

Stock Code: 000581, 200581

Notice No.: 2020-052

Short Form of the Stock: Weifu High-Tech, Su Weifu-B

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

## **TEXT OF THIRD QUARTERLY REPORT 2020**



### **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.**

**Wang Xiaodong, 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)	26,235,510,447.48	23,958,348,185.78	9.50%	
Net assets attributable to shareholders of listed company (RMB)	17,726,594,288.68	16,990,405,136.62	4.33%	
	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)	3,324,132,346.07	73.49%	9,918,535,970.63	56.95%
Net profit attributable to shareholders of the listed company (RMB)	903,901,365.25	92.28%	2,230,245,790.23	29.16%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	572,795,992.17	34.39%	1,748,370,721.03	13.51%
Net cash flow arising from operating activities (RMB)	624,717,046.92	13.87%	1,062,374,119.33	-14.25%
Basic earnings per share (RMB/Share)	0.92	100.00%	2.24	30.99%
Diluted earnings per share (RMB/Share)	0.92	100.00%	2.24	30.99%
Weighted average ROE	5.03%	2.10%	12.83%	2.30%

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)	-646,326.49	
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)	59,370,136.69	
Gains/losses from entrusted investment or assets management	189,562,603.87	
Held transaction financial asset, gains/losses of changes of fair values from	324,036,490.90	

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		
Other non-operating income and expenditure except for the aforementioned items	-3,016,138.64	
Less: impact on income tax	85,087,982.39	
Impact on minority shareholders' equity (post-tax)	2,343,714.74	
Total	481,875,069.20	--

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	48,956	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	7.34%	74,075,139			
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign corporate	1.74%	17,554,015			
Central Huijin Investment Ltd.	State-owned corporate	1.27%	12,811,200			

Monetary Authority of Macao - own fund	Foreign corporate	1.08%	10,930,351			
Basic Pension Insurance Fund-1003	Other	1.03%	10,366,495			
Haitong Securities Co., Ltd.	State-owned corporate	0.79%	8,017,145			
FIDELITY INVMT TRT FIDELITY INTL SMALL CAP FUND	Foreign corporate	0.77%	7,725,486			
NSSF - 413	Other	0.56%	5,700,000			
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)	74,075,139	RMB common shares	74,075,139			
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	17,554,015	Domestically listed foreign shares	17,554,015			
Central Huijin Investment Ltd.	12,811,200	RMB common shares	12,811,200			
Monetary Authority of Macao - own fund	10,930,351	RMB common shares	10,930,351			
Basic Pension Insurance Fund- 1003	10,366,495	RMB common shares	10,366,495			
Haitong Securities Co., Ltd.	8,017,145	RMB common shares	8,017,145			
FIDELITY INVMT TRT FIDELITY INTL SMALL CAP FUND	7,725,486	Domestically listed foreign shares	7,725,486			
NSSF - 413	5,700,000	RMB common shares	5,700,000			
Explanation on related relationship or concerted action among the above mentioned shareholders	Among the shareholders, there has no associated relationship between the first largest shareholder Wuxi Industry Development Group Co., Ltd. and other shareholder; 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. At the end of the reporting period, bills receivable decreased by 475,250,300 yuan compared with the end of the previous year, and accounts receivable financing increased by 932,376,200 yuan compared with the end of the previous year, mainly due to the implementation of new financial instruments-related accounting standards the reclassification and the decrease in endorsement of bills receivable during the reporting period;
2. At the end of the reporting period, accounts receivable increased by 1,166,723,400 yuan compared with the end of the previous year, and other current liabilities increased by 204,488,400 yuan compared with the end of the previous year, mainly due to the substantial increase in sales revenue and the implementation of new revenue-related accounting standards reclassification during the reporting period;
3. At the end of the reporting period, advance payments increased by 49,742,800 yuan compared with the end of the previous year, with an increase of 35.72%, mainly due to the advance payments for materials during the reporting period;
4. Other current assets at the end of the reporting period increased by 687,308,300 yuan compared with the end of the previous year, with an increase of 67.91% , mainly due to the increase in structured deposits;
5. Other non-current financial assets at the end of the reporting period increased by 485,753,300 yuan compared with the end of the previous year, with an increase of 46.55%, mainly due to the increase in the fair value of the company's shares of Guolian Securities after being listed;
6. Long-term deferred expenses at the end of the reporting period increased by 5,634,100 yuan compared with the end of the previous year, with an increase of 30.40%, mainly due to the increase in deferred expenses;
7. Deferred income tax assets at the end of the reporting period increased by 189,727,200 yuan compared with the end of the previous year, with an increase of 89.29%, mainly due to the increase in the quarterly prepaid corporate income tax;
8. At the end of the reporting period, advance accounts decreased by 113,854,600 yuan compared with the end of the previous year, and contract liabilities increased by 25,763,300 yuan compared with the end of the previous year, mainly due to the implementation of the reclassification of new revenue-related accounting standards and the invoicing and settlement of advances during the reporting period;
9. Taxes payable at the end of the reporting period increased by 162,118,300 yuan compared with the end of the previous year, with an increase of 125.15%, mainly due to the increase in the quarterly prepaid corporate income tax;

#### (ii) Changes of items of income statement and cause analysis:

1. Operating income during the reporting period increased by 3,599,071,600 yuan over the same period of last year, with an increase of 56.95%, mainly due to the increase in sales of the post-processing sector;
2. Operating costs during the reporting period increased by 3,183,384,300 yuan over the same period of last year, with an increase of 64.27%, mainly due to the increase in sales of the post-processing sector;
3. Sales expenses during the reporting period increased by 73,334,700 yuan over the same period of the previous year, with an increase of 44.01%, mainly due to the increase in sales volume;
4. Earnings from changes in fair value during the reporting period increased by 313,064,700 yuan over the same period of the previous year, mainly due to the increase in the fair value of the company's shares of Guolian Securities after being listed;
5. Asset impairment losses during the reporting period increased by 115,342,400 yuan compared with the same period of the previous year, mainly due to provision for inventory depreciation;
6. Non-operating expenditures during the reporting period increased by 3,550,100 yuan over the same period last year, mainly due to the company's donation of 3 million yuan to Wuxi Charity Federation for the prevention and control of the COVID-19 outbreak

## 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	March 08, 2017	(Notice No. 2017-002) Published on Juchao Website (www.cninfo.com.cn)
	December 06, 2017	(Notice No. 2017-023) Published on Juchao Website (www.cninfo.com.cn)

Progress of shares buy-back

Applicable  Not applicable

The company held the eleventh meeting of the ninth board of directors on February 13, 2020, which deliberated and approved the "Proposal on Repurchasing Part of the Company's A Shares by Centralized Bidding". On February 21, 2020, it disclosed the "Repurchase Report on Repurchasing Part of the Company's A Shares by Centralized Bidding Transactions" (Announcement No.: 2020-005) on China Securities Journal, Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn. On February 28, 2020, the company disclosed the "Announcement on the Initial Repurchase of the Company Shares" (Announcement No.: 2020-006), and it disclosed the "Announcement on the Progress of Repurchasing Part of A Shares" (Announcement Nos.: 2020-007, 2020-008, 2020-009, 2020-022, 2020-033, 2020-039, 2020-040, 2020-042 and 2020-043) on March 3, March 16, April 1, May 7, June 2, July 1, August 3, September 1 and October 12, 2020.

The 17<sup>th</sup> meeting of the ninth board of directors of the company held on October 12, 2020 deliberated and approved the "Proposal on Completing the Implementation of the Plan to Repurchase Part of the Company's A Shares by Centralized Bidding". As of the convening day of the 17<sup>th</sup> meeting of the ninth board of directors, the company repurchased 19,596,277 shares (A shares) by centralized bidding transactions through a special securities account for repurchase, accounting for 1.9422% of the company's total share capital, of which the highest transaction price was 22.89 yuan per share and the lowest transaction price was 17.95 yuan per share, and the total amount paid was 400,017,180.33 yuan (including transaction costs). The repurchase complies with the requirements of relevant laws and regulations and complies with the established repurchase plan. The company has completed the implementation of the share repurchase. There is no difference between the implementation of the company's share repurchase and the share repurchase plan approved by the board of directors. The company's share repurchase will not have a significant impact on the company's operations, financial status, debt performance capabilities and future development, will not lead to changes in the company's control rights, and will not affect the company's listing status. Some of the A shares that the company has repurchased are deposited in the company's special securities account for the repurchase of shares, and the shares do not have the voting right at the general meeting of shareholders, nor have profit distribution, reserved funds into equity, allotment, or pledge rights, etc. In future, the company will use to implement equity incentives. The company will perform its information disclosure obligations in a timely manner based on the subsequent progress, and investors are advised to pay attention to investment risks.

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. Financial asset investment

### 1. 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	SDE C	199,208,000.00	Measured by fair value	91,822,332.00	27,663,588.00				27,663,588.00	119,485,920.00	Tradable financial assets	Own funds
Domestic and foreign stocks	002009	Mira cle Logistics	69,331,500.00		36,031,500.00	4,945,500.00				4,945,500.00	40,977,000.00		
Domestic and foreign stocks	601456	Guo lian Securities	12,000,000.00		12,000,000.00	295,060,232.14				295,060,232.14	307,060,232.14		
Total			280,539,500.00	--	139,853,832.00	327,669,320.14	0.00	0.00	0.00	327,669,320.14	467,523,152.14	--	--
Disclosure date of securities investment approval from the Board			March 24, 2012										
			June 04, 2013										

**2. Particulars about derivatives investment**

Applicable  Not applicable

The Company had no derivatives investment in Period.

**V. Progress of investment projects with raised funds**

Applicable  Not applicable

**VI. Prediction of 2020 business performance**

Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

Applicable  Not applicable

**VII. Major contracts for daily operations**

Applicable  Not applicable

**VIII. 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	229,483	90,610	0
Brokerage financing products	Own funds	66,000	66,000	0
Trust financing products	Own funds	281,280	281,280	0
Other	Own funds	62,100	62,100	0
Total		638,863	499,990	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 withdrawal (if applicable)	Whether approved by legal procedure (Y/N)	Whether entrusted finance plan in the future	Summary of the items and related query index (if applicable)
Bank	Bank	Non-guaranteed floating income	132,083	Own funds	January 9, 2020	August 20, 2021	Bank financial products		3.6%-4.25%	3,217.87	5,225.99	Collected by agreement	0	Y	Y	Notice No.: 2020-015
Brokerage	Brokerage	Non-guaranteed floating income	73,000	Own funds	February 18, 2020	September 17, 2021	Collective assets management plan	Reference annualized yield	4.2%-6%	2,650.20	1,262.37	Collected by agreement	0	Y	Y	
Trust	Trust	Non-guaranteed floating income	164,400	Own funds	February 14, 2020	September 18, 2021	Collective trust scheme	by agreement	4.7%-8.4%	19,119.25	9,369.14	Collected by agreement	0	Y	Y	
Others (funds, etc.)	Others (funds, etc.)	Non-guaranteed floating income	52,100	Own funds	January 10, 2020	April 18, 2020	Private equity products		6%-8.7%	4,782.75	3,098.76	Collected by agreement	0	Y	Y	
Total			421,583	--	--	--	--	--	--	29,770.07	18,956.26	--	0	--	--	--

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

Applicable  Not applicable

## IX. Guarantee outside against the regulation

Applicable  Not applicable

The Company had no guarantee outside against the regulation in the reporting period.

## X. Non-operational fund occupation from controlling shareholders and its related party

Applicable  Not applicable

The Company had no non-operational fund occupation from controlling shareholders and its related party.

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

Applicable  Not applicable

Reception time	Reception location	Reception way	Reception object type	Reception object	The main content of the discussion and the information provided	Index of the basic situation of the survey
July 1, 2020-September 30, 2020	investor relations interactive platform ( <a href="http://irm.p5w.net/dqhd/sichuan/">http://irm.p5w.net/dqhd/sichuan/</a> )	Written inquiry	Other	Other	Basic information of the company and the views on the market	The Company answered 35 questions for investors online through the investor relations interactive platform( <a href="http://irm.p5w.net/dqhd/sichuan/">http://irm.p5w.net/dqhd/sichuan/</a> )
July 1, 2020-September 30, 2020	Telephone communication	Telephone communication	Other	Other	Basic information of the company and the views on the market	More than 50 calls to communicate with investors

Board of Directors of  
Weifu High-Technology Group Co., Ltd.  
26 October 2020