long-term expenses to be allocated	-	-
Decrease of expenses to be allocated (less increase)	-741,733.67	-682,473.42
Increase of advance allocation expenses (less decrease)	32,743,090.82	4,115,589.61
Disposal of fixed, intangible and other long-term assets (less gains)	442,946.93	202,790.16
Losses from obsolete fixed assets	140.01	-
Financial expenses	15,704,199.66	6,782,228.38
Losses from investment (less gains)	-24,120,612.04	-92,327,219.75
Deferred taxation, credit (less debit)	-	-
Decrease of inventory (less increase)	-116,798,788.33	-6,164,912.12
Decrease of operating receivables (less increase)	-252,409,885.43	-131,882,527.81
Increase of operating payables (less decrease)	-223,694,037.22	55,853,040.73
Other	-528,631.05	-
Net cash generated from operations	-352,109,454.88	11,811,882.22
II. Investment and financial activities not related to cash flows		
Capital transferred from debts	-	-
Convertible company bonds due within one year	-	-
Fixed assets leasing for financing	-	-
III. Net increase in cash /cash equivalent		
Balance of cash at period-end	838,064,391.02	372,229,611.75
Less: Balance of cash at period-beginning	814,962,308.15	376,936,967.24
Add: Balance of cash equivalent at period-end	-	-
Less: Balance of cash equivalent at period-beginning	-	-
Net increase in cash /cash equivalent	23,102,082.87	-4,707,355.49

SCHEDULE OF ASSETS IMPAIRMENT LOSSES

Jan.-Jun., 2005

Prepared by Weifu High-Technology Co., Ltd. Unit: RMB

Items	Balance at the begin of the year	Increase in this year	Decrease in this year			Balance at the end of the year
			Switching back due to assets price recovery	Switching out due to other reason	Total	
I. Total of provision for bad debts	61,381,897.73	2,283,831.14	-	18,619.34	18,619.34	63,647,109.53
Including: Accounts receivable	59,709,203.98	2,283,831.14	-	-	-	61,993,035.12
Other receivable	1,672,693.75	-	-	18,619.34	18,619.34	1,654,074.41
II. Total of provision for falling price of short-term investment	-	-	-	-	-	-
Including: Stock investment	-	-	-	-	-	-
Bond investment	-	-	-	-	-	-
III. Provision for falling price of inventory	16,098,252.82	-	-	-	-	16,098,252.82
Including: Merchandise inventory	14,272,083.46	-	-	-	-	14,272,083.46
Work in process	581,191.00	-	-	-	-	581,191.00
Raw material	1,244,978.36	-	-	-	-	1,244,978.36
IV. Total of provision for devaluation of long-term investment	33,166,436.95	-	-	-	-	33,166,436.95
Including: Long-term equity investment	33,166,436.95	-	-	-	-	33,166,436.95
Long-term debts investment	-	-	-	-	-	-
V. Total of provision for devaluation of fixed assets	7,634,439.60	-	-	557,518.46	557,518.46	7,076,921.14
Including: Building	-	-	-	-	-	-
Machinery and equipment	7,634,439.60	-	-	557,518.46	557,518.46	7,076,921.14
VI. Provision for devaluation of intangible assets	-	-	-	-	-	-
Including: Patent right	-	-	-	-	-	-
Trademark right	-	-	-	-	-	-
VII. Provision for devaluation of construction in progress	-	-	-	-	-	-
VIII. Provision for devaluation of commission loan	-	-	-	-	-	-
Total	118,281,027.10	2,283,831.14	-	576,137.80	76,137.80	119,988,720.44

CHANGES IN SHAREHOLDERS EQUITY (CONSOLIDATED)

(Amounts expressed in RMB ¥)

Items	2005-06-30	2004-12-31
SHARE CAPITAL	436,366,150.00	436,366,150.00
Balance at period-beginning	-	-
Increment in the period		
Including: Capital reserve added		
Surplus reserve added		
Profit distributed		
Share capital increased		
Decrease in the period	-	-
Balance at period-end	436,366,150.00	436,366,150.00
CAPITAL RESERVE		
Balance at period-beginning	922,231,186.44	911,495,850.36
ncrement in the period		10,735,336.08
Including: Share capital premium		
Non-currency donations		
Currency donations		
Preparation for equity investment		10,735,336.08
Funds allocated		
Difference in foreign currency converted		
Other capital reserve	-	
Decrease in the period	-	-
Including: capitalized shares		
Balance at period-end	922,231,186.44	922,231,186.44
SURPLUS RESERVE		
Balance at period-beginning	149,021,955.90	122,485,602.45
Increment in the period	-	26,536,353.45
Including: Allocation from net profit	-	26,536,353.45
Allocation of statutory surplus reserve	-	26,536,353.45
Allocation of any discretionary surplus reserve		
statutory public welfare fund added		
Decrease in the period	-	-
Including: making-up for losses		
Capitalization		
Cash dividends		
Shares dividends		
Balance at period-end	149,021,955.90	149,021,955.90
Including: statutory surplus reserve	147,237,361.42	147,237,361.42

PUBLIC WELFARE FUNDS		
Balance at period-beginning	73,694,592.28	60,426,415.56
Increment in the period	-	13,268,176.72
Including: Allocation from net profit	-	13,268,176.72
Decrease in the period	-	-
Including: welfare paid collectively		
Balance at period-end	73,694,592.28	73,694,592.28
UNAPPROPRIATED PROFIT		
Unappropriated profit year beginning	619,996,364.01	424,732,232.29
Net profit of the period	152,447,320.68	235,068,661.89
Profit distribution	-	39,804,530.17
Unappropriated profit at period-end	772,443,684.69	619,996,364.01

Notes to the Accounting Statements

Note 1. Company Profile

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

In the year 1994 and 1995, the Company was restructured and became a shareholding 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, with a face value of RMB 1 for each share, and the total value of those shares amounted to RMB 68 million. After the issuance, the Company's total share capital increased to RMB 183.4355 million.

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

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

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

The Company registered at the Wuxi High and New Technology Development Zone and the registration number was 25045696-7. The Company belongs to the mechanical industry and mainly engages in the production and sales of fuel injection pump of the diesel internal combustion engine as well as the injector and other matching parts used in the fuel injection pump.

Note 2. Principal Accounting Policies, Estimations and Consolidation

All information contained in the Company's financial statements were prepared in conformity with the "Enterprise Accounting Guideline", "the Accounting Regulations of Joint Stock Limited Companies" and the relevant supplementary regulations applicable to joint stock limited companies in the P.R.C as well as the Company's practical circumstance.

1. Accounting Period

The accounting period of the Company coincides with the Gregorian calendar year (from 1st January to 31st December).

2. Reporting Currency

The Company uses Renminbi (RMB) as the unit of currency in the preparation of its accounts.

3. Accounting Principle and Pricing Basis

The Company maintains its accounting books using the accrual method. Its pricing is based on historical cost.

4. Cash Equivalent

Cash Equivalent refers to short-term investment easy to be converted to cash with less risks of falling in its value.

5. Foreign Currency Translation

The Company and its subsidiaries maintain their books and records in RMB. Transactions in other currencies are translated to RMB at the basis exchange rates published by the People's Bank of China at the time of transactions. The ending balances of the various currency accounts are converted to RMB according to the basis exchange rates at the end of accounting period. The differences arising from the adjustment will be treated as exchange gain or loss or capitalized.

6. Short-term Investment

Definition of short term investments: short-term investment refers to investment to be realized within one year from the balance sheet date, which shall be easy to be converted to cash at any time.

Accounting of short-term investments and confirmation of income: the accounting of short-term investment is made based on the actual cost paid (including taxation and service charges, etc.) deducting the cash dividend declared or interest accrued but not yet collected. Dividend and interest income received from short-term investment shall be deducted from the book value of the short-term investment. Return on short-term investment of the accounting period shall be determined by reference to the difference between its book value in the accounting period and income received from disposal of the short-term investment.

Depreciation reserves for short-term investments: at the end of the period, short-term investment shall be accounted for in accordance with the lower amount between the marketable price and the actual payment, and the Company shall make provisions for short-term investment devaluation in accordance with the differences in the case that the marketable price is lower than the actual payment. In the event of a recovery of the confirmed losses in value of the short-term investment occurred, it shall be restated on the basis of its booking value.

7. Provision for bad and doubtful debts

Definition of bad debts: the bad debt is determined as such when (a) the debtor is bankrupt or dead, and the proceeds from the bankrupt's estates or the decreased property are unable to cover the debt; (b) the debtor fails to repay the overdue debt with plain evidences to indicate his inability to do so. The confirmed irrecoverable account receivables are treated as loss on bad debt after approval, which will be written off from the provision for bad debt.

Accounting of bad debt loss: bad debt loss would be calculated in the allowance method.

Bad debt reserves: the Company makes a general provision for bad and doubtful debts at the end of the accounting year as follows. The general provision is a certain percentage of the receivables (account receivables and other receivables) according to the year overdue except for debtors recognized individually according to their financial position and cash flows.
Proportions of bad debt reserve withdrawn are as follows:

Age	Percentage withdrawn
Within 1 year	5%
1-2 years	10%
2-3 years	30%
3-4 years	50%
4-5 years	80%
Over 5 years	100%

8. Inventories

Classification of inventories: the inventory includes stock materials, low-value consumables, work-in-progress and finished goods etc.

Pricing of inventories: stock materials are accounted for at the planned cost daily. The differences in cost in each period shall be delivered to historical cost at the end of accounting period. Finished goods are stated at actual cost and calculated using the weighted average method.

Amortization of low-valued and easily-worn articles: low-value consumables is valued at the actual cost upon its acquisition and expended entirely upon incurring or amortized within one year if acquired in large quantities on commencement of business.

Inventory system: perpetual inventory system

Inventory depreciation reserves: provision for inventory falling in price is allocated in accordance with the differences between the residual value of inventory at the end of accounting period and its cost and treated as gain or loss of the accounting period.

9. Long-term Investment

Valuation of long-term investment in equity: Investment in equity is valued at the initial investment cost at the time of acquisition. Initial investment cost shall be accounted for in the following ways: (1) Based on actual payments including such various expenses as taxation, service charges related to the cash acquisition. Where the actual payments include cash dividends declared to be distributed but not yet collected by the investee company, that portion of the dividends shall be deducted from the actual payments. (2) Based on the book value of claims receivables plus the related taxation payables where the equity is acquired through accepting the debtor's material assets as repayment of the debts, or converted from the claim receivables. (3) Based on the book value of the assets exchanged for the equity plus the related taxation payables where the equity is acquired through non-currency assets transactions.

Recognition of return on investment in equity: Investments in associated companies in which the Company holds more than 20% (including 20%) of the equity interest are accounted for under the equity method. The cost method is used in accounting for investments in those enterprises in which the Company holds less than 20% of the equity interest. Upon disposal of a long-term investment in equity, the difference between the carrying amount of the investment and net disposal proceeds shall be treated as gains or losses on investment.

Difference in equity investment: Investment in equity is valued at the initial investment cost when it is accounted for under the equity method. Difference in equity investment refers to the difference between the initial investment cost and the owner's enjoyable equity in the investee company. The difference that the initial investment cost exceeds the owner's enjoyable equity in the investee company is amortized according to the investment period if the investment period is stipulated in the contract; this period is not stipulated in the investment contract, the amortization period shall not exceed 10 years; the difference that the initial investment cost is lower than the owner's enjoyable equity is reckoned into capital reserve.

Valuation of long-term investment in debentures: Investment in debentures is valued at the initial investment cost at the time of acquisition. Initial investment cost shall be accounted for in the following ways:

(1) Based on actual payments including taxation, service charges and other expenses related to the cash acquisition, deducting the interests accrued but not yet collected by the Company.

(2) Based on the book value of claims receivables plus the related taxation payables where the debentures are acquired through accepting the debtor's material assets as an repayment of the debts, or converted from the claim receivables.

(3) Based on the book value of the assets exchanged for the debentures plus the related taxation payables where the debentures are acquired through non-currency assets transactions.

Premium or discount of investment in debentures: Premium or discount of long-term investment in debentures refers to the difference between the nominal value of the debentures and the balance of the initial cost actually paid deducting such surcharges as taxation, service charges, and the interest payable accrued. The premium or discount of long-term investment in debentures shall be amortized on straight-line basis within the debenture-holding period.

Provision for investment in equity devaluation: At the end of the accounting period, provision for long-term investment devaluation shall be made in accordance with the difference of the recoverable amount less than the book value of the long-term investment due to declining market value or the worsening of the business operation in the investee company, which shall be charged or credited to the statement of income of the accounting period.

10. Fixed Assets and Depreciation

Definition of fixed assets: the fixed assets refer to housing, buildings, machinery and equipment, means of transportation and other equipment, instrument and tools related to production and operation as well as other assets not in connection with production and operation with a unit value more than RMB 2,000 spanning over 2 years of useful life.

Pricing of fixed assets: fixed assets shall be accounted for at actual cost upon its acquisition.

Classification and deprecation of fixed assets: depreciation of fixed assets is calculated on the straight-line basis at annual rates estimated to write off the cost after taking into account the estimated residual value of each asset over its expected useful life (3% of the original value). The estimated useful lives are as follows:

Fixed assets	**Estimated useful lives (year)**	**Depreciation Rates**
Buildings	20~35	2.77%~4.85%
Special Machinery and Equipment	10.5	9.24%
Transportation	10	9.7%
General Machinery and Equipment	10~16	6.06%~9.7%
Other	10	9.7%

Depreciation reserves for fixed assets: in the case that the recoverable value of fixed assets is lower than its carrying value in accounting books, provision for fixed assets depreciation shall be made in accordance with the difference between its recoverable value and carrying value in accounting books at the year-end.

11. Construction-in-progress

Confirmation of the time construction-in-progress carried down to fixed assets: construction-in-progress represents plant and properties under construction, and is carried out based on the actual expenditure. After the project is completed, accepted and hand over for use, the corresponding amount of construction in progress will be transferred into the fixed assets in the mean time.

Depreciation reserves for construction-in-progress: upon the overall examination at the end of the accounting period, provision for construction in progress devaluation shall be made in the event that a devaluation of construction in progress has occurred with plain evidences to indicate that: 1) construction has stopped already and is estimated not to be restarted in the next 3 years; 2) economic return on the construction in progress is ultimately uncertain with inferior construction quality and backward technology; 3) devaluation has occurred under other circumstances.

12. Intangible Assets

Valuation of intangible assets: Intangible assets are valued at the actual cost at the time of acquisition, which shall be accounted for in the following ways: 1) based on the actual payments; 2) based on the value recognized by all investment parties; 3) based on the book value of claims receivables plus the related taxation payables where the intangible assets are acquired through accepting the debtor’s material assets as an repayment of the debts, or converted from the claim receivables; 4) based on the book value of the assets exchanged for intangible assets plus the related taxation payables where the intangible assets are acquired through non-currency assets transactions; 5) based on the such expenses as registered charges, layer fees, etc. where the intangible assets are acquired through self-development and lawful application.

Amortization of intangible assets: Intangible assets are amortized by equal installments over its estimated useful life commencing from the month for the acquisition of the intangible assets on the straight-line basis. Provided the estimated useful life exceeds the beneficiary period stipulated by the related contract or the effective period stipulated by the related laws, the amortization period for the intangible assets shall be determined in the following ways: 1) not exceed the beneficiary period stipulated by contracts where no effective period is stipulated by the laws; 2) not exceed the effective period stipulated by the laws where no beneficiary period stipulated by contracts; 3) not exceed the shorter one of the above two periods if stipulated respectively; 4) not exceed 10 years if the above two periods are not stipulated explicitly.

The amortization period for the Company's intangible assets is as follows:
(1) The land use right would be amortized over 50 years on average;
(2) The trademark use right of Nanjing Weifu Jinning Co., Ltd (shareholding subsidiary, hereinafter referred to as "Weifu Jinning") would be amortized over 30 years on average; except for the land use right at the High and New Technology Development Zone amortized over 50 years, other land use right would be amortized over 30 years.
(3) The exclusively owned technology of Wuxi Weifu Environmental Protection Catalyst Co., Ltd (a joint venture, hereinafter referred to as "Weifu Environmental Protection") would be amortized over 10 years;
(4) The franchise of Wuxi Weifu Automotive Diesel System Co., Ltd (shareholding subsidiary, hereinafter referred to as "Weifu Diesel System") would be amortized over 10 years.

Depreciation reserves for intangible assets: the Company would check the future profitability of each intangible asset at the end of the period, and withdraw depreciation reserves for those with an estimated recoverable value lower than their book value.

The book value of intangible assets would be checked at the end of the period. Should

one or more of the following cases exist, the Company would make an estimation about the intangible assets' recoverable value and withdraw depreciation reserves for the part by which the book value of the intangible assets are higher than their recoverable value. (1) The intangible asset has been replace by other new technology, and great disadvantageous influence on its profitability is great; (2) The market value of the intangible asset has fallen by a large margin and there is little chance that it would recover in the remaining amortization term; (3) This intangible asset has exceeded the term of legal protection but still has some useful value; (4) Other signs that could prove the depreciation of the intangible asset in nature.
If the intangible asset could bring economic interests no more, its book value would be charged off. Intangible assets that could not bring economic interests any more according to estimation are as follows: (1) The intangible asset has been replaced by other new technology and has neither useful value nor transfer value; (2) The intangible asset has exceeded the term of legal protection, and could bring the Company economic interests no more; (3) Other signs prove that the intangible asset has lost both useful value and transfer value.

13) Long-term Expenses to Be Amortized

Start expenses are included in the long-term expenses to be amortized at first, and shall be treated as gains or losses in the statement of income of the first month of production and operation. Expenditures for the overhaul and repairs of fixed assets shall be amortized by equal installments over the interval between the overhaul and repairs. Expenditures for the improvement of the leasehold fixed assets shall be amortized by equal installments over the shorter one between the leasehold duration and its useful life. Other long-term expenses shall be amortized by equal installments over the beneficiary period.

Provided that no economic return is expected in the accounting period ahead, the remaining value of long-term expenses to be amortized shall be treated as gains or losses in the statement of income in the period.

14) Revenue Recognition

Sales of commodities: for the sale of product, the revenue is recognized when all of the followings have taken place: 1) The significant risk in connection with the ownership of the product and the payment have transferred to the buyer so that the Company no longer has custody and control over the product; 2) The income from the sale or the voucher of the payment has been received; 3) The cost in relation to the product sale can be measured accurately.

Labor service: for the supply of labor service, the revenue is recognized when all of the followings have taken place: 1) the supply of labor service has been completed within one accounting year since its commence; 2) provided it is probable that the economic benefits associated with a transaction will flow to the Company, the revenue and costs, if applicable, can be measured reliably and the extent of the completion of labor service can be confirmed reliably, even the commence and completion of the labor service spans over one accounting year, the revenue can be recognized according to the percentage of the extent of the completion on the balance sheet date.

Transfer of assets use right: for the assets use right, the revenue is recognized when all of the followings have taken place: 1) provided it is probable that the economic benefits associated with a transaction will flow to the Company, the amount of income can be measured reliably; 2) interest income is recognized on a time proportion basis that take into account the applicable interest rate on the assets; 3) income from the assets utilizing may be calculated and determined in accordance with the relevant contracts or agreements.

15) Income Taxation

The accounting of the income taxation is based on tax payable method.

16) Principle of Consolidation

The Scope of Consolidation: Subsidiary in which the Company (i) holds, directly or indirectly, more than 50% (excluding 50%) of its issued voting share capital/the equity interest as a long-term investment;(ii) has the power to cast a majority of votes at meetings of the board of directors or the management committee is stated in consolidated financial statements under the equity method. However, if the results of operations and the net assets of such a subsidiary are not material to those of the Company, no consolidated financial statements are prepared.

The Method of Consolidation: unifying accounting policies between the Company and its subsidiaries; writing-off the interactive investment, sales and purchase of assets and other transactions; consolidating and recognizing minority interests.

Note 3. Taxes
1. Circulation tax
Value-added tax: sales of commodities would be taxed value-added tax and the tax rate is 17%.
Business tax: 5% of the incomes such as lease income, etc would be taxed as business tax.
2. Circulation tax addition
The Company and the subsidiaries pay urban maintenance and construction taxes, which are 7% of the total sum of value-added tax and business tax payable, and education additional charges, which are 4% of the total sum of value-added tax and business tax payable.

Weifu Environmental Protection pays an educational charge about 1% of the total sum of value-added tax and business tax payable.

3. Income tax

The Company and the subsidiaries Weifu Jinning, Weifu Leader, and Weifu Diesel System are all high-tech enterprises registered at the High and New Technology Development Zone, and enjoy a preferential tax rate of 15% according to relevant state regulations on income taxation; Weifu Diesel System enjoys the preferential tax policy of 2-year exemption since its profit-making year;

Weifu Environmental Protection is a Sino-foreign joint venture and enjoys a preferential tax policy of 2-year exemption and 3-year half taxation, with the enterprise income tax of the year exempted.

Income tax rates of other shareholding subsidiaries are all 33%.

Note 4. Shareholding Subsidiaries and Joint Ventures

1. Shareholding subsidiaries

Shareholding subsidiaries refer to the investees for which the Company’s investments take up over 50% of their total registered capital (excluding 50%), or which have actually been controlled by the Company even though the Company’s investment does not take up 50% of their total registered capital.

By Jun. 30, 2005, the Company’s shareholding subsidiaries are as follows:

Investee	Registration place	Registered capital (RMB’0000)	Equity held (%)	Business scope
Weifu Jinning	Downtown Nanjing	25,600.00	80.00	Accessories and matching parts of internal combustion engine
Wuxi Weifu Mashan Oil Pump and Oil Nozzle Co., Ltd	Mashan, Wuxi	1,223.70	72.78	Accessories and matching parts of internal combustion engine
Wuxi Weifu-Jilin University New Material Application and Development Co., Ltd	Development zone, Wuxi	500.00	70.00	Metal nano powder
Wuxi Weifu Chang’an Oil Pump and Oil Nozzle Co., Ltd	Chang’an, Wuxi	2,149.00	85.00	Accessories and matching parts of internal combustion engine
Jiangsu Weifu Nano-Science and Technology Co., Ltd	Huishan District, Wuxi	3,000.00	80.00	Nano materials
Weifu Leader Catalytic Converter Co., Ltd	New District, Wuxi	26,000.00	94.81	Muffle, purifier
Weifu Diesel System	New District, Wuxi	20,000.00	70.00	Accessories and matching parts of internal combustion engine

Jiangsu Weifu Nano-Science and Technology Co., Ltd hereinafter referred to as “Weifu Nano”, while Weifu Leader Catalytic Converter Co., Ltd as “Weifu Leader”.

2. Change of the consolidation scope of the accounting statements

Investee	Consolidation scope of last year	Consolidation scope of this year	Reasons for the change
Weifu Jinning	Yes	Yes	No change
Weifu Mashan	No	No	No change

Weifu Jilin University	No	No	No change
Weifu Chang'an	No	No	No change
Weifu Nano	Yes	Yes	No change
Weifu Leader	Yes	Yes	No change
Weifu Diesel System	Yes	Yes	No change

Since the sums of the total assets, business income and net profit of Wuxi Weifu Mashan Oil Pump and Oil Nozzle Co., Ltd (hereinafter referred to as Wuxi Mashan), Wuxi Weifu-Jilin University New Material Application and Development Co., Ltd (Wuxi Jilin University), and Wuxi Weifu Chang'an Oil Pump and Oil Nozzle Co., Ltd (hereinafter referred to as Wuxi Chang'an) are small, they have not been consolidated, which is in conformity with the regulations stipulated in the CKEZ (96) No. 2 Reply to the Question on the Scope of the Consolidation Statements.

3. Joint venture

Joint venture refers to the kind of enterprise whose operating activities are controlled by 2 investors or more according to articles of a contract.

By Jun. 30, 2005, the Company' joint venture company is as follows:

Investee	**Registration place**	**Registered capital (RMB'0000)**	**Equity held (%)**	**Business scope**
Weifu Environmental Protection	New District, Wuxi	5,000.00	49.00	Catalyst

Weifu Environmental Protection: founded collectively by Weifu Leader, which is the Company's subsidiary, Huawei (Shanghai) Nano-Technology Co., Ltd and BVI Yingdong Holdings Co., Ltd in May 2004. According to the Articles of Association of this company, Wufu Leader, Huawei (Shanghai) Nano-Technology Co., Ltd and BVI Yingdong Holdings Co. would jointly control this company. The Company has included it in the scope of consolidation statements in the proportion method.

V. Commentary on the piece de resistance of consolidation accounting statements

1. Cash capital

Unit: RMB'000

Items	**Jun. 30, 2005**	**Dec. 31, 2004**
Cash	346	160
Current deposit in bank	680,713	617,346
Fixed deposit in bank	106,045	104,915
Other cash capital	50,960	92,541
Total	838,064	814,962

2. Note receivables

The Company has note receivables of RMB 195,862,862, all in the form of Bank Acceptance Draft with the expiration date before December 31, 2005.

3. Dividend receivable

Unit: RMB’000

Items	Jun. 30, 2005	Dec. 31, 2004
Bosch Auto Diesel System Co., Ltd.	90,773	90,773
Weifu Precision Manufacturing Co.	400	400
Total	91,173	91,173

[Note 1] Bosch Auto Diesel System Co., Ltd. hereinafter referred to as “Bosch Auto Diesel System ”， Weifu Precision Manufacturing Co. hereinafter to as “ Weifu Precision Manufacturing ”。

4. Account Receivables

Items	June 30, 2005				
	Amount (RMB’000)	Proportion (%)	Provision for bad debts (RMB’000)	Proportion of provision (%)	Net amount (RMB’000)
Within 1 year	627,623	89.84	18,929	3.02	608,694
Between 1-2 years	25,918	3.71	2,529	9.76	23,389
Between 2-3 years	4,459	0.64	1,353	30.34	3,106
Between 3-4 years	2,490	0.36	1,213	48.72	1,277
Between 4-5 years	729	0.10	594	81.53	135
Over 5 years	5,428	0.78	5,428	100.00	-
Recognized by single	31,947	4.57	31,947	100.00	-
Total	698,594947	100.00	61,993	8.87	636,601

Items	Dec. 31, 2004				
	Amount (RMB’000)	Proportion (%)	Provision for bad debts (RMB’000)	Proportion of provision (%)	Net amount (RMB’000)
Within 1 year	539,766	91.91	19,413	3.60	520,353
Between 1-2 years	5,720	0.97	572	10.00	5,148
Between 2-3 years	2,141	0.36	642	30.00	1,499
Between 3-4 years	819	0.14	410	50.00	409
Between 4-5 years	902	0.15	722	80.00	180
Over 5 years	5,284	0.90	5,284	100.00	-
Recognized by single	32,666	5.57	32,666	100.00	-
Total	587,298	100.00	59,709	10.17	527,589

[Note 1] The outstanding amount of this account does not include debts owned by major shareholders possessing more than 5% (including 5%) of the Company’s shares.

[Note 2] Provisions for bad debts have been made for the outstanding amounts of receivables according to the Company's financial policies.

Account receivable of Weifu diesel oil system at period-end amounted to RMB 215,990,179, Accounting aged within 3months; allowance for bad debts was not withdrew.

Accounts receivable of provision for bad debts with the recognized by single is mainly according to the relevant information of the client's actual financial situations and cash flows and the client's repayment status, the possibility of withdrawal for accounts receivable of these clients is small, thus, the said accounts receivable are fully appropriated based on wariness principle.

[Note 3] The top five outstanding amounts of accounts receivable amounted to RMB 330,580,587, accounting for 47.32% of the total.

[Note 4] The outstanding amount of accounts receivable does not include receivables owned by the related parties.

5. Other receivable

Items	Jun. 30, 2005				
	Amount (RMB'000)	Proportion (%)	Provision for bad debts (RMB'000)	Proportion of provision (%)	Net amount (RMB'000)
Within 1 year	60,168	65.57	47	0.08	60,121
Between 1-2 years	284	0.31	50	17.35	234
Between 2-3 years	26,679	29.07	1	0.00	26,678
Between 3-4 years	4,400	4.79	1,320	30.00	3,080
Between 4-5 years	4	0.00	3	80.00	1
Over 5 years	23	0.03	23	100.00	-
Recognized by single	210	0.23	210	100.00	-
Total	91,768	100.00	1,654	1.80	90,114

Items	Dec. 31, 2004				
	Amount (RMB'000)	Proportion (%)	Provision for bad debts (RMB'000)	Proportion of provision (%)	Net amount (RMB'000)
Within 1 year	32,538	51.25	82	0.25	32,456
Between 1-2 years	26,255	41.36	19	0.07	26,236
Between 2-3 years	4,454	7.02	1,336	30.00	3,118
Between 3-4 years					
Between 4-5 years	4	0.01	3	75.00	1
Over 5 years	23	0.03	23	100.00	-
Recognized by single	210	0.33	210	100.00	-
Total	63,484	100.00	1,673	2.64	61,811

[Note 1] The outstanding amount of this account does not include debts owned by

major shareholders possessing more than 5% (including 5%)of the Company’s shares.
[Note 2] The majority of other receivables are due from subsidiaries and related companies as well as provision for employees. Therefore, no provision for bad debts is prepared.
[Note 3] other receivable increased at the end of June 2005 over the end of 2004 amounting to RMB 8,284,277, accounting for 44.55%, mainly due to the increase of debts of Weifu Chang’an and Weifu Mashan amounting to RMB 21,770,872.
[Note 4] Receivables owned by the related parties (see “***note 7***-9”).
[Note 5] Accounting aged within 2- 3 years, administration commission of new district owed land use right amounting to RMB 26,661,861.
[Note 6] The top 5 other receivables of this account amounted to RMB 78,778,700, taking 85.85% of the total, the mostly arrearage company as follows:

Unit: RMB’000

	Nature	Jun. 30, 2005
Weifu Chang’an FIE Co.	Sales of goods	29,182,012
Amount of land use right		26,661,861
Weifu Mashan FIE Co.	Sales of goods	14,909,249
4 universities including Nanjing University etc. [note 7]	Advance investment fund	4,400,000
Weifu Precision Manufacturing	Sales of goods	3,625,578

[Note 7] Arrears of RMB 2,400,000 from Nanjing University, Southeast University, Nanjing Science and Technology University and Nanjing Industrial University was that the Company paid the investment funds of RMB 600,000 instead of the above each universities when Weifu Nanometer Co. was jointly sponsored by the Company and the aforesaid four universities, which will be returned annually by using the dividends from Weifu Nanometer Co. according to the related agreement. RMB 2,000,000 owed by Jiangsu Province Technology & Science Center was the Company’s advance money for.

6. Inventory

Unit: RMB’000

Items	**Jun. 30, 2005**		**Dec. 31, 2004**	
	Amount	**Provision for inventory falling in price**	**Amount**	**Provision for inventory falling in price**
Stock materials	131,238	1,245	132,273	1,245
Work-in-progress	149,735	581	112,729	581
Finished goods	509,077	14,272	441,768	14,272
Total	790,050	16,098	686,770	16,098

[Note 1] The net realizable value of the inventories is determined by reference to the estimated price for sales of inventories deducting the estimated finished cost and sales expenses in the normal course of operation.

7. Long-term equity investment

(a) Investment in unconsolidated subsidiaries and enterprises recognized under equity method.

Name	Investment proportion	Original investment cost	Amount at the period-begin	Increase /decrease in investment in the period	Increase /decrease in equity in the period	Portion of bonus	Increase /decrease in equity total	Amount at the period-end
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Weifu Mashan FIE Factory	72.78	8,202	10,925	-	102	-	2,825	11,027
Wixi Weifu Jida New Material Co.	70.00	3,500	2,038	-	-179	-	-1,641	1,859
Weifu Chang'an Pump Factory	85.00	20,147	33,716	-	2,999	-	16,568	36,715
Bosch Auto Diesel System	31.50	543,107	561,796	-	-	-	18,689	561,796
Zhonglian Automobile Electronic Co.	20.03	120,124	225,819	-	22,000	-	127,695	247,819
Weifu Precision Manufacturing	28.99	2,000	3,125	-	705	-	1,830	3,830
Wuxi Longsheng Technology Co., Ltd.	20.00	200	200	-	-	-	-	200
Weifu International Trade	45.00	2,250	2,667	-	83	-	500	2,750
Total		699,530	840,286	-	25,710	-	166,466	865,996

(2) Difference in long-term equity investment

Items	Amount at the period-begin	Increase in this period	Amortization in this period	Accumulated amortization	Amount at the period-end
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Weifu Lida [Note 1]	8,374	-	1,047	3,140	7,327
Bosch Auto Diesel System Co., Ltd. _parent company [Note 2]	11,443	-	1,248	2,289	10,195
Total	19,817	-	2,295	5,429	17,522

(3) Other equity investment (long-term equity investment recognized under cost method)

Name	Investment proportion	Amount at the period-begin	Increase/Decrease in this period	Amount at the period-end
	%	RMB'000	RMB'000	RMB'000
Wuxi Guolian Securities Co.	1.20	12,000	-	12,000
Guangxi Liufa Co., Ltd.	1.22	1,600	-	1,600
Shanghai-Nanjing Expressway	0.02	594	-	594
Communication Bank, Wuxi Branch	0.01	750	-	750
Changchai Group, Financing Co.		800	-	800
Chaoyang Diesel Engine Operating Co.	9.09	200	-	200
Hejun Initiative Investment Co.	11.72	33,000	-	33,000
Nanjing Hengtai Insurance Broker Co.	3.33	1,000	-	1,000
Beijing Xingrong Xinye Investment Consultant	11.11	100	-	100
Jiangsu Huifeng Insurance Agency Co.	10.00	500	-	500
Yangdong Co., Ltd.		2,356	-	2,356
Changxin Interest Income fund		2,000	-	2,000
Henan Gushi Weining Oil Pump & Nozzle Co., Ltd. **[Note 1]**		4,787	-	4,787
Wuxi Keda Chuangxin Investment Co., ltd.	1.875	3,000	-	3,000
Beijing Environmental Power Holding Co., Ltd. **[Note 2]**	15.32	-	56,940	56,940
Total		62,687	56,940	119,627

[Note 1] Over 10 investee companies including Henan Gushi Weining Oil Pump & Nozzle Co., Ltd. amounted to RMB 4,787,000, which were invested by Nanjing Weifu Jinning Co. Details of those companies will not be listed herein considering their smaller production scale.

[Note 2] Beijing Environmental Power Holding Co., Ltd was invested by Weifu Lida.

(4) Provision for devaluation of long-term investment

Items	Amount at the period-begin	Increase in this period	Decrease in this period	Amount at the period-end
	RMB'000	RMB'000	RMB'000	RMB'000
Hejun Initiative Investment Co.	30,000	-	-	30,000

[Note 1]				
Henan Gushi Weining Oil Pump & Nozzle Co., Ltd. etc. [Note 2]	3,166	-	-	3,166
Total	33,166	-	-	33,166

[Note 1] Provision for devaluation of long-term investment for Hejun Initiative Investment Co. was prepared in accordance with its financial statements for fiscal 2004. There is no increase in provision for devaluation this year.

[Note 2] Henan Province Gushi Weining Oil Pump & Nozzle Co. etc. are invested by Nanjing Weifu Jinning Co. In 2001, Weining Oil Pump & Nozzle Co. fully appropriated provision for devaluation amounting to RMB 2.03 million. Because of being unable to keep in touch with its investors, namely Pufa Machinery Industrial Co., Ltd., Nanjing Machinery Industry Foreign Trading Co. and Changjiang Economic Development Co. so, Sanliang Industrial Co. fully appropriated provision for devaluation in 2002. In 2005, the situation of the aforesaid companies remained unchanged, thus, the provision for devaluation is not adjusted.

8. Long-term bond investment

Item	Original investment cost	Amount at the period-begin	Amount at the period-end
	RMB'000	RMB'000	RMB'000
04 periodical bond of Everbright	3,000	3,000	3,000

9. Fixed assets and accumulated depreciation

Items	Amount at the period-begin	Increase in this period	Decrease in this period	Amount at the period-end
	RMB'000	RMB'000	RMB'000	RMB'000
Original value of fixed assets				
Buildings	309,276	5,209	-	314,485
General Equipment	111,029	4,845	2,273	113,601
Special Equipment	489,451	32,374	5,633	516,192
Transportation Equipment	8,635	1,363	331	9,667
Other	135,885	9,000	1,103	143,782
	1,054,276	52,791	9,340	1,097,727
Accumulated depreciation of Fixed assets				
Buildings	56,219	4,225	-	60,444
General Equipment	32,555	4,050	792	35,813
Special Equipment	137,631	19,790	2,958	154,463
Transportation Equipment	2,832	441	175	3,098
Other	39,864	6,859	346	46,377

	269,101	35,365	4,271	300,195
Devaluation of fixed assets depreciation	7,634	-	557	7,077
Net amount of fixed assets	777,541			790,455

[Note 1] Original value of fixed assets has increase by RMB 52,791,107; the major reason for increase in original value of fixed assets is due to construction-in-progress-transferring in amounting to RMB 49,168,655 and direct outsourcing.

[Note 2] decrease of original fixed assets due to selling and rejection.

[Note 3] The above fixed assets were not used for mortgage or acquired through financing lease.

[Note 4] allowance for depreciation of fixed assets decreased in 2005 due to disposal of withdrawal of allowance for depreciation of fixed assets of last year in 2005.

10. Construction-in-progress

Items	Amount at the period-begin	Increase in this period	Transferred to fixed assets	Other decrease	Amount at the period-end
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
PW pump 2000	26,602	2,711	12,520	-	16,793
Auto diesel oil	130	8,175	8,305	-	-
Miscellaneous projects	78,920	56,833	28,344	-	107,409
	105,652	67,719	49,169	-	124,202
Provision for construction-in -progress falling in value					
Total	105,652	67,719	49,169	-	124,202

[Note 1] Capital source of construction-in-progress: delivery valve, fuel-injection valve, Suzhou Bosch-transferring and miscellaneous projects are projects of self-raised funds, capital source of the other projects is national debt technology renovation special capital or raised funds.
[Note 2] No capitalized interests occurred during this reporting period.

11. Intangible assets

Items	Original Amount	Amount at the period-begin	Increase in this period	Amortization in this period	Amount at the period-end	Residual years for amortization

	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Land use right (Wuxi Hi-tech)	4,308	3,421	-	43	3,378	39 years and 4 months
Land use right (Weifu Jinning)	28,752	22,283	-	479	21,804	22 years and 9 months
Hi-tech land use right (Weifu Jinning)	19,500	18,720	-	195	18,525	47years and 6 months
Trademark use right (Weifu Jinning)	26,356	21,027	-	438	20,589	23 years and 5 months
Know-how (Weifu Huanbao)	8,575	8,300	-	673	7,627	9 years and 2 months
Royalty (Weifu Diesel oil System)	34,216	32,505	-	1,711	30,794	9 years
Total	121,707	106,256	-	3,539	102,717	

[Note 1] Hi-tech land use right (Weifu Jinning) is that Weifu Jinning acquired the land use right of 200,000 sq. m. located in Nanjing Hi-tech Technology Industrial Development Zone with total amount of RMB 19,500,000 according to the Contract on Acquiring State-owned Land Use Right signed with Nanjing Hi-tech Technology Economic Development Corp. in Dec. 2002.

[Note 2] Know-how was production technology of new generation of auto tail gas clean-up products that Weifu Environmental purchased from Huawei Nano Technology (Shanghai) Co., Ltd.

[Note 3] Royalty: according to Agreement on Certification and Technology Assistant signed with German Bosch, the Company manufacture and sale some VE Pump and P Pump designed by German Bosch under its technology and technology assistants, original capital paid for this.

[Note 4] The intangible assets that increase in the period were obtained by means of outsourcing.

12. Short-term loans

Items	Jun. 30, 2005	Dec. 31, 2004
	RMB'000	RMB'000
Guaranteed loan (RMB)	285,000	198,000
Credit loan (RMB)	749,725	354,830
Total	1,034,725	552,830

[Note 1] No short-term loans which have fallen due but not been repaid occurred in this account.

[Note 2] short-term loans increased RMB 481,895,477 over year-begin, mainly due to increase of Weifu diesel oil system amounting to RMB 444,858,277, and increase of Weifu Jinning amounting to RMB 30,000,000, because of expansion of business so capital need increased.

13. Notes payables

[Note] Balance of notes payables as at the end of June 2005 was RMB 134,550,000, which the Company opened bank acceptance draft, and it will fall due in July to Dec., 2005.

14. Accounts payables

[Note 1] The outstanding amount of this account does not include payables to major shareholders possessing more than 5% (including 5%)of the Company's shares.

[Note 2] Accounts payables overdue 3 years amounted to RMB 1,111,239, the other party does not demand settlement.

[Note 3] account payable reduced RMB 343,614,336 over year-begin, mainly due to decrease of Weufu diesel oil system amounting to RMB 329,735,563.

17. Dividend payables

Item	Jun. 30, 2005	Dec. 31, 2004
	RMB'000	RMB'000
Legal person shareholders	416	416

18. Tax payables

Items	Jun. 30, 2005	Dec. 31, 2004
VAT	-21,260	-31,382
Tax for maintaining and building cities	351	116
Income tax	5,363	1,640
Housing property tax etc.	418	635
	-15,128	-28,991

[Note] In the report period, revenue policy of VAT, tax for maintaining and building cities and income tax performed referred to Note 3 Taxable.

19. Other payables

[Note 1] Outstanding amount of payables to major shareholders possessing over 5% (including 5%) of the Company's shares occurred in this account.

Item	Jun. 30, 2005
	RMB'000
Weifu Group	38

[Note 2] A large amount of other payables are listed as follows:

Items	Quality and content	Jun. 30, 2005 RMB'000
German Bosch Company	Royalties	16,530
Bosch Auto Diesel System	Loan	28,370
Enterprise employee — Endowment Insurance	Insurance payable	8,871
Enterprise employee —Housing subsidy	Employee's housing subsidy	6,702
Enterprise employee—inner insurance	Deal with employee's insurance	4,956
Enterprise employee—deal with bonus	Encash evaluation	4,000
Nanjing Steamship Engine Group Co., Ltd. (over 3 years)	Loan	4,000

Royalties: royalties that expected to be paid according to agreement signed with German Bosch.
Endowment insurance: employee endowment general funds should be paid but no paid.
Housing subsidy: Weifu Jinning appropriated employee's housing subsidy according to the resolution of the Board of Directors.
Inner Insurance: according to implement plan on subsidy endowment and employee deposit endowment of the Company, since employee enter the Company, they render for this as per 2% of average monthly pay of pervious year individually, enterprise compensate for it as per 1%, employee take them one time when retirement.
Encash evaluations: bonus stock should be encashed according to sales tasks.
Nanjing Steamship Engine Group Co., Ltd.: Weifu Jinning borrowed RMB 8,000,000 from Nanjing Steamship Engine Group Co., Ltd. in Aug. 1997, the both parties promised to amortize. Now, Weifu Jinning has repaid RMB 4,000,000.

18. Long-term loans

Item	Jun. 30, 2005	Dec. 31, 2004
	RMB'000	RMB'000
Guarantee loan (RMB)	268,000	225,000

[Note] balance of long-term loan at period-end amounted to RMB 273,000,000, including repay at experiment in 2005 amounting to RMB 5,000,000, has transferred into long-term debts within one year.

19. Long-term accounts payable

Items	Items	Jun. 30, 2005 RMB'000
Nanjing Hi-tech Technology Development Corp. [Note 1]	Hi-tech land use right	12,000
Nanjing Finance Bureau [Note 2]	Financial supporting fund (2001)	1,880
Nanjing Finance Bureau [Note 3]	Financial supporting fund (2004)	1,710
Total		15,590

[Note 1] Long-term accounts payable of Nanjing Hi-tech Technology Development Corp. is that Weifu Jinning acquired the land use right of 200,000 sq. m. located in Nanjing Hi-tech Technology Industrial Development Zone with total amount of RMB 19,500,000. In accordance with the relevant agreement, Weifu Jinning repaid RMB 4,500,000 before 2004, repaid RMB 3,000,000 in 2005, and will repay RMB 12,000,000 from year 2006 to 2007.

[Note 2] To encourage Weifu Jinning to enter Nanjing New& High Technology Industry Development Zone, financial supporting capital is allotted by New & High branch of Finance Bureau of Nanjing for supporting use, the term is from Ded.20,2001 to Aug.18,2007,Provided that the operation period in the zone is less than 10 years, financial supporting capital will be reimbursed.

[Note 3] To encourage Weifu Jinning to enter Nanjing New& High Technology Industry Development Zone, financial supporting capital is allotted by New & High branch of Finance Bureau of Nanjing for supporting use, the term is from Aug.15,2004 to Aug.4,2012,Provided that the operation period in the zone is less than 10 years, financial supporting capital will be reimbursed.

20. Special accounts payable

Items	Dec.31, 2004	Increase in the period	Offsetting expenses	Jun.30,2005
	RMB'000	RMB'000	RMB'000	RMB'000
T-Bonds discount capital	16,957	-	8,615	8,342
Allotment from technology renovation of finance	7,360	3,360	732	9,988
Total	24,317	3,360	9,347	18,330

[Note] T-bonds discount capital in 2005 decreased due to paying relevant interest rising from long-term loans.

21. Share capital

Items	Dec.31, 2004	Increase or decrease in the period	Jun.30, 2005
	RMB'000	RMB '000	RMB'000
Non-circulating share capital			
- Share capital of the sponsor	121,566	-	121,566
- Raised legal person's shares	10,400	-	10,400
	131,966	-	131,966
Circulating share capital			
-Domestically listed foreign	88,400	-	88,400

shares (B-share)			
-Domestically listed ordinary shares (A-share)	216,000	-	216,000
	304,400	-	304,400
Total	436,366	-	436,366

22. Capital Reserves

Items	Dec.31, 2004	Increase or decrease in the period	Jun.30, 2005
	RMB'000	RMB'000	RMB'000
Capital premium [Note 1]	908,919	-	908,919
Other capital reserve [Note 2]	146	-	146
Equity investments reserve	13,166	-	13,166
	922,231	-	922,231

[Note 1] Capital premium refers to the part of exceeding share capital when the Company issues B-shares and A-shares;

[Note 2] Other capital reserve refers to the donation that the Company accepts non-cash assets. The assets have been coped with.

[Note 3] Equity investment reserve belongs to public reserve confirmed from subsidiary based on investment proportion and from affiliated company based on equity method.

23. Surplus Public Reserve

Items	Dec.31, 2004	Withdrawn in the period	Jun.30, 2005
	RMB'000	RMB'000	RMB'000
Statutory surplus public reserve	147,238	-	147,238
Statutory public welfare reserve	73,695	-	73,695
Arbitrary surplus public reserve	1,784	-	1,784
Total	222,717	-	222,717

24. Undistributed profit

Items	Jun.30, 2005	Dec.31, 2004
	RMB'000	RMB'000
Undistributed profit in the period beginning	619,996	424,732
Add: Net profit in the period	152,448	235,069
Profit available for distribution	772,444	659,801

Less: Statutory surplus public reserve withdrawn	-	26,536
Statutory public welfare reserve withdrawn	-	13,269
Dividends of ordinary shares	-	-
Undistributed profit in the period end	772,444	619,996

[Note] On Apr. 19, 2005, the 20th meeting of the 4th Board of the Company examined and approved Profit Distribution Preplan 2004. The Company withdraws statutory surplus public reserve and statutory public welfare reserve respectively according to 10% and 5% of the net profit of the year, dispatch bonus 3 shares per 10 shares, cash bonus RMB 1.00 (including tax) to whole shareholders with radix amounting to 436.36615 million total share equity in 2004, has approved by the 2004 Shareholders' General Meeting held on June 9, 2005.

25. Income from core business

The income from core business in the first half of 2005 increases RMB 810,093,354 compared with the same period of 2004, with an increase of 85.66%. Which mainly due to increase of consolidated statement subsidiary of Weifu diesel oil system so increase of income from main business amounting to RMB 762,608,651; the Company belongs to supporting industry of auto industry, sales of oil pump and oil nozzle produced by the Company has been increased, especially Weifu Lida increased RMB 18,399,018, comparing with same period of last year, accounting for 45.85%.

The total income of the top 5 customers of the income from core business is RMB 1,001681,791, accounting for 57.05% of the total income from core business.

26. Tax and associate charges

Items	Jan.-Jun., 2005	Jan.-Jun., 2004
	RMB'000	RMB'000
City maintenance and construction tax	2,824	4,083
Education associate charge	1,600	1,082
Business tax	94	7
Total	4,518	5,172

[Note] See the city maintenance and construction tax, education associate charge and taxes policies implemented in the report period, Please refer to the Note 3 Tax.

27. Financial expenses

Items	Jan.-Jun., 2005	Jan.-Jun., 2004
	RMB'000	RMB'000

Loan interest expenses	18,567	5,773
Draft discount interest	3,759	3,430
Cash discount of sales	2,792	4,903
Commission expenses	206	47
Exchange losses	10,356	—
Bank deposit interest income [Note 1]	-3,973	-2,012
Cash discount of purchase [Note 2]	-	-27
Total	31,707	12,114

[Note 1] Interest income of bank deposit includes interest income of time deposit.

[Note 2] Cash discount of purchase refers to cash discount offered by the supplier of the raw materials of Weifu Lida because Weifu Lida pays the commodities in advance.

[Note 3] Financial expenses of the first half of 2005 increases RMB 19,592,615 compared with the same period of 2004, with an increase of 161.73%, mainly due to the interest rising from the bank loan increased by Wuxi Weifu Auto Diesel System Co., Ltd, cash discount of sales reduced mainly due to the cash discount policy canceled the Company.

28. Investment income

Items	Jan.-Jun., 2005	Jan.-Jun., 2004
	RMB'000	RMB'000
Income of unconsolidated subsidiaries and affiliated companies [Note 1]	25,710	43,998
Other long-term equity investment income	706	600
Amortize balance of long-term equity investment [Note 2]	-2,295	-1,047
Total	24,121	43,551

[Note 1] Income of unconsolidated subsidiaries and affiliated companies

Items	Jan.-Jun., 2005	Jan.-Jun., 2004
	RMB'000	RMB'000
Weifu Mashan	102	90
Weifu Jida	-179	-233
Weifu Chang'an	2,999	1,268
Wuxi Euro – Asia Diesel Oil Injection Co., Ltd.	-	21,611
Zhonglian Auto Electronic Co., Ltd.	22,000	20,988
Weifu Precision Manufacturing	705	274
Bosch Auto Diesel System	-	-
Weifu International Trade	83	-
Total	25,710	43,998

[Note 2] List of balance of long-term equity investment:

Items	Jan.-Jun., 2005	Jan.-Jun., 2004
	RMB'000	RMB'000
Weifu Lida	-1,047	-1,047
Bosch Auto Diesel System	-1,248	-
	-2,295	-1,047

29.Non-operating expenses

Items	Jan.-Jun., 2005	Jan.-Jun., 2004
	RMB'000	RMB'000
Adjustment fund of the market price	5,141	5,141
Loss of disposing fixed assets **[Note 1]**	241	241
Impairment loss for the fixed assets	-558	-558
Expenses of donation	-	-
Others	726	726
Total	5,550	5,550

[Note] The loss of disposing fixed assets in the first half of 2005 mainly refers to the losses caused on selling and disposing the old equipments by Weifu Lida.

30. Cash received from other activities related to operating activities

Items	Jan.-Jun., 2005
	RMB'000
Subsidies of finance project received	3,760
Interest income from bank deposit	3,452
Other	6,706
Total	13,918

31. Cash paid for other activities related to operating activities

Items	Jan.-Jun., 2005
	RMB'000
Cash amount in administrative expenses	33,358

Cash amount in operating expenses	32,270
Others	32,918
Total	98,546

VI. Notes to the main items in the financial statements of the parent company

1. Accounts receivable

Items	June 30, 2005				
	Amount (RMB'000)	Proportion (%)	Provision for bad debts (RMB'000)	Proportion of provision (%)	Net amount (RMB'000)
Within 1 year	306,051	87.64	15,303	5.00	290,748
Between 1-2 years	14,861	4.25	1,486	10.00	13,375
Between 2-3 years	721	0.20	216	30.00	505
Between 3-4 years	161	0.05	80	50.00	81
Between 4-5 years	126	0.04	101	80.00	25
Over 5 years	1,153	0.33	1,153	100.00	-
Recognized by single	26,145	7.49	26,145	100.00	-
Total	349,218	100.00	44,484	12.74	304,734

Items	Dec. 31, 2004				
	Amount (RMB'000)	Proportion (%)	Provision for bad debts (RMB'000)	Proportion of provision (%)	Net amount (RMB'000)
Within 1 year	302,706	91.19	15,133	5.00	287,573
Between 1-2 years	833	0.25	83	10.00	750
Between 2-3 years	191	0.06	57	30.00	134
Between 3-4 years	128	0.04	64	50.00	64
Between 4-5 years	558	0.17	447	80.00	111
Over 5 years	652	0.20	652	100.00	-
Recognized by single	26,863	8.09	26,863	100.00	-
Total	331,931	100.00	43,299	13.04	288,632

2. Other accounts receivable

Items	Jun.30, 2005	Dec.31, 2004
	RMB'000	RMB'000
Within 1 year	88,185	33,278
Between 1-2 years	-	24,497
Between 2-3 years	26,662	4,400

Name of the investee	Investment proportion	Amount in the period beginning	Increase/decrease investment amount in the period	Increase/decrease equity amount in the period	Accumulated increase/decrease equity	Amount in the period end
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Weifu Jinning	80.00	267,652	-	13,782	102,795	281,434
Weifu Lida	94.81	227,536	-	5,780	11,238	233,316
Weifu Nanometer	80.00	23,654	-	-119	-465	23,535
Weifu Diesel Oil System	70.00	135,244	-	48,914	44,158	184,158
Total		654,086	-	68,357	157,726	722,443

Between 3-4 years	4,400	-
Less: bad debts reserve	119,247	62,175
Total	1,320	1,320

[Note] The balance of other accounts receivable of the Company in the end of June in 2005 mainly composes of payments receivable for goods of the subsidies and related parties, till money borrowed by employees, investment incurred for other shareholders of Weifu etc.. The Company withdraws 30% bad debts reserve amounting to RMB 1,320,000 for other accounts receivable of 3-4 years.

3.Long-term equity investment

Items	Jun. 30, 2005
	RMB'000
Consolidated subsidiaries [Note 1]	722,443
Unconsolidated subsidiaries and affiliated companies [Note 2]	837,266
Balance of long-term equity investment [Note 3]	17,522
Other long-term equity investment [Note 4]	54,900
Impairment loss for long-term investment [Note 5]	-30,000
Total	1,602,131

[Note 1] Consolidated subsidiaries

[Note 2] Unconsolidated subsidiaries and affiliated companies

Name of the investee	Investment proportion	Original investment capital	Amount at the period-begin	Increase /decrease in investment	Increase /decrease in equity in the	Paid dividends	Increase /decrease in equity total	Amount at the period-end

				in the period	period			
	%	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Weifu Mashan	72.78	8,202	10,925	-	102	-	2,825	11,027
Weifu Jida	70.00	3,500	2,038	-	-179	-	-1,641	1,859
Weifu Changan	85.00	20,147	33,716	-	2,999	-	16,568	36,715
Bosch Automobile Diesel Oil System Co., Ltd.	30.00	517,245	535,044	-	-	-	17,799	535,044
Zhonglian Automobile Electronic Company Limited	20.00	120,124	225,819	-	22,000	-	127,695	247,819
Wuxi Weifu Precise Machinery Manufacturing Co., Lt d.	28.99	2,000	3,125	-	705	-	1,830	3,830
Wuxi Weifu International Trade Co., Ltd.	15.00	750	889	-	83	-	222	972
Total		671,968	811,556	-	25,710	-	165,298	837,266

[Note 3] Balance of long-term equity investment

Items	Amount in the period beginning	Increase in the period	Amortization in the period	Accumulated amortization	Amount in the period end
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Weifu Lida	8,374	-	1,047	3,140	7,327
Bosch Automobile Diesel Oil system Co., Ltd.	11,443	-	1,248	2,289	10,195
Total	19,817	-	2,295	5,429	17,522

[Note 4] Other long-term equity investment (long-term equity investment accounted by cost method)

Name of investee	Investment proportion	Amount in the period beginning	Increase/decrease in the period	Amount in the period end
	%	RMB’000	RMB’000	RMB’000
Gulian Securities Co., Ltd.	1.20	12,000	-	12,000
Guangxi Liufa Co., Ltd.	1.22	1,600	-	1,600
Jiangsu Ninghu Express Way Co., Ltd.	0.02	594	-	594
Wuxi Branch of Communication Bank	0.01	750	-	750

Finance Company of Changchai Group		800	-	800
Zhaoyang Diesel Operating Co., Ltd.	9.09	200	-	200
Hejun Venture Capital Co., Ltd.	11.72	33,000	-	33,000
Nanjing Hengtai Insurance Brokers Co., Ltd.	3.33	1,000	-	1,000
Beijing Xinrong Industrial Investment Consultant Company	11.11	100	-	100
Jiangsu Huifeng Insurance Agency Co., Ltd.	10.00	500	-	500
Yangdong Co., Ltd.		2,356	-	2,356
Changxin Interest Income Fund		2,000	-	2,000
Total		54,900	-	54,900

[Note 5] Impairment loss for long-term investment

Item	Amount in the period beginning	Increase in the period	Decrease in the period	Amount in the period end
	RMB'000	RMB'000	RMB'000	RMB'000
Hejun Venture Capital Co., Ltd.	30,000	-	-	30,000

4. Long-term bond investment

Item	Jun.30,2005
	RMB'000
04 periodical bond of Everbright	3,000

5.Investment income

Items	Jan.-Jun., 2005	Jan.-Jun., 2004
	RMB'000	RMB'000
Consolidated subsidiaries	68,356	20,371
Unconsolidated subsidiaries and affiliated companies	25,710	43,780
Other long-term equity investment income	556	600
Impairment loss for long-term investment	-	-
Balance of long-term equity investment	-2,295	-1,047
Total	92,327	63,704

VII. The relationship of the related parties and transactions (Unit: RMB' 000)

1. The related parties existing controlling relationship

Name of enterprise	Registered address	Core business	Relationship with the Company	Economic type	Legal representative
Weifu Group	Wuxi city	Machine processing	Parent Company	Wholly owned by the state	Xu Liangfei
Weifu Mashan	Mashan,Wuxi	i.c.engine components	Subsidiary	Company Limited	Xu Liangfei
Weifu Jida	Development District, Wuxi	Metal Nano-material	Subsidiary	Company Limited	Xu Liangfei
Weifu Changan	Changan, Xishan	i.c.engine components	Subsidiary	Company Limited	Xu Liangfei
Weifu Lida	New District, Wuxi	Silencer, Catalytic converter	Subsidiary	Company Limited	Xu Liangfei
Weifu Narometer	Huishan District, Wuxi	Nanometer Materials	Subsidiary	Company Limited	Xu Liangfei
Weifu Jingning	Nanjing Development District	Oil pump and oil mouth	Subsidiary	Company Limited	Xu Liangfei
Weifu Diesel Oil System	New District, Wuxi	i.c.engine components	Subsidiary	Company Limited	Xu Liangfei

2. Registered capital of the related parties existing controlling relationship and the changes

Name of enterprise	Amount in the period beginning	Increase in the period	Decrease in the period	Amount in the period end
	RMB'000	RMB'000	RMB'000	RMB'000
Weifu Group	134,830	-	-	134,830
Weifu Mashan	12,237	-	-	12,237
Weifu Jida	5,000	-	-	5,000
Weifu Changan	21,490	-	-	21,490
Weifu Lida	260,000	-	-	260,000
Weifu Narometer	30,000	-	-	30,000
Weifu Jingning	256,000	-	-	256,000
Weifu Diesel Oil System	200,000	-	-	200,000

3. Share capital of the related parties existing controlling relationship and the changes

Name of enterprises	Amount in the period beginning		Increase in the period	Decrease in the period	Amount in the period end	
	Amount		Amount	Amount	Amount	
	RMB'000	%	RMB'000	RMB'000	RMB'000	%
Weifu Group	121,566	27.86	-	-	121,566	27.86
Weifu Mashan	8,906	72.78	-	-	8,906	72.78

Weifu Jida	3,500	70.00	-	-	3,500	70.00
Weifu Changan	18,267	85.00	-	-	18,267	85.00
Weifu Lida	246,500	94.81	-	-	246,500	94.81
Weifu Narometer	24,000	80.00	-	-	24,000	80.00
Weifu Jingning	204,800	80.00	-	-	204,800	80.00
Weifu Diesel Oil System	140,000	70.00	-	-	140,000	70.00

4. The related parties existing joint controlling relationship

Name of enterprise	Registered address	Core business	Relationship with the Company	Economic type	Legal representative
Weifu Environmental	New district of Wuxi	Catalyst	Affiliated company of Weifu Lida	Sino-foreign joint venture enterprise	Xu Liangfei

5. Registered capital of the related parties existing controlling relationship and the changes

Name of enterprise	Amount in the period beginning	Increase in the period	Decrease in the period	Amount in the period end
	RMB’000	RMB’000	RMB’000	RMB’000
Weifu Environmental	50,000	-	-	50,000

6. Share capital of the related parties existing joint controlling relationship and the changes

Name of enterprises	Amount in the period beginning		Increase in the period	Decrease in the period	Amount in the period end	
	Amount		Amount	Amount	Amount	
	RMB’000	%	RMB’000	RMB’000	RMB’000	%
Weifu Environmental	24,500	49.00	-	-	24,500	49.00

7.Type of the related parties without existing joint controlling relationship

Name of enterprises	Relationship with the Company
Zhonglian Automobile Electronic Co., Ltd.	Affiliated company
Bosch Auto Diesel System	Affiliated company
Weifu Precise Machinery	Affiliated company
Wuxi Weifu International Trade Co., Ltd.	The same parent company

8. The transactions between the Company and the related parties

(1) Purchase of commodities

Name of enterprises	Jan.-Jun., 2005	Jan.-Jun., 2004
	RMB’000	RMB’000
Weifu Group	7,603	1,470
Weifu Mashan	44,489	33,274
Weifu Changan	67,201	57,721

Weifu Precise Machinery	58,249	48,307
Bosch Auto Diesel System	104,773	57,496
Wuxi Weifu International Trade Co., Ltd.	169	-

(2) Sale of commodities

Name of enterprises	Jan.-Jun., 2005	Jan.-Jun., 2004
	RMB'000	RMB'000
Weifu Group	106,014	101,220
Weifu Mashan	7,141	7,114
Weifu Changan	4,904	5,706
Weifu Precise Machinery	11,134	12,815
Bosch Auto Diesel System	2.347	50,018

(3) External guarantee

Name of enterprises	Jan.-Jun., 2005	Jan.-Jun., 2004
	RMB'000	RMB'000
Weifu Changan	50,000	20,000

(4) Other transaction of the Company and Weifu Group

The following agreements with Weifu Group:

(a) The agreement of using trademark

The Company sells products using the trademark of Weifu Group, and pays 0.3% of the total sales amount for using trademark. The amount every year would be no less than RMB 1,200,000. The agreement takes effect from May 1, 1995 with the duration of 20 years.

(b) The leasing agreement of land using right

The Company paid annual rent amounting to RMB 1.2 million to Weifu Group in order to obtain use right for land occupied by plant buildings, the execution for the said price dated from Jan 1, 2005 to Dec. 31, 2014, price after this date would carry out extra negotiation.

The significant transactions of the company and Weifu Group is as follows:

Items	Jan.-Jun., 2005	Jan.-Jun., 2004
	RMB'000	RMB'000
Expenses for using land and trademark	2,789	2,473
Amount of guarantee for loans of the Company	495,000	-

The prices of related transactions between the Company and the related parties would be transacted according to the ordinary commercial price.

9. The Balance of accounts receivable and payable of the related parties

Items	Jun.30, 2005	Dec.31, 2004
	RMB'000	RMB'000
Other accounts receivable:		

Weifu Mashan	14,909	9,037
Weifu Changan	29,182	14,463
Bosch Auto Diesel System	-	1,758
Weifu Precise Machinery	3,626	2,502
Other accounts payable		
Weifu group	38	7,371
Bosch Auto Diesel System	28,370	-

VIII. Impact of IAS adjustments on net profit and net assets

Items	Net profits		Net assets	
	Jan. -Jun., 2005	Jan.-Jun., 2004	Dec.31, 2005	Jun.30, 2004
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts accounted according to Chinese Accounting System	152,447	130,166	2,353,758	2,201,310
Adjustment according to International Accounting Standards				
Investment income confirmed by using equity method	-	44	12,302	12,302
Investment adjusted due to affiliated company cutting down land lease cost with government subsidy	-	-	-10,618	-10,618
Good will amortization rising from switch back of purchasing affiliated company according to International Accounting Standards 3	1,248	-	2,572	1,324
Losses rising from disposal of real property, plant building and equipment in order to exchange shares of affiliated company	-	-	-5,966	-5,966
Amortized and confirmed income tax credited by homemade equipment as deferred income	-5,508	-	-11,332	-5,824
Government subsidy of unconfirmed income	-7,680	-	-18,771	-11,091
Withdrawal of deferred income tax	-	-	5,851	5,851
Confirmed negative goodwill produced by establishing affiliated company as income in that year	-	-	-	-
The above adjustments' influences on minority shareholders' interest	-	-	-730	-730
Amount compiled by International Accounting Standards	140,507	130,210	2,327,066	2,186,558

IX. Contingencies

Ended Jun.30, 2005, the Company had no significant contingent debts and losses.

X. Commitments

Ended June 30, 2005, the Company and its subsidiaries had the following material commitments:

The Company and its subsidiaries need pay RMB 60 million for build factory buildings and purchase equipments (which has signed contract).

XI. Subsequent Non-adjustment Event on the Balance Sheet Date

Except the followings, there existed no other significant after date non-adjusted events in balance sheet:

1. On Jul. 22, 2004 profit distribution accomplished.
2. 2004 Cash distribution amounting to RMB 66,260,740 from Zhonglian Automobile Electronic Co., Ltd. has been received.
3. The resolution of the 20^{th} meeting of the 4^{th} Board of the Company dated Apr. 19, 2005: (1) additionally increase investment for Weifu Chang ' an amounting to RMB 38.51 million, which has paid on Jul. 11, 2005; (2) additionally increase investment for Weifu Mashan amounting to RMB 32.7624 million, which has paid on Jul. 7, 2005.
4. Ended Aug. 16, 2005, RMB 82.5 million in notes payable has been paid.

XII. Other Significant Event

Non-recurring gains and losses

Items	Jan.-Jun., 2005 RMB'000
Expenditure from non-business	5,550
Less: fund for food adjustment, fund for anti-flood safety	5,141
Subtotal of non-business expenses	409
Non-business income	350
Fees charged off by financial appropriation	9,347
Switch back of allowance for bad debts	-
Switch back of allowance for falling price of stockage	-
Total of non-recurring gains	9,697
Non-recurring gains and losses (gains - losses)	9,288
Less: amount influenced by income tax of non-recurring gains and losses	1,393
Less: amount influenced by non-recurring gains and losses on minority shareholders interest	63
Net amount of non-recurring gains and losses	7,832

Section VIII. Documents For Reference

1. Text of semi-annual report with the signature of Chairman of the Board;
2. Financial Statements signed and sealed by the Company's legal representative, principal treasurer and accountant;
3. All originals of released documents and announcements disclosed on China Securities, Securities Times and Ta Kung Pao in this reporting period;
4. Articles of Association of the Company.

Chairman of the Board: Xu Liangfei

Board of Directors of

Weifu High-Technology Co., Ltd.

August 18, 2005