

WEIFU HIGH-TECHNOLOGY GROUP CO., LTD.

TEXT OF THIRD QUARTERLY REPORT 2019



Section I. Important Notes

Board of Directors and the Supervisory Committee of Weifu High-Technology Group Co., Ltd. (hereinafter referred to as the Company) and its directors, supervisors and senior executives hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

All directors of the Company are attended the Meeting for quarterly report deliberation.

Chen Xuejun, Principal of the Company; Ou Jianbin, Person in Charge of Accounting Work; Ou Jianbin, Person in Charge of Accounting Organization (Accounting Officer) hereby confirm that the Financial Report of the Third Quarterly Report is authentic, accurate and complete.

Section II. Basic information of Company

I. Main accounting data and index

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

Yes No

	Current period-end	Period-end of last year	Increase/decrease	
Total assets (RMB)	22,823,147,790.09	20,892,041,460.30	9.24%	
Net assets attributable to shareholders of listed company (RMB)	16,445,855,352.30	15,913,828,778.82	3.34%	
	Current period	Increase/decrease in comparison with same period of last year	Year-begin to end of the Period	Increase/decrease in comparison with year-begin to Period-end of last year
Operating revenue (RMB)	1,916,020,020.78	0.90%	6,319,464,366.83	-7.88%
Net profit attributable to shareholders of the listed company (RMB)	470,100,118.65	-7.89%	1,726,761,695.74	-16.00%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	426,217,054.93	-5.90%	1,540,311,879.67	-15.91%
Net cash flow arising from operating activities (RMB)	--	--	1,238,970,081.24	144.82%
Basic earnings per share (RMB/Share)	0.46	-9.80%	1.71	-16.18%
Diluted earnings per share (RMB/Share)	0.46	-9.80%	1.71	-16.18%
Weighted average ROE	2.93%	-0.48%	10.53%	-2.80%

Items and amount of extraordinary profit (gains)/losses

Applicable Not applicable

In RMB

Item	Amount from year-begin to end of the Period	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	4,701,459.14	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	52,478,894.42	

Gains/losses from entrusted investment or assets management	158,539,790.49	
Held transaction financial asset, gains/losses of changes of fair values from transaction financial liabilities, and investment gains from disposal of transaction financial asset, transaction financial liabilities and financial asset available for sales, exclude the effective hedging business relevant with normal operations of the Company	10,971,801.13	
Restoring of receivable impairment provision that tested individually	200,000.00	
Other non-operating income and expenditure except for the aforementioned items	1,492,181.99	
Less: impact on income tax	34,650,068.09	
Impact on minority shareholders' equity (post-tax)	7,284,243.01	
Total	186,449,816.07	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

Applicable Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*.

II. Statement of the total shareholders and shares-held of top ten shareholders at end of the Period

1. Common and preferred stockholders with voting rights recover and the top ten share-holding

In Share

Total common shareholders at the end of report period	63,734	Total preferred stockholders with voting rights recover at the end of report period (if applicable)	0			
Top ten shareholders						
Shareholders	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of restricted shares held	Number of share pledged/frozen	
					State of share	Amount
WUXI INDUSTRY DEVELOPMENT GROUP CO., LTD.	State-owned corporate	20.22%	204,059,398			
ROBERT BOSCH GMBH	Foreign corporate	14.16%	142,841,400			
Hong Kong Securities Clearing Company Ltd. (HKSCC)	Foreign corporate	4.60%	46,394,604			
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign corporate	1.84%	18,530,315			

Central Huijin Investment Ltd.	State-owned corporate	1.27%	12,811,200			
China Life Insurance - traditional - general insurance products - 005L-CT001 Shen	Other	1.21%	12,238,898			
China Life Insurance- Bonus -Individual bonus - -005L-FH002 Shen	Other	1.14%	11,476,551			
Agricultural Bank of China – CIC 500 ETF	Other	0.63%	6,371,675			
FIDELITY INVMT TRT FIDELITY INTL SMALL CAP FUND	Foreign corporate	0.61%	6,122,887			
New China Life Insurance Co., Ltd. - Traditional -Common Insurance Products - 018L-CT001 Shen	Other	0.56%	5,690,585			
Particular about top ten shareholders with un-restrict shares held						
Shareholders	Amount of un-restrict common shares held	Type of shares				
		Type	Amount			
WUXI INDUSTRY DEVELOPMENT GROUP CO., LTD.	204,059,398	RMB common shares	204,059,398			
ROBERT BOSCH GMBH	142,841,400	RMB common shares	115,260,600			
		Domestically listed foreign shares	27,580,800			
Hong Kong Securities Clearing Company Ltd. (HKSCC)	46,394,604	RMB common shares	46,394,604			
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	18,530,315	Domestically listed foreign shares	18,530,315			
Central Huijin Investment Ltd.	12,811,200	RMB common shares	12,811,200			
China Life Insurance - traditional - general insurance products - 005L-CT001 Shen	12,238,898	RMB common shares	12,238,898			
China Life Insurance- Bonus -Individual bonus - -005L-FH002 Shen	11,476,551	RMB common shares	11,476,551			
Agricultural Bank of China – CIC 500 ETF	6,371,675	RMB common shares	6,371,675			
FIDELITY INVMT TRT FIDELITY INTL SMALL CAP FUND	6,122,887	Domestically listed foreign shares	6,122,887			
New China Life Insurance Co., Ltd. - Traditional -Common Insurance Products - 018L-CT001 Shen	5,690,585	RMB common shares	5,690,585			
Explanation on related relationship or concerted action among the abovementioned shareholders	Among the top ten shareholders, there has no associated relationship between Wuxi Industry Development Group Co., Ltd. and other shareholders, the first largest shareholder of the Company; and they do not belong to the consistent actionist regulated by the Management Measure of					

	Information Disclosure on Change of Shareholding for Listed Company.
Explanation on top 10 shareholders involving margin business (if applicable) (see note 4)	Not applicable

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

Yes No

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

2. Total of shareholders with preferred stock held and the top ten shareholdings

Applicable Not applicable

Section III. Important events

I. Particular about major changes from items of main accounting statements and financial indexes as well as reasons

√Applicable □Not applicable

(I) Changes of items of balance sheet and cause analysis:

1. Notes receivable increased 382.2288 million Yuan at the end of the Period compared with the end of last year with 33.29% up, mainly because endorsement of note receivable declined in the period;
2. Advance payment increased 38.8763 million Yuan at the end of the Period compared with the end of last year with 41.07% up, mainly because advance payment for materials in the period;
3. Other account receivable decreased 29.0839 million Yuan at the end of the Period compared with the end of last year with 34.39% down, mainly because compensation for assets disposal are collected by Weifu Jinning in the period;
4. Other current assets decreased 4583.9966 million Yuan at the end of the Period compared with the end of last year, financial assets available for sale decreased 255.9752 million Yuan at the end of the Period compared with the end of last year, Other equity instrument investment increased 186.94 million Yuan at the end of the Period compared with the end of last year, other non current financial assets increased 768.80 million Yuan at the end of the Period compared with the end of last year, mainly due to the re-classification for new financial instrument standards implemented in the period;
5. Construction in progress increased 128.2331 million Yuan at the end of the Period compared with the end of last year with 77.06% up, mainly because the technical equipment increased;
6. Goodwill increased 53.8073 million Yuan at the end of the Period compared with the end of last year, mainly because in Denmark, wholly-owned subsidiary of the Company purchase 66% equity of Denmark IRD Fuel Cells A/S (hereinafter referred to as IRD), the acquisition cost greater than the book value of net assets on the date of acquisition;
7. Notes payable increased 973.2629 million Yuan at the end of the Period compared with the end of last year with 95.57% up, mainly because note payable issued to suppliers increased;
8. Accounts payable increased 617.7347 million Yuan at the end of the Period compared with the end of last year with 30.17% up, mainly because the account payable for purchasing increased in the period;
9. Other comprehensive income: according to relevant accounting standards under the new financial instrument are re-classified to “retained profit”.

(II) Changes of items of income statement and cause analysis:

1. Financial expenses decreased 36.7203 million Yuan over the same period of last year, mainly because the interest income increased;

(III) Changes of items of cash flow statement and cause analysis:

1. Net cash flow arising from operation activity increased 732.9 million Yuan over same period last year, mainly because expenses from purchasing declined and the interest income increased;
2. Net cash flow arising from investment activity increased 318.72 million Yuan over same period last year, mainly because received bonus income in the period and income from demolition and disposal;
3. Net cash flow arising from financing activity decreased 131.22 million Yuan over same period last year, mainly because bank loans are declined over same period last year.

II. Progress of significant events, their influences, and analysis and explanation of their solutions

Applicable Not applicable

Parts of the joint-stock enterprise's equity held by the Company freeze

1. On 6 March 2017, the Company received litigation documents mailed by Shenzhen Intermediate People's Court of Guangdong Province (hereinafter referred to as Shenzhen Intermediate People's Court). The documents were concerning about the dispute case that the plaintiff applicant China Cinda Asset Management Co., Ltd. Shenzhen Branch appealed the respondent Weifu High Technology and other seven respondents and the third party Shenzhen Hejun Venture Holding Co., Ltd. (hereinafter referred to as Hejun Company) damaged the interests of corporate creditors, two cases are included in total. After civil ruling as No.(2016)Y03MC2490 and No.(2016)Y03MC2492 from Shenzhen Intermediate People's Court, the assets under the name of above said eight defendants 217 million Yuan in total are being seal up, seized or freeze. Ended as the reporting period, the 4.71 million shares of Miracle Logistics and 11,739,102 shares of SDEC Stock held by the Company has been freeze. The first trial open dated 24 September 2017, and further courts will give until further notice.

2. The Company has applied to the Futian Court for compulsory liquidation of Hejun Company. Futian Court has made a civil ruling ((2017) Yue 0304 QS No. 5) which ruled to execute compulsory liquidation to Hejun Company. The Company will actively cooperate with the court to do the relevant liquidation work and safeguard the legitimate rights and interests of the Company.

Overview	Disclosure date	Query index for interim notice
Parts of the joint-stock enterprise's equity held by the Company freeze	2017-03-08	(Notice No. 2017-002) Published on Juchao Website (www.cninfo.com.cn)
	2017-12-06	(Notice No. 2017-023) Published on Juchao Website (www.cninfo.com.cn)

Progress of shares buy-back

Applicable Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

Applicable Not applicable

III. Commitments that the company, shareholders, actual controller, offeror, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

Applicable Not applicable

There are no commitments that the company, shareholders, actual controller, offeror, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period.

IV. Particular about security investment

Applicable Not applicable

In RMB

Variety of securities	Code of securities	Short form of securities	Initial investment cost	Accounting measurement model	Book value at the beginning of the period	Changes in fair value of the current profit and loss	Cumulative fair value changes in equity	Current purchase amount	Current sales amount	Profit and loss in the Reporting Period	Book value at the end of the period	Accounting subject	Source of stock
Domestic and foreign stocks	600841	SDEC	199,208,000.00	Measured by fair value	85,458,408.00	9,351,072.00				9,961,489.20	94,809,480.00	Tradable financial assets	Own funds
Domestic and foreign stocks	002009	Miracle Logistics	69,331,500.00	Measured by fair value	35,607,600.00	1,130,400.00				1,398,870.00	36,738,000.00	Tradable financial assets	Own funds
Total			268,539,500.00	--	121,066,008.00	10,481,472.00	0.00	0.00	0.00	11,360,359.20	131,547,480.00	--	--
Disclosure date of securities investment approval from the Board	2012-03-24												
	2013-06-04												

V. Trust financing

Applicable Not applicable

In 10 thousand Yuan

Type	Capital resources	Amount for entrust	Balance un-expired	Overdue amount
Bank financing product	Own funds	257,000	250,000	0
Brokerage financing products	Own funds	24,000	24,000	0
Trust financing products	Own funds	169,774	164,774	0

Other	Own funds	90,495	61,145	0
Total		541,269	499,919	0

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

√ Applicable □ Not applicable

In 10 thousand Yuan

Trustee institution name	Trustee type	Type	Amount	Source of funds	Start date	End date	Capital investment purpose	Criteria for fixing reward	Reference annual rate of return	Anticipated income (if applicable)	Actual gains/losses in period	Actual collected gains/losses in period	Amount of reserve for devaluation of withdrawing (if applicable)	Whether approved by legal procedure (Y/N)	Whether has entrusted finance plan in the future	Summary of the items and related query index (if applicable)
Bank	Bank	Non-guaranteed floating income	350,000	Own funds	2019-01-03	2020-03-30	Bank financial products	Reference annualized yield by agreement	3.7% -4.55%	6,106.19	7,114.23	Collected by agreement	0	Y	Y	April 23, 2019 (Announcement No.: 2019-010)
Brokerage	Brokerage	Non-guaranteed floating income	26,000	Own funds	2019-05-14	2020-05-13	Collective assets management plan	Reference annualized yield by agreement	4.3% -5.3%	635.05	147.69	Collected by agreement	0	Y	Y	
Trust	Trust	Non-guaranteed floating income	173,880	Own funds	2019-01-17	2021-08-21	Collective trust scheme	Reference annualized yield by agreement	4.5% -8.7%	14,345.23	4,616.05	Collected by agreement	0	Y	Y	
Others (funds, etc.)	Others (funds, etc.)	Non-guaranteed floating income	58,000	Own funds	2019-01-04	2020-10-31	Fund products with fixed	Reference annualized	5%-9.5%	3,612.3	4,617.74	Collected by agreement	0	Y	Y	

		g income					incom e	yield by agreement								
Total			607,880	--	--	--	--	--	--	24,698.77	16,495.71	--	0	--	--	--

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

Applicable Not applicable

VI. Particulars about derivatives investment

Applicable Not applicable

The Company had no derivatives investment in Period.

VII. Registration form of receiving research, communication and interview in the report period

Applicable Not applicable

Date	Method	Type of investors	Index for the interview and research
Form 1 Jan. to 30 Sept. 2019	Written inquiry	Other	The Company answered questions for investors online through the investor relations interactive platform(http://irm.p5w.net/dqhd/sichuan/)
Form 1 Jan. to 30 Sept. 2019	Telephone communication	Other	Getting the basic information of the Company and market conditions by telephone

VIII. External security against the rules

Applicable Not applicable

The Company has no external security against the rules in the Period

IX. Controlling shareholders' and its related party's non-business capital occupying of the listed company

Applicable Not applicable

There are no controlling shareholders' and its related party's non-business capital occupying of the listed company.

Board of Directors of
Weifu High-Technology Group Co., Ltd.
30 October 2019