

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

## **THE THIRD QUARTERLY REPORT 2013(Text)**



### **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 Jinbin, 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. Main accounting data and changes of shareholders

### I. Main accounting data and index

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

Yes No

|   | Current period-end | Period-end of last year   | Increase/decrease (%)           |  |
|---|--------------------|---|---------------------------------|--|
| Total assets(RMB)   | 12,794,726,345.80  | 11,055,973,932.34   | 15.73%                          |  |
| Net assets attributable to shareholders of listed company (RMB)   | 9,321,346,673.32   | 8,655,980,755.24  | 7.69%                           |  |
|   | 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)   | 1,351,928,410.89   | 29.81%  | 4,230,893,417.07                | 15.47%   |
| Net profit attributable to shareholders of the listed company (RMB)   | 270,275,167.36     | 66.13%  | 802,229,001.58                  | 31.74%   |
| Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB) | 259,688,583.05     | 75.87%  | 769,781,137.28                  | 30.12%   |
| Net cash flow arising from operating activities(RMB)  | --                 | --  | 544,425,265.95                  | -43.06%  |
| Basic earnings per share (RMB/Share)  | 0.26               | 62.5%   | 0.79                            | 27.42%   |
| Diluted earnings per share (RMB/Share)  | 0.26               | 62.5%   | 0.79                            | 27.42%   |
| Weighted average ROE (%)  | 2.94%              | 0.98%   | 8.89%                           | 0.81%  |

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)   | 3,305,153.27                                |      |
| 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) | 1,119,233.00                                |      |

|  |               |    |
|--|---------------|----|
| Gains/losses from entrusted investment or assets management                    | 35,116,639.83 |    |
| Other non-operating income and expenditure except for the aforementioned items | 759,062.64    |    |
| Less: impact on income tax   | 6,503,802.84  |    |
| Impact on minority shareholders' equity (post-tax)                             | 1,348,421.60  |    |
| Total  | 32,447,864.30 | -- |

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

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

In Share

| Total shareholders at period-end  | 36,522                |                               |                       |                                  |                                |        |
|---|-----------------------|-------------------------------|-----------------------|----------------------------------|--------------------------------|--------|
| Shares-held of 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%                           | 204,059,398           | 118,967,998                      |                                |        |
| ROBERT BOSCH GMBH   | Foreign corporate     | 14%                           | 142,841,400           | 115,260,600                      |                                |        |
| China Construction Bank—Fullgoal Tianbo Innovation Theme Stock Securities Investment Fund | Other                 | 2.23%                         | 22,800,000            |                                  |                                |        |
| BBH BOS S/A FIDELITY FD - CHINA FOCUS FD  | Foreign corporate     | 1.58%                         | 16,111,179            |                                  |                                |        |
| Bank of Communications – Fullgoal Tianyi Value Securities Investment Fund                 | Other                 | 1.32%                         | 13,445,322            |                                  |                                |        |
| New China Life Insurance Co., Ltd. – Dividend—Individual dividend -018L-FH002 Shen        | Other                 | 1.11%                         | 11,287,656            |                                  |                                |        |
| CCB—Yinhua Core Value Selected Securities Investment Fund                                 | Other                 | 1.08%                         | 11,026,311            |                                  |                                |        |
| ABC—Changsheng Tongde Theme Growth Stock Securities Investment Fund                       | Other                 | 1.08%                         | 11,000,969            |                                  |                                |        |

| China Merchants Bank Co., Ltd. –Fullgoal Tianhe Stable Selected Securities Investment Fund      | Other   | 0.99%                              | 10,145,640 |      |        |  |
|---|---|------------------------------------|------------|------|--------|--|
| Zhongrong International Trust Co., Ltd. – Huixin No.1 Securities Investment Sheet—trust capital | Other   | 0.88%                              | 9,010,368  |      |        |  |
| Particular about top ten shareholders with un-restrict shares held                              |   |                                    |            |      |        |  |
| Shareholders  | Amount of un-restrict shares held   | Type of shares                     |            | Type | Amount |  |
|   |   | Type                               | Amount     |      |        |  |
| WUXI INDUSTRY DEVELOPMENT GROUP CO., LTD.   | 85,091,400  | RMB common shares                  | 85,091,400 |      |        |  |
| ROBERT BOSCH GMBH   | 27,580,800  | Domestically listed foreign shares | 27,580,800 |      |        |  |
| China Construction Bank—Fullgoal Tianbo Innovation Theme Stock Securities Investment Fund       | 22,800,000  | RMB common shares                  | 22,800,000 |      |        |  |
| BBH BOS S/A FIDELITY FD - CHINA FOCUS FD  | 16,111,179  | Domestically listed foreign shares | 16,111,179 |      |        |  |
| Bank of Communications – Fullgoal Tianyi Value Securities Investment Fund                       | 13,445,322  | RMB common shares                  | 13,445,322 |      |        |  |
| New China Life Insurance Co., Ltd. – Dividend—Individual dividend -018L-FH002 Shen              | 11,287,656  | RMB common shares                  | 11,287,656 |      |        |  |
| CCB—Yinhua Core Value Selected Securities Investment Fund                                       | 11,026,311  | RMB common shares                  | 11,026,311 |      |        |  |
| ABC—Changsheng Tongde Theme Growth Stock Securities Investment Fund                             | 11,000,969  | RMB common shares                  | 11,000,969 |      |        |  |
| China Merchants Bank Co., Ltd. –Fullgoal Tianhe Stable Selected Securities Investment Fund      | 10,145,640  | RMB common shares                  | 10,145,640 |      |        |  |
| Zhongrong International Trust Co., Ltd. – Huixin No.1 Securities Investment Sheet—trust capital | 9,010,368   | RMB common shares                  | 9,010,368  |      |        |  |
| Explanation on related relationship or concerted action among the abovementioned shareholders   | <p>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.</p> <p>Fullgoal Tianbo Innovation Theme Stock Securities Investment Fund, Fullgoal Tianyi Value Security Investment Fund and Fullgoal Tianhe Stable Selected Securities Investment Fund shares the same fund manager –Fullgoal</p> |                                    |            |      |        |  |

|   |                           |
|---|---------------------------|
|   | Fund Management Co., Ltd. |
| Explanation on shareholders involving margin business (if applicable) | N/A                       |

Whether has an agreed-to-buyback dealing in reporting period

Yes No

## Section III. Important events

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

1. Note receivables: Increased RMB 279.8177 million over that of yera-begin at end of the Period with 31.14 percent up, mainly due to the gwoth of sales;
2. Account paid in advance: Increased RMB 124.2756 million over that of yera-begin at end of the Period with 86.60 percent up, mainly because the constuction equipment were paid in advance;
3. Other current assets: Increased RMB 304.8176 million over that of yera-begin at end of the Period with 60.95 percent up, mainly because more bank financial products purchased;
4. Financial assets avialbe for sale: Increased RMB 148.3634 million over that of yera-begin at end of the Period with 55.84 percent up, mainly because private placements of Miracle Logistics subscribed;
5. Investment held-to-maturity: Increased RMB 198 million over that of yera-begin at end of the Period with 30.51 percent up, mainly because more bank financial products purchased;
6. Short-term loans: Increased RMB 334 million over that of yera-begin at end of the Period mainly because bank borrowings increased;
7. Note payable: Increased RMB 229.1368 million over that of yera-begin at end of the Period with 82.37 percent up, mainly because the settlement busienss for note payable increased;
8. Taxes payable: Increased RMB 25.8003 million over that of yera-begin at end of the Period with 93.92 percent up, mainly because affected by the market, VAT and enterprise income tax paid at period-end increased;
9. Other current liabilities: Increased RMB 12.6015 million over that of yera-begin at end of the Period with 57.01 percent up, mainly because vary expenses payable increased;
10. Deferred income tax liability: Increased RMB 11.7715 million over that of yera-begin at end of the Period with 93.79 percent up, mainly due to the recognition of deferred income tax liability that according to the variation of fair value of financial assets avialbel for sale at end of the Period;
11. Share capital: Increased RMB 340.067 million over that of yera-begin at end of the Period mainly due to the implementation of profit distribution plan for yer aof 2012 (sending 5 bonus shares for every 10 shares, and RMB 3.00 in cash (tax included) distributed);
12. Fianncial expenses: Decreased RMB 13.4694 million over same period of last year at reporting Period, mainly because the interest income increased;
13. Investment income: Increased RMB 196.3921 million over same period of last year at reporting Period with 73.66 percent up, mainly because profit from stock joitly enterprise growth and the income from financial products increased;
14. Non-operating revenue: Increased RMB 3.4841 million over same period of last year at reporting Period with 67.88 percent up, mainly because income from disposal of fixed assets growth;
15. Non-operating expenditure: Increased RMB 2.8835 million over same period of last year at reporting Period

with 56.63 percent up, mainly because relevant taxes with revenue concerned and disposal losses for the fixed assets increased;

16. Net profit: Increased RMB 193.7561 million over same period of last year at reporting Period with 30.07 percent up, mainly because more earnings from investment obtained;

17. Net profit attributable to owners' of parent company: Increased RMB 193.2625 million over same period of last year at reporting Period with 31.74 percent up, mainly because more earnings from investment obtained;

18. Cash received related with other operation activities: Increased RMB 49.3692 million over same period of last year at reporting Period with 103.91 percent up, mainly because the interest income and various subsidies increased;

19. Net cash flow arising from operation activities: Decreased RMB 411.6726 million over same period of last year at reporting Period with 43.06 percent down, mainly due to the increase of account receivable and note receivable that resulted from the growth of sales;

20. Cash received from investment: Increased RMB 1196.6843 million over same period of last year at reporting Period, mainly because the investment financial products expired;

21. Net cash received from disposal of fixed assets, intangible assets and other long-term assets: Increased RMB 6.9453 million over same period of last year at reporting Period, mainly because more fixed assets disposed in the Period;

22. Cash paid for purchasing fixed assets, intangible assets and other long-term assets: Increased RMB 101.8468 million over same period of last year at reporting Period with 82.53 percent up, mainly because the construction equipment were paid;

23. Cash paid for investment: Increased RMB 606.1085 million over same period of last year at reporting Period with 51.77 percent up, mainly because more investment in bank financial products;

24. Net cash flow arising from investment activities: RMB 503.405 million expenditure decreased over same period of last year at reporting Period, mainly because at same period of last year, there were investment in private placement of SDEC and more investment in Bosch Diesel System;

25. Net cash flow arising from financing activities: Decreased RMB 2043.628 million over same period of last year at reporting Period with 95.37 percent down, mainly because there were private placement at same period of last year.

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

1. Progress of part of the projects with fund raised:

Construction project of Industry Park: officially started in April, and is now well under way.

Industrialization project of automotive post-processing system products: foundation-stone of the manufacturing base in new factory district

2. Progress of implementation of "Retreat from the urban area and shift to industry zones" in Period:

In line with the general city planning of Wuxi City, the proposal of implementation of "Retreat from the urban area and shift to industry zones" was deliberated and approved by 12<sup>th</sup> meeting of 6<sup>th</sup> session of the Board held on 9 August 2010. On 26 September 2013, the proposal of "State-owned land use right Purchase Agreement of Wuxi City" was deliberated and approved by 12<sup>th</sup> meeting of 7<sup>th</sup> session of the Board. The Company entered into the

“State-owned land use right Purchase Agreement of Wuxi City” with Land Reserved Center of Wuxi City, and the relocation compensation RMB 503.8116 million obtained by the Company.

| Overview  | Disclosure date | Query index for interim notice  |
|---|-----------------|---|
| Being approved by CSRC on 21 January 2012, the private placement of the Company was 112,858,000 shares at most, net amount of RMB 2.85 billion was raised for the followed projects: R&D of WAPS, industrialization, productivity expansion of diesel common rail system parts, industrialization of tail treatment system, research institution project, construction project in industrial zone, battery material of engines and R&D of battery, equity acquisition project and, liquid assets supplementation. | 2011-09-27      | The "Feasibility Analysis Report for the Raised Proceeds from Private Placement(Revised)" published on Juchao Website               |
|   | 2012-02-28      | The "Report on Private Placement and Announcement of Listing (Summary)" (Notice No.: 2012-12) published on Juchao Website           |
| Being deliberated and approved on 9 <sup>th</sup> meeting of 7 <sup>th</sup> session of the Board held on 26 March 2013 and annual shareholders' general meeting of 2012 held on 23 May 2013, the original investment plan of "Industrialization of tail treatment system" was changed.   | 2013-03-28      | The "Proposal of Changing the Investment Plan with Raised Proceeds" published on Juchao Website (Notice No.: 2013-007)              |
| Deposit of raised proceeds and utilization for first half year of 2013  | 2013-08-27      | The "Special Report of Deposit of Raised Proceeds and Utilization for first half year of 2013" published on Juchao Website          |
| "Retreat from the urban area and shift to industry zones"   | 2010-08-11      | The "Implementation of Retreat from the urban area and shift to industry zones "" (Notice No.: 2010-23) published on Juchao Website |
|   | 2013-09-28      | The "State-owned land use right Purchase Agreement of Wuxi City" (Notice No.: 2010-22) published on Juchao Website                  |

### III. Commitments made by the Company or shareholders holding above 5% shares of the Company in reporting period or made in previous period and extending to reporting period.

| Commitments         | Commitment party                          | Contents   | Dated for commitment | Commitment term | Implementation                                 |
|---------------------|---|--|----------------------|-----------------|--|
| Share Merger Reform | WUXI INDUSTRY DEVELOPMENT GROUP CO., LTD. | Non-circulating shares of Weifu Hi-tech held by Weifu Group could not listed or transferred within 60 months since possessing of listing right. After the expiry of the commitment period, original non-circulating shares would be listed for sale in Shenzhen Stock Exchange, the proportion of sales volume to total share equity of Weifu Hi-tech could not exceed 5% within 12 months as well as 10% within 24 months, and sales price ought not to less than RMB 10 per share (the lowest impairment | 2006-04-05           |                 | Implementing without holdings-reducing shares. |

|  |   |  |            |  |   |
|--|---|--|------------|--|---|
|  |   | price of shares holding would be calculated ex-right at the same time if share price ought to ex-right according to regulation).   |            |  |   |
|  | WUXI<br>INDUSTRY<br>DEVELOPMENT<br>GROUP CO.,<br>LTD.                             | In order to promote the listed company's steady and healthy development, fully mobilize senior executives so as to ensure to combine the interests of the governance and shareholders of the Company, Weifu Industry Group committed: after Weifu High-tech finishing Share Merger Reform, under related regulations of the state and Wuxi government in terms of governance encouragement system of listed company, the Group would the stock incentive plan for management level of Weifu High-tech. | 2006-04-05 |  | Implemented<br>after related<br>policy released |
| Commitments in report of acquisition or equity change            |   |  |            |  |   |
| Commitments in assets reorganization                             |   |  |            |  |   |
| Commitments in initial public offering or refinancing            | WUXI<br>INDUSTRY<br>DEVELOPMENT<br>GROUP CO.,<br>LTD. and<br>ROBERT<br>BOSCH GMBH | The privately offering of the Company totally issue 112,858,000 A-shares to substantial shareholder Wuxi Industry Group and foreign strategy investor ROBERT BOSCH GMBH. The above said shares are listed for trading in Shenzhen Stock Exchange since 29 February 2012 with 36-month restriction  |            |  | Implementing                                    |
| Other commitments to minority shareholders of the Company        |   |  |            |  |   |
| Completed on time or not   | Yes   |  |            |  |   |
| Detail reasons for un-complement and further plan(if applicable) | Not applicable  |  |            |  |   |

#### IV. Estimation of operation performance for year of 2013

Estimation of 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 of reason

Applicable Not applicable

#### V. Particular about security investment

| 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               | 23,680,000   | 2.72%  | 23,680,000   | 2.72%  | 303,104,000.00                            | 1,681,280.00                          | Financial assets available for sales | Subscription    |
| Stock  | 002009             | Miracle Logistics        | 69,331,500.00                |  |  | 9,300,000  | 2.9%   | 110,949,000.00                            |                                       | Financial assets available for sales | Subscription    |
| Other securities investment held at period-end   |                    |                          | 0.00                         |  | --   |  | --   |   |                                       | --                                   | --              |
| Total  |                    |                          | 268,539,500.00               | 23,680,000   | --   | 32,980,000   | --   | 414,053,000.00                            | 1,681,280.00                          | --                                   | --              |
| Disclosure date of securities investment approval from the Board                             |                    |                          | 2012-03-24                   |  |  |  |  |   |                                       |                                      |                 |
| Disclosure date of securities investment approval from Shareholders' Meeting (if applicable) |                    |                          | 2013-06-04                   |  |  |  |  |   |                                       |                                      |                 |

Explanation on equity of other listed company held

√Applicable      □Not applicable

In March 2012, the “Proposal of External Investment” was deliberated and approved in 23th meeting of 6th session of the Board, the Company subscribe 14,800,000 private placement of A-share from SDEC with RMB 13.46 per share, a 2.72 percent in total share capital of SDEC after placement. (restricted term from 23 March 2012 to 22 March 2013). SDEC implemented the plan of annual profit distribution and converting capital reserve into share capital for 2011 in June 2012. (Sending cash of RMB 0.5(tax included) per every 10 shares, converting 6 shares per every 10 shares, the Company holds 23,680,000 shares of SDEC after distribution completed. In the reporting, the company held SDEC 23.68 million shares. And in August 2013, SDEC carried out the profit distribution plan for year of 2012 (that is sending RMB 0.71 in cash for every 10 shares (tax included))

In May 2013, in line with the define authority in “Desicion-making System of Major Investment and Financial”, and being discussed by the management and approved from the Chairman, the Company decide to subscribe 9,300,000 private placement shares from Miracle Logistics with RMB 7.455 per share, a 2.9 percent in total share capital of Miracle Logistics after placement. Restricted terms from 4 June 2013 to 3 June 2014)

## VI. Particulars about derivatives investment

In ten thousand Yuan

| Operator   | Related relationship | Whether related trade or not | Type | Initial investment | Start date | End date | Investment amount at period-begin | Amount of reserve for devaluation of withdrawing (if applicable) | Investment amount at period-end | Ratio of investment amount at period-end in net assets of the Company at period-end (%) | Actual gains/losses in period |
|--|----------------------|------------------------------|------|--------------------|------------|----------|-----------------------------------|--|---------------------------------|---|-------------------------------|
| Total  |                      |                              |      | 0                  | --         | --       | 0                                 | 0  | 0                               | 0%  | 0                             |
| Capital resource   |                      |                              |      | Not applicable     |            |          |                                   |  |                                 |   |                               |
| Lawsuits (if applicable)   |                      |                              |      | Not applicable     |            |          |                                   |  |                                 |   |                               |
| Disclosure date of derivative investment approval from the Board (if applicable)                 |                      |                              |      |                    |            |          |                                   |  |                                 |   |                               |
| Disclosure date of derivative investment approval from the Shareholders' Meeting (if applicable) |                      |                              |      |                    |            |          |                                   |  |                                 |   |                               |

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

| Time                           | Place   | Way                     | Type        | Reception   | Contents discussed and material provided   |
|--------------------------------|---|-------------------------|-------------|---|--|
| From July to September of 2013 | Office of the Board   | Telephone communication | Individual  | Public investor   | Basic condition of the Company, implementation of Standard IV and views on market in 2013  |
| From July to September of 2013 | Network platform offered by Shenzhen Securities Information Co., Ltd. | Written inquiry         | Individual  | Public investor   | Answer investors on-line via interactive platform for investors<br>( <a href="http://irm.p5w.net/dqhd/sichuan/">http://irm.p5w.net/dqhd/sichuan/</a> ) |
| 2013-08-27                     | Office of the Board   | Telephone communication | Institution | Teleconference, institute investor, and 81 person on-line for the meeting at most                       | Performance communication of semi-annual report of the Company   |
| 2013-08-28                     | Office of the Board   | Field research          | Institution | Researcher of automobile industry from Huatai Securities Yao Hongguang, Ding Yunbo and other six person | Semi-annual report of the Company and communication with the Company for future development act.   |

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

24 October 2013