

Stock Code: 000581, 200581

Public Notice No: 2020-012

Short Form of the Stock: WFHT, Su Weifu-B

Weifu High-Technology Group Co., Ltd.

Summary of Annual Report 2019

I. Important Notice

The summary is abstract from full-text of annual report, for more details of operating results, financial condition and future development plan of the Company, investors should found in the full-text of annual report that published on media appointed by CSRC.

The directors, supervisors and senior officers declared that they guarantee the matters in the Report are truthful, accurate and completed without objection.

All directors are attend the Meeting of the Board for Report deliberation.

Prompt of non-standard audit opinion

Applicable Not applicable

Profit distribution plan of common stock or public reserve transfer into share capital deliberated by the Board in the reporting period

Applicable Not applicable

Transfer of public reserve into share capital

Yes No

The profit distribution plan that deliberated and approved by the Board is: based on total share capital of 1,008,950,570, distributed 11 Yuan (tax included) bonus in cash for every 10-share hold by all shareholders, 0 share bonus issued (tax included) and no public reserve transfer into share capital either.

Profit distribution plan of preferred stock deliberated and approved by the Board in the reporting period

Applicable Not applicable

II. Company information

1. Company Profile

Short form of the stock	WFHT, Su Weifu-B	Stock code	000581, 200581
Stock exchange for listing	Shenzhen Stock Exchange		
Person/Way to contact	Secretary of the Board	Rep. of security affairs	

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2.Main business or products introduction in the reporting period

(i) Main business of the Company

1. The Company belongs to automobile components industry, and its main products include diesel fuel injection system products, exhaust after-treatment system products and air management system products.

2. Main uses of the Company's products

(1) The diesel fuel injection system products are widely used in different power diesel engines supporting all types of trucks, passenger cars, buses, construction machinery, marine, and generator sets. The company not only makes products matching with the main engines used at home but also exports some products to the Americas, Southeast Asia, and the Middle East. The products meet the needs of national emission standards.

(2) The auto exhaust after-treatment system products: mainly support the major manufacturers of automobile, motorcycle and general machinery at home which meet the national emission standards.

(3) The Air management system products (supercharger): matches with most of the domestic small-bore diesel engine plants and some six-cylinder diesel engine manufacturers, and meet the needs of the light and heavy commercial vehicles and some passenger cars, and meets the national emission standards.

3. Business model of the Company

The Company follows the operating philosophy of making competitive products, creating famous brands, striving for first choices, and creating value for the users, implements the business model that parent company unifies the management and subsidiaries decentralize the production. Namely, the group company is responsible for making strategic development planning and operation targets, and making the unified management, instruction and assessment for the finance, significant personnel management, core raw materials, quality control, and technology of the subsidiaries. The subsidiaries arrange production based on the order management model of market, which makes the subsidiaries keep the consistent quality with the company, helps keep abreast of customer needs and saving logistics costs, maintain the timeliness of products production and supply, and improve the company's economic benefits.

During the reporting period, the Company's main business and business model have no significant changes.

(ii) Development stage and periodic characteristics of the industry the Company involves and the Company's

2020 is the ending year in which China achieves its first century-long goal, builds a well-off society in an all-round way and the "Thirteenth Five-Year Plan", and is also the benchmark year to start a new journey of transforming "from big to strong", and serves as a connecting link between the preceding and the following. Maintaining stable macroeconomic development in 2020 is of great significance, the macro economy will remain

stable under the escort of multiple policies, the fundamentals of China's healthy and stable economic development will not change, and economic growth will remain within a reasonable range. In the next five years, the macro economy will enter a critical period of transformation, reducing speed and improving quality will be the main theme. After more than ten years of rapid growth, the Chinese auto market has begun to enter a period of transformation and adjustment. The "new four modernizations" are reshaping the automotive industry pattern, with the rapid penetration of technological advance, big data and artificial intelligence into the industry, the new energy and intelligent connected vehicles have ushered in a wave of development, the automobile industry is more firmly developing towards intelligence, networking, and coordinated development of vehicles and roads. Therefore, we will unswervingly seek effective resources in line with the corporate vision and meet the challenges of the industry with sufficient confidence.

After more than 60 years of hard work, the company has become a backbone enterprise of core parts of domestic auto (power engineering), 80% products of the existing Automobile components core business are matched with the electronic control systems and electronically controlled. The company will actively respond to the national new energy and intelligent network strategy, take the Automobile components industry chain as the core and other related fields as supplements, lay out new energy auto drive technology, and promote the hydrogen fuel cell technology and intelligent network technology research and development capacity building. Market objectives: consolidate the existing business market position and take a position in the new business potential market. Technical objectives: strengthen the technical strength of the pillar business, lay out the new business frontier technology, and actively expand new areas based on the existing business. Strive to achieve the goal of becoming a leader in the auto core parts enterprises.

3. Main accounting data and financial indexes

(1) Main accounting data and financial indexes for recently three years

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

Yes No

In RMB

	2019	2018	Changes over last year	2017
Operating revenue	8,784,356,960.30	8,721,674,671.18	0.72%	9,017,280,159.80
Net profit attributable to shareholders of the listed company	2,268,026,432.78	2,396,077,415.21	-5.34%	2,571,339,490.04
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	1,947,408,959.68	2,014,800,714.20	-3.34%	2,322,218,596.99
Net cash flows arising from operating activities	1,048,670,053.23	874,381,526.63	19.93%	957,697,901.07
Basic earnings per share (RMB/Share)	2.25	2.37	-5.06%	2.55

Diluted earnings per share (RMB/Share)	2.25	2.37	-5.06%	2.55
Weighted average ROE	13.77%	15.48%	-1.71%	18.52%
	Year-end of 2019	Year-end of 2018	Changes over end of last year	Year-end of 2017
Total assets	23,958,348,185.78	20,892,041,460.30	14.68%	20,231,006,224.36
Net assets attributable to shareholder of listed company	16,990,405,136.62	15,913,828,778.82	6.77%	14,835,673,669.75

(2) Quarterly main financial index

In RMB

	Q 1	Q 2	Q 3	Q 4
Operating revenue	2,270,130,717.54	2,133,313,628.51	1,916,020,020.78	2,464,892,593.47
Net profit attributable to shareholders of the listed company	699,726,864.34	556,934,712.75	470,100,118.65	541,264,737.04
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	623,891,223.54	490,203,601.20	426,217,054.93	407,097,080.01
Net cash flows arising from operating activities	145,409,651.46	544,914,256.79	548,646,172.99	-190,300,028.01

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial index disclosed in the company's quarterly report and semi-annual report

Yes No

4. Shares and shareholders

(1) Particulars about common stock shareholders, preference shareholders with voting rights recovered and top ten shareholders

In Share

Total common stock shareholders in reporting period-end	56,658	Total common stock shareholders at end of last month before annual report disclosed	51,432	Total preference shareholders with voting rights recovered at end of reporting period	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed	0
Top ten shareholders							
Name of Shareholders	Nature of shareholder	Proportion of shares held	Amount of shares held	Number of lock-up stocks held	Number of shares 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				

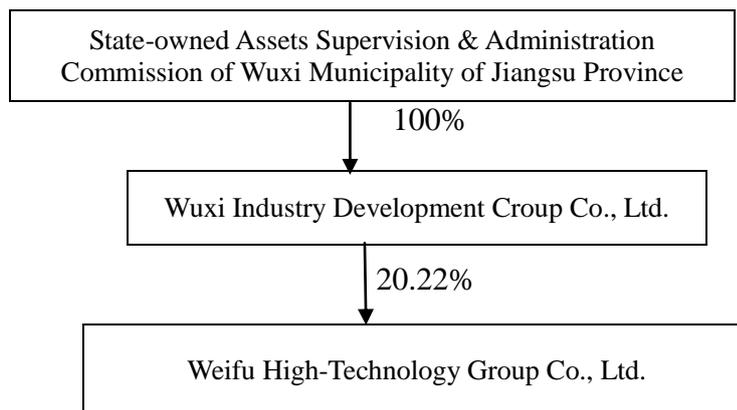
Hong Kong Securities Clearing Company	Foreign corporate	5.47%	55,230,663			
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign corporate	1.84%	18,530,315			
NSSF-107	Other	1.59%	15,998,673			
Central Huijin Assets Management Co., Ltd.	State-owned corporate	1.27%	12,811,200			
NSSF - 403	Other	0.67%	6,740,200			
FIDELITY INVMT TRT FIDELITY INTL SMALL CAP FUND	Foreign corporate	0.64%	6,411,002			
HKMA - own funds	Foreign corporate	0.62%	6,232,134			
Monetary Authority of Macao - own fund	Foreign corporate	0.61%	6,202,109			
Explanation on associated relationship among the aforesaid shareholders		Among the aforesaid 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 person acting in concert regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company.				

(2) Total preferred stock shareholders of the Company and shares held by top ten shareholders with preferred stock held

Applicable Not applicable

The Company had no shareholders with preferred stock held in the reporting.

(3) Property right and controlling relationships between the actual controllers of the Company and the Company is as follows:



5. Corporate bonds

Whether the Company has a corporation bonds that issuance publicly and listed on stock exchange and without due on the date when annual report approved for released or fail to cash in full on due

No

III. Discussion and Analysis of the Operation

1. Brief introduction of operation in the reporting period

(i) Overall situation

According to the data released by China Association of Automobile Manufacturers:: the production and sales volume of automobiles for year of 2019 in the country amounted to 25,721,000 and 25,769,000 respectively, with 7.5% and 8.2% down from a year earlier respectively; growth of production and sales continued last year's low running state, of which, the production and sales volume of passenger vehicles were 21,360,000 and 21,444,000 respectively, with 9.2% and 9.6% declined over same period of last year respectively, declining scope is greater than the total number of cars; production and sales volume of commercial vehicles were respectively amounted as 4,360,000 and 4,324,000, the production has 1.9% up from a year earlier while sales have 1.1% declined, production and sales for commercial vehicles is better than that of passenger vehicles.

Facing the complex and severe macro situation, the company's management team led all employees to turn external pressure into motivation based on various operating performance indicators formulated at the beginning of the year, gathered strength and responded calmly, collaborated and advanced bravely, laid emphasis on operation and management quality, controlled costs and expenditures, reduced capital occupation, accelerated capital turnover, focused on the layout of National VI products, well completed various goals and tasks throughout the year, and maintained the overall stability of the integrated economic operation. In reporting period, operating revenue achieved 8,784 million yuan with 0.72% up on a y-o-y basis; total net profit amounted to 2,450 million yuan with 5.83% down on a y-o-y basis; total assets of the Company was 23,958 million yuan with 14.68% up from a year earlier; and the owners interest attributable to parent company was 16,990 million yuan, a y-o-y growth of 6.77% achieved.

(ii) Main work carried out

1. Calmly responded to market fluctuations and ensured the stability of the three major system business products.

In 2019, affected by the economic downturn and the decline in consumer demand, the overall sales volume of the automobile market have declined. Facing the severe market situation, the company calmly responded to ensure the stability of its main business products. **Fuel injection system business:** the sales volume of common rail pumps reached 1.75 million units, and the main product CPN2 remained high; the sales volume of VE pumps continued to grow in the off-road market and continued to maintain market share of key customers. **Exhaust After-treatment system business:** seized market opportunities, ensured the market share of CNG purifiers, ensured the supply needs of key customers; steadily advanced the development and realized the mass production of the National VI project products in the heavy truck market, ensured the quality customer market of the self-owned brand passenger car market, and enhanced the integration capabilities of National VI system in the light truck market to further expand target customers in the off-road market. **Air management system business:** the sales volume of 4-cyl turbochargers were generally stable throughout the year, and the entire series won the National VI project and gradually ramped up production, at the same time, quickly deployed the VNT market. The

sales volume of 6-cyl turbochargers increased by 10% on a year-on-year basis, and achieved the simultaneous development of the National VI project. Meanwhile, the company's manufacturing capabilities for precision manufacturing and parts processing have been rapidly improved.

2. Made full use of information technology, improved the system management platform, and promoted the company's operation and management efficiency

Through information technology and means, supported the establishment and improvement of the company's management business platform. Established information security risk assessment mechanism to ensure the control of IT asset management software; completed the process management platform architecture design and system platform selection, continued to advance the promotion of intelligent manufacturing projects, built the overall framework of intelligent manufacturing, and information planning and roadmap, orderly launched the pilot project of intelligent manufacturing, and independently completed the common rail intelligent equipment line, the first phase of intelligent manufacturing project passed acceptance and was rated as the Jiangsu Industrial Internet Development Demonstration Enterprise. Strengthened the overall management of equipment and realized the progress tracking of the entire process of equipment investment; improved the construction of human resources information system platform, improved the company's salary management, career development and other systems, increased talent development, made special training for skills, technology, business, and management personnel, according to business development needs, optimized incentives, formulated special reward schemes for product projects and sales, and gave full play to the effectiveness of incentives; completed the launch of procurement sharing system, and initially realized the full-cycle management from procurement requirements, sourcing, supplier management to payment settlement process, and carried out standardization of direct material procurement management, got through to the information flow, logistics, and capital flow of suppliers, and realized information interconnection; promoted the construction and promotion of financial sharing platform information system, and achieved the stable operation of business and accounting.

3. Planned around strategic goals to promote investment cooperation in new business in an orderly manner

Based on the company's strategic planning and combined with the company's existing business, carried out deep-level research planning one by one, and focused on two major areas of new energy and intelligent network to lay out new business. On the one hand, the company strengthened and promoted a new round of strategic cooperation with its strategic investor Robert Bosch GmbH on the new business of hydrogen vehicles and coordinated the strategic development. On the other hand, the company controlled the Denmark IRD Fuel Cell Company through mergers and acquisitions, IRD Company had a world-class research and development team, mastered advanced manufacturing technologies for membrane electrode and bipolar plate core components, and had a stable market in Europe, North America and China, the controlling of IRD Company enabled the company to quickly enter the field of fuel cell core components and enhance its competitiveness in emerging markets.

2. Whether the main business had major change in the reporting period

Yes No

3. The industries, products, or regions accounting for over 10% of the company's operating income or

operating profit

√Applicable □Not applicable

In RMB

Products	Operating revenue	Operating profit	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating profit y-o-y	Increase/decrease of gross profit ratio y-o-y
Automobile fuel injection system	4,872,783,878.47	1,475,527,183.45	30.28%	-3.09%	0.43%	1.06%
Air management system	445,878,703.66	121,738,801.53	27.30%	1.26%	-1.54%	-0.78%
Automobile exhaust after-treatment system	3,036,081,382.54	434,667,272.02	14.32%	8.64%	29.39%	2.30%

4. Whether the characteristics of management seasonal or cyclical need special attention

□ Yes √ No

5. In the reporting period, note of major changes in operating revenue, operating cost, total net profit attributable to common stock shareholders of listed company or composing the previous reporting period

□ Applicable √ Not applicable

6. Particular about suspension and termination of listing

□ Applicable √ Not applicable

7. Relevant items involving financial report**(1) Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last year**

√ Applicable □ Not applicable

① Change of financial statement format

In accordance with the *Notice on Revised and Printing the Format of Financial Statements for General Enterprises in 2019* (Cai Kuai [2019] No.6), the *Notice on Revised and Printing the Consolidate Financial Statement Format (2019 version)* (Cai Kai [2019] No.16 from Ministry of Finance and requirement of accounting standards for business enterprise, the Company prepared the financial statement for year of 2019 and retroactive adjustment shall prevail for the change of such accounting policy.

Items and amount have major impact on financial statement of 2018:

On statement	Items	Book value present on former policy	Book value present on new policy	Number adjusted
		2018-12-31	2018-12-31	
Consolidate balance	Note receivable	--	1,148,107,603.68	1,148,107,603.68
	Account receivable	--	1,919,793,266.91	1,919,793,266.91

sheet	Note receivable and account receivable	3,067,900,870.59	--	-3,067,900,870.59
	Note payable	--	1,018,367,533.74	1,018,367,533.74
	Account payable	--	2,047,336,834.66	2,047,336,834.66
	Note payable and account payable	3,065,704,368.40	--	-3,065,704,368.40
Balance sheet of parent company	Note receivable	--	264,264,207.30	264,264,207.30
	Account receivable	--	742,246,990.99	742,246,990.99
	Note receivable and account receivable	1,006,511,198.29	--	-1,006,511,198.29
	Note payable	--	330,545,052.37	330,545,052.37
	Account payable	--	823,693,469.51	823,693,469.51
	Note payable and account payable	1,154,238,521.88	--	-1,154,238,521.88

②Implementation of New Financial Instrument Standards

The *Accounting Standards for Business Enterprise No.22- Recognition and measurement of financial instrument*, *Accounting Standards for Business Enterprise No.23- Transfer of financial assets*, *Accounting Standards for Business Enterprise No.24- Hedge accounting* and *Accounting Standards for Business Enterprise No.37- Presentation of financial instruments* (collectively name as New Financial Instrument Standards) revised by Ministry of Finance are implemented by the Company since 1 January 2019. No adjustment is required to information in comparable periods in accordance with the linkage between the relevant old and new standards. On initial implementation date, the difference between former and new standards shall retroactively adjusted on the retained earnings or other comprehensive income at beginning of the reporting period.

Main impact on the financial statement dated 1 Jan. 2019 while implementing the new financial instrument standard:

Consolidate financial statement:

In RMB

Item	2018-12-31	Re-classified	Re-measured	2019-1-1
Assets:				
Transaction financial asset		4,692,952,711.43	25,169,410.96	4,718,122,122.39
Other current assets	4,632,137,600.26	-4,571,886,703.43		60,250,896.83
Available-for-sale financial assets	255,975,176.91	-255,975,176.91		
Other equity instrument investment		87,088,272.91		87,088,272.91
Other non-current financial assets		47,820,896.00		47,820,896.00
Deferred income tax assets	234,697,139.58		-3,775,411.64	230,921,727.94
Note receivable	1,148,107,603.68	-49,984,087.50		1,098,123,516.18
Receivables financing		49,984,087.50		49,984,087.50
Liability:				

Short-term borrowings	298,928,213.94	420,478.58		299,348,692.52
Other account payable	64,448,723.52	-510,791.08		63,937,932.44
Non-current liabilities due within one year	15,000,000.00	21,770.83		15,021,770.83
Long-term borrowings	30,000,000.00	43,541.67		30,043,541.67
Long-term account payable	35,422,354.11	25,000.00		35,447,354.11
Owners' equity:				
Other comprehensive income	-19,809,442.95	19,809,442.95		
Retained profit	10,996,945,870.13	-19,809,442.95	21,393,999.32	10,998,530,426.50

Financial statement of parent company:

In RMB

Item	2018-12-31	Re-classified	Re-measured	2019-1-1
Assets:				
Transaction financial asset		4,692,952,711.43	25,169,410.96	4,718,122,122.39
Other current assets	4,576,688,553.49	-4,571,886,703.43		4,801,850.06
Available-for-sale financial assets	180,035,176.91	-180,035,176.91		
Other equity instrument investment		11,148,272.91		11,148,272.91
Other non-current financial assets		47,820,896.00		47,820,896.00
Deferred income tax assets	140,286,756.70		-3,775,411.64	136,511,345.06
Liability:				
Short-term borrowings	112,000,000.00	149,966.66		112,149,966.66
Other account payable	12,142,596.68	-149,966.66		11,992,630.02
Owners' equity:				
Other comprehensive income	-19,809,442.95	19,809,442.95		
Retained profit	9,340,610,451.36	-19,809,442.95	21,393,999.32	9,342,195,007.73

(2) Major accounting errors within reporting period that needs retrospective restatement

Applicable Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

(3) Compare with last year's financial report; explain changes in consolidation statement's scope

Applicable Not applicable

Changes of consolidate scope	Enterprise	Equity obtained method	Contribution ratio
Consolidate scope increased	Wuxi Weifu Electric Drive Technology Co., Ltd.	In September 2018, the company obtained 80.00% equity of Weifu Electric Drive by way of cash contribution. According to the <i>Articles of Association</i> of Weifu Electric Drive, the company could not control Weifu Electric Drive, and its investment was accounted for as a joint venture using the equity method. On May 5, 2019, the BOD of Weifu Electric Drive reviewed and approved the proposal to amend the <i>Articles of Association</i> of Weifu Electric Drive. After the revision of the <i>Articles of Association</i> of Weifu Electric Drive, the company was able to control Weifu Electric Drive, so the company incorporated it into the scope of consolidation on May 5, 2019.	80.00%
Consolidate scope increased	Weifu Holding ApS	Newly established in April 2019	100.00%

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

21 April 2020