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**Australian Government**  
**Anti-Dumping Commission**

## **Exporter Questionnaire**

**Product:** Aluminium Road Wheels (ARWs)

**From:** The People's Republic of China

**Period of Review:** 1 July 2013 to 30 June 2014

**Response due by:** **7 December 2014**

**Review case manager:** Rebecca Oliver

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**Anti-Dumping Commission website:** [www.adcommission.gov.au](http://www.adcommission.gov.au)

**Return completed  
questionnaire to:**

Anti-Dumping Commission  
1010 La Trobe Street  
Docklands VIC 3008

Attention: Director Operations 4

**GOODS SUBJECT TO MEASURES/  
GOODS UNDER CONSIDERATION**

The goods subject to measures or goods under consideration (the goods) ie the goods exported to Australia, allegedly at dumped prices and/or in receipt of subsidies, and are currently subject to anti-dumping measures are:

*aluminium road wheels for passenger motor vehicles, including wheels used for caravans and trailers, in diameters ranging from 13 inches to 22 inches.*

*For clarification, the goods include finished or semi-finished ARWs whether unpainted, painted, chrome plated, forged or with tyres and exclude aluminium wheels for go-carts and All-Terrain Vehicles.*

## **SECTION A COMPANY STRUCTURE AND OPERATIONS**

This section requests information relating to company details and financial reports.

### **A-1 Identity and communication**

Please nominate a person within your company who can be contacted for the purposes of this review:

*Head Office: Zhejiang Yueling Co., Ltd.*

Name: **Mr. LU Yuesong**  
Position in the company: **CFO, Secretary of Board of directors**  
Address: **Xiandai Avenue North, Zeguo, Wenling, Zhejiang Province, P.R.China**  
Telephone: **+86 576-86402693**  
Facsimile number: **(+86) 576—86429895**  
E-mail address of contact person: [lucpa@sina.com](mailto:lucpa@sina.com)

*Factory: The same location as of the Head office.*

### **A-2 Representative of the company for the purpose of the review**

If you wish to appoint a representative to assist you in this review, provide the following details:

Name: **Mr. PU Lingchen, Mr. LIU Jianwei, Zhong Lun Law Firm**  
Address: **36-37/F, SK Tower, 6A Jianguomenwai Avenue, Chaoyang District, Beijing 100022, P. R. China**  
Telephone: **Partner Lawyer**  
Facsimile: **+86-10-65681838**  
Telex number: **+86-10-59572288**  
E-mail address of contact person: [liujianwei@zhonglun.com](mailto:liujianwei@zhonglun.com); [haojingyu@zhonglun.com](mailto:haojingyu@zhonglun.com)

*Note that in nominating a representative, the Commission will assume that confidential material relating to your company in this investigation may be freely released to, or discussed with, that representative.*

### **A-3 Company information**

1. What is the legal name of your business? What kind of entity is it (eg. company, partnership, sole trader)? Please provide details of any other business names that you use to export and/or sell goods.

**Answer:**

**PUBLIC RECORD**

The legal name of the company is Zhejiang Yueling Co., Ltd. (“Yueling”). It was incorporated in China as Limited Liability Company. It has no other business name.

Yueling was incorporated on May 21, 1998, and listed on the small and medium enterprise board of Shenzhen Stock Exchange on January 6, 2014 (stocks code 002725). Yueling’s shareholders included 29 natural persons (70%), 3 non-state owned institutional shareholders (5%) and the public shareholders (25%). The majority of natural person shareholders are from one local family, which makes Yueling basically a family company.

The three institutional shareholders are:

Three Investment Companies	Shareholding
Hangzhou Lianchuang Yongyi Chuangye Investment Partnership.	2.5%
Beijing Zhongrun Hongli Chuangye Investment Co., Ltd.	1.5%
Zhengjiang Business Development	1%
<b>Total</b>	<b>5%</b>

On April 20, 2009, Yueling established a subsidiary named Zhejiang Yueling Imp&Exp Co., Ltd. (“Yueling Imp&Exp”). Yueling Imp&Exp is 100% owned by Yueling. It is not involved either in the production or in the sales of the subject goods to Australia.

In addition, there is another related company named Wenling Yi Long Investment Co., Ltd, which just leases the land to Yueling but not involved in any activity of production and sales of good under consideration.

Please refer to Exhibit A-3.1 [Confidential] for the business licenses of Yueling and its related companies.

*[Business licenses]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company’s interests, it was provided to the Service in confidence.*

The functions of Yueling and its related companies are as follows:

Company	Function
Zhejiang Yueling Co., Ltd. (“Yueling”)	[Confidential]
[Confidential]	[Confidential]
[Confidential]	[Confidential]

**PUBLIC RECORD**

2. Who are the owners and/or principal shareholders? Provide details of shareholding percentages for joint owners and/or principal shareholders. (List all shareholders able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company).

**Answer:**

**Please refer to the list of Yueling’s shareholders below:**

<b>Name of Shareholders</b>	<b>Shareholding percentage</b>
Lin Xianming	12.96%
Zhong Xiaotou	10%
Lin Wanqing	10%
Lin Xinfu	10%
Lin Shenmao	10%
Lin Ping	5%
Lin Bin	5%
<b>Other 22 nature person shareholders</b>	7.04%
<b>3 institutional shareholders</b>	5%
<b>Public shares</b>	25%
	100%

3. If your company is a subsidiary of another company, list the principal shareholders of that company.

**Answer:**

**Yueling is not a subsidiary of any other company; therefore the question is not applicable.**

4. If your parent company is a subsidiary of another company, list the principal shareholders of that company.

**Answer:**

**Yueling is not a subsidiary of any other company; therefore the question is not applicable.**

5. Provide a diagram showing all associated or affiliated companies and your company’s place within that corporate structure.

**Answer:**

**Please refer to Exhibit A-3.5 [Confidential] for diagram of corporate structure.**

*[Corporate structure]*

**PUBLIC RECORD**

6

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6. Are any management fees/corporate allocations charged to your company by your parent or related company? If so please explain details of the nature and amount of the charges.

**Answer:**

**This question is not applicable, since there's no such arrangement with Yueling and its subsidiary related company.**

7. Describe the nature of your company's business. Explain whether you are a producer or manufacturer, distributor, trading company, etc.

**Answer:**

**Yueling is a producer of GUC/like goods and it sales the goods in both domestic and foreign markets.**

8. If your business does not perform all of the following functions in relation to the goods under consideration, then please provide names and addresses of the companies which perform each function:

- produce or manufacture
- sell in the domestic market
- export to Australia, and
- export to countries other than Australia.

**Answer:**

**Yueling performs all these four functions, i.e. produce or manufacture, sell in the domestic market, export to Australia and export to countries other than Australia.**

9. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation. Include details of the senior management of your business, explaining the role of each member of your senior management team.

**Answer:**

**Please refer to Exhibit A-3.9 [Confidential] for the internal organisation chart. The function of each department can be inferred from each department's name.**

*[Internal organisation chart]*

6

**PUBLIC RECORD**

*The Internal organisation chart is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

10. Provide a list of your business' Board of Directors.

**Answer:**

Please refer **the list of the Board of Directors of Yueling** as follow:

<b>Name of Senior Management</b>	<b>Current Position</b>
Lin Xianming	Chairman of the Board
Lin Xinfu	Director
Zhong Xiaotou	Director
Lin Ping	Director
Peng Guiyun	Director & General Manager
Lu Yuesong	Director & The Secretary of the Board of directors
Chen Liangzhao	Independent Director
Li Xiaopan	Independent Director
Li Xiaolong	Independent Director

11. Provide a copy of your most recent annual report together with any relevant brochures or pamphlets on your business activities.

**Answer:**

Please refer to **Exhibit A-3.11.1**for the annual report of 2013 of Yueling.

Please refer to **Exhibit A-3.11.2** for the brochure of Yueling.

12. Are any of your company's operations in a Special Economic Area, Economic and Technical Development Zone, Bonded Zone, Export Processing Zone, High Technology Industrial Development Zone, the Western Regions, or any other similarly designated area?

**Answer:**

**Yueling is located in Xiandai Avenue North, Zeguo Twon, Wenling, Zhejiang Province, P.R. China, which is not in any zone/area listed above.**

13. If your answer to question A-3.12 above is 'yes':

- advise if any benefits (e.g. grants, reduced liabilities on commercial interest rates, etc) from the Government of China (GOC) (including central, provincial, municipal, county or any other level of government) accrue to your company because of being located in such an area;

## PUBLIC RECORD

8

- please explain the nature of the operations, identify the specific zone(s) [or other area(s)] and provide a brief overview of all of the benefits of operating within the specified zone(s) or area(s).

### Answer:

**Yueling is not located in any zone/area listed above; therefore this question is not applicable.**

14. Provide details of all transactions between your company and all related parties. For example:

- Supplying/selling completed or partially completed products.
- Supplying/selling raw materials.
- Performing management functions (including any financial functions).
- Processing (including toll processing) of any raw materials, intermediary or completed products.
- Trading in products/materials supplied by related parties.

### Answer:

**There's no transaction between our Company and [Confidential] for any situation mentioned above. As for [Confidential], our Company did supply this affiliated company with goods produced by our Company and Yueling Imp&Exp sold them to [Confidential].**

*[Transaction between related companies]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

## **A-4 General accounting/administration information**

1. Indicate your accounting period.

### Answer:

**The accounting period is from January 1 to December 31.**

2. Indicate the address where the company's financial records are held.

### Answer:

8



## PUBLIC RECORD

9

The financial records are kept in the company's office located on Xiandai Avenue North, Zeguo Town, Wenling, Zhejiang Province, P.R. China.

3. Please provide the following financial documents for the two most recently completed financial years plus all subsequent monthly, quarterly or half yearly statements:

- chart of accounts;
- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);
- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods under consideration.

These documents should relate to:

- the division or section/s of your business responsible for the production and sale of the goods under consideration, and
- the company.

### Answer:

Please see Exhibit A-4.3.1 [Confidential] for the Chart of Accounts, Exhibit A-4.3.2 [Confidential] for the audit report of Yueling for year 2012, Exhibit A-3.11.1) for the annual report of Yueling for year 2013, Exhibit A-4.3.4 [Confidential] for the income statements of Yueling from January 2014 to the end of POR and Exhibit A-4.3.5 [Confidential] for the balance sheet of Yueling January 2014 to the end of POR.

*[Financial information]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

4. If you are not required to have the accounts audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

### Answer:

**The accounts have been audited, so this question is not applicable.**

5. Do your accounting practices differ in any way from the generally accepted accounting principles in your country? If so, provide details.

### Answer:

9

**The Yueling's accounts are consistent with GAAP of China.**

6. Describe:

The significant accounting policies that govern your system of accounting, in particular:

- the method of valuation for raw material, work-in-process, and finished goods inventories (eg last in first out –LIFO, first in first out- FIFO, weighted average);

**Answer:**

**Purchase costs of raw materials are [Confidential]**

*[Purchase costs]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- costing methods, including the method (eg by tonnes, units, revenue, direct costs etc) of allocating costs shared with other goods or processes (such as front office cost, infrastructure cost etc);

**Answer:**

**Yueling applies [Confidential] method and allocates cost [Confidential]**

*[Production costs]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- valuation methods for damaged or sub-standard goods generated at the various stages of production;

**Answer:**

**The damaged or sub-standard goods were [Confidential]**

*[The damaged or sub-standard goods]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- valuation methods for scrap, by products, or joint products;

**Answer:**

**The mainly scrap is [Confidential]. It were [Confidential]**

[Scrap]

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- valuation and revaluation methods for fixed assets;

**Answer:**

**Fixed assets are valued according to [Confidential].**

[Fixed assets]

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- average useful life for each class of production equipment and depreciation method and rate used for each;

**Answer:**

**The depreciation method is [Confidential].**

Type of assets	Average Useful Life (years)	Residual Rate	Yearly Depreciation Rate
[Confidential]	[Confidential]	[Confidential]	[Confidential]
[Confidential]	[Confidential]	[Confidential]	[Confidential]
[Confidential]	[Confidential]	[Confidential]	[Confidential]
[Confidential]	[Confidential]	[Confidential]	[Confidential]
[Confidential]	[Confidential]	[Confidential]	[Confidential]
[Confidential]	[Confidential]	[Confidential]	[Confidential]

[Depreciation]

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- treatment of foreign exchange gains and losses arising from transactions;

**Answer:**

**The foreign exchange gains and losses [Confidential].**

*[Foreign exchange gains and losses]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- treatment of foreign exchange gains/losses arising from the translation of balance sheet items;

**Answer:**

**The year-end asset and liability balance which express as foreign currency are converted into RMB YUAN according to the [Confidential].**

*[Foreign exchange gains and losses]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- inclusion of general expenses and/or interest;

**Answer:**

**The general expenses are recorded in [Confidential]**

*[General expenses]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- provisions for bad or doubtful debts;

**Answer:**

**The bad debt was recognized when it [Confidential].**

*[Bad debt]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- expenses for idle equipment and/or plant shut-downs;

**Answer:**

**There was no such expense incurred, this question is not applicable.**

- costs of plant closure;

**Answer:**

**There was no such expense incurred, this question is not applicable.**

- restructuring costs;

**Answer:**

**There was no such expense incurred, this question is not applicable.**

- by-products and scrap materials resulting from your company's production process; and

**Answer:**

**The mainly scrap is *[Confidential]*. It were *[Confidential]***

*[By-products and scrap materials]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- effects of inflation on financial statement information.

**Answer:**

**There was no inflation reflected in financial statement, this question is not applicable.**

7. In the event that any of the accounting methods used by your company have changed over the last two years provide an explanation of the changes, the date of change, and the reasons for it.

**Answer:**

**There was no change of accounting methods by the company over the last two years.**

**A-5 Income statement**

Please fill in the following table. It requires information concerning all products produced and for the goods under consideration (*'goods under consideration'* (the goods) is defined in the Glossary of Terms in the appendix to this form). You should explain how costs have been allocated.

Prepare this information on a spreadsheet named "**Income statement**".

	Most recent completed financial year (specify)		Review period 1 July 2013 to 30 June 2014	
	All products	Goods Under Consideration	All products	Goods Under Consideration
<b>Gross Sales (1)</b>				
Sales returns, rebates and discounts (2)				
<b>Net Sales (3=1-2)</b>				
Raw materials (4)				
Direct Labour (5)				
Depreciation (6)				
Manufacturing overheads (7)				
Other operating expenses (8)				
<b>Total cost to make (9=4+5+6+7+8)</b>				
<b>OPERATING INCOME (10=3-9)</b>				
Selling expenses (11)				
Administrative & general expenses (12)				
Financial expenses (13)				
<b>SG&amp;A expenses (14)=(11+12+13)</b>				

**PUBLIC RECORD**

<b>INCOME FROM NORMAL ACTIVITIES (15)=(10-14)</b>				
Interest income (16)				
Interest expense (enter as negative) (17)				
Extraordinary gains and Losses – enter losses as negative (18)				
Abnormal gains and losses – enter losses as negative (19)				
<b>PROFIT BEFORE TAX (20)=(15+16+17+18+19)</b>				
Tax (21)				
<b>NET PROFIT (22)=(20-21)</b>				

Note: if your financial information does not permit you to present information in accordance with this table please present the information in a form that closely matches the table.

*This information will be used to verify the completeness of cost data that you provide in Section G. If, because of your company's structure, the allocations would not be helpful in this process, please explain why this is the case.*

**Answer:**

**Please refer to Table A-5 Income statement [Confidential].**

*[Income statement]*

*This information is commercially sensitive. Since disclosure of such information will harm the Company's interests, the company submit it in an index form.*

**A-6 Sales**

State your company's net turnover (after returns and all discounts), and free of duties and taxes. Use the currency in which your accounts are kept, in the following format:

Prepare this information in a spreadsheet named "**TURNOVER**".

	Most recent completed financial year (specify)		Review period 1 July 2013 to 30 June 2014	
	Volume	Value	Volume	Value
Total company turnover <b>(all products)</b>				
Domestic market				
Exports to Australia				
Exports to Other Countries				
Turnover of the nearest business unit, for which financial statements are prepared, which includes the goods under consideration				
Domestic market				
Exports to Australia				
Exports to Other Countries				
Turnover of the <b>goods under consideration</b>				
Domestic market				
Exports to Australia				
Exports to Other Countries				

*This information will be used to verify the cost allocations to the goods under consideration in Section G.*

*Also, you should be prepared to demonstrate that sales data shown for the goods is a complete record by linking total sales of these goods to relevant financial statements.*

**Answer:**

**Please refer to Table A-6 Turnover [Confidential].**

*[Turnover]*

*This information is commercially sensitive. Since disclosure of such information will harm the Company's interests, the company submit it in an index form.*



**SECTION B**  
**SALES TO AUSTRALIA (EXPORT PRICE)**

*This section requests information concerning your export practices and prices to Australia. You should include costs incurred beyond ex-factory. Export prices are usually assessed at FOB point, but the Commission may also compare prices at the ex factory level.*

*You should report prices of **all** goods under consideration (the goods) **shipped** to Australia during the review period.*

*The invoice date will normally be taken to be the date of sale. If you consider:*

*the sale date is not the invoice date (see 'date of sale' column in question B4 below) and;*

*an alternative date should be used when comparing export and domestic prices*

*you **must** provide information in section D on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the review period.*

**B-1** For each customer in Australia to whom you shipped goods in the review period list:

name;  
address;  
contact name and phone/fax number where known; and  
trade level (for example: distributor, wholesaler, retailer, end user, original equipment).

**Answer:**

Please refer to **Exhibit B-1** [*Confidential*] for Australia Customers' Information.

[*Australia Customers' Information*]

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**B-2** For each customer identified in B1 please provide the following information.

(a) Describe how the goods are sent to each customer in Australia, including a diagram if required.

**Answer:**

Please refer to **Exhibit B-2.a** [*Confidential*] for the illustration of the Export Sales Channel.

*[Export Sales Channel]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- (b) Identify each party in the distribution chain and describe the functions performed by them. Where commissions are paid indicate whether it is a pre or post exportation expense having regard to the date of sale.

**Answer:**

**Yueling is the only party which involved in the export sales to Australia.**

- (c) Explain who retains ownership of the goods at each stage of the distribution chain. In the case of DDP sales, explain who retains ownership when the goods enter Australia.

**Answer:**

**[Confidential]**

*[Export Sales]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- (d) Describe any agency or distributor agreements or other contracts entered into in relation to the Australian market (supply copy of the agreement if possible).

**Answer:**

**[Confidential]**

*[Export Sales]*

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**PUBLIC RECORD**

19

- (e) Explain in detail the process by which you negotiate price, receive orders, deliver, invoice and receive payment. If export prices are based on price lists supply copies of those lists.

**Answer:**

**[Confidential]**

*[Export Sales]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- (f) State whether your firm is related to any of its Australian customers. Give details of any financial or other arrangements (eg free goods, rebates, or promotional subsidies) with the customers in Australia (including parties representing either your firm or the customers).

**Answer:**

**[Confidential]**

*[Australia customers]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- (g) Details of the forward orders of the goods under consideration (include quantities, values and scheduled shipping dates).

**Answer:**

**Not Applicable, since on such document was used during the POR.**

- B-3** Do your export selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

**Answer:**

**[Confidential]**

*[Export price]*

19

**PUBLIC RECORD**

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**B-4** Prepare a spreadsheet named “**Australian sales**” listing all shipments (i.e. transaction by transaction) to Australia of the goods under consideration in the investigation period. You must provide this list in electronic format. Include the following export related information:

<b>Column heading</b>	<b>Explanation</b>
Customer name	names of your customers
Level of trade	the level of trade of your customers in Australia
Model/grade/type	commercial model/grade or type
Product code	code used in your records for the model/grade/type identified. Explain the product codes in your submission.
Invoice number	invoice number
Invoice date	invoice date
Date of sale	refer to the explanation at the beginning of this section. If you consider that a date <i>other than</i> the invoice date best establishes the material terms of sale, report that date. For example, order confirmation, contract, or purchase order date.
Order number	if applicable, show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.
Shipping terms	Delivery terms eg. CIF, C&F, FOB, DDP (in accordance with Incoterms)
Payment terms	agreed payment terms eg. 60 days=60 etc
Quantity	Quantity in units shown on the invoice. Show basis eg kg.
Gross invoice value	gross invoice value shown on invoice <i>in the currency of sale, excluding taxes.</i>
Discounts on the invoice	if applicable, the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Other charges	any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide a description.
Invoice currency	the currency used on the invoice
Exchange rate	Indicate the exchange rate used to convert the currency of the sale to the currency used in your accounting system
Net invoice value in the currency of the exporting country	the net invoice value expressed in your domestic currency as it is entered in your accounting system
Rebates or other allowances	the amount of any deferred rebates or allowances paid to the importer in the currency of sale
Quantity discounts	the actual amount of quantity discounts not deducted from the invoice. Show a separate column for each type of quantity discount.
Ocean freight**	the actual amount of ocean freight incurred on each export shipment listed.
Marine insurance	Amount of marine insurance
FOB export price**	the free on board price at the port of shipment.
Packing*	Packing expenses
Inland transportation costs*	inland transportation costs included in the selling price. For export sales this is the inland freight from factory to port in the country of export.

**PUBLIC RECORD**

Handling, loading & ancillary expenses*	handling, loading & ancillary expenses. For example, terminal handling, export inspection, wharfage & other port charges, container tax, document fees & customs brokers fees, clearance fees, bank charges, letter of credit fees, & other ancillary charges incurred in the exporting country.
Warranty & guarantee expenses*	warranty & guarantee expenses
Technical assistance & other services*	expenses for after sale services, such as technical assistance or installation costs.
Commissions*	Commissions paid. If more than one type is paid insert additional columns of data. Indicate in your response to question B2 whether the commission is a pre or post exportation expense having regard to the date of sale.
Other factors*	<b>any other</b> costs, charges or expenses incurred in relation to the exports to Australia (include additional columns as required). See question B5.

Notes: \*\*FOB export price and Ocean Freight:

FOB export price: An FOB export price must be calculated for each shipment - regardless of the shipping terms. FOB price includes inland transportation to the port of exportation, inland insurance, handling, and loading charges. It excludes post exportation expenses such as ocean freight and insurance. Use a formula to show the method of the calculation on each line of the export sales spreadsheet.

Ocean freight: as ocean freight is a significant cost it is important that the actual amount of ocean freight incurred on each exportation be reported. If estimates must be made you must explain the reasons and set out the basis - estimates must reflect changes in freight rates over the investigation period.

Freight allocations must be checked for consistency.

\* All of these costs are further explained in section E-1.

**Answer:**

**Please refer to Table B-4.1 [*Confidential*] for the Australian sales. [*Confidential*] Yueling reports these sales in Sheet in Table B-4.2 [*Confidential*].**

*[Export sales]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**B-5** If there are any other costs, charges or expenses incurred in respect of the exports listed above which have not been identified in the table above, add a column (see "other factors" in question B-4) for each item, and provide a description of each item. For example, other selling expenses (direct or indirect) incurred in relation to the export sales to Australia.

**Answer:**

Please refer to Table B-4.1 [Confidential] and Table B-4.2 [Confidential]

[Export sales]

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**B-6** For each type of discount, rebate, allowance offered on export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met by the importer to obtain the discount.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amount shown in your response to question B4. If they vary by customer or level provide an explanation.

**Answer:**

[Confidential]

[Export sales]

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**B-7** If you have issued credit notes (directly or indirectly) to the customers in Australia, in relation to the invoices listed in the detailed transaction by transaction listing in response to question B4, provide details of each credit note if the credited amount has **not** been reported as a discount or rebate.

**Answer:**

[Confidential]

[Export sales]

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**B-8** If the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (eg. delivered duty paid), insert additional columns in the spreadsheet for all other costs incurred. For example:

Import duties	Amount of import duty paid in Australia
Inland transport	Amount of inland transportation expenses within Australia included in the selling price
Other costs	Customs brokers, port and other costs incurred (itemise)

**Answer**

**There is no DDP term in Yueling’s Australia sales, so this question is not applicable.**

**B-9** Select two shipments, in different quarters of the review period, and provide a complete set of all of the documentation related to the export sale. For example:

- the importer’s purchase order, order confirmation, and contract of sale;
- commercial invoice;
- bill of lading, export permit;
- freight invoices in relation to movement of the goods from factory to Australia, including inland freight contract;
- marine insurance expenses; and
- letter of credit, and bank documentation, proving payment.

The Commission will select additional shipments for payment verification at the time of the visit.

**Answer**

**Please refer to Exhibit B-9.1/2 [Confidential] for requested documents for two sample shipments.**

*[Export sales]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company’s interests, it was provided to the Service in confidence.*

**SECTION C  
EXPORTED GOODS & LIKE GOODS**

**C-1** Fully describe all of the goods you have exported to Australia during the review period. Include specification details and any technical and illustrative material that may be helpful in identifying, or classifying, the exported goods.

**Answer**

*[Confidential]*

*[Products information]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**C-2** List each type of goods exported to Australia (these types should cover all types listed in spreadsheet “**Australian sales**” – see section B of this questionnaire).

**Answer**

Please refer to **Exhibit C-2** *[Confidential]* for the list of all models exported to Australia.

*[Products information]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**C-3** If you sell like goods on the domestic market, for each type that your company has exported to Australia during the review period, list the most comparable model(s) sold domestically;

- and provide a detailed explanation of the differences where those goods sold domestically (ie. the like goods – see explanation in glossary) are not identical to goods exported to Australia.

Provide your response to this question in the attached spreadsheet named “**Like Goods**” detailing as follows:

<b>EXPORTED TYPE</b>	<b>DOMESTIC TYPE</b>	<b>IDENTICAL?</b>	<b>DIFFERENCES</b>
Product code of each model of the goods exported to Australia	Product code of comparable model sold on the domestic market of the country of export	If goods are identical indicate “YES”. Otherwise	Where the good exported to Australia is not identical to the like goods, describe the specification



**PUBLIC RECORD**

		"NO"	differences. If it is impractical to detail specification differences in this table refer to documents which outline differences
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**Answer**

**Please refer to Table C-3 [Confidential] like goods.**

*[Like goods]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**C-4** Please provide any technical and illustrative material that may be helpful in identifying or classifying the goods that your company sells on the domestic market.

**Answer**

**Please refer to Exhibit A-3.11.2 for Yueling's Brochure.**

***[Confidential]***

*[Products information]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

## SECTION D DOMESTIC SALES

*This section seeks information about the sales arrangements and prices in the domestic market of the country of export.*

*All domestic sales made during the review period must be listed transaction by transaction. If there is an extraordinarily large volume of sales data and you are unable to provide the complete listing electronically you **must** contact the case officer **before** completing the questionnaire. If the case officer agrees that it is not possible to obtain a complete listing he or she will consider a method for sampling that meets the Commission's requirements. If agreement cannot be reached as to the appropriate method the Commission may not visit your company.*

*The Commission will normally take the invoice date as being the date of sale in order to determine which sales fall within the review period.*

*If, in response to question B4 (Sales to Australia, Export Price), you have reported that the date of sale is not the invoice date and you consider that this alternative date should be used when comparing domestic and export prices –*

*you **must** provide information on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

*If you do not have any domestic sales of like goods you must contact the case officer who will explain the information the Commission requires for determining a normal value using alternative methods.*

**D-1** Provide:

- a detailed description of your distribution channels to domestic customers, including a diagram if appropriate;
- information concerning the functions/activities performed by each party in the distribution chain; and
- a copy of any agency or distributor agreements, or contracts entered into.

If any of the customers listed are associated with your business, provide details of that association. Describe the effect, if any, that association has upon the price.

**Answer**

***[Confidential]***

*[Domestic sales]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**D-2** Do your domestic selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

**Answer**

**The prices are influenced by many factors. [Confidential]**

*[Domestic sales price]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**D-3** Explain in detail the sales process, including:

- the way in which you set the price, receive orders, make delivery, invoice and finally receive payment; and the terms of the sales; and
- whether price includes the cost of delivery to customer.

If sales are in accordance with price lists, provide copies of the price lists.

**Answer**

**Price negotiation and price quotations usually shall take into account [Confidential]**

*[Domestic sales price]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**D-4** Prepare the spreadsheet named “**domestic sales**” listing **all** sales of like goods made during the review period. The listing must be provided on a CD-ROM. Include all of the following information.

<b>Column heading</b>	<b>Explanation</b>
Customer name	names of your customers. If an English version of the name is not easily produced from your automated systems show a customer code number and in a separate table list each code and name.
Level of trade	the level of trade of your domestic customer
Model/grade/type	commercial model/grade or type of the goods
Product code	code used in your records for the model/grade/type of the goods identified. Explain the product codes in your submission.

**PUBLIC RECORD**

28

Invoice number	invoice number
Invoice date	invoice date
Date of sale	refer to the explanation at the beginning of this section. If you consider that a date <i>other than</i> the invoice date best establishes the material terms of sale and should be used, report that date. For example, order confirmation, contract, or purchase order date.
Order number	show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale.
Delivery terms	eg ex factory, free on truck, delivered into store
Payment terms	payment terms agreed with the customer eg. 60 days=60 etc
Quantity	quantity in units shown on the invoice eg kg.
Gross Invoice value	gross value shown on invoice <i>in the currency of sale</i> , net of taxes.
Discounts on the Invoice	the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Other charges	any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide description.
Net invoice value in the currency of the exporting country	the net invoice value expressed in your domestic currency as recorded in your accounting system
Rebates or other Allowances	the actual amount of any deferred rebates or allowances in the currency of sale
Quantity discounts	the actual amount of quantity discounts not deducted from the invoice. Show a separate column for each type of quantity discount.
Packing*	packing expenses
Inland transportation Costs*	amount of inland transportation costs included in the selling price.
Handling, loading And ancillary Expenses*	handling, loading & ancillary expenses.
Warranty & Guarantee expenses*	warranty & guarantee expenses
Technical assistance & other services*	expenses for after sale services such as technical assistance or installation costs.
Commissions*	commissions paid. If more than one type is paid insert additional columns of data.
Other factors*	<b>any other</b> costs, charges or expenses incurred in relation to the domestic sales (include additional columns as required). See question D5.

Costs marked with \* are explained in section E-2.

**Answer:**

**Please refer to Table D-4 [Confidential] for the Domestic sales.**

**[Confidential]**

*[Domestic sales]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**D-5** If there are any other costs, charges or expenses incurred in respect of the sales listed which have not been identified in the table in question D-4 above add a column for each item (see "other factors"). For example, certain other selling expenses incurred.

**Answer:**

*[Confidential]*

*[Domestic sales]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**D-6** For each type of commission, discount, rebate, allowance offered on domestic sales of like goods:

- provide a description; and
- explain the terms and conditions that must be met by the customer to qualify for payment.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amounts shown in your response to question D4.

If you have issued credit notes, directly or indirectly to the customers, provide details if the credited amount has **not** been reported as a discount or rebate.

**Answer:**

*[Confidential]*

*[Commission]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**D-7** Select two domestic sales, in different quarters of the review period, that are at the same level of trade as the export sales. Provide a complete set of documentation for those two sales. (Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, bank documentation showing proof of payment.)

The Commission will select additional sales for verification at the time of our visit.

**Answer:**

**Please refer to Exhibit D-7.1/2 [Confidential] for the documents relating to the two sample domestic sales.**

*[Domestic sales]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**SECTION E  
FAIR COMPARISON**

*Section B sought information about the export prices to Australia and Section D sought information about prices on your domestic market for like goods (ie. the normal value).*

*Where the normal value and the export price are not comparable adjustments may be made. This section informs you of the fair comparison principle and asks you to quantify the amount of any adjustment.*

*As prices are being compared, the purpose of the adjustments is to eliminate factors that have unequally modified the prices to be compared.*

*To be able to quantify the level of any adjustment it will usually be necessary to examine cost differences between sales in different markets. The Commission must be satisfied that those costs are likely to have influenced price. In practice, this means that the expense item for which an adjustment is claimed should have a close nexus to the sale. For example, the cost is incurred because of the sale, or because the cost is related to the sale terms and conditions.*

*Conversely, where there is not a direct relationship between the expense item and the sale a greater burden is placed upon the claimant to demonstrate that prices have been affected, or are likely to have been affected, by the expense item. In the absence of such evidence the Commission may disallow the adjustment.*

*Where possible, the adjustment should be based upon actual costs incurred when making the relevant sales. However, if such specific expense information is unavailable cost allocations may be considered. In this case, the party making the adjustment claim must demonstrate that the allocation method reasonably estimates costs incurred.*

*A party seeking an adjustment has the obligation to substantiate the claim by relevant evidence that would allow a full analysis of the circumstances, and the accounting data, relating to the claim.*

*The review must be completed within strict time limits therefore you must supply information concerning claims for adjustments in a timely manner. Where an exporter has knowledge of the material substantiating an adjustment claim that material is to be available at the time of the verification visit. The Commission will not consider new claims made after the verification visit.*

**E-1 Costs associated with export sales**

(These cost adjustments will relate to your responses made at question B-4, 'Australian sales')

**1. Transportation**

Explain how you have quantified the amount of inland transportation associated with the export sale (“**Inland transportation costs**”). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

**Answer:**

*[Confidential]*

*[Inland freight expense]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**2. Handling, loading and ancillary expenses**

List all charges that are included in the export price and explain how they have been quantified (“**Handling, loading & ancillary expenses**”). Identify the general ledger account where the expenses are located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

The various export related ancillary costs are identified in the table at question B4, for example:

- terminal handling;
- wharfage and other port charges;
- container taxes;
- document fees and customs brokers fees;
- clearance fees;
- bank charges, letter of credit fees
- other ancillary charges.

**Answer:**

*[Confidential]*

*[Handling expense]*



*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**3. Credit**

The cost of extending credit on export sales is not included in the amounts quantified at question B4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the investigation period. Explain the nature of the interest rates most applicable to these export sales eg, short term borrowing in the currency concerned.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, *and if* export prices are influenced by this longer or shorter period, calculate the average number of collection days. See also item 4 in section E-2 below.

**Answer:**

***[Confidential]***

*[Credit cost]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**4. Packing costs**

List material and labour costs associated with packing the export product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed '**Packing**'.

**Answer:**

***[Confidential]***

*[Packing costs]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**5. Commissions**

For any commissions paid in relation to the export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met.

Report the amount in the sales listing in question B-4 under the column headed “**Commissions**”. Identify the general ledger account where the expense is located.

Answer:

[Confidential]

[Commissions]

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**6. Warranties, guarantees, and after sales services**

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses (“**Warranty & guarantee expenses**” and “**Technical assistance & other services**”), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

Answer:

[Confidential]

[Sales services]

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**7. Other factors**

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed “**Other factors**”. For example, other variable or fixed selling expenses, including salesmen's salaries, salesmen's travel expenses, advertising and promotion, samples and entertainment expenses. Your consideration of questions asked at Section G, concerning domestic and export costs, would have alerted you to such other factors.

Answer:

[Confidential]

*[Other factors]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**8. Currency conversions**

In comparing export and domestic prices a currency conversion is required. Fluctuations in exchange rates can only be taken into account when there has been a 'sustained' movement during the period of investigation (see article 2.4.1 of the WTO Agreement). The purpose is to allow exporters 60 days to adjust export prices to reflect 'sustained' movements. Such a claim requires detailed information on exchange movements in your country over a long period that includes the investigation period.

**Answer:**

*[Confidential]*

*[Currency conversions]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**E-2 Costs associated with domestic sales**

(These cost adjustments will relate to your responses made at question D-4, "domestic sales")

*The following items are not separately identified in the amounts quantified at question D-4. However you should consider whether any are applicable.*

**1. Physical characteristics**

The adjustment recognises that differences such as quality, chemical composition, structure or design, mean that goods are not identical and the differences can be quantified in order to ensure fair comparison.

The amount of the adjustment shall be based upon the market value of the difference, but where this is not possible the adjustment shall be based upon the difference in cost plus the gross profit mark-up (i.e. an amount for selling general and administrative costs (S G & A) plus profit).

The adjustment is based upon actual physical differences in the goods being compared and upon the manufacturing cost data. Identify the physical differences between each model. State the source of your data.

**Answer:**

**[Confidential]**

*[Physical characteristics]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**2. Import charges and indirect taxes**

If exports to Australia:

- are partially or fully exempt from internal taxes and duties that are borne by the like goods in domestic sales (or on the materials and components physically incorporated in the goods), or
- if such internal taxes and duties have been paid and are later remitted upon exportation to Australia;

the price of like goods must be adjusted downwards by the amount of the taxes and duties.

The taxes and duties include sales, excise, turnover, value added, franchise, stamp, transfer, border, and excise taxes. Direct taxes such as corporate income tax are not included as such taxes do not apply to the transactions.

Adjustment for drawback is not made in every situation where drawback has been received. Where an adjustment for drawback is appropriate you must provide information showing the import duty borne by the domestic sales. (That is, it is not sufficient to show the drawback amount and the export sales quantity to Australia. For example, you may calculate the duty borne on domestic sales by quantifying the total amount of import duty paid and subtracting the duty refunded on exports to all countries. The difference, when divided by the domestic sales volume, is the amount of the adjustment).

In substantiating the drawback claim the following information is required:

- a copy of the relevant statutes/regulations authorising duty exemption or remission, translated into English;
- the amount of the duties and taxes refunded upon *exportation* and an explanation how the amounts were calculated and apportioned to the exported goods;
- an explanation as to how you calculated the amount of duty payable on imported materials is borne by the goods sold *domestically* but is not borne by the exports to Australia;

Substitution drawback systems

Annex 3 of the WTO Agreement on Subsidies provides: “Drawback systems can allow for the refund or drawback of import duties on inputs which are consumed in the production process of another product and where the export of this latter product contains domestic inputs having the same quality and characteristics as those substituted for the imported inputs”

If such a scheme operates in the country of export adjustments can also be made for the drawback payable on the substituted domestic materials, provided the total amount of the drawback does not exceed the total duty paid.

Answer:

*[Confidential]*

*[Import charges and indirect taxes]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**3. Level of trade**

Question D-4 asks you to indicate the level of trade to the domestic customer. To claim an adjustment for level of trade differences you will need to quantify the amount by which level of trade influences price.

Trade level is the level a company occupies in the distribution chain. The trade level to which that company in turn sells the goods and the functions carried out distinguish a level of trade. Examples are producer, national distributor, regional distributor, wholesaler, retailer, end user, and original equipment.

It may not be possible to compare export prices and domestic prices at the same level of trade. Where relevant sales of like goods at the next level of trade must be used to determine normal values an adjustment for the difference in level of trade may be required where it is shown that the difference affects price comparability.

The information needs to establish that there are real trade level differences, not merely nominal differences. Real trade level differences are characterised by a consistent pattern of price differences between the levels and by a difference in functions performed. If there is no real trade level differences all sales are treated as being at the same level of trade.

A real difference in level of trade (may be adjusted for using either of the following methods:

- (a) *costs arising from different functions*: the amount of the costs, expenses etc incurred by the seller in domestic sales of the like goods resulting from activities that would not be performed were the domestic sales made at the same level as that of the importer.

This requires the following information:

- a detailed description of each sales activity performed in selling to your domestic customers (for example sales personnel, travel, advertising, entertainment etc);
- the cost of carrying out these activities in respect of like goods;
- for each activity, whether your firm carries out the same activity when selling to importers in Australia;
- an explanation as to why you consider that you are entitled to a level of trade adjustment.

**or**

- (b) *level discount*: the amount of the discount granted to purchasers who are at the same level of trade as the importer in Australia. This is determined by an examination of price differences between the two levels of trade in the exporter's domestic market, for example sales of like goods by other vendors or sales of the same general category of goods by the exporter. For this method to be used it is important that a clear pattern of pricing be established for the differing trade levels. Such pattern is demonstrated by a general availability of the discounts to the level - isolated instances would not establish a pattern of availability.

**Answer:**

**[Confidential]**

*[Trade level]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**4. Credit**

The cost of extending credit on domestic sales is not included in the amounts quantified at question D-4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. An adjustment for credit is to be made even if funds are not borrowed to finance the accounts receivable.

The interest rate on domestic sales in order of preference is:

- the rate, or average of rates, applying on actual short term borrowing's by the company; or

- the prime interest rate prevailing for commercial loans in the country for credit terms that most closely approximate the credit terms on which the sales were made; or
- such other rate considered appropriate in the circumstances.

Provide the applicable interest rate over each month of the review period.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, and if domestic prices are influenced by this longer or shorter period, calculate the average number of collection days.

Where there is no fixed credit period agreed at the time of sale the period of credit is determined on the facts available. For example, where payment is made using an open account system<sup>1</sup>, the average credit period may be determined as follows:

1. *Calculate an accounts receivable turnover ratio*

This ratio equals the total credit sales divided by average accounts receivable. (It is a measure of how many times the average receivables balance is converted into cash during the year).

In calculating the accounts receivable turnover ratio, credit sales should be used in the numerator whenever the amount is available from the financial statements. Otherwise net sales revenue may be used in the numerator.

An average accounts receivable over the year is used in the denominator. This may be calculated by:

- using opening accounts receivable at beginning of period plus closing accounts receivable at end of period divided by 2, or
- total monthly receivables divided by 12.

2. *Calculate the average credit period*

The average credit period equals 365 divided by the accounts receivable turnover ratio determined above at 1.

The resulting average credit period should be tested against randomly selected transactions to support the approximation.

*The following items are identified in the amounts quantified at question D-4:*

**Answer:**

---

<sup>1</sup> Under an open account system, following payment the balance of the amount owing is carried into the next period. Payment amounts may vary from one period to the next, with the result that the amount owing varies.

*[Confidential]*

*[Credit]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**5. Transportation**

Explain how you have quantified the amount of inland transportation associated with the domestic sales ("**Inland transportation Costs**"). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

**Answer:**

*[Confidential]*

*[Transportation]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**6. Handling, loading and ancillary expenses**

List all charges that are included in the domestic price and explain how they have been quantified ("**Handling, loading and ancillary Expenses**"). Identify the general ledger account where the expense is located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

**Answer:**

*[Confidential]*

*[Handling expense]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**7. Packing**



List material and labour costs associated with packing the domestically sold product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed “**Packing**”.

**Answer:**

*[Confidential]*

*[Packing expense]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company’s interests, it was provided to the Service in confidence.*

**8. Commissions**

For any commissions paid in relation to the domestic sales:

- provide a description
- explain the terms and conditions that must be met.

Report the amount in the sales listing under the column headed “**Commissions**”. Identify the general ledger account where the expense is located.

**Answer:**

*[Confidential]*

*[Commissions]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company’s interests, it was provided to the Service in confidence.*

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**9. Warranties, guarantees, and after sales services**

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses (“**Warranty & Guarantee expenses**” and “**Technical assistance & other services**”), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

**Answer:**

*[Confidential]*

[Warranties]

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**10. Other factors**

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed “**Other factors**”. List the factors and show how each has been quantified in per unit terms. For example:

- *inventory carrying cost*: describe how the products are stored prior to sale and show data relating to the average length of time in inventory. Indicate the interest rate used;
- *warehousing expense*: an expense incurred at the distribution point;
- *royalty and patent fees*: describe each payment as a result of production or sale, including the key terms of the agreement;
- *advertising*; and
- *bad debt*.

**Answer:**

[Confidential]

[Other factors]

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**E-3 Duplication**

In calculating the amount of the adjustments you must ensure that there is no duplication.

For example:

- adjustments for level of trade, quantity or other discounts may overlap, or
- calculation of the amount of the difference for level of trade may be based upon selling expenses such as salesperson's salaries, promotion expenses, commissions, and travel expenses.

Separate adjustment items must avoid duplication.

## **PUBLIC RECORD**

43

An adjustment for quantities may not be granted unless the effect on prices for quantity differences is identified and separated from the effect on prices for level of trade differences.

**SECTION F  
EXPORT SALES TO COUNTRIES OTHER THAN  
AUSTRALIA (THIRD COUNTRY SALES)**

*Your response to this part of the questionnaire may be used by the Commission to select sales to a third country that may be suitable for comparison with exports to Australia.*

*Sales to third countries may be used as the basis for normal value in certain circumstances. The Commission may seek more detailed information on particular third country sales where such sales are likely to be used as the basis for determining normal value.*

F-1 Using the column names and column descriptions below provide a summary of your export sales to countries other than Australia.

Supply this information in the attached spreadsheet file named “**Third Country**”

<b>Column heading</b>	<b>Explanation</b>
Country	Name of the country that you exported like goods to over the investigation period.
Number of customers	The number of different customers that your company has sold like goods to in the third country over the investigation period.
Level of trade	The level of trade that you export like goods to in the third country.
Quantity	Indicate quantity, in units, exported to the third country over the investigation period.
Unit of quantity	Show unit of quantity eg kg
Value of sales	Show net sales value to all customers in third country over the investigation period
Currency	Currency in which you have expressed data in column SALES
Payment terms	Typical payment terms with customer(s) in the country eg. 60 days=60 etc
Shipment terms	Typical shipment terms to customers in the third country eg CIF, FOB, ex-factory, DDP etc.

**Answer:**

**Please refer to Table F-1.1 [Confidential] for Third Country sales. [Confidential]. Yueling reports these sales in Sheet in Table F-1.2 [Confidential].**

*[Third country sales]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company’s interests, it was provided to the Service in confidence.*

F-2 Please identify any differences in sales to third countries which may affect their comparison to export sales to Australia.

**Answer:**

***[Confidential]***

*[Third country sales]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**SECTION G**  
**COSTING INFORMATION AND CONSTRUCTED VALUE**

*The information that you supply in response to this section of the questionnaire will be used for various purposes including:*

- testing the profitability of sales of like goods on the domestic market;*
- determining a constructed normal value of the goods under consideration (the goods) - ie of the goods exported to Australia; and*
- making certain adjustments to the normal value.*

*You will need to provide the cost of production of both the exported goods (the goods) and for the like goods sold on the domestic market. You will also need to provide the selling, general, and administration costs relating to goods sold on the domestic market; the finance expenses; and any other expenses (eg. non-operating expenses not included elsewhere) associated with the goods.*

*In your response please include a worksheet showing how the selling, general, and administration expenses; the finance expenses; and any other expenses have been calculated.*

*If, in response to question B4 (Sales to Australia, Export Price) you:*

- reported that the date of sale is not the invoice date and consider that this alternative date should be used when comparing domestic and export prices, and*
- provided information on domestic selling prices for a matching period as required in the introduction to Section D (Domestic Sales)*

*you must provide cost data over the same period as these sales even if doing so means that such cost data predates the commencement of the review period.*

*At any verification meeting you must be prepared to reconcile the costs shown to the accounting records used to prepare the financial statements.*

**G-1. Production process and capacity**

1. Describe the production process for the goods. Provide a flowchart of the process. Include details of all products manufactured using the same production facilities as those used for the goods. Also specify all scrap or by-products that result from producing the goods.

**Answer:**

Please refer to **Exhibit G-1.1** for Production Process.

**G-2. Provide information about your company's total production in the following table.**

Provide this information on a spreadsheet named "**Production**".

	<b>PREVIOUS COMPLETED FINANCIAL YEAR (please specify)</b>	<b>MOST RECENT FINANCIAL YEAR</b>	<b>Review Period</b> 1 July 2013 to 30 June 2014
A – Production capacity (eg kg, tonnes)*			
B – Actual production in volume (eg kg, tonnes)			
C – Capacity utilisation (%) (B/A x 100)			

\* rather than showing a 'name-plate' optimal capacity it is more meaningful to show the maximum level of production that may reasonably be attained under normal operating conditions. For example assuming: normal levels of maintenance and repair; a number of shifts and hours of operation that is not abnormally high; and a typical production mix.

**Answer:**

Please refer to **Table G-2 [Confidential]** for Production table.

*[Production]*

*This information is commercially sensitive. Since disclosure of such information will harm the Company's interests, the company submit it in an index form.*

**G-3. Cost accounting practices**

1. Outline the management accounting system that you maintain and explain how that cost accounting information is reconciled to your audited financial statements.

**Answer:**

*[Confidential]*

*[Production cost]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- 2 Is your company's cost accounting system based on standard (budgeted) costs? State whether standard costs were used in your responses to this questionnaire. If they were state whether all variances (ie differences between standard and actual production costs) have been allocated to the goods - and describe how those variances have been allocated.

**Answer:**

**[Confidential]**

*[Production cost]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- 3 Provide details of any significant or unusual cost variances that occurred during the investigation period.

**Answer:**

**[Confidential]**

*[Production cost]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- 4 Describe the profit/cost centres in your company's cost accounting system.

**Answer:**

**[Confidential]**

*[Production cost]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- 5 For each profit/cost centre describe in detail the methods that your company normally uses to allocate costs to the goods under consideration. In particular specify how, and over what period, expenses are amortised or depreciated, and how allowances are made for capital expenditures and other development costs.

**Answer:**



**[Confidential]**

*[Production cost]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- 6 Describe the level of product specificity (models, grades etc) that your company's cost accounting system records production costs.

**Answer:**

**[Confidential]**

*[Production cost]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- 7 List and explain all production costs incurred by your company which are valued differently for cost accounting purposes than for financial accounting purposes.

**Answer:**

**[Confidential]**

*[Production cost]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- 8 State whether your company engaged in any start-up operations in relation to the goods under consideration. Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.

**Answer:**

**[Confidential]**

*[Production cost]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- 9 State the total cost of the start-up operation and the way that your company has treated the costs of the start-up operation in its accounting records.

**Answer:**

**[Confidential]**

*[Production cost]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**G-4 Cost to make and sell on domestic market**

*This information is relevant to testing whether domestic sales are in the ordinary course of trade.<sup>2</sup>*

1. Please provide (in the format shown in the table below) the actual unit cost to make and sell each model/type\* (identified in section C) of the like goods sold on the domestic market. Provide this cost data for each quarter over the investigation period. If your company calculates costs monthly, provide monthly costs.
  
2. Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.

Prepare this information in the spreadsheet named "**Domestic CTMS**".

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>Like Domestic Model/Type – from spreadsheet LIKE GOOD (section C-3)</b>				
Material Costs <sup>1</sup>				
Direct Labour				
Manufacturing Overheads				

<sup>2</sup> The Commission applies the tests set out in s.269TAAD of the Customs Act 1901 to determine whether goods are in ordinary course of trade. These provisions reflect the WTO anti-dumping agreement – see Article 2.2.1.

Other Costs <sup>2</sup>				
<b>Total Cost to Make</b>				
Selling Costs				
Administration Costs				
Financial Costs				
Delivery Expenses <sup>3</sup>				
Other Costs <sup>3</sup>				
<b>Unit Cost to Make and Sell</b>				

<sup>1</sup> Identify each cost separately. Include indirect material costs as a separate item only if not included in manufacturing overheads.

<sup>2</sup> Relating to costs of production only; identify each cost separately.

<sup>3</sup> Identify each cost separately. Please ensure non-operating expenses **that relate to the goods under consideration** are included. Where gains/losses due to foreign currency exchange are incurred, please provide detail of the amounts separately for transaction and translation gains/losses.

*Provide this information for each quarter (or month if your company calculates costs on a monthly basis) over the period of the review.*

*Provide the information broken down into fixed and variable costs, and indicate the % total cost represented by fixed costs.*

*If you are unable to supply this information in this format, please contact the case officer for this investigation at the address shown on the cover of this questionnaire.*

*Please specify unit of currency.*

**Answer:**

**Please refer to Table G-4.2 [Confidential] for the CTMS.**

**With regard to supporting worksheets, please see Table G-4.2.1 [Confidential] for allocation of SG&A.**

**[Confidential]**

*[Production cost]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**G-5 Cost to make and sell goods under consideration (goods exported to Australia)**

*The information is relevant to calculating the normal values based on costs. It is also relevant to calculating certain adjustments to the normal value.*

Prepare this information in a spreadsheet named "**Australian CTMS**".

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>Model/Type exported to Australia – from spreadsheet LIKEGOOD</b>				
Material Costs <sup>1</sup>				
Direct Labour				
Manufacturing Overheads				
Other Costs <sup>2</sup>				
<b>Total Cost to Make</b>				
Selling Costs				
Administration Costs				
Financial Costs				
Delivery Expenses <sup>3</sup>				
Other Costs <sup>3</sup>				
<b>Unit Cost to Make and Sell</b>				

<sup>1</sup> Identify each cost separately. Include indirect material costs as a separate item only if not included in manufacturing overheads.

<sup>2</sup> Relating to costs of production only; identify each cost separately.

<sup>3</sup> Identify each cost separately. Please ensure non-operating expenses **that relate to the goods** are included. Where gains/losses due to foreign currency exchange are incurred, please provide detail of the amounts separately for transaction and translation gains/losses.

*Provide this information for each quarter (or month if your company calculates costs on a monthly basis) over the period of the review.*

*Provide the information broken down into fixed and variable costs, and indicate the % total cost represented by fixed costs.*

*If you are unable to supply this information in this format, please contact the case officer for this investigation at the address shown on the cover of this questionnaire.*

*Please specify unit of currency.*

**Answer:**

**Please kindly note that the manufacture cost of the GUC/like goods are the same for domestic and overseas markets.**

**Please refer to Exhibit G-4.2 [Confidential] for the CTMS.**

*[Production cost]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- 1 Where there are cost differences between goods sold to the domestic market and those sold for export, give reasons and supporting evidence for these differences.

**Answer:**

**With regard to supporting worksheets, please refer to Table G-4.2.1 [Confidential] for the Allocation of SG&A of Yueling.**

*[Production cost]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- 2 Give details and an explanation of any significant differences between the costs shown, and the costs as normally determined in accordance with your general accounting system. Reference should be made to any differences arising from movements in inventory levels and variances arising under standard costing methods.

**Answer:**

**[Confidential]**

*[Production cost]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- 3 In calculating the unit cost to make and sell, provide an explanation if the allocation method used (eg number, or weight etc) to determine the unit cost differs from the prior practice of your company.

**Answer:**

*[Confidential]*

*[Production cost]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

## **G-6 Major raw material costs**

List major raw material costs, which individually account for 10% or more of the total production cost.

For these major inputs:

- identify materials sourced in-house and from associated entities;
- identify the supplier; and
- show the basis of valuing the major raw materials in the costs of production you have shown for the goods (eg market prices, transfer prices, or actual cost of production).

Where the major input is produced by an associate of your company the Commission will compare your purchase price to a normal market price. If the associate provides information on the cost of production for that input such cost data may also be considered.

Normal market price is taken to be the price normally available in the market (having regard to market size, whether the input is normally purchased at 'spot prices' or under long term contracts etc).

The term associate is defined in section 269TAA of the *Customs Act*. Included in that definition are companies controlled by the same parent company (a company that controls 5% or more of the shares of another is taken to be an associated company); companies controlled by the other company; and companies having the same person in the board of directors.

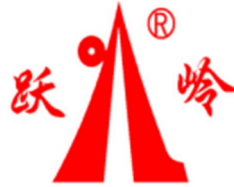
**Important note: If the major input is sourced as part of an integrated production process you should provide detailed information on the full costs of production of that input.**

**Answer:**

*[Confidential]*

*[Production cost]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*



**Zhejiang Yueling Co., Ltd.**

**2013 Annual Report**

**2014-018**

**March 2014**

## **Section 1 Important Notice, Table of Contents and Interpretation**

**The Board of Directors, Board of Supervisors, directors, supervisors and senior management personnel shall guarantee the authentication, accuracy completion of the annual report without false record, misleading statement or significant omission, and undertake individual and joint legal liabilities.**

**All directors have attended the board meeting deliberating this report.**

**The profit distribution plan of the company passed through deliberation of this board meeting is: based on the general capital of the company on March 28, 2014, 4.00 Yuan (tax-included) dividends shall be distributed to all shareholders for every 10 shares, and 0 bonus share (tax-included) is sent, and the principal will be not increased by accumulation fund.**

**Lin Xianming, the person in charge of the company, Lu Yuesong, the person in charge of accounting, and Zhu Junfei, the person in charge of accounting agencies (chief accountant) declare that they guarantee the contents of financial report in the annual report are authentic, accurate and integrated.**



## Table of Contents

Section 1 Important Notice, Table of Contents and Interpretation.....	2
Section 2 Company Profile.....	6
Section 3 Abstract of Accounting Data and Financial Index.....	8
Section 4 Director's Report .....	10
Section 5 Important Matters .....	30
Section 6 Share Change and Situations of Shareholders.....	41
Section 7 Situations of Directors, Supervisors, Senior Management and Employees .....	47
Section 8 Corporate Governance .....	54
Section 9 Internal Control.....	62
Section 10 Financial Report.....	65
Section 11 Catalog of Documents Available for Inspection.....	171

## Interpretation

Item	Refers to	Contents of Interpretation
Company, issuer	Refers to	Zhejiang Yueling Co., Ltd.
Board of Directors	Refers to	Board of Directors of Zhejiang Yueling Co., Ltd.
Board of Supervisors	Refers to	Board of Supervisors of Zhejiang Yueling Co., Ltd.
Controlling shareholder, actual controller	Refers to	Lin Xianming, Lin Wanqing, Lin Xinfu, Lin Shenmao, Lin Ping, Lin Bin
Sponsor, Sponsor institution, lead underwriter, Northeast Securities	Refers to	Northeast Securities Co., Ltd.
Attorney	Refers to	JunZeJun Law Offices
Accountant	Refers to	ZhongHui Certified Public Accountants Co., Ltd. (Special General Partnership)
Subsidiary, Yueling Import and Export	Refers to	ZheJiang YueLing Import and Export Co., Ltd
Yilong Investment	Refers to	Wenling Yilong Investment Co., Ltd.
Lianchuang Yongyi	Refers to	Hangzhou Lianchuang Yongyi Venture Investment Partnership (Limited Liability Partnership)
Zhongrun Hongli	Refers to	Beijing Zhongrun Hongli Venture Investment Co., Ltd.
Zhechang Venture	Refers to	Zhejiang Zheshang Venture Capital Management Co., Ltd.
CSRC	Refers to	China Securities Regulatory Commission
SZSE	Refers to	Shenzhen Stock Exchange
Company Law	Refers to	The Company Law of the People's Republic of China
Securities Law	Refers to	The Securities Law of the People's Republic of China
Articles of Associations	Refers to	Articles of Associations of Zhejiang Yueling Co., Ltd.
Report period	Refers to	From Jan. 1, 2013 to Dec. 31, 2013
Yuan, Ten Thousand Yuan	Refers to	CNY Yuan, CNY Ten Thousand Yuan
AM market	Refers to	After-Market, i.e. after-service market for repair or replacement of components
OEM market	Refers to	Original Equipment Manufacturer, i.e. finished automobile supporting market, in which the auto parts suppliers provide supporting components for finished automobile manufacturer

## **Warning for Major Risks**

**The company suggests the investors read the this annual report thoroughly and carefully, and pay special attention to the following risk factors: risks caused by macroeconomic fluctuation, overseas market risks, exchange rate risk, main raw material price fluctuation risk, trade conflict risk, risk of net profit level reduction by taxation policy change, risk of business development impacted by future market space and competition situations of main products, risk of no expected benefits generated by raised fund, and risk of net asset return reduction. The contents of relevant risk factors and countermeasures have been described in “Section 4 Director’s Report” in this annual report.**

**The forward-looking statement of this annual report with regard to future plan is not the substantial commitment of the company to the investors. The investors shall pay attention to the investment risks.**

## Section 2 Company Profile

### I. Company Information

Stock Abbreviation	YLGf	Stock Code	002725
Listed Stock Exchange	Shenzhen Stock Exchange		
Chinese Name of Company	Zhejiang Yueling Co., Ltd.		
Chinese Abbreviation of Company	(Yue Ling Gu Fen)		
English Name of Company (if any)	Zhejiang Yueling Co., Ltd.		
English Abbreviation of Company (if any)	YLGf		
Legal Representative of the Company	Lin Xianming		
Registered Address	North of Xiandai Street, Zeguo Town, Wenling City, Zhejiang Province		
Postal Code of Registered Address	317523		
Office Address	North of Xiandai Street, Zeguo Town, Wenling City, Zhejiang Province		
Postal Code of Office Site	317523		
Company Website	<a href="http://www.yuering.com">http://www.yuering.com</a> or <a href="http://www.yueling.com.cn">http://www.yueling.com.cn</a>		
Email	yl@yueling.com.cn		

### II. Contact Person and Contact Method

	Secretary of Board of Directors	Representative of Securities
Name	Lu Yuesong	Wu Haihong
Contact Address	North of Xiandai Street, Zeguo Town, Wenling City, Zhejiang Province	North of Xiandai Street, Zeguo Town, Wenling City, Zhejiang Province
Contact Number	0576-86402693	0576-86402693
Fax	0576-86429895	0576-86429895
Email	yl@yueling.com.cn	yl@yueling.com.cn

### III. Information Disclosure and Storage Location

Name of Newspapers selected for information disclosure	Securities Times, China Securities Journal, Shanghai Securities News, and Securities Daily
Website assigned by CSRC publishing annual report	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Storage location of annual report	Security Affair Department of company

### IV. Registration Changes

	Date of registration	Place of registration	Registration No. of license of the business corporation	Tax registration No.	Organization Code

Primary registration	May 21, 1998	Industrial Zone, Danya, Zeguo Town, Wenling City, Zhejiang	3310812000357	331081710973288	71097328—8
Registration in the end of report period	Oct. 8, 2010	North of Xiandai Street, Zeguo Town, Wenling City, Zhejiang Province	331000000031677	331081710973288	71097328—8
Changes of main business since being listed (if any)	None				
Changes of controlling shareholders (if any)	None				

## V. Other Relevant Data

Accounting firm employed by the company

Name of accounting firm	ZhongHui Certified Public Accountants Co., Ltd. (Special General Partnership)
Office address of accounting firm	Room 601, Building A, Hualian Time Building, No. 8 Xinye Road, Jianggang District, Hangzhou City
Name of signed accountant	Zhou Haibin, Yin Xuejiao

The sponsor institution hired by the company during the report period to perform responsibility of report period

Applicable  N/A

Financial consultant hired by the company during the report period to perform responsibility of continuous supervision

Applicable  N/A

## Section 3 Abstract of Accounting Data and Financial Index

### I. Main Accounting Data and Financial Indexes

Whether the company will retract the adjustment or restates the accounting date in former years due to accounting policy change and accounting error correction

Yes  No

	2013	2012	Increase/decrease than the previous year (%)	2011
Business income (Yuan)	840,794,444.16	810,516,371.92	3.74%	865,580,581.82
Net profits attributed to shareholders of listed company (Yuan)	102,828,055.83	94,726,839.72	8.55%	88,734,283.82
Net profits deducting non-recurring profit and loss attributed to shareholders of the listed company (Yuan)	99,040,963.61	92,540,847.15	7.02%	86,173,241.92
Net cash flow relating to business activities (Yuan)	120,576,244.74	127,074,509.08	-5.11%	138,145,463.36
Basic EPS (Yuan/Share)	1.37	1.26	8.73%	1.19
Diluted EPS (Yuan/Share)	1.37	1.26	8.73%	1.19
Weighted average return on equity (%)	23.94%	26.53%	-2.59%	32.07%
	End of 2013	End of 2012	Increase/decrease in the end of this year than the end of previous year (%)	End of 2011
Total asset (Yuan)	665,407,814.65	593,081,495.24	12.2%	578,202,930.21
Net assets attributed to shareholders of listed companies (Yuan)	477,220,781.94	403,030,446.88	18.41%	322,239,612.60

### II. Accounting Data Difference under Domestic and Foreign Accounting Rules

#### 1. Differences of net profits and net assets in financial report disclosing information according to international accounting rules and Chinese accounting rules simultaneously

Unit: Yuan

	Net profits attributed to shareholders of listed companies		Net assets attributed to shareholders of listed companies	
	Amount in this term	Amount in previous term	Closing amount	Opening amount
Pursuant to Chinese accounting rules	102,828,055.83	94,726,839.72	477,220,781.94	403,030,446.88
Item and amount adjusted according to international accounting rules				

## 2. Differences of net profits and net assets in financial report disclosing information according to foreign accounting rules and Chinese accounting rules simultaneously

Unit: Yuan

	Net profits attributed to shareholders of listed companies		Net assets attributed to shareholders of listed companies	
	Amount in this term	Amount in previous term	Closing amount	Opening amount
Pursuant to Chinese accounting rules	102,828,055.83	94,726,839.72	477,220,781.94	403,030,446.88
Item and amount adjusted according to foreign accounting rules				

## 3. Explanation of reasons for accounting date difference under domestic and foreign accounting rules

### III. Non-recurring Profit and Loss Item and Amount

Unit: Yuan

Item	Amount in 2013	Amount in 2012	Amount in 2011	Description
Profit and loss from noncurrent assets disposal (including the offset part withdrawing asset depreciation reserve)	-387,117.21	-11,627.39	-112,678.86	
Government subsidy reckoned into current profit and loss (closely relating to enterprise business, except the government subsidy enjoying by national unified standards quantitatively and qualitatively)	4,771,463.40	1,203,700.00	3,506,299.00	
Profit and loss from contingencies irrelevant to normal operation business of the company		155,251.30		
Profit and loss from changes in fair value of held transaction financial assets, and transaction financial liabilities, and investment return from transaction financial assets disposal, transaction financial liabilities and available-for-sale financial assets except the valid hedging business with regard to normal operating business of the company	289,387.11	92,280.98	-15,738.92	
Other non-business income and expenditure except the above-mentioned items	-204,213.04	1,148,476.69	-351,761.05	
Less: Amount impacted by income tax	682,428.04	402,089.01	465,078.27	
Total	3,787,092.22	2,185,992.57	2,561,041.90	--

When the company defines the non-recurring profit and loss items pursuant to *Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public*, and defines the non-incurring profit and loss items listed in *Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public* as recurrent profit and loss, it shall explain the reasons.

Applicable  N/A

## Section 4 Director's Report

### I. Overview

#### (i) Overall situations

In 2013, the world economy is still under the process of slow and winding recovery. However, the uncertain and unstable factors are more, and economic growth power is insufficient. The relatively depressed growth trend will continue for a longer time. In general, the international economic environment is still severe in 2013. As an enterprise mainly depending on sales in international market, and facing multiple adverse factors such as foreign market demand downturn, and large increase range of domestic wage costs, the Board of Directors and the management layer insist on the operating concept of "pursuing excellence, creating first-class, cooperating solidly and building glory jointly", ceaselessly promote technological innovation and new product development, strengthen cost control, improve product quality, develop new clients, stably carry out various jobs and finish various annual operating indicators.

During the report period, the company realized total operating income of 840.7944 Million Yuan, increasing 3.74% year on year; realized net profits attributed to listed company of 102.8281 Million Yuan, increasing 8.55% year on year; realized net cash flow relating to operating activities of 120.5762 Million Yuan, reducing 5.11% year on year.

#### (ii) Operating situations

1. The "Annual Output 2.3 Million Automobile Casted Aluminum Wheel Project" is carried out smoothly. In order to seize opportunity of development and urge the early operation of fundraising and investment project, the company inputted own funds in early stage to construct this project. As of the end of January 2014, the company has totally inputted 148.2523 Million Yuan for plant construction and equipment reservation. At present, the project carries out smoothly, and by prediction parts of the output in the middle term in 2014 can be put into operation.

2. Insist on ceaseless technology research and innovation and new product development, and improve core competitiveness of the company

The company always takes technological innovation as the source power of enterprise development, and follows the development trend of leading technologies in domestic and foreign wheel industry; with wheel lightness and high intensity as orientation, ceaselessly researches new technology, applies new materials, introduces advanced equipment and continuously improve the technology content and quality level of company products; meanwhile, the company pushes forward product innovation, expand product classification, and continuously strengthen the competitive advantages in international after-sales and refitting market so as to improve the market share of the company products. In 2013, the company developed over a dozen of quality products including "one-piece spinning wheel hub product", "surface wiredrawing wheel hub product", "milling window product", "color hydrographics transfer printing wheel hub product" and "internally deep edge two-piece wheel hub product" which are popular among middle and high grade customers. Those hubs generally are of characteristics of high technology content, lightness, good appearance and individuality. The market prospect is promising. The output rate of new products improves gradually year by year. By 2013, the output rate of new products has reached 30%.

3. Widen marketing channel, and optimize customer structure

Based on international AM market, the export sales gained new achievement. In 2013, although the export situation in auto part industry is unoptimistic, the company firmly seizes the initiative of the market and wins favor of customers by the "fashionable, differential and individual" hub products. In 2013, while consolidating the business in markets of emergency economies such as Africa and Russia, the company mainly expanded American and Australian markets. By the end of the year, the export sales of auto wheels increased 5.05% than that in 2012, among which the sales volume in Australia, America and Japan increased greatly. The



objective of “strengthening to expand markets in America, etc.” stipulated in the beginning of the year is realized, and the continuous and stable growth of export income of the company is guaranteed.

4. Dig potential, and mainly emphasize on energy saving, consumption reduction and key technology transformation. Saving cost and improving efficiency is the important content of production management work of the company in 2013. Firstly, the melting furnace technology transformation increased number of operating devices under the same energy consumption, improved capacity and reached the objective of energy saving and aluminum loss reduction. Secondly, the automatic equipment is introduced, such as substituting manual casting by casting mechanical arm, helium automatic detection equipment from Germany, tightness detection equipment, and automatic powder and paint sprayer on coating production line. The use of those automatic equipment and devices greatly eased the labor density of employees, and realized the transformation and upgrading of production method of the enterprise.

5. Deeply seek for root of unreasonableness, and comprehensively implement the rectification measures around the core work of the company. Since last year, the management layer of the company took the opportunity of Taizhou Government Quality Award to actively introduce the management of excellent performance mode, and around the core problems of “improving labor productivity, reducing employee labor density, improving work environment and solving unfairness and injustice of employees” continuously held forum of senior leaders, medium leaders, basic foremen and reserve carders as well as individual employee exchange meeting to extensively listen to opinions, and form special group to gradually implement the rectification measures, solve many hot problems that the employees concern successively, stabilize the employee team and improve the productivity.

6. Greatly implement the talent development strategy, and strive to cultivate the sustainable reserve cadre teams of the company. In 2013, the management layer of the company realized from the level of strategic development that the enterprise development depends on talents, and it is urgent to cultivate reserve cadres and improve quality of cadre team. Therefore, the company stipulated and issued the *Several Opinions on Greatly Implementing Talent Development Strategies*, which clearly proposes the talent implementation objective that “in the next two or three years, the foreman and higher level cadres newly promoted and hired shall have educational background higher than college in principle, and the basic cadres with educational background higher than college shall be assigned to each department of the company”. In 2013, the company employed a batch of graduates with higher educational background, including 3 masters and over 30 undergraduates majored in machinery. The number of employees employed in that year becomes the highest on talent introduction history of Yueling. The newly employed undergraduates and other undergraduates in the company were listed into reserve cadres by assessment of the company, and took three levels of trainings, i.e. the basic foremen train practical skills one-to-one, senior supervisors train professional knowledge intensively once a week, and senior leaders of the company train management technology face to face once a month. Through a series of educational trainings and assessments in recent one year, some reserve cadres have stood out and are about to take various management and key technology posts of the company.

## **II. Analysis of Main Business**

### **1. Overview**

The company is specialized in production and sales of aluminum alloy wheels and the products are mainly exported to over 80 countries and regions including America, Japan and European countries. The company forms its own competitive advantages in international automobile aluminum wheels after-sale refitting (AM) market by differential, individual and fashionable products. During the report period, neither the main business nor operating mode of the company changed greatly.

In 2013, the international economic situation is depressed. While the year-on-year aluminum alloy wheel export volume to foreign markets is depressed, the export business of the company increased to a certain degree. The company reviewed and concluded the progress of development strategies and operating pan in early stage of the report period.

The overall development objective of the company is to, based on the existing aluminum alloy wheel manufacture foundation, relying on ceaseless accumulation of own technologies and experiences, and combining the market demand, reasonably expand

production scale of the company, adjust product structure, continuously strengthen the technological advantages, brand advantages, talent advantages and customer advantages of the company in the industry, strive to create internationally well-known brand and finally become the internationally first class aluminum alloy wheel manufacturer.

The development objective of the company in recent two years is to use existing product, technology and design advantages to continuously consolidate and develop existing AM market; to make full use of new manufacturing technology and research, design advantages to improve the international high end AM market share of aluminum alloy wheel after the raised fund investment product is put into production; meanwhile, to greatly expand domestic AM market, and enter the domestic and foreign middle and high end OEM market when qualified.

In the report year, the company strives to, around development strategy and operating plan, develop technology and product, build talent team, expand international market, and basically realize the operating plan of the report year.

Reasons that the actual business performance of the company is 20% lower or higher than the profit prediction disclosed publicly earlier

Applicable  N/A

## 2. Incomes

### Description

During the report period, the company realized 840.7944 Million Yuan total business incomes, increasing 3.74% year on year; realized 839.9343 Million Yuan main business income, increasing 3.76 % year on year, among which the export sales income is 809,485,638.41 Yuan, increasing 5.05% year on year.

Whether the income of entity sales is larger than the labor income

Yes  No

Class of Industry	Item	2013	2012	Increase/decrease year on year (%)
Transportation Equipment Manufacturing (aluminum alloy wheel)	Sales volume	3,601,470	3,575,191	0.74%
	Production volume	3,616,608	3,505,606	3.17%
	Inventory	213,121	197,983	7.65%

Description of reasons that relevant data changed over 30% year on year

Applicable  N/A

Major orders at hand of the company

Applicable  N/A

Major changes or adjustment of product or service during the report period

Applicable  N/A

Situations of main customers

Total sales amount of first five customers (Yuan)	291,150,332.66
Proportion of total sales amount of first five customers to total annual sales amount (%)	34.63%

Data of first five customers of the company

Applicable  N/A

No.	Name of Customer	Sales volume (Yuan)	Proportion to annual sales volume (%)
1	The first place	135,477,839.60	16.11%
2	The second place	45,973,434.85	5.47%

3	The third place	41,069,614.95	4.88%
4	The fourth place	37,056,794.24	4.41%
5	The fifth place	31,572,649.02	3.76%
Total	—	291,150,332.66	34.63%

### 3. Cost

Class of industry

Unit: Yuan

Class of industry	Item	2013		2012		Increase/decrease year on year (%)
		Amount	Proportion to business costs (%)	Amount	Proportion to business costs (%)	
Transportation Equipment Manufacturing	Direct material cost	450,035,201.10	71.24%	441,202,548.30	72.2%	-0.96%
Transportation Equipment Manufacturing	Labor cost	62,298,275.99	9.86%	47,343,527.91	7.75%	2.11%
Transportation Equipment Manufacturing	Depreciation and consumable	53,754,900.41	8.51%	66,934,179.74	10.95%	-2.44%
Transportation Equipment Manufacturing	Fuel and energy cost	55,244,581.91	8.74%	48,550,941.88	7.94%	0.8%
Transportation Equipment Manufacturing	Outsourcing cost	10,420,956.09	1.65%	7,081,420.32	1.12%	0.53%
Transportation Equipment Manufacturing	Total	631,753,915.50	100%	611,112,618.15	100%	

Class of product

Unit: Yuan

Class of product	Item	2013		2012		Increase/decrease year on year (%)
		Amount	Proportion to business costs (%)	Amount	Proportion to business costs (%)	

Description

The direct material costs of the company during the report period decreased than that in the previous year, mainly because the price of main material aluminum alloy decreased year on year; the labor cost increased greatly, mainly because the wages of workers are increased; depreciation and consumables are decreased mainly because the company strengthens internal control and management and reduced consumption and loss.

Situations of main suppliers of the company

Total amount of purchase of the first five suppliers (Yuan)	469,219,122.51
Proportion of total amount of purchase of the first five suppliers to annual purchasing amount (%)	64.92%

Data of first five suppliers of the company

√Applicable □ N/A

No.	Name of Supplier	Amount of purchase (Yuan)	Proportion to annual amount of purchase (%)
1	The first place	153,000,114.86	21.17%
2	The second place	130,039,242.24	17.99%
3	The third place	96,317,017.82	13.33%
4	The fourth place	60,890,153.89	8.42%
5	The fifth place	28,972,593.70	4.01%
Total	—	469,219,122.51	64.92%

#### 4. Costs

Item	2013		2012		Percentage of increase/decrease
	Amount	Proportion to business income	Amount	Proportion to business income	
Sales expenses	19,234,008.60	2.29%	15,191,324.80	1.87%	26.61%
Management fee	64,729,869.70	7.70%	66,053,860.79	8.15%	-2.00%
Financial cost	-133,261.01	/	2,858,446.14	0.35%	-104.66%
Income tax	16,483,673.68	1.96%	14,922,410.66	1.84%	10.46%

Note: 1. The sales expenses increased 26.61%, mainly because in that year the international market expansion was strengthened, and the agent commission paid was increased.

2. The financial expenses reduced 104.66%, mainly because with the accumulation of company profits, the own fund increased, company load decreased greatly and the interests of the company are reduced.

#### 5. Research expenditure

Item	2013	2012	Percentage of increase/decrease
Total amount of research expenditure	26,077,291.82	25,554,217.78	2.05%
Proportion to term-end net assets	5.47%	6.34%	-0.87%
Proportion to income in current period	3.10%	3.15%	-0.05%

During the report period, the research expenditure of the company is mainly used in research and development of new product, new technology and new process. These researches and developments aim to improve the technological strength and enterprise competitiveness. The total amount of research expenditure is 26,077,291.82 Yuan, accounting for 5.47% of net assets of parent company audited in 2013, and accounting for 3.10% of sales income of parent company audited in 2013.

#### 6. Cash flow

Unit: Yuan

Item	2013	2012	Increase/decrease year on year
------	------	------	--------------------------------

			(%)
Subtotal of cash inflow from business activities	934,953,991.85	913,607,672.97	2.34%
Subtotal of cash outflow from business activities	814,377,747.11	786,533,163.89	3.54%
Net amount of cash flow from business activities	120,576,244.74	127,074,509.08	-5.11%
Subtotal of cash inflow from investment activities	20,074,191.64	32,123.18	62,391.3%
Subtotal of cash outflow from investment activities	71,869,123.64	66,803,695.47	7.58%
Net amount of cash flow from investment activities	-51,794,932.00	-66,771,572.29	-22.43%
Subtotal of cash inflow from fundraising activities	62,250,976.80	89,812,532.70	-30.69%
Subtotal of cash outflow from fundraising activities	116,561,537.68	165,634,395.77	-29.63%
Net amount of cash flow from fundraising activities	-54,310,560.88	-75,821,863.07	-28.37%
Net increase of cash and cash equivalent	16,939,815.28	-12,903,816.03	231.28%

Description of reasons that relevant data changed over 30% year on year

Applicable  N/A

1. The cash flow from investment activities increased 62,391.3% year on year because in 2013 the company sold the 20 Million Yuan bank short-term bank financial products bought in the end of 2012.
2. The cash flow from fundraising activities decreased 30.69% year on year because with the accumulation of company profits and own fund increase, the bank loan of the company is reduced.
3. The net increase amount of cash and cash equivalence increased 231.28% year on year, because the cash inflow from above-mentioned investment activities increased year on year, and the cash outflow from those activities decreased.

Description of reasons for major difference between the cash flow from business activities of the company during the report period and net profit in this year

Applicable  N/A

### III. Main Business Composition

Unit: Yuan

	Business income	Business cost	Gross rate (%)	Increase/decrease of business income than that in the same period in the previous year (%)	Increase/decrease of business cost than that in the same period in the previous year (%)	Increase/decrease of gross rate than that in the same period in the previous year (%)
By industries						
Transportation Equipment Manufacturing	839,934,301.46	631,753,915.50	24.79%	3.76%	3.38%	0.28%
By products						
Coating wheel	770,324,941.06	587,232,232.38	23.77%	4.96%	5.17%	-0.15%
Buffing wheel	809,979.67	567,853.33	29.89%	-18.93%	-14.96%	-3.27%

Vacuum plating wheel	27,715,965.88	19,989,627.45	27.88%	-19.31%	-16.57%	-2.37%
Plating wheel	11,918,328.39	9,617,058.11	19.31%	0.5%	0.43%	0.06%
Spinning wheel	24,802,538.88	11,371,959.34	54.15%	64.08%	60.14%	1.13%
Grinding wheel	3,054,417.98	1,983,347.67	35.07%	-73.71%	-81.33%	26.53%
Accessories	1,308,129.60	991,837.22	24.18%	-20.49%	20.18%	-25.66%
By regions						
Other countries and regions	809,485,638.41	607,995,023.46	24.89%	5.05%	4.3%	0.54%
Mainland China	30,448,663.05	23,758,892.04	21.97%	-21.81%	-15.67%	-5.68%

The main business data after the term-end caliber is adjusted in recent one year will be adopted when the statistical caliber of main business of the company is adjusted during the report period.

□Applicable √ N/A

## IV. Analysis on Assets and Liabilities

### 1. Major changes of asset items

Unit: Yuan

	2013		2012		Increase/decrease of proportion (%)	Description of major changes
	Amount	Proportion to total assets (%)	Amount	Proportion to total assets (%)		
Monetary capital	126,262,618.13	18.98%	108,057,802.85	18.22%	0.76%	In the same period in the previous year, the company spent 20 Million Yuan own fund to buy the bank financial product.
Account receivable	100,931,769.71	15.17%	88,205,567.97	14.87%	0.3%	In order to expand the market, properly loose credit for strategic customers
Inventory	82,774,996.04	12.44%	71,721,408.66	12.09%	0.35%	the raw materials and finished products reserve is increased at the end of the term
Long-term equity investment	8,000.00	0%	8,000.00	0%	0%	
Fixed assets	138,914,021.23	20.88%	135,809,993.67	22.9%	-2.02%	
Construction in process	86,799,881.83	13.04%	20,704,946.25	3.49%	9.55%	The company used own fund to construct the plant of investment project for listing in the early period

### 2. Major changes of liability items

Unit: Yuan

	2013		2012		Increase/decrease of proportion (%)	Description of major changes
	Amount	Proportion to total assets (%)	Amount	Proportion to total assets (%)		
Short-term loan	39,755,040.00	5.97%	50,220,453.50	8.47%	-2.5%	The accumulation of profits increases the own fund of the company and reduced bank loan.

### 3. Assets and liabilities measured by fair value

Unit: Yuan

Item	Opening amount	Profit and loss of fair value change in this term	Change of accumulated fair value reckoned into profit and loss	Depreciation withdrawn in this term	Amount bought in this term	Amount sold in this term	Closing amount
Financial assets							
1. Financial assets measured by fair value and changes reckoned into current profit and loss (excluding derived financial assets)	249,009.90	40,792.08					289,801.98
2. Derived financial assets	3,455,171.96		1,362,279.23				5,171,076.81
Total	3,704,181.86	40,792.08	1,362,279.23		0.00	0.00	5,460,878.79
Financial liabilities	0.00	0.00					0.00

Whether the measurement attribution of main assets of the company during the report term is changed significantly

Yes  No

### V. Analysis on Core Competitiveness

The company is one of the key automobile aluminum alloy wheel export enterprises in China. In recent years, the export volume to international market ranks the fifth among domestic enterprises, and the export volume to international AM market continuously ranks first in China. Through accumulation for years, the company has the core competitiveness in aspects of product design capacity, processing types and small amount diversified production organization method. The products of the company have their own competitive advantages in the international market by characteristics of individuation, diversification and fashionableness.

#### 1. Technological advantages

Through intensive cultivation and practice accumulation by over ten years, the company has been in domestic leading level in aspects of aluminum alloy wheel lightweight technology, aluminum alloy wheel surface color coating technology, gravity casting both-side pouring technology, and spinning manufacture technology. The company has powerful design capacity. It can not only design product independently but also design products according to the requirements of customers. The processing of products is well-known for the high technology, high difficulty and richness. At present, the company has won one patent for invention, 25 patents for utility models and 47 patents for design. Meanwhile, the company is applying for 60 patents. In addition, the company has rapid market response ability, and always keeps the leading new product development speed among the enterprises in the same industry in China. In 2013, it developed over 400 models of products, among which the “surface wiredrawing wheel hub product”, “milling window product”, “color hydrographics transfer printing wheel hub product” and “internally deep edge two-piece wheel hub product” are popular among middle and high grade customers.

#### 2. Brand advantages

Through market expansion and cultivation for years, the company has owned a batch of stable customer base. The products

manufactured by the product have been sold to over 80 countries and regions such as Russia, Japan, America, Southeast Asian countries, European countries, Middle East and South America, and enjoy a high reputation in the international market. The company is awarded as “National Automobile Parts Export Base Enterprise” by Ministry of Commerce and National Development and Reform Commission, and the products are granted with the honorable title of “Well-known Products in Zhejiang Province”. In 2013, when the national aluminum alloy wheel export reduced for over 11%, the company realized growth over 5%, and the market share is increased continuously.

### 3. Management advantages

The production and service processes of aluminum alloy wheel have passed the international quality management system certifications such as GB/T19001-2000-ISO9001:2000, QS9000:1998, GB/T1001-2008idtISO9001:2008, and ISO/TS16949:2009 successfully. In order to meet the production characteristics of small quantity and diversity of international automobile aluminum alloy wheel AM market, the company has innovated the operation modes and management modes, and formed specific small quantity and diversified production management mode, which can not only guarantee ordered production and cost saving, but also guarantee the timely delivery. The company always takes the circular economy 3R (reduce, reuse and recycle) standards as production tenet, particularly emphasizes high efficient and saving production mode, and values cost management and control. The company carries out JIT management mode and implements lean management for the production and operation of the company so as to reduce wastes of labor, finance and materials, and improve productivity. The company introduced the “excellent performance management mode” in 2012, the excellent performance management in 2013 is improved.

### 4. Quality advantages

The quality of aluminum alloy wheel manufactured by the company has reached the internationally advanced level. The products have passed the highest authority standard certifications such as VIA and TÜV in automobile wheel industry, and comply with SFI quality standard. At present, the company is able to produce aluminum alloy wheel products complying with various international quality standards.

### 5. Customer advantages

The product sales of the company center at international AM market, and the products are sold to over 80 countries and regions in the world. The company has successfully integrated into AM market of developed countries such as European countries, America and Japan. By now, the company has over 200 partners spreading all over the world, among which many are leading enterprises in local industry, and become the strategic customers of the company.

## VI. Analysis on Investment Conditions

### 1. External equity investment

#### (1) External investment situations

External investment situations		
Investment amount of report period (Yuan)	Investment amount in the same period in the previous year (Yuan)	Amount of variation (%)
8,000.00	8,000.00	0%
Situations of invested company		
Name of Company	Main business	Proportion of listed company to invested company equity (%)
Taizhou Expressway Group Co., Ltd.	Toll road	0%



**(2) Situations of financial enterprise equity held**

Name of Company	Type of Company	Cost of initial investment (Yuan)	Shareholding quantity in the beginning of the term (Shares)	Shareholding proportion in the beginning of the term (%)	Shareholding quantity in the end of the term (Shares)	Shareholding proportion in the end of the term (%)	Book value in the end of the term (Yuan)	Profit and loss during report period (Yuan)	Accounting item	Share source
Total		0.00	0	--	0	--	0.00	0.00	--	--

**(3) Situations of portfolio investment**

Type of security	Code of security	Abbreviation of security	Cost of initial investment (Yuan)	Shareholding quantity in the beginning of the term (Shares)	Shareholding proportion in the beginning of the term (%)	Shareholding quantity in the end of the term (Shares)	Shareholding proportion in the end of the term (%)	Book value in the end of the term (Yuan)	Profit and loss during report period (Yuan)	Accounting item	Share source
Total			0.00	0	--	0	--	0.00	0.00	--	--
Disclosure date of announcement of Board of Directors for security investment											
Disclosure date of announcement of Board of Shareholders for security investment (if any)											

Description of equity situations of other listed companies that the company holds

Applicable N/A

**2. Situations of trust management, derivative investment and entrusted load****(1) Situations of trust management**

Unit: Ten Thousand Yuan

Name of trustee	Correlation	Correlated transaction or not	Type of product	Amount of trust management	Starting date	Ending date	Remuneration confirmation method	Amount of principal recovered actually in this term	Amount of reserve withdraw (if any)	Expected earning	Actual loss during report period
Total				0	--	--	--	0	0	0	0
Source of trust management fund				None							
Principal unclaimed for overdue period and accumulated amount of earnings				0							
Disclosure date of announcement of Board of Directors for trust management (if any)											
Disclosure date of announcement of Board of Shareholders for trust management (if any)											

**(2) Situations of derivative investment**

Unit: Ten Thousand Yuan

Name of derivative investment operator	Correlation	Correlated transaction or not	Type of derivative	Initial amount of derivative investment	Starting date	Ending date	Initial investment amount	Amount of reserve withdraw (if any)	Amount of investment in the end of the term	Proportion of term-end investment amount to net asset in the end of report term (%)	Actual loss during report period
Total				0	--	--	0	0	0	0%	0
Source of derivative investment fund				None							
Disclosure date of announcement of Board of Directors for derivative investment (if any)											
Disclosure date of announcement of Board of Shareholders for derivative investment (if any)											

**(3) Situations of entrusted loan**

Unit: Ten Thousand Yuan

Prospective borrower	Correlated party or not	Loan amount	Loan interest rate	Underwriter or guarantee	Fund purpose of prospective borrower
Total	--	0	--	--	--
Disclosure date of announcement of Board of Directors for entrusted loan (if any)					
Disclosure date of announcement of Board of Shareholders for entrusted loan (if any)					

**3. Situations of raised fund use**

**(1) Overall use situations of raised fund**

Unit: Ten Thousand Yuan

Total amount of raised fund	0
Total amount of raised fund inputted in report period	0
Total amount of raised fund inputted accumulatively	0
Total raised fund which purpose is changed during the report period	0
Total amount of fund raised which purposes are changed accumulatively	0
Proportion of total amount of fund raised which purposes are changed accumulatively (%)	0%
Description of overall use situations of raised fund	
N/A	

## (2) Commitment projects of raised fund

Unit: Ten Thousand Yuan

Orientation of commitment investment project and super raise fund	Whether the item has changed (including part of changes)	Total amount of commitment investment of raised fund	Total amount of investment adjusted (1)	Amount inputted during this report term	Amount inputted accumulatively as of the end of term (2)	Investment progress as of the end of the term (%) (3) = (2)/(1)	Date that the project reaches expected available state	Benefits realized during the report period	Whether reach the expected benefits	Whether the project feasibility is changed significantly
Commitment investment project										
Orientation of super raise fund										
Total	--	0	0	0	0	--	--	0	--	--
Amount, purpose and use progress of super raise fund	N/A									
Change of implementation places of raised fund investment project	N/A									
Adjustment of implementation places of raised fund investment project	N/A									
Early input and replacement situations of raised fund investment project	N/A									
Temporary supplementary working capital of idle raised fund	N/A									
Amount and reason of raised fund balance of project implementation	N/A									

## (3) Changes of raised fund

Unit: Ten Thousand Yuan

Items after change	Corresponding formal commitment item	Total raised fund planned to input after change (1)	Actually inputted amount during the report period	Actually accumulative input amount as of the end of the term (2)	Investment progress as of the end of the term (%) (3) = (2)/(1)	Date that the project reaches expected available state	Benefits realized during the report period	Whether reach the expected benefits	Whether the project feasibility is changed significantly after change
Total	--	0	0	0	--	--	0	--	--
Description of reasons of change, decision making procedure and information disclosure situations (by specific items)			None						

#### 4. Analysis on main subsidiaries and joint stock companies

Situations of main subsidiaries and joint stock companies

Unit: Yuan

Name of Company	Type of Company	Industry	Main product or service	Registered capital	Total assets	Net assets	Business income	Business profits	Net profit
ZheJiang YueLing Import and Export Co., Ltd	Subsidiary	Import and export	Goods import and export, technology import and export, and sales of aluminum alloy wheel hub, automobile accessory, motorbike accessory	10,000,000.00	10,443,228.11	10,223,005.62	2,779,173.01	145,716.81	128,415.63

Description of main subsidies and joint stock companies

The wholly-owned subsidiary, ZheJiang YueLing Import and Export Co., Ltd, is established in June, 2009 with registered capital of 10 Million Yuan, and is mainly engaged in import and export of goods and technology; and sales of aluminum alloy wheel hub, automobile accessories and motorbike accessories. In the end of the report term, the total asset is 10,443,228.11 Yuan, and net asset is 10,223,005.62 Yuan. In 2013, the company realized sales of 2,779,173.01 Yuan, and net profit of 128,415.63 Yuan, increasing than that in the previous year.

Situations relating to subsidiary disposal acquired during the report period.

Applicable  N/A

#### 5. Major items of non-raised fund investment

Unit: Ten Thousand Yuan

Name of Item	Total amount of planned investment	Amount inputted in this report period	Accumulative actually inputted amount so far	Project schedule	Project earnings
Total	0	0	0	--	--

#### VII. Situations of Special Purpose Entity Controlled by the Company

None

#### VIII. Outlook of Future Company Development

(i) Industrial development status

Looking back to 2013, the output and sales of automobiles in China both exceeded 20 million, creating a new high in global automobile production and sales field, and ranking No. 1 in the world for five consecutive years. According to the latest statistical data of CAAM, in 2013, the output of automobiles is 22.1168 million and sales volume is 21.9841 million, increasing 14.76% and 13.87% year on year, and the growth rate improves 10.2% and 9.6% respectively year on year. The output and sales volume of

passenger cars are respectively 18.0852 million and 17.9289 million, increasing 16.50% and 15.71% year on year; of commercial vehicles are respectively 4.0316 million and 4.0552 million, increasing 7.56% and 6.40% year on year. In the automobile markets in other countries, the automobile sales volume in Britain, America and Canada reached the highest level in recent years, while in India, Germany, France and Italy decreased to different degrees. In accordance with the prediction of CAAM, in 2014, the annual sales of Chinese automobiles will reach 23.74~24.18 Million, with growth rate of 8%~10%. The global sales will be 85 Million, increasing 1.4% year on year. The growth rate in emerging markets is faster, and will reach the peak value of automobile sales. (The aforesaid data is from CAAM and [www.gasgoo.com](http://www.gasgoo.com)).

The automobile aluminum alloy wheels have characteristics of light weight, favorable thermal dissipation performance, good finished vehicle safety and beautiful appearance, and have become the mainstream of auto wheel. The supporting of finished vehicle market develops with the development of global automobile industry, and is impacted by the automobile industry as well. By 2014, the finished vehicle supporting market will grow slightly and the demand volume will reach over 150 million. The wheel AM market increases with the continuous increment of automobile holdings. Especially as the automobile holding volume increases and automobile consumption culture emerges, the domestic wheel AM market will usher in a period of fast development.

(ii) Future development strategy of the company

The overall development objective of the company is to, based on the existing aluminum alloy wheel manufacture foundation, relying on ceaseless accumulation of own technologies and experiences, and combining the market demand, reasonably expand production scale of the company, adjust product structure, continuously strengthen the technological advantages, brand advantages, talent advantages and customer advantages of the company in the industry, strive to create internationally well-known brand and finally become the internationally first class aluminum alloy wheel manufacturer. In 2014, in order to realize the strategic plan and market orientation of the company, the company plans to use existing product, technology and design advantages to continuously consolidate and develop existing AM market; to make full use of new manufacturing technology and research, design advantages to improve the international high end AM market share of aluminum alloy wheel after the raised fund investment product is put into production; meanwhile, to greatly expand domestic AM market, and enter the domestic and foreign middle and high end OEM market when qualified.

(iii) Business plan in 2014

The year 2014 is the first year after the company is listed successfully. The company will face the opportunities and challenges as listed company. The first phase capacity of annual output 2.3 million automobile wheel raised fund investment project will be put into operation, and bring potential of company performance growth. In 2014, the company strives to, around the work of “promoting raised fund investment project commissioning, expanding market sales, improving product quality class, and strengthening internal management upgrading”, realize 10-30% increase of sales income and net profits year on year.

**The above-mentioned operating objective is stipulated under relevant assumed conditions, and not the profit prediction made by the company in 2014. Whether the objective can be realized depends on multiple factors such as the changes of market conditions and hard working degree of operating teams. There is large uncertainty. The investors shall pay attention to that.**

In order to reach the above-mentioned objective, the company shall adopt the following strategies and actions:

1. Production plan: the commissioning of phase I of annual output 2.3 million automobile wheel raised fund investment project will be taken as the push of performance improvement in this year; the company strives to put the project into operation in the middle of 2014, which may help the company realize over 15% total increment in 2014; meanwhile, the company will optimize product structure and increase proportion of middle and high grade products.
2. Marketing plan: the company will continue to expand international aluminum alloy wheel AM market, pay attention to product marketing in developed countries and regions such as America, Japan, Canada and EU countries, and improve the sales proportion of middle and high end aluminum alloy wheel products; perfect international market sales network, seek for cooperation with international and domestic middle and high end automobile manufacturers, arrange domestic sales network and increase brand promotion strength.
3. Technology, process and product development plan: the company will continuously strengthen the input in research and

development, and promote innovation of technology, products and process; continue to carry out individual and fashionable product development; research ultra-light products combining the commissioning of fundraising investment project; realize development of over 400 types of new products, and apply for over 100 patents.

4. Internal management upgrade and improvement: the company shall implement internal management upgrade, promote system control, process control, standard control and regulation control; integrate enterprise resource information system and improve management efficiency; improve product quality and save manufacturing costs.

5. Human resource plan: the company builds a enterprise talent team suitable to enterprise development strategy and business development strategy; strengthen rights and liability definition and implementation of management team, improve performance assessment method and incentive system, and continue to strengthen building and cultivation of subsequent talent team; continuously improve working and living environment, strengthen personnel care, and cultivate the centripetal force of the enterprise to the employees.

6. The company will strengthen financial management, improve the use efficiency of company fund, and reduce fund use cost. In this year, the company will mainly improve the special management and use capacity for the raised fund after the company is listed; adopt multiple means to reduce the impact of exchange rate change on company performance; prevent from financial risk and tax risks; strengthen construction and implementation of financial internal control system; improve internal accounting, and improve disclosure quality of financial information.

#### (iv) Fund use demand and plan

In 2014, after the phase I of “annual output 2.3 million casting and spinning automobile aluminum alloy wheel” project is put into operation, the company will properly use raised fund firstly issued by the listed company to construct the phase II capacity. The company has started constructing the R&D center. About 400 million Yuan is required to finish those two projects. Except the 345 Million Yuan fund firstly issued publicly, about 60 Million Yuan is still required. The company will make up by own fund.

#### (v) Risk factors

##### 1. Risks of macroeconomic fluctuation

The development of automobile part industry mainly depends on the prosperity of finished car manufacturing industry and demand of after-sales service industry. The deterioration of economic environment and reduction of income level will lower intentions of automatic procurement, repair and refitting, so as to impact on demand of AM market. If the global economy suffers systematic crisis again, the market demand for products of the issuer will be impacted, and the company will face relevant risks brought hereof.

##### 2. Risks of overseas market

The export business of products in 2013 accounted for 96% of total business turnover, and the products are exported to countries and regions such as Russia, Japan, America, Southeast Asian countries, Europe, Middle East and South America. If the target countries and regions have adverse changes in aspects of politics, economic environment and automobile consumption policies, the product export of issuer will be impacted directly.

The company main adopted market decentralization strategy, strategic customer cooperation and new products updating strategy aiming at the overseas market risks. In 2014, the company will strive to expand domestic market sales, and seek for cooperative opportunities with auto manufacturers.

##### 3. Risks of exchange rate

During the report period, the income of export sales of the company accounts for 96% of main business income in the same period. The main business income of the issuer is from the export business to international AM market, and the settlement currency is mainly USD. Therefore, the company is affected greatly by the exchange rate fluctuations. If in the future, RMB continuously keeps the trend of appreciation, the company will face the adverse impacts such as price advantage weakening and exchange loss increase brought about by appreciation of RMB.

Facing the exchange risks, the company mainly adopts proper future foreign exchange settlement policy, and integration and linkage between sales order and exchange rate to reduce the impact on performance caused by exchange rate fluctuation.

##### 4. Risks of main raw material price fluctuation

The raw material required by production of the company is mainly aluminum alloy A356, the average proportion of which to production cost during the report period is about 63%. The price of aluminum alloy is the important factor affecting the main business cost and gross rate of the company. Therefore, the change of aluminum alloy price will greatly affect the profitability and performance of the company. The company adopts the principle of matching raw material procurement and order, and implements sales order and aluminum alloy price linkage mechanism. If in the future, the price of aluminum alloy fluctuates fiercely, it may generate adverse impact on the operation and performance of the company.

#### 5. Risks of trade friction

In recent years, the anti-dumping policy in EU, “anti-dumping and anti-subsidy” policy in Australia and “anti-dumping investigation” in India severely harm the profits of export-oriented aluminum alloy wheel manufacturers in China. The sales income of the company by exporting to EU, Australia and India accounts a lower proportion to total business income, which fails to cause large adverse impact on the operation of the company. However, if other aluminum alloy import countries or regions follow EU, the operation of the company will be harmed.

#### 6. Risks of net profit level reduction by tax policy change

In accordance with ZKFG [2012] No. 312 Document issued by Zhejiang Department of Science and Technology, the company passed the application for review of high and new technology enterprise in 2012, and paid business income tax according to 15% tax rate in 2012, 2013 and 2014. Besides, the company now meets the affirmation conditions as high and new technology enterprise. However it is still possible that the company fails to meet the conditions of high and new technology enterprise in future and impact the net profit level due to the higher business income tax rate.

China started implementing drawback policy for export products since April 1, 1985, and always properly adjusts export refund rate policies according to the macroeconomic environment and industrial policies. At present, the auto wheel products of the company and its wholly-owned subsidiary Yueling Import and Export enjoy the export tax refund rate of 17%, and motorcycle wheel products enjoy 15% refund rate. The export refund rates are high. If in the future, the export refund rate is lowered, the main business costs of the company will increase so as to cause certain impact on profit levels.

#### 7. Risks of impact on business expansion by future market space and competitiveness status of main products

In the aspect of international AM market, the requirements of the suppliers in aspects of fund strength, production scale and supporting capacity are lower than OEM market, and the access threshold to AM market is lower than that of OEM market. Due to the lower access threshold, the competition among wheel manufacturers in developing countries will become fiercer increasingly. As more competitors enter the international AM market, the future market share may be reduced. In the aspect of market demand, if the overseas market economy continues the downturn, the demands will reduce and the purchasing power will lower. In addition, if the issuer fails to cope to the market changes in time, the risks of future market share occupation and fiercer competition may be generated to the issuer.

The company actively copes to the competitions by its product advantages and customer advantages.

#### 8. Risks of fund-raising investment trend failing to generate expected benefits

The fund-raising investment projects of the company are annual output 2.3 million casting and spinning automobile aluminum alloy wheel project and R&D center construction project. Relevant experts surveyed, demonstrated and compared those projects in depth and finally confirmed the fund-raising investment project program by fully considering the future market prosperity of various products in aluminum alloy wheel market and combining the actual ability of the company in aspects of technology, market and management. If in the future the adverse factors such as improper project management, market demand reduction or change of macroeconomic policies occur, the fund-raising investment project will not generate expected economic benefits so as to generate adverse impact on the operating situations of the company.

#### 9. Risks of return on equity reduction

After the issuance, the net assets of the company will be increased greatly than that in the end of the report period. The fund-raising investment project involves certain construction period and design capacity approaching period, so certain time is required to generate expected incomes. Moreover, the uncertainty is large, so the net profits of the company cannot keep pace with the growth of

net assets in a short period. Therefore, the company faces the risk that after issuance the return on equity may be diluted.

### **IX. Description of Board of Directors and Board of Supervisors on “Non-standard Audit Report” Issued by Accounting Firm in the Report Period**

None

### **X. Changes of Accounting Policies, Accounting Estimate and Accounting Methods Compared with the Financial Report in the Previous Year**

None

### **XI. Description of Retroactive Restatement in case of Significant Accounting Error Correction during the Report Term**

None

### **XII. Changes of Consolidated Statement Compared with the Financial Report in the Previous Year**

None

### **XIII. Profit Distribution, Dividend and Interests Payout**

Stipulation, implementation or adjustment of profit distribution policy, especially cash dividend payout policy during the report period:

Applicable  N/A

CSRC issued Guideline No. 3 for the Supervision of Listed Companies – Cash Dividend of Listed Companies (ZJHGG [2013] No. 43) on Nov. 30, which regulates the new profit distribution rules for listed companies. In accordance with the guideline, and in order to further perfect the profit distribution policies, on Dec. 19, 2013, the company held 2013 the second temporary shareholder’s meeting to revise the *Draft of Articles of Associations* of the company. The main contents of revised profit distribution policies are as follows: (i) company profit distribution policy: 1. The profit distribution of the company shall emphasize on reasonable return to investors and sustainable development of the company concurrently. The profit distribution policy shall keep continuity and stability, and comply with laws, regulations and normative documents. The profit distribution of the company shall not exceed the scope of accumulative distributable profits, and meanwhile take the long-term profits of the company, overall profits of all shareholders and sustainable development of the company into account. Meanwhile the following principles shall be insisted to: (1) distribution according to statutory sequence; (2) no distribution with undistributed deficit; (3) same-share same-right, and same-share same-profit; and (4) no profit distribution to shares held by the company. 2. The company can distribute profits by cash, stocks or the combined method. The company shall preferentially adopt cash dividend method to distribute profits; if the profits are distributed by stock, the true and reasonable factors such as growth of the company, dilution of net asset per share shall be considered comprehensively under the premise of reasonable cash dividend return of shareholders and proper equity scale maintenance. 3. The cash dividend of the company shall meet the following conditions: (1) the audit institute issues standard audit report with unqualified opinion to the financial report of the company in that year (the half-year profit distribution shall be carried out according to relevant regulations); (2) the annual or half-year distributable profits realized by the company are positive, besides the cash flow is sufficient, and



implementation of cash dividend will not impact on subsequent sustainable operation of the company; (3) the accumulative distributable profits are positive; and (4) other conditions regulated by laws, regulations and normative documents. 4. Proportion of cash dividend of the company is: when the cash dividend distribution conditions are met, the company adopts the policy of fixed proportion to distribute cash dividend, i.e. in a single year the profits distributed by cash shall not be less than 30% of distributable profits realized in that year. However, if the company failed to make up losses in the previous years, the profits distributed by cash shall not be less than 30% of distributable profits after making up the loss. 5. When the cash dividend conditions are met, and under the premise of guaranteeing the normal operation and long-term development, the company, in principle, distributes cash dividend once after the annual shareholder's meeting. The company can distribute cash dividend in the middle term according to the earning performance and fund demand of the company. In the event that a shareholder occupies fund of company illegally, the cash dividend that the shareholder shall be distributed to shall be deducted and used to compensate for the fund occupied. 6. The stock dividend issued by the company shall meet the following conditions: (1) operating situations of the company are favorable; (2) the stock price and equity scale is not matched, and the issuance of stock dividends is in favor of overall profits of all shareholders; (3) the proportion of cash dividend issued and stock dividends complies with the Articles of Associations; and (4) other conditions regulated by laws, regulations and normative documents. 7. When the company issues dividends, it shall comprehensively consider factors such as industrial characteristics, development stage, own operation mode, profitability and whether it has significant fund expenditure arrangement, and proposes differential cash dividend policies according to different situations: (1) if the company develops to mature period without significant fund expenditure arrangement, when distributing profits, the proportion of cash dividend to the profit distribution shall be 80% at minimum; (2) if the company develops to mature period with significant fund expenditure arrangement, when distributing profits, the proportion of cash dividend to the profit distribution shall be 40% at minimum; and (3) if the company develops to growing period with significant fund expenditure arrangement, when distributing profits, the proportion of cash dividend to the profit distribution shall be 20% at minimum; if the development stages cannot be distinguished but with significant fund expenditure arrangement, the above-mentioned regulations can be referred to. (ii) Profit distribution decision-making mechanism and program of the company: when the Board of Directors stipulates specific plan for cash dividend, it shall carefully study and demonstrate the timing, conditions and minimal proportion of cash dividend, conditions of adjustment, and requirements of decision-making procedures, and the independent directors shall issue clear opinions on that. After the profit distribution plan stipulated by the Board of Directors is passed by over half of directors, the plan shall be submitted to the shareholder's meeting for deliberation. The independent directors shall issue clear opinion on profit distribution plan. The independent directors can collect opinions from middle and small shareholders, put forward dividend distribution proposal, and directly submit to the Board of Directors for deliberation. Before the shareholder's meeting deliberated the specific plan for profit distribution, it shall communicate and exchange with shareholders especially middle and small shareholders actively by various channels (including but not limited to communicating by phone call, fax and email, and holding and inviting the shareholders to investors' reception day activity) to fully listen to the opinions and appeals of middle and small shareholders, and reply on the problems that middle and small shareholders concern. (iii) Decision-making mechanism and program of profit distribution policy adjustment: if the company really needs to adjust profit distribution policy according to investment plan, business operation reality, social fund cost, external financing environment, willingness and requirements of shareholders, or due to the factors of significant changes of production and operation situations, the Board of Directors shall put forward the profit distribution policy adjustment plan according to the actual situations. The profit distribution policy adjusted shall be based on shareholder equity protection and comply with relevant regulations of CSRC and stock exchange. The opinions from social public shareholders, independent directors and the Board of Supervisors shall be collected for adjusted proposals. The independent directors shall issue independent opinions on such matters. The proposals about profit distribution policy adjustment shall be submitted to the shareholder's meeting for approval by special resolution after deliberated by the Board of Directors of the company. On Dec. 19, 2013, the company held the second temporary shareholder's meeting in 2013, deliberated and passed the *Proposal on Deliberating Accumulated Profits before the Company Publicly Issued Stocks*: the company decided that the accumulated undistributed profits after the profit distribution in 2012 is finished and the net profits realized from Jan. 1, 2013 to IPO will be shared by all new and old shareholders after stocks are issued;

if the company failed to gain the approval document issued by the CSRC for stock issuance within six months after the shareholder's meeting is held, the company shall hold another shareholder's meeting to decide the profit distribution matters.

Special description of cash dividend policy	
Whether comply with articles of associations or resolutions of shareholder's meeting:	Yes
Whether the dividend standard and proportion is clear and distinct:	Yes
Whether relevant decision-making procedure and mechanism is complete:	Yes
Whether the independent director performs the duties and plays the due role:	Yes
Whether the middle and small shareholders have the opportunity to fully express opinions and appeals, and whether their legal rights are protected sufficiently:	Yes
If the cash dividend policies are adjusted or changed, whether the conditions and procedures are complying and transparent:	Yes

Profit distribution plan or program, capital reserve-into-equity plan or program of the company in recent three years (including report period)

Profit distribution plan in 2011: with the 7,500 shares capital stock on Dec. 31, 2011 as base number, the company distributed cash dividend 2 Yuan (tax-included) per 10 shares, and the total amount distributed is RMB 15 Million Yuan.

Profit distribution plan in 2012: with the 7,500 shares capital stock on Dec. 31, 2012 as base number, the company distributed cash dividend 4 Yuan (tax-included) per 10 shares, and the total amount distributed is RMB 30 Million Yuan.

Profit distribution plan in 2013: with the 10,000 shares capital stock since public issuance as base number, the company distributed cash dividend 4 Yuan (tax-included) per 10 shares, and the total amount distributed is RMB 40 Million Yuan.

Cash dividend distribution situations of the company in recent three years

Unit: Yuan

Year	Amount of cash dividend (tax-included)	Net profits attributed to shareholders of listed company in cash dividend consolidated statements	Proportion to net profits attributed to shareholders of listed company in cash dividend consolidated statements (%)
2013	40,000,000.00	102,828,055.83	38.9%
2012	30,000,000.00	94,726,839.72	31.67%
2011	15,000,000.00	88,734,283.82	16.9%

Cash dividend distribution plan when the company has profit, and the undistributed profits of the parent company is positive but not proposed within the report period

Applicable  N/A

#### XIV. Profit Distribution and Capital Reserve-into-Equity Plan during the Report Period

Bonus share distributed per 10 shares (Share)	0
Interests paid per 10 shares (Yuan) (tax-included)	4.00
Equity base of distribution plan (Share)	100,000,000
Total amount of cash dividend (Yuan) (tax-included)	40,000,000.00
Distributive profit (Yuan)	233,981,555.38
Proportion of cash dividend to total profit distribution (%)	100%

Cash dividend policies:
If the company develops to the mature period and has significant fund expenditure arrangement, when distributing profits, the proportion of cash dividend to the profit distribution shall be 40% at minimum
Description of plan of profit distribution or capital reserve increase by transferring in details
Cash dividend 4 Yuan (tax-included) is distributed to all shareholders per 10 shares with the general capital 100,000,000 shares on March 28, 2014 as base. Totally RMB 40,000,000 Yuan (tax-included) cash dividends are distributed. In this year, the company will neither send dividend share, nor implement capital reserve-into-equity. After the distribution is finished, the undistributed profit of the company is 193,981,555.38 Yuan, which will be distributed in later years.

## XV. Social Responsibilities

Since the incorporation, the company always actively performs the due obligations as corporate citizens and undertakes social responsibilities. While creating value to shareholders ceaselessly, the company also actively assumes the responsibilities of other stakeholders such as employees, customers, consumers, debtors, supplier and society.

The company has always operated in conformity to laws and regulations, and disclosed information timely, authentically, accurately and completely in accordance with relevant laws and regulations such as *Company Law*, *Guidelines of the Shenzhen Stock Exchange for Standardized Operation of Companies Listed on the Small and Medium-Sized Enterprise Board* and *Assembly of Rules of the Shenzhen Stock Exchange Small and Medium-Sized Enterprise Board*. The company communicates and exchanges with investors by multiple ways such as one-to-many road show, telephone, fax, email and investor relationship interaction platform so as to improve the transparency and integrity degree of the company. The company values the reasonable return to the investors, stipulates shareholder bonus plan, and clarifies the comprehensive profit distribution method for over 30% cash dividend and other dividends to actively return to the shareholders and build the harmonious relationship with shareholders.

The company has always insisted the “people-oriented” talent concept, implemented enterprise talent strategy and strictly complied with relevant laws and regulations such as *Labor Law*, *Labor Contract Law* and *Law on the Protection of Women’s Rights and Interests* to respect and maintain the personal rights and benefits of employees, and actually concern the health, safety and satisfaction of employees. The company enables the employees to gain actual improvement and development by means of theoretical training of knowledge and skills and skill training of practical operation. Meanwhile, the company cares for the mental and physical health of the employees, fully values and actually maintains the rights and benefits of employees, and helps the employees suffering from difficulties due to illness or disasters.

The company pays attention to the product quality, provides quality service to customers, and strengthens communication and cooperation with suppliers to realize mutual benefits and win-win situation. The company actively performs social responsibilities and creates value for stakeholders and the society.

The company also pays attention to environmental protection, energy saving and consumption reduction while pursuing economic benefits. The company takes building green enterprise as the important content of sustainable development strategy, actively performs the due obligations as corporate citizen and undertake the social responsibilities.

Whether the listed company and its subsidiaries belong to the heavy pollution industry regulated by Ministry of Environmental Protection

Yes  No  N/A

Whether the listed company and its subsidiaries have other serious social security problems

Yes  No  N/A

Whether accept administrative penalty during the report period

Yes  No  N/A

## XVI. Registration Table for Activities such as Reception, Investigation, Communication and Interview during the Report Period

Date of Reception	Place of Reception	Way of Reception	Type of person received	Person received	Main contents discussed and data provided
Dec. 31, 2013	None			None	No activities such as reception, investigation, communication and interview

## Section 5 Important Matters

### I. Matters for Major Litigation and Arbitration

Applicable N/A

There is no significant litigation and arbitration matters in this Report period.

### II. Situations Questioned by Media

Applicable N/A

There are no matters commonly questioned by media in this Report period.

### III. The Situations of Non-operating Fund of the Listed Company Occupied by Controlling Shareholders and Their Affiliates.

Unit: Ten Thousand Yuan

Shareholders and their affiliates	Occupied time	Causes	Initial number in this period	New added occupied amount in reporting period	Total amount in reporting period	Ending number in this period	Expected way to repay	Expected amount to repay	Expected time to repay(month h)
Total number			0	0	0	0	--	0	--
The proportion of the final total value in the latest audited net assets (%)									0%

### IV. Related Matters for Bankruptcy and Restructure

There is no bankruptcy and restructure in Report period.

### V. Matters for Asset Transactions

#### 1. Acquisition of assets

The	Acquired	The	The	The	Influence	The	Whether	Relationsh	The date	Disclosure
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dealing party or the ultimate controlling party	or into assets	transaction price (Million)	progressing procedure( Note2)	influence on company's operating( Note3)	on the company's profit and loss( Note4)	proportion of the net profit contributed by the assets in the total net profit (%)	the related transactions or not	ip with the counterparty (For the related party transactions)	of Note5)	index
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## 2. Sale of assets

Transaction counter party	Assets for selling	Date of selling	Transaction price(Million)	The net profit contributed for the listed company by the assets from the initial to the date of selling(Million)	Influence on company by selling( Note3)	The proportion of net profit contributed for the listed company by the asset in the total profit.(%)	Pricing principles for the sale of assets	Whether the related transactions or not	Relationship with the counterparty (For the related party transactions)	Whether the property rights of involved assets have been transferred	Whether the involved debt has been transferred	The date of disclosure(Note 5)	Disclosure index
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## 3. Merger of enterprises

There is no enterprise merger in Report period.

## VI. Implementation and Effect of Corporate Equity Incentive

There is no corporate equity incentive in Report period.

## VII. Significant Related Party Transactions

### 1. Transaction related to daily operating.

Related transaction party	Related relationship	Related transaction type	Related transaction content	Related transaction principles	Related transaction price	Related transaction amount(Ten thousand Yuan)	The proportion in similar transactions(%)	Related transaction settlement	The market price of available similar transactions	The date of disclosure (Note5)	Disclosure index
Yilong investment	company with real share-controller	Lease	The rental fee	Market pricing		538	100%	Bank transfer			
Total amount				--	--	538	--	--	--	--	--
The necessity of related party transactions, persistence, and the reason to choose the related parties(not other parties in the market).				In view of the company is still in the stage of construction, the current production scale can not meet the need of producing. Thus it is quite important for the company's operation to rent steel structure workshop from related party. The price is decided according to the market pricing, and it is reasonable and balanced. It does no harm to							

	the benefit of small and medium-sized shareholders. It is predicted that it is quite necessary to be existed in the process of production both today and in the future.
The effects on the independence of the listed company caused by related party transactions	Related party transactions have no influence on the company.
The dependence of the company on related parties and relevant measures(if has)	The company has no dependence on related party.

## 2. Asset acquisition and the related party transactions in sales

Related party	Related relationship	The type of related party transaction	The content of related party transaction	Related transaction principles	The book value of the transferred assets(Ten thousand Yuan)	Evaluation value of the transferred assets(Ten thousand Yuan)	The fair market value(Ten thousand Yuan)	Transferred price(Ten thousand Yuan)	Related transaction settlement	Trading profit and loss(Ten thousand Yuan)	The date of disclosure(Note5)	Disclosure index

## 3. Significant related party transactions of joint foreign investment

Joint investment party	Related relationship	Joint investment pricing principle	The name of invested enterprise	Main business of invested enterprise	The registered capital of invested enterprise	Total assets of invested enterprise(Ten thousand Yuan)	Net assets of invested enterprise(Ten thousand Yuan)	Net profit of invested enterprise(Ten thousand Yuan)

## 4. Related credits and liabilities

The existence of non-business related credits and liabilities

Yes No

Related party	Related relationship	The type of credits and liabilities	Causes	Non business occupied funds	Initial balance(Ten thousand Yuan)	Amount of this period(Ten thousand Yuan)	Ending balance(Ten thousand Yuan)

## 5. Other significant related transactions

There is no other related transaction besides the disclosed daily transactions above.

Temporary related search for disclosed websites about major related transactions

Name of the temporary notice	Date of the temporary notice	Websites of the temporary notice

## VIII. Significant Contract and Its Implementation

### 1. Trusteeship, contracting and leasing affairs

#### (1) Trusteeship

Hosting note

The hosting matters which have not been occurred or occurred in the past period but continue to occur in Report period.

Items for gains and losses reached to over 10% of profit in Report period.

Applicable N/A

#### (2) Contracting

Contracting note

The contracting matters which have not been occurred or occurred in the past period but continue to occur in Report period.

Items for gains and losses reached to over 10% of profit in Report period.

Applicable N/A

#### (3) Leasing

Leasing note

The company held the first session of the fourteenth meeting of the Board of Directors in February 3, 2013. The meeting adopted the Bill of Continuing to Lease Steel Plant From YiLong Investment Co. Ltd. which is the related party in Wenling City. The meeting also agreed to continue to lease steel plant of YiLong Investment Co. Ltd. in Wenling city that located in the north and south parking lot Danshan county Zeguo town. Including the open space area 40.88 mu, building area 15612.53 square meters, and the annual lease fee 4.65 million Yuan. The renewal period is from January 1st 2013 to December 31st 2014. The lease fee is paid totally before October 1st each year. Continuing to lease steel plant of YiLong Investment Co. Ltd. in Wenling city that located in Tianyangli county Zeguo town is agreed, including open space 12.5 mu, building area 2678 square meters and lease fee 730000 Yuan per year. The renewal period is from April 1st 2013 to March 31st 2015. The lease fee is paid totally before April 30th each year.

Items for gains and losses reached to over 10% of profit in Report period.

Applicable N/A

### 2. Guarantee

Unit: Ten thousand Yuan

External guarantee (Subsidiaries excluded)								
Guarantee object	Related note to Guarantee amount disclosure date	Guarantee amount	The actual date (Agreement assignment)	Actual Guarantee amount	Type of guarantee	Guarantee period	Accomplished or not	Guarantee for related party (Yes or no)
None								
Guarantee for Subsidiaries								

Guarantee object	Related note to Guarantee amount disclosure date	Guarantee amount	The actual date (Agreement assignment)	Actual Guarantee amount	Type of guarantee	Guarantee period	Accomplished or not	Guarantee for related party(Yes or no)
None								
Total Guarantee Amount (The first two items totally)								
Among them:								

Specific instructions of complex guarantee.

### (1) Breached external guarantees

Unit: Ten thousand Yuan

Guarantee object	Relationship to the listed company	Breached guarantee amount	Proportion of recent audited assets (%)	Type of guarantee	Date of guarantee	Breached guarantee balance till the ending of Report period	The proportion of recent audited net assets (%)	Expected way to relieve	Expected relieved amount	Expected relieved time(Month)
Total		0	0%	--	--	0	0%	--	--	--

### 3. Other major contracts

Contracted company name	Contracted counterpart	Contracting date	Book value of involved assets in contract(Ten thousand Yuan)(if any)	Assessed value of involved assets(Ten thousand Yuan) (if any)	Assessment agency(if any)	Assessed base date(If any)	Pricing principle	Transaction price (Ten thousand Yuan)	Whether related transaction	Related relationship	Performance till the ending of Report period
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### 4. Other significant transactions

Other significant transactions have not occurred in Report period.

## IX. Performance of Commitments

### 1. Commitments made by company or shareholders holding over 5% have occurred or occurred in the previous period but lasting to Report period

Commitments	Commitment party	Commitment content	Commitment time	Commitment term	Performance
The commitments in stock reform	/	/		/	/
Commitments made in buying or changing benefit report	/	/		/	/



The commitments in asset reorganization	/	/		/	/
The commitments in IPO or refinancing	The commitments in IPO Lin Xianming, Zhong Xiaotou, Lin Wanqing, Lin Xinfu, Lin Shenmao, Lin Ping, Lin Bin	Except for the shares sold by company in public(if happened), transferring or entrusting others to manage its holdings of shares within 36monthsare not allowed since the stock market. Otherwise, the stock held before marketing is not repurchased by the company.	Dec.20 2013	From 2014.1.29 to 2017.1.28	Performing
	Lin Xianming, Zhong Xiaotou, Lin Xinfu, Lin Ping	Before above restricted stock trade period (if happen), shares held personally cannot be transferred over the proportion of 25% in tenure per year, otherwise, shares cannot be transferred after leaving office for half an year.	Dec 20 2013	Long-term	Performing
	Lin Xianming, Zhong Xiaotou, Lin Wanqing, Lin Xinfu, Lin Shenmao, Lin Ping, Lin Bin	After the listing of 6months, if the company shares in consecutive days are cheaper than issue price in stock marketing or the company shares in closing period are below initial price, the lock period of the one who holds shares as above described will extended automatically for 6 months.	Dec 20 2013	From 2014.1.29 to 2014.7.28	Performing
	Lin Xianming, Zhong Xiaotou, Lin Wanqing, Lin Xinfu, Lin Shenmao, Lin Ping, Lin Bin	The holding shares locked after the expiration of the time limit, the total number of 5%-10% (including the number) shares will more than 120% of the issue price.	Dec 20 2013	From 2017.1.29 to 2019.1.28	Performing
	Lin Xianming, Zhong Xiaotou, Lin Wanqing, Lin Xinfu, Lin Shenmao, Lin Ping, Lin Bin	If one breaches the commitment of this part and arbitrarily reduce the shares of the company, the earnings gained by holding the breached reduction (briefly breached reduction) will belong to the company. If the breached reduction cannot be given to the company, the company has the right to deal with its cash dividends in detention. If the cash dividend is insufficient to make up for the breached reduction, the company can sell the rest holdings for making up the difference.	Dec.20 2013	Long-term	Performing
	Lin Xianming, Zhong Xiaotou, Lin Xinfu, Lin Ping	The commitments go into effect from the the date of signing. The changes of posts and/or resignati on cannot shake off the performance of the comm itments.	Dec.20 2013	Long-term	Performing
	Lin Xianming, Zhong Xiaotou, Lin Wanqing, Lin Xinfu, Lin Shenmao, Lin Ping, Lin Bin	I will strictly comply with The Stability Plan for the Listed Company” passed by the general meeting of shareholders.	Dec.20 2013	From 2014.1.29 to 2017.1.28	Performing
	Company	If the supervision confirms that the Prospectus has false records, misleading statements or major omissions, and which makes significant and substantial effects for judging whether the company conforms to the legal standards, the company will repurchase the initial public new shares. The repurchasing price includes issue price plus the deposit interest rate for the same period.(The company issued after the listing of capital reserve into equity, delivery stock or cash dividends, stock splits, allotment of shares or	Dec.20 2013	Long-term	Performing

		shrink and other matters will based on the adjusted price)			
	Company	For those Prospectuses with false records, misleading statements or major omissions confirmed by supervision, and who makes the investor suffer from losses in stock exchange, the responsibility losses will be assumed and compensated. The compensation amount should be limited according to actual losses of investor, including the difference between the loss of investment, the investment loss of part of the difference between the Commission and Stamp tax and capital interest.	Dec.20 2013	Long-term	Performing
	Lin Xianming, Zhong Xiaotou, Lin Wanqing, Lin Xinfu, Lin Shenmao, Lin Ping, Lin Bin	If the supervision confirms that the Prospectus has false records, misleading statements or major omissions, and which makes significant and substantial effects for judging whether the company conforms to the legal standards of issuing conditions, the company will be supervised to repurchase initial issuing shares in public, including but not limited to the indicate its election directors propose to convene deliberation of the board of directors on the company repurchase bill. At the same time, the company will repurchase issue shares sold in public this time.(If happen) The repurchase price will be the issue price plus the interest on the deposit bank. The repurchase action will be completed with the issuing of all the new shares in the company	Dec.20 2013	Long-term	Performing
	Lin Xianming, Zhong Xiaotou, Lin Wanqing, Lin Xinfu, Lin Shenmao, Lin Ping, Lin Bin	For those Prospectuses with false records, misleading statements or major omissions confirmed by supervision, and who makes the investor suffer from losses in stock exchange, the responsibility losses will be assumed and compensated. The compensation amount should be limited according to actual losses of investor, including the difference between the loss of investment, the investment loss of part of the difference between the Commission and Stamp tax and capital interest. The details such as the specific standard of compensation, the scope of compensation subject, the amount of compensation will be performed according to the final scheme made for compensation.	Dec.20 2013	Long-term	Performing
	Lin Xianming, Zhong Xiaotou, Lin Wanqing, Lin Xinfu, Lin Shenmao, Lin Ping, Lin Bin	At present, the company shares held after listing are from the two years after the locking period locked by related shareholders. Under the obeying and meet to all effective supervised rules, the following principles are provided for the reduction: (1)Each reduction and shareholder should be carried out according to their respective proportion in listing the company, any shareholders may not reduce alone.(2)Totally, the number of reduced shares should between5%-10%(including the base number) . Before reduction, the company with capital reserve into equity, distribute stock dividends, stock splits, allotment or shrink shares should be adjusted for the base. The locking demand of stock exchange to listing company should be locked for 2 years according to the other shares of total shares held at the listing period. (3)Each price reduction is no less than 120% of the issue price. Before reduction, the company with capital reserve into	Dec.20 2013	From 2017.1.29 to 2019.1.28	Performing

	equity, distribute stock dividends, stock splits, allotment or shrink shares should be adjusted for the base.(4)The reduction should be achieved based on the related rules through bulk trading system, the stock exchange mode, centralized bidding transaction, or agreement transferring. But if expected reduction in 1month will be over 1% of the shares held at the listing of the company, it is unnecessary for reduction to attend the centralized price bidding.(5)Each reduction performed strictly and other related information disclosure should be noted before 3 transaction days.(6)The earnings from the unintentional reduction of the shareholders must go to the company. (7). The effective dealing to those new added legal shares and the shares purchased legally will not be constrained by this willing.			
Company	The company will strictly implement and abide by <i>On the Commitment to the planning of shareholder returns for the next three years(2014-2016) which is discussed and passed by the general meeting of shareholders.</i>	Dec.20 2013	From 2014.1.1to 2016.12.31	Performing
Lin Xianming, Lin Wanqing, Lin Xinfu, Lin Shenmao, Lin Ping, Lin Bin	<p>(1)As the actual controller of the company, I will perform the obligations in good faith, respect the independent status of a corporation and ensure the independent operation and decision-making of the company. I will prompt company directors by my nomination to perform their bounden honesty and diligence liability by following the relevant provisions of <i>the company law</i>, other laws and regulations and the articles of association of the company strictly. When vote on the related party transactions involved me in the general meeting of shareholders, I promise I will fulfill the duty to avoid voting. I promise to eliminate all illegal occupation of company funds and assets.</p> <p>In any case, I will not require the company to provide any form of security for me. (2)The company, enterprises or economic organization under my control and me (be called "the enterprises under my control" by a joint name below) will no longer have new related party transactions with the company in principle.</p> <p>If the company have business activities with the enterprises under my control and me inevitably in the future, I will make the related party transactions fulfill the relevant procedures in accordance with the relevant national laws and the relevant provisions of the articles of association of the company and the bourse strictly, follow the market principle strictly, and promise not to use the advantageous position of the actual controller, take any action to related party transactions between the company and the enterprises under my control or me so that company's shareholders' meeting, board of directors and management layers will make resolution or decision which infringes the lawful rights or interests of companies or investors.</p> <p>(3) In the process of company's sustainable management, the necessary related party transactions occurred between the company and the enterprises under my control or me shall be treated with the agreement discussed by two sides</p>	Dec.20 2013	2013. 12.20	Performing

		<p>and follow the pricing principle of the general adoption of the market to avoid the damage of the lawful rights and interests of the company or the investors.</p> <p>If I breach the commitment to cause any loss to the company, I will make the compensation to the company. If I breach the commitment above, the company will have the right to deduct my unpaid cash bonus corresponded to holdings of shares in the company until this item eliminates. If I fail to compensate for company timely, the company has the right to acquire corresponding compensation for the loss or cost in the scope of deductible cash bonus.</p>			
	<p>Lin Xianming, Lin Wanqing, Lin Xinfu, Lin Shenmao, Lin Ping, Lin Bin</p>	<p>(1) At present there is no business that is identical, similar or compete in any aspect (can be called "Competitive business" below) (2) There will not be any competitive business in any ways (including engaged in competitive business by cooperating with others directly or indirectly); and also will not invest in companies engaged in competitive business, organization, enterprises or other institutions to avoid competing with the company's operating activities directly. (3) Do not prompt other possible competitive parties to be engaged in or to participate in competitive business. The possible competitive parties will give up the business voluntarily if they find they are engaged in competitive business. (4) The capital, technological supports, sales channel or customer information are not provided by possible competitive counterpart for those companies enterprises or other institutions organizations or individuals engaging in competition. (5) Competitive situation occurs between possible competition or enterprises</p> <p>Possibly, competitive parties controlled directly or indirectly as the company expand its products and business scope in the future, the possible competition or enterprises possible competitive party controlled directly or indirectly will promptly take the following measures to avoid competition: A, Stop producing and managing any products or business which can cause or may cause competition. B, The business that can cause or may cause competition shall be injected into the company according to law. C, The business that can cause or may cause competition should be transferred to the unrelated third party. (6) As the possible competition or enterprise controlled by possible competitive party directly or indirectly develop the business competed with the company, the possible competition may guarantee to take joint liabilities to the company in accordance with the implementation of all the business revenue amount. If the possible competition breaches the commitment above, the company will have the right to deduct actual controllers' unpaid cash bonus corresponded to holdings of shares in the company until this item eliminates. If the possible competition fails to compensate for company timely, the company has the right to acquire corresponding compensation for the loss or cost in the scope of deductible cash bonus.</p>	<p>Dec.20 2013</p>	<p>Long-term</p>	<p>Performing</p>

		<p>If the company will be asked by any Competent Authority to pay any unpaid social insurance costs and housing provident fund in whole or in part, or suffer any penalty or loss due to this sponsor shareholders will bear all costs instead of the company. Or they give the company full compensation to ensure the company will not suffer any loss if the company must pay the costs of such circumstances first.</p> <p>If breach the commitment above, the company will have the right to deduct sponsor shareholders' unpaid cash bonus corresponded to holdings of shares in the company until this item eliminates If the company has paid first, the company has the right to obtain equal compensation in the range of withholding cash bonus in proportion.</p>			
	<p>Lin Xianming,                  Zhong Xiaotou,                  Lin Wanqing,                  Lin Xinfu, Lin                  Shenmao, Lin                  Ping, Lin Bin</p>	<p>If the company will be asked by any Competent Authority to pay any unpaid social insurance costs and housing provident fund in whole or in part, or suffer any penalty or loss due to this, sponsor shareholders will bear all costs instead of the company. Or they give the company full compensation to ensure that the company will not suffer any loss if the company must pay the costs of in such circumstances first. If breach the commitment above, the company will have the right to deduct sponsor shareholders' unpaid cash bonus corresponded to holdings of shares in the company until this item eliminates If the company has paid first, the company has the right to obtain equal compensation in the range of withholding cash bonus in proportion.</p>	<p>Dec.20                  2013</p>	<p>Long-term</p>	<p>Performing</p>
	<p>Lin Xianming,                  Zhong Xiaotou,                  Lin Wanqing,                  Lin Xinfu, Lin                  Shenmao, Lin                  Ping, Lin Bin</p>	<p>If the company is investigated for legal liabilities caused by physical assets funding without evaluation and suffer any penalty or loss, sponsor shareholders will bear all costs. Or they should give the company full compensation to ensure that the company will not suffer any losses if the company must pay the costs of such circumstances first. If they breach the commitment above, the company will have the right to deduct actual controllers' unpaid cash bonus corresponded to holdings of shares in the company until this item eliminates.</p> <p>If the company has paid first, the company has the right to obtain equal compensation in the range of withholding cash bonus in proportion.</p>	<p>Dec.20                  2013</p>	<p>Long-term</p>	<p>Performing</p>
	<p>Lin Xianming,                  Zhong Xiaotou,                  Lin Wanqing,                  Lin Xinfu, Lin                  Shenmao, Lin                  Ping, Lin Bin</p>	<p>If the plants on collective land leased by company are required for forced demolition according to the requirement of the relevant departments, the promoter shareholders above will undertake all costs and fees for demolition and relocation. They should also make up the company business loss during the demolition and relocation. Or they should give the company full compensation to ensure that the company will not suffer from any losses if the company must pay the costs of such circumstances first. If the company is identified as invalid by the authorities due to the Land lease contracts etc. which leads to disputes such as litigation and arbitration with any third party, the sponsors shareholder should promise to undertake all costs or expenses the company must pay</p>	<p>Dec.20                  2013</p>	<p>Long-term</p>	<p>Performing</p>

		because of such cases including attorney fees, legal fees and court acceptance fees etc. Or they give the company full compensation to ensure the company will not suffer any losses if the company must pay the costs of such circumstances first.			
Other commitments to small and medium-sized shareholders in the company.	/	/		/	/
If the Commitment performs in time.	Yes				

**2. There are profit forecast to the company's assets or project, and the Report period is still in its profit forecast. So make a statement about achieving the original profit forecast and its reason**

The name of profit forecast asset or project	Expected starting time	Expected ending time	Current expected performance (Ten thousand Yuan)	Current actual performance (Ten thousand Yuan)	The reason for unexpected ending.(if applicable).	Formal expected disclosure date	Formal expected disclosure index

## X. Employment and Dismissal of Accounting Firms

Accounting firms we are hiring

Names of Domestic accounting firms	ZhongHui Certified Public Accountants Co., Ltd. (Special General Partnership)
Reward of Domestic accounting firms(Ten thousand Yuan)	50
The continuous time limit of auditing services	Four
Certified public accountants' names	Zhou Haibin, Yin Xuejiao

If the current accounting firms will be changed to hire

yes  No

Hire internal control audit certified accounting firms

Details about Financial advisors or sponsors

Applicable  N/A

## XI. Explanation of Public Accountants about Non-standard Audit reports in this Report Period Made by Board of Supervisors and Independent Directors (If applicable)

Not applicable

## XII. Details about Punishment and Rectification

The name	Type	Reason	The type of investigation and	Conclusion(if any)	Date of disclosure	Index of disclosure

			punishment			
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Rectification instructions

Applicable  N/A

Director, Supervisors, Executives,

The situation of Shareholders with more than 5% shares suspected to have illegal sale and published by company to recover illegal proceeds

Applicable  N/A

### **XIII. The Listing of Its Stocks Shall Be Suspended or Terminated After the Annual Report Disclosure**

There is no listing of stocks facing suspension and termination after annual report disclosure in 2013

### **XIV. Other Important Matters**

The company has no other important matters during the Report period

### **XV. Important Matters in Subsidiary Companies**

The subsidiary companies have no other important matters during the Report period

### **XVI. Company's Issuance of Company Bonds**

The company's issuance of company bonds do not exist during the Report period.

## **Section 6 Share Change and Situations of Shareholders**

### **I. Share change**

Unit: shares

	Before the change		Change increase or decrease (+, -)					After the change	
	Amount	Proportion (%)	Issuance of new shares	Bonus	Shares converted from accumulation fund	Others	Subtotal	Amount	Proportion (%)
I. Restricted shares	75,000,000	100%						75,000,000	100%
II. Other domestic shares	75,000,000	100%						75,000,000	100%
Wherein: : domestic legal person shares	5,000,000	6.66%						5,000,000	6.66%
Domestic natural person	70,000,000	93.34%						70,000,000	93.34%

shares									
III. Total number of shares	75,000,000	100%						75,000,000	100%

Reasons for changes in shares

Applicable  N/A

Approval of changes in the share

Applicable  N/A

Changes in the transfer of the shares

Applicable  N/A

Effects of changes on financial indicators, such as basic earnings per share and diluted earnings per share of the last year and the most recent session, and net assets of the share attributable to ordinary shareholders of the company's share

Applicable  N/A

Additional content that the company considers necessary or securities regulators required for disclosure

Applicable  N/A

## II. Securities issuance and listing

1. Previous securities issuance of the past three years at the end of the report period

Name of share and derivative securities	Issuance date	Issuance price (or interest rate)	Issuance amount	Listing date	Number of transactions approved for listing	Trading termination date
Shares class						
N/A						
Convertible corporate bonds, transaction convertible bonds, corporate bonds						
N/A						
Warrants Class						
N/A						

Description of the previous securities issuance of the past three years

2. Descriptions of the changes in the total number of shares, shareholder structure, company assets and liabilities structure

During the report period, total number of shares, shareholder structure, company assets and liabilities structure are subject to no change.

3. Existing internal employee shares

Issuance date of internal employee shares	Issuance price of internal employee shares( <i>Yuan</i> )	Issuance amount of internal employee shares(shares)

## III. Shareholders and actual controllers

1. Number of shareholders and shareholdings

Unit: shares



Number of shareholders at the end of the report period		32		Total number of shareholders at the end of the fifth trading days prior to annual reports			13,483	
Shareholders holding more than 5% shares or top 10 shareholders								
Name of shareholders	Shareholders class	Shareholding ratio (%)	Number of shareholdings at the end of the report period	Increase or decrease amount in the report period	Number of non-tradable shares	Number of tradable shares	Pledged or frozen shares	
							Share condition	Amount
Lin Xianming	Domestic natural person	17.28%	12,960,000		12,960,000	0		
Zhong Xiaotou	Domestic natural person	13.33%	10,000,000		10,000,000	0		
Lin Wanqing	Domestic natural person	13.33%	10,000,000		10,000,000	0		
Lin Xinfu	Domestic natural person	13.33%	10,000,000		10,000,000	0		
Lin Shenmao	Domestic natural person	13.33%	10,000,000		10,000,000	0		
Lin Ping	Domestic natural person	6.67%	5,000,000		5,000,000	0		
Lin Bin	Domestic natural person	6.67%	5,000,000		5,000,000	0		
Lianchuang Yongyi	Domestic non-state-owned legal person	3.33%	2,500,000		2,500,000	0		
Peng Guiyun	Domestic natural person	3%	2,250,000		2,250,000	0		
Zhongrun Hongli	Domestic non-state-owned legal person	2%	1,500,000		1,500,000	0		
Description of shareholders' association or the concerted action		Lin Xianming, Lin Wanqing, Lin Xinfu, Lin Shenmao, Lin Ping, and Lin Bin are the controlling shareholder and actual controller, wherein Lin Xianming, Lin Ping, and Lin Bin are of parent-child relationship, Lin Xianming, Lin Wanqing, Lin Xinfu, and Lin Shenmao are of brotherhood relationship.						
Top 10 tradable shareholders								
Name of shareholders	Number of tradable shares at the end of the report period	Share class						
		Share class	Amount					
N/A								
N/A								
N/A								
N/A								
N/A								
N/A								
N/A								
N/A								
N/A								
N/A								
Description of the relationships and the concerted action among the top 10 tradable shareholders, or between the top 10 tradable shareholders and	N/A							

the top 10 shareholders.	
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During the report period, whether the shareholders have conducted agreed repurchase transactions

Yes  No

## 2. Controlling shareholder of the company

Natural persons

Name of controlling shareholder	Nationality	Whether has the right of abode in other countries or regions
Lin Xianming	China	No
Lin Wanqing	China	No
Lin Xinfu	China	No
Lin Shenmao	China	No
Lin Ping	China	No
Lin Bin	China	No
Occupation and job of the recent 5 years	Lin Xianming: executive director and general manager of Zhejiang Yueling Wheel Manufacturing Co., Ltd from May,1998 to September, 2010; Chairman of the Board of Zhejiang Yueling Co., Ltd. since 2010. Lin Wanqing: deputy General Manager of Zhejiang Yueling Wheel Manufacturing Co., Ltd from May,1998 to September, 2010; general manager assistant of Zhejiang Yueling Co., Ltd. since 2010. Lin Xinfu: deputy general manager of Zhejiang Yueling Wheel Manufacturing Co., Ltd from May,1998 to September, 2010; deputy general manager of Zhejiang Yueling Co., Ltd. since 2010. Lin Shenmao: workshop director of Zhejiang Yueling Wheel Manufacturing Co., Ltd from May,1998 to September, 2010; general manager assistant of Zhejiang Yueling Co., Ltd. since 2010. Lin Ping: Deputy general manager of Zhejiang Yueling Wheel Manufacturing Co., Ltd from May,1998 to September, 2010; deputy general manager of Zhejiang Yueling Co., Ltd. since 2010. Lin Bin: general manager assistant of Zhejiang Yueling Co., Ltd. since April, 2010.	
Inside and outside listing companies on hold in the past 10 years	N/A	

Controlling shareholder change in the report period

Applicable  N/A

## 3. Actual controllers of the company

Natural persons

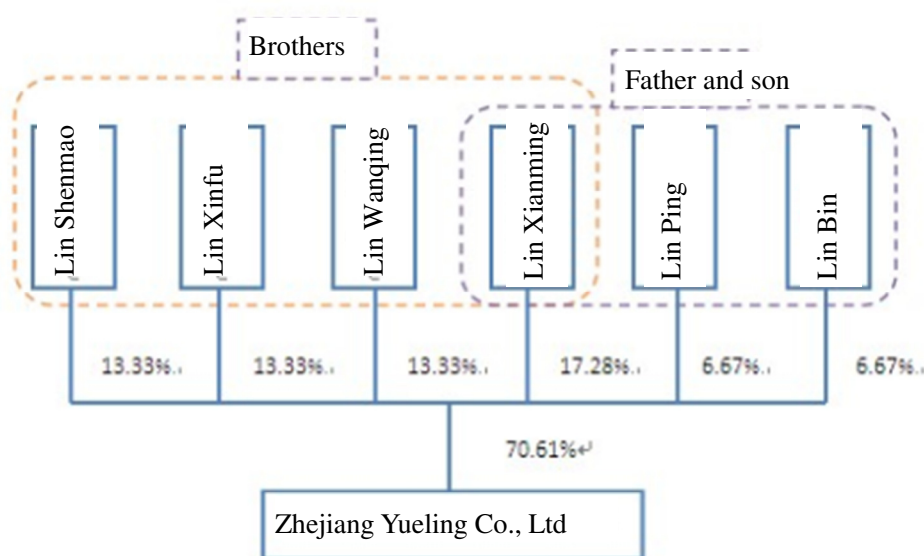
Actual controller name	Nationality	Whether has the right of abode in other countries or regions
Lin Xianming	China	No
Lin Wanqing	China	No
Lin Xinfu	China	No
Lin Shenmao	China	No
Lin Ping	China	No
Lin Bin	China	No
Occupation and job of the recent 5 years	Lin Xianming: Executive director and general manager of Zhejiang Yueling Wheel Manufacturing Co., Ltd from May,1998 to September, 2010; Chairman of the Board of Zhejiang Yueling Co., Ltd. since 2010. Lin Wanqing: deputy General Manager of Zhejiang Yueling Wheel Manufacturing Co., Ltd from May,1998 to September, 2010; general manager assistant of Zhejiang Yueling Co., Ltd. since 2010.	

	<p>Lin Xinfu: Deputy general manager of Zhejiang Yueling Wheel Manufacturing Co., Ltd from May,1998 to September, 2010; Deputy general manager of Zhejiang Yueling Co., Ltd. since 2010.</p> <p>Lin Shenmao: workshop director Zhejiang Yueling Wheel Manufacturing Co., Ltd from May,1998 to September, 2010; general manager assistant of Zhejiang Yueling Co., Ltd. since 2010.</p> <p>Lin Ping: Deputy general manager of Zhejiang Yueling Wheel Manufacturing Co., Ltd from May,1998 to September, 2010; Deputy general manager of Zhejiang Yueling Co., Ltd. since 2010.</p> <p>Lin Bin: general manager assistant of Zhejiang Yueling Co., Ltd. since April, 2010.</p>
Inside and outside listing companies condition on hold in the past 10 years	N/A

Actual controller change in the report period

Applicable  N/A

Block diagram of the ownership and controlling relationship between the company and the actual controller



Actual controller controls the company through trust or other assets management methods

Applicable  N/A

#### 4. Shareholders holding more than 10% shares

Name of shareholder	Legal Representative / responsible person	Date of establishment	Organization code	Registered capital	Main business or management activities
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### IV. Proposal or implementation of plans to increase holdings of shares by the shareholders and concerted persons in the report period

Name of shareholders of the company and concerted	Planned increase amount of holding shares	Planned increase ration of shares	Actual increase amount of holding shares	Actual increase ration of shares	Disclosure date of plans to increase holdings of	Implementation ending disclosure date of plans to
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persons		(%)		(%)	shares	increase holdings of shares
N/A						

Other facts

N/A

## Section 7 Situations of Directors, Supervisors, Senior Management and Employees

### I. Share change of directors, supervisors, and senior management

Name	Duty	Tenure status	Gender	Age	Term starting date	Term ending date	Initial shares (shares)	Increased number of holdings of shares (shares)	Decreased number of holdings of shares (shares)	Holdings of shares at the end of the period (shares)
Lin Xianming	Chairman of the board	Incumbent	Male	59	Sep. 28, 2013	Sep. 27, 2016	12,960,000	0	0	12,960,000
Peng Guiyun	Director and general manager	Incumbent	Male	43	Sep. 28, 2013	Sep. 27, 2016	2,250,000	0	0	2,250,000
Lin Xinfu	Director and vice president	Incumbent	Male	52	Sep. 28, 2013	Sep. 27, 2016	10,000,000	0	0	10,000,000
Lin Ping	Director and vice president	Incumbent	Male	36	Sep. 28, 2013	Sep. 27, 2016	5,000,000	0	0	5,000,000
Lu Yuesong	Director, vice president, Secretary of the Board, chief financial officer	Incumbent	Male	49	Sep. 28, 2013	Sep. 27, 2016	250,000	0	0	250,000
Zhong Xiaotou	Director	Incumbent	Male	71	Sep. 28, 2013	Sep. 27, 2016	10,000,000	0	0	10,000,000
Chen Liangzhao	Independent director	Incumbent	Male	42	Sep. 28, 2013	Sep. 27, 2016	0	0	0	0
Li Xiaolong	Independent director	Incumbent	Male	45	Sep. 28, 2013	Sep. 27, 2016	0	0	0	0
Li Xiaoqing	Independent director	Incumbent	Male	60	Sep. 28, 2013	Sep. 27, 2016	0	0	0	0
Wan Kun	Supervisor	Incumbent	Male	33	Sep. 28, 2013	Sep. 27, 2016	200,000	0	0	200,000
Lin Bei	Supervisor	Incumbent	Male	30	Sep. 28, 2013	Sep. 27, 2016	0	0	0	0
Sun Xiaoming	Supervisor	Incumbent	Male	33	Sep. 28, 2013	Sep. 27, 2016	0	0	0	0
Wan Shiwen	Vice President	Incumbent	Male	45	Sep. 28, 2013	Sep. 27, 2016	300,000	0	0	300,000
Total	--	--	--	--	--	--	40,960,000	0	0	40,960,000

## II. Duties

Work experience of company's current directors, supervisors, and senior management for the recent 5 years

### (I) Directors

1. Lin Xianming: born in August , 1955, male, graduated from MBA class of Zhejiang University and Wenling entrepreneurs senior seminar of Fudan University; engineers; Communist Party member; former secretary, captain of Danshan, Fengcheng, Wenling County; manager of Wenling County Motorcycle Accessories Factory; general manager and executive director of Wenling YueLing Wheel Manufacturing Co., Ltd.; executive director and general manager of Zhejiang Yueling Wheel Manufacturing Co., Ltd from May, 1998 to September, 2010; chairman of the Board of Zhejiang Yueling Co., Ltd. since 2010; member of Taizhou City People's Congress; vice president of federation of Wenling City; president of Zeguo Town commerce chamber; Taizhou labor model; Taizhou outstanding entrepreneur; Wenling City star entrepreneurs and so on.
2. Peng Guiyun: Born in November 1971, male, college educated; former section chief of Xiamen Man Hing Industrial Co. Ltd and Guangdong Fu Cheng Aluminum Co., Ltd; deputy general manager of Zhejiang Yueling Co., Ltd from June 2003 to September 2010; general manager of Zhejiang Yueling Co., Ltd since October 2010.
- 3, Lin Xinfu: born in April, 1962, male, high school educated; workshop director of Wenling County Motorcycle Accessories and Zhejiang Yueling Wheel Manufacturing Co., Ltd; executive director and manager of Wenling Yi Long Investment Co., Ltd; deputy general manager of Zhejiang Yueling Wheel Manufacturing Co., Ltd from May, 1998 to September, 2010; deputy general manager of Zhejiang Yueling Co. Ltd since 2010.
4. Lin Ping: born in December, 1978, male, tertiary qualifications; former business unit manager, deputy general manager, supervisor of ZheJiang Yueling Wheel Manufacturing Co.,Ltd., Deputy General Manager of Zhejiang Yueling Co., Ltd; Wenling City CPPCC member.
5. Lu Yuesong: born in August 1965, male, tertiary education, Chinese CPA, accountant, economist; former clerk and general ledger accounting of Wenling Daxi supply and marketing cooperatives; delegated key project account of Wenling City Department of Finance; chief financial officer of Taizhou River Industrial Co. Ltd. ; Finance Director of ZheJiang Yueling Wheel Manufacturing Co., Ltd. from March 2008 to September 2010. Deputy general manager, chief financial officer and secretary of the Board of Zhejiang Yueling Co., Ltd. since October 2010.
6. Zhong Xiaotou: born in August, 1943, male, high school educated; accountant of Feng Dan, Wenling County; financial director of Wenling County Motorcycle Accessories Factory; finance director of Wenling Yueling Wheel Manufacturing Co., Ltd.; financial director of ZheJiang Yueling Wheel Manufacturing Co., Ltd. from May 1998 to September 2010 ; general manager assistant of Zhejiang Yueling Co., Ltd since October 2010.
7. Chen Liangzhao: born in July, 1972, male, master of Shanghai University of Finance, CPA, tax accountant, senior accountant; former senior project manager, office director and deputy director of Tax of Zhejiang Tianjian Certified Public Accountants; current executive director and chief tax accountant of Zhejiang tax integrated service platform which includes Zhejiang Tax Net , Zhejiang Tiangu Financial Training Center, and Zhejiang Tiangu Tax Office; independent director of Zhejiang Wansheng Co., Ltd; independent director of Zhejiang Judong Co., Ltd; executive director of Zhejiang Taxation Law Associate, member of Practice Guidelines Committee of Zhejiang Certified Tax Agents Association; vice president of Hangzhou Chamber of Commerce.
8. Li Xiaolong: born in October, 1969, male, PhD of Renin University of China, associate professor, master tutor; teacher of Heilongjiang Provincial Party School; vice president of Law Department of Tianjin University of Finance; director of Commercial Law Research Association of China, the China Securities Law Research Association, and Tianjin Commercial Law Research Association; independent director of Hunan Jiangnan Red Arrow Co., Ltd, Beijing Zhang Qu Technology Co., Ltd, and Shandong Coal Machinery Equipment Co., Ltd.
9. Li Xiaoqing: born in September, 1954, male, graduated from Hebei University of Technology, major in automobile, senior engineer; long been engaged in product design, management of automobile and manufacturing of aluminum wheels; former

technology and product development leader of Dicastal Company; Secretary-general of China Association of Automobile Wheel Commission; member of wheel committee of China Automotive Standardization Technical Committee; export aid tender evaluation expert of Commerce Department.

(II) Supervisors

1. Wan Kun: born in April, 1981, male, tertiary qualifications; former foreman, product development engineer of Guangdong Fucheng Aluminum Co., Ltd; design engineer of Guangdong Fu Tai Mould Factory; department leader of Jiangsu Yuantong Auto Parts Technology Co., Ltd; Development engineer and development department section chief of Zhejiang Yueling Wheel Manufacturing Co., Ltd from February 2004 to September 2010; development manager of Zhejiang Yueling Co., since October, 2010.
2. Lin Bei: born in April, 1984, male, tertiary qualifications; staff in Hangzhou Fang Jia Import and Export Co. Ltd from May 2005 to December 2007; staff of Zhejiang Yueling Co., Ltd., since February 2008.
3. Sun Xiaoming: born in December 1981, male, college degrees; graduated from Zhejiang University of Finance and Economics in June 2004; auditor, project manager, senior project manager of Tian Jian Accounting Agency from July 2004 to March 2010; senior vice president and director of Hangzhou Alliance Investment Management Limited since April 2010; supervisor of Zhejiang Panshi Information Technology Co., Ltd and Hangzhou Tianyuan Pet Products Co. Ltd; , director of Neng Te Special Technology Co., Ltd and Ai Lv Health Technology Co., Ltd; supervisor of Xi Xiaoyao Tang (Beijing) Entertainment Cultural Development Co. Ltd.

(III)Senior management

1. Peng Guiyun: See section of "Directors".
2. Lin Xinfu: See section of "Directors".
3. Lu Yuesong: See section of "Directors".
4. Lin Ping: See section of "Directors".
5. Wan Shiwen: born in December, 1969, male, high school diploma; foreman of Fujian Ming Xing Industrial Co. Ltd from February 1992 to January 2003; chief of Shanghai Fuhua Aluminum Co., Ltd from February 2003 to June 2003; manager of Zhejiang Yueling Wheel Manufacturing Co., Ltd from June 2003 to September 2010; Associate of Zhejiang Yueling Co., Ltd. from October 2010 to December 2010; Deputy general manager of Zhejiang Yueling Co., Ltd since January 2011.

Incumbency in the share holding company

Applicable  N/A

Incumbency in other units

Applicable  N/A

Incumbent name	Other company name	Duty at other company	Term starting date	Term ending date	Whether received remuneration allowances from other units
Lin Xianming	Wenling Shuguang Microfinance Limited	Deputy chairman			No
Chen Liangzhao	Zhejiang Wansheng Co., Ltd.	Independent director			
Chen Liangzhao	Zhejiang Judong Corp.	Independent director			
Li Xiaolong	Hunan Jiangnan Red Arrow Corp.	Independent director			
Li Xiaolong	Beijing Zhangqu Science and Technology Co., Ltd.	Independent director			
Li Xiaolong	Shandong Coal Machinery Equipment Co., Ltd.	Independent director			
Sun Xiaoming	Zhejiang Panshi Information Technology Co., Ltd.	Supervisor			

Sun Xiaoming	Hangzhou Tianyuan Pet Products Co., Ltd.	Supervisor			
Sun Xiaoming	Neng Te Special Technology Co., Ltd	Director			
Sun Xiaoming	Ai Lv Health Technology Co., Ltd	Director			
Sun Xiaoming	Xiaoyao Tang (Beijing) Entertainment Cultural Development Co. Ltd	Supervisor			

### III. Salary of directors, supervisors, and senior management

Decision-making process, determination basis and actual payment of salary of directors, supervisors, and senior management

Decision-making process of salary of directors, supervisors, and senior management: developing of assessment standards by the Board of Directors Remuneration Committee; proposing by directors; reviewing of senior management remuneration scheme by the board of directors; implementing after getting the approval of directors, supervisors, Board of Directors, and Board of Directors Remuneration Committee.

Determination basis of salary of directors, supervisors, and senior management: company implements performance appraisal, takes "salary + performance" approach, according to the company's operating conditions and individual contribution to conduct personnel performance appraisal for directors, supervisors and senior management, and then based on the assessment results to determine the total amount of remuneration and compensation packages.

Actual payment of salary of directors, supervisors, and senior management: directors, supervisors and senior management personnel remuneration are paid every month; year-end bonuses of senior management are paid after personnel performance appraisal; payment of remuneration of independent directors is paid every quarter.

Salary of directors, supervisors, and senior management during the report period

Unit: 10 thousand Yuan

Name	Duty	Gender	Age	Incumbency status	Total remuneration received from the company	Total remuneration received from shareholders	Actual payment at the end of the report period
Lin Xianming	Chairman of the board	Male	59	Incumbent	136.62	0	136.62
Peng Guiyun	Director and general manager	Male	43	Incumbent	130.13	0	130.13
Lin Xinfu	Director and vice president	Male	52	Incumbent	63.26	0	63.26
Lin Ping	Director and vice president	Male	36	Incumbent	63.26	0	63.26
Lu Yuesong	Director, vice president, secretary of the Board, chief financial officer	Male	49	Incumbent	53.03	0	53.03
Zhong Xiaotou	Director	Male	71	Incumbent	43.14	0	43.14
Chen Liangzhao	Independent director	Male	42	Incumbent	4	0	4
Li Xiaolong	Independent director	Male	45	Incumbent	4	0	4
Li Xiaoqing	Independent director	Male	60	Incumbent	4	0	4
Wan Kun	Supervisor	Male	33	Incumbent	41.95	0	41.95
Lin Bei	Supervisor	Male	30	Incumbent	6.23	0	6.23
Sun Xiaoming	Supervisor	Male	33	Incumbent	0.6	0	0.6
Wan Shiwen	Vice president	Male	45	Incumbent	62.26	0	62.26



Total	--	--	--	--	612.48	0	612.48
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Equity granted incentive of company directors, supervisors and senior management personnel during the report period

Applicable  N/A

#### IV. Change of company directors, supervisors, and senior management

Name	Duty	Type	Date	Reason
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#### V. Changes of core technical team or key technical personnel in the report period (excluding directors, supervisors and senior management personnel)

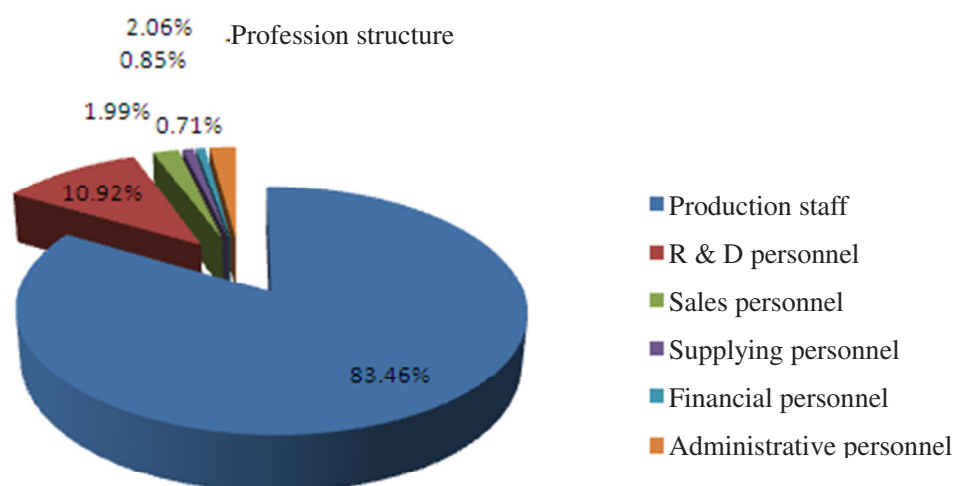
During the report period, the core technical team or key technical personnel are subject to no change.

#### VI. Employees of the company

As of December 31, 2013, the company has 1,410 employs. The employees structure is as follows:

##### 1. Employees profession structure

Employees structure	profession	Quantity	Proportion of the total number of employees
Production staff		1177	83.46%
R & D personnel		154	10.92%
Sales personnel		28	1.99%
Supplying personnel		12	0.85%
Financial personnel		10	0.71%
Administrive personnel		29	2.06%
<b>Total</b>		<b>1410</b>	<b>100.00%</b>

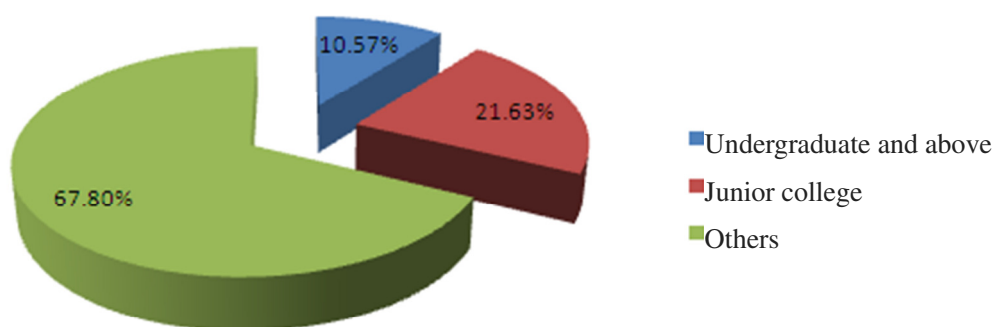


##### 2. Employees qualifications structure

Qualifications	Quantity	Proportion of the total number of employees
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Undergraduate and above	149	10.57%
Junior college	305	21.63%
Others	956	67.80%
<b>Total</b>	<b>1410</b>	<b>100.00%</b>

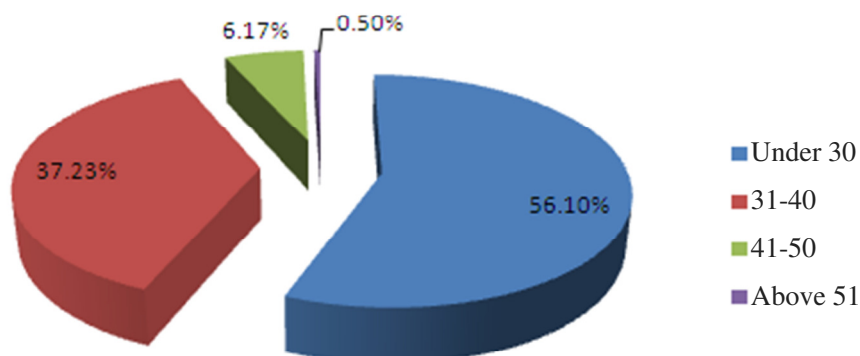
Qualifications structure



3. Employees age structure

Age	Quantity	Proportion of the total number of employees
Under 30	791	56.10%
31-40	525	37.23%
41-50	87	6.17%
Above 51	7	0.50%
<b>Total</b>	<b>1410</b>	<b>100.00%</b>

Age structure



4. Staff remuneration policies

Company employees salary includes the basic salary, bonuses, overtime pay and other subsidies, etc. According to the jobs, it is

divided into monthly payroll count and non-count monthly salary. The monthly salary is applicable to non-quantitative labor staff of various departments. The monthly salary is directly linked to their duties and grade. The non-count monthly salary is for on-site personnel and timing personnel. it is counted according to the amount of work. It is implemented after getting the approval of directors, supervisors, Board of Directors, and Board of Directors Remuneration Committee.

The company adopts the labor contract system. Employees undertake their rights and obligations under the labor contract signed with the company. In accordance with the state, and relevant provisions of Wenling City, Zhejiang Province on social insurance and housing fund payment, the company pays pension, medical, unemployment, work injury, maternity insurance and housing fund for employees.

#### 4. Training plan

In order to improve the overall quality and efficiency of employees, the company conducts monthly trainings for all employees, including company system training, staff professional skills training, staff quality training, so as to promote staff development of all aspects .

5. In the report period, the company bears no costs for any retirees.

## Section 8 Corporate Governance

### I. Basic status of corporate governance

During the report period, the company strictly adheres to the *Company Law*, *Securities Law* and relevant laws and regulations of China Securities Regulatory Commission, and continuously improves the corporate governance structure, establishes a sound internal management and control system, further standardizes operations and improves corporate governance. As of the report period, the actual status of corporate governance is in line with the relevant listing corporate governance requirements of normative documents issued by China Securities Regulatory Commission.

#### (I) Shareholders and Shareholders' Meeting

The Company hold shareholder meetings in strict accordance with the provisions of *Rules of Procedure of Shareholders* and *Articles of Association*, fairly and impartially treat every shareholder to ensure that all shareholders have equal status, and can fully exercise their rights. In consideration of the related party transactions, related shareholders are abstained from voting to ensure the transactions are fair and reasonable without any damage to the interests of shareholders.

#### (II) The company and the controlling shareholder

The company is completely separated from the controlling shareholder in business, personnel, assets, organization and finance, which has an independent and complete business and operations management system. The board of supervisors and the internal organization operate independently. The controlling shareholders of the company strictly regulate their own behavior without direct or indirect intervention of decision-making and business activities beyond the company. There does not exist any cases where the controlling shareholder occupying the company capital. The company does not provide guarantees for the controlling shareholder and subsidiaries thereof.

#### (III) Directors and the Board of Directors

The company is in strict accordance with the relevant provisions of the *Company Law* and the *Articles of Association* for the election of directors. The board of directors has nine directors, including three independent directors. The board of directors is in compliance with the requirements of laws, regulations and the *Articles of Association*. The board of directors includes Board Strategy Committee, Audit Committee, Nomination Committee, Remuneration and Evaluation Committee. These four special committees are responsible for the board and shall report to the Board. Strictly in accordance with the provisions of the *Board Rules of Procedure*, and *Articles of Association*, the Board of Directors convenes its meetings and earnestly implements the resolutions of the shareholders' meeting. The directors perform their duties diligently, attend the Board and shareholders meeting, carefully review meeting motions, and propose constructive comments taking full use of their expertise. (IV) Supervisors and the Board of Supervisors

The company is in strict accordance with the relevant provisions of the *Company Law* and the *Articles of Association* for the election of supervisors. The Board of Supervisors has three supervisors, 2 shareholder representative supervisors and 1 staff representative supervisor. The number of supervisors and personnel structure are in compliance with laws, regulations and requirement of the *Articles of Association*. The Supervisory Board performs its duties in accordance with the *Rules of Procedure of the Board of Supervisors*, *Articles of Association* and other laws and regulations. In the spirit of being responsible to shareholders, the board performs the duties of supervision for the company's production operations, major issues, financial situation and the directors, senior management and other aspects of performance to safeguard the interests of the company and all its shareholders.

#### (V) Performance evaluation and incentive and restraint mechanisms

The company gradually establishes and improves a fair and transparent enterprise performance evaluation criteria and incentive and restraint mechanism. The appraisal system of income linked to job performance and company benefits has improved the staff's enthusiasm and sense of responsibility, maintained the personal interests and highly consist with the company's interests to maximize the interests of shareholders. Appointment of senior management personnel is open, transparent and in compliance with laws and

regulations.

(VI) Stakeholders

The company fully respects and safeguards the legitimate rights and interests of stakeholders, to cooperate actively with stakeholders to strengthen communication and exchanges with all parties to achieve coordination and balance of society, shareholders, companies, employees and other parties of interest, and to jointly promote sustainable and healthy development of the company.

(VII) Information disclosure and transparency

The Secretary of the Board of Directors is responsible for disclosing information after listing, coordinating the company's relationships with investors, investor visits, and answering investor advisory. *China Securities News*, *Shanghai Securities News*, *Securities Times*, *Securities Daily* and Cninfo website are newspapers and websites for the disclosure of information after listing. they are responsible for the real, timely, complete and accurate disclosure of information in strict accordance with the provisions of relevant laws and regulations to ensure that all shareholders have equal access to information.

(VIII) Internal audit system

The company sets up the audit department which exercises the right of audit supervision within the mandate of the Audit Committee. It supervises the company's financial operations, asset utilization and other financial operations to ensure the reality and integrity of the company's assets, and the operation of corporate governance norms.

As of the report period, the main control systems of the company being executed are as follows:

No.	System title	Disclosure time	Disclosure media
1	Articles of Association	February 21, 2014	Cninfo website
2	Rules of Procedure of Shareholders' Meeting	Developed before listing	Undisclosed
3	Rules of Procedure of the Board of Directors	Developed before listing	Undisclosed
4	Rules of Procedure of the Supervisory Board	Developed before listing	Undisclosed
5	System of Independent Director	Developed before listing	Undisclosed
6	General Manager Working Rules	Developed before listing	Undisclosed
7	Working Rules of Secretary of the Board	Developed before listing	Undisclosed
8	Strategy Committee Working Rules	Developed before listing	Undisclosed
9	Audit Committee Working Rules	Developed before listing	Undisclosed
10	Nomination Committee Working Rules	Developed before listing	Undisclosed
11	Remuneration and Appraisal Committee Working Rules	Developed before listing	Undisclosed
12	Decision-making System of Related Transactions	Developed before listing	Undisclosed
13	External Security Management System	Developed before listing	Undisclosed
14	Subsidiaries Management System	Developed before listing	Undisclosed
15	Major Investment Management System	Developed before listing	Undisclosed
16	Major Asset Disposal Management System	Developed before listing	Undisclosed
17	Internal Audit Management System	March 29, 2014	Cninfo website
18	Measures to Raise Funds	March 29, 2014	Cninfo website
19	Implementation of Cumulative Voting System	Developed before listing	Undisclosed
20	Shares and Change Management System of Directors, Supervisors and Senior Management Personnel	March 29, 2014	Cninfo website
21	Controlling Shareholder Conduct	Developed before listing	Undisclosed
22	Information Disclosure Management System	Developed before listing	Undisclosed
23	Insider Registration Management System	March 29, 2014	Cninfo website
24	Accountability System of Annual Information Disclosure	Developed before listing	Undisclosed
25	Significant Information Internal Reporting System	Developed before listing	Undisclosed
26	Investor Relations Management System	Developed before listing	Undisclosed
27	Investors Site Hospitality Management system	Developed before listing	Undisclosed
28	Emergency Response System	Developed before listing	Undisclosed

29	Accounting System	Developed before listing	Undisclosed
30	Financial Management System	Developed before listing	Undisclosed
31	Forward Foreign Exchange Internal Control System	Developed before listing	Undisclosed

Whether there are differences between corporate governance and the *Company Law* and China Securities Regulatory Commission requirements

Yes  No

There is no difference between corporate governance and the *Company Law* and China Securities Regulatory Commission requirements

Development and implementation of special corporate governance activities and insiders registration management system

(I) Under the requirement of *Notice to Carry Out Special Activities to Strengthen Corporate Governance-related Matters* issued by China Securities Regulatory Commission and *Notice to Carry Out Special Activities of The to Be Listed Companies in the Governed Area* issued by Zhejiang Securities Regulatory Commission, according to the relevant requirements of *Company Law*, *Securities law*, *Corporate Governance Guidelines* and other relevant laws and administrative regulations, and the departmental rules of the *Articles of Association*, etc., the company actively carries out special corporate governance activities, carefully organizes company directors, supervisors and senior management personnel to learn Corporate Governance relevant documents, develops a detailed program of special activities of corporate governance, and conducts careful verification on corporate governance.

(II) In order to standardize the behavior of insider information management, further strengthen the confidentiality of inside information, maintain and ensure the fairness of information disclosure, effectively protect the legitimate rights and interests of all shareholders, the company develops the *Insider Information Management System*, actively carries out insider information management and insiders registration work, conducts time to time training and information confidential insider tips for insider, and effectively prevents disclosure of inside information and the use of insider information for trading behavior. During the report period, the company is under no regulatory measures or administrative penalties by regulatory authorities.

## II. Annual general meeting and extraordinary general meeting during the report period

### 1. Annual general meeting during the report period

Conference session times	Conference date	Conference motion name	Resolutions	Disclosure date	Disclosure index
2012 Annual General Meeting	February 25, 2013	<i>Motion on Consideration of 2012 Directors' Report</i> <i>Motion on Consideration of 2012 Supervisors' Report</i> <i>Motion on Consideration of 2012 Annual Audit Report and 2010, 2011, 2012 Triennial Audit Report</i> <i>Motion on Consideration of 2012 Annual Profit Distribution</i> <i>Motion on Consideration of 2012 Annual Financial Report</i> <i>Motion on Consideration of 2013 Annual Financial</i>	All motions are reviewed and approved		

		<i>Budget</i> <i>Motion on Consideration of Reappointment of Zhong Hui Certified Public Accountants Co., Ltd</i> <i>Motion on Consideration of Authorization of the Board of Directors to Use its Own Funds in Advance for Equity Investment Projects</i> <i>Motion on Consideration of Extension of the Valid Date of the Initial Public Offering and Listing</i> <i>Motion on Consideration of 2011-2012 Related Party Transactions</i>			
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## 2. Extraordinary general meeting during the report period

Conference session times	Conference date	Conference motion name	Resolutions	Disclosure date	Disclosure index
2013 First Extraordinary General Meeting	Sep. 28, 2013	<i>Motion on the Election of the Board of Directors</i> <i>Motion on the Election of the Board of Supervisors</i>	All motions are reviewed and approved		
2013 Second Extraordinary General Meeting	December 19, 2013	<i>Motion on Amendments of the Plan to Apply for an Initial Public Offering of RMB Ordinary Shares (A shares) and Listing on Small Plates</i> <i>Motion on Authorization of the Board of Directors to Execute the Plan to Apply for an Initial Public Offering of RMB Ordinary Shares (A shares) and Listing on Small Plates</i> <i>Motion on Specific Shareholder Return Plan for the Next Three Years (2014-2016)</i> <i>Motion on the Revision of the Articles of Association of Zhejiang Yueling Co., Ltd.</i> <i>Motion on Issuance Commitments</i> <i>Motion on Consideration of the Company's Public Offering of Shares before the Distribution of Accumulated Profits</i> <i>Motion on Preplan to Stabilize the Company's Stock Price After Listing</i>	All motions are reviewed and approved		

## III. Duties of independent directors during the report period

1. Independent directors' attendance of shareholders' meeting and meeting of the board of directors

Independent directors' attendance of meeting of the board of directors						
Name of independent directors	Times of meeting of the board of directors should attend during the report period	Attendance times	Attendance through telecommunications	Principal attendance	Absence times	Absence for two consequent times
Chen Liangzhao	6	6	0	0	0	No
Li Xiaolong	6	6	0	0	0	No
Li Xiaoqing	6	6	0	0	0	No
Attendance times of independent directors		3				

Description of absence for two consequent times

2. Objection of company related matters put forward by independent directors

Whether there is any objection of company related matters put forward by independent directors

Yes  No

There is no objection of company related matters put forward by independent directors during the report period.

3. Other descriptions of duties of independent directors

Whether the advice put forward by the independent directors has been adopted

Yes  No

Descriptions of the adopted and un-adopted advices

During the report period, independent directors conduct company site visits taking the opportunity of independent directors board meeting, the shareholders' meeting and other opportunities, get in-depth understanding of the company production management, financial management, internal control and other systems issues, keep abreast of the status of the company's daily operations and possible business risk, and make recommendations(adopted) in respect of financial risk control, corporate business development, etc. utilizing their professional knowledge.

## VI. Duties of the special committees under the Board of Directors during the report period

1. Strategic Committee

During the report period, the Strategic Committee actively carries out related work in accordance with relevant provisions of the *Articles of Association*, *Strategy Committee Working Rules* and other requirements, conscientiously performs their duties, discusses and analyzes the production management and development plans, puts forward comments and suggestions, and enhances the scientificity of decision-making scientific decisions, which has play a positive role in the improvement of decision making efficiency of and product quality.

2. Audit Committee

During the report period, the Strategic Committee actively carries out related work in accordance with relevant provisions of the *Articles of Association*, *Audit Committee Rules* and other requirements, learns more about the company's financial condition and operating conditions, strictly reviews internal control system and implementation thereof, and effectively guides and supervises the company's financial and operation condition.

During the report period, the Audit Committee held four meetings. On January 23, 2013, it reviewed and passed the *Consideration of 2012 Audit Report*, *Motion on Consideration of 2012 Annual Audit Report* and *2010, 2011, 2012 Triennial Audit Report*, *Consideration of Reappointment of Zhong Hui Certified Public Accountants Co., Ltd*, *Motion on the Internal Control Self-assessment*



*Report, Motion on the Consideration of the Company's 2011-2012 Related Party Transactions*, and *Motion on the Renewal of the Steel Plant from the Wenling City Yi Long Investment Co., Ltd.* On July 15, 2013, it passed the *Motion on Report of January to June 2013 Audit Report* and *Motion on the Internal Control Self-assessment Report*. On September 28, 2013, the Board reviewed Mr. Chen Minli's personal information and solicited opinions on the nomination of Mr. Chen Minli as the responsible person for the company's internal audit and then passed the motion. On December 15, 2013, it passed the *January-September 2013 Financial Statements Review Report*.

In the 2013 annual audit report, in accordance with regulatory requirements of the listed companies, the audit committee fully discussed with the Audit Department, Finance Department and the Zhong Hui Accountants Agency on the annual audit arrangements for the annual audit plan, reviewed the preliminary unaudited annual accountant and audit reports, and effectively fulfilled the duties of the audit committee.

### 3. Nomination Committee

During the report period, the Nomination Committee actively carried out relevant work in accordance with relevant provisions of the *Articles of Association* and *Nomination Committee Working Rules*, etc., involved in the appointment of senior staff qualification, etc., made comments and suggestions on the nomination of the senior executives through the investigation of the educational background, work experience and job performance of the relevant personnel.

During the report period, the Nomination Committee held two meetings. On September 12, 2013, in view of the company's first session of the Board is about to expire, the company intended to conduct the election of the board meeting. The nominating committee proposed audit opinion on the candidates of the Board of Directors for the second session. On September 28, 2013, the company intended to convene the Board of Directors for the appointment of the new senior management. The Nomination Committee carefully reviewed the new appointed senior management personnel's related materials, and proposed audit opinion on the appointment of the senior management.

### 4. Remuneration Committee

During the report period, the Remuneration and Appraisal Committee held a meeting in accordance with relevant provisions of the *Articles of Association and Remuneration Committee Working Rules*, conducted a review on the remuneration of 2012 directors, supervisors and senior management personnel according to the *2012 Annual Salary Assessment Methods*, and concluded as follows: in 2012, the company is able to follow the implementation of the remuneration and incentive system for the directors, supervisors, and senior management personnel. The incentive appraisal system and payroll procedures comply with relevant laws, regulations and the *Articles of Association*. The Committee passed the *Management 2012 Salary Examination Results* which is put forward by the salary assessment team coming from the company human resources, finance, and audit department. For the *2013 Salary Assessment Methods*, the Commission proposed appropriate amendments. The Board agreed to conduct 2013 appraisal for directors, supervisors and senior management personnel adopting the revised assessment methods.

## **V. Working status of the Board of Supervisors**

Whether the Board of Supervisors has found that the company is at risk during the oversight in the report period

Yes  No

During the report period, the Board of Supervisors is of no objection on oversight matters.

## **VI. Independent and complete case of the company on the business, personnel, assets, organization and finance and other aspects with respect to the controlling shareholders**

The company operates in strict accordance with the *Company Law*, *Securities Law*, *Articles of Association* and other relevant laws, rules and norms, gradually establishes and improves the corporate governance structure which is independent from the controlling shareholder, actual controllers and other companies controlled by an independent company in terms of assets, personnel, finance, organization, and business, etc. The company is equipped with a complete business system and the ability to operate independently facing market.

1. Company with complete assets has complete and independent production system, auxiliary production systems and facilities related to production and management, legitimate ownership or use rights for the production and operation related plant, land, equipment, assets trademark, and patent technology, etc.; it has an independent raw material procurement and product sales system. The property rights line between the company and the shareholders is clearly defined with independent production and business areas. The operation of the company is not relying on the shareholders' production and business areas. Up to now, the company did not provide any assets guarantees for shareholder debts. The company has complete control dominance for all its assets.

2. Company with independent personnel is of personnel independence. The election and appointment and dismissal of directors, supervisors and senior management personnel are in line with the *Company Law* and *Articles of Association* prescribed procedures. The company does not have right to make personnel decisions beyond the company shareholders meeting and the board meeting; the general manager, deputy general manager, financial officers, secretary of the board and other senior management do not have other duties(except directors and supervisors) and get paid in the companies controlled by the controlling shareholder, actual controller and other enterprise. The company's financial staff does not have part-time job in companies controlled by the controlling shareholders, actual controllers and other companies.

3. Company with independent finance is of financial independence. The company has an independent financial department, equipped with a full-time financial officer, an independent financial accounting system, which can make independent financial decisions. It develops a standardized financial accounting system and financial management system for its subsidiaries. It has an independent bank account, achieves independence of operating funds, and shares not bank account with controlling shareholders, affiliates, and any other units or individuals. It is a legally independent company for tax declarations to fulfill tax obligations.

4. Company with independent organization is of organization independence. The company has a general meeting of shareholders, board of directors, board of supervisors and management departments at all levels, which independently exercise the management powers; the company has established a perfect organization, with complete purchasing, production, marketing systems, and supporting departments; the company does not have same organization with any other companies controlled by the controlling shareholders, actual controllers and other companies. Since its establishment, the company shareholders have not conducted any intervention activities on the normal production and business activities of the company.

5. The company is mainly engaged in the business of aluminum alloy wheel independent research and development, design, manufacturing and sales. The company has an independent production, supply and marketing business system, which is of independent market-oriented operation. At present, there is no business that has competition with the controlling shareholder and actual controller and other companies controlled by them or any other related transaction obviously inequitable. They have signed the *Letter of Commitment to Avoid Competition* and have promised not to engage in any business in the same or similar business scope.

## **VII. Competition situation**

The company does not compete with the any companies in the same industry because of demutualization transformation, industry characteristics, state policies, mergers and acquisitions and any other reasons.

## **VIII. Evaluation and incentive system of senior executives**

According to the senior management remuneration and appraisal program formulated by the Board Remuneration Committee, the senior executives salary takes the "salary + performance" approach for the assessment. Development of annual business plans and performance goals is made at the beginning of the year, and the appraisal is made at the end of the year. The annual income is based on the assessment results. The company will further improve the performance evaluation criteria and incentive and restraint mechanisms of senior management personnel to ensure the appointment of senior management personnel in an open, fair, transparent,

effective way, and in compliance with laws and regulations. During the report period, the company did not implement the equity incentive plan.

## Section 9 Internal Control

### I. Construction of internal control

According to the *Company Law of People's Republic of China*, *Securities Law of People's Republic of China*, *Accounting Law of People's Republic of China*, *Basic Standards for Enterprise Internal Control*, *SME Board Listed Companies Standard Operational Guidelines in Shenzhen Stock Exchange* and other laws, regulations, and regulatory guideline requirements, the company established and perfected a series of sound and effective internal control system in terms of governance, business management, financial reporting and information disclosure. The internal control system of governance includes: *Articles of Association*, *Code of Conduct for Controlling Shareholder* and a series of procedure rules, work rules and so on.

The internal control system in terms of governance, business management, financial reporting and information disclosure, etc. is as follows:

#### 1. Internal control system in terms of operation management:

The company developed internal control systems for all aspects of business processes including sale, production, procurement and other business processes, and strictly followed this system. Effective control procedures are implemented for important aspects of operations, including the separation of incompatible duties, hierarchical authority approval, financial accounting systems, operations analysis and any other significant aspects. In addition to the establishment of relevant systems, the company also adopted ERP system for control of all aspects of business process operations, approval and finance-related matters, which has achieved the realizations of real-time monitoring and management of the whole process.

#### 2. Internal control system in terms of financial management:

The company developed *Financial Management System*, *Enterprise Accounting System* and a series of related financial accounting system. Service authorization, issuance, approval, execution, records and audits and other steps are relatively independent. Each business step can not be finished by one person. Money, accounts, and material are managed independently. The implementation of accounting personnel and other personal responsibility has effectively controlled the financial risk. According to the relevant requirements of accounting standards, all effective economic operations are recorded to carry out the full detailed record of the economic business in a timely manner. The value of economic business is properly reflected by the money. Economic and business records are reflected in the correct accounting period. Accounting statements and its instructions can properly reflect the financial position and operating results and changes in enterprise funds. The company takes the relevant provisions of *Basic Norms of Internal Control* as the basis for the establishment of internal control over financial reporting. During the report period, the company found no significant deficiencies for the financial internal control.

#### 3. Internal control of raised funds.

According to the *Company Law of People's Republic of China*, *Securities Law of People's Republic of China*, *SME Board Listed Companies Standard Operational Guidelines in Shenzhen Stock Exchange* and other laws, regulations, and regulatory guideline requirements, combined with the company's actual circumstances, the company developed the *Raise Funds Management System* to ensure the storage and use of the raised funds complying with the relevant regulations, to improve efficiency in the use of funds raised, and to standardize management and use of raised funds.

4. Internal control of information disclosure: according to relevant laws and regulations and the *Articles of Association*, the company developed the *Information Disclosure Management System*, *Insider Information Management System*, *Significant Information Internal Reporting System*, and *Accountability System for Annual Information Disclosure Major Errors*, designated the Board of Directors secretary as the main contact of information release, requested the relevant departments of the company to fulfill its duties of information disclosure within the stipulated time, made clear the internal security measures before the public disclosure of information, and developed the measures for a timely report to the regulatory authorities and measures for information releasing if the information has been publicly disclosed before disclosure or the company is unable to ensure the information confidentiality, to ensure that the information disclosure is in compliance with the relevant laws and regulations, and safeguard the legitimate rights and interests of the company and investors.

5. Internal controls of related transactions. The company developed a *Decision-making System for Related Transactions* to make the related party transactions in a fair, impartial, voluntary, faithful and beneficial way. The pricing of related party transactions is in accordance with the fair market price, to fully protect the interests of all investors. If necessary, the company may hire an independent financial consultant or professional appraiser to evaluate its disclosure in accordance with the regulations. According to relevant regulations of the *Shenzhen Stock Exchange Listing Rules* and the *Articles of Association*, the company made a clear division of related transactions authority for shareholders' meeting and the Board meeting. Significant related transactions, after getting approval from the independent directors, can be submitted to the Board of Directors for consideration. The disclosure of related transactions goes at the same time with the disclosure of the views of independent directors.

6. Internal control of external security. According to the *On External Guarantee of Listed Companies* and the *Shenzhen Stock Exchange Listing Rules*, the company developed the *External Security Management System*, defined that external security shall be approved by the board of directors or shareholders meeting and the approval authority shall follow the external security procedures to ensure that external security is in a lawful, prudent and beneficial and safe way, thus strictly controlling the guarantee risk.

7. Internal controls of foreign investment. In order to strengthen the management of foreign investment, improve investment efficiency, avoid investment risks, according to the relevant laws, relevant regulations, normative documents and articles of association, combined with the company's external investments status, the company developed the *Investment Management System*, clearly defined the foreign investment approval procedures, and provided a basis for internal control of company investment.

8. Internal audit controls. Good internal audit oversight is the important insurance of company's internal compliance, fair, and integrity. The company had set up a separate internal audit department and designated full time internal audit staffs that belong to the Audit Committee under the Board, and formulated the *Internal Audit Management System*. The internal audit department conducts daily supervision and special audits for various economic activities and economic situation in accordance with laws and regulations and internal audit system. The internal audit department can exercise independent and objective audit powers. It is responsible for the board of directors, and may not be affected by any departments or individuals. Once finding major issues during the audit, it can report directly to the audit committee or board of directors. Through internal audits, companies can discover the problems of economic activity, make corrective recommendations, and implement improvement measures, strengthen management, improve internal controls and the effectiveness of internal oversight, further prevent business risk and financial risk. The company has formed the atmosphere of power coming with responsibility, and power being always under supervision.

## **II. Board's statement on internal control responsibilities**

The Board of Directors believes that the company has established a relatively sound corporate governance structure. The existing internal control system is relatively sound and is in line with relevant laws and regulations of the country. It has played a good

management control role in terms of all key aspects of the company's management, related transactions, external guarantees, and significant investment. It is able to provide a guarantee for the control of the healthy operation and management risks. The Board issued the *2013 Annual Internal Control Self-assessment Report*. All the members of the Board of Directors ensured that the 2013 internal control report does not contain any false, misleading statements or omitted material, and promised to take individual and joint responsibility for the truthfulness, accuracy and completeness of the content.

### III. Basis for the establishment of financial reporting internal control

According to the *Company Law, Securities Law, Basic Norms of Internal Control* and other laws, regulations and other relevant provisions, the financial reporting internal control is developed.

### VI. Internal control self-assessment report

Details of the major problems found in the <i>Internal Control Self-assessment Report</i> during the report time	
No major problems of internal control are found during the report time	
Disclosure date of the <i>Internal Control Self-assessment Report</i>	March 29, 2014
Disclosure index for the <i>Internal Control Self-assessment Report</i>	See the <i>Internal Control Self-assessment Report</i> on company specified information disclosure website <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> .

### V. Internal control audit report

Applicable  N/A

### IV. The establishment and implementation of annual report major errors accountability system

The company has developed the *Annual Report Major Errors Accountability system*, further clarified the applicable circumstances, identification and handling procedures of annual information disclosure major errors, increased the accountability efforts for annual information disclosure errors, improved the quality and transparency of the information disclosure in the annual report, enhanced information disclosure authenticity, accuracy, completeness and timeliness, and promoted the company's internal control system. During the report period, the company has not reported any case of annual report major errors.

## Section 10 Financial Report

### I. Auditor's Report

Type of auditor's opinion	Standard unqualified audit opinion
Signing date of auditor's opinion	March 28, 2014
Name of audit organization	Zhonghui Certified Public Accountants (special general partnership)
Number of auditor's report	Z. H. K. S. [2014] No. 0616
CPA name	Zhou Haibin, Yin Xuejiao

Body of Auditor's Report

#### Auditor's Report

Z.H.K.S.Z. [2014] No.0616

To the shareholders of **Zhejiang Yueling Co., Ltd.:**

We have audited the accompanying financial statements of Zhejiang Yueling Co., Ltd. (hereinafter to be referred as the "Yueling Company"), including consolidated and parent company balance sheet as of Dec. 31, 2013, consolidated and parent company income statement, consolidated and parent company cash flow statement, consolidated and parent company statement of changes in owners' equity and accompanying notes for the 2013.

#### 1. Executives' responsibilities on the Financial Statements

Preparing of the Financial Statements according to Enterprise Accounting Standard is the responsibility of the management of The Company. This responsibility includes (1) Preparing the financial statements according to Enterprise Accounting Standards and make them reflecting a fair basis. (2) Designing, implementing and maintaining the internal control system related to producing of the Financial Statements, to prevent the Financial Statements from major false presentations due to cheating or error.

#### 2. Responsibilities of the CPA

Our responsibilities are to issue auditing opinions on the Financial Statements basing on the auditing works we've done on them. We carried out the auditing works with compliance to Chinese CPA Auditing Standard, which requires us to plan and implement our works on the basis of professional ethic standards, and obtain reasonable guarantee that the Financial Statements are free of major false statements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the entity's preparation of financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting polices used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **3. Auditors' Opinions**

In our opinion, the financial statements of Yueling Company give a true and fair view of the consolidated and parent company financial position of Yueling Company as of Dec. 31, 2013, and of its consolidated business performance and cash flow for the 2013 year then ended in accordance with the Accounting Standards for Business Enterprises.

Zhonghui Certified Public Accountants (special general partnership)      Chinese Certified Public Accountant: Zhou Haibin

Hangzhou, China

Chinese Certified Public Accountant: Yin Xuejiao

Reporting date: March 28, 2014



## II. Financial Statements

Unit in financial statements: RMB Yuan

### 1. Consolidated balance sheet

Prepared by: Zhejiang Yueling Co., Ltd.

Unit: Yuan

Items	Ending balance	Beginning balance
<b>Current assets:</b>		
Cash at bank and in hand	126,262,618.13	108,057,802.85
Settlement reserves		
Lending to banks and other financial institutions		
Transaction monetary assets	289,801.98	249,009.90
Notes receivable	100,000.00	200,000.00
Accounts receivable	100,931,769.71	88,205,567.97
Prepayment	3,704,641.81	18,515,087.91
Premiums receivable		
Reinsurance receivables		
Reinsurance contract reserve		
Interest receivable		
Dividends receivable		
Other receivables	10,037,614.68	13,087,106.56
Financial assets purchased under resale		
Inventories	82,774,996.04	71,721,408.66
Non-current assets that shall due within one year		
Other current assets	5,171,076.81	23,637,677.96
Total current assets	329,272,519.16	323,673,661.81
<b>Non-current assets:</b>		
Issuance of entrusted loans and advances		
Financial assets available for sale		
Hold investment due		
Long Term Receivable		
Long-term equity investment	8,000.00	8,000.00
Investment real estate		
Fixed assets	138,914,021.23	135,809,993.67
Construction in progress	86,799,881.83	20,704,946.25
Construction materials		
Fixed assets pending disposal		
Productive biological assets		
Oil assets		
Intangible assets	109,662,697.08	112,144,923.91
Development expenditure		
Goodwill		
Long-term deferred expense		

Deferred income tax assets	750,695.35	739,969.60
Other Non-Current Assets		
Total current assets	336,135,295.49	269,407,833.43
Total assets	665,407,814.65	593,081,495.24
Current liabilities		
Short-term loans	39,755,040.00	50,220,453.50
Borrowings from central bank		
Savings absorption and deposit taking of interbank		
Loans from other banks		
Liabilities of trading amount		
Notes payable	54,750,000.00	51,230,000.00
Accounts payable	34,823,367.63	28,864,028.95
Advance from customers	40,777,364.42	33,912,304.47
Financial assets sold for repurchase		
Handling charges and commissions payable		
Accrued payroll	21,570,821.06	17,686,042.28
Taxes payable	-8,891,616.58	-5,912,624.13
Interest payable	61,208.60	89,071.69
Dividends payable		
Other creditors	5,340,847.58	3,877,467.31
Dividend payable for reinsurance		
Reserve fund for insurance contracts		
Acting trading securities		
Acting underwriting securities		
Non-current liability that shall due within one year		10,000,000.00
Other current liabilities		84,304.29
Total current liabilities	188,187,032.71	190,051,048.36
Non-current liability		
Long-term loans payable		
Bonds payable		
Long-term payables		
Grants payable		
Provisions		
Deferred income tax liabilities		
Other current liabilities		
Total non-current liability		
Total liabilities	188,187,032.71	190,051,048.36
Owners' equity: (or shareholders' equity):		
Paid-in capital (or capital stock)	75,000,000.00	75,000,000.00
Capital surplus	137,037,946.58	135,675,667.35
Less: treasury stock		
Appropriative reserve		
Surplus reserve	30,997,950.59	20,727,986.57
General risk preparation		
Undistributed profits	234,184,884.77	171,626,792.96
Converted difference in foreign currency statements		

Total shareholders' equity attributable to parent company	477,220,781.94	403,030,446.88
Minority equity		
Total owners' equity (or shareholders' equity)	477,220,781.94	403,030,446.88
Total liabilities and owners' equity (or shareholders' equity)	665,407,814.65	593,081,495.24

Legal Representative: Lin Xianming      Responsible person of the leading accounting work: Lu Yuesong      Responsible person of the accounting agency: Zhu Junfei

## 2. Parent Company Balance Sheet

Prepared by: Zhejiang Yueling Co., Ltd.

Unit: Yuan

Items	Ending balance	Beginning balance
<b>Current assets:</b>		
Cash at bank and in hand	116,877,818.20	107,829,634.67
Transaction monetary assets	289,801.98	249,009.90
Notes receivable	100,000.00	200,000.00
Accounts receivable	100,199,633.69	88,205,567.97
Prepayment	3,704,641.81	18,515,087.91
Interest receivable		
Dividends receivable		
Other receivables	9,720,955.89	13,087,106.56
Inventories	82,774,996.04	71,721,408.66
Non-current assets that shall due within one year		
Other current assets	5,171,076.81	23,637,677.96
Total current assets	318,838,924.42	323,445,493.63
<b>Non-current assets:</b>		
Financial assets available for sale		
Hold investment due		
Long Term Receivable		
Long-term equity investment	10,027,676.23	10,027,676.23
Investment real estate		
Fixed assets	138,914,021.23	135,809,993.67
Construction in progress	86,799,881.83	20,704,946.25
Construction materials		
Fixed assets pending disposal		
Productive biological assets		
Oil assets		
Intangible assets	109,662,697.08	112,144,923.91
Development expenditure		
Goodwill		
Long-term deferred expense		
Deferred income tax assets	741,061.98	739,969.60
Other Non-Current Assets		

Total current assets	346,145,338.35	279,427,509.66
Total assets	664,984,262.77	602,873,003.29
Current liabilities		
Short-term loans	39,755,040.00	50,220,453.50
Liabilities of trading amount		
Notes payable	54,750,000.00	51,230,000.00
Accounts payable	34,823,367.63	28,864,028.95
Advance from customers	40,567,707.27	43,883,886.18
Accrued payroll	21,558,239.75	17,679,224.08
Taxes payable	-8,790,706.46	-5,912,631.90
Interest payable	61,208.60	89,071.69
Dividends payable		
Other creditors	5,241,953.43	3,779,133.38
Non-current liability that shall due within one year		10,000,000.00
Other current liabilities		84,304.29
Total current liabilities	187,966,810.22	199,917,470.17
Non-current liability		
Long-term loans payable		
Bonds payable		
Long-term payables		
Grants payable		
Provisions		
Deferred income tax liabilities		
Other current liabilities		
Total non-current liability		
Total liabilities	187,966,810.22	199,917,470.17
Owners' equity: (or shareholders' equity):		
Paid-in capital (or capital stock)	75,000,000.00	75,000,000.00
Capital surplus	137,037,946.58	135,675,667.35
Less: treasury stock		
Appropriative reserve		
Surplus reserve	30,997,950.59	20,727,986.57
General risk preparation		
Undistributed profits	233,981,555.38	171,551,879.20
Converted difference in foreign currency statements		
Total owners' equity (or shareholders' equity)	477,017,452.55	402,955,533.12
Total liabilities and owners' equity (or shareholders' equity)	664,984,262.77	602,873,003.29

Legal Representative: Lin Xianming

Responsible person of the leading accounting work: Lu Yuesong

Responsible person of the accounting agency: Zhu Junfei

### 3. Consolidated Profit Statement

Prepared by: Zhejiang Yueling Co., Ltd.

Unit: Yuan

Items	Amount of current period	Amount of last period
I. Total Operating Income	840,794,444.16	810,516,371.92
Including: operating income	840,794,444.16	810,516,371.92
Interest income		
Earned premium		
Handling charges and commissions income		
II. Total operating cost	725,325,015.22	703,164,958.76
Including: operating cost	632,603,641.53	611,848,217.48
Interest expenditure		
Handling charges and commissions expenditure		
Surrender value		
Net payments for insurance claims		
Net provision for insurance contracts		
Commissions on insurance policies		
Cession charge		
Business tax and surcharges	5,393,869.15	5,201,810.71
Selling expenses	19,234,008.60	15,191,324.80
General and administrative expenses	64,729,869.70	66,053,860.79
Financial cost	-133,261.01	2,858,446.14
Assets Impairment Losses	3,496,887.25	2,011,298.84
Add: Profit from change in fair value(Loss is listed as "-")	40,792.08	26,138.62
Investment Income(Loss is listed as "-")	8,975.34	
Include: Investment income from jointly control enterprises and associates		
Gain or loss on foreign exchange transactions (loss expressed with "-"loss expressed with "-")		
3. Operating profit(Loss is listed as "-")	115,519,196.36	107,377,551.78
Add: Non-operating income	4,771,463.40	2,799,051.90
Less: Non-operating expenses	978,930.25	527,353.30
Including: Losses from disposal of non-current assets	387,117.21	27,739.47
4. Total profit(Total loss is listed as "-")	119,311,729.51	109,649,250.38
Less: income tax expenses	16,483,673.68	14,922,410.66
5. Net profit(Net deficiency is listed as "-")	102,828,055.83	94,726,839.72
Including: net profits of the combined party which has been realized prior to the combination		
Net profit attributable to parent company	102,828,055.83	94,726,839.72

Minority interest		
6. Earnings per share:	--	--
(1) Basic earnings per share	1.37	1.26
(2) Diluted earnings per share	1.37	1.26
7. Other comprehensive income	1,362,279.23	1,063,994.56
8. Total comprehensive income	104,190,335.06	95,790,834.28
The total amount of comprehensive income attributable to parent company owners	104,190,335.06	95,790,834.28
Total comprehensive income attributable to the minority shareholders		

Legal Representative: Lin Xianming      Responsible person of the leading accounting work: Lu Yuesong      Responsible person of the accounting agency: Zhu Junfei

#### 4. Parent Company Income Statement

Prepared by: Zhejiang Yueling Co., Ltd.

Unit: Yuan

Items	Amount of current period	Amount of last period
1. Operating Cost	840,490,887.24	810,516,371.92
Less: operating cost	632,603,641.53	611,848,217.48
Business tax and surcharges	5,391,089.98	5,201,810.71
Selling expenses	19,221,884.07	15,191,324.80
General and administrative expenses	64,668,798.80	66,014,788.42
Financial cost	-176,593.04	2,858,405.19
Assets Impairment Losses	3,458,353.77	2,011,298.84
Add: Profit from change in fair value(Loss is listed as "-")	40,792.08	26,138.62
Investment Income(Loss is listed as "-")	8,975.34	
Include: Investment income from jointly control enterprises and associates		
2. Operating profit(Loss is listed as "-")	115,373,479.55	107,416,665.10
Add: Non-operating income	4,771,463.40	2,799,051.90
Less: Non-operating expenses	978,618.23	527,205.30
Including: Losses from disposal of non-current assets	387,117.21	27,739.47
3. Total profit(Total loss is listed as "-")	119,166,324.72	109,688,511.70
Less: income tax expenses	16,466,684.52	14,922,410.66
4. Net profit(Net deficiency is listed as "-")	102,699,640.20	94,766,101.04
5. Earnings per share:	--	--
(1) Basic earnings per share		
(2) Diluted earnings per share		
6. Other comprehensive income	1,362,279.23	1,063,994.56
7. Total comprehensive income	104,061,919.43	95,830,095.60

Legal Representative: Lin Xianming

Responsible person of the leading accounting work: Lu Yuesong

Responsible person of the accounting agency: Zhu Junfei

## 5. Consolidated statement of cash flow

Prepared by: Zhejiang Yueling Co., Ltd.

Unit: Yuan

Items	Amount of current period	Amount of last period
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	838,140,487.37	824,966,048.34
Net increase in deposits from customers and placements from corporations in the same industry		
Net increase in loan from central bank		
Net increase in funds borrowed from other financial institutions		
Cash premiums received on original insurance contracts		
Cash received from re-insurance business		
Net increase in deposits and investments from insurers		
Net increase in disposal of trading financial assets		
Interest, handling charges and commissions received		
Net increase in funds deposit		
Net increase in repurchasement business funds		
Refund of taxes	89,376,551.87	83,286,467.02
Other cash received relating to operating activities	7,436,952.61	5,355,157.61
Sub-total of cash inflows	934,953,991.85	913,607,672.97
Cash paid for goods and services	641,747,220.30	632,541,029.02
Net increase in loans and payments on behalf		
Net increase in deposits with center bank and interbank		
Payments of claims for original insurance contracts		
Interests, handling charges and commissions paid		
Commissions on insurance policies paid		
Cash paid to and for employees	103,909,235.50	89,276,645.79
Cash paid for all types of taxes	22,368,601.52	23,248,720.91
Other cash paid relating to operating activities	46,352,689.79	41,466,768.17
Sub-total of cash outflows	814,377,747.11	786,533,163.89
Net cash flow from operating activities	120,576,244.74	127,074,509.08
2. Cash flows from investing activities		

Cash received from disposal of investments	20,000,000.00	
Cash received from return on investments	8,975.34	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	65,216.30	32,123.18
Net cash received by disposal of subsidiary and other business units		
Other cash received relating to investing activities		
Sub-total of cash inflows	20,074,191.64	32,123.18
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	71,869,123.64	46,803,695.47
Cash paid for acquisition of investments		20,000,000.00
Net increase in mortgage loan		
Net cash got from the payment of the subsidiary and other business units		
Other cash paid relating to investing activities		
Sub-total of cash outflows	71,869,123.64	66,803,695.47
Net cash flow from investing activities	-51,794,932.00	-66,771,572.29
3. Cash flows from financing activities		
Cash received from absorption of investments		
Including: cash received from minority shareholder investment by subsidiary		
Cash received from borrowings	49,765,976.80	75,327,532.70
Cash received from bond issue		
Other cash received relating to financing activities	12,485,000.00	14,485,000.00
Sub-total of cash inflows	62,250,976.80	89,812,532.70
Cash repayments of borrowings	70,231,390.30	131,936,483.20
Cash paid for dividends, profits distribution or interest	32,580,147.38	21,212,912.57
Including: dividend and profit paid to minority shareholders by subsidiary		
Other cash paid relating to financing activities	13,750,000.00	12,485,000.00
Sub-total of cash outflows	116,561,537.68	165,634,395.77
Net cash flow from financing activities	-54,310,560.88	-75,821,863.07
4. Effect of foreign exchange rate on cash	2,469,063.42	2,615,110.25
5. Net increase in cash and cash equivalents	16,939,815.28	-12,903,816.03
Add: Cash at the beginning of the period and the remaining balance of the cash and cash equivalents	95,572,802.85	108,476,618.88
6. Cash at the end of the period and the remaining balance of the cash and cash equivalents	112,512,618.13	95,572,802.85

Legal Representative: Lin Xianming

Responsible person of the leading accounting work: Lu Yuesong



Responsible person of the accounting agency: Zhu Junfei

## 6. Parent Company Cash Flow Statement

Prepared by: Zhejiang Yueling Co., Ltd.

Unit: Yuan

Items	Amount of current period	Amount of last period
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	835,501,471.97	824,966,048.34
Refund of taxes	89,376,551.87	83,286,467.02
Other cash received relating to operating activities	7,435,567.02	5,352,326.29
Sub-total of cash inflows	932,313,590.86	913,604,841.65
Cash paid for goods and services	641,325,638.09	632,541,029.02
Cash paid to and for employees	103,856,352.21	89,237,831.60
Cash paid for all types of taxes	22,342,174.85	23,248,720.91
Other cash paid relating to operating activities	53,410,814.45	41,464,110.17
Sub-total of cash outflows	820,934,979.60	786,491,691.70
Net cash flow from operating activities	111,378,611.26	127,113,149.95
2. Cash flows from investing activities		
Cash received from disposal of investments	20,000,000.00	
Cash received from return on investments	8,975.34	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	65,216.30	32,123.18
Net cash received by disposal of subsidiary and other business units		
Other cash received relating to investing activities		
Sub-total of cash inflows	20,074,191.64	32,123.18
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	71,869,123.64	46,803,695.47
Cash paid for acquisition of investments		20,000,000.00
Net cash got from the payment of the subsidiary and other business units		
Other cash paid relating to investing activities		
Sub-total of cash outflows	71,869,123.64	66,803,695.47
Net cash flow from investing activities	-51,794,932.00	-66,771,572.29
3. Cash flows from financing activities		
Cash received from absorption of investments		
Cash received from borrowings	49,765,976.80	75,327,532.70
Cash received from bond issue		

Other cash received relating to financing activities	12,485,000.00	14,485,000.00
Sub-total of cash inflows	62,250,976.80	89,812,532.70
Cash repayments of borrowings	70,231,390.30	131,936,483.20
Cash paid for dividends, profits distribution or interest	32,580,147.38	21,212,912.57
Other cash paid relating to financing activities	13,750,000.00	12,485,000.00
Sub-total of cash outflows	116,561,537.68	165,634,395.77
Net cash flow from financing activities	-54,310,560.88	-75,821,863.07
4. Effect of foreign exchange rate on cash	2,510,065.15	2,614,877.40
5. Net increase in cash and cash equivalents	7,783,183.53	-12,865,408.01
Add: Cash at the beginning of the period and the remaining balance of the cash and cash equivalents	95,344,634.67	108,210,042.68
6. Cash at the end of the period and the remaining balance of the cash and cash equivalents	103,127,818.20	95,344,634.67

Legal Representative: Lin Xianming

Responsible person of the leading accounting work: Lu Yuesong

Responsible person of the accounting agency: Zhu Junfei

## 7. Consolidated Statement of Changes in Owner's Equity

Prepared by: Zhejiang Yueling Co., Ltd.

Amount of current period

Unit: Yuan

Items	Amount of current period										
	Owners' equity attributable to the parent company									Minority stockholder's interest	Total owners' equity
	Paid-up capital (or Capital stock)	Capital reserves	Less: Treasury stock	Appropriative reserve	Surplus reserves	General risk preparation	Retained Profits After appropriation	Others			
I. Ending balance of last year	75,000,000.00	135,675,667.35			20,727,986.57		171,626,792.96			403,030,446.88	
Add: Changes in accounting policies											
Error correction of the earlier stage											
Others											
II. Beginning balance of current year	75,000,000.00	135,675,667.35			20,727,986.57		171,626,792.96			403,030,446.88	
3.This increased or decreased amount of change of the current period (for the decrease, use"_"mark to fill		1,362,279.23			10,269,964.02		62,558,091.81			74,190,335.06	

out the column)										
(1)Net profit							102,828,055.83			102,828,055.83
(2)Other comprehensive		1,362,279.23								1,362,279.23
Subtotal of the above (1) and (2)		1,362,279.23					102,828,055.83			104,190,335.06
(3)Shareholders' contributions and decrease of capital										
1)Shareholders' contributions										
2)Amount paid for shares recognized in equity										
3)Other										
(4) Distribution of profits					10,269,964.02		-40,269,964.02			-30,000,000.00
1)Provision of surplus					10,269,964.02		-10,269,964.02			
2)Draw the general risk reserves										
3)Distributions to owners							-30,000,000.00			-30,000,000.00
4)Other										
(5) Carry forward among shareholders' equity										
1)The increased capital from capital reserves (or capital stock)										
2) The increased capital from surplus reserves (or capital stock)										
3) Loss made up for by surplus reserves										
4)Other										
(6)Appropriative reserve										
1)Withdrawal at the current period										
2)Expenditures at the current period										
(7) Other										
4. The ending balance of the current period	75,000,000.00	137,037,946.58			30,997,950.59		234,184,884.77			477,220,781.94

Amount of last year

Unit: Yuan

Items	Amount of last year										
	Owners' equity attributable to the parent company									Minority stockholder's interest	Total owners' equity
	Paid-up capital (or capital)	Capital reserves	Less: Treasury stock	Appropriative reserve	Surplus reserves	General risk preparation	Retained Profits After	Others			

	stock)					appropriation			
I. Ending balance of last year	75,000,000.00	134,611,672.79			11,251,376.47	101,376,563.34			322,239,612.60
Add: Retroactive adjustment generated in enterprise merger under the same control									
Add: Changes in accounting policies									
Error correction of the earlier stage									
Others									
II. Beginning balance of current year	75,000,000.00	134,611,672.79			11,251,376.47	101,376,563.34			322,239,612.60
3.This increased or decreased amount of change of the current period (for the decrease, use"_" mark to fill out the column)		1,063,994.56			9,476,610.10	70,250,229.62			80,790,834.28
(1)Net profit						94,726,839.72			94,726,839.72
(2)Other comprehensive		1,063,994.56							1,063,994.56
Subtotal of the above (1) and (2)		1,063,994.56				94,726,839.72			95,790,834.28
(3)Shareholders' contributions and decrease of capital									
1)Shareholders' contributions									
2)Amount paid for shares recognized in equity									
3)Other									
(4) Distribution of profits					9,476,610.10	-24,476,610.10			-15,000,000.00
1)Provision of surplus					9,476,610.10	-9,476,610.10			
2) Draw the general risk reserves									
3. Owner (shareholder) payout						-15,000,000.00			-15,000,000.00
4)Other									
(5) Carry forward among shareholders' equity									
1)The increased capital from capital reserves (or capital stock)									
2) The increased capital from surplus reserves (or capital stock)									
3) Loss made up for by surplus reserves									
4)Other									
(6)Appropriative reserve									

1)Withdrawal at the current period									
2)Expenditures at the current period									
(7) Other									
4. The ending balance of the current period	75,000,000.00	135,675,667.35			20,727,986.57		171,626,792.96		403,030,446.88

Legal Representative: Lin Xianming

Responsible person of the leading accounting work: Lu Yuesong

Responsible person of the accounting agency: Zhu Junfei

## 8. Parent Company Statement of Change in Owners' Equity

Prepared by: Zhejiang Yueling Co., Ltd.

Amount of current period

Unit: Yuan

Items	Amount of current period							
	Paid-up capital (or capital stock)	Capital reserves	Less: Treasury stock	Appropriative reserve	Surplus reserves	General risk preparation	Retained Profits After appropriation	Total owners' equity
I. Ending balance of last year	75,000,000.00	135,675,667.35			20,727,986.57		171,551,879.20	402,955,533.12
Add: Changes in accounting policies								
Error correction of the earlier stage								
Others								
II. Beginning balance of current year	75,000,000.00	135,675,667.35			20,727,986.57		171,551,879.20	402,955,533.12
3.This increased or decreased amount of change of the current period (for the decrease, use"_" mark to fill out the column)		1,362,279.23			10,269,964.02		62,429,676.18	74,061,919.43
(1)Net profit							102,699,640.20	102,699,640.20
(2)Other comprehensive		1,362,279.23						1,362,279.23
Subtotal of the above (1) and (2)		1,362,279.23					102,699,640.20	104,061,919.43
(3)Shareholders' contributions and decrease of capital								
1)Shareholders' contributions								
2)Amount paid for shares recognized in equity								
3)Other								
(4) Distribution of profits					10,269,964.02		-40,269,964.02	-30,000,000.00

1)Provision of surplus					10,269,964.02		-10,269,964.02	
2)Draw the general risk reserves								
3.Owner (shareholder) payout							-30,000,000.00	-30,000,000.00
4)Other								
(5) Carry forward among shareholders' equity								
1)The increased capital from capital reserves (or capital stock)								
2) The increased capital from surplus reserves (or capital stock)								
3) Loss made up for by surplus reserves								
4)Other								
(6)Appropriative reserve								
1)Withdrawal at the current period								
2)Expenditures at the current period								
(7) Other								
4. The ending balance of the current period	75,000,000.00	137,037,946.58			30,997,950.59		233,981,555.38	477,017,452.55

Amount of last year

Unit: Yuan

Items	Amount of last year							
	Paid-up capital (or capital stock)	Capital reserves	Less: Treasury stock	Appropriative reserve	Surplus reserves	General risk preparation	Retained Profits After appropriation	Total owners' equity
I. Ending balance of last year	75,000,000.00	134,611,672.79			11,251,376.47		101,262,388.26	322,125,437.52
Add: Changes in accounting policies								
Error correction of the earlier stage								
Others								
II. Beginning balance of current year	75,000,000.00	134,611,672.79			11,251,376.47		101,262,388.26	322,125,437.52
3.This increased or decreased amount of change of the current period (for the decrease, use"_" mark to fill out the column)		1,063,994.56			9,476,610.10		70,289,490.94	80,830,095.60
(1)Net profit							94,766,101.04	94,766,101.04
(2)Other comprehensive		1,063,994.56						1,063,994.56
Subtotal of the above (1) and (2)		1,063,994.56					94,766,101.04	95,830,095.60

		56					.04	.60
(3) Shareholders' contributions and decrease of capital								
1) Shareholders' contributions								
2) Amount paid for shares recognized in equity								
3) Other								
(4) Distribution of profits					9,476,610.10		-24,476,610.10	-15,000,000.00
1) Provision of surplus					9,476,610.10		-9,476,610.10	
2) Draw the general risk reserves								
3. Owner (shareholder) payout							-15,000,000.00	-15,000,000.00
4) Other								
(5) Carry forward among shareholders' equity								
1) The increased capital from capital reserves(or capital stock)								
2) The increased capital from surplus reserves(or capital stock)								
3) Loss made up for by surplus reserves								
4) Other								
(6) Appropriative reserve								
1) Withdrawal at the current period								
2) Expenditures at the current period								
(7) Other								
4. The ending balance of the current period	75,000,000.00	135,675,667.35			20,727,986.57		171,551,879.20	402,955,533.12

Legal Representative: Lin Xianming

Responsible person of the leading accounting work: Lu Yuesong

Responsible person of the accounting agency: Zhu Junfei

### III. Basic Situation of the Company

Zhejiang Yueling Co., Ltd. (hereinafter referred to as the Company) is a **limited liability company** established by natural persons Lin Xianming Hong Xiaotou, Lin Wanqing, Lin Xinfu, Lin Shenmao, Lin Ping and Lin Bin through overall changing *Zhejiang Yueling Wheel Hub Making Co., Ltd.* (hereinafter referred to as *Yueling Wheel Hub Company*). On October 8, 2010, the Company was registered in Taizhou Administration for Industry and Commerce and obtained the *Business License* for Enterprise's Legal Person with the registration number of 33100000031677. The Company domicile is located in Danya industrial zone of Zeguo town in Wenling city. The legal representative is Lin Xianming. The registered capital of the Company is RMB 60 million and total capital stock is 60 million shares par value *per share* of RMB 1 yuan.

According to the resolution of 2010 First Extraordinary General Meeting on Dec. 16, 2010, the Company newly added capital stock

of 6.9 million shares, among which the former shareholder Lin Xianming subscribed for 2.96 million shares and new shareholders Peng Guiyun and other 17 natural persons subscribed for 3.94 million shares. After the capital increase, the registered capital of the Company was RMB 66.9 million and total capital stock was 66.9 million shares (par value *per share* of RMB 1 yuan).

According to the resolution of 2011 First Extraordinary General Meeting on January 16, 2011 and the modified provisions of Articles of Association, the Company added capital stock of 8.1 million shares, among which the new shareholder *Hangzhou Lianchuang Yongyi Venture Investment Partnership* (Limited Partnership) subscribed for 2.5 million shares, Beijing Zhongrun Hongli Venture Investment Co., Ltd. subscribed for 1.5 million shares, *Zhejiang Zheshang Venture Capital Management Co., Ltd.* subscribed for 1 million shares and Lin Shanqiu and other 5 natural persons subscribed for 3.1 million shares. After the capital increase, the registered capital of the Company was RMB 75 million (par value *per share* of RMB 1 yuan).

As of December 31, 2013, both the registered capital and paid-up capital of the Company was RMB 75 million.

After the approval of *On Approving Zhejiang Yueling Co., Ltd.'s Initial Public Offerings* by the China Securities Regulatory Commission on January 6, 2014, (Z. J. X. K. [2014] No. 38), the Company issued ordinary shares of RMB 25 million to the public with issue price of 15.36 yuan / share. On January 29, 2014, the Company listed on *small and medium-sized board* (Stock Code 002725) of Shenzhen Stock Exchange. After the issuance, the registered capital of the Company was changed to RMB 100 million and the total capital stock was 100 million shares, of which: A-share of 25 million with unlimited sale of conditions and A-share of 75 million with limited sale of conditions.

The Company belongs to auto parts manufacturing industry. Business scope: aluminum alloy wheels, auto parts, motorcycle parts manufacturing and sales; import and export of goods and technology import and export (the above-mentioned operating range excludes items prohibited, restricted and licensed by state laws and regulations). The main products are aluminum alloy wheels.

Not applicable

## **IV. The main accounting policy, accounting estimates and errors in the earlier stage**

### **1. The compilation basis of the financial statements**

The Company's financial statements shall be confirmed, measured and prepared on the going concern basis, in accordance with the actual transactions and events, according to the *Accounting Standards for Business Enterprises* issued by the Ministry of Finance in February 2006.

### **2. Statement of observing the accounting standards for business enterprises**

The financial statement formulated by our company is in accordance with the requirements of the Accounting Standards for Business Enterprises, truly and fully reflects the company's financial position, operating results and cash flows and other relevant information.

### **3. Accounting period**

The accounting year is from calendar January 1 to December 31.

### **4. Bookkeeping base currency**

Use RMB as the functional currency.



## **5. The accounting treatment of the enterprise merger under the same control and not under the same control**

### **(1) Enterprise merger under the same control**

For the assets and liabilities that the company got in the business merger, it shall be according to the book value in the merged party in the merge date. The company got the balance of the net book value and the paid valuable consideration book value of the merger (or the total amount of the face value of the issued shares), to adjust the capital reserves; for the capital reserves are insufficient to offset, we shall adjust the retained earnings.

### **(2) Enterprise merger not under the same control**

On the purchasing date, for the difference between the combined costs larger than the share of the fair value of the net identifiable assets of the purchased party got in the merge, the company confirms it as the goodwill. For the difference between the combined costs less than the share of the fair value of the net identifiable assets of the purchased party got in the merge, the company first gets the identifiable assets, liabilities and contingent liabilities of the fair value of the merged party and makes the re-check to the measure of the combined costs. After re-check, for the combined cost is still less than the share of the fair value of the net identifiable assets of the purchased party got in the merge, the difference shall be reckoned in the current profit and loss.

On the purchasing date or at the end of the consolidation period, if the fair value of various assets paid cannot be reasonably determined as consideration due to various factors, or the fair value of assets or liabilities acquired during the consolidation is identifiable by the purchaser, at the end of the consolidation period, the Company will conduct accounting for the enterprise merger based on the value determined temporarily. If the further information obtained within 12 months since the purchasing date indicates that it requires to adjust the original value determined temporarily, then it will be regarded to occur on the purchasing date, the retroactive adjustment will be conducted, meanwhile, the comparative statements information provided based on the temporary value will be conducted relevant adjustment. For adjustments on the cost of enterprise merger or the value of identifiable assets or liabilities acquired during the consolidation after 12 months since the purchasing date, they will be treated in accordance with the principles in the *Accounting Standards for Enterprises No. 28 - Changes of Accounting Policies and Accounting Estimates and Error Correction*.

For the deductible temporary difference that the company got from the purchased party in the business merger, if it is not conforming to the recognition criteria of the deferred income tax assets on the purchasing date, the company shall not confirm it. Within 12 months after purchasing it, if the company gets the new or further information indicating that the relevant situation on the purchasing is existing, and the economic interest brought by the deductible temporary difference of the purchased party on the purchasing date can be fulfilled, the company confirms the deferred income tax assets, at the same time, reduces the goodwill and if the goodwill is insufficient to offset, the balance part is identified as the current profit and loss; Except the above situation, the company confirms the relevant deferred income tax assets associated with the merger, and which is reckoned in the current profit and loss.

For the enterprise merger not under the same control achieved in stages through multiple transactions, the Company will put the sum of the book value of purchaser's equity investments held before the purchasing date and the investment cost newly-added on the purchasing date as the initial investment cost of the investment. If the purchaser's equity held before the purchasing date relates to other comprehensive income, the other related comprehensive income into shall be transferred into the current investment income in the disposal of the investment. After the Company holds part equity of the invested unit, for the control on the invested unit through

increasing the proportion of equity held, the cost of each individual transaction and the shares of fair value of the invested unit's identifiable net assets enjoyed in occurrence of the transaction shall be compared respectively to determine the goodwill (or amount accounted in profit and loss) generated in each individual transaction. The goodwill (or amount accounted in profit and loss) recognized in achievement of enterprise merger shall be the sum of goodwill (or amount of profit and loss that shall be recognized) that should be recognized in each individual transaction. In the consolidation of financial statements, the purchaser's equity held before the purchasing date shall be re-measured as the fair value of the equity on the purchasing date to recognize the relevant investment income; meanwhile, the other related comprehensive income shall be transferred into the investment income.

## **6. Specific accounting policies related to fractional disposal of equity to loss of control right**

### **(1) Judgment principles of "package deal"**

### **(2) Accounting methods of "package deal"**

### **(3) Accounting methods of non "package deal"**

## **7. Compilation method of consolidated financial statements**

### **(1) Compilation method of consolidated financial statements**

Company consolidation scope of consolidated financial statements on the basis of the control, all subsidiaries are included in the consolidated financial statements.

The accounting policies, accounting periods adopted by all the subsidiary companies which are incorporated in the consolidation scope of the consolidated financial statement shall be the same as this company. If the accounting policies, accounting periods adopted by all the subsidiary company is not the same as our company, when preparation of consolidated financial statements, the company shall make the necessary adjustments according to the accounting policies, accounting period of our company. For a business combination not under the same control unit, the company shall make the adjustment to its financial statement based on the identifiable net assets fair value on the purchasing date. The consolidated financial statements shall be based on the company and the financial statements of the subsidiary company as the basis, and after adjusting the long-term equity investment of the subsidiary company according to other relevant data, and according to the equity method, it shall be formulated by this company.

When consolidating the financial statements, offset the affect of the internal transaction occurred between our company with each subsidiary company, and between the subsidiary companies on the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in owners' equity

The rights and profits and losses that the minority shareholders of the subsidiary company shall have are respectively and separately listed in the owner's equity items of the balance sheet and the net profit items of the consolidated statement of income. The difference formed by the loss of the current period shared by the minority shareholders of the subsidiary company exceeding the shares which the minority shareholders have in the owner's equity of beginning of the period of this subsidiary company shall offset and reduce the number of shareholders' equity.

In the report period, if increasing the subsidiary company due the business merger of the companies under the same control, then we

shall adjust the opening balance of the current period of the merge of the consolidated balance sheet, and combine the revenue, expenses and profit from the beginning of the period of the current period to the end of the report period to bring them into the consolidated statement of income. And combine the cash flow from the beginning of the period of the current period to the end of the report period to bring them into the consolidated statement of cash flow.

In the report period, if increasing the subsidiary company due the business merger of the companies not under the same control, then we shall not adjust the opening balance of the current period of the merge of the consolidated balance sheet, and combine the revenue, expenses and profit from the purchasing date of this subsidiary company to the end of the report period to bring them into the consolidated statement of income. And bring the cash flow from the purchasing date of this subsidiary company to the end of the report period into the consolidated statement of cash flow. For holding the stock rights of the purchased party before purchasing day, our company will make the re-measuring according to the fair value of the purchasing date of this stock right, and the difference of the fair value and its book value shall be reckoned in the income from investment of the current period. For holding the stock right related to other comprehensive income of the purchased party before the purchasing day, we shall transfer it with other comprehensive income into the income form investment of the current period belonging to the purchasing date.

During the reporting period, if this company is disposal of subsidiary company, then we shall bring the revenue, expenses and profit of this company disposal from the beginning of the period of the current period to the disposal day into the income statement. And bring the cash flow of the company disposal from the beginning of the period of the current period to the disposal day into the consolidated statement of cash flow. In case loss of the control right to the original subsidiary company due to the disposal of part of the equity investment or other reasons, for the residual equity investment after disposal, this company shall make the re-metering according to the fair value on the day of losing the control right. The sum of the valuable consideration got from disposal of equity and the fair value of the residual equity, deducts the difference between the shares of the net assets of the original shareholding ration calculation and starting to continue calculation since the purchasing date of the company, and is reckoned in the income from investment of the current period of loss of control right. Other comprehensive income related to the equity investment of the original company shall be transfer into the current investment income when loss of the control right.

For the transactions, terms of transactions, conditions and the economic impacts during the process from the disposal of equity in stages to the loss of control rights meet the following one or more circumstances, the Company will put multiple transactions as the package deal and each transaction as a transaction disposing the subsidiary and losing the control rights for the accounting treatment. The balance of shares of the enjoyed subsidiary's net assets corresponding to each disposal of price and investment before the loss of control rights shall be recognized as other comprehensive income in the consolidation of financial statements and transferred into the current profit and loss in the loss of control rights.

1. These transactions are entered simultaneously or taking impacts on each other into account;
2. These transactions achieve a complete business results as a whole;
3. The occurrence of a transaction depends on the occurrence of other at least one transaction;
4. A transaction is not economical alone, but is economical when other transactions are considered together.

The difference between the costs of long-term equity investment got by our company due to purchasing the minority shareholding and identifiable net assets share of the subsidiary company that the company shall have calculated according to the newly increased shareholding ratio, and the difference between the disposal prices got by Partial disposal of subsidiary company of equity investment under the situation of not losing the control power and the net asset that the company shall have which is corresponding with the disposing of a long-term equity investment, is all adjusted in the capital stock premium in the capital reserve of the consolidated

balance sheet. For insufficient to offset of the capital stock premium in the capital reserve, adjust the retained income.

**(2) Equity of the same subsidiary is bought and sold again or sold and bought again in the two consecutive fiscal years shall disclose related accounting treatment method**

## **8. Criteria for cash and cash equivalents**

Cash equivalents refers to investment of the short term (generally refers to the due within 3 months from the acquisition date), strong liquid, and is easily converted into known amount of cash, small value change risk that the company holds.

## **9. Translation of foreign currency transactions and foreign currency financial statements**

### **(1) Translation of foreign currency transactions**

For the foreign currency business occurred, we shall use the spot exchange rate of the transaction date to convert it into RMB account. For the ending balance of foreign currency of various kinds of foreign currency accounts, the foreign currency monetary items shall be converted according to the spot exchange rate on the balance sheet date, except the balance of exchange of the specialized loan principal and interest related to the assets of the purchasing and construction which conform to the capitalization condition, other exchange balance shall be reckoned in the current profit and loss. The foreign currency non-monetary item measured by the historic cost is still converted by using the spot rate of the transaction date. The foreign currency non-monetary item met measured by the fair value, we shall use the spot rate of the determined day of the fair value to convert, and the difference is the changes in fair value recognized in profit or loss.

### **(2) Translation of foreign currency financial statements**

## **10. Financial instruments**

### **(1) Classification of financial instruments**

The financial assets at initial recognition are divided into the following four categories: The financial assets which are measured by the fair value and that its change is reckoned in the current profit and loss (including the transactional financial assets and the financial assets designated as the fair value measurement and that its change is reckoned in the current profit and loss), held-to-maturity investments, receivables, and financial assets available for sale.

The financial assets at initial recognition are divided into the following four categories: The financial assets which are measured by the fair value and that its change is reckoned in the current profit and loss (including the transactional financial assets and the financial assets designated as the fair value measurement and that its change is reckoned in the current profit and loss), other financial liabilities.

## **(2) Recognition and measurement of financial instruments**

When the company becomes a party of the contract of financial instruments, the company shall confirm a financial asset or financial liability. When making the initial confirmation of the financial asset or financial liability, we shall measure it according to fair value; The financial assets and financial liability which are measured by the fair value and that its change is reckoned in the current profit and loss, the related transaction cost is directly reckoned in the current profit and loss; For other types of financial assets or financial liabilities, the related transaction cost is reckon in the initially recognized amount.

The company shall make the follow-up measurement to the financial assets In accordance with the fair value, and the company shall not deduct transaction expenses which may occur in the future when disposal of the financial asset, but except the following conditions: (1) the effective interest method shall be used for held-to-maturity investment, and receivable money, and it is measured by amortized cost; (2), the equity instrument investment which is no offer in the active market and that equity instruments investment which it fair value cannot be reliably measured. And the derivative financial assets which links up with the equity instruments and shall through the delivery of the equity instruments to make the settlement, it shall be measured by cost.

The company adopts the actual interest rate method, and makes the follow-up measurement to the financial liability according to the amortized cost, but except the following circumstances: (1) the financial liability which is measured, it shall be measured according to the fair value, and we shall not deduct the transaction expenses which may occur when deduct the settlement of financial liabilities in the future; (2) the equity instrument investment which is no offer in the active market and that the equity instrument investment which is the equity instruments investment fair value cannot be reliably measured. And the derivative financial assets which links up with the equity instruments and shall through the delivery of the equity instruments to make the settlement, it shall be measured by cost. (3) The financial guarantee contract which is not belong to the designated fair value measurement, and that its change is reckoned in the financial liabilities of the current profit and loss, we shall confirm the amount In accordance with the best estimate of the expenses when performing the relevant current obligation, and deduct the difference of the accumulative amortization amount according to the amortization of actual interest rate method, and make the follow-up measurement by the higher in the two amount.

Except the hedging, the profit or loss formed by the change in the financial assets or financial liabilities at fair value shall be handled according to the following methods: (1) The profit or loss formed by the change in the financial assets or financial liabilities at fair value with the fair value measurement and that its change is reckoned in the current profit and loss shall be reckoned in the changes in fair value recognized in profit or loss. The interest or dividends got during the period of asset holding shall be confirmed as the income form investment. When disposal, confirm the difference between the actual amount received and the original billing amount as the income from investment, and at the same time, adjust the changes in fair value gains and losses. (2) Reckon the changes in the fair value of the available-for-sale financial assets into the capital reserve. During the holding period, we shall calculate the interest according to the actual interest rate method, and reckon it in the income form investment. The cash dividends of the available-for-sale equity instrument investment shall be reckoned in the income from investment when the invested party announces issuing the dividend on shares. Confirm the difference after deducting the changes in fair value of the accumulated amount of the originally reckoned in the capital reserves by the actual amount received and book value as the return on investment.

## **(3)The recognition basis and metering method of the financial assets transfer**

For the financial assets which the company has transferred almost all the risks and rewards the ownership of it to the transfer-in party, the company shall derecognizes this financial asset; For the financial assets which the company keep almost all the risks and rewards

on the ownership of it, the company continues to confirm the transferred financial assets, and confirms the valuable consideration received as an item of financial liability. For the company neither transferred nor retains almost of the risk and reward on the ownership of the financial assets, the company shall deal it respectively by the following situation”(1) For giving up the control over the financial asset, the company derecognize this financial asset; (2) For not giving up the control over the financial asset, the company shall recognize the relevant financial assets according to the degree of transferred financial assets being continually involved, and recognize the relevant liability accordingly.

For whole transfer of the financial assets meets the discontinuing recognition criteria, the company shall reckon the difference of the following two items in the current profit and loss: (1) the book value of the transferred financial asset; (2) received by transfer of value, and the sum of the accumulated amount of the changes in the fair value of the ownership interest original directly reckoned. For the part of the transfer of the financial assets meets the discontinuing recognition criteria, the company shall make share it between the discontinuing recognition and non-discontinuing of the whole book value of the transferred financial assets according to the their relative fair value, and reckon in the current profit and loss of the difference between the following amount of two amount: the sum of the amount of the corresponding part being discontinued recognition in the changes of accumulated amount of the fair value originally directly reckon in the owners' equity and (1) the book value of the part being discontinued recognition; (2) the valuable consideration of the part being discontinued recognition.

#### **(4) Conditions for termination for recognition of financial liabilities**

When contractual right of receiving the cash flow of some financial assets has terminated or the almost all the risk and reward on the ownership of this financial assets has been transferred, the company shall derecognize this financial asset; and when fulfillment obligation of this financial liability wholly or partially relieved, the company shall correspondingly derecognize this financial liability or part of it.

#### **(5)Method to determine the fair value of financial assets and financial liability**

The existed financial asset or financial liability of the active market, its fair value shall be determined by the quoted price of the active market; the non-existed financial asset or financial liability of the active market, we shall use the valuation technique (including reference to the prices used in the market transaction of familiar situation and various voluntary trading parties recently, and reference to the essentially same current fair value, cash flow method and the option pricing model and etc. of other financial instruments) to determine its fair value; For the financial asset or financial liability undertaken which is initially gained or is produced by the origin, we shall take the market prices as a basis to determine its fair value.

#### **(6) Impairment test method and depreciation reserves accrual method of financial assets (excluding receivables)**

In addition to financial assets measured at fair value and their changes being accounted into profit and loss, the Company shall check the book value of other financial assets at each balance sheet date. If there is objective evidence indicating impairment of financial assets, the depreciation reserves shall be counted.

The Company shall conduct separate impairment test on the financial assets with significant individual amount and conduct separate impairment test on the financial assets with insignificant individual amount, or conduct impairment test on the financial assets with

similar credit risk characteristics in the combination. For financial assets not being impaired in the separate test (including financial assets with significant and insignificant individual amount), and financial assets with similar credit risk characteristics, the impairment test shall be conducted in the combination. For financial assets that the impairment loss has been recognized individually, excluding financial assets with similar credit risk characteristics, the impairment test shall be conducted in the combination.

(1) Impairment of held-to-maturity investments, loans and receivables

For financial assets measured at cost or amortized cost, the book value will be written down to its present value of estimated future cash flows, the reduced amount is recognized as an impairment loss and accounted into the current profit or loss. If there is very little difference between the estimated future cash flows of short-term receivables and the present value, and in determining the related impairment loss, it will not discount its estimated future cash flows. After the impairment loss of financial assets is recognized, if there is objective evidence indicating that the value of financial assets has been restored and objectively it is related to the event occurred after the recognized loss, the previously recognized impairment loss will be reversed, and the book value of financial assets after the impairment loss is reversed shall not exceed the amortized cost of the financial assets on the reversal date under the assumption that the depreciation reserves are not counted.

(2) Impairment of financial assets available for sale

For financial assets available for sale, under one of the following circumstances, it indicates that the assets are impaired: 1) There is serious financial difficulty for the issuer or debtor; 2) The debtor breaches terms of the contract, such as the payment of interest or principal default or delinquency; 3) The creditor makes concessions to the debtor with financial difficulties for economic or legal considerations and other factors; and 4) The debtor is likely to enter bankruptcy or other financial reorganization; 5) The financial assets available for sale is unable to continue trading in the active market due to the issuer's significant financial difficulty; 6) It cannot identify whether the cash flows of some asset in a group of financial assets have been reduced, but it is found after the overall evaluation conducted according to the published data that the estimated future cash flows of such group of financial assets have been indeed reduced and could be measured since the initial recognition, for example, the ability for payment of the debtor of such group of financial assets is gradually deteriorative, or the country or region where the debtor locates has a higher unemployment, collaterals are decreased in prices in their region and the industry is in the downturn, etc.; 7) Material adverse changes occurred on technology, market, economic or legal environment in which the issuer of equity instruments locate, so that the investor of equity instruments may not be able to recover the investment cost; 8) Severe or prolonged decline occurred in the fair value of the equity instruments investment; 9) Other objective basis indicating that the financial assets available for sale are impaired.

When the fair value of equity instruments investment available for sale is judged severe decline or prolonged decline from relevant integrated factors, it indicates that the equity instruments investment available for sale is impaired.

When the financial assets available for sale are impaired, the accumulated losses originally included in capital surplus formed due to the decline in fair value will be transferred and counted into the current profit and loss, and the transferred accumulated losses will be the balance of the cost of the assets acquired initially deducting the recovered principal and amortized amount, the current fair value and the impairment losses originally counted into the profit and loss.

After the impairment loss is recognized, if there is objective evidence indicating that the value of financial assets has been restored in the future and objectively it is related to the event occurred after the recognized loss, the previously recognized impairment loss will be reversed, the reversal of impairment loss of equity instruments investment available for sale shall be recognized as other comprehensive income, and the reversal of impairment loss of debt instruments available for sale shall be counted into the current profit and loss.

For the equity instruments investment without quotation in the active market and its fair value not being reliably measured, or the impairment loss of derivative financial assets that is connected with the equity instrument and must be settled by delivering the equity instrument, they will not be reversed.

Criteria of impairment of various financial assets available for sale

**(7) For held-to-maturity investments that have not yet expired being classified as financial assets available for sale, describe the basis of intention for holding or changes in ability**

**11. Recognition standards and depreciation method of bad-debt provisions receivable**

**(1) Bad-debt provisions of individual receivables with insignificant amounts**

Judgment criterion or amount of the significant amount of the single item	Accounts receivable – The amount over 5 million Yuan (including 5 million) or accounted for over 5% of the book balance of the accounts receivable; other receivables – the amount over 5 million (including 5 million) or the sum of money accounting for over 10% of the book balance of the account receivable
The counting and drawing method of the big amount of single item and counting and drawing the bad-debt provision on single item	For the decrease in value occurred through the independent impairment test with objective evidence, we shall count and draw the bad –debt provision according to balance of its present value of future cash flow lower than its book value. For those not occurred decrease in value through the separate impairment test, we shall classify it into the counting and drawing bad-debt provision of the number of combinations of the similar credit risk characteristics.

**(2)The accounts receivables which counts and draws the dad debt provision based on the combination**

Name of combination	Accounting bad-debt provisions according to combination	Basis for determine combination
Aging combination	Aging analysis method	With aging as the confirmation basis of credit risk combination
Combination of export tax rebates	Other methods	Export tax refund receivable

In the combination, the accounting of bad-debt provisions by using the aging analysis method:

Applicable  Not applicable

Aging	The counting and drawing of accounts receivable (%)	The counting and drawing proportion of other receivable other
Within 1 year (including 1 year)	5%	5%
1-2 years	20%	20%
2-3 years	50%	50%
More than 3 years	100%	100%

In the combination, the accounting of bad-debt provisions by using *the balance of the percentage* method

Applicable  Not applicable

In the combination, the accounting of bad-debt provisions by using other methods

Applicable  Not applicable



**(3) Individual receivables with insignificant amounts but bad-debt provisions being accounted individually:**

Reasons of counting and drawing the bed-debt provision on single item	There is strong evidence that there is obvious difference in the returnability.
The counting and drawing method for the bed-debt provision	Count and draw the bed-debt provision. according to the difference of the present value of future cash flows lower than the book value

**12. Inventory**

**(1) Classification of inventory**

The inventory includes the finished products preparing for sales in the daily activity, and the unfinished products in the productive process, as well as the materials and supplies used for the consumption in the production process or the process of providing the labor services.

**(2) Valuation method of sending out inventories**

Valuation method: weighted *average method*

The method of weighted mean at the end of month once is used for the cost measurement of the inventory delivered by the enterprise.

**(3) Confirming basis of inventory net realizable value and depreciation method of inventory falling price reserves**

On the balance sheet date, inventories are measured at the lower of cost and net realizable value and inventory falling price reserves are counted according to the difference of the individual inventory costs higher than the net realizable value. Finished products and materials for sale shall be directly used for merchandise inventory for sale. In the normal course of business, the net realizable value shall be determined according to the amount of the estimated selling price of the inventory subtracting the estimated selling expenses and related taxes. For material inventories required processing, in the normal course of business, the net realizable value shall be determined according to the amount of the estimated selling price of the produced finished goods subtracting the estimated costs to be incurred to completion estimated selling expenses and related taxes. On the balance sheet date, in the same inventories, if there is contract price for some inventories while there is no contract price for others, the net realizable value shall be determined respectively and their corresponding costs shall be compared to respectively determine the provision of inventory falling price reserves or amount reversed.

**(4) Inventory system**

The Company's inventory system is perpetual.

**(5) The amortization method of low-value consumption goods and packing materials**

Low-value consumption goods

The amortization method: one-off *amortization method*

For the mounds of the low-value consumption goods, when receiving them, it shall be amortized by stages based on 12 months, and other is amortized according to once writing off process.

Packing materials

The amortization method: one-off *amortization method*

Packaging materials shall adopt one-off write-off method.

### **13. Long-term equity investments**

#### **(1) Ascertainment of investment cost**

(1) If it is formed in the business combination under the same control, the combined party is based on paying the cash to transfer the non-cash assets, to undertake the debt or to issue the equity securities as the combination valuable consideration, on the merger day, take the share of the book value according to getting the owner's equity of combined party as its initial investment cost. Use the book value of the combination valuable consideration of the Initial investment costs of the long-term equity investment and the payment, or the difference between the face values of the issued shares, to adjust capital reserve; for the capital reserve which is not insufficient offset, adjust the retained earnings. (2) If it is not formed in the business combination under the same control, the company shall take the combined cost determined on the purchasing date as the initial cost of investment of the long-term equity investment. The combination cost is the fair value of assets paid by the purchase on the purchasing date for getting the control power to the purchased party and the Occurrence or assumption of liability and the issued equity securities. The auditing, legal services, assessment consulting and other intermediary costs, and other related administrative costs occurred of the purchaser when the business merger shall be reckoned in the current profit and loss. The transaction expenses of the Equity securities or debt securities issued by the purchase as the merge valuable consideration shall be reckoned in the Original confirmed amount of the equity securities or debt securities. The business merger not under some control achieved by sub-step through many transactions, it shall be based on the sum of the book value of the equity investment of the purchaser held before purchasing date and the new investment cost of the purchasing date as the initial cost of investment of this investment, The company shall reckon the merger agreement or valuable consideration as a part of transfer of valuable consideration of the business merger in the enterprise merger cost according to the fair value of the purchasing day. (3) Except it is formed by the enterprise merger: Got by paying the cash, according to the actual payment of the purchase price as its initial investment cost; Got by Issuance of equity securities, according to the fair value of the issuance of equity securities as its initial investment cost; For the invested by the investor, we shall according to the value of the In the investment contract or agreement as its the initial cost of investment (except the agreed value of the contract or agreement is not fair).

#### **(2) Subsequent measurement and profit and loss recognition method**

(1) We use the cost accounting method for the long-term equity investment of the implementation of control. When preparing consolidated financial statements, adjust it according to the equity method. For those which have not common control or significant influence, and there is no offer in the active market and fair value cannot be reliably measured, we shall adopt the cost method to account. For the long-term equity investment which has the common control or significant influence, we shall use the equity method to account. (2) The long-term equity investment calculated by cost accounting method shall be valued According to the initial investment cost. Adding or recouping the cost which the investment should adjust the long-term equity investment. Except getting

the actual price paid when investment, or the cash dividends or profits which is contained in the valuable consideration and has been announced to issue, the cash dividends or profits which the invested company has announced to dispatch, shall be recognized as the current investment income. (3) For the initial investment cost of the long-term equity investment accounted by equity method is larger than the net identifiable assets fair value share identified by the investment unit when investment, we shall not adjust the initial cost of investment of the long-term equity investment shall not be adjusted. For the initial investment cost of the long-term equity investment is less than the net identifiable assets fair value share identified by the investment unit when investment, its balance shall be reckoned in the current profit and loss, and at the same time, the cost of the long-term equity investment shall be adjusted. When confirming to have the share of net profit or loss of the unit invested, it shall get the fair value of the identifiable assets and etc. of the unit invested when investing as the basis, to make the confirmation to the net profit of the unit invested after making adjustment. For the accounting policy and accounting period used by the unit invested is inconsistent with investment enterprise, the financial statement of the unit invested shall be adjusted according to the accounting policy and accounting period of the investment enterprise, and we shall confirm the profit and loss on investments with it. The unrealized insider trading profits and losses occurred between the investment companies and associated companies and joint enterprise shall be offset. (4) For the Company losing the control rights on the former subsidiary due to the disposal of part equity investment or other reasons, in the individual financial statements, the disposed equity shall be conducted the accounting treatment according to the provisions in *Accounting Standards for Enterprises No. 2 - Long-term Equity Investment*. At the same time, the remaining equity shall be recognized as long-term equity investment or other related financial assets as its book value. If the disposed remaining equity may implement joint control or significant influence on the former subsidiary, the accounting treatment shall be conducted according to relevant provisions of cost method being transferred into equity method.

**(3) Determine the evidence which has the joint control and significant influence to the unit invested.**

Related to the invested entity in accordance with the stipulations of the contract of the important financial and operating decisions to share control of the investor agree, as a common control; Financial and operating policies of the invested entity involved in the decision-making power, but not able to control or together with other control these policy, as a significant impact.

**(4) Impairment test method and calculation method of impairment provision**

For the long-term stock rights investment which is accounted by the cost method on the balance sheet date, and has no offer in the active market, and the fair value cannot be reliably measured, and there is objective evidence that it is occurred decrease in value, and it shall be counted and drawn the long-term equity investment according to the balance between the present value determined by the discounting of the Similar investment market yields at that time to the expected future cash flow lower than the book value. For other long-term equity investment, if the measurement result of the recoverable amount shows that the recoverable amount of the long-term equity investment is lower than its book value, confirm the balance as the impairment loss to count and draw the provision for diminution in value of the long-term equity investment.

## 14. Investment real estates

## 15. Fixed assets

### (1) The recognition criteria of the fixed assets

Fixed assets refers to the tangible assets which has the following characteristics at the same time has: (1) possessing for the production of goods, providing labor services, renting out or business management; (2) the useful life is more than one accounting year. It shall be recognized when the fixed assets satisfy the following conditions at the same time: (1) the economic interests related to the fixed assets are likely flowing into the enterprise; (2) the cost of the fixed asset can be measured reliably. For the follow-up expenditures related to fixed assets, those comply with the above recognition criteria shall be reckoned in the cost of the fixed assets; and those do not meet above recognition criteria shall be reckoned in the current profit and loss when occurs. Fixed assets are initially measured at cost.

### (2) Recognition basis and valuation method of fixed assets acquired under finance leases

### (3) Depreciation method of various fixed assets

Straight-line depreciation classification provision is used for the depreciation of fixed assets. The estimated useful life, expected net salvage value rate and depreciation rate of the various fixed assets is as follows:

Category	Depreciable life(year)	Residual rate (%)	Annual depreciation rate
House and buildings	20—30	5%	3.17%-4.75%
Machinery equipment	10	5%	9.50%
Transport machine	4-10	5%	9.50%-23.75%
Office equipment	3—5	5%	19.00%-31.67%
Testing instruments and equipment	5-10	5%	9.50%-19.00%
Other equipment	10	5%	9.50%

### (4) Impairment test method and calculation method of impairment reserves for fixed assets

On the balance sheet date, for there are signs that the impairment of fixed assets, we shall estimate the recoverable amount based on the single assets. If it is difficult to make the estimate to the recoverable amount of the single assets, we shall determine its recoverable amount based on Asset group or combination of asset group that this asset belongs.

For the recoverable amount of the single assets is lower than its book value, we shall according to the difference of book value of the single assets and the recoverable amount to count and draw the corresponding assets impairment provision. For the recoverable amount of the asset group or combination of asset group, we shall confirm its corresponding impairment loss, and the Impairment loss is first deducting to the book value of the good will in the share to the asset group or combination of asset group, then according to the proportion accounting for the book value of the assets of other items except the good will in the share to the asset group or combination of asset group, deduct the book value of the assets of other items in proportion. We shall take the deduction of the book value of above assets as the impairment loss of each single asset (including goodwill), to count and draw the impairment provision of

the each single asset

Once the impairment loss of fixed assets is recognized, it cannot be reversed in a subsequent accounting period.

## **(5) Other description**

## **16. Construction in progress**

### **(1) Types of construction in progress**

The construction in process satisfies the economic benefit that is likely to flow into, and the cost can be measured in a reliable way. The actual cost measurement occurred before the construction in process reaches the intended serviceable condition.

### **(2) Standards and time of construction in progress being carried forward to fixed assets**

When the construction in process reaches the intended serviceable condition, we shall transfer it into the fixed assets according to the actual cost of the project. For the project which has reach the intended serviceable condition but has not been handled the completion settlement, we shall first transfer it in the fixed assists according to the estimated value, and after handling the completion settlement, then make the cost adjustment to the original provisional estimate according to the actual cost, but we shall not adjust the depreciation original counted and drawn.

### **(3) Impairment test method and calculation method of impairment reserves for construction in progress**

On the balance sheet date, if there are signs that the decrease in value is happened in the construction in process, we shall count and draw the provision for impairment of construction in progress according to difference of the recoverable amount of the single assets lower than its book value. After the confirmation of the above asset impairment losses, in the future accounting period, it shall not be transferred back.

## **17. Borrowing costs**

### **(1)The recognition principle of the capitalization of the borrowing costs**

The borrowing costs occurred in the company can be directly attributable to assets construction or production conforming to the capitalization condition and which can be capitalized, to be reckoned in the related cost of the assets; other borrowing costs shall be recognized as expenses when it occurs, and reckoned in the current profits and losses.

### **(2)During the period of capitalization of borrowing costs**

When simultaneously meeting the following conditions, start the capitalization: 1) the asset spending has already occurred. When assets constructed or production eligible for capitalization achieve the intended use or sale, the borrowing costs will cease capitalization.

### **(3) Suspend the capitalization**

Suspend the capitalization: If the assets which meet the condition of the capitalization have the non-normal discontinue occurring during the process of the construction or production, and the suspended time is over 3 months successively, we shall suspend the capitalization of the borrowing costs. The borrowing costs occurred during the period of interruption shall be recognized as the current expenses, until the construction or production activity of the assets are restarting.

### **(4) Calculation method of borrowings capitalization**

For the borrow money specially borrowed for construction or production of assets which are conforming to the capitalization condition, we shall use the current actual interest expense of the special loan (including the discount or premium amortization determined according to the actual interest rate method) to subtract the amount which the loan fund has not been used, and deposit it in the bank to get the interest income or to make the temporary investment, and determine the amount of interest which shall be capitalized. For the assets occupy the general loan for construction or production of assets conforming to the capitalization condition, we shall according to the spending of the accumulated assets more than weighted average of the expenditure to acquire of the special loan, multiply the capitalization rate of the general loan, (weighted average interest rate), calculate and determine the amount of capitalized interest given by the general loan. During the period of capitalization, the amount of interest capitalized during each accounting period shall not exceed the amount of interest actually happening of the current related to loan. The balance of exchange principal and interest of the foreign currency borrowings shall be given capitalized during the capitalization. For the ancillary expenses of special borrowing is occurred before assets of the construction or production which is confirming to the capitalization condition reaches the intended use or saleable conditions, it is given capitalized; and if it is occurred after reaching the intended use or saleable conditions, it is reckoned in the current profit and loss. For the general ancillary expenses of special borrowing, it is reckoned in the current profit when it is occurred.

## **18. Biological assets**

## **19. Oil and gas assets**

## **20. Intangible assets**

### **(1) Valuation method of intangible assets**

Intangible assets are initially recorded at cost.

### **(2) Estimation on service life of intangible assets with limited service life**

According to the contractual right of the intangible assets, or other legal rights, judged by the same industry situation, historical experience, relevant experts argued comprehensive factors, intangible assets that can be reasonably determine to be able to bringing economic benefits deadline to the company can be used as the intangible assets with limited useful life.

For the intangible assets with limited useful life, when we estimate its service life, we usually take the following factors into account:

(1) the life cycle of the product produced by the use of the asset, it can get similar assets service life information; (2) the present stage situation of the technology, process and other aspect and the future development trends; 3) the product produced by this asset or the demand situation of providing the labor market; (4) the current or potential competitors is expected anticipated action to be taken; (5) in order to maintain the expected maintenance spending of the assets to bring economic benefits, as well as the prepayment ability of the company to the relevant expenses; (6) the relevant laws and regulations or similar restrictions to this assets, such as chartered period of use life, leases, etc.; (7) the relevance with other assets service life and etc. that the company holds.

Items	Estimated useful life	Basis
Land use rights	40—50 years	Statutory useful life
Software	3 years	Estimated useful life

### **(3) Criteria of the uncertain service life of intangible assets**

The Company will not be able to foresee the term of economic interests brought by the assets to the Company shall be determined as the intangible assets with uncertain service life.

### **(4) Calculation of impairment reserves for intangible assets**

On the balance sheet date, there are signs that the intangible asset may be impaired, on the basis of single item assets, estimate the recoverable amount; for those which are difficult to make the estimate on the recoverable amount of the single asset, with the assets belonging to the asset group or combination of assets group as the base, to determine the recoverable amount. For the goodwill formed by the merger of enterprises and intangible assets with uncertain service life, regardless of whether there is evidence of impairment, the impairment test shall be made at the end of every year.

For the recoverable amount of single asset is lower than its book value, count and draw the preparation for the impairment of assets according to difference of the book value of the single assets and recoverable amount. For the asset group or combination of asset groups is lower than its book value, we shall confirm the corresponding impairment loss, the amount of impairment loss firstly deducts the book value of the goodwill which share to the asset group or combination of assets group, then according to the proportion accounting for book value of the various assets except the goodwill in the assets group or combination of assets group, deduct the book value of the various assets in proportion. The above deduction in the book value of the assets is as the impairment loss of the single assets (including goodwill), count and draw the impairment provision of the single assets. After the confirmation of the above asset impairment losses, in the future accounting period, it shall not be transferred back.

### **(5) Specific criteria of the research stage and development stage of the internal research and development projects**

The expenses of the internal research and development project are divided into stage research expenditure and development expenditure. Differentiate the standards of the research phase and development phase: the systematic survey phase to obtain the new skills and knowledge should be determined as the research stage. This stage has the planned and exploratory and other characteristics; Before using in commercial production or use, applying the research findings or other knowledge to a plan or design, so that to produce new or substantive improved materials, devices, products, and so on should be identified as the development stage, the stage has the targeted characteristics and large possibility of forming the result.

## **(6) Accounting of expenditures of the internal research and development projects**

The expenses of the internal research and development project shall be reckoned in the current profit and loss when it occurs. The expenses of the stage of the internal research and development project meets the purpose to following conditions at the same time shall be recognized as intangible assets: (1) complete this intangible asset so that it can use or sale and is feasible technically; (2) we have the has to complete this intangible asset to use or sell it; (3) the way of the intangible assets generating the economic benefits, including we can prove that the product produced by using this intangible assets has the market or the market that the intangible assets exists self. For the intangible assets used internally, we can prove its usefulness; 4) we have the sufficient technologies, financial resources and other resources to support, so that achieve the development of the intangible assets, and have the ability to use or sell this intangible asset; (5) the expenditure belonging to the development stage can be measured reliably.

### **21. Long-term deferred expenses**

The long-term deferred expenses enter into the account book according to the actual expenditure, is averagely amortized in the benefit period or the specified time limit. If the long-term deferred expenses item cannot benefit the future accounting period, then we shall transfer the all the amortized value of this item into the current profit or loss.

### **22. Assets transfer attached with repurchases conditions**

### **23. Estimated debts**

#### **(1) Recognition standards of estimated debts**

#### **(2) Measurement method of estimated debts**

### **24. Share-based payments and equity instruments**

#### **(1)Share-based payment type**

Including equity-settled share-based payments and cash-settled share-based payments

#### **(2)Method to determine the fair value of the equity instruments**

(1) There are active markets, according to the quotation in the active market is determined; (2) there is no active market, the valuation techniques, including reference to familiar with the situation and voluntary trading parties recently conducted market transaction price, used in reference to essentially the same other financial instruments of the current fair value, discounted cash flow method and the option pricing model, etc.

#### **(3)Confirm the basis of a best estimate vested equity instruments**

According to the latest estimate vesting staff number change and the subsequent information.



**(4) Related accounting treatment for implementing, modifying or terminating the share-based payment plans**

(1) Equity-settled share-based payment

Equity-settled share-based payment in return for employee services, granted, the right may be exercised immediately after the grant date in accordance with the fair value of the equity instruments included in the relevant costs or expenses, capital reserves shall be adjusted; Complete waiting period of service or to specified performance criteria, only work on during the waiting period of each balance sheet date, to the number of vested equity instruments is based on best estimate, according to the fair value of the equity instruments granted to date, the current service included in the relevant costs or expenses, capital reserves shall be adjusted.

Equity-settled share-based payment in return for services of the other party, if the other party of the fair value of the service can be reliably measured, according to the other party service on the day of the fair value measurement; But the fair value of the other party service cannot be reliably measured equity instruments, fair value can be reliably measured in accordance with the fair value of the equity instruments in service date, included in the relevant costs or expenses, increase owner's equity.

(2) Cash-settled share-based payment

Cash-settled share-based payment in return for employee services, awarded the rights may be exercised immediately after, in the fair value of grant date according to the company to undertake liabilities included in the relevant costs or expenses, increase liabilities; Complete waiting period of service or to specified performance criteria to the vesting of cash-settled share-based payment in return for services of employees, in the waiting period for each of the balance sheet date, based on the best estimate of the vesting conditions, according to the company bear the liabilities of the fair value, the current service included in the relevant costs or expenses and the corresponding liabilities.

(3) Modify, terminate the share-based payment plan

If modification increases the fair value of the equity instruments granted, the company in accordance with the fair value of the equity instruments increased accordingly confirm the increase of the service; If modify the increase the number of the equity instruments granted by the company will increase the fair value of the equity instruments of the confirmation accordingly for the increase of the service; If the company in accordance with the modified the vesting conditions conducive to the worker's mode, the company in dealing with the vesting conditions, modified the vesting conditions into consideration.

If modifications to reduce the fair value of the equity instruments granted to the company continue to equity instruments on the basis of the fair value of the grant date, confirmed that the amount of service, regardless of the fair value of the equity instruments granted to reduce; If the changes reduced the number of the equity instruments granted to the company will reduce part as has the cancellation of the equity instruments granted to the processing; If to modified the vesting conditions are unfavorable to the worker's mode, when handling the vesting conditions, not to consider the revised the vesting conditions.

During the waiting period if the company canceled the equity instruments granted by or clearing the rights granted by the tools (for failing to meet the vesting conditions except cancelled), it will cancel or settlement as accelerated vesting processing, immediately confirm the remaining originally waiting period to confirm the amount.

## **25. Repurchase of the Company's shares**

## **26. Revenues**

### **(1) Revenue from selling goods**

Commodity sales and confirm when meet the following conditions: (1) the company has the ownership of the goods on the main risks and rewards transfer to the purchaser; (2) the company did not keep contact all the ministers continue to control, did not implement effective control on goods sold; (3) the amount of revenues can be measured reliably; (4) the relevant economic benefits are likely to flow into the enterprise; (5) has occurred or will occur associated costs can be measured reliably. The recognition principles and time-point of the Company's revenue from selling goods as follows: (1) Export sale of export sale company may be recognized as revenue when meeting the following conditions: 1) The Company's export sale is divided into three pricing models including FOB (free on board)/C&F/CIF (cost insurance and freight), mainly in the form of FOB for export, in the FOB /C&F model, after goods are shipped and leave port, the major risks and rewards of ownership of goods will be transferred to the dealer (customers), and neither the continuing management rights associated with the ownership will be retained, nor the effective control will be implemented on the sold goods, and it can be regarded as risk transfer; accordingly in the CIF mode, it can be regarded as risk transfer after the goods arrive at the port; 2) The production of related products is completed according to the export contracts or orders signed with customers; after passing inspection, declaring to the customs for export, obtaining customs declaration and the bill of lading (freight note); 3) The payment amount of goods' export income has been determined and the funds have been received or are expected to be recovered and then the export sales invoices will be issued; 4) The unit cost of export goods can be reasonably calculated. (2) Domestic sale of domestic sale company may be recognized as revenue when meeting the following conditions: 1) The production of related products is completed according to the sales contracts or order requirements signed with customers. After customers inspect to be qualified and use as well as give confirmation, then the sales invoices shall be issued; 2) The payment amount of goods sales income has been determined and the funds have been received or are expected to be recovered; 3) The unit cost of goods can be reasonably calculated.

### **(2) Revenue from abalienating the right to use assets**

The Company shall recognize the revenue from abalienating of the right to use assets when the following conditions are met simultaneously: (1) The economic benefits related to the abalienating of the right to use assets can flow into the Company; and (2) The amount of revenues can be measured in a reliable way.

### **(3) Revenue from providing labor services**

On the balance sheet date to provide reliably estimate the outcome of a transaction concerning the labor (at the same time satisfy the amount of revenues can be measured reliably, the related economic interests are likely to flow into and transaction completion schedule can be reliably determined, transactions have occurred and will happen cost can be measured reliably), providing labor services income is confirmed the completion percentage method is adopted, and has been providing the services in accordance with the percentage of the labor services should be provided the schedule of completion ratio to determine the services trade.

On the balance sheet date will not be able to provide labor services trading results reliable estimates, respectively dealing with in the following circumstances: if labor costs can be compensated is expected to have occurred, according to the amount of labor cost has occurred confirmed to provide labor services, and carry forward the same amount in accordance with the labor cost; If the labor cost has already happened is not able to get compensation, will be recorded into the profits and losses of the current labor cost, has already happened not confirm to provide labor services.

**(4) Basis and method of determining the contract completion in the event of recognizing revenues from providing labor services and constructing contracts as the percentage-of-completion method**

**27. Government subsidies**

**(1) Types of government subsidies**

Government subsidies consist of the government subsidies pertinent to assets and government subsidies pertinent to income. The government grants of long-term assets acquired by the Company for building or formed with other ways will be classified as the government subsidies related to assets. The government grants acquired by the Company for compensating the subsequent or incurred expenses or losses will be classified as the government subsidies related to income. The government grants acquired by the Company for both purchasing equipment and other long-term assets and compensating the labor costs, the purchase of service fees, management fees and other expenditures belong to the government subsidies related to both assets and income and it is required to divide them into the part related to assets and part related to income. The accounting treatment will be conducted separately. If it cannot distinguish, then the whole government grants will be classified as the government subsidies related to income.

**(2) Accounting policy**

The government subsidies pertinent to assets shall be recognized as deferred income, equally distributed within the useful lives of the relevant assets, and included in the current profits and losses. The government subsidies pertinent to incomes shall be treated respectively in accordance with the circumstances as follows: ① Those subsidies used for compensating the related future expenses or losses of the enterprise shall be recognized as deferred income and shall be included in the current profits and losses during the period when the relevant expenses are recognized; or ② Those subsidies used for compensating the related expenses or losses incurred to the enterprise shall be directly included in the current profits and losses.

**28. Deferred income tax assets and deferred income tax liabilities**

**(1) Basis for recognizing deferred income tax assets**

1. According to the difference of the book value of the assets, liabilities and its tax base (the items which is not confirmed as the assets and liabilities can be confirmed its tax base according to the tax law provision, the difference between this tax base and its book number), receive this assets according to the anticipation or pay off the applicable tax rate, to calculate and confirm the deferred income tax assets and deferred income tax liabilities. 2. The confirmation of the deferred tax asset is probably limited by getting the amount of the deductible temporary difference which is used for deducting the taxable income. On the balance sheet date, there is

strong evidence that during the period of the future, it is likely to obtain sufficient taxable income to offset the deductible temporary differences, to confirm deferred income tax assets unrecognized in the previous accounting period.<sup>3</sup>On the balance sheet date, the company shall review on the book value of the deferred income tax assets, if during the period of the future, it may not be able to obtain sufficient taxable income to offset the benefit of the deferred income tax assets, and then write down the book value of the deferred income tax assets. When it is likely to obtain sufficient taxable income, transfer back the write-down amount.<sup>4</sup> Company in the current income tax and deferred income tax as a recorded into the profits and losses of the current income tax expenses, or earnings, but does not include the income tax in the following circumstances: (1) enterprise merger; (2) direct confirmation of transactions or events in the owner's equity.

## **(2) Basis for recognizing deferred income tax liabilities**

The deferred income tax assets or deferred income tax liabilities will be calculated and determined according to the difference between the book value of assets or liabilities and their tax base (For items recognized not as assets and liabilities, it may determine its tax base in accordance with the provisions of tax law, the difference between the tax base and its book value) and on the basis of applicable tax rates during the period of expected recovering the assets or settling the liabilities.

## **29. Operating lease and finance lease**

### **(1) Accounting treatment of operating lease**

### **(2) Accounting treatment of finance lease**

### **(3) Accounting treatment of sale and leaseback**

## **30. Assets held for sale**

### **(1) Recognition criteria of assets held for sale**

### **(2) Accounting treatment methods of assets held for sale**

## **31. Asset securitization business**

## **32. Hedge accounting**

1. Hedging includes fair value hedging and cash flow hedging.

2. For the hedging tool which satisfies the following conditions, we use the hedge accounting method to process it: (1) at the beginning of the hedging, the company has the official designation to the hedging relationship (that is, the relationship between the hedging instrument and the hedged item) and prepared the formal written document on the hedging relationship, risk management objectives and hedging strategy; (2) this hedging is expected to be highly effective, and in line with the risk management strategy originally made by the company for this hedging relationship; (3) the cash flow hedging for the forecast transaction, and the forecast

transaction is likely to happen, and we must make the company faced with the final changes the risk which will affect the profit and loss of the cash flow; (4) the hedging effectiveness can be measured reliably; (5) continuously evaluate the hedging effectiveness, and ensure that this hedging is highly effective in accounting period specified by the hedging relationship.

When the hedging satisfies the following conditions at the same time, the company shall identify it to be high effectiveness: (1) during the first and after hedging, the hedging is expected to highly effectively offset the changes in fair value or cash flow caused by the hedged risk specified in the hedging period; (2) the actual offset results of this the hedging is in the range of 80% to 125%.

### 3. The hedging accounting treatment

#### (1) Fair value hedging

If the hedging tool is the derivative instruments, the profit or loss formed by the change in the fair value of the hedging tool shall be reckoned in the current profit and loss; If the hedging tool is the non-derivative instruments, the profit or loss formed by the change in exchange rate of the book value of the hedging tool shall be reckoned in the current profit and loss. For the arbitrated items, the profit or loss formed by the hedged risk shall be reckoned in the current profit and loss, and at the same time, we shall adjust the book value of the hedged item.

#### (2) Cash flow hedging

1) Hedging instrument belongs to the effective hedging part of the profit or loss, is directly recognized as the owner's equity, and the invalid part shall be reckoned in the current profits and losses.

2) If the arbitrated item is the forecast transaction, and this forecast transaction makes the company later confirming a financial asset or a financial liability, and the original directly is recognized as the gains or losses of the owner's equity, this financial asset or the enterprise profit and loss affected by the financial liability affects being roll-out in the same period shall be reckoned in the current profit and loss. If this forecast transaction makes the company in the later on confirming a non-financial asset or non-financial liability, we shall roll out the related to the profit or loss original directly confirmed in the owner's equity, and to be reckoned in the initial recognized amount of this non-financial asset or non-financial liability.

Other cash flow hedging is originally reckoned in the profit or loss of the arbitrage tool of the owner's equity, which shall be rolled out in the same period of the expected transactions affecting the profits and losses in the hedged, and reckoned in the current profits and losses.

4. In order to avoid the changes risk in the cash flow of the expected receipt of proceeds of US dollar in the order (that is risk of arbitrated items), our company has signed the "forward exchange contract" (that is arbitrage tool) with bank, which sells the US dollars to the bank based on the fixed exchange rate, locks the cash inflows brought by the order for goods. This hedging is the cash flow hedging. This company uses the ratio analysis to evaluate the effectiveness of this hedging.

## 33. Changes on Significant Accounting Policies and Accounting Estimates

Whether the significant accounting policies and accounting estimates during this reporting period are changed

Yes  No

None

### (1) Changes on accounting policies

Whether the significant accounting policies during this reporting period are changed

Yes  No

None

**(2) Changes on accounting estimates**

Whether the significant accounting estimates during this reporting period are changed

Yes  No

None

**34. Corrections to Early Accounting Errors**

Whether early accounting errors are found during this reporting period

Yes  No

None

**(1) Retroactive restatement method**

Whether early accounting errors adopting retroactive restatement method are found during this reporting period

Yes  No

**(2) Future applicable method**

Whether early accounting errors adopting future applicable method are found during this reporting period

Yes  No

**35. Other Significant Accounting Policies, Accounting Estimates and Preparation of Financial Statements**

**V. Taxation**

**1. Main taxes and tax rates**

Tax type	Evidence of tax assessment	Tax rate
Added-value tax	The added value generated by the sales of goods or the process of providing taxable services	Calculate and pay based on 17% of the tax rate. It is implemented the "exemption, credit, refund" tax policy. And the tax refund rate is 15% and 17%. The tax refund rate of the Company's automobile hub in 2013 was 17%; and the tax refund rate of motorcycle wheel hub in 2013 was 15%.
Consumption tax	None	None
Business tax	Turnover taxable	5%

City maintenance and construction tax	Turnover tax payable	5%
Enterprise income tax	Income tax payable	The corporate income tax rate of the Company in 2013 was 15%; and the income tax rate of the subsidiary Zhejiang Yueling Import and Export Co., Ltd. in 2013 was 25%.
Building taxes	For levied on by means of ad valorem duty, it is levied based on the residual value after deducting 30% of the original value. For levied on prices, it is levied based on the rental income	1.2%、12%
Extra charges of education funds	Turnover tax payable	3%
Extra charges of local education	Turnover tax payable	2%

Income tax rate executed by each branch company and branch plant

## 2. Tax preference and approval documents

According to the document Z. K. F. G. [2009] No. 166 issued by the Science Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang Provincial Office, SAT, Zhejiang Province and Zhejiang Provincial *Local Taxation Bureau*, the Company was identified as the high-tech enterprise in 2009. According to the document Z. K. F. G. [2012] No. 312, the Company passed the review on high-tech enterprises in 2012. According to the provisions in *The Law of the People's Republic of China on Enterprise Income Tax*, the Company paid the corporate income tax by the tax rate of 15% from 2012 to 2014.

## 3. Other description

# VI. Business combination and consolidated financial statements

## 1. Subsidiary company situation

### (1) Establish subsidiary company by setting up or investing and other methods

Unit: Yuan

Full name of the subsidiary company	Type of the subsidiary company	Registration place	Business Nature	Registered capital	Business scope	The actual amount of the investment period	Remaining balance of other items of essential composition of the investment to the subsidiary company'	Shareholding proportion (%)	Voting percentage (%)	Whether or not combine the statements	Minority stockholder's interest	The amount used for reducing the profit and loss of the minority shareholders in the minority stockholder's interest	The current losses shared by minority shareholders of a subsidiary offsetting from the owners' equity of the parent company

													exceeds the balance after the shares enjoyed by the minority shareholders in such subsidiary's owners' equity at the beginning of the year
Zhejiang Yueling Import and Export Co., Ltd	Limited Liability Company	Wenling	Imports and exports	10,000,000.00	Import and export, technology import and export; aluminum alloy wheels, automobile parts, motor cycle accessory sales	10,019,676.23		100%	100%	Yes	0.00	0.00	0.00

Other description of the subsidiary obtained through establishment or investment

**(2) Subsidiary obtained through business combination under the same control**

Unit: Yuan

Full name of the subsidiary company	Type of the subsidiary company	Registration place	Business Nature	Registered capital	Business scope	The actual amount in the end of the period	Remainder balance of other items of composition of the net investment to the subsidiary	Shareholding proportion (%)	Voting percentage (%)	Whether or not combine the statements	Minority stockholder's interest	The amount used for reducing the profit and loss of the minority shareholders in the minority stockholder's	the current losses shared by minority shareholders of a subsidiary offsetting from the owners' equity



								ompany'					interest	of the parent company exceeds the balance after the shares enjoyed by the minority shareholders in such subsidiary's owners' equity at the beginning of the year
--	--	--	--	--	--	--	--	---------	--	--	--	--	----------	--

Other description of the subsidiary obtained through business combination under the same control

**(3) Subsidiary obtained through business combination not under the same control**

Unit: Yuan

			Business Nature					Remainin						the current losses shared by minority shareholders of a subsidiary offsetting from the owners' equity of the parent company exceeds the balance after the shares enjoyed by the minority shareholders in such subsidiary's owners' equity at the
Full name of the subsidiary company	Type of the subsidiary company	Registration place		Registered capital	Business scope	The actual amount of the period	Composition of the investment to the subsidiary company'	Shareholding proportion (%)	Voting percentage (%)	Whether or not combine the statements	Minority stockholder's interest		The amount used for reducing the profit and loss of the minority shareholders in the minority stockholder's interest	

														beginning of the year
--	--	--	--	--	--	--	--	--	--	--	--	--	--	-----------------------

Other description of the subsidiary obtained through business combination not under the same control

## 2. Special purpose entity or business entity with control right formed through entrusted management or lease

Unit: Yuan

Name	Transaction with the Company's main business	Main assets and ending balance of liabilities recognized in the consolidated financial statement
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Other description of special purpose entity or business entity with control right formed through entrusted management or lease

## 3. Description of the change in scope of consolidation

Description of the change in scope of consolidated financial statement

Applicable  Not applicable

## 4. Entity newly included in the scope of consolidation during the reporting period and entity no longer included in the scope of consolidation during the reporting period

Subsidiaries newly included in the scope of consolidation at the current period, special purpose entity and business entity with control right formed through entrusted management or lease

Unit: Yuan

Name	Ending net asset	Net profit at current period
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Subsidiaries no longer included in the scope of consolidation at the current period, special purpose entity and business entity with control right formed through entrusted management or lease

Unit: Yuan

Name	Disposal of daily net asset	Net profit from the beginning of the year to the disposal date
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Other description of entity newly included in the scope of consolidation and entity no longer included in the scope of consolidation

## 5. Enterprise merger under the same control during the reporting period

Unit: Yuan

Merged party	Judgment basis of enterprise merger under the same control	Actual controller under the same control	Revenue from the beginning of the merger period to the merger date	Net profit from the merger period to the merger date	Cash flow from operating activities from the merger period to the merger date
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Other description of enterprise merger under the same control

**6. Enterprise merger not under the same control during the reporting period**

Unit: Yuan

Merged party	Amount of goodwill	Calculation method of goodwill
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Other description of enterprise merger not under the same control

Whether the enterprise merger is achieved step-by-step through multiple transactions obtains control right during the reporting period

Applicable  Not applicable

**7. Decrease subsidiaries by selling stock rights losing control right during the reporting period**

Name of subsidiaries	Selling date	Confirmation method of profit and loss
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Other description of decreasing subsidiaries by selling stock rights losing control right

Whether the investments to subsidiaries are disposed step-by-step through multiple transactions until the control right is lost during the reporting period

Applicable  Not applicable

**8. Counter purchase during the reporting period**

Backdoor party	Judgment basis of counter purchase	Determination method of combined cost	Calculation method of goodwill or profit or loss included in the current period recognized in the combination
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Other description of counter purchase

**9. Consolidation by merger during the reporting period**

Unit: Yuan

Type of consolidation by merger	Main incorporated assets		Main incorporated liabilities	
Consolidation by merger under the same control	Item	Amount	Item	Amount
Consolidation by merger not under the same control	Item	Amount	Item	Amount

Other description of consolidation by merger

**10. Exchange rate of items in main statements of overseas operating entities**

**VII. Notes to Main Items in the Consolidated Financial Statements**

**1. Monetary capital**

Unit: Yuan

Items	Amount at the at the end of the period			Amount at the beginning of the period		
	Foreign currency	Exchange	RMB amount	Foreign currency	Exchange	RMB amount

	amount	rate		amount	rate	
Cash:	--	--	38,443.83	--	--	32,514.89
RMB	--	--	31,077.75	--	--	31,668.72
US dollar	1,120.00	6.0969	6,828.53	48.00	6.2855	301.70
Japanese Yen	1,585.00	0.057771	91.57	1,585.00	0.073049	115.78
Ukraine's currency	553.00	0.733480	405.61	553.00	0.7752	428.69
Rand	70.00	0.576650	40.37			
Deposit in bank:	--	--	96,599,174.30	--	--	82,410,287.96
RMB	--	--	52,850,245.29	--	--	34,812,858.13
US dollar	7,032,255.84	6.096900	42,874,960.64	7,232,121.99	6.2855	45,457,502.78
Euro	55,724.16	8.418900	469,136.12	257,276.95	8.3176	2,139,926.76
Japanese Yen	7,007,534.00	0.057771	404,832.25	4.00	0.073049	0.29
Other monetary funds:	--	--	29,625,000.00	--	--	25,615,000.00
RMB	--	--	29,625,000.00	--	--	25,615,000.00
Total	--	--	126,262,618.13	--	--	108,057,802.85

Give description separately on the payments with restriction on use, deposited abroad or with potential recovery risk due to mortgage, pledge or freezing

Item	Amount at the end of the period	Amount at the beginning of the period
Other monetary funds	29,625,000.00	25,615,000.00
Among them: more than 3 months of bank acceptance deposit	13,750,000.00	12,485,000.00

## 2. Trading financial assets

### (1) Trading financial assets

Unit: Yuan

Items	Fair value at the end of the period	Fair value at beginning of the period
The financial assets of the designated fair value fair value measurement and the changes reckoned in the current profit and loss	289,801.98	249,009.90
Total	289,801.98	249,009.90

### (2) Trading financial assets with restriction on realization

Unit: Yuan

Items	Other significant limitations on restriction conditions or realization	Amount at the end of period
None		

**(3) Description of hedging instrument and related hedging transactions**

**3. Notes receivable**

**(1) Classification of notes receivable**

Unit: Yuan

Type	Amount at the end of the period	Amount at the beginning of the period
Bank acceptance	100,000.00	200,000.00
Total	100,000.00	200,000.00

**(2) Notes receivable pledged at the end of period**

Unit: Yuan

Unit of issuing bill	Date of issuing bill	Due date	Amount	Remarks
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**(3) Notes transferred into accounts receivable because the maker is unable to keep an appointment and notes the Company has endorsed to others but it has not yet expired at the end of period**

Notes transferred into accounts receivable because the maker is unable to keep an appointment

Unit: Yuan

Unit of issuing bill	Date of issuing bill	Due date	Amount	Remarks
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Description

Notes that the Company has endorsed to others but they has not yet expired

Unit: Yuan

Unit of issuing bill	Date of issuing bill	Due date	Amount	Remarks
Passenger Car Company of Dongfeng Motor Group Company Limited	August 26, 2013	February 26, 2014	300,000.00	
Passenger Car Company of Dongfeng Motor Group Company Limited	August 26, 2013	February 26, 2014	300,000.00	
Wenling Xiaochi Automotive Accessory Sales Co., Ltd	September 10, 2013	March 10, 2014	50,000.00	
Wenling Xiaochi Automotive Accessory Sales Co., Ltd	September 10, 2013	March 10, 2014	50,000.00	
Wenling Xiaochi Automotive Accessory Sales Co., Ltd	September 10, 2013	March 10, 2014	50,000.00	
Wenling Xiaochi Automotive Accessory Sales Co., Ltd	September 10, 2013	March 10, 2014	50,000.00	
Wenling Xiaochi Automotive Accessory Sales Co., Ltd	September 10, 2013	March 10, 2014	50,000.00	

Wenling Automotive Sales Co., Ltd	Xiaochi Accessory	September 10, 2013	March 10, 2014	50,000.00	
Wenling Automotive Sales Co., Ltd	Xiaochi Accessory	September 10, 2013	March 10, 2014	50,000.00	
Wenling Automotive Sales Co., Ltd	Xiaochi Accessory	September 10, 2013	March 10, 2014	50,000.00	
Wenling Automotive Sales Co., Ltd	Xiaochi Accessory	September 10, 2013	March 10, 2014	50,000.00	
Wenling Automotive Sales Co., Ltd	Xiaochi Accessory	September 10, 2013	March 10, 2014	50,000.00	
Wenling Automotive Sales Co., Ltd	Xiaochi Accessory	September 10, 2013	March 10, 2014	50,000.00	
Wenling Automotive Sales Co., Ltd	Xiaochi Accessory	September 10, 2013	March 10, 2014	50,000.00	
Wenling Automotive Sales Co., Ltd	Xiaochi Accessory	September 10, 2013	March 10, 2014	50,000.00	
Wenling Automotive Sales Co., Ltd	Xiaochi Accessory	September 10, 2013	March 10, 2014	50,000.00	
Wenling Automotive Sales Co., Ltd	Xiaochi Accessory	September 10, 2013	March 10, 2014	50,000.00	
Wenling Automotive Sales Co., Ltd	Xiaochi Accessory	September 10, 2013	March 10, 2014	50,000.00	
Wenling Automotive Sales Co., Ltd	Xiaochi Accessory	September 10, 2013	March 10, 2014	50,000.00	
Wenling Automotive Sales Co., Ltd	Xiaochi Accessory	September 10, 2013	March 10, 2014	50,000.00	
Wenling Automotive Sales Co., Ltd	Xiaochi Accessory	September 10, 2013	March 10, 2014	50,000.00	
Wenling Automotive Sales Co., Ltd	Xiaochi Accessory	September 10, 2013	March 10, 2014	50,000.00	
Wenling Automotive Sales Co., Ltd	Xiaochi Accessory	September 10, 2013	March 10, 2014	50,000.00	
Wenling Automotive Sales Co., Ltd	Xiaochi Accessory	September 10, 2013	March 10, 2014	50,000.00	
Wenling Automotive Sales Co., Ltd	Xiaochi Accessory	September 10, 2013	March 10, 2014	50,000.00	
Taizhou Modern Logistics Co., Ltd.	Zhongyuan	October 24, 2013	April 24, 2014	100,000.00	
Yunxi Jiulong Shang tong Co., Ltd.		October 17, 2013	April 16, 2014	500,000.00	
Passenger Car Company of Dongfeng Automotive Industrial Corp		November 26, 2013	May 26, 2014	220,000.00	
Passenger Car Company of Dongfeng Automotive Industrial Corp		November 26, 2013	May 26, 2014	200,000.00	
Total		--	--	2,620,000.00	--

Description

Description of discounted or pledged commercial promissory notes

#### 4. Dividends receivable

Unit: Yuan

Items	Amount at the beginning of the period	Increase in current period	Reduce in current period	Amount at the end of the period	Reasons for not being recovered	Whether the related payments are decreased in value
Including:	--	--	--	--	--	--
Including:	--	--	--	--	--	--

Description

#### 5. Interest receivable

##### (1) Interest receivable

Unit: Yuan

Items	Amount at the beginning of the period	Increase in current period	Reduce in current period	Amount at the end of the period

##### (2) Overdue interest

Unit: Yuan

Loaning unit	Overdue time (days)	Amount of overdue interest

##### (3) Description of interest receivable

#### 6. Accounts receivable

##### (1) Disclosure of accounts receivable by categories

Unit: Yuan

Category	Amount at the end of the period				Amount at the beginning of the period			
	Book balance		Bad-debt provision		Book balance		Bad-debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable counting bad debt reserves by combination								
Aging combination	109,373,029.61	100%	8,441,259.90	7.72%	94,430,408.51	100%	6,224,840.54	6.59%
Subtotal of combination	109,373,029.61	100%	8,441,259.90	7.72%	94,430,408.51	100%	6,224,840.54	6.59%
Total	109,373,029.61	--	8,441,259.90	--	94,430,408.51	--	6,224,840.54	--

Description of types of the accounts receivables

- ① Large single amount and counting and drawing the single item for the provision for bad debts: The amount is more than 5 million Yuan (including 5 million) or the accounting for over 5% of the book balance of the accounts receivable, we shall count and draw the single item for accounts receivable of the bad-debt provision
- ② Counting bad debt reserves by combination: excluding items included in ①, several combinations are divided according to similar credit risk characteristics, and accounts receivable counting bad debt reserves by combination.
- ③ Not large single amount but counting and drawing the single item for the provision for bad debts: Except the scope ①, there is documented evidence indicating that there is obvious difference in the recoverability, we shall count and draw the single item for accounts receivable of the bad-debt provision

Accounts receivable with significant individual amount at the end of period and counting bad debt reserves individually

Applicable  Not applicable

In the combination, accounts receivable counting bad debt reserves by aging analysis method

Applicable  Not applicable

Unit: Yuan

Aging	Amount at the end of the period			Amount at the beginning of the period		
	Book balance		Bad-debt provision	Book balance		Bad-debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year						
Including:	--	--	--	--	--	--
Subtotal within 1 year	102,858,207.05	94.04%	5,142,910.36	90,653,555.88	96%	4,532,677.79
1-2 years	3,116,685.06	2.85%	623,337.01	1,535,025.98	1.63%	307,005.20
2-3 years	1,446,249.94	1.32%	723,124.97	1,713,338.21	1.81%	856,669.11
More than 3 years	1,951,887.56	1.79%	1,951,887.56	528,488.44	0.56%	528,488.44
Total	109,373,029.61	--	8,441,259.90	94,430,408.51	--	6,224,840.54

In the combination, accounts receivable counting bad debt reserves by the *percentage* of balance

Applicable  Not applicable

In the combination, accounts receivable counting bad debt reserves by other methods

Applicable  Not applicable

Accounts receivable with insignificant individual amount at the end of period and counting bad debt reserves individually

Applicable  Not applicable

## (2) Accounts receivable reversed or recovered during the reporting period

Unit: Yuan

Content of accounts receivable	Reasons for reversing or recovering	Determination basis of original bad debt	Amount of bad debt counted cumulatively before reverse or recovery	Amount reversed or recovered

Provision for bad debts of accounts receivable with significant individual amount or insignificant individual amount at the end of



period but separate impairment test being conducted

Unit: Yuan

Content of accounts receivable	Book balance	Amount of bad debt	Counting proportion (%)	Reasons
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Description of accounts receivable with insignificant individual amount but the risk of combination being larger after combined by credit risk characteristics

**(3) Accounts receivable actually written-off during the reporting period**

Unit: Yuan

Company name	Nature of accounts receivable	Write-off time	Write-off amount	Reason for write-off	Whether to occur due to related transactions
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Description of the write-off of accounts receivable

**(4) Shareholders holding voting shares above 5% (including 5%) of the Company in the accounts receivable during the reporting period**

Unit: Yuan

Company name	Amount at the end of the period		Amount at the beginning of the period	
	Book balance	Amount of bad debt counted	Book balance	Amount of bad debt counted

**(5) Top five units in the amount of accounts receivable**

Unit: Yuan

Company name	Relationship with this company	Amount	Term	Proportion in the total accounts receivable (%)
No. 1	Non-related party	16,298,230.28	Within 1 year	14.9%
No. 2	Non-related party	11,472,009.10	Within 1 year	10.49%
No. 3	Non-related party	6,873,704.38	Within 1 year	6.28%
No. 4	Non-related party	5,960,143.06	Within 1 year	5.45%
No. 5	Non-related party	5,216,951.98	Within 1 year	4.77%
Total	--	45,821,038.80	--	41.89%

**(6) Receivables from related parties**

Unit: Yuan

Company name	Relationship with this company	Amount	Proportion in the total accounts receivable (%)
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**(7) Receivables of derecognition**

Unit: Yuan

Items	Amount of derecognition	Gains or losses related to derecognition
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**(8) Amount of assets and liabilities of securitization with receivables as subjects and being presented the continuing involvement**

Unit: Yuan

Items	Amount at the end of the period
Assets:	
Liabilities:	

**7. Other receivables**

**(1) Disclosure of other receivables by categories**

Unit: Yuan

Category	Amount at the end of the period				Amount at the beginning of the period			
	Book balance		Bad-debt provision		Book balance		Bad-debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables counting bad debt reserves by combination								
Aging combination	7,108,209.88	54.54%	2,995,910.24	42.15%	6,945,078.02	46.92%	1,715,442.35	24.7%
Combination of export tax rebates	5,925,315.04	45.46%	0.00	0%	7,857,470.89	53.08%	0.00	0%
Subtotal of combination	13,033,524.92	100%	2,995,910.24	22.99%	14,802,548.91	100%	1,715,442.35	11.59%
Total	13,033,524.92	--	2,995,910.24	--	14,802,548.91	--	1,715,442.35	--

Description of types of the accounts receivables

- ① Large single amount and counting and drawing the single item for the provision for bad debts: The amount is more than 5 million Yuan (including 5 million) or the accounting for over 10% of the book balance of the accounts receivable, we shall count and draw the single item for accounts receivable of the bad-debt provision
- ② Counting bad debt reserves by combination: excluding items included in ①, several combinations are divided according to similar credit risk characteristics, and other receivables counting bad debt reserves by combination.
- ③ Not large single amount but counting and drawing the single item for the provision for bad debts: Except the scope ① There is documented evidence indicating that there is obvious difference in the recoverability, we shall count and draw the single item for accounts receivable of the bad-debt provision

Other receivables with significant individual amount at the end of period and counting bad debt reserves individually

Applicable  Not applicable

In the combination, other receivables counting bad debt reserves by the aging analysis method

Applicable  Not applicable

Unit: Yuan

Aging	Amount at the end of the period	Amount at the beginning of the period
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	Book balance		Bad-debt provision	Book balance		Bad-debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year						
Including:						
Within 1 year	1,597,677.17	22.48%	79,883.86	1,865,517.89	26.86%	93,275.89
Subtotal within 1 year	1,597,677.17	22.48%	79,883.86	1,865,517.89	26.86%	93,275.89
1-2 years	793,490.49	11.16%	158,698.10	3,961,332.65	57.04%	792,266.53
2-3 years	3,919,427.89	55.14%	1,959,713.95	576,655.10	8.3%	288,327.55
More than 3 years	797,614.33	11.22%	797,614.33	541,572.38	7.8%	541,572.38
Total	7,108,209.88	--	2,995,910.24	6,945,078.02	--	1,715,442.35

In the combination, other receivables counting bad debt reserves by the *percentage* of balance

Applicable  Not applicable

In the combination, other receivables counting bad debt reserves by other methods

Applicable  Not applicable

Unit: Yuan

Combination name	Book balance	Bad-debt provision
Combination of export tax rebates	5,925,315.04	0.00
Total	5,925,315.04	0.00

Other receivables with insignificant individual amount at the end of period but counting bad debt reserves individually

Applicable  Not applicable

## (2) Other receivables reversed or recovered during the reporting period

Unit: Yuan

Content of other receivables	Reasons for reversing or recovering	Determination basis of original bad debt	Amount of bad debt reserves counted cumulatively before reverse or recovery	Amount reversed or recovered

Other provision for bad debts of accounts receivable with significant individual amount or insignificant individual amount at the end of period but separate impairment test being conducted

Unit: Yuan

Content of accounts receivable	Book balance	Amount of bad debt	Counting proportion (%)	Reasons

Description of other receivables with insignificant individual amount but the risk of combination being larger after combined by credit risk characteristics

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

Unit: Yuan

Company name	Nature of other receivables	Write-off time	Write-off amount	Reason for write-off time	Whether to occur due to related party transaction

Description of write-off of other receivables

**(4) Shareholder units holding voting shares above 5%(including 5%) of the Company in the other receivables during the reporting period**

Unit: Yuan

Company name	Amount at the end of the period		Amount at the beginning of the period	
	Book balance	Amount of provision for bad debts	Book balance	Amount of provision for bad debts

**(5) Nature or content of other receivables with larger amount**

Unit: Yuan

Company name	Amount	Nature or content of amount	Proportion in the total of other receivables (%)
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Description

**(6) Top five units in the amount of other receivables**

Unit: Yuan

Company name	Relationship with this company	Amount	Term	Proportion in the total of other receivables (%)
1. Export tax rebate receivable	Non-related party	5,925,315.04	Within 1 year	45.46%
2. Intermediary listing fees	Non-related party	3,300,000.00	From 1 to 2years RMB 410,000.00 yuan, from 2 to 3 years, RMB 2,890,000.00 yuan	25.32%
3.Special fund for bulk cement and new wall materials	Non-related party	934,046.54	2-3 years	7.17%
4. <i>Employees social security charges</i>	Non-related party	589,618.40	Within 1 year	4.52%
5. <i>Zhejiang Flourish International Freight Agency Co., Ltd.</i>	Non-related party	224,576.45	Within 1year, RMB 3.68 yuan, from 1 to 2 years, RMB 3,307.74 yuan, from 2 to 3years, RMB 917.18 yuan, more than 3years, RMB 220,347.85 yuan	1.72%
Total	--	10,973,556.43	--	84.19%

**(7) Other accounts of related party receivable**

Unit: Yuan

Company name	Relationship with this company	Amount	Proportion in the total of other receivables (%)
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**(8) Other derecognized receivables**

Unit: Yuan

Items	Derecognized amount	Gains or losses related to derecognition
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**(9) Amount of assets and liabilities of securitization with other receivables as subjects and being presented the continuing involvement**

Unit: Yuan

Items	Amount at the end of the period
Assets:	
Liabilities:	

**(10) Government grants recognized according to the amount receivable at the end of the reporting period**

Unit: Yuan

Company name	Name of government subsidy project	Ending balance	Ending aging	Expected collecting time	Expected collecting amount	Expected collecting basis	Reasons for not receiving expected amount at the expected time-point (if any)
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**8. Prepayments**

**(1) Listing prepayments by aging**

Unit: Yuan

Aging	Amount at the end of the period		Amount at the beginning of the period	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	3,421,224.63	92.35%	15,714,442.98	84.87%
1-2 years	10,870.25	0.29%	460,904.00	2.49%
2-3 years	15,300.00	0.41%	782,635.00	4.23%
More than 3 years	257,246.93	6.95%	1,557,105.93	8.41%
Total	3,704,641.81	--	18,515,087.91	--

Description of the aging of prepayments

**(2) Top five units in the amount of prepayments**

Unit: Yuan

Company name	Relationship with this company	Amount	Time	Reasons for not settling
German VDH Retest Equipment Co., Ltd.	Non-related party	707,187.60	Within 1 year	Prepayments for equipment

Italian Gem Dragon Company	Non-related party	484,928.64	Within 1 year	Prepayments for equipment
Mirle Automation Technology (Shanghai) Co., Ltd.	Non-related party	472,200.00	Within 1 year	Prepayments for equipment
Ningbo Kaibo CNC Machinery Co., Ltd.	Non-related party	203,000.00	Within 1 year	Prepayments for equipment
Qinhuangdao Hongtong Machinery Co., Ltd.	Non-related party	200,000.00	Within 1 year	Prepayments for equipment
Total	--	2,067,316.24	--	--

Description of main units of prepayments

(3) Shareholder units holding voting shares above 5%(including 5%) of the Company in the prepayments during the reporting period

Unit: Yuan

Company name	Amount at the end of the period		Amount at the beginning of the period	
	Book balance	Amount of bad debt counted	Book balance	Amount of bad debt counted

(4) Description of prepayments

## 9. Inventories

(1) Inventories Classification

Unit: Yuan

Items	Amount at the end of the period			Amount at the beginning of the period		
	Book balance	Falling reserves price	Book value	Book balance	Falling reserves price	Book value
Raw materials	20,782,938.67		20,782,938.67	16,538,941.44		16,538,941.44
Goods in process	16,673,000.65		16,673,000.65	15,254,243.05		15,254,243.05
Goods on hand	39,812,492.77		39,812,492.77	34,603,061.52		34,603,061.52
Goods in outside processing	961,860.74		961,860.74	490,353.25		490,353.25
Packing materials	1,191,176.30		1,191,176.30	3,436,143.96		3,436,143.96
Low-value consumption goods	3,353,526.91		3,353,526.91	1,398,665.44		1,398,665.44
Total	82,774,996.04		82,774,996.04	71,721,408.66		71,721,408.66

(2) Falling price reserves of inventories

Unit: Yuan

Inventory category	Book balance at the beginning of the period	Current amount of provision	Educe in current period		Book balance at the end of the period
			Reversal	Write-off	

**(3) Situations of falling price reserves of inventories**

Items	Basis of provision for falling price reserves of inventories	Reasons for reversing falling price reserves of inventories in current period	Proportion of current reversed amount in the ending balance of such inventories (%)
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Description of inventory

There is no obvious impairment found on inventories at the end of period, so the falling price reserves of inventories do not be counted.

**10. Other current assets**

Unit: Yuan

Items	Amount at the end of the period	Amount at the beginning of the period
Hedging instruments	5,171,076.81	3,455,171.96
Rental fee		182,506.00
Non-guaranteed floating income financial products		20,000,000.00
Total	5,171,076.81	23,637,677.96

Description of other current assets

As of December 31, 2013, in the forward exchange contract signed by and between the Company and the Bank but not yet due, the total principal with the convertibility of RMB to US dollar was \$ 58 million. The matured exchange rate agreed in the contract was from 6.1272 to 6.2019 and the contract will expire from 3 January 2014 to 31 December 2014. The fair value in the above forward exchange contract will be calculated according to the difference between the exchange rate agreed in the forward exchange contract and the forward exchange rate same or similar with the maturity date provided by the trading banks at the end of the period.

There is no obvious impairment found on other current assets at the end of the period, so the depreciation reserves do not be counted.

**11. Financial assets available for sale**

**(1) Situations of financial assets available for sale**

Unit: Yuan

Items	Ending fair value	Beginning fair value
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The held-to-maturity investments are re-classified as financial assets available for sale in the current period. The reclassified amount in the current period is yuan, the proportion of the amount in the total held-to-maturity investments before the reclassification.

Description of financial assets available for sale

**(2) Long-term debt investment in the financial assets available for sale**

Unit: Yuan

Bond item	Bond category	Face value	Initial investment cost	Maturity date	Beginning balance	Interest current period	in	Cumulative interest receivable or	Ending balance
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							received	
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Description of long-term debt investment in the financial assets available for sale

### (3) Impairment of financial assets available for sale

Unit: Yuan

Classification of financial assets available for sale	Equity instruments available for sale	Debt instruments available for sale	Other	Total
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### (4) Changes in impairment of financial assets available for sale during the reporting period

Unit: Yuan

Classification of financial assets available for sale	Equity instruments available for sale	Debt instruments available for sale	Other	Total
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### (5) Description related to ending fair value of equity instruments available for sale falling sharply or continuously

Unit: Yuan

Equity instruments available for sale (sub-item)	Cost	Fair value	Falling of fair value relative to the cost (%)	Falling time continued	Amount with impairment counted	Description of reasons for not counting impairment according to the difference between the cost and ending fair value
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## 12. Held-to-maturity investments

### (1) Situations of held-to-maturity investments

Unit: Yuan

Items	Book balance at the end of the period	Book balance at the beginning of the period
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Description of held-to-maturity investments

### (2) Situations of held-to-maturity investments sold but not yet due during the reporting period

Unit: Yuan

Items	Amount	Proportion in the amount before the sale of such investment (%)
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Description of situations of held-to-maturity investments sold but not yet due during the reporting period

## 13. Long-term receivables

Unit: Yuan

Category	Amount at the end of the period	Amount at the beginning of the period
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#### 14. Cooperative enterprise investment and associated enterprise investment

Unit: Yuan

Name of invested unit	Shareholding ratio of the enterprise (%)	Proportion of voting rights of the enterprise in the invested unit (%)	Total amount of ending assets	Total amount of ending liabilities	Total amount of ending net assets	Total amount of operating income at current period	Net profit at current period
I. Cooperative enterprise							
II. Associated enterprise							

Description of significant differences between significant accounting policies and accounting estimates of cooperative enterprise or associated enterprise and accounting policies and accounting estimates of the Company

#### 15. Long-term equity investment

##### (1)Details of long-term equity investment

Unit: Yuan

Invested unit	Accounting method	Investment cost	Beginning balance	Changes in increase or decrease	Ending balance	Proportion of shareholding in the invested unit (%)	Proportion of voting rights in the invested unit (%)	Description of inconsistency of proportions of shareholding and voting rights in the invested unit	Depreciation reserves	Depreciation reserves counted in the current period	Cash bonus in the current period
Taizhou Expressway Group Co., Ltd.	Cost method	8,000.00	8,000.00		8,000.00						
Total	--	8,000.00	8,000.00		8,000.00	--	--	--			

##### (2)Ability to transfer funds to invested enterprises being limited

Unit: Yuan

Item of long-term equity investments that the ability to transfer funds to invested enterprises is limited	Reasons for being limited	Amount of cumulative investment losses not recognized in the current period
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Description of long-term equity investment

There is no obvious impairment found on the long-term equity investment at the end of the period, so the depreciation reserves do not be counted.

## 16. Investment property

### (1) Investment property measured by cost

Unit: Yuan

Items	Book balance at the beginning of the period	Increase in current period	Educe in current period	Book balance at the end of the period
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Unit: Yuan

Current period	
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### (2) Investment property measured by fair value

Unit: Yuan

Items	Beginning fair value	Increase in current period			Educe in current period		Ending fair value
		Purchase	Owner-occupied property or inventories transfer	Variable loss and profit of fair value	Disposal	Transferred to owner-occupied property	

Describe situations of the investment property with measurement mode changed and the investment property with ownership certificate not being completed, and give reasons of ownership certificate not being completed and estimate the completing time

## 17. Fixed Assets

### (1) Fixed Assets

Unit: Yuan

Items	Book balance at the beginning of the period	Increase in current period		Educe in current period	Book balance at the end of the period
I. Total original book value:	234,383,542.14	24,000,790.82		1,944,736.55	256,439,596.41
Including: Houses and buildings	49,217,505.63	2,865,000.00			52,082,505.63
Machinery and equipment	158,714,410.34	20,312,888.91		1,863,736.55	177,163,562.70
Transportation facility	14,495,508.48	229,819.53		81,000.00	14,644,328.01
Office equipment	2,308,646.39	463,393.25			2,772,039.64
Testing instruments and equipment	3,918,932.28	129,689.13			4,048,621.41
Other equipment	5,728,539.02				5,728,539.02
--	Book balance at the beginning of the period	Newly increased in the current period	provision in the current period	Educe in current period	Ending balance in the current period
II. Total accumulated depreciation:	98,573,548.47		20,336,876.87	1,384,850.16	117,525,575.18
Including: Houses and buildings	14,683,024.47		2,418,913.00		17,101,937.47

Machinery and equipment	66,668,168.35		15,325,864.53	1,307,900.16	80,686,132.72
Transportation facility	11,125,457.81		1,683,339.04	76,950.00	12,731,846.85
Office equipment	1,833,171.35		243,836.95		2,077,008.30
Testing instruments and equipment	1,464,977.21		339,318.71		1,804,295.92
Other equipment	2,798,749.28		325,604.64		3,124,353.92
--	Book balance at the beginning of the period	--			Ending balance in the current period
III. Total net book value of fixed assets	135,809,993.67	--			138,914,021.23
Including: Houses and buildings	34,534,481.16	--			32,276,251.92
Machinery and equipment	92,046,241.99	--			99,198,864.61
Transportation facility	3,370,050.67	--			1,914,769.32
Office equipment	475,475.04	--			693,361.34
Testing instruments and equipment	2,453,955.07	--			2,226,588.94
Other equipment		--			2,604,185.10
Office equipment		--			
Testing instruments and equipment		--			
Other equipment		--			
IV. Total book value of fixed assets	135,809,993.67	--			138,914,021.23
Including: Houses and buildings	34,534,481.16	--			32,276,251.92
Machinery and equipment	92,046,241.99	--			99,198,864.61
Transportation facility	3,370,050.67	--			1,914,769.32
Office equipment	475,475.04	--			693,361.34
Testing instruments and equipment	2,453,955.07	--			2,226,588.94
Other equipment		--			2,604,185.10

The amount of depreciation in the current period is RMB 20,336,876.87 yuan. The original price of construction in progress being transferred into fixed assets in the current period is RMB 11,335,111.28 yuan.

## (2) Fixed assets temporarily idle

Unit: Yuan

Items	original book value	Accumulated depreciation	Depreciation reserves	Net book value	Remarks
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## (3) Fixed assets rented through finance lease

Unit: Yuan

Items	original book value	Accumulated depreciation	Net book value
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**(4) Fixed assets leased through operating lease**

Unit: Yuan

Category	Book value at the end of the period
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**(5) Fixed Assets held for sale at the end of the period**

Unit: Yuan

Items	Book value	Fair value	Estimated disposal costs	Estimated disposal time
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**(6) Fixed assets with ownership certificate not being completed**

Items	Reasons of ownership certificate not being completed	Estimated time to complete the ownership certificate
Office room, Venture <i>Building</i> , Wenling General Chamber of Commerce	Delivered the owed approval process	Year of 2014

Description of fixed assets

The original value of fixed assets that the depreciation has been counted but is still in use at the end of the period is RMB 21,443,938.84 yuan. There is no obvious impairment found on the fixed assets at the end of the period, so the depreciation reserves do not be counted. There are no fixed assets rented through finance lease and no fixed assets leased through operating lease.

**18. Construction in progress**

**(1) Construction in progress**

Unit: Yuan

Items	Amount at the end of the period			Amount at the beginning of the period		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Equipment installation engineering	4,634,165.26		4,634,165.26	171,794.88		171,794.88
Plant engineering in Hanging village	79,426,298.87		79,426,298.87	20,533,151.37		20,533,151.37
Technological transformation engineering	2,703,406.85		2,703,406.85			
Other sporadic engineering	36,010.85		36,010.85			
Total	86,799,881.83		86,799,881.83	20,704,946.25		20,704,946.25

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

Unit: Yuan

Item name	Budget number	Amount at the beginning of the	Increase in current period	Transferred fixed assets	Other decrease	Proportion of project investme	Project progress	Cumulative amount of	Including: current amount	Current interest capitalization rate	Sources of funds	Amount at the end of the
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	period				nt in the budget (%)		interest capitalization	of interest capitalization (%)		period
Equipment installation engineering	171,794.88	14,394,073.85	9,921,363.47	10,340.00					Self-financing	4,634,165.26
Plant engineering in Hengjing village	20,533,151.37	58,893,147.50							Self-financing	79,426,298.87
Technological transformation engineering		4,117,154.66	1,413,747.81						Self-financing	2,703,406.85
Other sporadic engineering		36,010.85							Self-financing	36,010.85
Total	20,704,946.25	77,440,386.86	11,335,111.28	10,340.00	--	--		--	--	86,799,881.83

## Description of changes in items of construction in progress

Hengjing plant engineering is the fund-raising investment project that is mainly invested in construction in advance by the Company with its own funds.

**(3) Depreciation reserves of construction in progress**

Unit: Yuan

Items	Amount at the beginning of the period	Increase in current period	Reduce in current period	Amount at the end of the period	Reasons for counting

**(4) Project progress of major construction in progress**

Items	Project progress	Remarks
Plant project in Hengjing village	As of December 31, 2013, the plant project had been completed about 70%.	Plant raising project with annual <i>spin casting automotive aluminum wheels of 2.3 million</i>

**(5) Description of construction in progress**

Construction in progress is found obvious signs of impairment at the end of the period and the provision for impairment is not counted.

**19. Engineering materials**

Unit: Yuan

Items	Amount at the beginning of the period	Increase in current period	Educe in current period	Amount at the end of the period
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Description of *engineering materials*

**20. Disposal of fixed assets**

Unit: Yuan

Items	Book value at the beginning of the period	Book value at the end of the period	Reasons for transferring into disposal
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Describe the disposal progress of fixed assets transferred into the start time of disposal of fixed assets over 1 year

**21. Productive biological assets**

**(1) Measurement at cost**

Unit: Yuan

Items	Book balance at the beginning of the period	Increase in current period	Educe in current period	Book balance at the end of the period
I. Planting industry				
II. Animal husbandry industry				
III. Forest industry				
IV. Fishing industry				

**(2) Measurement at fair value**

Unit: Yuan

Items	Book value at the beginning of the period	Increase in current period	Educe in current period	Book value at the end of the period
V. Planting industry				
VI. Animal husbandry industry				
VII. Forest industry				
VIII. Fishing industry				

Description of productive biological assets

**22. Oil and gas assets**

Unit: Yuan

Items	Book balance at the beginning of the period	Increase in current period	Educe in current period	Book balance at the end of the period
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	period	period		of the period
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Description of oil and gas assets

### 23. Intangible assets

#### (1) Intangible assets

Unit: Yuan

Items	Book balance at the beginning of the period	Increase in current period	Educe in current period	Book balance at the end of the period
I. Total original book value	117,632,362.38	71,243.40		117,703,605.78
Land use rights	116,731,265.32			116,731,265.32
Software	901,097.06	71,243.40		972,340.46
II. Total accumulated amortization	5,487,438.47	2,553,470.23		8,040,908.70
Land use rights	5,029,184.98	2,339,028.12		7,368,213.10
Software	458,253.49	214,442.11		672,695.60
III. Total net book value of intangible assets	112,144,923.91	-2,482,226.83		109,662,697.08
Land use rights	111,702,080.34	-2,339,028.12		109,363,052.22
Software	442,843.57	-143,198.71		299,644.86
Land use rights				
Software				
Total book value of intangible assets	112,144,923.91	-2,482,226.83		109,662,697.08
Land use rights	111,702,080.34	-2,339,028.12		109,363,052.22
Software	442,843.57			299,644.86

The amortization amount at the current period is RMB 2,553,470.23.

#### (2) Expenditure of the Company's development projects

Unit: Yuan

Items	Amount at the beginning of the period	Increase in current period	Educe in current period		Amount at the end of the period
			Counted into the current profit and loss	Recognized as intangible assets	

Proportion of the development expenditure in the current period in the total amount of the research and development expenditure in the current period

Proportion of the intangible assets formed through the Company's internal research and development in the book value of intangible assets at the end of the period

For description of the Company's development project, including individual value occurred in the current period of more than RMB 1 million and the assessed value being the basis of entering in the account, the name of the appraisal agency and the assessment

methods should be disclosed.

## 24. Goodwill

Unit: Yuan

Name of the invested unit and events forming the goodwill	Beginning balance	Increase in current period	Reduce in current period	Ending balance	Ending depreciation reserves
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Describe the impairment test method of the goodwill and depreciation method of depreciation reserves

## 25. Long-term deferred and prepaid expenses

Unit: Yuan

Items	Amount at the beginning of the period	Amount increased in the current period	Amount amortized in the current period	Other amount decreased	Amount at the end of the period	Reasons of other decrease
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Description of long-term deferred and prepaid expenses

## 26. Deferred income tax assets and deferred income tax liabilities

### (1)List of net amount after deferred income tax assets and deferred income tax liabilities not being offset

Recognized deferred income tax assets and deferred income tax liabilities

Unit: Yuan

Items	Amount at the end of the period	Amount at the beginning of the period
Deferred income tax assets:		
Depreciation reserves of assets	494,380.80	415,450.28
Income tax effect of decrease of changes in fair value	31,529.70	37,648.52
Income tax effect of provision for depreciation of fixed assets	224,784.85	286,870.80
Sub-total	750,695.35	739,969.60
Deferred income tax liabilities:		

Details of unconfirmed deferred income tax assets

Unit: Yuan

Items	Amount at the end of the period	Amount at the beginning of the period
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Deductible losses of unconfirmed deferred income tax assets will expire in the following years

Unit: Yuan

Year	Amount at the end of the period	Amount at the beginning of the period	Remarks
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Details of items with taxable differences and deductible differences

Unit: Yuan



Items	Amount of temporary differences	
	At the end of the period	At the beginning of the period
Items with taxable differences		
Items with deductible differences		

**(2) List of net amount after deferred income tax assets and deferred income tax liabilities being offset**

Items with deferred income tax assets and liabilities offsetting

Unit: Yuan

Items	Deferred income tax assets or liabilities after offsetting at the end of the reporting period	Deductible or taxable temporary differences after offsetting at the end of the reporting period	Deferred income tax assets or liabilities after offsetting at the beginning of the reporting period	Deductible or taxable temporary differences after offsetting at the beginning of the reporting period
Deferred income tax assets	750,695.35	4,978,946.75	739,969.60	4,933,130.69

Details of offsetting between deferred income tax assets and deferred income tax liabilities

Unit: Yuan

Items	Offsetting amount in the current period
Income tax impact of bad debts - Changes in fair value of hedging instrument of cash flow	775,661.53

Description of deferred income tax assets and deferred income tax liabilities

**27. Details of depreciation reserves of assets**

Unit: Yuan

Items	Book balance at the beginning of the period	Increase in current period	Educe in current period		Book balance at the end of the period
			Reversal	Write-off	
1.Bad-debt provision	7,940,282.89	3,496,887.25			11,437,170.14
Total	7,940,282.89	3,496,887.25			11,437,170.14

Description of details of assets impairment

**28. Other non-current assets**

Unit: Yuan

Items	Amount at the end of the period	Amount at the beginning of the period

Description of other non-current assets

**29. Short-term borrowings**

**(1)Classification of short-term borrowings**

Unit: Yuan

Items	Amount at the end of the period	Amount at the beginning of the period
Mortgage loan	30,000,000.00	30,000,000.00
Debt of honor	9,755,040.00	20,220,453.50
Total	39,755,040.00	50,220,453.50

Description of classification of short-term borrowings

## (2)Expired but outstanding short-term borrowings

Unit: Yuan

Unit borrowing loan	Loan amount	Loan interest rate	Purpose of loan fund	Reasons for not paying on term	Expected repayment period
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Amount paid after the balance sheet date yuan

For description of short-term borrowings, including expired short-term borrowings eligible for rollover, describe the rollover condition and the new expiration date

## 30. Trading financial liabilities

Unit: Yuan

Items	Ending fair value	Beginning fair value
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Description of trading financial liabilities

## 31. Notes payable

Unit: Yuan

Category	Amount at the end of the period	Amount at the beginning of the period
Bank acceptance bill	54,750,000.00	51,230,000.00
Total	54,750,000.00	51,230,000.00

The amount expiring in the next accounting period is RMB 54,750,000.00 yuan

Description of notes payable

There are no payable shareholders bills holding voting shares above 5% (including 5%) of the Company and no payable notes of related parties at the end of the period.

## 32. Accounts payable

### (1)Accounts payable

Unit: Yuan

Items	Amount at the end of the period	Amount at the beginning of the period
Within 1 year	32,784,342.89	26,685,117.50
1-2 years	140,862.17	654,835.71
2-3 years	377,869.68	864,068.24

More than 3 years	1,520,292.89	660,007.50
Total	34,823,367.63	28,864,028.95

**(2) Amount payable to shareholder units holding voting shares above 5%(including 5%) of the Company in the accounts payable during the reporting period**

Unit: Yuan

Company name	Amount at the end of the period	Amount at the beginning of the period
None		

**(3) Description of larger accounts payable with aging over one year**

### 33. Advance from customers

**(1)Advance from customers**

Unit: Yuan

Items	Amount at the end of the period	Amount at the beginning of the period
Within 1 year	28,553,723.76	25,423,928.90
1-2 years	4,911,146.69	3,729,672.76
2-3 years	2,875,057.77	3,777,224.76
More than 3 years	4,437,436.20	981,478.05
Total	40,777,364.42	33,912,304.47

**(2) Amount received in advance from shareholder units holding voting shares above 5%(including 5%) of the Company in the advance from customers during the reporting period**

Unit: Yuan

Company name	Amount at the end of the period	Amount at the beginning of the period
None		

**(3) Description of larger advance from customers with aging over one year**

### 34. Employee pay payable

Unit: Yuan

Items	Book balance at the beginning of the period	Increase in current period	Educe in current period	Book balance at the end of the period
1.Salary, bonus, allowance and subsidy	14,706,729.55	90,634,655.00	87,552,285.47	17,789,099.08
2.Employee services and benefits		6,907,391.95	6,907,391.95	
3.Social insurance	783,620.31	8,378,795.96	8,280,883.21	881,533.06

charges				
Among them: basic endowment insurance	346,731.60	4,216,378.88	4,114,415.24	448,695.24
Unemployment insurance expense	90,145.45	602,339.84	608,702.81	64,099.32
Industrial injury insurance premium	70,462.29	1,000,158.91	994,049.98	96,254.38
Medical insurance	12,388.65	2,409,333.37	2,416,766.40	256,459.29
Maternity insurance	263,892.32	150,584.96	146,948.78	16,024.83
4.Housing accumulation funds		766,050.00	766,050.00	
6.Others	2,195,692.42	1,132,856.00	428,359.50	2,900,188.92
Among them: Labor-union expenditure	1,836,671.49	1,100,000.00	143,000.00	2,793,671.49
Personnel education fund	327,796.93		254,135.50	73,661.43
Others	31,224.00	32,856.00	31,224.00	32,856.00
Total	17,686,042.28	107,819,748.91	103,934,970.13	21,570,821.06

The amount in arrears of staff remuneration payable is RMB 0.00 yuan

The amount of labor-union expenditure and employee education funds is RMB 2,867,332.72 yuan; the amount of non-monetary benefits is RMB 0.00 yuan, and the amount of compensation for termination of labor relations is RMB 0.00 yuan.

Arrangements of expected time of issuance and amount of employee compensation payable

### 35. Tax payable

Unit: Yuan

Items	Amount at the end of the period	Amount at the beginning of the period
Added-value tax	-12,500,719.15	-7,958,619.79
Business tax	54,524.05	171,600.49
Business income tax	2,347,514.25	1,258,527.99
Personal income tax	312,043.84	286,309.21
Urban maintenance and construction tax	21,849.06	71,930.31
Extra charges of education funds	13,109.44	43,158.16
Extra charges of local education funds	8,739.63	28,772.09
Water conservancy construction special fund	80,095.92	-127,201.40
Housing property tax payable	218,746.52	72,082.63
Land use tax	526,144.86	213,517.86
Stamp duty	26,335.00	27,298.32
Total	-8,891,616.58	-5,912,624.13

For description of taxes payable, if local tax authorities agree that the taxable incomes between branches and branch plants may be adjusted each other, the calculation process of taxes should be described.

**36. Accrual interest payable**

Unit: Yuan

Items	Amount at the end of the period	Amount at the beginning of the period
Interest payable of short-term borrowings	61,208.60	68,752.24
Non-current liabilities due within 1 year		20,319.45
Total	61,208.60	89,071.69

Description of interest payable

**37. Dividends payable**

Unit: Yuan

Company name	Amount at the end of the period	Amount at the beginning of the period	Reasons for not paying over one year

Description of dividends payable

**38. Other amounts payable**

**(1) Other amounts payable**

Unit: Yuan

Items	Amount at the end of the period	Amount at the beginning of the period
Payable temporary receipts	4,948,972.37	3,571,322.23
Others	391,875.21	306,145.08
Total	5,340,847.58	3,877,467.31

**(2) Amount payable to shareholder units holding voting shares above 5%(including 5%) of the Company in other payables during the reporting period**

Unit: Yuan

Company name	Amount at the end of the period	Amount at the beginning of the period
None		

**(3) Description of other larger payables with aging over one year**

**(4) Description content of other payables with larger amount**

**39. Expected liabilities**

Unit: Yuan

Items	Amount at the beginning of the period	Increase in current period	Reduce in current period	Amount at the end of the period
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Description of expected liabilities

#### 40. Non-current liabilities due within one year

##### (1) Non-current liabilities due within one year

Unit: Yuan

Items	Amount at the end of the period	Amount at the beginning of the period
Short term accounts payable within 1 year	0.00	10,000,000.00
Total		10,000,000.00

##### (2) Short term accounts payable within 1 year

Short term accounts payable within 1 year

Unit: Yuan

Items	Amount at the end of the period	Amount at the beginning of the period
Mortgage loan		10,000,000.00
Total	0.00	10,000,000.00

The amount of overdue borrowings obtaining rollover in the long-term borrowings due within one year is RMB 0.00 yuan.

Long-term borrowings due within one year with amount in the top five

Unit: Yuan

Unit borrowing a loan	Starting date of loan	Termination date of loan	Currency	Interest rate (%)	Amount at the end of the period		Amount at the beginning of the period	
					Foreign currency amount	Local currency amount	Foreign currency amount	Local currency amount
Agricultural Bank of China Wenling Branch	May 26, 2010	May 20, 2013	RMB yuan	5.4%		0.00		10,000,000.00
Total	--	--	--	--	--	0.00	--	10,000,000.00

Overdue borrowings in the long-term borrowings due within one year

Unit: Yuan

Unit borrowing a loan	Loan amount	Overdue time	Annual interest rate (%)	Purpose of loan fund	Reasons for not paying on term	Expected repayment period
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Amount paid after the balance sheet date yuan

Description of long-term borrowings due within one year

**(3) Bonds payable due within one year**

Unit: Yuan

Bonds name	Face value	Issuing date	Bonds deadline	Amount issued	Interest payable at the beginning of the period	Accrued interest in the current period	Interest paid in the current period	Interest payable at the end of the period	Ending balance
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Description of bonds payable due within one year

**(4) Long-term payables due within one year**

Unit: Yuan

Unit borrowing a loan	Term	Initial amount	Interest rate (%)	Accrued interest	Ending balance	Borrowing requirement
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Description of long-term payables due within one year

**41. Other current liabilities**

Unit: Yuan

Items	Book balance at the end of the period	Book balance at the beginning of the period
Withholding processing fee	0.00	84,304.29
Total		84,304.29

Description of other current liabilities

**42. Long-term borrowings**

**(1) Classification of long-term borrowings**

Unit: Yuan

Items	Amount at the end of the period	Amount at the beginning of the period
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Description of classification of long-term borrowings

**(2) Long-term borrowings with amount in the top five**

Unit: Yuan

Unit borrowing a loan	Starting date of loan	Termination date of loan	Currency	Interest rate (%)	Amount at the end of the period		Amount at the beginning of the period	
					Foreign currency amount	Local currency amount	Foreign currency amount	Local currency amount

For description of long-term borrowings, long-term borrowings formed due to overdue borrowings obtaining rollover, describe the

conditions to obtain rollover, principal, interest, expected repayment arrangement, etc.

#### 43. Bonds payable

Unit: Yuan

Bonds name	Face value	Issuing date	Bonds deadline	Amount issued	Interest payable at the beginning of the period	Accrued interest in the current period	Interest paid in the current period	Interest payable at the end of the period	Ending balance
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Description of bonds payable, including the conversion conditions and time of convertible company's bonds

#### 44. Long-term payables

##### (1) Long-term payables with amount in the top five

Unit: Yuan

Unit	Term	Initial amount	Interest rate (%)	Accrued interest	Ending balance	Borrowing requirement
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##### (2)Details of finance lease payable in the long-term payables

Unit: Yuan

Unit	Amount at the end of the period		Amount at the beginning of the period	
	Foreign currency	RMB	Foreign currency	RMB

The amount of guarantee provided by an independent third party for the Company's finance lease yuan

Description of long-term payables

#### 45. Special payables

Unit: Yuan

Items	Amount at the beginning of the period	Increase in current period	Educe in current period	Amount at the end of the period	Remarks Description
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Description of special payables

#### 46. Other non-current liabilities

Unit: Yuan

Items	Book balance at the end of the period	Book balance at the beginning of the period
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Description of other non-current liabilities

Liabilities items involving government subsidies



Liabilities item	Beginning balance	Subsidy amount newly-added in the current period	Income amount included non-operating in the current period	Other changes	Ending balance	Related assets/related income to to
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**47. Capital stock**

Unit: Yuan

	Amount at the beginning of the period	Changes in increase or decrease in the current period (+, -)					Amount at the end of the period
		Issuing new shares	Sent shares	Share transfer of public reserve funds	Other	Sub-total	
Total number of shares	75,000,000.00						75,000,000.00

For description of changes in capital stock, if there is capital increase or decrease during the reporting period, the name of the accounting firm performing capital verification and the number of the verification report should be disclosed. For a company limited by shares operating less than three years, net assets may be described only for the years before the establishment. For a limited liability company overall changing to a joint stock company, the capital verification should be described when the company sets up.

**48. Treasury stock**

Description of treasury stock

**49. Special reserves**

Description of special reserves

**50. Capital reserve**

Unit: Yuan

Items	Amount at the beginning of the period	Increase in current period	Reduce in current period	Amount at the end of the period
Capital premium ( capital stock premium)	132,846,208.05			132,846,208.05
Other capital reserve	2,829,459.30	14,245,083.45	12,882,804.22	4,191,738.53
Total	135,675,667.35	14,245,083.45	12,882,804.22	137,037,946.58

Description of capital reserve

In 2013, other capital reserve was increased by RMB 14,245,083.45 yuan. The current fair value changes attributable to effective hedging in the Company's all forward foreign exchange contracts was RMB 14,984,802.04 yuan, and the balance after subtracting the deferred income tax liabilities RMB 739,718.59 yuan recognized in the current period was RMB 14,245,083.45 yuan.

In 2013, other capital reserve was decreased by RMB 12,882,804.22 yuan. That was the fair value changes attributable to effective hedging in the Company's recognized forward foreign exchange contracts, deducting the capital reserve recognized in the corresponding deferred income tax liabilities, due to the delivery into the financial costs in the current period, therefore, the Company

transferred correspondingly the recognized capital reserve of RMB 12,882,804.22 yuan.

### 51. Surplus reserve

Unit: Yuan

Items	Amount at the beginning of the period	Increase in current period	Reduce in current period	Amount at the end of the period
Statutory surplus reserve	20,727,986.57	10,269,964.02		30,997,950.59
Total	20,727,986.57	10,269,964.02		30,997,950.59

For description of surplus reserve, conversing capital stock, making up for losses and distributing dividends with surplus reserve, relevant resolutions should be described.

### 52. General risk preparation

Description of general risk preparation

### 53. Undistributed profit

Unit: Yuan

Items	Amount	Extraction or distribution ratio
Undistributed profit at the end of previous year before adjustment	171,626,792.96	--
Total number of undistributed profit adjusted at the beginning of the year (increase +, decrease -)	0.00	--
Undistributed profit at the beginning of the year after adjustment	171,626,792.96	--
Add: Net profit attributable to owners of the parent company in the current period	102,828,055.83	--
less: extracting Statutory surplus reserve	10,269,964.02	
Ordinary stock dividend payable	30,000,000.00	
Undistributed profit at the end of the period	234,184,884.77	--

Details of undistributed profit adjusted at the beginning of the year:

- 1) Due to retroactive adjustment required by the *Enterprise Accounting Standards* and its related new regulations, affecting undistributed profit at the beginning of the year of RMB 0.00 yuan.
- 2) Due to changes in accounting policies, affecting undistributed profit at the beginning of the year of RMB 0.00 yuan.
- 3) Due to correction of significant accounting errors, affecting undistributed profit at the beginning of the year of RMB 0.00 yuan.
- 4) Due to changes in the scope of consolidation caused by the same control, affecting undistributed profit at the beginning of the year of RMB 0.00 yuan.
- 5) Other total adjustments, affecting undistributed profit at the beginning of the year of RMB 0.00 yuan.

Description of undistributed profit, for a company initially issuing public securities, if accumulated profits before the issuance are jointly enjoyed by the old and new shareholders through the resolution of shareholders' meeting, description should be given clearly. If accumulated profits before the issuance are allocated before the issuance and enjoyed by the old shareholders through the

resolution of shareholders' meeting, the Company should clearly disclose the audited number of profits enjoyed by the old shareholders in the dividend payable.

According to the Company Law and the Company's Articles of Association, 10% statutory surplus reserve of RMB 10,269,964.02 yuan was counted as the current net profit of the parent company in 2013.

According to the Resolutions of the *Annual Shareholders' Meeting in 2012* held on February 25, 2013, the total capital stock of 75 million shares of December 31, 2012 is regarded as a base, distributing cash dividends RMB 4 yuan (including tax) for every 10 shares, and the total amount distributed is RMB 30 million. After this distribution, if the time when the Company issues public securities is no more than one fiscal year away from January 1, 2013, the accumulated undistributed profit after the distribution and the net profit realized from January 1, 2013 to the initial issuance of public securities are shared by all new and old shareholders after the issuance. If the time of initial issuance of public securities is more than one fiscal year away from January 1, 2013, the shareholders' meeting shall be held separately to decide the distribution of profits.

According to the Resolution of the Second Extraordinary *Shareholders' Meeting in 2013* held on December 19, 2013, the Company decided that the accumulated undistributed profit after the profits in 2012 were distributed and the net profit realized from January 1, 2013 to the initial issuance of public securities were shared by all new and old shareholders after the issuance. After the holding of the shareholders' meeting, if the Company does not obtain the approval document on the issuance of shares by the China Securities Regulatory Commission within six months, the shareholders' meeting shall be held separately to decide the distribution of profits.

#### 54. Operating income and operating costs

##### (1) Operating income and operating costs

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in previous period
Main business income	839,934,301.46	809,521,569.18
Other operating income	860,142.70	994,802.74
Operating costs	632,603,641.53	611,848,217.48

##### (2) Main business (by industry))

Unit: Yuan

Industry name	Amount incurred in current period		Amount incurred in previous period	
	operating income	Operating costs	operating income	Operating costs
	839,934,301.46	631,753,915.50	809,521,569.18	611,112,618.15
Total	839,934,301.46	631,753,915.50	809,521,569.18	611,112,618.15

##### (3) Main business (by products)

Unit: Yuan

Product name	Amount incurred in current period		Amount incurred in previous period	
	operating income	Operating costs	operating income	Operating costs
Coating wheel	770,324,941.06	587,232,232.38	733,934,883.03	558,357,462.42

Buffing wheel	809,979.67	567,853.33	999,153.37	667,760.89
Vacuum plating wheel	27,715,965.88	19,989,627.45	34,349,290.50	23,959,537.61
Plating wheel	11,918,328.39	9,617,058.11	11,859,546.03	9,576,258.69
Spinning wheel	24,802,538.88	11,371,959.34	15,116,408.54	7,101,396.25
Motorcycle wheel	3,054,417.98	1,983,347.67	11,616,997.68	10,624,919.40
Fitting	1,308,129.60	991,837.22	1,645,290.03	825,282.89
Total	839,934,301.46	631,753,915.50	809,521,569.18	611,112,618.15

**(4) Main business (by region)**

Unit: Yuan

Region name	Amount incurred in current period		Amount incurred in previous period	
	operating income	Operating costs	operating income	Operating costs
Export sale	809,485,638.41	607,995,023.46	770,581,089.67	582,937,698.90
Domestic sale	30,448,663.05	23,758,892.04	38,940,479.51	28,174,919.25
Total	839,934,301.46	631,753,915.50	809,521,569.18	611,112,618.15

**(5) Company's operating income from the top five customers**

Unit: Yuan

Customer name	Main business income	Proportion in the Company's all operating income (%)
No. 1	135,477,839.60	16.11%
No. 2	45,973,434.85	5.47%
No. 3	41,069,614.95	4.88%
No. 4	37,056,794.24	4.41%
No. 5	31,572,649.02	3.76%
Total	291,150,332.66	34.63%

Description of operating income

**55. Income of contract item**

Unit: Yuan

Fixed price contract	Contract item	Amount	Accumulated costs		Accumulated recognized profit (loss) expressed with“-”	Settled amount
			incurred	costs		
Cost-plus contract	Contract item	Amount	Accumulated incurred	costs	Accumulated recognized profit (loss) expressed with“-”	Settled amount

Description of contract item

**56. Business tax and surcharges**

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in previous period	Payment standards
Urban maintenance and construction tax	2,095,950.30	2,162,986.80	5% of turnover tax payable
Educational surtax	1,257,570.18	1,297,792.08	3% of turnover tax payable
Local education surcharge	838,380.12	865,194.73	2% of turnover tax payable
Business tax	358,698.49	450,596.85	5% of taxable turnover
Special funds for water conservancy construction	843,270.06	425,240.25	
Total	5,393,869.15	5,201,810.71	--

Description of business tax and surcharges

## 57. Selling expenses

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in previous period
Freight and miscellaneous charges	12,189,761.68	11,479,913.16
Exhibition fees	1,201,106.75	1,200,744.13
Commission	5,451,654.04	1,968,020.51
Advertising and business promotion expenses	165,212.36	157,415.47
<b>Certification fee</b>	61,464.34	153,517.12
Depreciation expense		12,784.00
Other	164,809.43	218,930.41
Total	19,234,008.60	15,191,324.80

## 58. Administrative expenses

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in previous period
Research and development cost	26,077,291.82	25,554,217.78
Employee compensation	23,070,312.49	24,056,268.20
Long-term assets amortization	5,033,816.69	6,113,249.08
Expenses of taxation	1,811,256.98	1,960,503.36
Intermediary costs	2,510,641.14	1,422,286.43
Business entertainment	2,097,810.58	2,119,693.36
Repair charge	466,902.25	385,082.49
Travelling expense	1,787,024.81	1,409,428.19
Postal and telecommunications charges	273,695.60	235,772.65
Premiums for property insurance	293,565.73	321,776.37
Office allowance	921,211.64	995,481.88
Trademark royalties	37,217.01	15,325.00
Other	349,122.96	1,464,776.00
Total	64,729,869.70	66,053,860.79

**59. Financial expenses**

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in previous period
Interest expenditure	2,552,284.29	6,072,934.01
Less: Interest income	-1,202,108.94	-1,587,733.70
Exchange gain or loss	-2,469,063.42	-2,615,110.25
Handling charge expenditure	985,627.06	988,356.08
Total	-133,261.01	2,858,446.14

**60. Gains from changes in fair value**

Unit: Yuan

Source of income from changes in fair value	Amount incurred in current period	Amount incurred in previous period
Trading financial assets	40,792.08	26,138.62
Total	40,792.08	26,138.62

Description of gains from changes in fair value

**61. Investment income**

**(1) Details of investment income**

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in previous period
Other	8,975.34	
Total	8,975.34	

**(2) Long-term equity investment income accounted by the cost method**

Unit: Yuan

Invested unit	Amount incurred in current period	Amount incurred in previous period	Reasons for changes in current increase or decrease over previous period

**(3) Long-term equity investment income accounted by the equity method**

Unit: Yuan

Invested unit	Amount incurred in current period	Amount incurred in previous period	Reasons for changes in current increase or decrease over previous period

For description of investment income, if there is significant limitation on the investment income repatriation, please give description.

If not, please also give description.

## 62. Assets impairment loss

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in previous period
I. Bad debt losses	3,496,887.25	2,011,298.84
Total	3,496,887.25	2,011,298.84

## 63. Non-operating income

### (1) Non-operating income

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in previous period	Amount counted in the current non-recurring profit and loss
Total gains on disposal of non-current asset		16,112.08	
Including: gains on disposal of fixed assets		16,112.08	
Government grants	4,771,463.40	1,203,700.00	4,771,463.40
Recovery of guarantee losses		155,251.30	
Amount unable to pay		1,423,988.52	
Total	4,771,463.40	2,799,051.90	4,771,463.40

Description of non-operating income

### (2) Government subsidies counted in current profit and loss

Unit: Yuan

Item of subsidy	Amount incurred in current period	Amount incurred in previous period	Related to assets /related to income	Whether they are non-recurring gains and losses
Subsidy funds to the 2011 technical improvement project in Wenling	1,981,800.00		Related to income	Yes
Subsidies to the booth of Milan motorcycle show	28,700.00		Related to income	Yes
Rewards to Wenling open economy	173,815.00	142,900.00	Related to income	Yes
Subsidies to 2012 import	60,000.00		Related to income	Yes
2012 annual enterprise award	14,000.00		Related to income	Yes
Government Quality Award in 2012	500,000.00		Related to income	Yes
2012 export brand development funds	14,100.00		Related to income	Yes
Notification of grant funds to 2012 Import and Export Fair Trade project	172,000.00		Related to income	Yes

Incentive funds to the increase of local income tax	1,553,900.00		Related to income	Yes
Water conservancy funds tax rebate	263,148.40		Related to income	Yes
Special grant funds to pollution sources on-line monitoring	10,000.00		Related to income	Yes
Subsidies to 2011 energy-saving and cost-reducing and new energy		150,000.00	Related to income	Yes
Special funds to the construction of 2011 foreign trade bulletin service platform		620,000.00	Related to income	Yes
Patent award funds		27,000.00	Related to income	Yes
Incentives to encourage the development of industrial enterprises		228,000.00	Related to income	Yes
Project funds to develop the international markets		25,800.00	Related to income	Yes
Patent award funds		10,000.00	Related to income	Yes
Total	4,771,463.40	1,203,700.00	--	--

#### 64. Non-business expenditure

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in previous period	Amount counted in the current non-recurring profit and loss
Total losses on disposal of non-current assets	387,117.21	27,739.47	-387,117.21
Including: loss on disposal of fixed assets	387,117.21	27,739.47	-387,117.21
Donation	153,000.00	170,000.00	-153,000.00
Disabled person security fund	387,600.00	224,102.00	
Other	51,213.04	105,511.83	
Total	978,930.25	527,353.30	-191,882.68

Description of non-business expenditure

#### 65. Income tax expense

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in previous period
Current income tax calculated according to the tax law and related regulations	16,734,801.67	14,698,058.32
Adjustment of deferred income tax	-251,127.99	224,352.34
Total	16,483,673.68	14,922,410.66



## 66. Calculation of basic earnings per share and diluted earnings per share

(1) Calculation of basic earnings per share

Items	No.	Current amount
Net profit attributable to the Company's ordinary shareholders	1	102,828,055.83
Non-recurring profit and loss	2	3,787,092.22
Net profit attributable to the Company's ordinary shareholders after deducting non-operating gains and losses	3=2-1	99,040,963.61
Total number of shares at the beginning	4	75,000,000
Number of shares increased due to accumulation fund turning to capital stock or stock dividend distribution during the reporting period	5	
Number of shares increased due to the issuance of new shares or debt to equity during the reporting period	6	
Cumulative number of months starting from the next month of the increased shares to the end of the reporting period	7	
Number of shares decreased due to repurchase during the reporting period	8	
Cumulative number of months starting from the next month of the decreased shares to the end of the reporting period	9	
Number of <i>share</i> compressing during the reporting period	10	
Number of months during the reporting period	11	12
Weighted average number of common shares outstanding	12	75,000,000
Basic earnings per share	13=1/12	1.37
Basic earnings per share excluding non-recurring gains and losses	14=3/12	1.32

[Note] 12=4+5+6×7/11-8×9/11-10

(2) The calculation of diluted earnings per share

The calculation process of diluted earnings per share is same with that of basic earnings per share.

## 67. Other comprehensive income

Unit: Yuan

Items	Amount incurred in current period	Amount incurred in previous period
3. Amount of profits (or losses) generated from hedging instruments of cash flow	1,602,681.47	1,251,758.31
Less: income tax effect generated from hedging instruments of cash flow	240,402.24	187,763.75
Sub-total	1,362,279.23	1,063,994.56
Total	1,362,279.23	1,063,994.56

Description of other comprehensive income

## 68. Notes to cash flow statements

(1) Other cash received relating to operating activities

Unit: Yuan

Items	Amount
Current account received	1,463,380.27
Government grants	4,771,463.40

Other	1,202,108.94
Total	7,436,952.61

Description of other cash received relating to operating activities

**(2) Other cash paid relating to operating activities**

Unit: Yuan

Items	Amount
Current account paid	51,276.86
Cash fee during the period	45,709,599.89
Other	591,813.04
Total	46,352,689.79

Description of other cash paid relating to operating activities

**(3) Other cash received relating to investing activities**

Unit: Yuan

Items	Amount
-------	--------

Description of other cash received relating to investing activities

**(4) Other cash paid relating to investing activities**

Unit: Yuan

Items	Amount
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Description of other cash paid relating to investing activities

**(5) Other cash received relating to financing activities**

Unit: Yuan

Items	Amount
Remove the bank acceptance deposit	12,485,000.00
Total	12,485,000.00

Description of other cash received relating to financing activities

**(6) Other cash paid relating to financing activities**

Unit: Yuan

Items	Amount
Pay the bank acceptance deposit	13,750,000.00
Total	13,750,000.00

Description of other cash paid relating to financing activities

## 69. Supplementary information of cash flow statement

### (1) Supplementary information of cash flow statement

Unit: Yuan

Supplementary information	Amount of current period	Amount of last period
1. Adjust the net income to be the operating activity cash flow:	--	--
Net profit	102,828,055.83	94,726,839.72
Add: Preparation for the impairment of assets	3,496,887.25	2,011,298.84
Fixed assets depreciation, depletion of oil and gas assets, productive biological assets depreciation	20,336,876.87	20,254,570.66
Amortization of intangible assets	2,553,470.23	2,516,773.73
The disposal of fixed assets, intangible assets and other long-term assets loss (please fill out the column with “-” for the “earnings”)	387,117.21	11,627.39
Changes in fair value of the loss (please fill out the column with “-” for the “earnings”)	-40,792.08	-26,138.62
Financial expense (please fill out the column with “-” for the “earnings”)	83,220.87	3,457,823.76
Investment losses (please fill out the column with “-” for the “earnings”)	-8,975.34	
Decrease in deferred tax assets (please fill out the column with “-” for the “earnings”)	-251,127.99	224,352.33
Inventory reduction (please fill out the column with “-” for the “earnings”)	-11,053,587.38	12,606,777.63
Decrease in business receivables (please fill out the column with “-” for the “earnings”)	-12,866,238.48	-2,442,039.37
Increase in business payables (please fill out the column with “-” for the “earnings”)	15,111,337.75	-6,267,376.99
Net amount of operating activities net cash flow	120,576,244.74	127,074,509.08
2. the major investment and financing activities not involved in cash deposit and withdrawal:	--	--
3. Net change in cash and cash equivalents:	--	--
The ending balance of cash	112,512,618.13	95,572,802.85
Subtract: balance at the beginning of the period	95,572,802.85	108,476,618.88
Net increase in cash and cash equivalents	16,939,815.28	-12,903,816.03

### (2) Relevant information of subsidiaries and other business units acquired or disposed during the reporting period

Unit: Yuan

Supplementary information	Amount incurred in current period	Amount incurred in previous period
I. Relevant information of subsidiaries and other business units acquired:	--	--
II. Relevant information of subsidiaries and other business units disposed	--	--

**(3) Constitution of cash and cash equivalents**

Unit: Yuan

Items	Amount at the end of the period	Amount at the beginning of the period
I. Cash	112,512,618.13	95,572,802.85
Including: cash on hand	38,443.83	32,514.89
Bank deposits available for payment at any time	96,599,174.30	82,410,287.96
Other monetary funds available for payment at any time	15,875,000.00	13,130,000.00
II. Balance of cash and cash equivalents at the end of the period	112,512,618.13	95,572,802.85

Description of supplementary information of cash flow statement

The ending amount of cash in the cash flow statement in 2013 was RMB 112,512,618.13 yuan. On December 31, 2013, the ending amount of monetary funds in the balance sheet was RMB 126,262,618.13 yuan, and the difference was RMB 13,750,000.00 yuan, that is the ending amount of cash in the cash flow statement deducting the bank acceptance deposit not in line with the standards of cash and cash equivalents of RMB 13,750,000.00 yuan.

The ending amount of cash in the cash flow statement in 2012 was RMB 95,572,802.85 yuan. On December 31, 2012, the ending amount of monetary funds in the balance sheet was RMB 108,057,802.85 yuan, and the difference was RMB 12,485,000.00 yuan, that is the ending amount of cash in the cash flow statement deducting the bank acceptance deposit not in line with the standards of cash and cash equivalents of RMB 12,485,000.00 yuan.

**70. Notes to items in the statement of changes in owners' equity**

Describe names of "other" items of ending balance of last year adjusted and amount adjusted, retroactive adjustment generated in enterprise merger under the same control and other matters.

**VIII. Accounting treatment of assets securitization business**

**1. Description of main trading arrangements on assets securitization business, accounting treatments and bankruptcy isolation terms**

**2. Special purpose entities that the Company does not have control rights but actually bears the risk**

Unit: Yuan

Name	Total amount of assets at the end of the period	Total amount of liabilities at the end of the period	Ending net asset	Current operating income	Net profit at current period	Remarks

## IX. Related party and related party transaction

### 1. Situation of the enterprise's parent company

Name of parent company	Relationship	Business type	Domicile	Legal representative	Nature of business	Registered capital	Shareholding ratio of parent company in the enterprise (%)	Proportion of voting rights of parent company in the enterprise (%)	Ultimate controlling party of the enterprise	Organization code
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Description of the enterprise's parent company

None

### 2. Situation of the enterprise's subsidiaries

Full name of subsidiary	Type of subsidiary	Business type	Domicile	Legal representative	Nature of business	Registered capital	Shareholding ratio (%)	Proportion of voting rights (%)	Organization code
Zhejiang Yueling Import and Export Co., Ltd.	Holding subsidiary	Limited liability company	Zeguo town in Wenling	Lin Xianming	Import and export	RMB 10 million yuan	100%	100%	68788190-7

### 3. The enterprise's joint venture and associated enterprise

Name of invested unit	Business type	Domicile	Legal representative	Nature of business	Registered capital	Shareholding ratio of the enterprise (%)	Proportion of voting rights of the enterprise in the invested unit (%)	Relationship	Organization code
I. Cooperative enterprise									
II. Associated enterprise									

### 4. The enterprise's other related parties

Name of other related parties	Relationship with this company	Organization code
Lin Xianming	Shareholder and actual controller	
Lin Xinfu	Shareholder and actual controller	
Lin Wanqing	Shareholder and actual controller	
Lin Shenmao	Shareholder and actual controller	
Lin Ping	Shareholder and actual controller	
Lin Bin	Shareholder and actual controller	
Wenling Yilong Investment Co., Ltd	Controlled by actual controllers simultaneously	55965843-6

Description of the enterprise's other related parties

Lin Xianming, Lin Xinfu, Lin Wanqing, Lin Shenmao, Lin Ping and Lin Bin are actual controllers of the Company. Lin Xinfu, Lin

Wanqing and Lin Shenmao are brothers of Lin Xianming. Lin Ping and Lin Bin are sons of Lin Xianming. 6 people together hold 70.61% of the shares before the Company's issuance and 52.96% of the shares after the Company's issuance.

## 5. Related party transactions

### (1) Sheet of goods purchased and services received

Unit: Yuan

Related party	Content of related party transaction	Pricing method and decision-making process of related party transaction	Amount incurred in current period		Amount incurred in previous period	
			Amount	Proportion in similar transactions amount (%)	Amount	Proportion in similar transactions amount (%)

Sheet of goods sold and services provided

Unit: Yuan

Related party	Content of related party transaction	Pricing method and decision-making process of related party transaction	Amount incurred in current period		Amount incurred in previous period	
			Amount	Proportion in similar transactions amount (%)	Amount	Proportion in similar transactions amount (%)

### (2) Associated with entrusting/contracting

Sheet of the Company's trustee *management/contracting*

Unit: Yuan

Name of principal /contract-out party	Name of entrusted party/contractor	Type of entrusted /contracted assets	Start date of entrusting/contracting	Termination date of entrusting/contracting	Pricing basis of entrusting /contracting earnings	Entrusting /contracting earnings recognized during the reporting period

Sheet of the Company's entrusting management/*contracting-out*

Unit: Yuan

Name of principal /contract-out party	Name of entrusted party/contractor	Type of entrusted/contracted-out assets	Start date of entrusting/contracting-out	Termination date of entrusting/contracting-out	Pricing basis of trustee fee/contracting-out fee	Trustee fee/contracting-out fee recognized during the reporting period

Description of associated with entrusting/contracting

**(3) Related-party lease**

Sheet of the Company's renting

Unit: Yuan

Lessor name	Lessee name	Category of leased assets	Start date of lease	Termination Date of lease	Pricing basis of rental income	Rental income recognized in the reporting period
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Table on the Company's leasing

Unit: Yuan

Lessor name	Lessee name	Category of leased assets	Start date of lease	Termination Date of lease	Pricing basis of rental fee	Rental fee recognized in the reporting period
Wenling Yilong Investment Co., Ltd	The Company	Plant land	April 1, 2011	March 31, 2013	Negotiated price	182,500.00
Wenling Yilong Investment Co., Ltd	The Company	Plant land	April 1, 2013	March 31, 2015	Negotiated price	547,500.00
Wenling Yilong Investment Co., Ltd	The Company	Plant land	January 1, 2013	December 31, 2014	Negotiated price	4,650,000.00

Description of *related-party lease*

**(4) Related-party guarantee**

Unit: Yuan

Party providing guarantee	Secured party	Amount guaranteed	Start date of guarantee	Due date of guarantee	Whether the guarantee has been performed
Zhejiang Yueling Import and Export Co., Ltd.	Zhejiang Yueling Co., Ltd.	600.00	August 20, 2013	February 20, 2014	No
Zhejiang Yueling Import and Export Co., Ltd.	Zhejiang Yueling Co., Ltd.	275.00	October 24, 2013	April 24, 2014	No
Zhejiang Yueling Import and Export Co., Ltd.	Zhejiang Yueling Co., Ltd.	60.00	October 24, 2013	January 24, 2014	No
Zhejiang Yueling Import and Export Co., Ltd.	Zhejiang Yueling Co., Ltd.	800.00	December 5, 2013	June 5, 2014	No
Zhejiang Yueling Import and Export Co., Ltd.	Zhejiang Yueling Co., Ltd.	265.00	December 24, 2013	June 24, 2014	No
Zhejiang Yueling Import and Export Co., Ltd.	Zhejiang Yueling Co., Ltd.	70.00	December 24, 2013	March 24, 2014	No
Wenling Yilong Investment Co., Ltd	Zhejiang Yueling Co., Ltd.	270.00	July 18, 2013	January 18, 2014	No
Wenling Yilong Investment Co., Ltd	Zhejiang Yueling Co., Ltd.	310.00	August 15, 2013	February 21, 2014	No

Wenling Yilong Investment Co., Ltd	Zhejiang Yueling Co., Ltd.	155.00	September 24, 2013	March 24, 2014	No
Wenling Yilong Investment Co., Ltd	Zhejiang Yueling Co., Ltd.	210.00	November 22, 2013	May 22, 2014	No
Wenling Yilong Investment Co., Ltd	Zhejiang Yueling Co., Ltd.	60.00	November 22, 2013	February 22, 2014	No

## Description of related-party guarantee

On March 1, 2013, the subsidiary Zhejiang Yueling Import and Export Co., Ltd. signed *The Maximum Guarantee Contract* with Bank of Communications Co., Ltd. Wenling Branch and agreed to provide the maximum guarantee for the Company's loan with the maximum amount of not more than RMB 24 million, banker's acceptances and trade financing formed between March 1, 2013 and March 1, 2015. As of December 31, 2013, the loan amount under the guarantee contract was RMB 0 yuan and the balance of bank's acceptance was RMB 20.7 million.

On March 18, 2013, Wenling Yilong Investment co., Ltd. signed the *Irrevocable Guarantee of Maximum Amount* with China Merchants Bank Co., Ltd. Wenling Branch in Taizhou and agreed to provide the maximum guarantee for the Company's loan with the maximum amount of not more than RMB 20 million, banker's acceptances, discounting and trade financing formed between March 18, 2013 and March 17, 2014. As of December 31, 2013, the loan amount under the guarantee contract was RMB 0 yuan and the balance of bank's acceptance was RMB 10.05 million.

**(5) Related party money lending**

Unit: Yuan

Related party	Lending amount	Start date	Due date	Description
Borrowing				
Lending				

**(6) Related party assets transfer and debt restructuring**

Unit: Yuan

Related party	Type of related party transaction	Content of related party transaction	Pricing principles of related party transaction	Amount incurred in current period		Amount incurred in previous period	
				Amount	Proportion in similar transactions amount (%)	Amount	Proportion in similar transactions amount (%)

**(7) Other related party transaction****6. Accounts payable received by related party**

Related party's accounts received by listed companies

Unit: Yuan



Item name	Related party	Ending		Beginning	
		Book balance	Bad-debt provision	Book balance	Bad-debt provision

Related party's accounts paid by listed companies

Unit: Yuan

Item name	Related party	Amount at the end of period	Beginning amount
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## X. Share-based Payment

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

Unit: Yuan

Description of share-based payment

### 2. Equity-settled share-based payment

Unit: Yuan

Description of equity-settled share-based payment

### 3. Cash-settled share-based payment

Unit: Yuan

Description of cash-settled share-based payment

### 4. Share-based payment service

Unit: Yuan

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

## XI. Contingencies

### 1. Contingent liabilities formed due to pending litigation or arbitration and their financial impact

### 2. Contingent liabilities formed due to debt guarantees provided for other units and their financial impact

Other contingent liabilities and their financial impact

As of December 31, 2013, see the description in 5.4 of the financial report IX in Section 10 of the annual report for the details of warranties between companies during the Company's scope of merger.

## XII. Commitments

### 1. Major commitments

(1) On December 30, 2010, the Company signed *The Maximum Mortgage Contract* (No. 33100620100013802) with Agricultural Bank of China Wenling Branch. The Company mortgaged its owned land use rights (W. G. Y. (2010) No. 28071, W. G. Y. (2010) No. 28317 and W. G. Y. (2010) No. 28319) and house ownership (W. F. Q. Z. Z. G. Z. No. 209713 and No. 209714, W. F. Q. Z. Z. G. Z. No. 209727 and No.209715, W. F. Q. Z. Z. G. Z. No. 209716, No. 209717 and No. 209722) to provide security guarantees for the Company's loan with the maximum amount not exceeding RMB 29 million formed between December 30, 2010 and December 30, 2013. As of December 31, 2013, the loan balance under the mortgage contract was RMB 5 million.

(2) On December 30, 2010, the Company signed *The Maximum Mortgage Contract* (No. 667150925020100890) with China Construction Bank Wenling Branch. The Company mortgaged its owned land use rights (W. G. Y. (2010) No. 28314 and house use rights (W. F. Q. Z. Z. G. Z. No. 209719, No. 209720, No.209721, No. 209723, No.209724, No.209725 and No. 209726) to provide security guarantees for the Company's loan with the maximum amount not exceeding RMB 113,100,000 and bank acceptance formed between December 30, 2010 and December 30, 2015. As of December 31, 2013, the loan balance under the mortgage contract was RMB 25 million and the balance of bank acceptance was RMB 24 million.

### 5. Performance of early commitments

## XIII. Future Events of Balance Sheet

### 1. Description of future events of important balance sheet

Unit: Yuan

Items	Content	Number of influence on financial position and operating results	Reasons for being unable to estimate the number of influence

### 2. Description of future profit distribution of balance sheet

Unit: Yuan

proposed profits or dividends	40,000,000.00
Issued profits or dividends approved after deliberation	40,000,000.00

### 3. Other events after the balance sheet date

#### (I) Issue shares publicly

With the approval of China Securities Regulatory Commission (CSRC) on January 6, 2014 in accordance with the Reply on Approving IPO of Zhejiang Yueling Co., Ltd (Zheng Jian Xu Ke [2014] No. 38), the company conducts the public offering of 25 million RMB ordinary shares (A-share) with par value RMB1 per share and the offering price of RMB15.36 per share. The actual net amount stands at RMB345.3245m after issue expenses of RMB38.6755m has been deducted from the raised fund totaling RMB384m,

of which RMB25m is reckoned in the share capital and the rest RMB320.3245m in the capital reserve. The above-mentioned publicly issued newly-increased share capital has been examined and checked by Zhonghui Accounting Firm (special ordinary partnership) which has issued the Zhonghui Hui Yan [2014] No. 0033 capital verification report. The company settled alteration registration in Zhejiang Provincial Administration for Industry & Commerce on March 3, 2014.

**(II) Anti-dumping event**

- (1) In June 2009, EUWA filed a petition on the anti-dumping investigation into China’s aluminum alloy rim product to the European Commission on behalf of six EU aluminum alloy rim manufacturers, which was officially filed by the European Commission on August 13, 2009, which released the preliminary ruling results on May 11, 2010: adopting the bill of imposing anti-dumping duties of the anti-dumping investigation committee on importing aluminum alloy rims originally made in China and deciding to levy 20.6% temporary anti-dumping duty on the importers of car aluminum alloy rims exported by China to EU, which shall enter into effect as of May 11, 2010. The final ruling was released on the imported aluminum rims (inclusive of motorcycle aluminum ones) originally made in China by the European Commission on October 28, 2010: affirming the ruling that there exists the causal relation between dumping of investigated product originating from China in the preliminary ruling and the substantive damage to the industry of EU, deciding to levying temporary anti-dumping duty paid in the form of deposit according to the anti-dumping duty rate of 22.3% while the final anti-dumping measures are adopted. The above-mentioned duty rate shall enter into effect as of October 29, 2010 and the final anti-dumping measures shall be valid for five years as of the execution date as stipulated in the EU anti-dumping regulations. The sales amounts of export to EU were RMB47.3585m and RMB40.8014m in 2012 and 2013 respectively.
- (2) On November 7, 2011, Australia Customs and Border Protection Service launched a “double-anti” investigation of anti-dumping and anti-subsidy into China’s aluminum rims and made a final ruling on July 5, 2012 that the 11.1% composite tax rate of anti-dumping and anti-subsidy was levied on the aluminum rims exported by the company to Australia. The company’s sales amounts of export to Australia in 2012 and 2013 were RMB5.7687m and RMB11.6585m respectively.
- (3) On December 10, 2012, the Ministry of Commerce and Industry of India launched the anti-dumping investigation into the aluminum wheels imported from China, Thailand and South Korea from July 2011 to June 2012. The company has agreed to join in the defense without damage to the industry led and organized by China Chamber of Commerce for Import and Export of Machinery and Electronic Products and the Ministry of Commerce and Industry of India released the preliminary ruling on the aluminum wheel anti-dumping case on January 13, 2014 that it was suggested that the anti-dumping duty of USD1.56 per kilogram should be levied on the aluminum wheels exported by the company to India. The sales amounts of the involved product exported to India by the company were RMB31.1117m and RMB14.7436m respectively in 2012 and 2013.

**XIV. Other important matters**

1. Non-monetary assets exchange
2. Debt restructuring
3. Business merger
4. Leasing
5. Outstanding financial instruments convertible into shares at the end of the period
6. Assets and liabilities for fair value measurement

Item	Amount at the	Profit and loss for	Accumulated fair	Withdrawn assets	Amount at the end
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	beginning of the period	fair value variation in the current period	value variation reckoned in the equity	impairment in the current period	of the period
<b>Financial assets</b>					
1. Financial assets for fair value measurement and variations reckoned in the profit and loss in the current period (inclusive of derivative financial assets)	249,009.90	40,792.08			289,801.98
2. Derivative financial assets	3,455,171.96		1,362,279.23		5,171,076.81
Above-mentioned total	3,704,181.86	40,792.08	1,362,279.23		5,460,878.79
Financial liability	0.00	0.00			0.00

#### 7. Foreign currency financial assets and foreign currency financial liabilities

Item	Amount at the beginning of the period	Profit and loss for fair value variation in the current period	Accumulated fair value variation reckoned in the equity	Withdrawn impairment in the current period	Amount at the end of the period
<b>Financial assets</b>					
3. Loans and receivables	93,321,937.31			2,010,147.47	107,610,986.80
Subtotal of financial assets	93,321,937.31			2,010,147.47	107,610,986.80
Financial liabilities	23,947,279.46				17,825,997.93

8. Main content and material changes of pension plan

9. Others

#### XV. Notes to principal items of the financial statement of parent company

1. Accounts receivable

(1) Accounts receivable

Category	Amount at the end of the period				Amount at the beginning of the period			
	Book balance		Bad-debt provision		Book balance		Bad-debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
<b>Accounts receivable of bad-debt provision withdrawn according to the portfolio</b>								
Bad-debt provision withdrawn according to the portfolio	108,602,360.11	100%	8,402,726.42	7.74%	94,430,408.51	100%	6,224,840.54	6.59%
Portfolio subtotal	108,602,360.11	100%	8,402,726.42	7.74%	94,430,408.51	100%	6,224,840.54	6.59%
Total	108,602,360.11	--	8,402,726.42	--	94,430,408.51	--	6,224,840.54	--

Description of types of the accounts receivables

- Large single amount and counting and drawing the single item for the provision for bad debts: The amount is more than 5 million Yuan (including 5 million) or the accounting for over 5% of the book balance of the accounts receivable, we shall count and draw the single item for accounts receivable of the bad-debt provision.
- Bad-debt provision withdrawn according to the combination: except the scope ①, several portfolios are divided according to the similar credit risk features to count and draw the accounts receivable for bad-debt provision according to the portfolio.

- Not large single amount but counting and drawing the single item for the provision for bad debts: Except the scope ①, there is documented evidence indicating that there is obvious difference in the recoverability, we shall count and draw the single item for accounts receivable of the bad-debt provision.

Accounts receivable with a material single amount and a single item counted and drawn for the bad-debt provision at the end of the period

- Applicable  Not applicable

The aging of accounts is used for accounts receivable of the bad-debt provision in the portfolio.

- Applicable  Not applicable

Aging	Amount at the end of the period			Amount at the beginning of the period		
	Book balance		Bad-debt provision	Book balance		Bad-debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year						
Of which:	--	--	--	--	--	--
Within 1 year	102,087,537.55	94%	5,104,376.88	90,653,555.88	96%	4,532,677.79
Subtotal within 1 year	102,087,537.55	94%	5,104,376.88	90,653,555.88	96%	4,532,677.79
1-2 years	3,116,685.06	2.87%	623,337.01	1,535,025.98	1.63%	307,005.20
2-3 years	1,446,249.94	1.33%	723,124.97	1,713,338.21	1.81%	856,669.11
More than 3 years	1,951,887.56	1.8%	1,951,887.56	528,488.44	0.56%	528,488.44
Total	108,602,360.11	--	8,402,726.42	94,430,408.51	--	6,224,840.54

The balance percentage method is used to count and draw accounts receivable of the bad-debt provision in the portfolio

- Applicable  Not applicable

Other methods are used to count and draw accounts receivable of the bad-debt provision in the combination

- Applicable  Not applicable

Accounts receivable with a less material single amount but a single item counted and drawn for the bad-debt provision at the end of the period

- Applicable  Not applicable

(2) Returned and collectable receivables in the report period

Unit: Yuan

Receivable content	Reasons for receivable return and collection	Basis of previous bad-debt provision	The accumulated counted and drawn bad-debt provision amount prior to return or collection	Returned or collected amount

Counting and drawing of receivables with a material single amount or without a material single amount but for separate impairment test at the end of the period

Unit: Yuan

Receivable content	Book balance	Bad-debt balance	Withdrawing percentage (%)	Reason

Descriptions of the receivables with a less material single amount but a relatively large risk in the combination made according to the credit risk features

(3) Accounts receivable actually written off in the report period

Company name	Property of accounts receivable	Time of writing off	Amount of writing off	Cause of writing off	Whether it arises from the connected transaction or not
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Description of writing off accounts receivable

(4) Unit status of shareholders holding more than 5% (inclusive) voting shares of accounts receivable of the company in the report period

Unit: Yuan

Company name	Amount at the end of the period		Amount at the beginning of the period	
	Book balance	Bad-debt amount counted and drawn	Book balance	Bad-debt amount counted and drawn

(5) Property or content of other accounts receivable with a large amount

(6) Status of top 5 units of accounts receivable in amount

Unit: Yuan

Company name	Relationship with this company	Amount	Period	Percentage in total accounts receivable (%)
The first place	Non-related party	16,298,230.28	Within 1 year	15.01%
The second place	Non-related party	11,472,009.10	Within 1 year	10.56%
The third place	Non-related party	6,873,704.38	Within 1 year	6.33%
The fourth place	Non-related party	5,960,143.06	Within 1 year	5.49%
The fifth place	Non-related party	5,216,951.98	Within 1 year	4.8%
Total	--	45,821,038.80	--	42.19%

(7) Status of accounts receivable of related party

Unit: Yuan

Company name	Relationship with this company	Amount	Percentage in total accounts receivable (%)
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(8) The unit of the transfer amount of accounts receivable not in line with derecognition conditions is Yuan.

(9) Brief description for arrangement of related transactions is necessarily made if accounts receivable are taken as underlying assets to conduct asset securitization

2. Other receivables

(1) Other receivables

Unit: Yuan

type	Amount at the end of the period				Amount at the beginning of the period			
	Book balance		Bad-debt provision		Book balance		Bad-debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables counted and drawn for bad-debt provision according to the portfolio								
Aging portfolio	7,108,209.88	55.9%	2,995,910.24	42.15	6,945,078.02	46.92	1,715,442.35	24.7%

				%		%		
Export rebate portfolio	5,608,656.25	44.1%	0.00	0%	7,857,470.89	53.08%	0.00	0%
Portfolio subtotal	12,716,866.13	100%	2,995,910.24	23.56%	14,802,548.91	100%	1,715,442.35	11.59%
Total	12,716,866.13	--	2,995,910.24	--	14,802,548.91	--	1,715,442.35	--

## Description of types of the accounts receivables

- ① Large single amount and counting and drawing the single item for the provision for bad debts: The amount is more than 5 million Yuan (including 5 million) or the accounting for over 10% of the book balance of the accounts receivable, we shall count and draw the single item for accounts receivable of the bad-debt provision
- ② Bad-debt provision counted and drawn according to the portfolio: except the scope ①, several portfolios are divided according to similar risk features to count and draw other receivables of bad-debt provision according to the portfolio.
- ③ Not large single amount but counting and drawing the single item for the provision for bad debts: Except the scope ①, there is documented evidence indicating that there is obvious difference in the recoverability, we shall count and draw the single item for accounts receivable of the bad-debt provision.

Other receivable with a material single amount and counting and drawing the single item for bad-debt provision at the end of the period

Applicable  Not applicable

In the portfolio, the aging analysis method is used to count and draw other receivables for bad-debt provision

Applicable  Not applicable

Unit: Yuan

Aging	Amount at the end of the period			Amount at the beginning of the period		
	Book balance		Bad-debt provision	Book balance		Bad-debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year						
Of which:	--	--	--	--	--	--
Within 1 year	1,597,677.17	22.48%	79,883.86	1,865,517.89	26.86%	93,275.89
Subtotal within 1 year	1,597,677.17	22.48%	79,883.86	1,865,517.89	26.86%	93,275.89
1-2 years	793,490.49	11.16%	158,698.10	3,961,332.65	57.04%	792,266.53
2-3 years	3,919,427.89	55.14%	1,959,713.95	576,655.10	8.3%	288,327.55
More than 3 years	797,614.33	11.22%	797,614.33	541,572.38	7.8%	541,572.38
Total	7,108,209.88	--	2,995,910.24	6,945,078.02	--	1,715,442.35

In the portfolio, the balance percentage method is used to count and draw other receivables for bad-debt provision

Applicable  Not applicable

In the portfolio, other methods are used to count and draw other receivables for bad-debt provision

Applicable  Not applicable

Unit: Yuan

Portfolio title	Book balance	Bad-debt provision
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Export rebates portfolio	5,608,656.25	0.00
Total	5,608,656.25	0.00

Other receivables with a less material single amount but counting and drawing a single item for bad-debt provision at the end of the period

Applicable  Not applicable

(2) Other returned or collectable receivables in the report period

Unit: Yuan

Content of other receivables	Return or collection reason	Basis of previous bad-debt provision	Accumulatively counted and drawn amount of bad-debt provision prior to return or collection	Returned or collectable amount
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Counting and drawing of other receivables for bad-debt provision with a material single amount or a less material single amount but a separate impairment test

Unit: Yuan

Content of receivables	Book balance	Bad-debt amount	Withdrawing percentage (%)	Cause
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Description of other receivables with a less material single amount but a large risk after combination made according to credit risk features

**(3) Other receivables actually written off in the report period**

Unit: Yuan

Company name	Property of other receivables	Time of writing off	Amount of writing off	Cause of writing off	Whether it arises from related transactions or not
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Descriptions of other receivables writing off

(3) Accounts receivable actually written off in the report period

Company name	Property of accounts receivable	Time of writing off	Amount of writing off	Cause of writing off	Whether it arises from the connected transaction or not
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Description for writing off accounts receivable

(4) Unit status of shareholders holding more than 5% (inclusive) voting shares of accounts receivable of the company in the report period

Unit: Yuan

Company name	Amount at the end of the period		Amount at the beginning of the period	
	Book balance	Bad-debt amount counted and drawn	Book balance	Bad-debt amount counted and drawn

(5) Property or content of other accounts receivable with a large amount

(6) Status of top 5 units of accounts receivable in amount

Unit: Yuan

Company name	Relationship with this company	Amount	Period	Percentage in total accounts receivable (%)
The first place	Non-related party	16,298,230.28	Within 1 year	15.01%
The second place	Non-related party	11,472,009.10	Within 1 year	10.56%



The third place	Non-related party	6,873,704.38	Within 1 year	6.33%
The fourth place	Non-related party	5,960,143.06	Within 1 year	5.49%
The fifth place	Non-related party	5,216,951.98	Within 1 year	4.8%
Total	--	45,821,038.80	--	42.19%

(7) Status of accounts receivable of related party

Unit: Yuan

Company name	Relationship with this company	Amount	Percentage in total accounts receivable (%)
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(8) The unit of the transfer amount of accounts receivable not in line with derecognition conditions is Yuan.

(9) Brief description for arrangement of related transactions is necessarily made if accounts receivable are taken as underlying assets to conduct asset securitization

## 2. Other receivables

(1) Other receivables

Unit: Yuan

Type	Amount at the end of the period				Amount at the beginning of the period			
	Book balance		Bad-debt provision		Book balance		Bad-debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables counted and drawn for bad-debt provision according to the portfolio								
Aging combination	7,108,209.88	55.9%	2,995,910.24	42.15%	6,945,078.02	46.92%	1,715,442.35	24.7%
Export rebate portfolio	5,608,656.25	44.1%	0.00	0%	7,857,470.89	53.08%	0.00	0%
Portfolio subtotal	12,716,866.13	100%	2,995,910.24	23.56%	14,802,548.91	100%	1,715,442.35	11.59%
Total	12,716,866.13	--	2,995,910.24	--	14,802,548.91	--	1,715,442.35	--

Description of types of the accounts receivables

- Large single amount and counting and drawing the single item for the provision for bad debts: The amount is more than 5 million Yuan (including 5 million) or the accounting for over 10% of the book balance of the accounts receivable, we shall count and draw the single item for accounts receivable of the bad-debt provision
- Bad-debt provision counted and drawn according to the portfolio: except the scope ①, several portfolios are divided according to similar risk features to count and draw other receivables of bad-debt provision according to the portfolio.
- ③ Not large single amount but counting and drawing the single item for the provision for bad debts: Except the scope ① There is documented evidence indicating that there is obvious difference in the recoverability, we shall count and draw the single item for accounts receivable of the bad-debt provision.

Other receivable with a material single amount and counting and drawing the single item for bad-debt provision at the end of the period

Applicable  Not applicable

In the portfolio, the aging analysis method is used to count and draw other receivables for bad-debt provision

Applicable  Not applicable

Unit: Yuan

Aging	Amount at the end of the period			Amount at the beginning of the period		
	Book balance		Bad-debt provision	Book balance		Bad-debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year						
Of which:	--	--	--	--	--	--
Within 1 year	1,597,677.17	22.48%	79,883.86	1,865,517.89	26.86%	93,275.89
Subtotal within 1 year	1,597,677.17	22.48%	79,883.86	1,865,517.89	26.86%	93,275.89
1-2 years	793,490.49	11.16%	158,698.10	3,961,332.65	57.04%	792,266.53
2-3 years	3,919,427.89	55.14%	1,959,713.95	576,655.10	8.3%	288,327.55
More than 3 years	797,614.33	11.22%	797,614.33	541,572.38	7.8%	541,572.38
Total	7,108,209.88	--	2,995,910.24	6,945,078.02	--	1,715,442.35

In the portfolio, the balance percentage method is used to count and draw other receivables for bad-debt provision

Applicable  Not applicable

In the portfolio, other methods are used to count and draw other receivables for bad-debt provision

Applicable  Not applicable

Unit: Yuan

Portfolio title	Book balance	Bad-debt provision
Export rebates portfolio	5,608,656.25	0.00
Total	5,608,656.25	0.00

Other receivables with a less material single amount but counting and drawing a single item for bad-debt provision at the end of the period

Applicable  Not applicable

(2) Other returned or collectable receivables in the report period

Unit: Yuan

Content of other receivables	Return or collection reason	Basis of previous bad-debt provision	Accumulatively counted and drawn amount of bad-debt provision prior to return or collection	Returned or collectable amount

Counting and drawing of other receivables for bad-debt provision with a material single amount or a less material single amount but a separate impairment test

Unit: Yuan

Content of receivables	Book balance	Bad-debt amount	Withdrawing percentage (%)	Cause

Description of other receivables with a less material single amount but a large risk after combination made according to credit risk features

(3) Other receivables actually written off in the report period

Unit: Yuan

Company name	Property of other receivables	Time of writing off	Amount of writing off	Cause of writing off	Whether it arises from related transactions or not
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Descriptions of other receivables writing off

(4) Status of shareholders holding more than 5% (inclusive) voting shares of other receivables of the company in the report period

Unit: Yuan

Company name	Amount at the end of the period		Amount at the beginning of the period	
	Book balance	Counted and drawn bad-debt amount	Book balance	Counted and drawn bad-debt amount

(5) Property or content of other receivables with a relatively large amount

(6) Status of top five units with other receivables in amount

Unit: Yuan

Company name	Relationship with this company	Amount	period	Percentage in other total receivables (%)
1. Export rebates receivable	Non-related party	5,608,656.25	Within 1 year	44.1%
2. Listing expenses of intermediary	Non-related party	3,300,000.00	Within 1 or 2 years, 410,000.00 Yuan, within 2 or 3 years 2,890,000.00 Yuan	25.95%
3. Special fund for bulk cement and new-type wall materials	Non-related party	934,046.54	2-3 years	7.34%
4. Staff social security fund	Non-related party	589,618.40	Within 1 year	4.64%
5. Zhejiang Flourish International Freight Agency Co., Ltd	Non-related party	224,576.45	Within 1 year 3.68 Yuan, within 1 or 2 years, 3,307.74 Yuan, within 2 or 3 years, 917.18 Yuan, within more than 3 years, 220,347.85 Yuan.	1.77%
Total	--	10,656,897.64	--	83.8%

(7) Status of other receivables of related party

Unit: Yuan

Company name	Relationship with this company	Amount	Percentage in other total receivables (%)
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(8)

The transfer amount of other receivables not in line with the derecognition conditions is Yuan

**(9) Brief description of the arrangement of related transactions is necessarily made if other receivables are taken as the underlying assets to conduct the asset securitization**

### 3. Long-term equity investment

Unit: Yuan

Invested unit	Accounting method	Investment cost	Initial balance	Increase and decrease variation	Ending balance	Shareholding percentage in the invested unit (%)	Voting percentage in the invested unit (%)	Descriptions of inconsistency of shareholding and	Provision for diminution in value	Counted and drawn provision for diminution	Cash bonus in the period
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								voting percentag es in the invested unit		n in value in the period	
Zhejiang Yueling Import and Export Co., Ltd.	Cost method	10,019,676.23	10,019,676.23		10,019,676.23	100%	100%		0.00	0.00	0.00
Taizhou Expressway Group Co., Ltd	Cost method	8,000.00	8,000.00		8,000.00				0.00	0.00	0.00
Total	--	10,027,676.23	10,027,676.23		10,027,676.23	--	--	--			

Description of long-term equity investment

## 4. Business revenue and cost

## (1) Business revenue

Unit: Yuan

Item	accrual in the current period	Accrual in the prior period
Main business revenue	839,630,744.54	809,521,569.18
Other business revenue	860,142.70	994,802.74
Total	840,490,887.24	810,516,371.92
Business cost	632,603,641.53	611,848,217.48

## (2) Main business (industry-classified)

Unit: Yuan

Industry name	Accrual in the current period		Accrual in the prior period	
	Business revenue	Business cost	Business revenue	Business cost
Transportation equipment manufacturing industry	839,630,744.54	631,753,915.50	809,521,569.18	611,112,618.15
Total	839,630,744.54	631,753,915.50	809,521,569.18	611,112,618.15

## (3) Main business (product-classified)

Unit: Yuan

Product name	Accrual in the current period		Accrual in the prior period	
	Business revenue	Business cost	Business revenue	Business cost
Coating wheel for steamer	770,026,802.00	587,232,232.38	733,934,883.03	558,357,462.42
Polishing wheel	809,979.67	567,853.33	999,153.37	667,760.89
Vacuum plating wheel	27,710,660.32	19,989,627.45	34,349,290.50	23,959,537.61
Electroplating wheel	11,918,328.39	9,617,058.11	11,859,546.03	9,576,258.69
Spinning wheel	24,802,538.88	11,371,959.34	15,116,408.54	7,101,396.25
Coating wheel for motorcycle	3,054,417.98	1,983,347.67	11,616,997.68	10,624,919.40
Parts and components	1,308,017.30	991,837.22	1,645,290.03	825,282.89
Total	839,630,744.54	631,753,915.50	809,521,569.18	611,112,618.15

## (4) Main business (region-classified)

Regional name	Accrual in the current period		Accrual in the prior period	
	Business revenue	Business cost	Business revenue	Business cost
Export sales	809,182,081.49	607,995,023.46	770,581,089.67	582,937,698.90
Domestic sales	30,448,663.05	23,758,892.04	38,940,479.51	28,174,919.25
Total	839,630,744.54	631,753,915.50	809,521,569.18	611,112,618.15

## (5) Business revenue of top five customers of the company

Unit: Yuan

Customer name	Total business revenue	Percentage in total business revenue of the company (%)
The first place	135,477,839.60	16.12%
The second place	45,973,434.85	5.47%
The third place	41,069,614.95	4.89%
The fourth place	37,056,794.24	4.41%
The fifth place	31,572,649.02	3.76%
Total	291,150,332.66	34.65%

Description of business revenue

**5. Investment income****(1) Particulars of investment income**

Unit: Yuan

Item	Accrual in the current period	Accrual in the prior period
Others	8,975.34	
<b>Total</b>	<b>8,975.34</b>	

**(2) Long-term equity investment income checked and counted according to the cost method**

Unit: Yuan

Invested unit	Accrual in the current period	Accrual in the prior period	Cause of increase and decrease variation in the current period compared with the prior period

**(3) Long-term equity investment income checked and counted according to the equity method**

Unit: Yuan

Invested unit	Accrual in the current period	Accrual in the prior period	Cause of increase and decrease variation in the current period compared with the prior period

Description of investment income

**6. Additional information on cash flow statement**

Unit: Yuan

Supplementary information	Amount in the current period	Amount in the prior period
1.Reconciliation of net profit to cash flows from operating activities	--	--
Net profit	102,699,640.20	94,766,101.04
Add: Preparation for the impairment of assets	3,458,353.77	2,011,298.84
Fixed assets depreciation, depletion of oil and gas assets, productive biological assets depreciation	20,336,876.87	20,254,570.66

Amortization of intangible assets	2,553,470.23	2,516,773.73
Losses on disposal of fixed assets, intangible assets and other long-term assets (fill in "-" for income)	387,117.21	11,627.39
Loss from changes of fair value (fill in "-" for income)	-40,792.08	-26,138.62
Financial costs (fill in "-" for income)	42,219.14	3,458,056.61
Investment loss (fill in "-" for income)	-8,975.34	
Decrease of deferred income tax assets (fill in "-" for increase)	-241,494.62	224,352.33
Decrease in inventories(fill in "-" for increase)	-11,053,587.38	12,606,777.63
Decrease in operating receivables(fill in "-" for increase)	-11,778,910.19	-2,442,039.37
Increase in operating payables(fill in "-" for decrease)	5,024,693.45	-6,268,230.29
Net cash flows from operating activities	111,378,611.26	127,113,149.95
2. The major investment and financing activities not involved in cash deposit and withdrawal:	--	--
3. Net change in cash and cash equivalents:	--	--
Term-end balance of cash	103,127,818.20	95,344,634.67
Less: term beginning balance of the cash	95,344,634.67	108,210,042.68
Net increase in cash and cash equivalents	7,783,183.53	-12,865,408.01

#### 7. Assets and liabilities with assessed value recorded in the account in the counter purchase

Assets and liabilities with fair value recorded in the account in the counter purchase

Unit: Yuan

Item	Fair value	Method of confirming fair value	Counting process of fair value	Original book value
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Long-term equity investment in the counter purchase

Unit: Yuan

Item	Long-term equity investment amount in the counter purchase	Counting process of long-term equity investment
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#### XVI. Further information

##### 1. Non-recurring profit and loss list in the current period

Unit: Yuan

Item	Amount	Description
Profit and loss of non-current assets disposal (inclusive of offset part of counted and drawn preparation for the impairment of assets)	-387,117.21	
Governmental subsidy reckoned in the current profit and loss (closely related to the corporate business, except rating or quantitative ones enjoyed according to the national unified standards)	4,771,463.40	
Except the effective hedging business related to the normal business of the company, holding the profit and loss from fair value variation resulting from transaction financial assets and transaction financial liabilities as well as the investment income by handling transaction financial assets and transaction financial liabilities and available-for-sale financial assets	289,387.11	
Revenues and expenditures of other business revenue except the above-mentioned items	-204,213.04	
Deduction: influence amount of income tax	682,428.04	
Total	3,787,092.22	--

Affirmation reason for disclosure item by items should be given if the governmental subsidy reckoned in the current profit and loss is the recurrent profit and loss item.

Applicable  Not applicable

## 2. Difference in accounting data according to the foreign and domestic accounting standards

### (1) Difference of net profit and net assets disclosed in the financial reports according to the international accounting standard and Chinese accounting standard

Unit: Yuan

	Net profit belonging to the shareholders of the listed company		Net assets belonging to the shareholders of the listed company	
	Amount in the current period	Amount in the prior period	Amount at the end of the period	Amount at the beginning of the period
According to Chinese accounting standard	102,828,055.83	94,726,839.72	477,220,781.94	403,030,446.88
Adjusted items and amount according to the international accounting standard				

### (2) Difference in the net profits and net assets in the financial report disclosed according to the foreign accounting standard and Chinese accounting standard

Unit: Yuan

	Net profits belonging to shareholders of the listed company		Net assets belonging to shareholders of the listed company	
	Amount in the current period	Amount in the prior period	Amount at the end of the period	Amount at the beginning of the period
According to Chinese accounting standard	102,828,055.83	94,726,839.72	477,220,781.94	403,030,446.88
Adjusted items and amount according to the foreign accounting standard				

### (3) Cause description of difference in accounting data according to the foreign and domestic accounting standards

#### 3. Net assets income rate and earnings per share

Unit: Yuan

Profits in the report period	Weighted average net assets income rate (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profits belonging to ordinary shareholders of the company	23.94%	1.37	1.37
Net profits belonging to ordinary shareholders of the company after non-recurring profit and loss is deducted	23.06%	1.32	1.32

#### 4. Description of exceptions and causes of main accounting report items of the company

Report item	Variation amplitude of closing amount compared with the opening amount	Description of variation cause
Payment in advance	Decrease 79.99%	It mainly results from the transfer of current invoice of last year's prepaid project funds of RMB10.5million into the account of the construction in progress in the current period and the cooperation funds of RMB2.865million for infrastructure construction of Business Building of General Chamber of Commerce of Wenling city into fixed assets
Other current assets	Decrease 78.12%	It mainly results from the redemption of financing product purchased last year valued at RMB20million in the current period
Project in progress	Increase dramatically	It mainly results from continuous investment in the construction of industrial plant of Hengjing new residential quarters in the current period
Tax payable	Decrease 50.38%	It mainly results from the increased RMB4.54million for not deducting the added-value tax in the current period
Due non-current liabilities within one year	Decrease dramatically	It mainly results from the payment of due loan RMB10million in the current period



## **Section 11 Catalog of Documents Available for Inspection**

- I.** The accounting statement signed and sealed by legal representative, principal in charge of accountancy and leading member of the accounting body.
- II.** Auditing report originals sealed by the accounting firm and signed and sealed by the certified public accountant.
- III.** Originals of all the documents of the company disclosed publicly on the website and newspaper designated by CSRC and the original manuscript of the announcement in the report period.
- IV.** Originals of the annual report documents in 2013 signed by president.

The place available for the above documents for inspection: Board secretary office of the company.

# WHEELS CATALOGUE

Zhejiang Yueling Co., Ltd.  
Exhibit A-3.11.2  
Public record

[WWW.YUELING.BIZ](http://WWW.YUELING.BIZ)



**跃岭股份**  
**YUELING WHEELS**

# YUELING Wheels

Zhejiang Yueling Co., Ltd.  
Exhibit A-3.11.2  
Public record



# Brief Introduction

Founded in 1982, Zhejiang Yueling Co.,Ltd, is originally named as Zhejiang Yueling Wheel Hub Making Company, which is a high-tech private enterprise specializing in research, design, manufacture and sales of aluminum alloy wheels for auto mobiles and motorcycles. The company has been successfully restructured on October 8th, 2010, covering an area of 35,000 square meters with its registered capital up to 75 million Yuan.

Yueling company is located in Wenling city, Zhejiang Province, with East China Sea to its east, Wenzhou city to south. It is also very close to Taizhou airport, Wenling railway station, Ningbo-Taizhou-Wenzhou Expressway and 104 State Road, enjoying superior geographical location and convenient transportation.

Performance of our products is highly appreciated by our customers and we have obtained many international quality certificates such as TS16949, QS9000, ISO9001,TUV, Japan VIA laboratory test and so on.

According to China Automobile Industry Yearbook (2010), the company's annual production of aluminum alloy wheels ranks the 6th of country's total in 2009. According to China Customs Network, the export value in 2010 ranks the 5th within whole nation. According to the Wheel Committee of CAAM, Yueling company ranks the 1st in the exportation of AM market.

Believe that Yueling shall be your reliable supplier of alloy wheels and our aim is to creat a win-win cooperation through our joint efforts!



**YUELING** WHEELS  
SINCE 1982



**Support The Rotation Of The World.**

YUELING is a leader wheels company in design, research,  
development and manufacture of vehicle alloy wheels, motorcycle  
and ATV/karts alloy wheels.





▶ NO. 3195™

SIZE	ET	PCD	HOLE
18×8.0	+20~+40	100~120	4/5
18×9.0	+20~+35	100~120	4/5
19×8.5	+20~+40	100~120	4/5
19×9.5	+20~+38	100~120	4/5
22×9.0	+20~+38	100~127	5







◀ NO: **9313**

SIZE	ET	PCD	HOLE
20×8.5	+40~+45	114.3~120	5

▶ NO: **3194**

SIZE	ET	PCD	HOLE
13×5.5	+20~+30	100~114.3	4/8
14×6.0	+20~+35	100~114.3	4/5/8
15×6.5	+20~+35	100~114.3	4/5/8
16×7.0	+20~+37	100~114.3	4/5/8
17×7.0	+20~+37	100~114.3	4/5/8





◀ NO: 5903

SIZE	ET	PCD	HOLE
19×8.0	+15~+45	100~120	5
20×8.5	+15~+45	100~127	5
20×10	+15~+50	100~127	5
22×8.5	+15~+45	100~127	5



◀ NO: **3189**

SIZE	ET	PCD	HOLE
17×7.5	+25~+38	100~120	4/5
18×8.0	+25~+40	100~120	4/5



▶ NO: **5306**

SIZE	ET	PCD	HOLE
18×8.0	+25~+40	100~120	5



◀ NO: **3177**

SIZE	ET	PCD	HOLE
13×5.5	+25~+35	100~114.3	4/8
14×6.0	+25~+37	100~114.3	4
15×6.5	+25~+40	100~114.3	4/5
16×7.0	+25~+40	100~114.3	4/5
17×7.5	+25~+42	100~120	4/5

▶ NO: **3170**

SIZE	ET	PCD	HOLE
14×6.0	+25~+35	100~114.3	4/8
15×6.5	+25~+38	100~120	4/5
16×7.0	+25~+40	100~120	4/5
17×7.5	+25~+42	100~120	4/5





◀ NO: 9144

SIZE	ET	PCD	HOLE
18×8.0	+35~+45	112~120	5

▶ NO: 3909

SIZE	ET	PCD	HOLE
15×8.0	+20	100~114.3	4/8
17×9.0	+25~+30	100~114.3	4/5/8/10





◀ NO: **3196**

SIZE	ET	PCD	HOLE
18×8.0	+20~+40	100~120	4/5
18×9.0	+20~+35	100~120	4/5
19×8.5	+20~+40	100~120	5
19×9.5	+20~+38	100~120	5
22×9.0	+20~+38	100~127	5

▶ NO: 3187

SIZE	ET	PCD	HOLE
13×5.5	+25~+35	100~114.3	4
14×6.0	+25~+37	100~114.3	4
15×6.5	+25~+40	100~114.3	4/5
16×7.0	+25~+40	100~114.3/100~120	4/5
17×7.5	+25~+42	100~114.3/100~120	4/5



◀ NO: 9516

SIZE	ET	PCD	HOLE
18×8.5	+15~+35	112~150	5/6

▶ NO: **5605**

SIZE	ET	PCD	HOLE
20×8.5	+30~+45	100~127	5
20×10	+30~+45	100~127	5



◀ NO: **3169**

SIZE	ET	PCD	HOLE
14×6.0	+25~+38	100~114.3	4
15×6.5	+25~+40	100~120	4/5
16×7.0	+25~+42	100~120	4/5
17×7.5	+25~+45	100~120	4/5
18×8.0	+25~+42	100~120	4/5





◀ NO: **3190**

SIZE	ET	PCD	HOLE
17×7.5	+25~+38	100~120	4/5
18×8.0	+25~+40	100~120	4/5

▶ NO: **879**

SIZE	ET	PCD	HOLE
17×8.0	+20	100~120	4/5/8/10
17×9.0	+15~+22	100~120	4/5/8/10
18×8.0	+25~+38	100~120	4/5/8/10
18×9.0	+25~+35	100~120	4/5/8/10



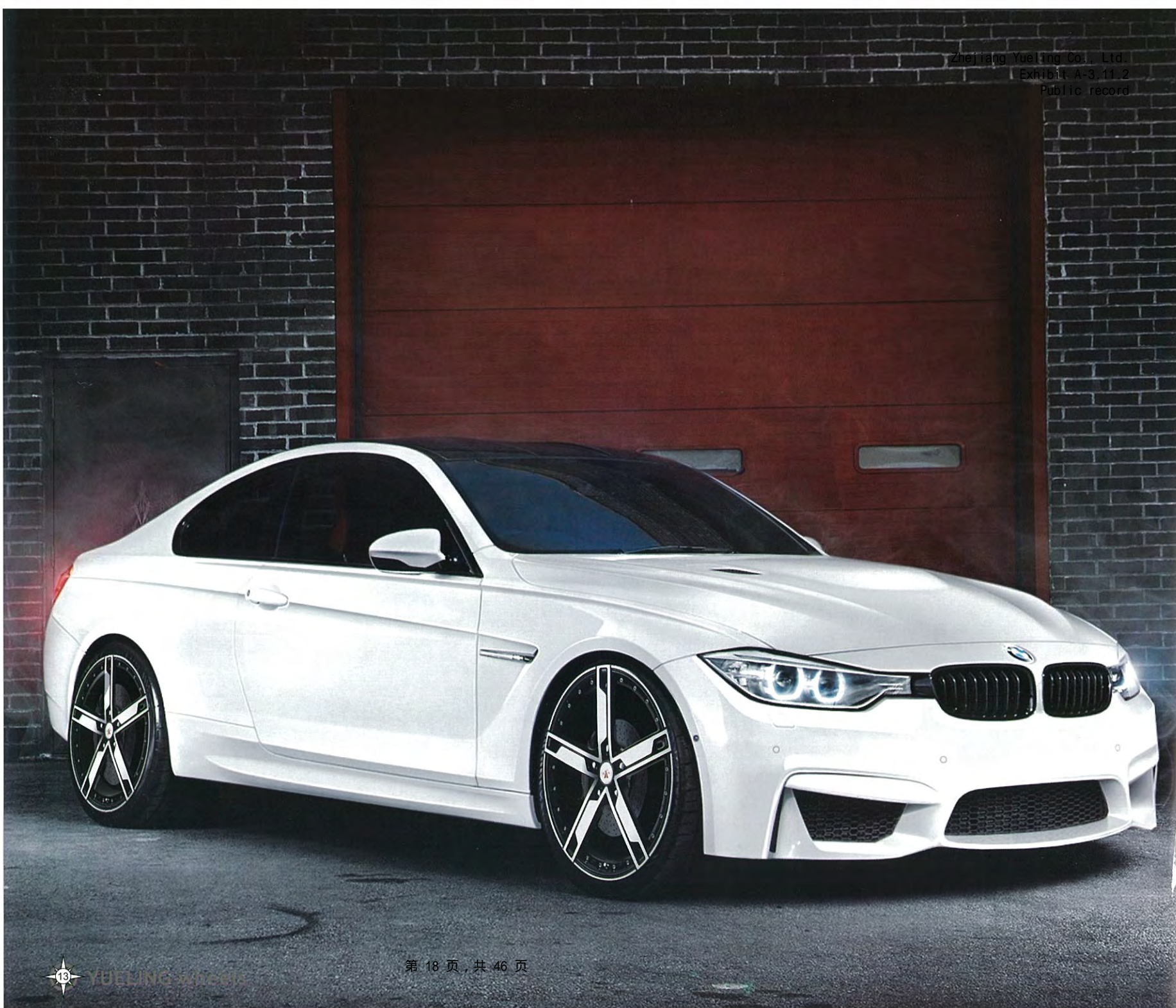
▶ NO: 3718

SIZE	ET	PCD	HOLE
15×6.5	+25~+35	100-114.3	4/5/8
16×7.0	+25~+38	100-114.3	4/5/8
17×7.5	+25~+40	100-120	4/5/8



◀ NO: 3717

SIZE	ET	PCD	HOLE
15×6.5	+25~+35	100~114.3	4/5/8
16×7.0	+25~+38	100~114.3	4/5/8
17×7.5	+25~+40	100~114.3	4/5/8





▶ NO. **5304/5304Z**

SIZE	ET	PCD	HOLE
17×7.5	+25~+45	100~120	5
18×8.0	+25~+45	100~120	5
19×8.5	+50~+60	100~130	5
20×9.0	+50~+60	100~130	5

▶ NO: 8100

SIZE	ET	PCD	HOLE
18×8.5	+25~+40	100~120	5
18×9.5	+25~+40	100~120	5
19×8.5	+20~+42	100~130	5
19×9.5	+20~+38	100~130	5
20×9.0	+20~+42	100~130	5
20×10.5	+20~+40	100~130	5



◀ NO: 3168

SIZE	ET	PCD	HOLE
13×5.5	+25~+35	100~114.3	4
14×6.0	+25~+35	100~114.3	4
15×6.5	+25~+40	100~114.3	4
16×7.0	+25~+40	100~114.3	4/5
17×7.5	+25~+40	100~114.3	4/5



▶ NO: 6205

SIZE	ET	PCD	HOLE
14×6.0	+20~+37	100~114.3	4
15×6.5	+20~+40	100~114.3	4/5
16×7.0	+20~+42	100~114.3	4/5
17×7.0	+20~+42	100~114.3	4/5



◀ NO: **9515**

SIZE	ET	PCD	HOLE
17×7.5	+25~+42	100~120	5
18×8.0	+25~+42	100~120	5

▶ NO: **9517**

SIZE	ET	PCD	HOLE
17×7.5	+25~+45	100~120	5
18×8.0	+25~+45	100~120	5



◀ NO: **3108/3108L**

SIZE	ET	PCD	HOLE
17×7.5	+25~+45	100~120	4/5/8/10
18×8.0	+25~+45	100~120	4/5/8/10



◀ NO: **9123**

SIZE	ET	PCD	HOLE
15×6.0	+35~+45	100~114.3	4/5
16×7.0	+35~+45	100~114.3	4/5
17×7.0	+35~+45	100~120	4/5
18×8.0	+35~+45	100~120	4/5

▶ NO: **3179**

SIZE	ET	PCD	HOLE
13×5.5	+25~+35	100~114.3	4
14×6.0	+25~+37	100~114.3	4
15×6.5	+25~+40	100~114.3	4/5
16×7.0	+25~+40	100~114.3	4/5
17×7.0	+25~+42	100~114.3	4/5



◀ NO: **3155**

SIZE	ET	PCD	HOLE
17×7.5	+25~+42	100~120	4/5/8
18×8.0	+25~+42	100~120	4/5/8



NO: 5363

SIZE	ET	PCD	HOLE
18×8.0	+25~+45	100~120	5

NO: 4505

SIZE	ET	PCD	HOLE
18×7.5	+38~+50	100~114.3	5
19×8.0	+38~+45	100~114.3	5
19×8.5	+38~+45	100~114.3	5
20×8.5	+38~+45	100~114.3	5
20×9.5	+40	100~114.3	5
22×8.5	+30~+42	100~114.3	5



NO: 3173

SIZE	ET	PCD	HOLE
14×6.0	+25~+35	100~114.3	4
15×6.5	+25~+38	100~120	4/5
16×7.0	+25~+40	100~120	4/5
17×7.5	+25~+42	100~120	4/5



► NO: **9518**

SIZE	ET	PCD	HOLE
16×7.0	+35~+48	100~120	5
17×7.5	+35~+48	100~120	5
18×8.0	+35~+50	100~120	5



◀ NO: **5307**

SIZE	ET	PCD	HOLE
15×6.5	+25~+35	100~114.3	4/5/8
17×7.5	+25~+38	100~120	4/5/8
18×8.0	+25~+40	100~120	5
19×8.5	+25~+45	100~130	5



► NO: **3154**

SIZE	ET	PCD	HOLE
17×7.5	+25~+40	100~120	4/5/8/10
18×8.0	+25~+42	100~120	4/5/8/10

▶ NO: 4903

SIZE	ET	PCD	HOLE
15×5.0	+44	100	4
16×5.0	+44	100	4
16×6.0	+40~+51	100	4
17×7.0	+35~+55	100~114.3	4/5
18×7.0	+35~+53	100~114.3	5
18×8.0	+35~+45	100~114.3	5
19×7.5	+55	114.3	5
19×8.0	+35~+45	100~114.3	5
19×9.0	+40	114.3	5
20×8.5	+35~+45	100~120	5
20×9.5	+37	114.3	5



◀ NO: 4902

SIZE	ET	PCD	HOLE
15×5.0	+44	100	4
16×5.5	+47	100	4
16×6.0	+40~+52	100	4
17×5.5	+47	100	4
17×6.5	+45	100	4
17×7.0	+35~+55	100~120	5
18×7.5	+35~+45	100~114.3	5
18×8.0	+40~+55	100~120	5
19×7.5	+45~+55	100~114.3	5
19×8.0	+35~+45	100~120	5
19×9.0	+35~+45	100~120	5
20×8.0	+30~+45	100~120	5
20×9.0	+30~+38	100~120	5





NO: 5804

SIZE	ET	PCD	HOLE
20×8.5	+15~+45	112~127	5
20×10	+15~+45	112~127	5

NO: 3140

SIZE	ET	PCD	HOLE
17×7.5	+25~+42	100~120.65	4/5
18×8.0	+25~+45	100~120.65	4/5



NO: 3148

SIZE	ET	PCD	HOLE
17×7.5	+25~+40	100~120	4/5
18×8.0	+25~+42	100~120	4/5
19×8.5	+25~+42	100~120	4/5
20×8.5	+25~+42	100~120	4/5





◀ NO: **3719**

SIZE	ET	PCD	HOLE
15×6.5	+25~+35	100~114.3	4/5/8
17×7.5	+25~+40	100~114.3	4/5/8
18×8.0	+25~+42	100~114.3	4/5/8

▶ NO: **3724Z**

SIZE	ET	PCD	HOLE
15×8.0	+15	100~114.3	8



◀ NO: **610**

SIZE	ET	PCD	HOLE
13×5.5	+25~+35	100~114.3	4/8
14×6.0	+20~+35	100~114.3	4/5/8
15×6.5	+20~+38	100~120	4/5/8/10
16×7.0	+20~+40	100~120	4/5/10
17×7.0	+20~+42	100~114.3	4/5
18×7.5	+20~+40	100~120	4/5



► NO: **3183**

SIZE	ET	PCD	HOLE
13x5.5	+25~+35	100~114.3	4
14x6.0	+25~+37	100~114.3	4
15x6.5	+25~+40	100~114.3	4/5
16x7.0	+25~+40	100~120	4/5
17x7.5	+25~+42	100~120	4/5



◀ NO: **3178**

SIZE	ET	PCD	HOLE
13x5.5	+25~+35	100~114.3	4
14x6.0	+25~+37	100~114.3	4
15x6.5	+25~+40	100~114.3	4/5
16x7.0	+25~+40	100~114.3	4/5
17x7.0	+25~+42	100~114.3	4/5



◀ NO: 9519

SIZE	ET	PCD	HOLE
16×7.0	+35~+50	100~114.3	4/5

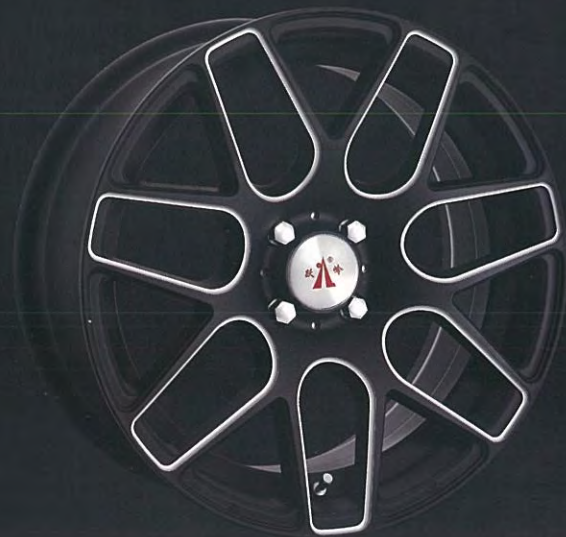
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SIZE	ET	PCD	HOLE
16×6.5	+33~+50	112	5
17×7.5	+45~+51	112	5



◀ NO: 181

SIZE	ET	PCD	HOLE
17×7.5	+15~+40	100~120	4/5/8/10
18×8.0	+15~+42	100~120	4/5
18×9.0	+15~+38	100~120	4/5
19×8.5	+20~+45	100~120	5
19×9.5	+20~+40	100~120	5
20×8.5	+25~+45	100~120	5
20×9.5	+25~+40	100~120	5





NO: 3723

SIZE	ET	PCD	HOLE
15×6.5	+25~+35	100~114.3	4/5
16×7.0	+25~+38	100~114.3	4/5
17×7.5	+25~+38	100~114.3	4/5

▶ NO: 9127

SIZE	ET	PCD	HOLE
18×8.5	+15~+30	100~120	5
18×9.5	+15~+35	100~120	5
20×9.0	+15~+35	100~120	5
20×10.5	+20~+45	100~120	5





◀ NO: **9100**

SIZE	ET	PCD	HOLE
16×6.5	+35~+45	100~127	5
17×7.5	+35~+45	100~127	5

▶ NO: **480**

SIZE	ET	PCD	HOLE
14×4.5	+35~+45	99~110	4
15×5.0	+35~+45	100	4
15×5.5	+35~+50	100	4
16×5.0	+35~+45	100	4
16×6.0	+40~+52	100	4
17×7.0	+35~+55	100~120	5
18×7.0	+35~+53	100~120	5
18×8.0	+35~+45	100~120	5
19×7.5	+38~+55	100~120	5
19×8.0	+35~+45	100~120	5
19×9.0	+35~+45	100~120	5







NO. 3176



◀ NO: **3175**

SIZE	ET	PCD	HOLE
14×5.5	+25~+45	100~114.3	4
15×6.0	+35~+52	100~114.3	4/5
15×6.5	+25~+38	100~120	4/5
16×6.5	+35~+52	100~114.3	4/5
16×7.0	+25~+40	100~120	4/5
17×7.5	+25~+42	100~120	4/5
18×8.0	+25~+42	100~120	4/5

▶ NO: **3176**

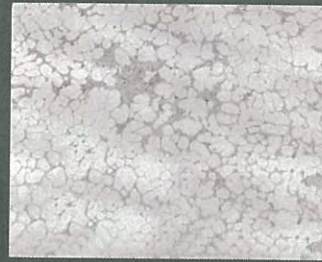
SIZE	ET	PCD	HOLE
14×5.5	+25~+45	100~114.3	4
15×6.0	+35~+52	100~114.3	4/5
15×6.5	+25~+38	100~120	4/5
16×6.5	+35~+52	100~114.3	4/5
16×7.0	+25~+40	100~120	4/5
17×7.5	+25~+42	100~120	4/5
18×8.0	+25~+42	100~120	4/5



# FLOW FORMING SERIES

Zhejiang Yueling Co., Ltd.  
Exhibit A-3.11.2  
Public record

## Aluminum Organization analysis

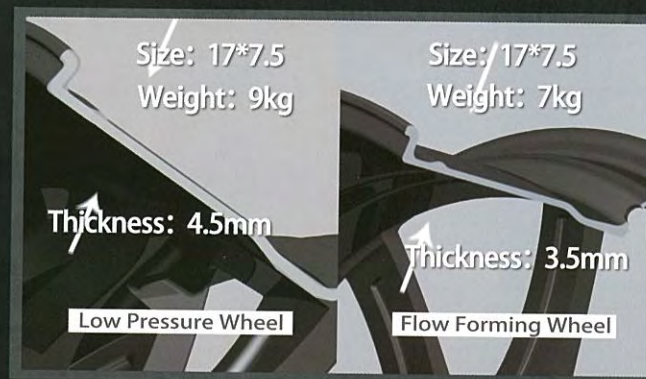


Before Flow Forming



After Flow Forming

## thickness compare



**LIGHTER**  
**STRONGER**  
**ENERGY SAVING**





DESIGN TECHNOLOGY QUALITY



◀ NO: **YAI730**

SIZE	ET	PCD	HOLE
15×6.0	+30~+48	98~114.3	4/5
16×6.5	+35~+50	98~114.3	4/5
17×7.0	+35~+50	98~120	4/5
18×7.5	+30~+50	98~120	4/5
19×8.5	+30~+50	98~120	4/5



▶ NO: **YAI734**

SIZE	ET	PCD	HOLE
15×6.0	+35~+45	100~120	5
16×6.5	+30~+50	100~120	5
17×7.0	+35~+50	100~120	5
18×8.0	+30~+50	100~120	5



◀ NO: **YA1013**

SIZE	ET	PCD	HOLE
17×7.5	+35~+45	100~120	5
18×8.0	+35~+45	100~120	5
19×8.5	+35~+45	100~120	5
20×8.5	+35~+45	100~120	5



▶ NO: **YA1005**

SIZE	ET	PCD	HOLE
15×6.5	+35~+40	100~114.3	4/5
16×7.0	+35~+40	100~114.3	4/5
17×7.0	+35~+42	100~114.3	4/5
18×7.5	+40~+53	100~114.3	5
18×8.0	+35~+45	100~114.3	5
18×9.0	+38~+48	100~114.3	5



◀ NO: **9128**

SIZE	ET	PCD	HOLE
20×9.0	0~+12	127~170	5/6/8

▶ NO: **5606**

SIZE	ET	PCD	HOLE
16×8.0	-20~+20	114.3~150	5/6



◀ NO: **8506**

SIZE	ET	PCD	HOLE
17×8.0	0~+25	114.3~139.7	5/6
18×9.0	0~+20	114.3~139.7	5/6

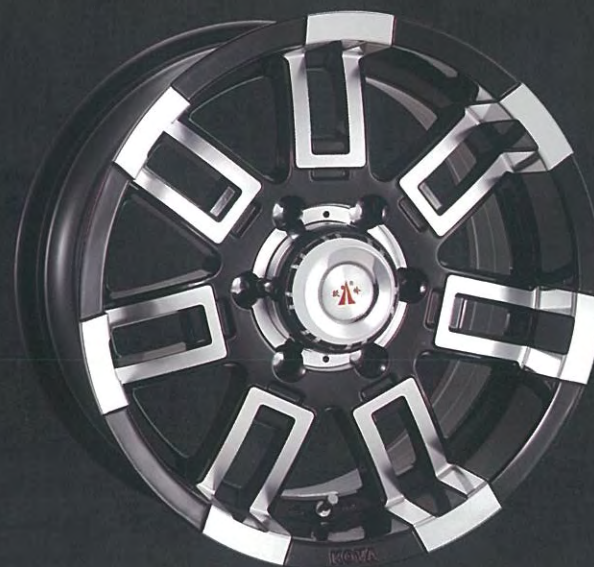
▶ NO: 9134

SIZE	ET	PCD	HOLE
16×8.0	0~+10	135~139.7	5/6
17×9.0	0~+20	127~170	5/6/8
18×9.0	+10~+25	127~170	5/6/8
20×9.0	0~+25	127~170	5/6/8



◀ NO: 9139

SIZE	ET	PCD	HOLE
20×9.0	+18	127~170	5/6/8



▶ NO: 535

SIZE	ET	PCD	HOLE
15×8.0	-15~+15	114.3~139.7	5/6
16×7.0	0~+30	114.3~139.7	5/6
16×8.0	0~+30	114.3~139.7	5/6





NO. 7638

SIZE	ET	PCD	HOLE
17×8.0	+25~+38	139.7	5/6

NO. 7639

SIZE	ET	PCD	HOLE
17×8.0	+25~+38	139.7	5/6



NO. 7645

SIZE	ET	PCD	HOLE
18×7.5	+25~+46	139.7	6



▶ NO: **5310**

SIZE	ET	PCD	HOLE
16×8.0	-20~0	127~150	5/6
17×8.0	0~+25	127~150	5/6



◀ NO: **7646**

SIZE	ET	PCD	HOLE
18×7.5	+25~+46	139.7	6

▶ NO: **5316**

SIZE	ET	PCD	HOLE
16×7.0	-15~+10	114.3~139.7	5/6



◀ NO: **6601**

SIZE	ET	PCD	HOLE
15×8.0	-20~+5	100~160	5/6
16×8.0	-20~0	100~160	5/6
17×8.0	-20~0	100~160	5/6



▶ NO: **3198**

SIZE	ET	PCD	HOLE
22×9.5	+15~+30	114.3~139.7	5/6

▶ NO: **9120**

SIZE	ET	PCD	HOLE
18×8.5	+15~+36	127~139.7	5/6



◀ NO: **9314**

SIZE	ET	PCD	HOLE
20×9.0	+25~+42	127~139.7	5/6



► NO: **5904**

SIZE	ET	PCD	HOLE
17×8.0	+15~+40	114.3~139.7	6
20×8.5	+15~+40	114.3~139.7	6





## **ZHEJIANG YUELING CO.,LTD.**

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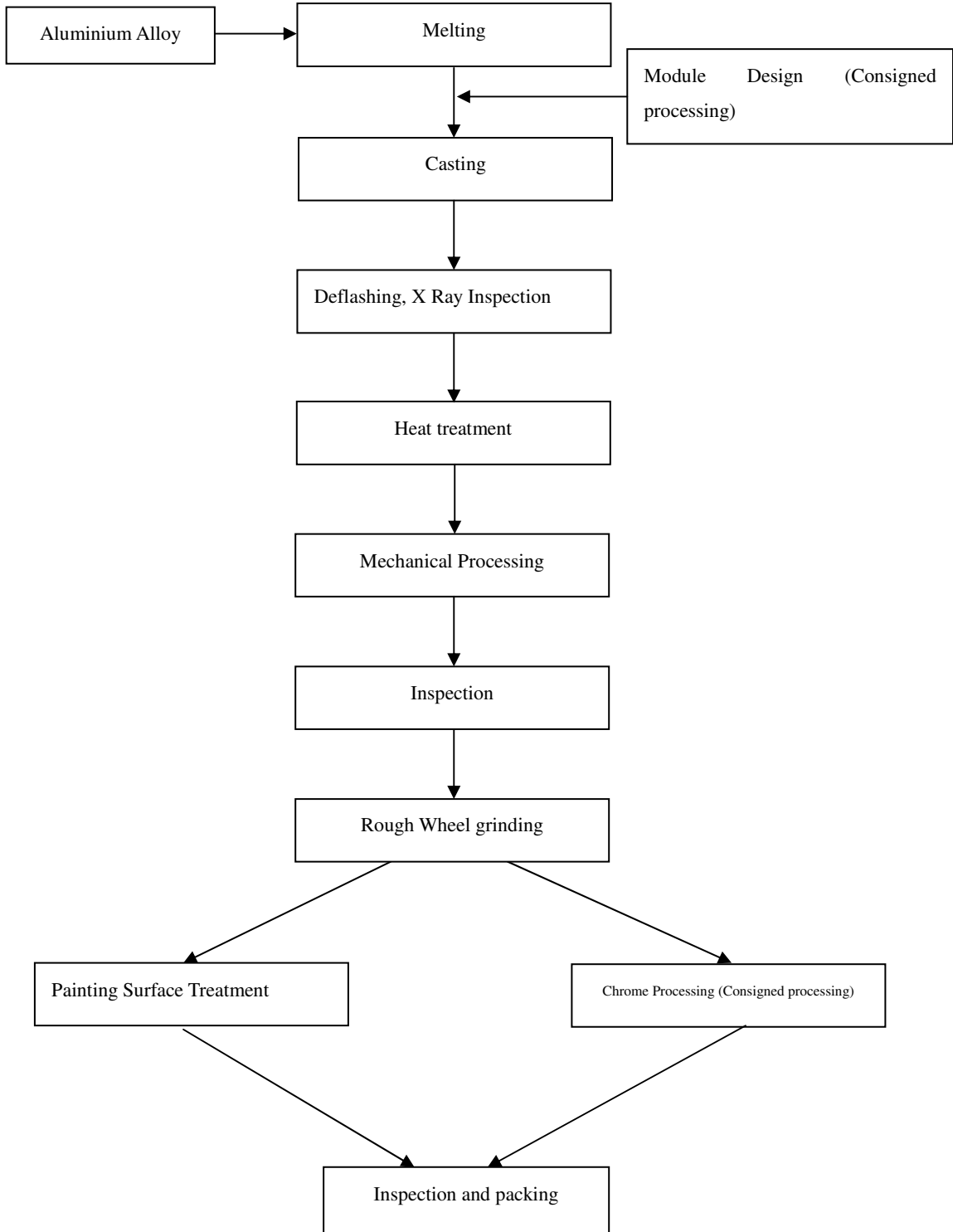
Pc:317523

E-mail:wheels@yueling.com.cn wheels@yueling.biz

<http://www.yueling.biz/>

For modification of product specification subjects to continuous betterment in development  
productus, no notice will be given separately.

**Production process of GUC\_ZheJiang YueLing Co., Ltd.**







**FOR OFFICIAL USE ONLY / PUBLIC RECORD**

**Australian Government**  
**Anti-Dumping Commission**

## **Exporter Questionnaire**

**Product:** Aluminium Road Wheels (ARWs)

**From:** The People's Republic of China

**Period of Review:** 1 July 2013 to 30 June 2014

**Response due by:** **7 December 2014**

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**Return completed  
questionnaire to:**

Anti-Dumping Commission  
1010 La Trobe Street  
Docklands VIC 3008

Attention: Director Operations 4

**SECTION H  
PARTICULAR MARKET SITUATION**

*For each review of the variable factors, the Commission seeks to confirm whether a 'market situation' exists in respect of ARWs from China due to government influence on both the prices of the goods and the major raw material inputs (aluminium) used in the manufacture of the goods.*

*The existence of a 'market situation' could affect the Commission's approach to calculating normal value within its dumping assessment.*

*In broad terms, it is generally the case that the normal value of the goods is the price paid for like goods sold for home consumption in the country of export. One of the exceptions to using domestic selling prices for this purpose provides that the domestic selling prices are not an appropriate basis for normal value if the Minister is satisfied that a situation in the market has rendered domestic selling prices unsuitable for establishing normal values (i.e. a 'particular market situation' exists).*

*One of these situations may be where the domestic selling prices in the country of export have been materially affected by government influence rendering those prices unsuitable for use in establishing normal values.*

*Through this questionnaire, the Commission is providing producers/exporters of the subject goods in China the opportunity to supply evidence that the sector under investigation is operating under market conditions. In examining the matter, the Commission will also send questionnaires to the government of China (GOC) and continue to examine information available from third-party sources.*

*It may be necessary for the Commission to request additional information following receipt and review of your response.*

There are three parts to this section:

PART H-1 - Requests information concerning the organisation of your company and the GOC's involvement in the business of your company.

PART H-2 - Requests information concerning the GOC's measures with respect to the aluminium industry in China.

PART H-3 - Requests information concerning the ARWs sector in the region where your company is located.

**PART H-1 GENERAL INFORMATION**

The information requested in this part will provide an overview of your corporate organisation and the GOC's involvement in your business. In addition to your response to each of the questions, all necessary supporting documentation is requested.

## PUBLIC RECORD

3

1. Specific questions are asked throughout this questionnaire in relation to the GOC's interaction with your businesses.

However, please generally describe all interaction that your business has with the GOC at all levels, including (but not limited to):

- a) reporting requirements;
- b) payment of taxes;
- c) senior management representation within your business;
- d) approval/negotiation of business decisions (e.g. investment decisions, management decisions, pricing decisions, production decisions, sales decisions);
- e) licensing;
- f) restrictions on land use;
- g) provision of loans; or
- h) provision of grants, awards or other funds.

**Answer:**

**Yueling is a private owned company, which was established on May 21<sup>st</sup> 1998 according to Chinese law. All decisions concerning the operation strategies and commercial activities are made by the Company itself.**

**Yueling provides [Confidential] to government agency for propose of statistics only, GOC does not intervene the Yueling' s operating in any aspects [Confidential] and does not involve in any recommending, selecting or appointment of management to the company.**

**Yueling pays the taxes according to the relevant laws and regulations; the income tax rate for Yueling is [Confidential].**

*[Operating decision]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

2. **Business structure, ownership and management**

- a) Indicate whether your company is an SOE or SIE (refer to the Glossary of Terms for definition).

**PUBLIC RECORD**

**Answer:**

**Yueling is a private owned company.**

- b) List the Board of Directors and Board of Shareholders of your business and all other entities/businesses your business is related to.

Indicate the names of common directors and officers between yours and related businesses, where applicable.

**Answer:**

**Please refer to below table for the lists of the Board of Directors and Board of Shareholders of Yueling and its' related business:**

**Zhejiang Yueling Co., Ltd.:**

<b>Name of Senior Management</b>	<b>Current Position</b>
Lin Xianming	Chairman of the Board
Lin Xinfu	Director
Zhong Xiaotou	Director
Lin Ping	Director
Peng Guiyun	Director & General Manager
Lu Yuesong	Director & The Secretary of the Board of directors
Chen Liangzhao	Independent Director
Li Xiaopan	Independent Director
Li Xiaolong	Independent Director

<b>Name of Shareholders</b>	<b>Shareholding percentage</b>
Lin Xianming	12.96%
Zhong Xiaotou	10%
Lin Wanqing	10%
Lin Xinfu	10%
Lin Shenmao	10%
Lin Ping	5%
Lin Bin	5%
<b>Other 22 nature person shareholders</b>	<b>7.04%</b>
<b>3 institutional shareholders</b>	<b>5%</b>
<b>Public shareholders</b>	<b>25%</b>
<b>Total</b>	<b>100%</b>

**Zhejiang Yueling Imp.& Exp. Co., Ltd.**

<b>Name</b>	<b>Title</b>
Lin Xianming	Chairman of the Board of Directors
Lin Xinfu	Director
Zhong Xiaotou	Director
Lin Ping	Director

## PUBLIC RECORD

5

Peng Guiyun	Director
Lu Yuesong	Director
Chen Liangzhao	Director
Li Xiaoqin	Director
Li Xiaolong	Director

Name of Shareholders	Shareholding percentage
Zhejiang Yueling Co.,Ltd.	100%

- c) Are any members of your business' (and/or all other entities your business is related to) Board of Directors or Board of Shareholders representatives, employees, or otherwise affiliated with the GOC (at any level, from any agency, party, or otherwise associated entity, including SASAC)?

If so, identify the individuals, their role on that Board and their affiliation with the GOC.

**Answer:**

**Yueling is a private owned company, and no member of its Board of Directors and Board of Shareholders [Confidential].**

*[Confidential]*

*[Operating decision]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- d) Does your business' (and/or all other entities your business is related to) Board of Directors or Board of Shareholders have a representative from the Chinese Communist Party (CCP)? If so, identify their name and title and indicate their position at the board level.

**Answer:**

*[Confidential]*

*[Operating decision]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

## PUBLIC RECORD

6

- e) Are any members of your business' (and/or all other entities your business is related to) Board of Directors or Board of Shareholders appointed, managed or recommended by the GOC? If so, identify the government department(s) they represent.

**Answer:**

*[Confidential]*

*[Operating decision]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- f) Indicate who owns what percentage of all shares in your business and identify whether they are:
- an affiliate, representative, agency or otherwise representative of the GOC;
  - employees of your business;
  - foreign investors; or
  - other (please specify).

**Answer:**

**Please refer to the following table for the required information:**

Name of Shareholders	Shareholding percentage	Position
Lin Xianming	12.96%	Chairman of the Board of Directors
Zhong Xiaotou	10%	Director
Lin Wanqing	10%	General manager assistant
Lin Xinfu	10%	Director
Lin Shenmao	10%	General manager assistant
Lin Ping	5%	Director
Lin Bin	5%	General manager assistant
Peng Guiyun	2.25%	Director
Lin Shanqiu	1.00%	n/a
Li Xiaolin	0.80%	n/a
Chen Hengming	0.80%	n/a
Lian Kejian	0.40%	n/a
Wan Shiwen	0.30%	Vice-general manager
Lu Yuesong	0.25%	Director
Wan Kun	0.20%	Employee of Yueling
Zhuang Wenxin	0.16%	Employee of Yueling
Li Qinghe	0.16%	Employee of Yueling
Guo Guanghua	0.16%	Employee of Yueling
Wang Shifu	0.10%	n/a
Zhu Junfei	0.07%	Employee of Yueling
Tong Jiancai	0.05%	Employee of Yueling
Pan Zibiao	0.05%	Employee of Yueling

## PUBLIC RECORD

7

Ni Lejun	0.05%	Employee of Yueling
Ni Feng	0.05%	Employee of Yueling
Ji Senlin	0.05%	Employee of Yueling
Huang Xiaoming	0.05%	Employee of Yueling
Lin Bei	0.03%	Employee of Yueling
Jiang Jiaojun	0.03%	Employee of Yueling
Ji Linghui	0.03%	Employee of Yueling
Hangzhou Lianchuang Yongyi Chuangye Investment Partnership.	2.5%	n/a
Beijing Zhongrun Hongli Chuangye Investment Co., Ltd.	1.50%	n/a
Zhejiang Zheshang Chuangye Investment Management Co., Ltd.	1.00%	n/a
<b>Public shareholders</b>	<b>25%</b>	- n/a
<b>Total</b>	<b>100%</b>	

g) Provide the details of any significant changes in the ownership structure of your business during the investigation period.

**Answer:**

*[Confidential]*

*[Shares changes]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

h) Identify any positions within your business that are appointments or designated to act on behalf of GOC authorities.

**Answer:**

*[Confidential]*

*[Operating decision]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

i) Explain whether there are requirements in law and in practice to have government representation at any level of your business. If there is such a requirement, explain the role of government representatives appointed to any level of your business.

**Answer:**

**According to Yueling's knowledge, there is no such requirement in law and in practice.**

- j) If your business is a publicly-traded company, what are the rules regarding the issuance of shares by your business? Identify any stock exchanges on which your business is listed.

**Answer:**

**Yueling listed on the small and medium enterprise board of Shenzhen Stock Exchange on January 6, 2014 (stocks code 002725)**

- k) Provide the monthly trading volume and average monthly trading price of your listed security between 1 July 2013 to 30 June 2014.

**Answer:**

***[Confidential]***

*[Stocks]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- l) Who has the ability to reward fire or discipline your business' senior managers?

**Answer:**

**Board of Directors has the ability to reward, to fire or discipline the senior managers.**

- m) Do any of your company's senior managers hold positions in any GOC departments or organisations, associations or Chambers of Commerce? If so describe the nature of these positions.

**Answer:**

***[Confidential]***

*[Operating decision]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- n) Provide the names and positions of your company's pricing committee.



**Answer:**

*[Confidential]*

*[Operating decision]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**3. Licensing**

a) Provide a copy of your business license(s).

**Answer:**

**Please refer to the Exhibit H-1.3(a) *[Confidential]* Business license of Yueling.**

*[Business license]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

b) Identify the GOC departments or offices responsible for issuing the license(s).

**Answer:**

**The business license was issued by Taizhou Administration for Industry and Commerce.**

c) Describe the procedures involved in applying for the license(s).

**Answer:**

**In general, the procedure is that the entity submits an application form and supporting documents which are required by the administration for industry and commerce. Then the administration for industry and commerce examine documents, if they met the requirements, the administration for industry and commerce will issue the license.**

d) Describe any requirements or conditions that must be met in order to obtain the license(s).

**Answer:**

**Generally, the requirements that must be complied with in applying for a business license normally include: a letter of application issued by legal representative, certificate of a representative of shareholders or an agent jointly appointed by shareholders, a copy of Articles of Association, certificate for place of operation, identity of legal representative, letter of appointment of the members of the Board and managers, their names, identity, residence, name of the company.**

- e) Describe and explain any restrictions imposed on your business by the business license(s).

**Answer:**

**There are no restrictions imposed on Yueling by its business license**

- f) Describe any sanctions imposed on your business if you act outside the scope of your business license(s).

**Answer:**

**There are no restrictions imposed on activities that are specified and performed by a company. In case a company wishes to expand the scope of its business, the company simply notifies the Administration for Industry and Commerce located at the place where the company is registered.**

- g) Describe and explain any rights or benefits conferred to your business under the license(s).

**Answer:**

**The Business License indicates that a company is incorporated under the relevant laws and has duly obtained “legal person” status.**

- h) Describe the circumstances under which your business license(s) can be revoked, and who has the authority to revoke the license(s).

**Answer:**

**If a company is involved in illegal activities, or goes bankrupt or it engages in fraudulent business practices or forges documents or alters the Business License or transfers, lends or rents the Business License, etc. the Business License, can be revoked by the Administration for Industry and Commerce.**

**4. Decision-making, planning and reporting**

a) Provide a description of your business' decision-making structure in general and in respect of aluminium products. This should identify the persons or bodies primarily responsible for deciding:

- (i) what goods are produced;
- (ii) how the goods are produced;
- (iii) how levels of inputs such as raw materials, labour and energy are set and secured;
- (iv) how the use of your outputs, such as how your product mix is determined; and
- (v) how your business' profit is distributed, etc., is determined.

**Answer:**

***[Confidential]***

*[Operating decision]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

b) Provide a description of any GOC input into the decision-making process respecting your manufacture, marketing and sale of aluminium products.

**Answer:**

***[Confidential]***

*[Operating decision]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

c) Provide a list of all government departments/offices that are involved, either directly or indirectly, in your manufacture, sale or purchase of aluminium products.

**Answer:**

***[Confidential]***

*[Operating decision]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**PUBLIC RECORD**

12

- d) List and describe all reports that must be submitted to the GOC periodically by your company, and identify the government department/office where each report is filed.

**Answer:**

*[Confidential]*

*[Operating decision]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- e) Provide a copy of the last two Provincial/City Five Year Plans (including the appendices) for the province/city in which your business is located, whichever is applicable. The copies should be fully translated including the appendices, along with the original Chinese version.

**Answer:**

**Yueling has never been influenced by any government Five Year Plan. In fact Yueling is not aware of these Five Year Plans mentioned above.**

- f) Does your business develop any five-year plans or similar planning documents? If so, provide copies of these plans and advise whether these plans have been submitted, reviewed or approved by the GOC (including the National Development and Reform Commission).

**Answer:**

**Yueling has no Five Year Plans.**

- g) Provide copies of the minutes of your Board of Directors and Board of Shareholders meetings over the review period.

**Answer:**

**Please refer to Exhibit H-1.4.g.1 *[Confidential]* for the minutes of Yueling's Board of Shareholders meetings over the POR.**

**Please refer to Exhibit H-1.4.g.2 *[Confidential]* for the minutes of Yueling's Board of Directors over the POR.**

*[Operating decision]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- h) Provide copies of the notes to company meetings where pricing decisions on aluminium products have been made over the review period.

**Answer:**

**Yueling [Confidential], so the question is not applicable.**

*[Operating decision]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**PART H-2 GOC MEASURES IN THE ALUMINIUM SECTOR**

The information requested in this part will allow for a better understanding of the GOC's measures in respect of aluminium in China, in addition to your response to each of the questions, all necessary supporting documentation is requested.

1. Are there any other GOC opinions, directives, decrees, promulgations, measures, etc. concerning the aluminium industry/sector that were put in place or operating during the review period?

If yes, please provide a copy of that documentation and a translation as well. Also provide documentation concerning the GOC or any association of the GOC's notification of the measures concerning aluminium to your company over the review period.

**Answer:**

**As an aluminium road wheel producer, Yueling is not aware of GOC opinions, directives, decrees, promulgations, measures, etc. concerning the aluminium industry.**

2. Provide information concerning the name of any GOC departments, bureaus or agencies responsible for the administration of all GOC measures concerning the aluminium industry in the regions, provinces or special economic zones where your company is located.

Ensure that your response includes contact information regarding the following areas:

- industrial policy and guidance on the aluminium industry sector;
- market entry criteria for the aluminium industry sector;

- environmental enforcement for the aluminium industry sector;
- management of land utilization;
- the China Banking Regulatory Commission for the aluminium industry sector;
- investigation and inspection of new aluminium expansion facilities;
- the section in the National Development and Reform Commission that is responsible for the aluminium industry sector; and
- import licensing for aluminium and other aluminium raw materials.

**Answer:**

**Yueling is not aware of any GOC department concerning the aluminium industry.**

**3. Other government approvals**

The below questions address the approvals that are necessary from various GOC agencies, including the National Development and Reform Commission, in order to continue or initiate aluminium investments.

- a) Explain whether your company has undertaken an approval process through the GOC for any aluminium or aluminium related investments in the last 10 years.

**Answer:**

**[Confidential]**

*[Investment]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- b) Explain whether any applicable investments received the necessary approval and if so, provide documentation confirming this approval.

**Answer:**

**Yueling [Confidential] in the aluminium industry, so the question is not applicable.**

*[Investment]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- c) If your investment was not approved, provide the reasons given for the refusal.

**Answer:**

**Yueling [Confidential] in the aluminium industry, so the question is not applicable.**

*[Investment]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- d) Describe the process your company has to follow to obtain these approvals.

**Answer:**

**Yueling [Confidential] in the aluminium industry, so the question is not applicable.**

*[Investment]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- e) Provide a translated copy of the application form along with the original Chinese version.

**Answer:**

**Yueling [Confidential] in the aluminium industry, so the question is not applicable.**

*[Investment]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- f) Identify the office that sent communication of these requirements to your company along with the office address, contact names, phone numbers and fax numbers.

**Answer:**

**The question is not applicable.**

**4. The restructure of the Aluminium Industry in China**

The Commission is aware of the GOC's *guidelines for the restructuring of the Aluminium Industry*. The following questions relate to these guidelines:

- a) Explain in detail if there were any directives or measures from GOC that have been communicated to your business since the inception of these guidelines?

**Answer:**

**Yueling is not aware of any such directives or measures.**

- b) Identify the Government department, association or company official that communicated these guidelines or any related measures to your business.

**Answer:**

**Yueling is not aware of any such directives or measures. This question is not applicable.**

- c) Identify the Government department, association or company and names of officials who are responsible for the administration of these guidelines.

**Answer:**

**Yueling is not aware of any such directives or measures. This question is not applicable.**

- d) Explain in detail how has these guidelines impacted your business investment plans. This may include reference to specific measures considered or taken by your business. Such items may include but are not limited to items such as project approval process, credit and loans terms (including any preferential interest rates), the environmental issues, discounted rate of energy and raw materials (aluminium, pre-alloyed product etc).

**Answer:**

**Yueling has no idea about any such directives or measures and thus has no ideas on any possible impact the Company.**

- e) Explain the on-going mechanism used by the GOC to measure your business compliance with the policy directives and/or guidelines.



**Answer:**

**Yueling has no idea about any such directives or measures and thus has no ideas on any possible impact the Company.**

**PART H-3 THE ARW SECTOR**

The information requested in this part will assist in providing a better understanding of the GOC measures and your business' sales and production of ARWs.

In addition to your narrative response to each of the questions, all necessary supporting documentation is requested.

**1. Export quotas and licensing**

a) Are ARWs sold by your company subject to any export quotas?

If so, explain why ARWs are subject to quotas and the method by which the quotas are allocated.

Does this process involve any GOC participation in determining the selling prices of the goods? If so, explain.

**Answer:**

**There is not any export quota to ARW products.**

b) If ARWs is not presently subject to export quotas, indicate if quotas existed during the review period and when and why they were removed.

**Answer:**

**The question is not applicable.**

c) Identify which GOC agency legislates and monitors any such quotas.

**Answer:**

**The question is not applicable.**

d) Has the GOC set any targets or limits regarding the quantity of ARWs that you may sell on the domestic or export markets? If so, provide details.

**Answer:**

**GOC has not set any targets or limits regarding the quantity of ARW for domestic sales and export sales.**

- e) Are there any export licence requirements for ARWs? If so, provide details.

**Answer:**

**There is no licence to ARW products.**

**2. Taxation**

- a) Were there any export taxes on the exports of ARWs during the review period?

**Answer:**

**There are no export taxes on ARW products during the investigation period.**

- b) What was the VAT rebate applicable to ARWs exports during the review period?

**Answer:**

**The VAT rebate rate of 17% is applicable to ARW exports during the investigation period.**

- c) Have there been any changes to the value-added tax rebate applicable to aluminium exports in the last 5 years? If yes, provide:

- i. a detailed chronological history of the value-added tax rebate rates;
- ii. products affected;
- iii. the effective dates of the rate changes;
- iv. fully translated copies of any GOC notices regarding these changes, including the relevant appendices.

**Answer:**

**There has not been any change to the VAT refund rate to aluminium exports in the last 5 years and the rate is 0%.**

- d) Are you aware of any tax changes being planned that would impact the ARWs sector?

**Answer:**

**Yueling is not aware of any such tax changes being planned.**

**3. Sales terms**

- a) Identify the person who authorises the sales terms, prices and other contract provisions for the sale of ARWs by your business.

**Answer:**

**Yueling's sales department and managements authorizes sales terms, prices and other contract provisions for the sales of ARWs.**

- b) Explain how the selling prices of ARWs by your business are determined, including any GOC involvement in your business' pricing decisions, and indicate if the goods are subject to GOC direct or indirect pricing or government guidance pricing.

**Answer:**

**Generally, Yueling determine the price by taking into account [Confidential]. There is no direct or indirect GOC intervention or guidance.**

*[Pricing]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- c) Does your business coordinate the selling prices or supply of ARWs with other domestic aluminium and aluminium product producers, any GOC departments, or the China Iron and Aluminium Association? If so, provide details.

**Answer:**

**Yueling determine the selling and supply of ARWs by itself, and doesn't coordinate with other producers, GOC department or other Association.**

- d) Explain whether your business provides ARWs price information/data to the GOC, other government officials or commercial/industry organisations, including those outside of China, which report on the aluminium sector.

**Answer:**

**Yueling doesn't provide ARWs price data to the GOC, other government officials or other organisations.**

- e) Explain whether your business provides ARWs price data to any other person at the provincial, regional or special economic zone level of government.

**Answer:**

**Yueling doesn't provide ARWs price data to the any other person at any level of government.**

**5. Industry associations**

- a) Is your business a member of any industry associations? If so, explain your business' relationship with the association/s and the involvement of the GOC with the association/s.

**Answer:**

**Yueling is a member of China Chamber of Commerce for Import & Export of Machinery & Electronic Products.**

**The Chamber of Commerce never involves or provides any guidance on any of Yueling's business operation.**

**Yueling believes there is no involvement of the GOC with the Chamber.**

**Please refer to the Exhibit H-3.5 for the Certificate of Membership.**

- b) If your business is a member of an industry association, indicate whether this membership is voluntary or compulsory. Explain the functions that the association provides for your business. Explain in detail the role of the association with respect to the directives as provided by the GOC concerning the aluminium industry.

**Answer:**

**Yueling's membership is voluntary. The Chamber of Commerce plays the role of bridge between different industries, enterprises and science development institutions and provides a platform of communication.**

**6. Statistics submission/recording**

- a) Indicate if your business makes submissions<sup>1</sup> to the Chinese Bureau of Statistics and/or any other government organisation. If yes, explain the purpose of these submissions and the type of information submitted.

**Answer:**

**Yueling submits [*Confidential*] to local Bureau of Statistics for the purpose of statistics only.**

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<sup>1</sup>For example, monthly data relating to sales, production and costs.

*[Submission]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- b) Provide a recent example of a submission that has been made to the Bureau of Statistics and/or any other government organisation. For example, monthly data relating to sales, production and costs.

**Answer:**

**Please refer to Exhibit H-3.6.b *[Confidential]* for the submission data.**

*[Submission]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- c) Do the organisations approve or assess your submission? If yes, provide a detailed explanation.

**Answer:**

**The Bureau of Statistics doesn't approve or assess the submission.**

- d) Do the organisations provide feedback on your submission? If yes, provide a detailed explanation.

**Answer:**

**The Bureau of Statistics doesn't provide feedback on the submission.**

## **7. Manufacturing inputs**

- a) Is there a price difference in purchase price for raw materials (i.e. aluminium or other raw material) between your suppliers?

**Answer:**

**There is difference in price for raw materials between the suppliers which caused by *[Confidential]*.**

*[Material purchasing]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- b) Is there a price difference between purchase price of raw materials from SOEs or SIEs and non-SOEs/SIEs? Provide explanation.

**Answer:**

*[Confidential]*

*[Material purchasing]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

*Note: Further questions regarding primary aluminium supply and pricing are asked in Section I of this questionnaire. Your responses to these questions are relevant to the assessment of whether a market situation exists. Ensure responses to these questions are complete.*

- c) If your supplier is based outside China, what import duty rate is applied on the raw materials (i.e. aluminium or other raw material)?

**Answer:**

*[Confidential]*

*[Material purchasing]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

- d) Does your business benefit from any concession on the purchase of any utility services (e.g. electricity, gas, etc) ? If so what is the rate of concession?

**Answer:**

**Yueling purchase utility services at market prices without any benefit from any concession on the purchase of any utility services.**

**8. Regional differences**

- e) If you have production facilities in more than one region/province, are the laws and regulations in each region the same with respect to pricing? Provide details on any regional differences.

**Answer:**

**Yueling's production facilities are located in only one province, this question is not applicable.**

**9. ARWs production/output during the review period**

- a) Is any part of your production of ARWs subject to any national/regional industrial policy or guidance? If so, provide details including a background of the policy/guidance and explain any restriction imposed by the policy/guidance.

**Answer:**

**Yueling is not aware of any such guidance and policy.**

- b) To what extent are any of the policies/guidelines identified in a) applicable to your business?

**Answer:**

**Yueling is not aware of any such guidance and policy.**

- c) Where applicable, how did your business respond to the policies/guidelines?

**Answer:**

**This question is not applicable.**

- d) Provide details regarding any other restrictions (e.g., geographic/regional, downstream, use, etc.) to the sale of ARWs that may be imposed by the GOC.

**Answer:**

**Yueling's business has not been subject to any such restriction from GOC.**

**10. Sales price during the review period**

- a) Explain whether your business has been subjected to any direct or indirect price guidance or controls by the GOC during the review period, with respect to domestic aluminium prices.

**Answer:**

**Yueling's business has not been subject to sales price guidance or controls for the domestic aluminium price by the GOC during the investigation period.**

- b) Explain whether your business has been subjected to any direct or indirect price guidance or controls by the GOC during the review period, with respect to raw material inputs (i.e. aluminium, etc.).

**Answer:**

**Yueling's business has not been subject to sales price guidance or controls to raw material inputs by the GOC during the investigation period. The price of raw material inputs is decided by market rules, i.e. by the suppling and demanding.**

- c) Explain whether your business has encountered any price guidance or controls established by regional, provincial or special economic zone officials and/or organisations.

**Answer:**

**Yueling's business has not been subject to price guidance or controls by regional, provincial or special economic zone officials and/or organisations.**

**11. Adding capacity and/or joint ventures**

- a) Provide a detailed explanation with respect to the government approval process on adding capacity and/or joint ventures in relation to your business.

**Answer:**

**Yueling's business has not been subject to government approval process for adding capacity and/or entering into joint ventures in the ARW sector. This industry is characterized by constant innovation and productivity enhancement. It is a model of pure competition. Such matters as are addressed in the question are independently decided by the company.**

- b) Does the government have the right to request modifications in the terms of adding capacity and/or joint ventures? If yes, provide a detailed explanation.

**Answer:**

**According to Yueling's knowledge, the government has no such right.**



# 会员证书

机电商 总字 7653 号

浙江跃岭股份有限公司

经资格审查 你公司

符合中国机电产品进出口商会章程  
规定的入会条件，特批准为会员。

中国机电产品进出口商会

二〇一一年十一月二十八日

注：入会日期 2005-03-03



Zhejiang Yueling Co., Ltd.  
Exhibit H-3.5

# CERTIFICATE OF MEMBERSHIP Public

No. 7653

It is hereby approved that ZHEJIANG  
YUELING CO., LTD.,

upon examination, has been qualified in accordance with the  
provisions of The Charter of China Chamber of Commerce  
for Import & Export of Machinery & Electronic Products

CHINA CHAMBER OF COMMERCE FOR  
IMPORT & EXPORT OF  
MACHINERY & ELECTRONIC PRODUCTS



28

DAY OF NOVEMBER 20 11



## **Exporter Questionnaire**

**Product:** Aluminium Road Wheels (ARWs)

**From:** The People's Republic of China

**Period of Review:** 1 July 2013 to 30 June 2014

**Response due by:** **7 December 2014**

**Review case manager:** Rebecca Oliver

**Phone:** +61 3 9244 8271

**Fax:** +61 3 9244 8902

**E-mail:** [operations4@adcommission.gov.au](mailto:operations4@adcommission.gov.au)

**Anti-Dumping Commission website:** [www.adcommission.gov.au](http://www.adcommission.gov.au)

**Return completed  
questionnaire to:**

Anti-Dumping Commission  
1010 La Trobe Street  
Docklands VIC 3008

Attention: Director Operations 4

**SECTION I  
COUNTERVAILING**

*Following the original investigation the Commission found that producers in China of ARWs and upstream suppliers have benefited from a number of subsidies granted by the GOC (meaning any level of government – including central, provincial, municipal, county or any other level of government (refer to the Glossary of Terms for further information), and that these subsidies are countervailable.*

**ORIGINAL INVESTIGATED PROGRAMS**

In the original investigation (REP 181) conducted by the Australian Customs and Border Protection Service (Customs and Border Protection), 56 subsidy programs were investigated. Of those, Customs and Border Protection found that ARWs exported from China to Australia received financial contributions in respect of the goods that conferred a benefit under 34 programs. These were (according to their numbering from the original investigation):

**Program 1:** Aluminium provided by government at less than fair market value;

**Program 4:** Preferential income tax for hi-tech enterprises;

**Program 5:** preferential tax policies for western development "Go west" strategy;

**Program 6:** Preferential tax policies for FIEs established in the coastal economic open areas and in the economic and technological development zones;

**Program 7:** Reduced tax rate for productive FIEs scheduled to operate for a period not less than 10 years;

**Program 8:** Preferential tax policies for FIE export enterprises whose annual output value of all export products amounted to 70% or more;

**Program 9:** Preferential tax policies for FIEs which are technology-intensive and knowledge-intensive;

**Program 11:** Preferential tax policies for FIEs in State high- or new-technology industrial development zones, and for advanced technology enterprises invested in and operated by FIEs;

**Program 13:** Preferential tax policies for enterprises transferring technology;

**Program 14:** Preferential tax policies for enterprises making little profit;

**Program 21:** Grants for encouraging the establishment of headquarters and regional headquarters with foreign investment;

## PUBLIC RECORD

3

**Program 22:** Preferential tax treatments for new hi-tech enterprises (NHTEs) in special zones;

**Program 29:** Patent award of Guangdong Province;

**Program 31:** Exemption of tariff and import VAT for imported technologies and equipment;

**Program 32:** 100% refund of VAT to FIEs on purchasing unused domestic equipment with currency in China;

**Program 35:** Matching funds for international market development for SMEs;

**Program 36:** Innovative Experimental Enterprise Grant;

**Program 37:** Special Support Fund for non-State-owned enterprises (NSOEs);

**Program 38:** Venture Investment Fund for Hi-Tech Industry;

**Program 39:** Superstar Enterprise Grant;

**Program 40:** One-time awards to enterprises whose products qualify for "Well-Known Trademarks of China" or "Famous Brands of China";

**Program 41:** Technology assist;

**Program 42:** Export subsidies;

**Program 43:** SME assist;

**Program 44:** Environmental subsidies;

**Program 46:** Government Incentives for the Top Taxpayer of the Year-Qinhuangdao City;

**Program 47:** Financial Support from China Postdoctoral Science Foundation;

**Program 48:** Foreign Trade Public Service Platform Development Fund;

**Program 50:** Patent Application Fee Subsidy;

**Program 51:** Enterprise Development;

**Program 53:** New Product Trial Production;

**Program 56:** Patent Grants.

Please answer the questions within parts I-1 to I-3 in relation to these programs.

**PART I-1      PREFERENTIAL INCOME TAX PROGRAMS (PROGRAMS 4, 6, 7, 8, 9, 11, 13, 14 AND 22)**

1. Did your business or any company/entity related to your business receive any benefit under the following programs during the review period (1 July 2013 to 30 June 2014):

**Program 4:** Preferential income tax for hi-tech enterprises;

**Program 6:** Preferential tax policies for FIEs established in the coastal economic open areas and in the economic and technological development zones;

**Program 7:** Reduced tax rate for productive FIEs scheduled to operate for a period not less than 10 years: *"two years of exemption and three years fifty per cent reduction"*;

**Program 8:** Preferential tax policies for FIE export enterprises whose annual output value of all export products amounted to 70% or more;

**Program 9:** Preferential tax policies for FIEs which are technology-intensive and knowledge-intensive;

**Program 11:** Preferential tax policies for FIEs in State high- or new-technology industrial development zones, and for advanced technology enterprises invested in and operated by FIEs;

**Program 13:** Preferential tax policies for enterprises transferring technology;

**Program 14:** Preferential tax policies for enterprises making little profit;

**Program 22:** Preferential tax treatments for new hi-tech enterprises (NHTEs) in special zones.

**Answer:**

**Yes, the Company enjoyed Program [Confidential]**

*[Preferential income tax]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

2. It is our understanding that the general tax rate for enterprises in China during the review period was 25%. Confirm whether this is correct and if not, please identify the general tax rate for enterprises in China during the review period.

**Answer:**

**Yes, the understanding is correct, general tax rate for enterprises in China during the review period was 25%. [Confidential]**

*[Preferential income tax]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

3. If your business currently pays corporate income tax at a rate less than 25% (or whatever the rate of general tax is as discussed above), or paid at a rate less than that during the review period, please indicate whether the reduced rate relates to any of the preferential income tax programs identified above.

**Answer:**

**Yueling' s income tax rate is [Confidential]**

*[Preferential income tax]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

4. If the income tax rate of less than the general rate does not relate to any of the programs identified above, please provide an explanation for the reduced income tax rate and answer the questions in Part I-1 above in relation to the income tax rate reduction.

**Answer:**

**This question is not applicable, [Confidential].**

*[Preferential income tax]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

5. Provide a copy, bearing the official stamp of the appropriate level of the GOC of all
- corporate income tax acknowledgement form(s) and the income tax return(s) that your company filed for the last three completed financial years; and
  - income tax instalment payment receipts, and all applicable income tax forms and schedules for the last three completed financial years.

**PUBLIC RECORD**

6

**Note: If your company did not file an income tax return in any of the tax years indicated, provide an explanation stating the reasons why you were exempt from filing such a return and the applicable section[s] of the Income Tax Act under which you were exempt from doing so.**

**Answer:**

**Please see Exhibit I-1.5.1 [Confidential], Exhibit I-1.5.2 [Confidential] and Exhibit I-1.5.3 [Confidential] for income tax returns for 2011, 2012 and 2013.**

**Please see Exhibit I-1.5.4 [Confidential], Exhibit I-1.5.5 [Confidential] and Exhibit I-1.5.6 [Confidential] for income tax instalment payment receipts for 2011, 2012 and 2013.**

*[Preferential income tax]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

For **each program** that you have identified above as conferring benefit on your entity, answer the following.

6. Provide complete details of the amount of the benefit received, including whether it was received in total or in instalments.

**Answer:**

**The amount of the benefit received is RMB [Confidential] during 2013 for this program. [Confidential]**

*[Preferential income tax]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

7. Indicate which goods you produced that benefited from the program (e.g. the program may have benefited all production or only certain products that have undergone research and development).

**Answer:**

**All goods produced by Yueling benefited from the program.**

8. Describe the application and approval procedures for obtaining a benefit under the program.

**Answer:**

*[Confidential]*

*[Preferential income tax]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

*[Confidential]*

*[Preferential income tax]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

9. Where applicable, provide copies of the application form or other documentation used to apply for the program, all attachments and all contractual agreements entered into between your business and the GOC in relation to the program.

**Answer:**

*[Confidential]*

*[Preferential income tax]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

10. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.

**Answer:**



**There are no fees charged for receiving the program.**

11. Outline the eligibility criteria your business had to meet in order to receive benefits under this program.

**Answer:**

*[Confidential]*

*[Preferential income tax]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

12. State whether your eligibility for the program was conditional on one or more of the following criteria:
- a) whether or not your business exports or has increased its exports;
  - b) the use of domestic rather than imported inputs;
  - c) the industry to which your business belongs; or
  - d) the region in which your business is located.

**Answer:**

**The eligibility for the program was not conditional on any of above criteria.**

13. If the benefit was provided in relation to a specific activity or project of your entity, please identify the activity and provide supporting documentation.

**Answer:**

**The benefit was not related to a specific activity or project of Yueling but only to its qualification as a *[Confidential]*.**

*[Preferential income tax]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

14. What records does your business keep regarding each of the benefits received under this program? Provide copies of any records kept in relation to the program.

**Answer:**

**The benefit received under this program was recorded in Yearly Income Tax Returns. Please refer to Exhibit I-1.5.3 [Confidential] for the Income Tax Returns 2013.**

*[Income tax]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

15. Indicate where benefits under this program can be found in your accounting system (i.e. specify the ledgers or journals) and financial statements.

**Answer:**

*[Confidential]*

*[Preferential income tax]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

16. To your knowledge, does the program still operate or has it been terminated?

**Answer:**

**To our knowledge, the program still operates.**

17. If the program has been terminated, please provide details (when, why). When is the last date that your business could apply for or claim benefits under the program? When is the last date that your business could receive benefits under the program?

**Answer:**

**Since the program still operates, the question is not applicable.**

If the program terminated has been substituted for by another program, identify the program and answer all the questions in Part I-1 in relation to this programme.

**Answer:**

**Not applicable.**

18. For each of your last three taxation years, complete the table as described below.

Prepare this information in the attached spreadsheet named "**Income Tax**" included as part of the *ARWS Exporter Questionnaire – CHINA – accompanying spreadsheet* provided alongside this questionnaire.

**Answer:**

**Please see Table I-1.18 "Income Tax"[Confidential].**

*[Income tax]*

*This information is commercially sensitive. Since disclosure of such information will harm the Company's interests, the company submit it in an index form.*

**PART I-2 GRANTS AND PREFERENTIAL POLICIES (PROGRAMS 5, 21, 29, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 46, 47, 48, 50, 51, 53 AND 56)**

In the original investigation Customs and Border Protection determined that grants were provided to enterprises under the following identified programs:

**Program 5:** *"Go west"* strategy;

**Program 21:** Grants for encouraging the establishment of headquarters and regional headquarters with foreign investment;

**Program 29:** Patent award of Guangdong Province;

**Program 35:** Matching funds for international market development for SMEs;

**Program 36:** *"Innovative Experimental Enterprise Grant";*

**Program 37:** Special Support Fund for non-State-owned enterprises (NSOEs);

**Program 38:** *"Venture Investment Fund for Hi-Tech Industry";*

**Program 39:** Superstar Enterprise Grant;

**Program 40:** One-time awards to enterprises whose products qualify for *"Well-Known Trademarks of China"* or *"Famous Brands of China"*;

**Program 41:** Technology assist;

**Program 42:** Export subsidies;

**Program 43:** SME assist;

**Program 44:** Environmental subsidies;

**Program 46:** Government Incentives for the Top Taxpayer of the Year-Qinhuangdao City;

**Program 47:** Financial Support from China Postdoctoral Science Foundation;

**Program 48:** Foreign Trade Public Service Platform Development Fund;

**Program 50:** Patent Application Fee Subsidy;

**Program 51:** Enterprise Development;

**Program 53:** New Product Trail Production;

**Program 56:** Patent Grants.

**PUBLIC RECORD**

1. Did your business or any company/entity related to your business receive any benefit under the above programs during the period **1 July 2011 to 30 June 2014**?

**Answer:**

During the POR, Yueling received benefit of RMB *[Confidential]* under 4 programs listed in PART I-2. Please refer the details as follow:

SN	Programme	Benefit Amount (RMB)	SN in Exhibit I-2
1	<i>[Confidential]</i>	<i>[Confidential]</i>	<i>[Confidential]</i>
2	<i>[Confidential]</i>	<i>[Confidential]</i>	<i>[Confidential]</i>
3	<i>[Confidential]</i>	<i>[Confidential]</i>	<i>[Confidential]</i>
4	<i>[Confidential]</i>	<i>[Confidential]</i>	<i>[Confidential]</i>
5	<i>[Confidential]</i>	<i>[Confidential]</i>	<i>[Confidential]</i>
6	<i>[Confidential]</i>	<i>[Confidential]</i>	<i>[Confidential]</i>
7	<i>[Confidential]</i>	<i>[Confidential]</i>	<i>[Confidential]</i>

*[Grants]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

2. Did your business receive benefits under any other grant (including awards, prizes, funds) program during the period **1 July 2011 to 30 June 2014**?

**Answer:**

*[Confidential]*

***[Confidential]* were identified from the non-operating income sub ledger for the review period, including *[Confidential]*. Please refer to Exhibit I-2 *[Confidential]* for the details of these programs.**

*[Grants]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

For each program identified in your answer to I-2.1 and I-2.2 above, answer the following.

3. Provide complete details involving the amount of the grant received, including whether the grant was received in a lump sum or multiple instalments.

**Answer:**

**Please see Exhibit I-2 [Confidential] for the amount received for these programs. The grants were given in a lump sum manner.**

*[Grants]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

4. Indicate which goods you produced that benefited from the program (e.g. the program may have benefited all production or only certain products that have undergone research and development).

**Answer:**

***[Confidential]***

*[Grants]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

5. Describe the application and approval procedures for obtaining a benefit under the program.

**Answer:**

***[Confidential]***

*[Grants]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

6. Where applicable, provide copies of the application form or other documentation used to apply for the program, all attachments and all contractual agreements entered into between your business and the GOC in relation to the program.

**Answer:**

**Yueling had the application forms for [Confidential], and please refer to Exhibit I-2.6 [Confidential] for the required documents.**

*[Grants]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

7. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.

**Answer:**

**There are no fees charged for receiving the program.**

8. Outline the eligibility criteria your business had to meet in order to receive benefits under this program.

**Answer:**

*[Confidential]*

*[Grants]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

9. State whether your eligibility for the program was conditional on one or more of the following criteria:
  - a) whether or not your business exports or has increased its exports;
  - b) the use of domestic rather than imported inputs;
  - c) the industry to which your business belongs; or
  - d) the region in which your business is located.

**Answer:**

*[Confidential]*

*[Grants]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

10. If the benefit was provided in relation to a specific activity or project of your entity, please identify the activity and provide supporting documentation.

**Answer:**

*[Confidential]*

*[Grants]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

11. What records does your business keep regarding each of the benefits received under this program? Provide copies of any records kept in relation to the program.

**Answer:**

**These benefits are booked in the Non-operating income sub ledger. The company keeps the bank slips of these grants. Please refer to Exhibit I-2.11 *[Confidential]* for the copies.**

*[Grants]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

12. Indicate where benefits under this program can be found in your accounting system (i.e., specify the ledgers or journals) and financial statements.

**Answer:**

**The benefits under these grants can be found in the Non-operating income sub ledger.**

13. To your knowledge, does the program still operate or has it been terminated?

**Answer:**

**Yueling is not sure whether these programs still operate or has been terminated.**

14. If the program has been terminated, please provide details (when, why). When is the last date that your business could apply for or claim benefits



under the program? When is the last date that your business could receive benefits under the program?

If the program terminated has been substituted for by another program, identify the program and answer all the questions in Part I-1 in relation to this programme.

**Answer:**

**Yueling is not aware whether these programs still operate or has been terminated, and whether these programs have been substituted by other programs.**

15. Identify the body responsible for administering the grant.

**Answer:**

**Please see Exhibit I-2 [Confidential] for the required information.**

*[Grants]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

16. Identify the date of approval of the grant and the date the grant was received.

**Answer:**

**Please see Exhibit I-2 [Confidential] for the required information.**

*[Grants]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

17. Indicate where the grant was accounted for on your business' financial statements.

**Answer:**

**The benefits under these grants can be found in the Non-operating sub ledger.**

**PART I-3 TARIFF AND VAT EXEMPTIONS ON IMPORTED MATERIALS AND EQUIPMENTS (PROGRAMS 31 AND 32)**

It is our understanding that certain enterprises in China are eligible for exemption from the payment of import duty and import VAT on imported inputs, technologies and equipment including the following identified programs;

**Program 31:** Exemption of tariff and import VAT for imported technologies and equipment;

**Program 32:** 100% refund of VAT to FIEs on purchasing unused domestic equipment with currency in China.

If your business or any company/entity related to your business received benefits under any such program during the period **1 July 2005 to 30 June 2014**, please answer the following questions.

**Answer:**

**Yueling [Confidential] under programs in PART I-3 thus questions below are not applicable.**

*[Tariff and VAT exemptions]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

1. Provide complete details involving the exemption of tariff and import VAT received, for any imported technologies and equipment.
2. Provide complete details involving the amount of the VAT refund received, including whether the refund was received in a lump sum or multiple instalments. Prepare this information in the attached spreadsheet named '**VAT and Tariff**' included as part of the *ARW Exporter Questionnaire – China – accompanying spreadsheet*.
3. Describe the application and approval procedures for obtaining a benefit under these programs.
4. Where applicable, provide copies of the application form or other documentation used to apply for these programs, all attachments and all contractual agreements entered into between your business and the GOC in relation to the program.

## PUBLIC RECORD

18

5. Outline the fees charged to, or expenses incurred by your business for purposes of receiving these programs.
6. Outline the eligibility criteria your business had to meet in order to receive benefits under these programs.
7. State whether your eligibility for these programs was conditional on one or more of the following criteria:
  - a) whether or not your business exports or has increased its exports;
  - b) the use of domestic rather than imported inputs;
  - c) the industry to which your business belongs; or
  - d) the region in which your business is located.
8. If the benefit was provided in relation to a specific activity or project of your entity, please identify the activity and provide supporting documentation.
9. What records does your business keep regarding each of the benefits received under these programs? Provide copies of any records kept in relation to the program.
10. Indicate where benefits under these programs can be found in your accounting system (i.e., specify the ledgers or journals) and financial statements.
11. To your knowledge, do these programs still operate or have they been terminated?
12. If these programs have been terminated, please provide details (when, why). When is the last date that your business could apply for or claim benefits under the program? When is the last date that your business could receive benefits under the program?
13. If any of these programs has been terminated and is being substituted for by another program, identify the program and answer all the questions in Part I-1 in relation to this programme.
14. Were the materials and/or equipment that were entitled to a refund of VAT used in the production of the goods during the review period? If yes, provide the following information:

**PUBLIC RECORD**

19

- (a) type of inputs;
- (b) cost of inputs;
- (c) quantity of inputs; and
- (d) amount of VAT refunded.

Has your company received exemption from payment of or refunds of import duty and import VAT for imported material inputs including technologies and equipment at any time that were used in the production of the goods during the review period? If yes, provide the following information:

- (a) description of imported product;
- (b) country of origin;
- (c) quantity of imported product;
- (d) purchase price;
- (e) terms of purchase (f.o.b., c.i.f., etc);
- (f) ocean freight;
- (g) value for duty of imported product;
- (h) regular rate of taxes and duties;
- (i) concessionary rate of taxes and duties;
- (j) amount of duties and taxes normally applicable;
- (k) amount of duties and taxes paid;
- (l) amount of duties and taxes exempt;
- (m) date of importation;
- (n) tariff classification number;
- (o) customs entry number; and
- (p) application fee.

15. Explain if (and how) the GOC determines which imported inputs are consumed by your business in the production of the subject goods and in what amounts, and the amount of duty paid or payable on the inputs (including any allowance for waste).
16. Explain how the GOC determined the percentage rate of duty exemption.

Please note that goods consumed in the production of exported goods (inputs) include:

- (a) goods incorporated into the exported goods; and
- (b) energy, fuel, oil and catalysts that are used or consumed in the production of the exported goods.

17. Provide a representative sample of copies of import entry documents (for example: bill of entry, invoice from supplier, etc.) for each type of importation covering duty-exempt inputs and duty-paid inputs imported for use in the manufacturing of the subject goods.

## **PUBLIC RECORD**

20

18. In addition to the import entry documents, you must also provide copies, if applicable, of any applications submitted to and/or approval document received from the GOC relating to the exemption from the payment of import duty and import VAT on imported inputs and in relation to the VAT that is refunded on the exportation of the subject goods.
  
19. Provide copies of reports and audits by the GOC authority responsible for administering the duty rebate or duty drawback scheme with respect to the verification of the importation and use of inputs and the remittance or drawback of the related duty paid or payable.

**PART I-4 ALUMINIUM PROVIDED BY GOVERNMENT AT LESS THAN FAIR MARKET VALUE (PROGRAM 1)**

In the original investigation Customs and Border Protection considered claims that public bodies (in the form of SOEs/ SIEs) were supplying aluminium, directly or indirectly, to manufacturers of ARWs at less than fair value. Aluminium is defined as all forms of aluminium, whether in pure form or alloyed.

The term SOE or SIE is defined in the glossary of this questionnaire (Appendix 1).

In relation to this program, provide the following information.

1. Did your business or any company/entity related to your business receive any benefit under the above program during the review period **1 July 2013 to 30 June 2014**?

**Answer:**

**Yueling and its related company [Confidential] under the program in PART I-4 during the review period.**

*[Aluminium purchase]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

2. Does your business purchase primary aluminium or aluminium alloy from SOE/SIEs?

**Answer:**

*[Confidential]*

*[Aluminium purchase]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

3. Provide a list, including a contact name and address, of all your suppliers of aluminium. Indicate whether the supplier is a SOE/SIE and whether they supply pure aluminium, aluminium alloy, or both.

**Answer:**

*[Confidential]*

*[Aluminium purchase]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

**Please see below table for a list of aluminium alloy ingots suppliers:**

SN	Supplier	Supplier Address	Is the supplier a state-owned enterprise (SOE) YES/NO?
1	[Confidential]	[Confidential]	[Confidential]
2	[Confidential]	[Confidential]	[Confidential]
3	[Confidential]	[Confidential]	[Confidential]
4	[Confidential]	[Confidential]	[Confidential]

*[Aluminium purchase]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

4. Provide a listing showing the purchase price of aluminium from each supplier during each month of the review period.

Prepare this information in the attached spreadsheet named "**Aluminium Purchases**" included as part of the *ARWS Exporter Questionnaire – CHINA – accompanying spreadsheet* provided alongside this questionnaire.

Please add more space for additional suppliers and aluminium categories as required.

**Answer:**

**Please refer to the Exhibit I-4 [Confidential] for the Aluminium Purchase spread sheet.**

*[Aluminium purchase]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

5. Did your business receive any reduction/reduced price for the purchase of these goods/services during the review period? If so, describe the eligibility criteria that your business had to meet in order to qualify for any reduction in the price paid for the goods/services.

**Answer:**

**Yueling [Confidential] in purchasing aluminium alloy ingots during the review period.**

*[Aluminium purchase]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

6. Provide copies of all contractual agreements that detail the obligations of the SOE/SIE and your business with reference to the granting and receipt of the assistance/benefits.

**Answer:**

**There are sale/purchase contracts between our Company and aluminium alloy suppliers, [Confidential].**

*[Aluminium purchase]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

7. Did your business import any raw material during the review period? If yes, please provide details of all such imports, including date, source, type, amount and price.

Explain the reason/s for your business' decision to purchase imported over domestic raw materials, including the key factors affecting the decision such as price, availability etc.

**Answer:**  
**[Confidential]**

*[Aluminium purchase]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*



8. Explain the factors that determine the price of aluminium or aluminium alloy.

**Answer:**

**Yueling believes that the cost of production as well as the demand and supply situation on the market determines the price of aluminium alloy.**

**PART I-5 ANY OTHER PROGRAMS**

If the GOC, any of its agencies or any other authorised body has provided any other benefit under any other assistance programs to your entity not previously addressed, identify the program(s).

This may have included:

- the provision of grants, awards or prizes;
- the provision of goods or services at a reduced price (e.g. electricity, gas, raw materials (including, for example, transport, etc ));
- the reduction of tax payable including income tax and VAT;
- reduction in land use fees;
- loans from Policy Banks at below-market interest rates; or
- any other form of assistance.

**Answer:**

**Please see Exhibit I-1.2 [Confidential] for other benefits Yueling received during review period. In addition to that, Yueling [Confidential]. Thus below questions are not applicable.**

*[Other programs]*

*This information is not susceptible to a meaningful non-confidential summary as it is commercially sensitive. Since disclosure of such information will harm the Company's interests, it was provided to the Service in confidence.*

For **each program** that you have identified above as conferring benefit on your entity, answer the following.

1. Indicate which goods you produced that benefited from the program (e.g. the program may have benefited all production or only certain products that have undergone research and development).
2. Describe the application and approval procedures for obtaining a benefit under the program.
3. Where applicable, provide copies of the application form or other documentation used to apply for the program, all attachments and all

## PUBLIC RECORD

26

contractual agreements entered into between your business and the GOC in relation to the program.

4. Outline the fees charged to, or expenses incurred by your business for purposes of receiving the program.
5. Outline the eligibility criteria your business had to meet in order to receive benefits under this program.
6. State whether your eligibility for the program was conditional on one or more of the following criteria:
  - a) whether or not your business exports or has increased its exports;
  - b) the use of domestic rather than imported inputs;
  - c) the industry to which your business belongs; or
  - d) the region in which your business is located.
7. If the benefit was provided in relation to a specific activity or project of your entity, please identify the activity and provide supporting documentation.
8. What records does your business keep regarding each of the benefits received under this program? Provide copies of any records kept in relation to the program.
9. Indicate where benefits under this program can be found in your accounting system (i.e., specify the ledgers or journals) and financial statements.
10. To your knowledge, does the program still operate or has it been terminated?
11. If the program has been terminated, please provide details (when, why).  
When is the last date that your business could apply for or claim benefits under the program? When is the last date that your business could receive benefits under the program?

If the program terminated has been substituted for by another program, identify the program and answer all the questions in Part I-1 in relation to this programme.