

Weifu High-Technology Group Co., Ltd.

Text of First Quarterly Report 2018



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 should guarantee the reality, accuracy and completion of the quarterly report, there are no any fictitious statements, misleading statements or important omissions carried in this report, and shall take legal responsibilities, individual and/or joint.

All Directors are attended the Board Meeting for Quarterly Report deliberation

Chen Xuejun, Principal of the Company; Ou Jianbin, Person in Charge of Accounting Works and Person in Charge of Accounting Organ (Accounting Supervisor) hereby confirm that the Financial Report of the First Quarterly Report is authentic, accurate and complete.

Section II. Company Profile

I. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data

Yes No

	Current Period	Same period of last year	Changes of this period over same period of last year
Operating income (RMB)	2,391,982,640.39	2,457,239,285.84	-2.66%
Net profit attributable to shareholders of the listed company(RMB)	784,228,178.43	645,645,422.01	21.46%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	691,598,799.43	574,207,149.77	20.44%
Net cash flow arising from operating activities(RMB)	86,416,705.11	92,118,223.65	-6.19%
Basic earnings per share (RMB/Share)	0.78	0.64	21.88%
Diluted earnings per share (RMB/Share)	0.78	0.64	21.88%
Weighted average ROE	5.15%	4.88%	0.27%
	End of this period	End of last period	Changes of this period-end over same period-end of last year
Total assets (RMB)	21,228,886,756.91	20,231,006,224.36	4.93%
Net assets attributable to shareholder of listed company (RMB)	15,617,571,957.35	14,835,673,669.75	5.27%

Items of non-recurring gains and losses

Applicable Not applicable

In RMB

Item	Amount from year-begin to period-end	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	15,119.12	
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)	6,155,578.08	
Gain or loss on the investment or management of assets	103,007,978.73	
Other non-operating income and expenditure except for the aforementioned items	-164,974.41	
Less : impact on income tax	16,353,419.75	

Impact on minority shareholders' equity (post-tax)	30,902.77	
Total	92,629,379.00	--

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. Total number of shareholders at the end of this report period and top ten shareholders

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	63,190	Total preferred stockholders with voting rights recover at the end of report period (if applicable)	0			
Top ten shareholders						
Shareholder's name	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 CROUP CO., LTD.	State-owned legal person	20.22%	204,059,398			
ROBERT BOSCH GMBH	Foreign legal person	14.16%	142,841,400			
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign legal person	1.56%	15,722,854			
Central Huijin Assets Management Co., Ltd.	State-owned legal person	1.27%	12,811,200			
Ping An Property & Casualty Insurance Company of China, Ltd. – traditional- common insurance products	Other	1.09%	11,035,256			
HKSCC Nominees Limited	Foreign legal person	0.88%	8,906,444			
RBC EMERGING MARKETS EQUITY FUND	Foreign legal person	0.80%	8,038,335			
Huatai Securities Co., Ltd.	Domestic non state legal person	0.55%	5,499,906			
FIDELITY INVMT TRT FIDELITY INTL	Foreign legal person	0.53%	5,354,604			

SMALL CAP FUND					
FIDELITY FUNDS — ASIA FOCUS FUND	Foreign legal person	0.42%	4,263,134		
Top ten shareholders with unrestricted shares held					
Shareholder's name	Amount of unrestricted shares held	Type of shares			
		Type	Amount		
WUXI INDUSTRY DEVELOPMENT CROUP CO., LTD.	204,059,398	RMB common share	204,059,398		
ROBERT BOSCH GMBH	142,841,400	RMB common share	115,260,600		
		Domestically listed foreign share	27,580,800		
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	15,722,854	Domestically listed foreign share	15,722,854		
Central Huijin Assets Management Co., Ltd.	12,811,200	RMB common share	12,811,200		
Ping An Property & Casualty Insurance Company of China, Ltd. – traditional- common insurance products	11,035,256	RMB common share	11,035,256		
HKSCC Nominees Limited	8,906,444	RMB common share	8,906,444		
RBC EMERGING MARKETS EQUITY FUND	8,038,335	Domestically listed foreign share	8,038,335		
Huatai Securities Co., Ltd.	5,499,906	RMB common share	5,499,906		
FIDELITY INVMT TRT FIDELITY INTL SMALL CAP FUND	5,354,604	Domestically listed foreign share	5,354,604		
FIDELITY FUNDS — ASIA FOCUS FUND	4,263,134	Domestically listed foreign share	4,263,134		
Note of related relationship among the above shareholders and concerted actors	Among the top ten shareholders, the Company knew there has no associated relationship between Wuxi Industry Development Croup Co., Ltd., the first largest shareholder of the Company, and other shareholders; and they do not belong to the consistent actionist regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company.				
Explanation on top ten common stock shareholders involving securities margin trading (if applicable)	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 shareholders with preferred stock held at Period-end and shares held by top ten shareholders with preferred stock held

Applicable Not applicable

Section III. Significant Events

I. Particulars about material changes in items of main accounting statement and financial index and explanations of reasons

√ Applicable □ Not applicable

1. Monetary fund: decreased 1,507,565,900 Yuan over that of beginning of the year with 48.34% down, mainly due to more financial products are purchased in the period;
2. Other receivable: increased 8,492,800 Yuan over that of beginning of the year with 162.86% growth, mainly because pretty cash for business travel at period-end increased;
3. Other current assets: increased 1,500,232,500 Yuan over that of beginning of the year with 38.59% growth, mainly due to more financial products are purchased in the period;
4. Short-term loans: increased 79 million Yuan over that of beginning of the year with 32.51% growth, mainly because bank loans increased in the Period;
5. Investment income: increased 133,749,700 Yuan from a year earlier with 28.27% growth, mainly because profit from joint venture and affiliate enterprise increased in the period;
6. Net cash flow from investment activity: decreased 1,004,956,700 Yuan from a year earlier, mainly because entrust financial products are expired in the period and net cash out-flow from purchasing are declined on a y-o-y basis in the period;
7. Net cash flow from financing activity: increased 49,552,600 Yuan from a year earlier, mainly due to the increase of cash in-flow from bank loans in the period

II. Analysis and explanation of significant events and their influence and solutions

√ Applicable □ Not applicable

(i) Proposed application for listing in the national middle and small enterprises stock transfer system by the controlling subsidiary Weifu Tianli

On 25 October 2016, the 8th board of directors of the Company held the 9th meeting to consider and approve the proposal relating to proposed application for listing in the national middle and small enterprises stock transfer system by the controlling subsidiary Weifu Tianli Pressure Technology Co., Ltd. on 30 December 2016, Weifu Tianli was served with the notice of acceptance from the National Middle and Small Enterprise Stock Transfer System Company Limited (GP2016120120). The relevant announcements (No.: 2016-020, 2016-023 and 2017-001) were published on China Securities, Securities Times, Hong Kong Commercial Daily and Juchao Information Website (<http://www.cninfo.com.cn>). At the current stage, this matter is in the progress of consideration and approval.

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

1. On 6 March 2017, the Company received a legal documents mail from Shenzhen Intermediate people's Court in Guangdong Province (hereinafter referred to as Shenzhen Intermediate Court). Pursuit to the legal documents,

the plaintiff- China Cinda Asset Management Co., Ltd. Shenzhen Branch bring a suit against eight defendants (the Company included) and the third party-Shenzhen Hejun Venture Holding Co., Ltd. for damaged the interests of corporate creditors, totally two cases for suits. Shenzhen Intermediate Court accepted the case and issued the Civil Order of (2016) Yue 03 MC No.2490 and (2016) Yue 03 MC No. 2492, that is, the property under the name of eight defendants are being seal up, detain or freeze-up, totally amounted as 217 million Yuan. Ended as the reporting period, the 4.71 million shares of Miracle and 11,739,102 shares of SDEC held by the Company are being freeze-up. First trial are carried on 24 September 2017, and further session to be advised from the Court.

2. The company has applied to Futian People's Court of Shenzhen for compulsory liquidation with Hejun Company. A Civil Ruling Paper is carried by Futian People's Court of Shenzhen (2017) Yue 0304 QS No.5, that is: implemented compulsory liquidation on Hejun Company. The Company will fully engage with the Court for relevant liquidation works completed, guarantee legitimate interest of the Company.

(III) According to the resolution passed at the 15th meeting of the 8th session of the board of directors of the Company held on 26 March 2018, the Company proposes to invest the preference shares of batch E issued by Protean Holdings Corp. And the two parties will cooperate to establish a Sino-foreign joint venture.

(IV) On 13 April 2018, the 8th session of board of directors of the Company has deliberated and adopted the Proposal to Terminate Prospective Investment and Set Industry Merger Funds on the 16th session of meeting.

Overview	Disclosure date	Query index for interim notice
Proposed application for listing in the national middle and small enterprises stock transfer system by the controlling subsidiary Weifu Tianli	2016-10-27	(Notice No. 2016-023) Published on Juchao Website (www.cninfo.com.cn)
	2017-01-07	(Notice No. 2017-001) Published on Juchao Website (www.cninfo.com.cn)
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)
Notice of Investment Outside	2018-03-28	(Notice No. 2018-003) Published on Juchao Website (www.cninfo.com.cn)
Terminate Prospective Investment and Set Industry Merger Funds	2018-04-17	(Notice No. 2018-011) Published on Juchao Website (www.cninfo.com.cn)

III. Commitments non-performance over due in reporting period from committed parties as actual controller, shareholders, related party, acquirer and the Company

Applicable Not applicable

No the above mentioned commitment occurred in the period.

IV. Predict of the business performance from January to June 2018

Warnings and reasons of the predict that the cumulative net profit from the begin of the year to the end of next report period may be loss or have great changes comparing with the same period of last year

Applicable Not applicable

V. Securities Investment

√ Applicable □ Not applicable

Variety of securities	Code of securities	Short form of securities	Initial investment cost(RMB)	Amount of stock-holding at the beginning of the period (Share)	Proportion of stock-holding at the beginning of the period	Amount of stock-holding at the end of the period (Share)	Proportion of stock-holding at the end of the period	Book value at the end of the period (RMB)	Gains and loss in the reporting (RMB)	Accounting subject	Source of stock
Stock	600841	SDEC	199,208,000.00	15,300,000	1.77%	15,300,000	1.77%	189,720,000.00	2,754,000.00	Financial assets available for sales	Purchase
Stock	002009	Miracle Logistics	69,331,500.00	4,710,000	1.27%	4,710,000	1.27%	73,334,700.00	-6,075,900.00	Financial assets available for sales	Purchase
Total			268,539,500.00	20,010,000	--	20,010,000	--	263,054,700.00	-3,321,900.00	--	--
Disclosure date of securities investment approval by the Board			2012-03-24								
			2013-06-04								

VI. Derivative investment

□ Applicable √ Not applicable

No derivative investment in the Period.

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

√ Applicable □ Not applicable

Date	Method	Type of investors	Index for the interview and research
1 Jan. 2018 to 31 Mar. 2018	Written inquiries	Other	The Company answered 35 questions for investors online through the investor relations interactive platform(http://irm.p5w.net/dqhd/sichuan/)
1 Jan. 2018 to 31 Mar. 2018	Telephone communication	Other	Basic condition of the Company and views on market, communication with investors by telephone more than 50

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 Director of
Weifu High-Technology Group Co., Ltd
27 April 2018