



# **Wafangdian Bearing Co., LTD**

2022 Midyear Report

2022-24

August 2022

## **Chapter I. Important notes, contents and definitions**

The board of directors, the Board of supervisors and the directors, supervisors and senior managers of the company shall guarantee that the contents of the semi-annual report are true, accurate and complete without any false records, misleading statements or major omissions, and shall bear individual and joint legal liabilities.

Liu Jun, the person in charge of the company, Sun Najuan, the person in charge of the accounting work, and Zhang Yajing, the person in charge of the accounting organization (the person in charge of the accounting) declare that they guarantee the truthfulness, accuracy and completeness of the financial report in the semi-annual report.

All directors have been present at the board meeting to consider this report.

This semi-annual report relates to future plans and other forward-looking statements, which do not constitute a material commitment of the Company to investors, investors should be aware of the investment risks.

The Company describes in detail the possible risks and countermeasures in the operation of the Company in "X. Risks Faced by the Company and Countermeasures" in "Management's Discussion and Analysis" in Section 3 of this report. Please pay attention to the relevant contents.

The company does not plan to distribute cash dividends, do not send bonus shares, do not increase capital stock with accumulation fund.

## **File directory for future reference**

- (1) The 2022 half-year financial statement of the Company containing the signature and seal of the legal representative, the person in charge of accounting and the person in charge of accounting;**
- (2) the semi-annual report containing the signature of the legal representative of the company;**
- (3) Originals of all documents of the company publicly disclosed in newspapers designated by the CSRC during the reporting period and manuscripts of announcements.**

## Glossary

Terms	Defined as	Description
Company,the Company	<b>Defined as</b>	Wafangdian Bearing Company Limited
Wazhou Group	<b>Defined as</b>	Wafangdian Bearing Group Company
the report period, the current period	<b>Defined as</b>	January 1,2022–June 30,2022
Liaozhou Co.,Ltd	<b>Defined as</b>	Wazhou Liaoyang Bearing Manufacture Co.,Ltd
Dalian motor	<b>Defined as</b>	Dalian motor Bearing Co.,Ltd
SRB company	<b>Defined as</b>	Wazhou spherial roller bearing company limited
The Board of Directors	<b>Defined as</b>	Wafangdian Bearing Company Limited The Board of Directors
The Supervisory Committee	<b>Defined as</b>	Wafangdian Bearing Company Limited The Supervisory Committee
The Shareholders' Meeting	<b>Defined as</b>	Wafangdian Bearing Company Limited The Shareholders' Meeting
SZSE	<b>Defined as</b>	Shen Zhen Stock Exchange
SRC	<b>Defined as</b>	China Securities Regulatory Commission

## Chapter II. Company Profile

### I. Company Information

Abbreviated name of the stock	Wazhou B	Stock code:	200706
Listing location of the Company's stock:	Shenzhen Stock Exchange		
Chinese name of the Company	瓦房店轴承股份有限公司		
Abbreviation of Chinese name	瓦轴股份公司		
English name of the Company	Wafangdian Bearing Company Limited		
Abbreviation of English name	WBC		
Legal representative of the Company	Liu Jun		

### II. Contacts

	Secretary of the Board	Representative of Stock Affairs
Name	Sun Najuan	Ke Xin
Correspondence address	No. 1 Beigongji Street, Wafangdian City, Liaoning Province, China.	No. 1 Beigongji Street, Wafangdian City, Liaoning Province, China.
Consulting telephone	0411-62198008	0411-62198236
Fax	0411-62198333	0411-62198333
E-mail	zwz2308@126.com	zwz2308@126.com

### III. Other information

#### 1. Company contact information

The company's registered address, office address and its postal code, the company's website address, E-mail box during the reporting period whether changes

Applicable  Inapplicable

The company's registered address, office address and its postal code, company's website address and E-mail address will not change during the reporting period. Please refer to the 2020 Annual Report for details.

#### 2. Information disclosure and storage location

Whether the location of information disclosure and storage changes during the reporting period

Applicable  Inapplicable

The name of the information disclosure newspaper selected by the company, and the website designated by China Securities Regulatory Commission to publish the semi-annual report. The reporting period of the preparation place of the semi-annual report of the company remains unchanged, for details, please refer to the 2021 annual report.

#### 3. Other relevant information

Whether other relevant information has changed during the reporting period

Applicable  Inapplicable

### IV. Main accounting data and financial indicators

Whether the company needs to retroactively adjust or restate the previous year's accounting data

Yes  No

	current period	previous period	+/-comparing with the previous period
Operating income (yuan)	1,085,817,104.92	1,081,064,853.66	0.44%
Net profit attributable to shareholders of the listed	-37,455,779.00	4,192,143.24	-993.48%

company (Yuan)			
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (Yuan)	-48,678,502.01	1,248,469.67	-3,999.05%
Net cash flow from operating activities (Yuan)	-13,585,174.40	31,402,343.49	-143.26%
Basic earnings per share (Yuan/share)	-0.0930	0.0104	-994.23%
Diluted earnings per share (Yuan/share)	-0.0930	0.0104	-994.23%
Weighted average return on equity	-6.35%	0.51%	-6.86%
	current period	previous period	+/-comparing with the previous period
Total assets (yuan)	3,336,775,865.03	3,220,126,105.01	3.62%
Net assets attributable to shareholders of the listed company (Yuan)	571,664,884.76	608,267,282.47	-6.02%

## V. Differences in accounting information under IAS and domestic accounting standard

1. At the same time, differences in net profit and net assets in financial reports disclosed in accordance with international accounting standards and Chinese accounting standards.

Applicable  Inapplicable

During the reporting period, there is no difference between the net profit and net assets in the financial reports disclosed in accordance with international accounting standards and Chinese accounting standards.

2. At the same time, the differences of net profit and net assets in financial reports disclosed in accordance with overseas accounting standards and Chinese accounting standards.

Applicable  Inapplicable

During the reporting period, there is no difference between the net profit and net assets in the financial reports disclosed in accordance with overseas accounting standards and Chinese accounting standards.

## VI. Non-recurring gain/loss items and amounts

Applicable  Inapplicable

In RMB Yuan

Items	Amount	Remarks
Non-current asset disposal gains and losses (including the write-off portion of the asset impairment provision)	1,922,817.50	
Government subsidies included in the current profits and losses (closely related to the business of the enterprise, except the government subsidies enjoyed in accordance with the national unified standard quota or quantitative)	4,020,036.02	
Debt restructuring gains and losses	3,823,030.26	
In addition to the normal business of the company effective hedging related business, tradable financial assets, derivative financial assets, tradable financial liabilities, changes in the fair value of the derivative financial liabilities to generate profits and losses, as well as the disposal of tradable financial assets, derivative financial	-27,735.33	

assets, tradable financial liabilities, derivative financial liabilities and other creditor's rights investment returns		
Non-operating income and expenses other than those mentioned above	3,478,203.63	
Less: income tax impact	1,993,629.07	
A combined	11,222,723.01	

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

Applicable  Not applicable

The company does not have other specific circumstances of profit and loss items that meet the definition of non-recurring profit and loss.

The non-recurring profit and loss items listed in Explanatory Announcement No. 1 -- Non-Recurring Profit and Loss of Companies with Publicly Issued Securities are defined as recurring profit and loss items

Applicable  Not applicable

The company does not define the non-recurring profit and loss items listed in Explanatory Announcement No. 1 -- Non-Recurring Profit and Loss as recurring profit and loss items.

## Chapter III Management Discussion and analysis

### I. Major business of the Company during the reporting period

During the reporting period, the company's main business is the production and sales of rolling mill bearings, rail transit bearings, metallurgical mine bearings, cement machinery bearings, transmission bearings, construction machinery bearings, precision machinery bearings.

Operating revenue in the first half of 2022 was 1.086 billion yuan, with a loss of 37.46 million yuan. The total assets of the company are about 3.337 billion yuan and the net assets are about 571 million yuan.

### II. core competitiveness analysis

As the largest bearing technology and product R&D and manufacturing base in China, the company has accumulated many years of practical experience in bearing and related fields, established a perfect bearing technology innovation system, and maintains close cooperation with domestic research institutes and universities. As the main drafter of several standards in the bearing industry, we grasp the latest technological trends in the development of the industry. In technology research and development, product manufacturing, marketing and user services have established significant advantages.

The company's personalized design and manufacturing process for customers can take into account the cost, delivery time and customer needs, and improve the ability to respond to the market and customer personalized needs.

The company has a complete product service system, with all-weather dynamic service capability for product operation site. And with the "ten value-added services" good image and by the majority of customers praise. The company has a strong production and manufacturing capacity and quality assurance ability, a wide range of services in railway, metallurgy, mining and other industries and fields.

At present, the company has established strategic cooperative relations with key customers in the field of equipment application in China. By engaging in customer value engineering and carrying out in-depth marketing, the company has firmly established its brand and influence in the domestic bearing market. In the international market, the company has successively obtained the certification qualification of the important target market, and the international visibility has been preliminarily established.

### III. Analysis of main business

An overview of the

Please refer to the relevant content of "I. Main Business Engaged in by the Company during the Reporting Period".

Major financial data year-on-year changes

In RMB Yuan

	the current reporting period	Same period last year	(+/- ) Compared with the same period last year	Cause of change
Operating income	1,085,817,104.92	1,081,064,853.66	0.44%	
Operating cost	915,897,528.27	843,286,589.10	8.61%	
Cost of sales	62,863,485.66	66,917,757.71	-6.06%	
Management fees	49,468,091.40	45,845,225.31	7.90%	
Finance charges	18,083,986.81	21,315,656.48	-15.16%	
R&d spending	84,475,472.06	98,277,786.26	-14.04%	
Net cash flow from operating	-13,585,174.40	31,402,343.49	-143.26%	

activities				
Net cash flow from investing activities	-733,295.01	1,123,037.70	-165.30%	
Net cash flow from financing activities	129,738,731.42	1,642,489.74	7,798.91%	
Net increase in cash and cash equivalents	116,285,166.75	33,151,074.54	250.77%	

Major changes occurred in the composition or source of profits during the reporting period

There was no significant change in the composition or source of profits during the reporting period.

Composition of operating revenue

In RMB Yuan

	the current reporting period		Same period last year		(+/- ) Compared with the same period last year
	Amount	Proportion of operating income	Amount	Proportion of operating income	
Total operating Revenue	1,085,817,104.92	100%	1,081,064,853.66	100%	0.44%
Industry-classified					
exit	82,629,445.62	7.61%	84,996,299.57	7.86%	-2.78%
Traffic bearing	222,735,286.82	20.51%	222,058,260.14	20.54%	0.30%
Special bearings	114,520,039.71	10.55%	174,002,173.00	16.10%	-34.18%
General bearing	537,584,763.94	49.51%	472,073,371.26	43.67%	13.88%
Industrial operation	22,221,619.62	2.05%	26,193,575.14	2.42%	-15.16%
Other business income	106,125,949.21	9.77%	101,741,174.55	9.41%	4.31%
Products-classified					
bearing	957,469,536.09	88.18%	953,130,103.97	88.17%	0.46%
Industrial operation	22,221,619.62	2.05%	26,193,575.14	2.42%	-15.16%
Other business income	106,125,949.21	9.77%	101,741,174.55	9.41%	4.31%
Region-classified					
domestic	1,003,187,659.30	92.39%	996,068,554.09	92.14%	0.71%
foreign	82,629,445.62	7.61%	84,996,299.57	7.86%	-2.78%

The industry, product or region that accounts for more than 10% of the company's operating revenue or profit

Applicable  Not applicable

In RMB Yuan

	Operating income	Operating cost	Gross profit margin	Operating income compared with the same period last year	Operating costs increased or decreased compared to the same period of the previous year	Gross profit margin increased or decreased compared to the same period of the previous year
Industry-classified						
exit	82,629,445.62	77,863,680.53	5.77%	-2.78%	-8.23%	5.60%
domestic	874,840,090.47	739,363,093.09	15.49%	0.77%	17.13%	-11.81%
Among them: traffic bearings	222,735,286.82	202,031,452.10	9.30%	0.30%	2.01%	-1.51%
Special bearings	114,520,039.71	107,847,527.85	5.83%	-34.18%	270.61%	-77.45%

General bearing	537,584,763.94	429,484,113.14	20.11%	13.88%	6.30%	5.70%
The bearing	128,347,568.83	98,670,754.65	23.12%	0.32%	-14.38%	13.21%
Points products						
bearing	957,469,536.09	817,226,773.62	14.65%	0.46%	14.13%	-10.23%
The bearing	128,347,568.83	98,670,754.65	23.12%	0.32%	-14.38%	13.21%
Points in						
domestic	1,003,187,659.30	838,033,847.74	16.46%	0.71%	12.27%	-8.60%
foreign	82,629,445.62	77,863,680.53	5.77%	-2.78%	-8.23%	5.60%

In case of any adjustment of the statistical caliber of the company's main business data during the reporting period, the company's main business data in the latest period shall be adjusted according to the caliber of the end of the reporting period

Applicable  Not applicable

The reason why the relevant data changed by more than 30% year on year is explained

Applicable  Not applicable

#### IV. Analysis of non-main business

Applicable  Not applicable

#### V. Analysis of assets and liabilities

##### 1. Major changes in asset composition

In RMB Yuan

	the current reporting period		Same period last year		The proportion of increase and decrease	Note on Major Changes
	Amount	Proportion of operating income	Amount	Proportion of operating income		
Monetary fund	312,257,531.66	9.36%	286,476,701.69	8.90%	0.46%	
Accounts receivable	1,019,437,569.27	30.55%	999,454,308.40	31.04%	-0.49%	
Contract assets	5,009,783.66	0.15%	3,763,781.55	0.12%	0.03%	
inventory	753,938,461.85	22.59%	710,611,964.20	22.07%	0.52%	
Investment real estate	66,886,234.97	2.00%	68,862,311.38	2.14%	-0.14%	
Fixed assets	404,004,529.89	12.11%	438,220,714.18	13.61%	-1.50%	
Projects under construction	54,169,088.82	1.62%	25,929,699.29	0.81%	0.81%	
Short-term borrowing	754,000,000.00	22.60%	677,000,000.00	21.02%	1.58%	
Contract liability	52,233,027.61	1.57%	38,426,632.29	1.19%	0.38%	

##### 2. Main overseas assets

Applicable  Inapplicable

##### 3. Assets and liabilities measured at fair value

Applicable  Inapplicable

In RMB Yuan

item	Opening balance	Changes in fair value for the current period	Changes in the accumulated fair value of an equity	Impairment of the current period	Current purchase amount	Current sale amount	Other changes	item
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Financial assets								
1. Trading financial assets (excluding derivative financial assets)	322,037.93	-27,735.33	-272,730.70					294,302.60
The above total	322,037.93	-27,735.33	-272,730.70					294,302.60
Financial liabilities	0.00	0.00						0.00

Other changes

Whether the measurement attributes of the company's main assets have changed significantly during the reporting period

Yes  No

#### 4. Limitation of asset rights at the end of the report period

None

## VI. Analysis of investment status

### 1. The general situation

Applicable  Inapplicable

### 2. Significant equity investment acquired during the reporting period

Applicable  Inapplicable

### 3. Significant ongoing non-equity investments during the reporting period

Applicable  Inapplicable

### 4. Investment in financial assets

#### (1) Securities investment

In RMB Yuan

Varieties of securities	Stock code	The securities referred to as"	Initial investment cost	Accounting measurement model	Opening book value	Change in fair value for the current period	Changes in the cumulative fair value of equity	Current purchase amount	Current sale amount	Reporting period profit and loss	Ending book value	Accounting subject	Source of funding
Domestic and foreign stocks	601005	Chongqing iron and steel	567,033.30	Fair value measurement	322,037.93	27,735.33	272,730.70			27,735.33	294,302.60	Transactional financial assets	debt-for-equity
Total			567,033.30	--	322,037.93	27,735.33	272,730.70	0.00	0.00	27,735.33	294,302.60	--	--

#### (2) Derivative investment

Applicable  Inapplicable

There were no derivatives investments during the reporting period.

### 5. Use of raised funds

Applicable  Not applicable

There is no use of raised funds during the reporting period.

## VII Sale of major assets and shares

### 1. Sale of major assets

Applicable  Inapplicable

No significant assets were sold during the reporting period.

## 2. Sale of major equity

Applicable  Inapplicable

## VII. Analysis of major holding companies

Applicable  Inapplicable

During the reporting period, the company has no important information about the holding and shareholding company that should be disclosed.

The main subsidiaries and the shareholding companies that have more than 10% impact on the company's net profit

In RMB Yuan

The name of the company	The company type	The main business	The registered capital	Total assets	Net worth	Operating income	Operating profit	Net profit
Wazhou liaoyang bearing manufacturing co., LTD		Production and sales of bearings and machinery manufacturing	19,350,000.00	241,859,476.59	64,971,087.95	72,345,879.45	-626,961.99	44,905.56
Dalian wazhou precision motor car bearing co., LTD		Production and sales of bearings	10,000,000.00	233,302,107.55	33,322,224.86	85,719,023.10	11,036,191.77	11,042,326.29
Wazhou precision spherical roller bearings (wafangdian) co., LTD		Production and sales of spherical roller bearings	194,000,000.00	392,199,701.27	178,163,092.00	128,565,969.17	9,268,236.36	9,268,023.82

Acquisition and disposal of subsidiaries during the reporting period

Applicable  Not applicable

Description of main holding companies

## IX. Structured subjects controlled by the company

Applicable  Inapplicable

## X. Risks faced by the Company and countermeasures

The current national economic development is facing unprecedented challenges. The company is faced with increasing uncertainties in market demand and market competitors. The market influence and product pricing of competitors are full of uncertainties, which brings great risks to the company's market and production and operation. The company's labor costs continue to rise; Prices of raw and auxiliary materials remain high; Corporate profit margins remain tough. The company must fully assess the difficulties, risks and uncertainties, and drive the high-quality growth of the business by developing middle and high-end products and achieving high-end breakthroughs. The implementation of differentiated management, not only focus on products, technology, market, but also focus on the core value of customers, improve the core competitiveness of enterprises; Adhere to quality first, enhance brand influence; Accelerate the pace of reform, stimulate new vitality of enterprises; Improve the cost performance of bearing products, make use of the different market positioning of international big brand companies, fully seize the larger market growth space, see that the tile shaft market has space, enterprises have resources, development policies, employees have the advantages of

dream, to achieve efficient and sustainable development.

The company will focus on the "grab the order to protect the market" to open up the market battle, go all out to develop the market, to achieve the sales target. Adhere to the "cash is king", strengthen credit control, to organize the return of funds, improve the capital turnover rate, reduce the occupation of funds. Focusing on "expanding capacity to achieve stable growth of production, improving quality, reducing cost and increasing efficiency", we will start the tough battle of production capacity, improve contract performance and order execution, accelerate upstream and downstream supply chain coordination and process optimization, and thereby digest all kinds of adverse factors within the company.

## Chapter IV Corporate governance

### I. The relevant annual general meeting and extraordinary general meeting held in the report period

i. Shareholders' General Meeting in the report period

Meeting session	Type	Investor participation ratio	Meeting Date	Disclosure Date	Disclosure index
2021 Annual shareholders' Meeting	Annual shareholders' Meeting		2022.05.18	2022.05.19	

ii. The shareholders of the preferred shareholders who have resumed the voting are required to convene an extraordinary general meeting

Applicable  Inapplicable

### II. Changes of directors, supervisors and senior managers of the company

Applicable  Inapplicable

Name	Position	Type	Date	Cause
Tang Yurong	director	Leave office at the end of a term	May 19, 2022	Leave office at the end of one's term
Liu Yuping	The independent director	Leave office at the end of a term	May 19, 2022	Leave office at the end of one's term
Li Xiumin	The supervisors	Leave office at the end of a term	May 19, 2022	Leave office at the end of one's term
Zhao Qingtao	director	elected	May 19, 2022	elected
Wen Bo	The independent director	elected	May 19, 2022	elected
Wang Lin	The supervisors	elected	May 19, 2022	elected

### III. Profit distribution and conversion of capital reserve into capital stock during the reporting period

Applicable  Inapplicable

The company plans not to distribute cash dividend, not to send bonus shares, not to increase the accumulation fund capital.

### IV. Implementation of the company's equity incentive plan, employee stock ownership plan or other employee incentive measures

Applicable  Inapplicable

The company has no equity incentive plan, employee stock ownership plan or other employee incentive measures and their implementation during the reporting period.

## Chapter V Environmental and social responsibility

### I. Major environmental issues

Whether listed companies and their subsidiaries belong to the environmental protection department announced the key pollutant discharge units

Yes  No

Administrative penalties imposed for environmental problems during the reporting period

Refer to other environmental information disclosed by key polluters

The company conscientiously implements the ISO14001 environmental management system standard, through the environmental system internal audit, supervision audit and external audit, make the environmental management system effective operation. We earnestly implemented the rules and regulations of environmental protection, actively cooperated with the superior departments to carry out environmental protection supervision and management, strengthened the self-inspection of environmental protection on the production site, strengthened the online monitoring of sewage discharge, sewage discharge sampling comparison test and effectiveness audit, and effectively controlled the discharge of pollutants. Strengthen waste recycling, standardized disposal of hazardous waste, promote the construction of enterprise resource circulation. According to the environmental emergency response plan prepared by the company,? Organized the fire emergency drill at the fire scene,? The feasibility of the emergency plan has been tested. Ensure that the emergency response team can work quickly, orderly and efficiently in accordance with the emergency response plan procedures.

Measures taken to reduce their carbon emissions during the reporting period and their effects

Applicable  Not applicable

Reasons for not disclosing other environmental information

There is no

### II. Social responsibility

As a large state-owned ENTERPRISE, the COMPANY's largest shareholder, Shaxuan Group, accepts the unified leadership of the government of Liaoning Province, Dalian City and Wafangdian City in poverty alleviation work, and the company accepts the leadership of Shaxuan Group in poverty alleviation work. Considering the characteristics of the enterprise and the actual situation of the "state-owned" enterprise, the poverty alleviation work of the company is completed in accordance with the unified deployment of the provincial Party Committee and the Municipal Party Committee, and the major shareholder, the Tile axis Group, is coordinated to complete the external work, so as to jointly establish the unified social responsibility image of the "tile axis people".

In recent years, it has dispatched village cadres to the surrounding areas of Dalian, with five cadres at the middle and grassroots level serving as the first secretary to support rural construction and assume social responsibilities, providing counterpart assistance to rural areas in terms of party affairs construction, rural revitalization, poverty alleviation and expansion of the collective economy.

In the fight against COVID-19, the first secretary of the village organized the two committees to set up a joint prevention and control working group to mobilize the epidemic prevention and control work. According to the work requirements of the superiors, the publicity of epidemic prevention and control was strengthened by hanging banners, Posting announcements and sending mass messages on wechat, and the prevention and control measures were improved.

Through written and wechat working groups, the registration and filing management of personnel should be standardized to effectively control the epidemic and play a better role.

## Chapter VI Significant Events

### **I. Commitments made by the company's actual controller, shareholders, related parties, purchasers and the company that have been completed during the reporting period and that have not been completed by the end of the reporting period**

Applicable  Inapplicable

During the reporting period of the company, there are no commitments made by the actual controller, shareholders, related parties, purchasers and the company that have been completed in the reporting period or have not been completed by the end of the reporting period.

### **II. Non-operational occupation of funds by controlling shareholders and other related parties of the listed company**

Applicable  Inapplicable

During the reporting period, there is no non-operational appropriation of funds by controlling shareholders and other related parties to the listed company.

### **III. Foreign guarantee in violation of regulations**

Applicable  Inapplicable

No violation of the company's external guarantee during the reporting period.

### **IV. Employment and dismissal of accounting firms**

Whether the semi-annual financial report has been audited

Yes  No

The company's semi-annual report is unaudited.

### **V. Explanations by the board of directors and the Board of Supervisors on the "non-standard audit Report" of the accounting firm during the reporting period**

Applicable  Inapplicable

### **VI. Explanations by the Board of directors on the "non-standard audit Report" of the previous year**

Applicable  Inapplicable

### **VII. Bankruptcy reorganization related matters**

Applicable  Inapplicable

No bankruptcy reorganization related matters occurred during the company's reporting period.

### **VIII. Litigation Matters**

Major litigation and arbitration matters

Applicable  Inapplicable

During the reporting period, the company has no major litigation or arbitration matters.

Other Litigation matters

Applicable  Inapplicable

**IX. Punishment and rectification** Applicable  Inapplicable

There is no punishment or rectification in the reporting period.

**X. The integrity status of the company and its controlling shareholders and actual controllers**  Applicable  Inapplicable**XI. Major related Party Transactions****1. Related party transactions related to daily operations** Applicable  Inapplicable

Related party	correlation	Types of Related Transactions	Content of Related Transactions	Principles of pricing related party transactions	Related transaction price	Related Transaction Amount (ten thousand yuan)	As a percentage of the value of similar transactions	Approved Transaction Amount (ten thousand yuan)	Whether it exceeds the approved limit	Settlement method of related party transactions	The market price available for similar transactions	Date of disclosure	Disclosure index
Wafangdian Bearing Group Co., Ltd. And its subsidiaries	Controlling shareholder and its subsidiaries	Purchase spare parts from related parties	Purchase of spare parts	A fair and just	The marketization	42,709	0.83%	110,800	no	Cash payment or cash settlement	none	April 26, 2022	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Wafangdian Bearing Group Co., Ltd. And its subsidiaries	Controlling shareholder and its subsidiaries	Purchase bearing products from related parties	Purchasing bearing Products	A fair and just	The marketization	3,055	0.06%	11,000	no	Cash payment or cash settlement	none	April 26, 2022	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Wafangdian Bearing Group Co., Ltd. And its subsidiaries	Controlling shareholder and its subsidiaries	Sell products to related parties	Selling products	A fair and just	The marketization	11,445	0.54%	34,820	no	Cash payment or cash settlement	none	April 26, 2022	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Wafangdian Bearing Group Co., Ltd. And its subsidiaries	Controlling shareholder and its subsidiaries	Sale of goods to related parties	Sales of goods	A fair and just	The marketization	5,543	26.00%	18,231	no	Cash payment or cash settlement	none	April 26, 2022	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

A combined	--	--	62,752	--	174,851	--	--	--	--	--
Details of return of large sales	There is no									
Where the total amount of daily connected transactions that will occur in the current period is estimated by category, actual performance during the reporting period (if any)	Do not apply									
Reasons for large difference between transaction price and market reference price (if applicable)	Do not apply									

## 2. Related party transactions arising from the acquisition or sale of assets or shares

Applicable  Inapplicable

During the reporting period of the company, no related transactions of asset or equity acquisition or sale occurred.

## 3. Related party transactions of joint foreign investment

Applicable  Inapplicable

During the reporting period, the company has no related party transaction of joint foreign investment.

## 4. Associated creditor's rights and debt transactions

Applicable  Inapplicable

Whether there is non-operating associated creditor's rights and debts

Yes  No

The company has no non-operating associated creditor's rights or debts during the reporting period.

### 5. Dealings with related financial companies

Applicable  Inapplicable

There is no deposit, loan, credit granting or other financial business between the company and the related finance company, or between the finance company holding the company and its related parties.

### 6. Transactions between financial companies controlled by the company and related parties

Applicable  Inapplicable

There is no deposit, loan, credit or other financial business between the finance company controlled by the company and the related parties.

### 7. Other significant related party transactions

Applicable  Inapplicable

The company has no other significant related transactions during the reporting period.

## XII. Major contracts and their performance

### 1. trusteeship, contracting, leasing matters

#### (1) Trusteeship

Applicable  Inapplicable

There is no trusteeship situation during the reporting period of the company.

#### (2) Contracting situation

Applicable  Inapplicable

There is no contract situation in the company's reporting period.

#### (3) Leasing situation

Applicable  Inapplicable

Lease information

All the leases of the Company are affiliated leases. For details, see Section 10 Financial Report 12 Related Parties and Affiliated Transactions 5 Related Transactions (3) Related Leases

Projects that bring profits and losses to the company to reach more than 10% of the total profit of the company during the reporting period

Applicable  Not applicable

During the reporting period, there is no leasing project whose profit or loss for the company reaches more than 10% of the total profit of the company.

#### 2. Material guarantee

Applicable  Not applicable

There is no major guarantee during the reporting period.

#### 3. Entrust financial management

Applicable  Not applicable

There is no entrusted financial management during the reporting period.

#### 4. Other major contracts

Applicable  Not applicable

There are no other major contracts in the reporting period.

## XII. Explanation of other major matters

Applicable  Not applicable

There are no other major matters that need to be explained during the reporting period.

**XIV. Major matters of the company's subsidiaries**

Applicable  Not applicable

## Chapter VII Change of Shares and Particulars about Shareholders

### I. Changes in shares

#### 1. Changes in shares

Unit:share

	Before this change		This change increases or decreases ( + , - )					After this change	
	number	proportion	Issuing new shares	Send shares	Reserve fund conversion	other	subtotal	number	proportion
I. Unlisted and circulating shares	244,000,000.0	60.61%						244,000,000.0	60.61%
1. Shares of the sponsors	244,000,000.0	60.61%						244,000,000.0	60.61%
Among them: the state holds shares	244,000,000.0	60.61%						244,000,000.0	60.61%
The domestic legal entity holds shares									
Overseas legal person holding shares									
other									
2. Offering corporate shares									
3, internal labor shares									
4. Preferred stock or other									
II. Listed and circulating shares	158,600,000.0	39.39%						158,600,000.0	39.39%
1. RMB ordinary shares									
2. Foreign capital stocks listed in China	158,600,000.0	39.39%						158,600,000.0	39.39%
3. Foreign capital stocks listed abroad									
4, other									
III. Total number of shares	402,600,000.0	100.00%						402,600,000.0	100.00%

Reasons for changes in shares

 Applicable  Inapplicable

Approval of changes in shares

 Applicable  Inapplicable

Changes in ownership of shares

 Applicable  Inapplicable

Implementation progress of share repurchase

 Applicable  Inapplicable

The implementation progress of share repurchase by means of collective bidding

 Applicable  Inapplicable

The impact of changes in shares on financial indicators such as basic earnings per share and diluted earnings per share and net assets per share attributable to common shareholders of the Company in the latest year and the latest period

 Applicable  Inapplicable

Other disclosures deemed necessary by the Company or required by securities regulatory authorities

Applicable  Inapplicable

## 2. Changes in restricted shares

Applicable  Inapplicable

## II. Securities issuance and listing

Applicable  Inapplicable

## III. The number of shareholders and stock holding of the company

Unit:share

Total number of common shareholders at the end of reporting period		5,533		Total number of preferred shareholders with voting rights restored at the reporting End (if any) (see Note 8)		0		
Shares held by common shareholders holding more than 5% or the top 10 common shareholders								
Shareholder's name	Nature of the shareholders	stake	Number of common shares held at the end of the reporting period	Changes in the reporting period	Number of unlisted and tradable ordinary shares held	Number of listed and tradable ordinary shares held	The condition of a pledge, mark, or freeze	
							Shares in state	The number of
Wafangdian Bearing Group Co., Ltd.	State-owned legal person	60.61%	244,000,000.00		244,000,000.00			
AKTIEBOLAGET SKF	Foreign legal person	19.70%	79,300,000			79,300,000		
China Merchants Securities Hong Kong Limited	State-owned legal person	1.99%	8,010,391			8,010,391		
Huang Junyue	Domestic natural person	1.77%	7,132,068			7,132,068		
Hu Xiaofeng	Domestic natural person	0.47%	1,879,277			1,879,277		
BOCI SECURITIES LIMITED	Foreign legal person	0.33%	1,310,000			1,310,000		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.26%	1,039,511			1,039,511		
Meng Qingliang	Domestic natural person	0.24%	961,748			961,748		
Jin Yunhua	Domestic natural person	0.18%	728,000			728,000		
MAN,KWAI WING 文贵荣	Foreign natural person	0.18%	713,101			713,101		
Situations in which strategic investors or general legal persons are among the top 10 common shareholders due to the placement of new shares (if any) (see Note 3)	There is no							
A statement of such shareholder association or concerted action	Among the top ten shareholders of the company, there is no related relationship or concerted action between the largest shareholder and other shareholders, and the top ten shareholders of tradable shares. The related relationship and concerted action between other shareholders, the top ten shareholders of tradable shares and the top ten shareholders of tradable shares and other shareholders is unknown.							
The above shareholders involved in the trustee/trustee voting rights, waiver of	There is no							

voting rights of the explanation			
Special description of the existence of a repurchase account among the top 10 shareholders (if any) (see Note 11)	There is no		
The shareholding of the top 10 outstanding common shareholders			
Shareholder's name	Number of listed and circulating common shares held at the end of the report	Stake species	
		Stake species	The number of
AKTIEBOLAGET SKF	79,300,000	B	79,300,000
China Merchants Securities Hong Kong Limited	8,010,391	B	8,010,391
Huang Junyue	7,132,068	B	7,132,068
Hu Xiaofeng	1,879,277	B	1,879,277
BOCI SECURITIES LIMITED	1,310,000	B	1,310,000
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	1,039,511	B	1,039,511
Meng Qingliang	961,748	B	961,748
Jin Yunhua	728,000	B	728,000
MAN,KWAI WING 文贵荣	713,101	B	713,101
Jiang Guangsen	687,900	B	687,900
A description of the association or concerted action between the top 10 Unlimited-Sale common shareholders and the top 10 Unlimited-Sale Common Shareholders and the top 10 Common Shareholders	Among the top ten shareholders of the company, there is no related relationship or concerted action between the largest shareholder and other shareholders, and the top ten shareholders of tradable shares. The related relationship and concerted action between other shareholders, the top ten shareholders of tradable shares and the top ten shareholders of tradable shares and other shareholders is unknown.		
Description of Top 10 Common Shareholders Participating in Margin Trading (if any) (see Note 4)	There is no		

Whether the company's top 10 common Stockholders and the top 10 common Stockholders with unlimited conditions of sale will make an agreed repurchase transaction during the reporting period

Yes  No

The company's top 10 common Stockholders and the top 10 common Stockholders with unlimited conditions of sale did not make an agreed repurchase transaction during the reporting period.

## IV.Changes in shareholding of directors, supervisors and senior management

### personnel

Applicable  Inapplicable

The shareholding status of directors, supervisors and senior managers of the company has not changed during the reporting period. Please refer to the 2020 annual Report for details.

## V.Change of controlling shareholder or actual controller

Change of controlling shareholder during reporting period

Applicable  Inapplicable

The controlling shareholder of the company has not changed during the reporting period.

Actual controller changes during the reporting period

Applicable  Inapplicable

The actual controller of the company has not changed during the reporting period.

## **Chapter VIII Relevant Information about preferred Shares**

Applicable  Inapplicable

No preferred stock existed at the reporting period.

## **Chapter IX Related Situation of bonds**

Applicable  Inapplicable

## Chapter X Financial Reports

### I. Audit report

Whether the semiannual report is audited

Yes  No

The company's semi-annual financial report is unaudited.

### II. Financial statements

The unit of the statement in the financial notes is  **yuan**

#### 1. Consolidated balance sheet

Establishment unit: Wafangdian Bearing Co., LTD

In RMB Yuan

Item	2022.6.30	2022.1.1
Current Assets:		
Monetary fund	312,257,531.66	286,476,701.69
Provision for settlement		
Lending money,		
Trading financial assets	294,302.60	322,037.93
Derivative financial assets		
Notes receivable	498,970,181.34	507,971,133.69
Accounts receivable	1,019,437,569.27	999,454,308.40
Financing of receivables	69,565,892.99	28,115,340.20
prepayments	50,635,799.76	46,305,700.50
Premiums receivable		
Reinsurance accounts receivable		
Reserves for reinsurance contracts receivable		
Other Accounts Receivable	13,876,214.45	9,531,860.12
Among them: interest receivable		
Dividends receivable		
Buy financial assets for resale		
inventory	753,938,461.85	710,611,964.20
Contract assets	5,009,783.66	3,763,781.55
Holding assets for sale		
Non-current assets due within one year		
Other current assets	659,545.15	5,627,951.08
Total current assets	2,724,645,282.73	2,598,180,779.36
Non-current assets:		
Make loans and advances		
Creditor's rights investment		
Other creditor's rights investment		

Long term receivables		
Long-term equity investment		
Investment in other equity instruments	11,926,856.64	11,926,856.64
Other non-current financial assets		
Investment real estate	66,886,234.97	68,862,311.38
Fixed assets	404,004,529.89	438,220,714.18
Projects under construction	54,169,088.82	25,929,699.29
Productive biological asset		
Oil and gas assets		
Assets for use		
Intangible assets	75,002,618.92	76,812,955.92
The development of spending		
goodwill		
Long-term deferred expenses	141,253.06	192,788.24
Deferred tax assets		
Other non-current assets		
Total non-current assets	612,130,582.30	621,945,325.65
Total assets	3,336,775,865.03	3,220,126,105.01
Current liabilities:		
Short-term borrowing	754,000,000.00	677,000,000.00
Borrow from the central bank		
Funds borrowed from		
Trading financial liabilities		
Derivative financial liability		
Notes payable	303,601,000.00	306,258,189.60
Accounts payable	1,331,925,238.68	1,248,850,328.84
Advance payment		
Contract liability	52,233,027.61	38,426,632.29
Sell to repurchase financial assets		
Absorb deposits and interbank deposits		
Agent buying and selling securities		
Acting underwriting securities		
Staff remuneration payable	18,675,886.44	54,396,857.78
Payable taxes	15,392,839.04	11,585,889.46
Other payables	187,014,893.16	173,782,184.85
Among them: interest payable		
Dividends payable		
Charges and commissions payable		
Reinsurance accounts payable		
Holding liabilities for sale		
Non-current liabilities due within one year		
Other current liabilities	6,672,010.89	4,995,462.19

Total current liabilities	2,669,514,895.82	2,515,295,545.01
Non-current Liabilities:		
Insurance contract reserve		
Long-term borrowing		
Bonds payable		
Among them: Preferred stock		
Sustainable debt		
Lease liability		
Long term payables	344,974.84	344,974.84
Long-term employee compensation payable		
Estimated debts	42,813,438.74	41,401,450.14
Deferred revenue	51,754,434.42	54,133,616.10
Deferred tax liability	683,236.45	683,236.45
Other non-current liabilities		
Total non-current liabilities	95,596,084.45	96,563,277.53
Total liabilities	2,765,110,980.27	2,611,858,822.54
Owner's equity:		
equity	402,600,000.00	402,600,000.00
Other equity instruments		
Among them: Preferred stock		
Sustainable debt		
Capital reserves	485,691,050.47	485,691,050.47
Minus: Treasury stock		
Other comprehensive income		
The special reserve	853,381.29	
Surplus reserves	136,770,391.01	136,770,391.01
General risk provision		
Undistributed profit	-454,249,938.01	-416,794,159.01
Total owner's equity attributable to parent company	571,664,884.76	608,267,282.47
Minority shareholders' equity		
Total owners' equity	571,664,884.76	608,267,282.47
Total liabilities and equity	3,336,775,865.03	3,220,126,105.01

Chairman: Liu Jun

General Accountant : Sun Najuan

Accounting charger: Zhang Yajing

## 2. Balance sheet of parent company

In RMB Yuan

Item	2022.6.30	2022.1.1
Current Assets:		
Monetary fund	295,991,790.09	266,391,019.57
Trading financial assets	294,302.60	322,037.93
Derivative financial assets		
Notes receivable	366,209,143.29	384,127,628.21
Accounts receivable	990,331,836.04	989,131,349.43
Financing of receivables	64,605,176.77	25,846,597.90
prepayments	39,096,344.70	45,293,827.24
Other Accounts Receivable	312,549,340.46	216,805,848.85

Among them: interest receivable		
Dividends receivable	11,843,105.36	11,843,105.36
inventory	428,114,523.79	432,948,513.08
Contract assets	5,009,783.66	3,763,781.55
Holding assets for sale		
Non-current assets due within one year		
Other current assets	604,446.80	5,578,651.12
Total current assets	2,502,806,688.20	2,370,209,254.88
Non-current assets:		
Creditor's rights investment		
Other creditor's rights investment		
Long term receivables		
Long-term equity investment	224,923,897.67	221,583,897.67
Investment in other equity instruments	11,926,856.64	11,926,856.64
Other non-current financial assets		
Investment real estate	60,953,166.15	62,467,475.43
Fixed assets	254,664,774.52	281,860,555.75
Projects under construction	40,018,616.78	16,015,536.23
Productive biological asset		
Oil and gas assets		
Assets for use		
Intangible assets	59,522,088.69	60,997,429.59
The development of spending		
goodwill		
Long-term deferred expenses	141,253.06	169,515.71
Deferred tax assets		
Other non-current assets		
Total non-current assets	652,150,653.51	655,021,267.02
Total assets	3,154,957,341.71	3,025,230,521.90
Current liabilities:		
Short-term borrowing	754,000,000.00	677,000,000.00
Trading financial liabilities		
Derivative financial liability		
Notes payable	303,601,000.00	306,258,189.60
Accounts payable	1,072,759,189.46	998,237,900.39
Advance payment		
Contract liability	51,692,970.91	38,079,613.90
Staff remuneration payable	12,664,457.92	44,664,395.47
Payable taxes	8,477,330.03	6,197,641.73
Other payables	166,962,768.33	154,405,674.18
Among them: interest payable		
Dividends payable		

Holding liabilities for sale		
Non-current liabilities due within one year		
Other current liabilities	6,672,010.89	4,950,349.81
Total current liabilities	2,376,829,727.54	2,229,793,765.08
Non-current Liabilities:		
Long-term borrowing		
Bonds payable		
Among them: Preferred stock		
Sustainable debt		
Lease liability		
Long term payables	244,974.84	244,974.84
Long-term employee compensation payable		
Estimated debts	42,792,020.63	41,385,028.44
Deferred revenue	22,243,288.63	24,622,470.31
Deferred tax liability		
Other non-current liabilities		
Total non-current liabilities	65,280,284.10	66,252,473.59
Total liabilities	2,442,110,011.64	2,296,046,238.67
Owner's equity:		
equity	402,600,000.00	402,600,000.00
Other equity instruments		
Among them: Preferred stock		
Sustainable debt		
Capital reserves	485,678,443.26	485,678,443.26
Minus: Treasury stock		
Other comprehensive income		
The special reserve	853,381.29	
Surplus reserves	136,770,391.01	136,770,391.01
Undistributed profit	-313,054,885.49	-295,864,551.04
Total owners' equity	712,847,330.07	729,184,283.23
Total liabilities and equity	3,154,957,341.71	3,025,230,521.90

### 3. Consolidated income statement

In RMB Yuan

project	Half year 2022	Half of 2021
I. Total operating income	1,085,817,104.92	1,081,064,853.66
Among them: operating income	1,085,817,104.92	1,081,064,853.66
Interest income		
The premium has been made		
Fee and commission income		
2. Total operating cost	1,137,250,489.49	1,083,628,314.10
Among them: operating cost	915,897,528.27	843,286,589.10
The interest payments		
Fees and commission expenses		
Surrender gold		

Net payout for claims		
Draw the net insurance liability reserve		
Policy bonus payout		
Reinsurance expenses		
Taxes and surcharges	6,461,925.29	7,985,299.24
Cost of sales	62,863,485.66	66,917,757.71
Management fees	49,468,091.40	45,845,225.31
Research and development costs	84,475,472.06	98,277,786.26
Finance charges	18,083,986.81	21,315,656.48
Among them: interest expense	16,136,493.70	14,013,998.99
Interest income	621,277.50	240,304.64
Plus: other benefits	4,020,036.02	3,063,661.27
Investment income (loss marked with "-")	3,841,851.38	870,263.42
Among them: income from investment in joint ventures and joint ventures		
Financial assets measured at amortized cost terminate recognition of earnings		
Exchange gain (marked with "-" for loss)		
Net exposure hedging gain (loss marked with "-")		
Income from change in fair value (marked with "-" for loss)	-27,735.33	183,361.31
Credit impairment loss (marked with "-")	761,253.49	30,000.00
Asset impairment loss (marked with "-")		
Gain on disposal of assets (loss marked with "-")	1,916,580.72	2,727,585.57
3. Operating profit (loss marked with "-")	-40,921,398.29	4,311,411.13
Plus: non-operating income	3,510,232.39	817,656.00
Less: non-operating expenses	44,613.10	936,923.89
Iv. Total profit (total loss marked with "-")	-37,455,779.00	4,192,143.24
Less: Income tax expense		
V. Net profit (Net loss marked with "-")	-37,455,779.00	4,192,143.24
(a) classification according to business continuity		
1. Net profit from continuing operations (net loss marked with "-")	-37,455,779.00	4,192,143.24
2. Net profit from terminated operations (net loss marked with "-")		
(2) Classification according to ownership		
1. Net profit attributable to the owner of the parent company	-37,455,779.00	4,192,143.24
2. Profit and loss of minority shareholders		
Net after tax of other comprehensive income		
Net after tax of other comprehensive income attributable to owner of parent company		
(1) Other comprehensive income that cannot be reclassified into profit or loss		
1. Re-measure the amount of change in the set benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. The fair value change of the enterprise's own credit risk		
5. Other		
(2) Other comprehensive income reclassified into profit and loss		
1. Other comprehensive income that can be transferred to profit or loss		

under the equity method		
2. Changes in fair value of other debt investments		
3. The amount of financial assets reclassified into other comprehensive income		
4. Provision for impairment of other creditor's rights investment credit		
5. Cash flow hedging reserve		
6. Translation difference of foreign currency financial statements		
7. Other		
Net after tax of other comprehensive income attributable to minority shareholders		
7. Total comprehensive income	-37,455,779.00	4,192,143.24
Total comprehensive income attributable to owner of parent company	-37,455,779.00	4,192,143.24
Total comprehensive income attributable to minority shareholders		
8. Earnings per Share		
(1) Basic earnings per share	-0.0930	0.0104
(2) Diluted earnings per share	-0.0930	0.0104

Chairman: Liu Jun

General Accountant : Sun Najuan

Accounting charger: Zhang Yajing

#### 4. Profit statement of the parent company

In RMB Yuan

ITEM	Half year 2022	Half of 2021
I. Operating income	1,107,035,197.98	1,208,722,319.78
Minus: Operating costs	930,698,932.84	1,018,706,609.90
Taxes and surcharges	5,640,635.84	7,111,149.37
Cost of sales	59,438,922.62	40,993,160.68
Management fees	39,762,798.70	29,681,629.16
Research and development costs	82,248,626.79	95,537,317.61
Finance charges	17,842,133.27	21,341,481.25
Including: interest expense	16,136,493.70	14,013,998.99
Interest income	583,954.05	201,513.60
Plus: Other benefits	3,643,789.38	2,957,430.25
Investment income (Loss marked with "-")	2,313,263.02	395,755.29
Among them: income from investment in joint ventures and joint ventures		
Income from termination of recognition of financial assets measured at amortized cost (loss is marked with "-")		
Net exposure hedging gain (loss marked with "-")		
Gains from changes in fair value (loss marked with "-")	-27,735.33	183,361.31
Credit impairment loss (marked with "-")	760,946.12	30,000.00
Asset impairment loss (marked with "-")		
Income from asset disposal (marked with "-" for loss)	1,916,580.72	2,101,609.41
II. Operating profit (Loss marked with "-")	-19,990,008.17	1,019,128.07
Add: non-operating income	2,838,150.86	218,265.92
Less: non-operating expenses	38,477.14	909,209.72
III. Total profit (Total loss marked with "-")	-17,190,334.45	328,184.27
Less: income tax expense		
IV. Net Profit (Net loss marked with "-")	-17,190,334.45	328,184.27
(1) Net profit from continuing operations (net loss marked with "-")	-17,190,334.45	328,184.27
(2) Net profit from discontinued operations (net loss marked with "-")		
V. Net after-tax income of other comprehensive income		
(1) other comprehensive income that cannot be reclassified into profit or loss		
1. Remeasure the change amount of the set benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of other equity instruments		
4. Changes in fair value of the enterprise's own credit risk		
5. Other		

(2) other comprehensive income that is reclassified into profit and loss		
1. Other comprehensive income that can be converted to profit or loss under the equity method		
2. Changes in fair value of other creditor's rights investments		
3. The amount of financial assets reclassified into other comprehensive income		
4. Credit impairment provisions for other debt investments		
5. Cash flow hedging reserves		
6. Foreign currency financial statements translation difference		
7. Other		
VI Total comprehensive income	-17,190,334.45	328,184.27
VII. Earnings per Share:		
(1) Basic earnings per share	-0.0427	0.0008
Diluted earnings per share	-0.0427	0.0008

## 5. Consolidated cash flow statement

In RMB Yuan

project	Half year 2022	Half of 2021
I. Cash flow generated by operating activities:		
Cash received from selling goods and providing services	511,896,957.53	651,887,024.41
Net increase in customer deposits and interbank deposits		
Net increase in borrowing from central banks		
Net increase in funds borrowed from other financial institutions		
Cash obtained by receipt of premiums from the original insurance contract		
Net cash received for reinsurance operations		
Net increase in deposit and investment funds		
Cash that receives interest, charges and commissions		
Net increase in borrowed funds		
Net increase in funds for repurchase operations		
Net cash received from agents buying and selling securities		
Refund of taxes received	18,818,823.87	9,745,355.53
Other cash received in connection with operating activities	34,460,789.75	57,242,048.48
Subtotal of cash inflow from operating activities	565,176,571.15	718,874,428.42
Cash paid for goods and services	291,471,686.75	399,687,605.02
Net increase in customer loans and advances		
Net increase in deposits with central banks and interbank funds		
Cash for payment of claims under the original insurance contract		
Net increase in divestment funds		
Cash to pay interest, fees and commissions		
Cash to pay policy dividends		
Cash paid to and for employees	199,414,904.76	180,018,756.84
All taxes and fees paid	21,623,679.34	31,277,371.86
Other cash payments related to operating activities	66,251,474.70	76,488,351.21
Subtotal of cash outflow from operating activities	578,761,745.55	687,472,084.93
Net cash flow from operating activities	-13,585,174.40	31,402,343.49
II. Cash flow generated by investing activities:		
Recoup cash received on investment		
Cash received for investment income	18,821.12	18,821.12
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets	1,651,190.00	1,692,187.72
Net cash received from disposal of subsidiaries and other business units		
Other cash received in connection with investing activities		
Subtotal of cash inflow from investing activities	1,670,011.12	1,711,008.84

Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	2,403,306.13	587,971.14
Cash paid for investment		
Net increase in pledged loans		
Obtain net cash paid by subsidiaries and other business units		
Other cash payments related to investment activities		
Subtotal of cash outflow from investing activities	2,403,306.13	587,971.14
Net cash flow from investing activities	-733,295.01	1,123,037.70
III. Cash flow generated by financing activities:		
Absorb cash received from investment		
Among them: the subsidiary absorbs the cash received from the investment of minority shareholders		
Obtain the cash received from the loan	723,000,000.00	486,000,000.00
Other cash received in connection with financing activities	169,643,983.71	38,566,252.78
Subtotal of cash inflow from financing activities	892,643,983.71	524,566,252.78
Cash paid to repay debts	646,000,000.00	458,093,645.83
Cash used to distribute dividends, profits, or repay interest payments	15,405,252.29	14,830,117.21
Among them: dividends and profits paid by subsidiaries to minority shareholders		
Payment of other cash in connection with financing activities	175,540,163.82	50,000,000.00
Subtotal of cash outflows from financing activities	836,945,416.11	522,923,763.04
Net cash flow from financing activities	55,698,567.60	1,642,489.74
IV. Effect of exchange rate changes on cash and cash equivalents	864,904.74	-1,016,796.39
V. Net increase in cash and cash equivalents	42,245,002.93	33,151,074.54
Plus: Cash and cash equivalents balance at the beginning of the period	209,847,896.42	127,620,944.91
VI. Cash and cash equivalents balance at the end of the period	252,092,899.35	160,772,019.45

## 6. Cash flow statement of parent company

In RMB Yuan

project	Half year 2022	Half of 2021
I. Cash flow generated by operating activities:		
Cash received from selling goods and providing services	433,983,928.87	686,999,795.18
Net increase in customer deposits and interbank deposits	14,374,954.28	
Net increase in borrowing from central banks	33,818,212.48	57,135,498.00
Net increase in funds borrowed from other financial institutions	482,177,095.63	744,135,293.18
Cash obtained by receipt of premiums from the original insurance contract	247,385,038.07	463,667,027.73
Net cash received for reinsurance operations	158,079,199.48	154,155,107.30
Net increase in deposit and investment funds	16,804,801.43	32,698,012.65
Cash that receives interest, charges and commissions	56,132,270.61	68,913,107.16
Net increase in borrowed funds	478,401,309.59	719,433,254.84
Net increase in funds for repurchase operations	3,775,786.04	24,702,038.34
Net cash received from agents buying and selling securities		
Refund of taxes received		
Other cash received in connection with operating activities	18,821.12	18,821.12
Subtotal of cash inflow from operating activities	1,651,190.00	829,187.72
Cash paid for goods and services		
Net increase in customer loans and advances		
Net increase in deposits with central banks and interbank funds	1,670,011.12	848,008.84
Cash for payment of claims under the original insurance contract	1,918,581.58	250,672.14
Net increase in divestment funds	3,340,000.00	
Cash to pay interest, fees and commissions		

Cash to pay policy dividends		
Cash paid to and for employees	5,258,581.58	250,672.14
All taxes and fees paid	-3,588,570.46	597,336.70
Other cash payments related to operating activities		
Subtotal of cash outflow from operating activities		
Net cash flow from operating activities	723,000,000.00	486,000,000.00
II. Cash flow generated by investing activities:	99,305,239.27	38,566,252.78
Recoup cash received on investment	822,305,239.27	524,566,252.78
Cash received for investment income	646,000,000.00	458,093,645.83
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets	15,405,252.29	14,830,117.21
Net cash received from disposal of subsidiaries and other business units	115,887,163.82	50,000,000.00
Other cash received in connection with investing activities	777,292,416.11	522,923,763.04
Subtotal of cash inflow from investing activities	45,012,823.16	1,642,489.74
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	864,904.74	-1,016,796.39
Cash paid for investment	46,064,943.48	25,925,068.39
Net increase in pledged loans	189,762,214.30	143,182,984.73
Obtain net cash paid by subsidiaries and other business units	235,827,157.78	169,108,053.12

## 7. Statement of Changes in consolidated owners' equity

In RMB Yuan

ITEM	Half year 2022														Minority shareholders' equity	Owner's equity
	Owner's equity in the parent company															
	Capital stock	Other equity instruments			Capital public reserves	less : treasure stock	other comprehensive income	appropriate reserve	Surplus public reserves	General provision for risk	Undistributed profits	Others	total			
	Preferred shares	Perpetual Capital Securities	Other													
I. Ending balance of the previous year	402,600,000.00				485,691,050.47				136,770,391.01				-416,794,159.01	608,267,282.47	608,267,282.47	
Plus: Accounting policy change																
Early error correction																
Merger of businesses under the same control																
other																
II, the beginning balance of this year	402,600,000.00				485,691,050.47				136,770,391.01				-416,794,159.01	608,267,282.47	608,267,282.47	
III. Amount of increase or decrease in the current period (marked with "-" for decrease)								853,381.29					-37,455,779.00	36,602,397.71	36,602,397.71	
(1) Total comprehensive income													-37,455,779.00	37,455,779.00	37,455,779.00	
(2) Owner investment and capital reduction																
1.																
Common stock invested by the owner																
2.																
Other equity instrument holders invested capital																
(3) Profit distribution																
1. Withdraw surplus reserves																



I. Ending balance of the previous year	402,600,000.00				485,691,050.47				136,770,391.01			-211,056,473.59		814,004,967.89		814,004,967.89
Plus: Accounting policy change																
Early error correction																
Merger of businesses under the same control																
other																
II, the beginning balance of this year	402,600,000.00				485,691,050.47				136,770,391.01			-211,056,473.59		814,004,967.89		814,004,967.89
III. Amount of increase or decrease in the current period (marked with "-" for decrease)												-205,737,685.42		205,737,685.42		205,737,685.42
(1) Total comprehensive income												-205,737,685.42		205,737,685.42		205,737,685.42
(2) Owner investment and capital reduction																
1.																
Common stock invested by the owner																
2.																
Other equity instrument holders invested capital																
(3) Profit distribution																
1. Withdraw surplus reserves																
2. Extract general risk provision																
3. Distribution to owners (or shareholders)																
4 . Other																
(4) Internal carry-over of owners' equity																
1. Capital reserves to increase capital (or equity)																



(1) Total comprehensive income										-17,190,334.45		-17,190,334.45
(2) The owner invests and reduces the capital												
1. Common stock invested by the owner												
2. Other equity instrument holders invested capital												
3. The amount of a share payment included in the owner's equity												
4. other												
(3) Profit distribution												
1. Extract the surplus reserve												
2. Distribution to owners (or shareholders)												
3. other												
(4) Internal carry-over of owners' equity												
1. Conversion of capital reserves into increased capital (or equity)												
2. Surplus reserve into increased capital (or equity)												
3. Surplus reserves cover losses												
4. Set benefit plan changes carried forward to retained earnings												
5. Other consolidated earnings carried forward to retained earnings												
6. other												
(5)Special reserves								853,381.29				853,381.29
1. This extract								853,381.29				853,381.29
2. In current use												
(6) Others												
IV. Ending balance	402,600,000.00				485,678,443.26			853,381.29	136,770,391.01	-313,054,885.49		712,847,330.07

The amount of the previous period

In RMB Yuan

Item	Amount in previous period											
	Capital stock	Other equity instruments			Capital public reserves	less : treasure stock	Other comprehensive income	appropriate reserve	Surplus public reserves	General provision for risk	Undistributed profits	Owner's equity
	Preferred stock	Perpetual Capital Securities	Other									
I. Balance at the end of last year	402,600,000.00				485,678,443.26				136,770,391.01	-128,677,200.69		896,371,633.58
Plus: Change in accounting policy												
Previous error correction												
other												
II. The beginning balance of the current year	402,600,000.00				485,678,443.26				136,770,391.01	-128,677,200.69		896,371,633.58
III. Amount of increase or decrease in the current period (marked with "-" for decrease)										-167,187,350.35		-167,187,350.35
(1) Total comprehensive income										-167,187,350.35		-167,187,350.35
(2) The owner invests and reduces the capital												
1. Common stock invested by the owner												
2. Other equity instrument holders invested capital												
3. The amount of a share payment included in the owner's equity												
4. other												
(3) Profit distribution												
1. Extract the surplus reserve												
2. Distribution to owners (or shareholders)												
3. other												
(4) Internal carry-over of owners' equity												
1. Conversion of capital reserves into increased capital (or equity)												
2. Surplus reserve into increased capital (or equity)												
3. Surplus reserves cover losses												

4. Set benefit plan changes carried forward to retained earnings											
5. Other consolidated earnings carried forward to retained earnings											
6. other											
Special reserves											
1. This extract											
2. In current use											
(6) Others											
IV. Ending balance	402,600,000.00			485,678,443.26				136,770,391.01	-295,864,551.04		729,184,283.23

### III. Basic information of the company

Wafangdian bearing co., LTD. (hereinafter referred to as the company, together with subsidiaries referred to as the group) on July 16, 1996, the dalian economic reform committee general reform commission approved hair [1996] no. 64, by wafangdian bearing group co., LTD. (hereinafter referred to as wazhou group) as the sole sponsor of the company, The main production and operation assets (and their related liabilities) authorized by the state to be held at a discounted price shall be invested in and established by means of social collection.

On February 19, 1997, the State Securities Commission issued Document No.9 [1997] and approved the company to publicly issue domestic listed foreign capital shares (B shares) to the public and listed them for trading.

On March 19, 1997, the founding meeting of the Company and the first meeting of the Board of Directors decided that the effective date of the reorganization of the company's accounting system (that is, the date of the establishment of the company's accounts) was determined as April 1, 1997.

On March 20, 1997, THE COMPANY GOT THE BUSINESS LICENSE OF ENTERPRISE LEGAL PERSON, THE registration NUMBER IS 24239971-2. Business scope for bearings, mechanical equipment, auto parts and related products manufacturing and sales.

On March 25, 1997, the Company's domestic listed foreign capital shares (B shares) were officially listed and traded in Shenzhen Stock Exchange, raising 406.58 million yuan, and the company's registered capital was 330 million yuan after the issue.

According to the shenzhen stock exchange on August 30, 2006 issued "on the shenzhen stock exchange stock listing rules > supplementary notice on the problem of distribution of equity of listed companies (hereinafter referred to as the" notice ")", on September 30, the company in 2006, on the basis of the financial report audited, implement turn add equity capital accumulation fund, With 2.2 shares for every 10 shares, the total share capital increased from 333 million shares to 402.6 million shares, among which the legal person shares owned by Waxhuan Group increased from 20 million shares to 244.0 million shares, accounting for 60.6% of the total share capital; SKF of Sweden increased from 65 million shares to 79.3 million shares, accounting for 19.7% of the total capital; Public shares increased from 65 million to 79.3 million, accounting for 19.7% of the total share capital. After the implementation of this plan, the company's equity structure will meet the provisions of the Supplementary Notice of the Shenzhen Stock Exchange.

The parent company of the company is Wafangdian Bearing Group Co. LTD. The general meeting of shareholders is the authority of the company and exercises the power to decide major matters such as the company's business policy, financing, investment and profit distribution according to law. The board of directors shall be responsible to the shareholders' meeting and exercise the company's business decision-making power according to law; The managers shall be responsible for organizing and implementing the resolutions of the shareholders' meeting and the board of directors, and presiding over the production and operation management of the enterprise. The company's subsidiaries mainly include: a wholly-owned subsidiary, Liaoyang Tile Bearing Manufacturing Co., LTD., Dalian Tile shaft Precision Motor Bearing Co., LTD., Tile shaft Precision Spherical Roller Bearing (Wafangdian) Co., LTD.

The company belongs to the bearing manufacturing industry, mainly engaged in all kinds of bearing production and sales business. Registered place: No. 1, Section 1, Beitaxa Street, Wafangdian City, Liaoning Province, Legal representative: Liu Jun. Business Scope: Permitted items: inspection and testing services, import and export of goods, import and export of technologies (for items subject to approval according to law, business activities can only be carried out after approval by relevant departments, and the specific business items shall be subject to the approval results) Bearing manufacturing, bearings, gears and transmission components manufacturing, high speed precision

heavy-duty bearing sales, sales bearings, gears and transmission parts, bearing sales, general equipment manufacturing (excluding special equipment manufacturing), high-speed rail equipment, parts manufacturing, machinery and equipment sales, rail transportation equipment, key system and parts sales, sales of lubricating oil, high-speed rail equipment and accessories sales, Wind generators and spare parts sales, machinery parts, spare parts sales, railway locomotive vehicle accessories manufacturing, railway locomotive vehicle accessories sales, auto parts and accessories manufacturing, auto parts wholesale and retail auto parts, metal products repair, sales metal materials, metal products sales, metal surface treatment and heat treatment processing, quenching process, Machinery parts, parts processing, Land use right leasing, Housing leasing, Non-residential real estate leasing, Machinery and equipment leasing, Computer and communication equipment leasing, Transportation equipment leasing services, Office Equipment leasing services, Storage equipment leasing services, Special equipment leasing, Labor Services (excluding labor dispatch), Technical services, technology development, technology consultation, technology exchange, technology transfer and technology promotion (except for the projects subject to approval according to law, independently carry out business activities according to law with the business license).

The scope of the Group's consolidated financial statements includes 3 subsidiaries: Wazhou liaoyang bearing manufacturing co., LTD, Dalian wazhou precision motor car bearing co., LTD, and Wazhou precision spherical roller bearings (wafangdian) co., LTD. Compared with the previous year, there was no change in the scope of consolidated financial statements.

See "VII. Changes in the Scope of Merger" and "VIII. Interests in Other Entities" in this Note for details.

## **IV. Basis for the preparation of financial statements**

### **1. Establishment basis**

The financial statements of the Group are prepared on a going concern basis, based on the transactions and events actually occurring, in accordance with the Accounting Standards for Business Enterprises and relevant provisions promulgated by the Ministry of Finance, and based on the accounting policies and accounting estimates described in "IV. Important Accounting Policies and Accounting Estimates" in this note.

See Note "VII. Changes in Scope of Merger" and NOTE "VIII. Interests in Other Entities" for details.

### **2. Going concern**

3. The Group evaluated its ability to go as a going concern for the 12 months from the end of the reporting period and found no matters or circumstances that cast significant doubt on its ability to go as a going concern. Accordingly, the financial statements have been prepared on the basis of the going concern assumption.

## **V. Important Accounting policies and estimates**

Specific accounting policies and estimates:

Specific accounting policies and estimates:

Specific accounting policies and estimates:

The specific accounting policies and estimates formulated by the Group according to the actual characteristics of production and operation include the operating cycle, the recognition and measurement of the allowance for bad debts of receivables, the measurement of issued inventories, the classification and depreciation method of fixed assets, the amortization of intangible assets, the capitalization conditions of R&D expenses, and the recognition and measurement of revenues.

#### **1, follow the accounting standards for business enterprises statement**

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises and truthfully and completely reflect the financial position, operating results and cash flows of the Company and the Group.

#### **2. Accounting period**

The Group's fiscal year runs from January 1 to December 31 on the Gregorian calendar.

#### **3. Business cycle**

The normal operating cycle is the period from the purchase of assets for processing by the Group to the realization of cash or cash equivalents.

The Group operates on a 12-month operating period and uses it as a liquidity division standard for assets and liabilities.

#### **4. Functional currency**

The Group takes RMB as its functional currency.

#### **5. under the same control and not under the same control of the accounting treatment of enterprise merger**

As the merging party, the assets and liabilities acquired in the merger of enterprises under the same control of the Group shall be measured by the book value of the merged party in the consolidated statement of the final controlling party on the merger date. The difference between the book value of the net assets acquired and the book value of the combined consideration paid, adjusting the capital reserve; If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

The identifiable assets, liabilities and contingent liabilities of the acquiree acquired in a business combination under different control shall be measured at fair value on the acquisition date. The combination costs for this group of control of the acquiree obtained in date for the payment of cash or non-cash assets, issued or undertake the debt and equity securities issued by the fair value and of the merger of enterprises in the sum of all relevant direct costs (by multiple transaction step by step implementation of enterprise merger, the combination costs for each individual transaction cost the sum). The difference between the merger cost and the fair value share of the identifiable net assets acquired in the merger shall be recognized as goodwill; If the merger cost is less than the fair value share of the identifiable net assets of the acquiree obtained in the merger, the fair value of the identifiable assets, liabilities and contingent liabilities obtained in the merger, as well as the fair value of the non-cash assets or equity securities issued in the merger consideration shall be reviewed first. After the review, If the merger cost is still less than the fair value share of the identifiable net assets of the acquiree obtained in the merger, the difference shall be recorded into the non-operating income of the merger period.

## 6. Preparation method of consolidated financial statements

The Group includes all controlled subsidiaries in the consolidated financial statements.

In the preparation of consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiary and the Company are not consistent, necessary adjustments shall be made to the financial statements of the subsidiary in accordance with the accounting policies or accounting periods of the Company.

All significant internal transactions, current balances and unrealized profits within the scope of consolidation shall be offset when the consolidated statements are prepared. Does not belong to the parent company in the subsidiary company of the owner's equity share and net profits and losses of the current period, other comprehensive income and comprehensive income in the total of minority shareholders' equity share, respectively in the consolidated financial statements "rights and interests of minority shareholders, minority shareholders profit and loss and other comprehensive income attributable to the minority shareholders and the total amount of comprehensive income attributable to the minority shareholders" project list.

For the subsidiaries obtained by the merger of enterprises under the same control, their operating results and cash flows shall be included in the consolidated financial statements from the beginning of the merger period. When preparing comparative consolidated financial statements, the relevant items of the financial statements of the previous year are adjusted, and the report subject formed after the merger shall be regarded as having existed since the point when the final controller starts to control.

If THE COMPANY ACQUIRES THE equity of THE INVESTED UNIT under the same control step by step through multiple transactions, and finally forms an enterprise combination, it shall make supplementary disclosure of the treatment method in the consolidated financial statements during the reporting period of acquiring the control right. Such as: Step by step through several trading under the same control the equity of the invested entity, finally forms the enterprise merger, when preparing consolidated statements, as in the final control will exist in the current state of starting control adjustment, in the preparation of comparative statements, with no earlier than with the group and the combined party under the control of the final control party is limited in time, The relevant assets and liabilities of the merged party shall be incorporated into the comparative statements of the consolidated financial statements of the Group, and the net assets increased by the consolidation shall be adjusted to the relevant items under the owner's equity in the comparative statements. To avoid repeated net asset value is calculated on the combined party, before the group reached merger holdings of long-term equity investment, making the original stake in with the group and the combined party on the day of the same party as of the date of the final control which is between the late date to the combining date has confirmed the relevant profit or loss and other comprehensive income and other changes in net assets, The initial retained earnings and current profits and losses of the comparative statement period shall be written down separately.

For subsidiaries acquired through the merger of enterprises not under the same control, the operating results and cash flows shall be included in the consolidated financial statements from the date the Group obtains control. In preparing the consolidated financial statements, the financial statements of the subsidiaries shall be adjusted on the basis of the fair values of each identifiable asset, liability and contingent liability determined on the purchase date.

If THE COMPANY OBTAINS THE equity of THE INVESTED UNIT under different control step by step through multiple transactions, and finally

forms the enterprise combination, it shall make supplementary disclosure of the treatment method in the consolidated financial statements during the reporting period when it obtains the control right. Step by step through multiple trading, for example, the equity of the invested entity not under the same control, finally forms the enterprise merger, when preparing consolidated statements, the acquisition date prior to hold the equity of the acquiree, according to its fair value of the equity in the acquisition measurement, the difference between fair value and its book value included in the current investment income; Associated with it before the date of the acquiree stakes involved under the equity method accounting of other comprehensive income and remove all the profit and loss and other comprehensive income and profit distribution of other changes in the owner's equity, on the acquisition date belongs to current into investment profit and loss, because the investor to measure set benefit plans net debt or other comprehensive income as a result of the changes in net worth.

The group without losing control of part of the disposal of subsidiaries of a long-term equity investment, in the consolidated financial statements, enjoy corresponding disposal cost and disposal of the long-term equity investment subsidiary since acquisition or merger, continue to calculate the difference between the share of net assets, adjusting capital premium or premium on capital stock, insufficient capital reserves, in which adjust the retained earnings.

If the Group loses the right of control over the investee due to disposal of part of the equity investment or other reasons, the remaining equity shall be re-measured according to its fair value on the date of loss of control when preparing consolidated financial statements. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the difference between the share of the original subsidiary's net assets calculated continuously since the purchase date or the merger date based on the original shareholding ratio, shall be included in the investment profit and loss of the current period of loss of control, and the goodwill shall be written down. Other comprehensive income related to the equity investment of the original subsidiary shall be converted into current investment profit and loss when the control right is lost.

If the Group disposed of the equity investment in the subsidiary step by step through multiple transactions until the loss of control, if the transactions of the disposal of the equity investment in the subsidiary until the loss of control are package transactions, each transaction shall be treated as one transaction of the disposal of the subsidiary and the loss of control; However, the difference between the price of each disposal and the share of net assets of the subsidiary corresponding to the disposal investment before the loss of control shall be recognized as other comprehensive income in the consolidated financial statements and transferred to the investment profit and loss of the current period when the control is lost.

#### **7. Classification of joint venture arrangement and accounting treatment of joint operation**

#### **8. Determination criteria for cash and cash equivalents**

Cash in the Group's statement of cash flows refers to cash on hand and deposits readily available for payment. Cash equivalents in the Statement of CASH FLOWS are investments that have a holding period of no more than 3 months, are liquid, can be easily converted into a known amount of cash and have little risk of change in value.

#### **9. Translation of foreign currency business and foreign currency statements**

### 1. Foreign currency transactions

The Group's foreign currency transactions convert foreign currency amounts into Renminbi amounts at the spot exchange rate on the date of transaction. On the balance sheet date, foreign currency monetary items shall be converted into RMB at the spot exchange rate on the balance sheet date, and the resulting translation difference shall be directly recorded into the current profit and loss, except that the exchange difference arising from the foreign currency special borrowings for the purchase, construction or production of assets eligible for capitalization shall be treated according to the principle of capitalization.

### 2. Translation of foreign currency financial statements

The items of assets and liabilities in the balance sheet of foreign currency shall be converted at the spot exchange rate on the balance sheet date; Owners' equity items except "undistributed profits" shall be converted at the spot exchange rate at the time of business occurrence; The income and expense items in the income statement shall be converted at the spot exchange rate on the date of transaction. The translation difference of the foreign currency statement resulting from the above translation shall be shown in other comprehensive income items. Foreign currency cash flows are converted at the spot rate on the date of cash flows. The effect of exchange rate changes on cash is shown separately in the statement of cash flows.

## 10. Financial instruments

The Group recognizes a financial asset or liability when it becomes a party to a financial instrument contract.

### (1) Financial assets

#### 1) Classification, recognition basis and measurement method of financial assets

According to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the Group classifies financial assets into financial assets measured at amortized cost, financial assets measured at fair value and recorded in other comprehensive income, and financial assets measured at fair value and recorded in current profit and loss.

The Group classifies financial assets that simultaneously meet the following conditions as financial assets measured at amortized cost: ① The business model of managing the financial assets is to collect contractual cash flow as the objective. ② The contractual terms of the financial asset provide that the cash flow generated at a particular date is only the payment of the principal and interest on the basis of the outstanding principal amount. Such financial assets shall be initially measured at fair value, and relevant transaction costs shall be included in the initial recognized amount; Subsequent measurement is made at amortized cost. Except for the items designated as hedged items, the difference between the initial amount and the amount due shall be amortized according to the effective interest rate method, and the amortization, impairment, exchange gains and losses as well as the gains or losses generated when the recognition is terminated shall be recorded into the current profit and loss.

The Group classifies financial assets that meet the following conditions at the same time as financial assets measured at fair value and whose changes are recorded in other comprehensive income: ① The business model of managing the financial assets is aimed at both collecting contractual cash flow and selling the financial assets. ② The contractual terms of the financial asset provide that the cash flow generated at a

particular date is only the payment of the principal and interest on the basis of the outstanding principal amount. Such financial assets shall be initially measured at fair value, and relevant transaction expenses shall be included in the initial recognized amount. Except for those designated as hedged items, other gains or losses of such financial assets, other than credit impairment losses or gains, exchange gains and losses, and the interest on such financial assets calculated according to the effective interest rate method, shall be included in other comprehensive income; When the recognition of financial assets is terminated, the accumulated gains or losses previously included in other comprehensive income shall be converted from other comprehensive income and included in the current profit and loss.

The Group recognizes interest income in accordance with the effective interest rate method. Interest income is calculated and determined according to the book balance of financial assets multiplied by the actual interest rate, except for the following circumstances: ① For the financial assets purchased or originated that have incurred credit impairment, since the initial recognition, the interest income is calculated and determined according to the amortized cost of the financial assets and the actual interest rate adjusted by credit. (2) For the financial assets purchased or originated without credit impairment, but which become credit impairment in the subsequent period, the interest income shall be calculated and determined according to the amortized cost and actual interest rate of the financial assets in the subsequent period.

The Group designates non-traded equity instrument investments as financial assets that are measured at fair value and whose changes are recorded in other comprehensive income. Once such designation has been made, it shall not be revoked. Non-trading equity instrument investment designated by the Group that is measured at fair value and whose changes are included in other comprehensive income shall be initially measured at fair value and relevant transaction expenses shall be included in the initial recognized amount; In addition to the dividend (except for the part of investment cost recovery), other relevant gains and losses (including exchange gains and losses) are included in other comprehensive income, and shall not be transferred to the current profit and loss. When its recognition is terminated, the accumulated gains or losses previously recorded in other comprehensive income are transferred from other comprehensive income and recorded in retained earnings.

Financial assets other than those classified as financial assets measured at amortized cost and those classified as financial assets measured at fair value and whose changes are recorded in other comprehensive income as described above. The Group classifies two financial assets that are measured at fair value and whose changes are recorded in current profit and loss. Such financial assets are initially measured at fair value, and relevant transaction expenses are directly recorded into current profits and losses. Gains or losses on such financial assets shall be booked into current profits and losses.

If the contingent consideration recognized by the Group in a business combination not under the same control constitutes a financial asset, the financial asset is classified as a financial asset measured at fair value and its change is recorded in the current profit and loss.

## 2) Confirmation basis and measurement method of financial asset transfer

The Group terminates recognition of financial assets that meet one of the following conditions: (1) termination of the contractual right to receive the cash flow of such financial assets; ② Financial assets transfer, the group transferred almost all the risks and rewards on the ownership of financial assets; (3) The group has neither transferred nor retained almost all the risks and rewards of the ownership of the financial assets, and has not retained the control of the financial assets.

Transfer the entire financial asset meet the recognition criteria of termination, the book value of the transferred financial asset, and received by

transfer of value and the fair value originally recorded in other comprehensive income amount corresponds to the portion whose recognition has been stopped in the accumulative amount of changes (provisions relating to transfer of financial assets of the terms of the contract, the cash flow at a specific date, The difference between the sum of the principal and interest payments on the basis of the outstanding principal amount is only included in the current profit or loss.

If the partial transfer of a financial asset meets the conditions for termination of recognition, the carrying value of the whole financial asset transferred shall be apportion between the part whose recognition is terminated and the part whose recognition is not terminated according to the relative fair value of each. And will be received by transfer of value and share to terminate identified previously included in the other part of the changes in fair value of the accumulative amount of comprehensive income the amount of which corresponds to the portion whose recognition has been stopped (provisions relating to transfer of financial assets of the terms of the contract, the cash flow at a specific date, is only on the principal and on the basis of the outstanding principal amount of the interest payments), the sum of The difference with the apportioned overall book value of the financial assets shall be included in the current profit and loss.

## (2) Financial liabilities

### 1) Classification, recognition basis and measurement method of financial liabilities

The financial liabilities of the Group are classified as financial liabilities and other financial liabilities measured at fair value and recorded in current profit and loss at the time of initial recognition.

Financial liabilities measured at fair value and whose changes are recorded into current profit and loss include transactional financial liabilities and financial liabilities designated at initial recognition as measured at fair value and whose changes are recorded into current profit and loss (the relevant classification basis shall be disclosed according to the classification basis of financial assets). The subsequent measurement shall be carried out according to the fair value, and the gain or loss resulting from the change in the fair value and the dividend and interest expense related to the financial liability shall be booked into the current profit and loss.

For other financial liabilities, the effective interest rate method is adopted and subsequent measurement is carried out according to amortized cost. In addition to the following, the group will be financial liabilities classified as financial liabilities measured at the amortized cost: (1) measured at fair value and the changes are recorded into the profits and losses of the current financial liabilities, including transactional financial liabilities (including the derivatives for financial liabilities) and designated as at fair value and whose fluctuations are recorded into the profits and losses of the current financial liabilities. (2) Transfer of financial assets that do not meet the conditions for termination of recognition or continue to involve in financial liabilities formed by the transferred financial assets. (3) Financial security contracts that do not fall under (1) or (2) above, and loan commitments that do not fall under (1) above at below-market interest rates.

If the Group forms financial liabilities as contingent consideration recognized by the buyer in a business combination not under the same control, it shall be measured at fair value and recorded in current profit and loss for accounting treatment.

### 2) Recognition conditions for termination of financial liabilities

When the current obligation of a financial liability has been discharged in whole or in part, the termination of recognition of the discharged part of

the financial liability or obligation. The Group and creditors sign an agreement to replace the existing financial liabilities by assuming the new financial liabilities, and if the contract terms of the new financial liabilities are substantially different from those of the existing financial liabilities, the recognition of the existing financial liabilities shall be terminated and the new financial liabilities shall be recognized at the same time. If the Group materially modifies all or part of the contract terms of the existing financial liabilities, it shall terminate the recognition of the existing financial liabilities or part of the existing financial liabilities and recognize the financial liabilities after the modification as a new financial liability. The difference between the book value of the terminated recognition portion and the consideration paid shall be recorded in the current profit and loss.

### (3) Determination method of fair value of financial assets and financial liabilities

The Group measures the fair value of financial assets and financial liabilities at the prices of the major markets. If there is no major market, the Group measures the fair value of financial assets and financial liabilities at the prices of the most favorable markets, and adopts the valuation technology applicable at that time and supported by sufficient available data and other information. The input value used in the fair value measurement is divided into three levels, that is, the input value of the first level is the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in the active market; The input value of the second level is the input value of related assets or liabilities that is directly or indirectly observable except the input value of the first level. The input value of the third level is the unobservable input value of the related asset or liability. The group preferentially uses the input value of the first level, and finally uses the input value of the third level. The level to which the fair value measurement results belong is determined by the lowest level to which the input values of great significance to the fair value measurement as a whole belong.

The Group's investments in equity instruments are measured at fair value. However, in limited circumstances, if the recent information used to determine the fair value is insufficient, or the distribution of possible estimates of the fair value is wide, and the cost represents the best estimate of the fair value within the range, the cost may represent the appropriate estimate of the fair value within the range of the distribution.

### (4) Offset of financial assets and financial liabilities

The financial assets and liabilities of the Group are presented separately in the balance sheet and are not set off against each other. However, if the following conditions are met at the same time, the net amount after mutual offset shall be listed in the balance sheet : (1) the group has the legal right to offset the recognized amount, and such legal right is currently enforceable; (2) The Group plans to settle on a net basis, or simultaneously realize the financial assets and pay off the financial liabilities.

### (5) The distinction between financial liabilities and equity instruments and related treatment methods

The group distinguishes between financial liabilities and equity instruments in accordance with the following principles : (1) a contractual obligation meets the definition of a financial liability if the group cannot unconditionally avoid the delivery of cash or other financial assets in order to fulfill it. Although some financial instruments do not explicitly contain terms and conditions for the obligation to deliver cash or other financial assets, they may indirectly create contractual obligations through other terms and conditions. (2) if a financial tools must be used or the group settlement's own equity instruments are available, and need to be considered for settlement of the tool of the group's own equity instruments, as a substitute for cash or other financial assets, or in order to make the tool holder enjoy after deducting all liabilities of the issuer of the residual

interest in the assets. If it is the former, the instrument is a financial liability of the issuer; If the latter, the instrument is an equity instrument of the issuer. In some cases, this group is to be a financial instrument contract with their rights or available tools to settle the financial tools, including contractual rights or obligations under a contract amount equal to the available or have to pay when multiplied by the number of its own equity instruments and settlement of the fair value, no matter the amount of the contract rights or obligations are fixed, The contract is classified as a financial liability if it changes in whole or in part based on changes in variables other than the market prices of the Group's own equity instruments (e.g., interest rates, the price of a commodity or the price of a financial instrument).

In classifying financial instruments (or their components) in the consolidated statements, the Group takes into account all terms and conditions agreed between the members of the Group and the holders of financial instruments. The instrument shall be classified as a financial liability if the Group as a whole assumes an obligation as a result of the instrument to deliver cash, other financial assets or settle in any other manner that causes the instrument to become a financial liability.

If financial instruments or their components are financial liabilities, the relevant interest, dividends (or dividends), gains or losses, and gains or losses arising from redemption or refinancing, shall be booked into the current profit and loss by the Group.

If a financial instrument or its component part is an equity instrument, the Group will treat the issue (including refinancing), repurchase, sale or cancellation of the instrument as a change in equity and will not recognize the change in fair value of the equity instrument.

#### (6) Impairment of financial instruments

On the basis of expected credit loss, the Group conducts impairment treatment and recognizes loss provisions for financial assets measured at amortized cost and investment in debt instruments measured at fair value and whose changes are recorded in other comprehensive income.

Credit loss refers to the difference between all contractual cash flows receivable under the contract and all cash flows expected to be collected by the Group, discounted at the original actual interest rate, namely, the present value of all cash shortages. Among them, the financial assets purchased or originated by the Group that have incurred credit impairment shall be discounted according to the actual interest rate adjusted for credit of the financial assets.

For receivables that do not contain a material financing component, the Group uses a simplified measurement method to measure the loss provision based on the expected amount of credit loss equivalent to the entire duration.

The Group shall evaluate on each balance sheet date whether its credit risk has significantly increased since the initial recognition. If the credit risk has significantly increased since the initial recognition, the Group shall measure the loss provision in accordance with the amount equivalent to the expected credit loss during the entire duration; If the credit risk has not increased significantly since the initial recognition, the Group measures the loss provision at an amount equivalent to the expected credit loss for the next 12 months.

The Group considers all reasonable and evidence-based information, including forward-looking information, in assessing expected credit losses.

When the Group no longer reasonably expects to recover all or part of the contracted cash flow of a financial asset, the Group directly writes down the carrying balance of the financial asset.

In addition to assessing overdue credit losses on a single basis for certain financial assets, the Group also assesses expected credit losses on financial assets measured at amortized cost on an aging portfolio basis.

The Group divides notes receivable, accounts receivable and other receivables into several combinations according to the credit risk characteristics, and calculates the expected credit loss on the basis of the combination. The combination is determined on the following basis:

combination	On the basis of
Notes Receivable 1	Banker's acceptance bill
Note Receivable 2	Collection of commercial acceptance bills from related parties
Notes Receivable 3	A collection of commercial acceptances received from unrelated parties
Accounts Receivable 1	Combination of related parties
Accounts receivable 2	Aging combination

For the receivables divided into portfolios, the Group makes reference to the historical credit loss experience, combines the current situation and the forecast of the future economic situation, and prepares the comparison table between the aging of receivables and the expected credit loss ratio of the whole duration to calculate the expected credit loss.

The Group divides other receivables into several portfolios according to the credit risk characteristics and calculates the expected credit loss on the basis of the portfolios. The basis for determining the portfolios is as follows:

combination	On the basis of
Other receivables 1	Combination of related parties
Other receivables 2	Aging combination
Other receivables 3	Risk-free portfolio (categorize the portfolio according to the reputation of the transaction object, the nature of the money, the transaction safeguard measures, etc.)

For other receivables classified into portfolios, the Group calculates expected credit losses by default risk exposure and expected credit loss ratio over the entire duration, referring to historical credit loss experience, combined with current conditions and forecasts of future economic conditions.

## 11. Notes receivable

See Note IV, 9 (6) Impairment of Financial instruments in the audit report.

## 12. Accounts receivable

See Note IV, 9 (6) Impairment of Financial instruments in the audit report.

## 13. Receivables financing

## 14. Other receivables

Determination method and accounting treatment method of expected credit loss of other receivables

Determination method and accounting treatment method of expected credit loss of other receivables

Determination method and accounting treatment method of expected credit loss of other receivables

See Note IV, 9 (6) Impairment of Financial instruments.

## 15, inventory

The group's inventory mainly includes raw materials, packaging, low-value consumables, in-process products, inventory goods, etc.

The system of perpetual inventory shall be implemented, and the inventory shall be priced according to the plan at the time of acquisition. The daily accounting of raw materials is based on the planned cost. The difference between the planned cost and the actual cost is apportioned into the raw material cost and the delivery cost according to the retention and delivery ratio of all kinds of raw materials, and the planned cost of raw materials is adjusted to the actual cost. In the daily accounting of products and finished products, the planned cost is priced at the planned cost. The difference between the planned cost and the actual cost is apportioned into the cost of products or finished products according to the proportion of retention and issuance, and the planned cost is adjusted to the actual cost. The actual cost of receiving or issuing inventory is determined by the weighted average method. Low value consumables and packages are amortized by the one-time resale method.

The ending inventory shall be priced on the basis of the lower principle of cost and net realizable value. For the part whose cost is expected to be irrecoverable due to damage, obsolescence in whole or in part, or the selling price being lower than the cost, the decline price reserve shall be drawn. Reserve for inventory decline of commodities and bulk raw materials shall be drawn by the difference between the cost of a single inventory item and its net realizable value; Other raw and auxiliary materials with large quantity and low unit price shall be taken out of the inventory depreciation reserve by category.

The net realizable value of commodities in stock, products in stock, materials for sale and other commodities directly used for sale shall be determined by the estimated selling price of the inventory less the estimated selling expenses and relevant taxes and fees; The net realizable value of the material inventory held for production purposes is determined by the estimated selling price of the finished goods produced less the estimated costs to be incurred at the time of completion, estimated selling expenses and relevant taxes and fees.

## 16. Contractual assets

### (1) Methods and standards for the recognition of contractual assets

The Company shall list contractual assets or contractual liabilities in the balance sheet according to the relationship between performance obligations and customer payment. The Company's right to receive consideration for the goods or services it has transferred to the Customer, subject to factors other than the passage of time, is listed as a contractual asset. Contractual assets and contractual liabilities under the same contract are shown as net.

### (2) The determination method and accounting treatment method of the expected credit loss of the contracted assets

The determination method and accounting treatment method of expected credit loss on contract assets are detailed in this note, "Notes IV, 10 (6) Impairment of Financial Instruments".

Accounting treatment method: The Group calculates the expected credit loss on the contract asset on the balance sheet date. If the expected credit loss is greater than the carrying amount of the current impairment provision for the contract asset, the Group recognizes the difference as an impairment loss, debits "asset impairment loss" and credits "contract asset impairment provision". Instead, the Group recognizes the

difference as an impairment gain and makes the opposite accounting record.

If the Group actually incurs credit losses and determines that the relevant contractual assets cannot be recovered, and verification is approved, "Provisions for Impairment of Contractual Assets" shall be debited and "Contractual Assets" shall be credited according to the approved amount of verification. If the written off amount is greater than the loss provisions already set aside, the difference shall be debited to "asset impairment loss".

## 17. Contract cost

### (1) Method for determining the amount of assets related to the contract costs

The Group's assets related to contract costs include contract performance costs and contract acquisition costs.

Contract performance cost, that is, the cost incurred by the Group to perform the contract, which does not fall within the scope of accounting standards for other enterprises and satisfies the following conditions, shall be recognized as an asset as contract performance cost: Such costs are directly related to a current or expected contract and include direct labor, direct materials, manufacturing expenses (or similar expenses), costs expressly borne by the Customer and other costs incurred solely as a result of the contract; This cost increases the resources of the Group to meet its performance obligations in the future; The cost is expected to be recovered.

Contract acquisition cost, that is, the incremental cost incurred by the group to acquire the contract is expected to be recovered, and is recognized as an asset as contract acquisition cost; If the amortization period of the asset does not exceed one year, it shall be recorded into the current profit and loss at the time of occurrence. Incremental cost refers to the cost (such as sales commission, etc.) that the group would not have incurred without obtaining the contract. Other expenses incurred by the Group to obtain the contract, other than the incremental costs that are expected to be recovered (such as travel expenses that will be incurred whether the contract is obtained or not), shall be included in the current profit and loss at the time of occurrence, except those explicitly borne by the customer.

### (2) Amortization of assets related to contract costs

The Group's assets related to contract costs are amortized on the same basis as the commodity revenue recognition associated with the asset and booked into the current profit and loss.

### (3) Impairment of assets related to contract costs

When determining the impairment loss of the assets related to the contract cost, the Group shall first determine the impairment loss of the other assets related to the contract recognized in accordance with the accounting standards for other relevant enterprises; Then, if its carrying value is higher than the difference between the remaining consideration that the Group is expected to obtain due to the transfer of commodities related to the asset and the estimated cost to be incurred for the transfer of commodities related to the asset, the excess part shall be set aside for impairment and recognized as asset impairment loss.

If the aforesaid difference is higher than the carrying value of the asset due to the change of the factors of impairment in the previous period, it shall be transferred back to the original provision for asset impairment and booked into the current profit and loss, provided that the carrying

value of the asset after the reversal shall not exceed the carrying value of the asset on the date of reversal assuming no provision for impairment.

## **18. Holding assets for sale**

## **19. Debt investment**

## **20. Other debt investment**

## **21. Long-term receivables**

## **22. Long-term equity investment**

The Group's long-term equity investment mainly consists of investment in subsidiaries, joint ventures and joint ventures.

The Group's judgment of common control is based on the fact that all parties or a combination of parties collectively control the arrangement and that the policy for the activities related to the arrangement must be agreed upon by all parties collectively controlling the arrangement.

If the Group directly or indirectly through its subsidiaries owns more than 20% (including) but less than 50% of the voting rights of the investee, it is generally considered to have a significant influence on the investee. Holding less than 20% of the voting rights of the invested entity, Also need comprehensive consideration on the invested entity's board of directors or similar authority sent on behalf of, or participate in the financial and operating policy making process by the invested entity, or important transactions taking place between the invested entity, or sent executives to the invested entity, or to the key technical data provided by the invested entity, such as facts and judging has a significant influence on the invested entity.

The subsidiaries of the group shall be those that form control over the invested units. for the long-term equity investment obtained through the merger of enterprises under the same control, the initial investment cost of the long-term equity investment shall be taken as the share of the book value of the net assets of the merged party in the consolidated statement of the final controlling party on the merger date. if the book value of net assets of the merged party is negative on the merger date, the long-term equity investment cost shall be determined as zero.

If the company obtains the equity of the invested unit under the same control step by step through multiple transactions and finally forms the enterprise combination, it shall supplement the treatment method of long-term equity investment in the financial statements of the parent company during the reporting period when the control right is acquired. for example, if the equity of the invested unit under the same control is acquired step by step through multiple transactions, and the enterprise merger is finally formed, which is a package transaction, the group will treat each transaction as a transaction to acquire control. for non-listed transactions, the initial investment cost of the long-term equity investment shall be based on the share of the combined party's net assets in the book value of the final controlling party's consolidated financial statements after the merger on the merger date. the difference between the initial investment cost and the sum of the book value of the long-term equity investment before the merger plus the book value of the new consideration for the further acquisition of shares on the merger date shall adjust the capital reserve. if the capital reserve is insufficient to offset, the retained earnings shall be offset.

The long-term equity investment obtained through the merger of enterprises not under the same control takes the merger cost as the initial investment cost.

If the company obtains the equity of the invested unit under different control step by step through multiple transactions and finally forms the enterprise merger, it shall supplement the treatment method of the long-term equity investment cost in the financial statements of the parent company during the reporting period when the control right is acquired. For example, if the shareholding of the invested unit not under the same control is acquired step by step through multiple transactions, and the enterprise merger is finally formed, which is a package transaction, the group will treat each transaction as a transaction to acquire control. If the transaction is not listed, the sum of the book value of the original equity investment and the new investment cost shall be taken as the initial investment cost calculated according to the cost method. If the equity held before the purchase date is accounted for by the equity method, the relevant other comprehensive income calculated by the original equity method shall not be adjusted for the time being, and the investment shall be treated on the same basis as the investee's direct disposal of the relevant assets or liabilities. If the equity held before the purchase date is accounted for at fair value in the financial assets available for sale, the

accumulated fair value change originally recorded in other comprehensive income will be transferred to the current investment profit and loss on the merger date.

In addition to the above-mentioned long-term equity investment obtained through the merger of enterprises, the long-term equity investment obtained by paying cash shall be taken as the investment cost according to the purchase price actually paid; The long-term equity investment obtained by issuing equity securities shall be taken as the investment cost according to the fair value of the equity securities issued; The long-term equity investment invested by the investor shall be taken as the investment cost according to the value stipulated in the investment contract or agreement.

The Group uses the cost method to account for investment in subsidiaries and the equity method to account for investment in joint ventures and associates.

For the long-term equity investment calculated by the cost method in the subsequent measurement, the carrying value of the long-term equity investment cost shall be increased according to the fair value of the cost paid for the additional investment and the related transaction expenses incurred when the additional investment is made. The cash dividend or profit declared and distributed by the invested entity shall be recognized as the current investment income according to the amount to be enjoyed.

The subsequent measurement of long-term equity investment calculated by the equity method shall increase or decrease the book value of long-term equity investment accordingly with the change of the owner's equity of the invested unit. In confirm the invested entity shall be accorded to the share of the net profits and losses, in order to obtain the invested entity, when the basis of the fair value of the identifiable assets, such as, in accordance with the accounting policies and accounting periods of the group, and offset and associated enterprises and joint ventures between insider trading profits and losses according to the shareholding calculation belongs to part of the investing enterprise, The net profit of the invested unit shall be recognized after adjustment.

For the disposal of long-term equity investment, the difference between its book value and the actual price obtained shall be included in the current investment income. if a long-term equity investment calculated by the equity method is recorded as owner's equity due to other changes in owner's equity other than net profit and loss of the invested unit, the part originally recorded as owner's equity shall be transferred to the current investment profit and loss according to the corresponding proportion at the time of disposal of the investment.

If the joint control or significant influence on the invested unit is lost due to the disposal of part of the equity investment, the remaining equity after disposal shall be calculated as financial assets available for sale, and the difference between the fair value and book value of the remaining equity on the date when the joint control or significant influence is lost shall be booked into the current profit and loss. Other comprehensive income recognized by the original equity investment due to the adoption of the equity method of accounting, shall be accounted on the same basis as the investee's direct disposal of relevant assets or liabilities when the adoption of the equity method of accounting is terminated.

For disposal of long-term equity investment has lost control of the invested entity, after the disposal of the remaining stake to the invested entity do joint control or significant influences, to change, according to the equity method accounting disposal of the difference between the book value of equity and disposal of value included in the investment returns, and the remaining shares shall be regarded as must pick up adjust measured by employing the equity method, namely; After the disposal of the remaining equity of the invested entity not joint control or significant influences, to change in accordance with the relevant provisions of the available for sale financial assets accounting, the disposal of the difference between the book value of equity and disposal of value included in the investment returns, the fair value of the remaining equity in the day of loss of control and the difference between the book value included in the current investment gains and losses.

The Group shall conduct accounting treatment separately for each transaction that does not belong to a package transaction for the stepwise disposal of equity to the loss of control. Belonged to the "package deal", will the deal as a disposal of subsidiaries and loss of control of accounting transactions, but a transaction before losing control disposal cost of a long-term equity investment and equity corresponding disposal by the difference between the book value, identified as other comprehensive income, to loss of control and then were transferred to losing control of the profits and losses of the current period.

## 23. Investment real estate

Investment real estate measurement model

Measurement by cost method

Depreciation or amortization method

The Group's investment real estate includes land and houses.

If the cost mode is adopted for measurement, the following contents shall be disclosed

The Group's investment real estate is depreciated or amortized using the straight-line method. The estimated useful life, net salvage value ratio and annual depreciation (amortization) ratio of each type of investment real estate are as follows:

category	Depreciation life (years)	Estimated salvage rate (%)	Annual depreciation rate (%)
Land use right	40		8.33
House building			
Among them: Buildings	15	3	6.47
House for production purposes	30	3	3.23
Non-productive housing	35	3	2.77

## 24. Fixed assets

### (1) Confirm the conditions

The fixed assets of the Group refer to the tangible assets with a service life of more than one year and a unit value of more than 2000 Yuan that are held for the purpose of producing commodities, providing labor services, leasing or management at the same time.

Fixed assets are recognized when the economic benefits associated with them are likely to flow into the Group and their costs can be measured reliably. The fixed assets of the Group include houses and buildings, machinery and equipment, transportation equipment, electronic equipment and others.

### ( 2 ) Depreciation method

category	Depreciation method	Depreciation fixed number of year	Salvage	Yearly depreciation
House building	Average age method			
Among them: Buildings	Average age method	15	3	6.47
House for production purposes	Average age method	30	3	3.23
Non-productive housing	Average age method	35	3	2.77
Machinery and equipment	Average age method	10-15	3	6.47 ~ 9.70
Transportation equipment	Average age method	6	3	16.17
Electronic equipment	Average age method			
Among them: electronic computer	Average age method	4	3	24.25
General purpose test	Average age method	7	3	13.86

instrument				
Special purpose electronic equipment	Average age method	8	3	12.13
Automatic control equipment	Average age method	8	3	12.13
Automatic control instrument	Average age method	8	3	12.13
Other equipment	Average age method			
Among them: industrial kilns	Average age method	7	3	13.86
Tools and other production tools	Average age method	9	3	10.78
Transmission equipment	Average age method	15	3	6.47
Non-production equipment and appliances	Average age method	18	3	5.39

With the exception of the fixed assets that have been fully depreciated but are still in use and the land that has been separately priced and recorded, the Group has accrued depreciation on all fixed assets. The average life method is adopted when calculating depreciation. The classified depreciation life, estimated net salvage value ratio and depreciation rate of the Group's fixed assets are shown in the above table.

At the end of each year, the Group will review the estimated service life, estimated net salvage value and depreciation method of fixed assets, and if any change occurs, it will be treated as a change in accounting estimates.

(3) Identification basis, valuation and depreciation method of fixed assets leased by finance

## 25. Construction in progress

When the project in progress reaches the scheduled usable state, it shall be carried forward to the fixed assets according to the estimated value according to the project budget, construction cost or actual project cost, etc. Depreciation shall be calculated and withdrawn from the next month, and the difference in the original value of the fixed assets shall be adjusted after the completion of the final accounting procedures.

## 26. Borrowing costs

Happened can be directly attributable to require more than one year of acquisition and construction or production activities to achieve the expected conditions for use or sale of fixed assets, investment real estate and inventory cost of borrowing in the asset spending has already occurred, borrowing costs have been, to make the asset to the expected conditions for use or sale of acquisition and construction or production activities necessary has begun, Start to capitalize; When the purchase, construction or production of assets that meet the capitalization conditions reach the predetermined state of being available for use or sale, the capitalization will be stopped, and the subsequent borrowing expenses will be recorded into the current profit and loss. If the assets qualified for capitalization are abnormally interrupted in the process of purchase and construction or production, and the interruption time is more than three consecutive months, the capitalization of borrowing expenses shall be suspended until the purchase and construction of assets or production activities restart.

The interest expense actually incurred in the current period of the special loan shall be capitalized after deducting the interest income obtained by depositing the unspent borrowed funds in the bank or the investment income obtained by the temporary investment; For general borrowing, the capitalized amount is determined by multiplying the weighted average of the accumulated asset expenditures over the special loans by the capitalized rate of the occupied general loans. The capitalization rate is calculated based on the weighted average interest rate on general borrowing.

**27. Biological assets****28. Oil and gas assets****29. Use assets**

The right to use the leased asset refers to the right of the Group as the lessee to use the leased asset during the lease term.

**(1) Initial measurement**

On the commencement date of the lease period, the Group shall make initial measurement of the right to use assets at cost. The cost includes the following four items: ① the initial measurement amount of the lease liability; (2) The amount of lease payment paid on or before the start date of the lease term, if there is a lease incentive, deduct the amount of lease incentive already enjoyed; (3) The initial direct expenses incurred are the incremental costs incurred to achieve the lease; (4) Costs expected to be incurred for disassembly and removal of the leased assets, restoration of the site where the leased assets are located, or restoration of the leased assets to the state agreed upon in the lease terms, except those incurred for the production of inventory.

**(2) Follow-up measurement**

After the lease period begins, the Group shall use the cost mode to measure the assets of the right to use, that is, the assets of the right to use shall be measured by the cost minus accumulated depreciation and accumulated impairment loss. If the Group re-measures the lease liabilities in accordance with the relevant provisions of the leasing standards, the carrying value of the assets of the right to use shall be adjusted accordingly. ?

**Depreciation of the right to use assets**

From the commencement date of the lease period, the Group will incur depreciation on the assets used. The right to use assets are usually depreciated in the month from the beginning of the lease period. The amount of depreciation shall be included in the cost or current profit or loss of the relevant asset according to the use of the asset used.

When determining the depreciation method of the right asset, the Group shall make a decision based on the expected consumption way of the economic interests related to the right asset, and calculate the depreciation of the right asset by the straight line method.

The Group shall follow the following principles when determining the depreciation life of the right asset: If the ownership of the leased asset can be reasonably determined at the expiration of the lease term, depreciation shall be accrued during the remaining useful life of the leased asset; If it cannot be reasonably determined that the ownership of the leased asset can be obtained at the expiration of the lease term, depreciation shall be calculated and withdrawn during the shorter period of the lease term and the remaining useful life of the leased asset.

Impairment of assets used for use

In case of impairment of the right to use assets, the Group shall carry out subsequent depreciation according to the carrying value of the right to use assets after deducting the impairment loss.

### **30. Intangible assets**

(1) Valuation method, service life and impairment test

The Group's intangible assets, including land use right, ERP software and other intangible assets, are measured at the actual cost at the time of acquisition. The purchased intangible assets are taken as the actual cost according to the actual price paid and other related expenses. The actual cost of intangible assets invested by investors shall be determined according to the value stipulated in the investment contract or agreement, but if the value stipulated in the contract or agreement is unfair, the actual cost shall be determined according to the fair value.

The right to the use of the land shall be amortized on an average basis according to the number of years of the transfer from the date of transfer; ERP software and other intangible assets shall be amortized according to the shortest of the expected service life, the beneficial life stipulated in the contract and the effective life stipulated by law. The amount of amortization shall be included in the cost of relevant assets and current profits and losses according to the beneficiaries. The ESTIMATED USEFUL life and AMORTization method of intangible assets with limited useful life shall be reviewed at the end of each year. If any change occurs, it shall be treated as an accounting estimate change.

(2) Accounting policies for internal research and development expenditures

### **31. Impairment of long-term assets**

The Group checks long-term equity investment, investment real estate measured using the cost model, fixed assets, construction in progress, intangible assets with limited service life and other items on each balance sheet date. When there are signs of impairment, the Group conducts impairment tests. For goodwill and intangible assets with uncertain service life, the impairment test shall be conducted at the end of each year regardless of whether there are any signs of impairment.

The recoverable amount is determined based on the higher between the net fair value of the asset minus the disposal expense and the present value of the expected future cash flows of the asset. The Group estimates its recoverable amount on a single asset basis; If IT IS DIFFICULT TO ESTIMATE THE RECOVERABLE AMOUNT of a single asset, THE recoverable amount of the asset group shall be determined on the basis of the asset group to which the asset belongs. The identification of the asset group shall be based on whether the main cash inflow generated by the asset group is independent of other assets or the cash inflow of the asset group.

After the impairment test, if the carrying value of the asset exceeds its recoverable amount, the difference will be recognized as an impairment loss. Once the impairment loss of the said asset is recognized, it will not be transferred back in the subsequent accounting period.

### **32. Long-term deferred expenses**

Long-term unamortized expenses of the Group refer to expenses that have been paid but should be borne by the current period and subsequent periods with an amortization period of more than 1 year (excluding 1 year). Such expenses are amortized on average during the benefit period. If the long-term unamortized expense item cannot benefit the subsequent accounting period, the amortized value of the item that has not been amortized will be transferred to the current profit and loss.

### **33. Contractual liabilities**

The Group presents contractual assets or contractual liabilities in the balance sheet based on the relationship between the performance of obligations and customer payment. Obligations of the Group to transfer goods or services to customers for which consideration has been received or receivable are shown as contractual liabilities. Contractual assets and contractual liabilities under the same contract are shown as net.

### **34. Employee compensation**

#### **(1) Accounting treatment of short-term compensation**

Short-term compensation mainly include employee salaries, bonuses, allowances and subsidies, employee welfare, social insurance and housing accumulation fund, employee education funds and union funds, provide service in the worker of the accounting period, actual short-term compensation will be recognized as liabilities, and according to the benefit object recorded into the profits and losses of the current or the relevant asset costs.

#### **(2) Accounting treatment of post-resignation benefits**

Post-resignation benefits mainly include basic endowment insurance, unemployment insurance, etc. According to the risks and obligations borne by the company, they are classified into set withdrawal plan and set benefit plan. For the set escrow plan, the EScrow paid to a separate subject in exchange for the services provided by employees during the accounting period on the balance sheet date is recognized as liabilities, and recorded into the current profit and loss or related asset costs according to the beneficiaries.

#### **(3) The accounting treatment method of dismissal welfare**

#### **(4) Accounting treatment methods for other long-term employee benefits**

### **35. Lease liabilities**

#### **(1) Initial measurement**

The Group initially measures the lease liability at the present value of the outstanding lease payments on the commencement date of the lease period.

#### **1) Amount of lease payment**

The amount of lease payment refers to the amount paid by the Group to the lessor in connection with the right to use the leased assets during the lease term, including: (1) the fixed amount and the substantial fixed amount, deducting the amount related to the lease incentive if there is a lease incentive; (2) a variable lease payment subject to an index or ratio, which at the time of initial measurement is determined from the index or ratio on the commencement date of the lease term; (3) The exercise price of the option when the Group reasonably determines that the option will be exercised; (4) The lease term reflects the amount of money to be paid when the Group exercises the option to terminate the lease; (5) The amount expected to be paid based on the residual value of the guarantee provided by the Group.

#### **2) Discount rate**

In calculating the present value of the lease payments, the Group uses the incremental borrowing rate as the discount rate. This incremental borrowing rate is the interest rate that the Group would have to pay to borrow funds on similar collateral terms during a similar period in a similar economic environment in order to acquire an asset with a value close to that of the asset used. The interest rate is related to the following matters: ① the Group's own situation, that is, the Group's solvency and credit status; ② the term of the "loan", namely the lease period; (3) The amount of "borrowed" funds, i.e. the amount of lease liabilities; (4) "mortgage conditions", namely the nature and quality of the underlying assets; ⑤ Economic environment, including the lessee's jurisdiction, currency, contract signing time, etc. The Group derives this incremental borrowing rate based on the bank lending rate, taking into account the above factors and adjusting.

## (2) Follow-up measurement

After the commencement of the lease period, the Group shall make subsequent measurement of the lease liabilities according to the following principles: (1) Increase the carrying amount of the lease liabilities when the interest on the lease liabilities is recognized; (2) Reduce the carrying amount of lease liabilities when making lease payments; ③ When the amount of lease payment changes due to revaluation or lease change, the book value of lease liabilities shall be measured again.

The Group calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate and records it into the current profit and loss, except those that should be capitalized. The periodic interest rate refers to the discount rate adopted by the Group in the initial measurement of lease liabilities, or the revised discount rate adopted by the Group in the case of a change in lease payments or a change in lease that requires the Group to re-measure lease liabilities in accordance with the revised discount rate.

## (3) Re-measurement

After the commencement of the lease term, the Group shall re-measure the lease liability according to the present value of the lease payment after the change and adjust the book value of the asset of the right of use accordingly if any of the following circumstances occur. If the book value of the right asset has been reduced to zero, but the lease liability still needs to be further reduced, the Group will record the remaining amount into the current profit and loss. ① Changes in the substantial fixed payment amount (in this case, the original discount rate shall be used for discount); ② The estimated payable amount of the residual value changes (in such case, the original discount rate shall be used for discount); ③ There is a change in the index or ratio used to determine the lease payment (in which case the revised discount rate is applied); (4) The evaluation result of the purchase option changes (in this case, the revised discount rate is used to discount); ⑤ Change in the evaluation result or actual exercise of the option to renew or terminate the lease (in such cases, the revised discount rate shall be adopted for discount).

## 36. Expected liabilities

When the business related to external guarantee, discount of commercial acceptance bill, pending litigation or arbitration, product quality assurance and other contingent matters simultaneously meets the following conditions, the Group will recognize it as a liability: The obligation is the current obligation undertaken by the Group; The performance of the obligation is likely to lead to the outflow of economic benefits from the enterprise; The amount of the obligation can be measured reliably.

Projected liabilities are initially measured at the best estimate of the expenditures required to meet the relevant current obligations, taking into account factors such as risks, uncertainties and the time value of money associated with contingencies. Where the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflows. The book value of the estimated liabilities is reviewed on each balance sheet date and adjusted to reflect the current best estimate if there is any change.

### 37. Payment in shares

Equity-settled share-based payment in exchange for services provided by the employee, measured at the fair value of the equity instrument granted to the employee on the grant date. In the case that the amount of the fair value is feasible only after the completion of the services in the waiting period or the achievement of the stipulated performance conditions, it shall be calculated into the relevant costs or expenses by the straight-line method based on the best estimate of the number of feasible rights and equity instruments during the waiting period, and the capital reserves shall be increased accordingly.

Share payments settled in cash are measured at the fair value of liabilities assumed by the Group based on shares or other equity instruments. If the right is available immediately after the grant, the fair value of the liabilities shall be included in the relevant costs or expenses on the grant date, and the liabilities shall be increased accordingly; If it is necessary to complete the services in the waiting period or meet the stipulated performance conditions before the right is feasible, on each balance sheet date of the waiting period, based on the best estimate of the situation of the right, the services obtained in the current period will be included in the cost or expense according to the fair value amount of liabilities borne by the Group, and liabilities will be adjusted accordingly.

On each balance sheet date and settlement date before the relevant liabilities are settled, the fair value of the liabilities shall be re-measured, and the change shall be recorded into the current profit and loss.

### 38. Preferred stock, perpetual bond and other financial instruments

#### 39. income

The accounting policies used for revenue recognition and measurement

The accounting policies used for revenue recognition and measurement

The accounting policies used for revenue recognition and measurement

The Group has fulfilled the performance obligation in the contract, which is to recognize the revenue when the customer obtains control of the relevant goods or services. Specific criteria for recognition of revenue from sales of goods: the company delivers the goods to the customer to confirm the realization of revenue from sales of goods.

If the contract contains two or more performance obligations, at the beginning of the contract, the Group shall apportion the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the commodity or service promised by each individual performance obligation, and measure the income according to the transaction price apportioned to each individual performance obligation.

The transaction price is the amount of consideration that the Group is expected to be entitled to receive in connection with the transfer of goods or services to the Customer, excluding payments received on behalf of third parties. The transaction price recognized by the Group does not exceed the amount at which there is a high probability that cumulative recognized revenues will not be materially reversed upon the elimination of the relevant uncertainty. It is expected that refunds to customers will not be included in the transaction price as liabilities. If there is a significant financing component in the contract, the Group shall fix the transaction price on the basis of the amount payable which is assumed to be paid in cash by the customer upon acquisition of control of the goods or services. The difference between the transaction price and the contract consideration is amortized over the term of the contract using the effective interest rate method. On the commencement date of the contract, if the Group expects that the interval between the customer's acquisition of control over the goods or services and the customer's payment is not more than one year, the significant financing component in the contract is not considered.

If one of the following conditions is met, the Group shall fulfill the obligation of performance within a certain period of time; Otherwise, it falls under the obligation to perform at a certain point:

- (1) When the Group performs the contract, the customer obtains and consumes the economic benefits brought by the Group's performance.
- (2) The customer can control the goods under construction in the process of the Group's performance.

(3) The commodities produced in the course of the Group's performance are of non-substitutable use and the Group is entitled to receive payment throughout the term of the Contract for the aggregate portion of the performance completed so far.

For the performance obligations performed within a certain period of time, the Group recognizes the revenue according to the progress of the performance within that period. If the performance progress cannot be reasonably determined, and the costs already incurred by the Group are expected to be compensated, the revenue shall be recognized according to the amount of the costs already incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain point, the Group recognizes revenue at the point when the customer obtains control of the relevant goods or services. In determining whether a customer has taken control of a good or service, the Group considers the following signs:

- (1) The Group has the current right to receive payment in respect of the goods or services.
- (2) The Group has transferred legal ownership of the commodity to the customer.
- (3) The Group has physically transferred the commodity to the customer.
- (4) The Group has transferred the major risks and rewards in the ownership of the commodity to the customer.
- (5) The customer has accepted the goods or services, etc.

The right to receive consideration for goods or services transferred by the Group to the customer is listed as the contract asset, and the impairment of the contract asset is calculated on the basis of expected credit loss. The Group's unconditional right to receive consideration from customers is shown as receivables. The Group's obligation to transfer goods or services to customers due to their consideration for the goods received is shown as contractual liabilities.

A situation in which similar businesses adopt different operating models, resulting in differences in revenue recognition accounting policies

A situation in which similar businesses adopt different operating models, resulting in differences in revenue recognition accounting policies

A situation in which similar businesses adopt different operating models, resulting in differences in revenue recognition accounting policies

#### **40. Government subsidies**

Government subsidy means that the group obtains monetary assets or non-monetary assets free of charge from the government. Among them, the government subsidies related to assets refer to the government subsidies obtained by the Group for the purchase and construction or the formation of long-term assets by other means; The government subsidy related to income refers to the government subsidy other than the government subsidy related to assets. If the government document does not clearly specify the subsidy object, the group will judge according to the above distinction principle. If it is difficult to distinguish, the whole group will be classified as the government subsidy related to income.

If the government subsidy is a monetary asset, it shall be measured according to the amount actually received. For the subsidy allocated according to the fixed quota standard, or for the subsidy at the end of the year that there is solid evidence that it can meet the relevant conditions stipulated by the financial support policy and is expected to receive the financial support fund, it shall be measured according to the amount receivable; If the government subsidy is a non-monetary asset, it shall be measured according to the fair value. If the fair value cannot be obtained reliably, it shall be measured according to the nominal amount (1 yuan).

The government subsidies related to the assets shall be recognized as deferred income, and the government subsidies related to the assets shall be recorded into the current profit and loss according to the straight-line method in the service life of the relevant assets.

If the relevant asset is sold, transferred, scrapped or damaged before the end of its useful life, the balance of the relevant deferred income that has not been distributed shall be transferred to the profit or loss of the asset disposal period.

Government subsidies related to earnings, which are used to compensate related costs or losses in subsequent periods, shall be recognized as deferred earnings and recorded into current profits and losses in the period of recognition of related costs or losses. Government subsidies

related to daily activities shall be included in other income according to the economic business essence. Government subsidies unrelated to daily activities shall be included in non-operating income and expenditure.

If the Group obtains policy preferential loans with discounted interest, the accounting treatment shall be carried out in accordance with the following principles when the financial department appropriates the discount interest funds to the lending bank and the financial department directly appropriates the discount interest funds to the Group:

(1) If the finance allocates the discount interest fund to the lending bank, and the lending bank provides the loan to the Group at the policy preferential interest rate, the Group shall take the actual amount of the loan as the recorded value of the loan, and calculate the relevant borrowing expenses according to the loan principal and the policy preferential interest rate.

(2) The finance will directly allocate the discount interest funds to the Group, and the Group will offset the corresponding discount interest against the relevant borrowing costs.

The government subsidies confirmed by the Group that need to be returned shall be accounted for according to the following provisions in the current period:

1) If the book value of relevant assets is written down during initial recognition, the book value of assets shall be adjusted.

2) If there is relevant deferred income, the book balance of relevant deferred income shall be written down, and the excess part shall be booked into the current profit and loss.

3) Other cases shall be directly included in current profits and losses.

#### **41. Deferred tax assets/deferred tax liabilities**

The deferred tax assets and deferred tax liabilities of the Group are calculated and recognized on the basis of the difference (temporary difference) between the tax basis of the assets and liabilities and their carrying values. For the deductible losses that can offset the taxable income amount in subsequent years in accordance with the tax law, the corresponding deferred income tax assets shall be recognized. For temporary differences arising from the initial recognition of goodwill, the corresponding deferred tax liability is not recognized. The corresponding deferred TAX assets and deferred TAX liabilities shall not be recognized for temporary DIFFERENCES ARISING from the initial recognition of assets or liabilities arising from a non-business combination transaction that does not affect accounting profit or taxable income (or DEDUCTible loss). On the balance sheet date, the deferred tax assets and deferred tax liabilities shall be measured at the applicable tax rates during the period of expected recovery of the assets or repayment of the liabilities.

The Group recognizes deferred tax assets to the extent that future taxable income is likely to be obtained to offset deductible temporary differences, deductible losses and tax deductions.

#### **42. lease**

##### **(1) Accounting treatment of operating lease**

###### **Treatment of rent**

During each period of the lease term, the Group recognizes lease receipts from operating leases as rental income using the straight-line method.

###### **The incentives offered**

If the rent-free period is provided, the Group shall distribute the total rental amount in the whole lease period without deducting the rent-free period according to the straight-line method, and the rental income shall be recognized during the rent-free period. If the Group undertakes

certain expenses of the Lessee, such expenses shall be deducted from the total rental income and distributed according to the balance of the deducted rental income during the lease term.

### **Initial direct expense**

The initial direct expenses incurred by the Group in connection with the operating leases shall be capitalized to the cost of the underlying assets under lease and recorded into the current profits and losses on the same basis of recognition as the rental income during the lease period.

### **depreciation**

For the fixed assets in the operating leasing assets, the Group adopts the depreciation policy of similar assets to calculate and withdraw depreciation; For other operating leasing assets, the amortization shall be carried out in a systematic and reasonable way.

### **Variable lease payments**

Variable lease payments obtained by the Group in connection with operating leases that are not included in lease receipts are recorded in current profit and loss when actually incurred.

### **Changes in the operating lease**

If an operating lease is changed, the Group shall, starting from the effective date of the change, treat it as a new lease, and the advance or receivable lease collection related to the lease before the change shall be regarded as the amount of the new lease.

## **(2) Accounting treatment of finance lease**

### **Initial measurement**

On the commencement date of the lease term, the Group shall recognize the financial lease receivable and terminate the recognition of the financial lease assets. When the Group makes the initial measurement of the financial lease receivables, it takes the net lease investment as the recorded value of the financial lease receivables.

The net lease investment is the sum of the unsecured residual value and the present value of the lease collection not yet received at the commencement date of the lease term discounted at the embedded interest rate. Lease collection refers to the amount of money that the lessor should collect from the lessee for transferring the right to use the leased asset during the lease term, including: ① the fixed amount and substantial fixed amount to be paid by the lessee; If there is a lease incentive, the relevant amount of the lease incentive shall be deducted; (2) a variable lease payment subject to an index or ratio, which at the time of initial measurement is based on the index or ratio on the commencement date of the lease term; (3) the exercise price of the option to purchase, provided that the lessee is reasonably certain to exercise the option; (4) the amount of money to be paid when the lessee exercises the option to terminate the lease, provided that the lease period reflects that the lessee will exercise the option to terminate the lease; ⑤ The residual value of the guarantee provided to the lessor by the lessee, the party related to the lessee and the independent third party that has the economic ability to fulfill the guarantee obligation.

### **Subsequent measurement**

The Group calculates and recognizes interest income for each period of the lease term at a fixed periodic rate. The periodic interest rate, it is to point to determine the net investment in the lease use contains the discount rate (if relet, sublet's interest rate implicit in the lease cannot be determined, using the original leasing of the discount rate (adjustments according to the initial direct costs related to sublease)), or change in the

financing lease is not as a separate lease accounting treatment, and meet if changes to take effect on the lease beginning date, The lease will be classified as a finance lease at the revised discount rate determined in accordance with the relevant provisions.

### Accounting for lease changes

If the financial lease is changed and the following conditions are met, the Group shall account for the change as a separate lease: ① The change expands the lease scope by adding the right to use one or more leased assets; (2) The increased consideration is equivalent to the separate price of the extended part of the lease adjusted for the circumstances of the contract.

If the change of financing lease is not as a single lease accounting treatment, and meet if changes to take effect on the lease beginning date, the lease will be classified as an operating lease terms, the group since the day of the effect of the change of it as a new lease accounting treatment, and prior to the effect of the change of the net investment in the lease as the book value of the leased asset.

### 43. Other important accounting policies and estimates

#### 44. Significant changes in accounting policies and estimates

##### (1) Changes in important accounting policies

Applicable  Not applicable

The content and reason of accounting policy change	The examination and approval procedures	note
See statement in box below	Approval of the board	

In December 2018, the Ministry of Finance revised and issued Accounting Standards for Business Enterprises No. 21 - Leasing (Accounting and Accounting [2018] No. 35) (hereinafter referred to as the "New Leasing Standards"). In preparing the 2021 annual financial statements, the Group implemented the relevant accounting standards and dealt with them in accordance with the relevant connection provisions.

Based on the cumulative impact of the first implementation of the new leasing criteria, the Group adjusts the amount of retained earnings and other related items in the financial statements at the beginning of the year of the first implementation, without adjusting the information in the comparable period. For the operating leases prior to the first execution date, the Group measures the lease liabilities based on the present value of the remaining lease payments discounted at the incremental borrowing rate on the first execution date, and for all leases, it measures the use assets based on the amount equal to the lease liabilities and the necessary adjustments based on the prepaid rent.

The Group's implementation of the new leasing guidelines had no impact on the balance sheet at 1 January 2021

##### (2) Changes in important accounting estimates

Applicable  Not applicable

The content and reason of accounting estimate change	The examination and approval procedures	The point at which it starts to apply	note
See statement in box below	Approval of the board	October 01, 2021	

Since January 1, 2019, the Group has implemented the Accounting Standards for Business Enterprises No. 22 -- Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23 -- Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24 -- Hedging and Accounting Standards for Business Enterprises No. 37 newly revised by the Ministry of Finance No. -- Presentation of Financial Instruments (hereinafter referred to as the "New Financial Instrument Standards"). In order to more reasonably reflect the impact of current and future credit risks of receivables on the Company's financial condition and operating results, the Group calculates "aging migration rate" and "expected credit loss rate" according to historical data. The "expected credit loss ratio" is reassessed based on the impact of industry environment, economic environment and forward-looking information. According to the provisions of Accounting Standards for

Business Enterprises No. 28 - Accounting Policies, Accounting Estimates Changes and Error Correction, this change in accounting estimates adopts the future applicable method and has no impact on the financial position and operating results of the Group in previous years. Major

Changes:Expected loss rate of receivables :

aging	Proportion before change	Proportion after change
Within 1 year	1.00%	5.00%
1 to 2 years	5.00%	10.00%
2 to 3 years	20.00%	20.00%
3-4 years	40.00%	50.00%
Four to five years	60.00%	80.00%
More than 5 years	100.00%	100.00%

Expected loss rate of other receivables: :

aging	Proportion before change	Proportion after change
Within 1 year	2.00%	5.00%
1 to 2 years	10.00%	10.00%
2 to 3 years	20.00%	20.00%
3-4 years	40.00%	50.00%
Four to five years	50.00%	80.00%
More than 5 years	100.00%	100.00%

Changes in accounting estimates	The effect of the change in accounting estimates on the total profit of the current year
Change the expected credit loss rate	40,238,707.02
A combined	<b>40,238,707.02</b>

#### 45.other

## VI.Taxation

1. The main applicable tax and rate to the Group as follows:

tax	Plan tax basis	Tax rate
The VAT	Value-added of taxable income	13%, 9% , 6% , 5%
Urban maintenance and construction tax	VAT payable	7%
Corporate income tax	Taxable income	15% or25%
Education fee surcharge	VAT payable	3%
Local education surcharge	VAT payable	2%
The property tax	70% of the original value of the self-used property or the rental income of the rented property	1.2%or12%
Land use tax	Area of land use right	6yuan/Square meters

Where there are tax payers with different corporate income tax rates, the disclosure information shall be explained

Tax principles	EIT rate
Wafangdian Bearing Co., LTD	15%
Wazhou Liaoyang Bearing construction Co.,Ltd	15%
Dalian Wazhou Precision Motor Car Bearing Company Limited	25%
Wazhou Precision of Spherical Roller Bearings(Wafangdian)Co., Ltd	25%

## 2. Tax benefits

The company obtained the high and new technology enterprise certification qualification on December 3, 2020. The certificate number of high and new Technology Enterprise certification is GR202021200656, and the validity period is 3 years. The company's subsidiary, Wazhou Liaoyang Bearing Manufacturing Co., LTD., obtained the qualification of high and new Technology enterprise certification on September 15, 2020. The certificate number of high and new Technology Enterprise certification is GR202021000550, and the validity period is 3 years. According to the tax law, it can enjoy the preferential tax policy of collecting corporate income tax at the rate of 15% within three years.

## 3. other

# VII. Notes to consolidated financial statements

## 1. Monetary fund

In RMB Yuan

project	The ending balance	Beginning balance
Cash on hand	2,212.63	8,510.17
Bank deposits	252,090,686.72	209,839,386.25
Other monetary funds	60,164,632.31	76,628,805.27
A combined	312,257,531.66	286,476,701.69

## 2. Trading financial assets

In RMB Yuan

project	The ending balance	Beginning balance
Financial assets measured at fair value and whose changes are recorded in current profit or loss	294,302.60	322,037.93
Among them:		
Equity instrument investment	294,302.60	322,037.93
Among them:		
A combined	294,302.60	322,037.93

## 3. Derivative financial assets

## 4. Notes receivable

( 1 ) Category of notes receivable

Items	Closing Balance	Opening Balance
Bank acceptance notes	462,361,440.41	445,227,090.19
Trade acceptance notes	36,608,740.93	62,744,043.50
Total	498,970,181.34	507,971,133.69

( 2 ) Bad debt provision of notes receivable accrued, collected and reversed

Bad debt provision of notes receivable :

Category	Opening balance	Change during the year				Closing Balance
		Accrued	Collected/reversed	Written-off	others	
Bad debt provision	2,978,533.87					2,978,533.87
Total	2,978,533.87					2,978,533.87

( 3 ) Pledged notes receivable up to the end of year.

( 4 ) Notes receivable endorsed or discounted but not mature at the end of year

Item	Closing amount no more recognized	Closing amount still recognized
Bank acceptance notes		403,653,002.21
Trade acceptance notes		30,250,844.00
Total		433,903,846.21

( 5 ) Transfer to receivable as the drawer's default of performance of obligation

Item	Closing amount
Bank acceptance notes	1,500,000.00
Total	1,500,000.00

## 5.Accounts receivable

( 1 ) Category of accounts receivable

Items	Closing Balance					Opening Balance				
	Booking balance		Provision		Booking value	Booking balance		Provision		Booking value
	Amount	%	Amount	%		Amount	%	Amount	%	
Accounts receivable with individual bad debt provision	85,699,076.75	7.32%	85,699,076.75	100.00%		87,004,581.38	7.56%	87,004,581.38	100.00%	
Accounts receivable with bad debt provision based on the characters of credit risk portfolio	1,084,427,682.38	92.68%	64,990,113.11	5.99%	1,019,437,569.27	1,064,444,421.51	92.44%	64,990,113.11	6.11%	999,454,308.40

-Aging portfolio	927,236,246.01	79.24%	64,990,113.11	7.01%	862,246,132.90	889,978,615.10	77.29%	64,990,113.11	7.30%	824,988,501.99
-Related party portfolio	157,191,436.37	13.43%			157,191,436.37	174,465,806.41	15.15%			174,465,806.41
Total	1,170,126,759.13		150,689,189.86		1,019,437,569.27	1,151,449,002.89	100.00%	151,994,694.49		999,454,308.40

## Accounts receivable with the bad debt provisions under accounting aging analysis method

Aging	Closing Balance
Within 1 year	1,170,126,759.13
Total	1,170,126,759.13

## ( 2 ) Provision for bad debts accrued, withdrawn or rolled back in the current period

Current provision for bad debts :

Category	Opening balance	Change during the year				Closing Balance
		Accrued	Other increase	Collected/reversed	Written-off	
bad debts	151,994,694.49			1,305,504.63		150,689,189.86
total	151,994,694.49			1,305,504.63		150,689,189.86

## ( 3 ) Accounts receivable written off in current period

Item	Written-off Amount
Accounts receivable written off	1,305,504.63

Important Account receivables accrued written down situations: :

Company name	Nature of receivable	amount	reason	Procedure to be performed	Caused by related party
Beijing Jingcheng Star Technology Development Co. LTD	Trade payment	55,100.00	Unable to recover	Internal approval	N
Tangshan Huahang Mechanical and Electrical Pioneer Equipment Co. LTD	Trade payment	247,147.40	Unable to recover	Internal approval	N
Jinzhai Pengfei Steel Structure Steel Frame Engineering Co. LTD	Trade payment	246,400.00	Unable to recover	Internal approval	N
Wuxi Yutong Bearing Co. LTD	Trade payment	149,427.42	Unable to recover	Internal approval	N
Shandong Fengyuan Tongda Electric Power Co., LTD. Zhongke Ecological Branch	Trade payment	96,030.20	Unable to recover	Internal approval	N
Jiangsu Yali explosion-proof Motor Co. LTD	Trade payment	77,349.65	Unable to recover	Internal approval	N
Shanxi Coking Co., LTD	Trade payment	3,456.00	Unable to recover	Internal approval	N
Total		874,910.67			

## ( 4 ) The top five significant accounts receivable categorized by debtors

Items	Opening balance	Proportion of receivable (%)	Closing Balance
First	84,763,235.04	7.24%	
Second	43,713,140.91	3.74%	
Third	21,243,764.61	1.82%	2,185,657.05
Forth	16,489,786.28	1.41%	
fifth	16,144,591.26	1.38%	
total	182,354,518.10	15.59%	

## 6.Financing of receivables

Items	Closing Balance	Opening balance
Bank acceptance notes	47,419,743.25	28,115,340.20
Trade acceptance notes	22,146,149.74	
Total	69,565,892.99	28,115,340.20

## 7.Prepayment

### ( 1 ) Aging of advances to suppliers

Items	Closing Balance		Opening Balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	48,416,987.07	95.62%	45,584,745.37	98.44%
1 to 2 years	2,074,797.30	4.10%	661,075.82	1.43%
2 to 3 years	144,015.39	0.28%	59,879.31	0.13%
Total	50,635,799.76		46,305,700.50	

### ( 2 ) The top five significant advances to suppliers categorized by debtors

Items	Closing Balance	Age	Proportion of receivable(%)
Daye Special Steel Co	10,950,845.15	Within 1 year	21.63%
Hephys Heat Treatment System Jiangsu Co. LTD	5,640,000.00	Within 1 year	11.14%
Zhejiang RIFA Precision Machinery Co., Ltd.	5,320,000.00	Within 1 year	10.51%
Fushun Special Steel Co. LTD	4,916,455.14	Within 1 year	9.71%
Bengang Steel Plates Co.,Ltd	3,055,766.42	Within 1 year	6.03%
Total	29,883,066.71	—	59.02%

## 8.Other receivables

Items	Closing Balance	Opening Balance
Other receivable	13,876,214.45	9,531,860.12
Total	13,876,214.45	9,531,860.12

### ( 1 ) Interest receivable

### ( 2 ) Dividends receivable

## ( 3 ) Other receivable

## 1 ) The categories of other receivable by nature

Nature	Closing Balance	Opening Balance
Security deposit	6,407,742.38	4,603,536.29
Deposit	81,010.00	157,560.00
Personal petty cash	269,515.64	95,518.64
Others	16,195,566.67	13,782,960.20
<b>Total</b>	<b>22,953,834.69</b>	<b>18,639,575.13</b>

## 2 ) Categories of other receivable

Provision for bad debt	1 <sup>st</sup> stage	2 <sup>nd</sup> stage	3 <sup>rd</sup> stage	Total
	Expected credit loss within following 12 months	Expected credit loss within life time (unimpaired)	Expected credit loss within life time (impaired)	
Balance on January 1, 2022			9,107,715.01	9,107,715.01
On January 1, 2022 Other receivable carrying amount on the book				
Reversed			30,094.77	30,094.77
Balance on June 30, 2022			9,077,620.24	9,077,620.24

## Other receivables listed by aging

Aging	Closing Balance
Within 1 year (including 1year)	12,477,004.34
1-2 years	1,740,980.15
2-3 years	297,460.99
Over 3 years	8,438,389.21
3-4years	1,926,289.81
4-5years	165,000.00
Over 5 years	6,347,099.40
<b>Total</b>	<b>22,953,834.69</b>

## 3 ) Bad debt provision accrued or reversed

Category	Opening balance	Change during the year				Closing Balance
		Accrued	Collected/ reversed	Written-off	Others	
Provision for bad debt	9,107,715.01		30,094.77			9,077,620.24
<b>Total</b>	<b>9,107,715.01</b>		<b>30,094.77</b>			<b>9,077,620.24</b>

4 ) Other receivables actually written off in the current period

5 ) Other receivables from the top 5 debtors

Name	Category	Closing Balance	Aging	% of the total OR	Closing Balance of Provision
Liaoning Electric Power Supply Co.,Ltd	Prepay bill	5,127,768.17	Within 1 year	22.34%	
Benxi Steel Plate Co., Ltd	Prepayments of Materials	1,280,000.00	Over 5 years	5.58%	1,280,000.00
Luoyang Zhongzhu Casting Plant	Prepayments of Materials	723,598.86	Over 5 years	3.15%	723,598.86
Beijing Guangzhengxing Energy Technology Development Co., Ltd	Prepayments of Materials	320,940.17	3-4 years Over 5 years	1.40%	320,940.17
Ansteel Supply and Marketing Company	Prepayments of Materials	319,694.17	Over 5 years	1.39%	319,694.17
<b>Total</b>		<b>7,772,001.37</b>		<b>33.86%</b>	<b>2,644,233.20</b>

## 9. Inventories

( 1 ) Categories of inventories

Items	Closing Balance			Opening Balance		
	Book value	Provision for decline	Net book value	Book value	Provision for decline	Net book value
Raw materials	66,638,996.47	7,318,933.99	59,320,062.48	57,373,892.68	6,066,317.93	51,307,574.75
WIP	161,668,132.24	13,825,242.26	147,842,889.98	161,638,949.72	13,872,799.81	147,766,149.91
Finished goods	642,405,850.69	127,765,858.89	514,639,991.80	635,794,071.69	139,762,806.19	496,031,265.50
Goods on transit	31,539,983.22		31,539,983.22	13,657,527.28		13,657,527.28
Low-value consumable	595,534.37		595,534.37	1,849,446.76		1,849,446.76
<b>Total</b>	<b>902,848,496.99</b>	<b>148,910,035.14</b>	<b>753,938,461.85</b>	<b>870,313,888.13</b>	<b>159,701,923.93</b>	<b>710,611,964.20</b>

( 2 ) Provision for decline in the value of inventories

Items	Opening Balance	Increase		Reduction in current period		The ending balance
		Accrual	Other	To turn back or sell off	other	
The raw materials	6,066,317.93	1,252,616.06				7,318,933.99
In the product	13,872,799.81			47,557.55		13,825,242.26
Inventory goods	139,762,806.19			11,996,947.30		127,765,858.89
A combined	159,701,923.93	1,252,616.06		12,044,504.85		148,910,035.14

## 10. Contractual assets

project	Closing Balance			Beginning balance		
	Book value	Provision for decline	Net book value	Book value	Provision for decline	Net book value
Payment for performance of	5,207,877.43	198,093.77	5,009,783.66	3,961,875.32	198,093.77	3,763,781.55

the contract						
A combined	5,207,877.43	198,093.77	5,009,783.66	3,961,875.32	198,093.77	3,763,781.55

Amounts and reasons for material changes in book value of contract assets during the current period:

project	Changes in the amount	Change the reason
Payment for performance of the contract	1,246,002.11	The needs of customers
A combined	1,246,002.11	—

If the provision for impairment of contracted assets is made in accordance with the general model of expected credit losses, please refer to the disclosure method of other receivables to disclose the relevant information of the impairment provision:

Applicable  Not applicable

#### 11. Holding assets for sale

#### 12. Non-current assets maturing within one year

#### 13. Other current assets

project	The ending balance	Beginning balance
VAT to be deducted	659,545.15	5,578,651.12
Advance income tax		49,299.96
A combined	659,545.15	5,627,951.08

#### 14. Bond investment

#### 15. Other debt investments

#### 16. Long-term receivables

#### 17. Long-term equity investment

#### 18. Investment in other equity instruments

Items	Closing Balance	Opening Balance
Shanghai ME Mechanical & Electrical Equipment Chain Co., Ltd	2,000,000.00	2,000,000.00
Qian'an Zhayi Iron & Steel Group Co. Ltd	2,503,766.95	2,503,766.95
Dalian Huilong Industry& Trade Company's share	7,423,089.69	7,423,089.69
Total	11,926,856.64	11,926,856.64

Itemized disclosure of the current period of non-trading equity instruments investment

project	Recognized dividend income	The cumulative gains	The cumulative loss	Amount of other comprehensive income transferred to retained earnings	It is specified as the reason that is measured at fair value and its change is included in other comprehensive income	Other comprehensive income into retained earnings reasons
Qian'an Zhayi Iron & Steel Group Co. Ltd	18,821.12	37,642.24				

## 19. Other non-current financial assets

## 20. Investment real estate

## (1) Investment real estate with cost measurement model

Applicable  Not applicable

project	Houses. Buildings.	Land use right	Projects under construction	A combined
I. Original book value				
1. Opening balance	72,986,049.34	52,861,118.81		125,847,168.15
2. Increase in current period				
(1) Outsourcing				
(2) inventory \ fixed assets \ Construction in progress transfer				
(3) Business mergers increased				
3. Reduction in current period				
(1) Disposal				
(2) Other transfer out				
4. Closing balance	72,986,049.34	52,861,118.81		125,847,168.15
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	37,063,564.08	19,921,292.69		56,984,856.77
2. Increase in current period	1,315,320.41	660,756.00		1,976,076.41
(1) Provision or amortization	1,315,320.41	660,756.00		1,976,076.41
3. Reduction in current period				
(1) Disposal				
(2) Other transfer out				
4. Closing balance	38,378,884.49	20,582,048.69		58,960,933.18
III. Impairment provision				
1. Opening balance				
2. Increase in current period				
(1) Provision and withdrawal				
3. Reduction in current period				
(1) Disposal				
(2) Other transfer out				
4. Closing balance				
IV. Book value				
1. Ending book value	34,607,164.85	32,279,070.12		66,886,234.97
2. Beginning book value	35,922,485.26	32,939,826.12		68,862,311.38

(2) Investment real estate with fair value measurement mode

 Applicable  Not applicable

(3) The situation of investment real estate whose title certificate is not completed

project	The book value	Reasons for not completing the title certificate
Liaoyang bearing main factory building	5,574,202.55	The housing certificate is being approved
Liaoyang bearing Company office building	820,633.40	The housing certificate is being approved

**21. Fixed assets**

project	The ending balance	Beginning balance
Fixed assets	404,004,529.89	438,220,714.18
A combined	404,004,529.89	438,220,714.18

(1) Fixed assets

project	House building	Machinery and equipment	Transportation equipment	Electronic equipment	Other equipment	A combined
I. Original book value:						
1. Opening balance	1,063,718.18	21,183,613.35	103,094.75	707,760.44	174,268.67	23,232,455.39
2. Increase in current period	3,691,927.23	26,380,673.08	433,697.32	1,815,583.04	4,508,369.11	36,830,249.78
(1) Purchase	8,274.34	350,442.48	76,991.15	345,685.65	241,414.60	1,022,808.22
(2) Transfer of projects under construction		2,223,097.58	129,203.54	115,044.25	626,106.20	3,093,451.57
(3) Business mergers increased						
3. Reduction in current period	3,423,158.00	3,027,651.55	103,000.01	136,901.22	4,737.00	3,272,289.78
(1) Disposal or scrapping	3,423,158.00	3,027,651.55	103,000.01	136,901.22	4,737.00	3,272,289.78
4. Closing balance	1,063,718.18	18,155,961.80	94.74	570,859.22	169,531.67	19,960,165.61
II. Accumulated depreciation						
1. Opening balance	202,080,315.13	714,681,598.07	11,986,579.65	52,446,931.42	155,477,620.05	1,136,673,044.32
2. Increase in current period	3,691,927.23	26,380,673.08	433,697.32	1,815,583.04	4,508,369.11	36,830,249.78
(1) Provision and withdrawal	3,691,927.23	26,380,673.08	433,697.32	1,815,583.04	4,508,369.11	36,830,249.78
3. Reduction in current period	3,423,158.00	23,207,427.03	1,082,331.32	3,969,117.04	536,294.70	32,218,328.09

(1) Disposal or scrapping	3,423,158.00	23,207,427.03	1,082,331.32	3,969,117.04	536,294.70	32,218,328.09
4. Closing balance	202,349,084.36	717,854,844.12	11,337,945.65	50,293,397.42	159,449,694.46	1,141,284,966.01
III. Impairment provision						
1. Opening balance	1,063,718.18	21,183,613.35	103,094.75	707,760.44	174,268.67	23,232,455.39
2. Increase in current period						
(1) Provision and withdrawal						
3. Reduction in current period		3,027,651.55	103,000.01	136,901.22	4,737.00	3,272,289.78
(1) Disposal or scrapping		3,027,651.55	103,000.01	136,901.22	4,737.00	3,272,289.78
4. Closing balance	1,063,718.18	18,155,961.80	94.74	570,859.22	169,531.67	19,960,165.61
IV. Book value						
1. Ending book value	82,561,657.59	270,833,109.13	2,790,346.82	12,775,061.36	35,044,354.99	404,004,529.89
2. Beginning book value	86,245,310.48	296,027,914.23	3,045,936.29	14,202,891.34	38,698,661.84	438,220,714.18

## (2) Temporarily idle fixed assets

project	The original value of the book	Accumulated depreciation	Impairment loss	The book value	note
House building	11,592,935.54	9,744,311.89		1,848,623.65	—
Machinery and equipment	8,557,698.04	3,059,282.60	4,805,185.58	693,229.86	—
Transportation equipment					—
Electronic equipment	3,386,076.73	3,002,042.61	360,566.95	23,467.17	—
Other equipment	697,556.19	667,801.81	11,267.67	18,486.71	—
A combined	24,234,266.50	16,473,438.91	5,177,020.20	2,583,807.39	—

## (3) Fixed assets leased through operation and leasing

project	Ending book value
Electronic equipment	1,792,324.17
Machinery and equipment	84,340,444.34
other	968,340.24
Transportation equipment	280,265.14
A combined	83,305,188.57

**(4) Fixed assets where the title certificate has not been completed**

project	The book value	Reasons for not completing the title certificate
Dalian wazhou precision motor car bearing plant	27,938,319.95	In the process
Liaoyang bearing main factory building	6,020,362.35	In the process
Liaoyang bearing Company office building	2,479,539.58	In the process
Liaoyang bearing driver processing workshop	1,089,318.06	In the process
Liaoyang bearing Company staff canteen	762,266.13	In the process

**22. Construction in progress**

project	The ending balance	Beginning balance
Projects under construction	54,169,088.82	25,929,699.29
A combined	54,169,088.82	25,929,699.29

**(1) Construction in progress details**

Improvement of 7 <sup>th</sup> finished products	Closing Balance			Opening Balance		
	Book Balance	Provision	Book Value	Book Balance	Provision	Book Value
Improvement of 2nd finished products	3,931,152.37	3,537,505.62	393,646.75	3,931,152.37	3,537,505.62	393,646.75
New plant project	6,772,939.06		6,772,939.06	3,681,416.00		3,681,416.00
Angular Contact Ball Bearing Production Line	4,413,268.39		4,413,268.39	3,074,304.55		3,074,304.55
Improvement of plant	2,654,867.25		2,654,867.25	2,654,867.25		2,654,867.25
Spherical Roller Bearing Assembly Line				2,389,925.00		2,389,925.00
Improvement of grinding machine	876,106.17		876,106.17	1,321,112.55		1,321,112.55
Cylindrical bearing production line	1,176,728.37		1,176,728.37	1,257,328.31		1,257,328.31
1250 Salt bath martensitic heat treatment production line press investment renovation	3,433,628.33		3,433,628.33	1,030,088.50		1,030,088.50
1250 Salt Bath Horse/Bainite Heat Treatment Production Line	831,858.41		831,858.41	831,858.41		831,858.41
Maintenance and renovation of grinding production line	7,008,849.55		7,008,849.55	805,309.73		805,309.73
Improvement of precision bearing				741,000.00		741,000.00

plant						
Thielenhaus Superfinisher	6,468,753.21		6,468,753.21	710,194.68		710,194.68
Improvement of railway	637,168.14		637,168.14	637,168.14		637,168.14
Installation of Super finishing Machine				625,647.85		625,647.85
Controlled Atmosphere Multifunctional Carburizing Furnace Production Line	456,878.68	456,878.68		456,878.68	456,878.68	
Channel II construction project	2,917,079.65		2,917,079.65	416,725.66		416,725.66
Crane Project				259,161.89		259,161.89
Overhaul factory reconstruction	255,382.52		255,382.52	255,382.52		255,382.52
Cylindrical bearing inner ring raceway grinder				205,784.79		205,784.79
Improvement of precision roller branch	196,460.18		196,460.18	196,460.18		196,460.18
Grinding product line	5,502,116.04		5,502,116.04	166,937.61		166,937.61
Computer Project	38,957.26		38,957.26	38,957.26		38,957.26
Dalian industry park project	25,623.93		25,623.93	25,623.93		25,623.93
Improvement of 7 <sup>th</sup> finished products	5,590.46		5,590.46	5,590.46		5,590.46
Heat treatment electrical engineering	1,513,761.46		1,513,761.46			
other	9,833,233.12	786,929.43	9,046,303.69	4,992,136.70	786,929.43	4,205,207.27
<b>Total</b>	<b>58,950,402.55</b>	<b>4,781,313.73</b>	<b>54,169,088.82</b>	<b>30,711,013.02</b>	<b>4,781,313.73</b>	<b>25,929,699.29</b>

(2) Change in the significant construction in progress

The project name	Budget number	Beginning balance	Current increase amount	Amount transferred to fixed assets in current period	Other reduced amounts in the current period	The ending balance	The cumulative investment of the project accounts for the proportion of the budget	Progress of the project	Cumulative amount of interest capitalization	Including: current period interest capitalization amount	Current interest capitalization rate	Sources of funding
Improvement of 7th finished products	6,404,690.27	3,931,152.37				3,931,152.37	96.37%	96.37%				other
Improvement of precision bearing plant	6,468,753.21	710,194.68	5,242,806.32	515,752.21		6,468,753.21	60.00%	60%				other
Grinding product line	1,218,650.90	38,957.26				38,957.26	77.07%	77.07%				other
Improvement of 2nd finished products	6,772,939.06	3,681,416.00	3,091,523.06			6,772,939.06	100.00%	100%				other
New plant project	6,701,691.43	3,074,304.55	1,338,963.84			4,413,268.39	66.85%	66.85%				other
Angular Contact Ball Bearing Production Line	8,849,557.52	2,654,867.25				2,654,867.25	30.00%	30%				other
Cylindrical bearing production line	3,433,628.32	1,030,088.50	2,403,539.83			3,433,628.33	30.00%	30%				other
<b>Total</b>	<b>39,849,910.71</b>	<b>15,120,980.61</b>	<b>12,076,833.05</b>	<b>515,752.21</b>	<b>0.00</b>	<b>27,713,565.87</b>						

**23. Productive biological assets****24. Oil and gas assets****25. Use of assets****26. Intangible assets**

## (1) Intangible assets

project	Land use right	The patent right	Non patent technology	software	total
I. Original book value					
1. Opening balance	123,328,608.93			7,779,798.98	131,108,407.91
2. Increase in current period					
(1) Purchase					
(2) Internal research and development					
(3) Business mergers increased					
3. Reduction in current period					
(1) Disposal					
4. Closing balance	123,328,608.93			7,779,798.98	131,108,407.91
II. Cumulative amortization					
1. Opening balance	47,740,770.41			6,554,681.58	54,295,451.99
2. Increase in current period	1,570,332.70			240,004.30	1,810,337.00
(1) Provision and withdrawal	1,570,332.70			240,004.30	1,810,337.00
3. Reduction in current period					
(1) Disposal					
4. Closing balance	49,311,103.11			6,794,685.88	56,105,788.99
III. Impairment provision					
1. Opening balance					
2. Increase in current period					
(1) Provision and withdrawal					
3. Reduction in current period					
(1) Disposal					
4. Closing balance					

IV. Book value					
1. Ending book value	74,017,505.82			985,113.11	75,002,618.93
2. Beginning book value	75,587,838.52			1,225,117.40	76,812,955.92

## 27. Development expenditures

## 28.Reputation

## 29. Long-term deferred expenses

project	Beginning balance	Current increase amount	Amount of amortization for the current period	Other reduction amount	The ending balance
Amortization of major heating repairs	23,272.53		23,272.53		0.00
Housing amortization	169,515.71		28,262.65		141,253.06
A combined	192,788.24		51,535.18		141,253.06

## 30. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offsetting: None.

(2) Deferred tax liabilities before offsetting

Items	Closing Balance		Opening Balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Asset evaluation increment in business combination without the same control	4,554,909.67	683,236.45	4,554,909.67	683,236.45
Total	4,554,909.67	683,236.45	4,554,909.67	683,236.45

(3) Unrecognized deferred tax assets details

project	Deferred tax assets and liabilities offset at the end of the period	Ending balance of deferred tax asset or liability after offset	Deferred tax assets and liabilities offset amount at the beginning of the period	The beginning balance of deferred tax asset or liability after offset
Deferred tax liability		683,236.45		683,236.45

(4) The details of deferred tax assets are not recognized

project	The ending balance	Beginning balance
Deductible temporary differences	349,601,233.44	349,601,233.44
Deductible loss	787,687,057.10	787,687,057.10
A combined	1,137,288,290.54	1,137,288,290.54

(5) The deductible loss on the unrecognized deferred tax asset will become due in the following years

year	The ending balance	Beginning balance	note
2021		36,394,255.27	—

2022	77,265,795.85	77,265,795.85	—
2023	106,335,303.14	106,335,303.14	—
2024	100,239,007.68	100,239,007.68	—
2025	246,834,379.51	246,834,379.51	—
2026	257,012,570.92		—
total	787,687,057.10	567,068,741.45	

**31. Other non-current assets****32. Short-term borrowing**

## (1) Classification of short-term loans

project	The ending balance	Beginning balance
Credit borrowing	754,000,000.00	677,000,000.00
A combined	754,000,000.00	677,000,000.00

**33. Transactional financial liabilities****34. Derivative financial liabilities****35. Notes payable**

species	The ending balance	Beginning balance
Commercial acceptance bill	93,601,000.00	138,258,189.60
Banker's acceptance bill	210,000,000.00	168,000,000.00
A combined	303,601,000.00	306,258,189.60

**36. Accounts payable**

## (1) Presentation of accounts payable

project	The ending balance	Beginning balance
Payment for goods	1,292,251,348.18	1,216,016,330.62
The payment	31,753,712.69	24,923,842.20
other	7,920,177.81	7,910,156.02
A combined	1,331,925,238.68	1,248,850,328.84

**37. Advance collection****38. Contractual liabilities**

project	The ending balance	Beginning balance
Obligations under contract to be performed	52,233,027.61	38,426,632.29
A combined	52,233,027.61	38,426,632.29

**39. Employee compensation payable**

(1) Salaries payable to employees are listed

project	Beginning balance	Increase in current	The reduced	The ending balance
I. Short-term compensation	47,169,767.62	104,016,284.33	138,133,423.33	13,052,628.62
II. Post-employment benefits - Set up an escrow plan	5,624,911.16	18,466,372.95	18,503,912.29	5,587,371.82
III. Dismissal benefits	1,602,179.00	288,364.07	1,854,657.07	35,886.00
A combined	54,396,857.78	122,771,021.35	158,491,992.69	18,675,886.44

(2) Listing of short-term remuneration

project	Beginning balance	Increase in current	The reduced	The ending balance
1. Salary and bonus. Allowances and Subsidies	43,496,684.24	65,919,887.26	99,975,382.74	9,441,188.76
2. Employee welfare fee	54,735.00	9,956,098.14	10,010,833.14	0.00
3. Social insurance premiums	17,293.36	10,801,619.17	10,804,242.13	14,670.40
Among them: medical insurance premium	17,024.20	8,189,242.00	8,191,595.80	14,670.40
Work injury insurance premium	21.26	1,533,388.26	1,533,409.52	0.00
Maternity insurance premium	247.90	1,078,988.91	1,079,236.81	0.00
4. Housing provident fund	2,274,689.15	16,580,993.96	16,546,967.44	2,308,715.67
5. Union funds and staff education funds	1,326,365.87	757,685.80	795,997.88	1,288,053.79
A combined	47,169,767.62	104,016,284.33	138,133,423.33	13,052,628.62

(3) Set up the escrow schedule

project	Beginning balance	Increase in current	The reduced	The ending balance
1. Basic endowment insurance	5,554,572.82	17,906,470.53	17,943,530.35	5,517,513.00
2. Unemployment insurance	70,338.34	559,902.42	560,381.94	69,858.82
A combined	5,624,911.16	18,466,372.95	18,503,912.29	5,587,371.82

**40. Taxes payable**

project	The ending balance	Beginning balance
The VAT	12,066,219.08	8,918,814.09
Personal income tax	95,809.20	174,317.22
Urban maintenance and construction tax	685,545.52	395,031.01

The property tax	753,670.36	791,779.38
Land use tax	591,354.94	519,023.69
Stamp duty	713,349.05	500,170.64
Education fee surcharge	292,134.57	167,231.59
Local education surcharge	194,756.32	111,487.72
other		8,034.12
A combined	15,392,839.04	11,585,889.46

#### 41. Other payables

project	The ending balance	Beginning balance
Other payables	187,014,893.16	173,782,184.85
A combined	187,014,893.16	173,782,184.85

(1) Interest payable

(2) Dividends payable

(3) Other payables

1) List other payables according to the nature of payment

Item	The ending balance	Beginning balance
Tender security and deposit	1,548,890.00	1,548,890.00
Rent payable to the group. Trademark royalties and land payments, etc	38,306,424.14	38,467,233.37
Authorized dealer Deposit	78,088,421.46	66,230,215.73
other	69,071,157.56	67,535,845.75
A combined	187,014,893.16	173,782,184.85

#### 42. Holding liabilities for sale

#### 43. Non-current liabilities due within one year

#### 44. Other current liabilities

Item	The ending balance	Beginning balance
Tax on items to be transferred	6,672,010.89	4,995,462.19
A combined	6,672,010.89	4,995,462.19

**45. Long-term borrowing****46. Bonds payable****47. Lease liabilities****48. Long-term payables**

Item	The ending balance	Beginning balance
Long term payables	100,000.00	100,000.00
Special payables	244,974.84	244,974.84
A combined	344,974.84	344,974.84

**(1) List long-term payables according to the nature of payments**

Item	The ending balance	Beginning balance
equipments	100,000.00	100,000.00
Special payables	244,974.84	244,974.84

Other notes:

**(2) Special payables**

project	Beginning balance	Increase in current	The reduced	The ending balance	reasons for the formation
Special pollution control	169,974.84			169,974.84	the finance bureau of wafangdian city and environmental protection bureau of wafangdian city jointly approved the appropriation with the document "wachai enterprises [2004]217"
Information technology construction	75,000.00			75,000.00	the finance bureau of dalian city and the economy and information technology commission of dalian city approved the appropriation with the documents of "dakai index enterprise [2012] no.917" and "dajing xinfu [2012] no.199"
A combined	244,974.84			244,974.84	reasons for the formation

**49. Long-term employee compensation payable****50. Projected liabilities**

project	The ending balance	Beginning balance	Reasons for the formation
Withholding product quality deposit	1,333,449.95	1,019,498.65	Withholding product quality indemnity
Wind power product quality claim	41,479,988.79	40,381,951.49	Product quality problems, by the customer to claim compensation
A combined	42,813,438.74	41,401,450.14	Reasons for the formation

## 51. Deferred earnings

project	Beginning balance	Increase in current	The reduced	The ending balance	reasons for the formation
Government subsidies	28,524,390.31		2,379,181.68	26,145,208.63	Receive government subsidy
Compensation for relocation of the old factory	25,609,225.79			25,609,225.79	Plant and land payment for building new factory due to demolition of old factory in Liaozhou
A combined	54,133,616.10		2,379,181.68	51,754,434.42	

Projects involving government subsidies:

liabilities	Beginning balance	This period of new subsidy amount	This period is included in the amount of non-operating income	Other income amounts are included in this period	Amount of current period write-down cost expense	Other changes	The ending balance	Related to assets/related to earnings
Dalian branch factory demolition compensation	18,929,650.54			1,352,117.94			17,577,532.60	Related to assets
Special subsidy fund for intelligent manufacturing equipment development	3,866,666.69			644,444.40			3,222,222.29	Related to assets
Transformation project of bearing base of high-end equipment manufacturing industry	472,320.00			236,160.00			236,160.00	Related to assets
Discount subsidy for heavy bearing load projects	940,000.00			120,000.00			820,000.00	Related to assets
Skills master studio construction subsidy	370,431.01			26,459.34			343,971.67	Related to assets
Grant from Master Liu Changfu	43,402.07						43,402.07	Related to assets
Liaozhou company industry development fund	3,901,920.00						3,901,920.00	Related to assets
A combined	28,524,390.31			2,379,181.68			26,145,208.63	Related to assets/related to earnings

**52. Other non-current liabilities****53. Equity**

	Beginning balance	Addition and decrease of this change (+.-)					The ending balance
		Issuing new shares	Send shares	Fund share conversion	other	subtotal	
The total number of shares	402,600,000.00						402,600,000.00

**54. Other equity instruments****55. Capital reserves**

project	Beginning balance	Increase in current	The reduced	The ending balance
Capital premium (equity premium)	201,956,446.52			201,956,446.52
Other capital reserves	283,734,603.95			283,734,603.95
A combined	485,691,050.47			485,691,050.47

**56. Treasury stock****57. Other comprehensive income****58. Special reserve**

project	Beginning balance	Increase in current	The reduced	The ending balance
Safety production fee		853,381.29		853,381.29
A combined		853,381.29		853,381.29

**59. Surplus reserve**

project	Beginning balance	Increase in current	The reduced	The ending balance
Statutory surplus reserve	116,179,772.10			116,179,772.10
Arbitrary surplus reserve	20,590,618.91			20,590,618.91
A combined	136,770,391.01			136,770,391.01

**60. Undistributed profits**

project	This period	Last period
Undistributed profit at the end of last period before	-416,794,159.01	-211,056,473.59

adjustment		
Adjust later period initial undistributed profit	-416,794,159.01	-211,056,473.59
Plus: Net profit attributable to the owner of the parent company for the current period	-37,455,779.00	-205,737,685.42
Undistributed profit at the end of the period	-454,249,938.01	-416,794,159.01

### 61. Operating income and operating costs

project	current period		Last period	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Main business	979,691,155.71	838,101,350.15	979,323,679.11	755,074,455.99
Other business	106,125,949.21	77,796,178.12	101,741,174.55	88,212,133.11
A combined	1,085,817,104.92	915,897,528.27	1,081,064,853.66	843,286,589.10

### 62. Taxes and surcharges

project	current period	Last period
Urban maintenance and construction tax	1,253,558.49	2,353,667.48
Education fee surcharge	538,989.27	1,659,561.44
The property tax	1,880,694.14	1,317,733.83
Land use tax	1,270,658.38	1,229,139.16
Stamp duty	1,441,258.04	1,088,562.42
other	76,766.97	336,634.91
A combined	6,461,925.29	7,985,299.24

### 63. Selling expenses

project	current period	Last period
Employee compensation	33,607,001.53	35,562,658.66
The quality of reparations	3,057,106.21	688,722.79
The freight	493,682.94	2,068,674.53
travel	8,921,342.49	10,785,468.83
Trademark royalties	7,262,617.08	6,109,435.99
Business activity expense	3,889,359.90	4,313,175.00
rent	1,171,050.15	2,910,134.03
""	95,556.00	211,566.96
Other fees	4,365,769.36	4,267,920.92
A combined	62,863,485.66	66,917,757.71

### 64. Administrative expenses

project	current period	Last period
Employee compensation	35,434,550.92	34,528,445.25

Amortization of intangible assets	2,463,020.79	2,264,270.78
Guard fire cost	1,163,756.98	1,058,384.10
Depreciation cost	2,589,503.18	932,823.09
Operational hospitality	117,999.09	129,074.38
travel	594,820.52	838,458.84
Other fees	7,104,439.92	6,093,768.87
<b>A combined</b>	<b>49,468,091.40</b>	<b>45,845,225.31</b>

## 65. Research and development costs

project	current period	Last period
Material input	76,984,219.22	79,688,577.05
Technical service fee. Design fee. New process specification development fee (equipment debugging fee - new product tooling)	1,663.01	1,602,084.84
Artificial cost	834,075.19	4,180,743.66
Depreciation expense and long-term expense amortization	3,085,522.25	4,857,087.96
Fuel power	306,116.26	3,796,031.03
R & D equipment repair and rental costs	36,127.13	1,053,218.72
Processing fee	1,589,926.92	1,849,702.58
Test fee	181,238.15	210,850.36
Other fees	1,456,583.93	1,039,490.06
<b>A combined</b>	<b>84,475,472.06</b>	<b>98,277,786.26</b>

## 66. Financial costs

project	current period	Last period
Interest charges	16,136,493.70	14,013,998.99
Minus: interest income	621,277.50	240,304.64
Plus: exchange loss	-2,178,542.62	1,842,959.48
Other spending	4,747,313.23	5,699,002.65
<b>A combined</b>	<b>18,083,986.81</b>	<b>21,315,656.48</b>

## 67. Other income

Generate other sources of revenue	current period	Last period
Dalian branch demolition subsidy	1,352,117.94	1,352,117.94
Steady post subsidies	790,453.12	17,811.01
Transformation project of bearing base in high-end equipment manufacturing industry	236,160.00	236,160.00
Special subsidy fund for intelligent manufacturing equipment development	644,444.40	644,444.42
Discount subsidy for heavy axle load projects	120,000.00	120,000.00
Individual tax fee refund	68,487.96	32,813.61

wazhou group union pioneer unit bonus		7,000.00
6296845157 Electronic return	7,845.61	2,316.58
Skills master studio construction subsidy	26,459.34	52,918.71
Dalian Group Map Organization and comprehensive Service Center gave Wu Qiong the prize for her paper		5,000.00
Receive the first government subsidy in Liaoning Province in 2020		46,000.00
Labor training subsidy	29,560.00	83,020.00
Dalian Bureau of Commerce will open the special fund for the whole year in 2020		464,059.00
Race subsidies	1,500.00	
Grant No. 3 [2022] of the Wacai (special direct)	18,400.00	
Received the 2019 Dalian Municipal Bureau of Commerce in small funds 401-847	186,240.00	
The Social Security Bureau subsidizes the one-time training for workers	500.00	
Receive Dalian Science and Technology Bureau 2021 mid-term assessment and acceptance subsidy funds	521,500.00	
Collect Social security and withdraw unemployment benefits	1,696.46	
Refund of commission fees for withholding and paying corporate income tax in 2020	13,571.19	
Dalian Jinpu New Area employment and social insurance Department award	1,100.00	
A combined	4,020,036.02	3,063,661.27

#### 68. Investment income

project	current period	Last period
Dividend income from investment in other equity instruments during the holding period	18,821.12	18,821.12
Proceeds from debt restructuring	3,823,030.26	851,442.30
A combined	3,841,851.38	870,263.42

#### 69. Net exposure hedging gain

#### 70. Fair value change income

The source of fair value change income	current period	Last period
Trading financial assets	-27,735.33	183,361.31
A combined	-27,735.33	183,361.31

#### 71. Credit impairment loss

project	current period	Last period
Accounts receivable bad debt loss	761,253.49	30,000.00
A combined	761,253.49	30,000.00

**72. Impairment loss on assets****73. Gain on disposal of assets**

Source of income from disposal of assets	current period	Last period
Proceeds from the disposal of fixed assets	1,916,580.72	2,727,585.57

**74. Non-operating income**

project	current period	Last period	The amount included in the non-recurring profit and loss of the current period
Fine income	2,561,794.00	217,753.00	2,561,794.00
Write-off of payments that cannot be made	680,868.30	540,287.94	680,868.30
other	267,570.09	59,615.06	267,570.09
total	3,510,232.39	817,656.00	

**75. Non-operating expenses**

project	current period	Last period	The amount included in the non-recurring profit and loss of the current period
Loss of non-current assets destroyed and scrapped	2,207.38	884,578.90	2,207.38
A fine spending	34,773.08	52,330.77	34,773.08
other	7,632.64	14.22	7,632.64
A combined	44,613.10	936,923.89	

**76. Income tax expense****77. Other comprehensive income****78. Cash flow statement items**

## (1) Other cash received in connection with operating activities

project	current period	Last period
Interest income	357,464.63	76,788.52
Government subsidies	2,085,647.11	46,000.00
Come-and-go money	23,882,801.24	56,518,795.54
Return the deposit	237,297.11	139,620.00
other	7,897,579.66	460,844.42
A combined	34,460,789.75	57,242,048.48

## (2) Other cash paid in connection with operating activities

project	current period	Last period
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Cost of sales	19,237,719.99	222,383.56
Management fees	5,229,473.91	54,265,462.19
Finance charges	347,239.12	135,210.90
other	41,437,041.68	21,865,294.56
A combined	66,251,474.70	76,488,351.21

(3) Other cash received in connection with investing activities

(4) Other cash paid in connection with investment activities

(5) Other cash received in connection with financing activities

project	current period	Last period
Bill discount	169,643,983.71	38,566,252.78
A combined	169,643,983.71	38,566,252.78

(6) other cash paid in connection with financing activities

project	current period	Last period
The bill shall be redeemed at maturity	175, 540, 163. 82	50,000,000.00
A combined	175, 540, 163. 82	50,000,000.00

## 79. Supplementary information on the statement of cash flows

(1) Supplementary information of the cash flow statement

Additional information	current period	Last period
1. Adjusting net profit to cash flow from operating activities:		
Net profit	-37,455,779.00	4,192,143.24
Plus: asset impairment provision		
Depreciation of fixed assets. Depletion of oil and gas assets. Depreciation of productive biological assets	38,806,326.19	40,083,740.43
Depreciation of right of use		
Amortization of intangible assets	1,810,337.00	1,605,934.46
Amortization of long-term deferred expenses	51,535.18	174,336.84
Loss on disposal of fixed assets, intangible assets and other long-term assets (marked with "-" for income)	-1,916,580.72	-2,727,585.57
Loss on the scrapping of fixed assets (income marked with "-")		820,370.34
Loss from change in fair value (marked with "-" for income)	27,735.33	-183,361.31
Financial expense (income marked with "-")	18,083,986.81	21,315,656.48
Investment loss (return marked with "-")	-3,841,851.38	-870,263.42
Decrease in deferred tax assets (marked with "-" for increase)		
Increase in deferred tax liability (marked with "-" for decrease)		
Decrease in inventory (increase marked with "-")	-43,326,497.65	-145,468,868.68

Reduction of operational receivables (increase marked with "-")	-52,432,861.31	-137,873,561.95
Increase in operational items payable (decrease marked with "-")	65,847,221.66	250,303,802.63
other	761,253.49	30,000.00
Net cash flow from operating activities	-13,585,174.40	31,402,343.49
2. Significant investment and financing activities that do not involve cash receipts and payments:		
Debt to capital		
Convertible corporate bonds maturing within one year		
Financing leases fixed assets		
3. Net Change in Cash and cash equivalents:		
Ending balance of cash	252,092,899.35	160,772,019.45
Less: Opening balance of cash	209,847,896.42	127,620,944.91
Plus: Ending balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	42,245,002.93	33,151,074.54

(2) The net cash of the subsidiary paid in the current period

(3) Net cash received for disposal of subsidiaries in the current period

(4) Composition of cash and cash equivalents

project	current period	Last period
A cash.	326,133,063.17	209,847,896.42
Among them: cash on hand	2,212.63	8,510.17
A bank deposit that is readily available for payment	326,130,850.54	209,839,386.25
iii. Ending cash and cash equivalents balance	326,133,063.17	209,847,896.42

## 80. Statement of Changes in Owners' Equity item notes

## 81. Assets whose ownership or access is restricted

## 82. Foreign currency monetary items

(1) Foreign currency monetary items

project	Ending balance in foreign currency	Discount rate	The balance will be converted into RMB at the end of the period
Monetary fund			398,800,825.30
Where: U.S. Dollar	56,631,997.89	6.7437	381,909,204.17
The euro	2,457,356.25	6.8739	16,891,621.13
Hong Kong dollars			
Accounts receivable			31,421,512.82
Where: U.S. Dollar	4,142,081.45	6.7437	27,932,954.67

The euro	507,507.84	6.8739	3,488,558.14
Hong Kong dollars			
Long-term borrowing			
Where: U.S. Dollar			
The euro			
Hong Kong dollars			

(2) Description of overseas business entities, including for important overseas business entities, disclosure of their main overseas business locations. Functional standard currency and selection basis, functional standard currency changes should also disclose the reason.

Applicable  Not applicable

### 83. The hedging

### 84. Government subsidies

(1) Basic information on government subsidies

species	amount	Presentation project	The amount recorded in the current profit and loss
Dalian branch demolition subsidy	48,676,244.95	Deferred income Other income	1,352,117.94
Special subsidy fund for intelligent manufacturing equipment development	8,000,000.00	Deferred income Other income	644,444.40
Labor training subsidy	29,560.00	Other income	29,560.00
Steady post subsidies	491,618.77	Other income	491,618.77
Transformation project of bearing base in high-end equipment manufacturing industry	4,723,200.00	Deferred income Other income	236,160.00
Steady post subsidies	790,453.12	Other income	790,453.12
Discount subsidy for heavy axle load projects	2,400,000.00	Deferred income Other income	120,000.00
6296845157 Electronic return	7,845.61	Other income	7,845.61
Race subsidies	1,500.00	Other income	1,500.00
Grant No. 3 [2022] of the Wacai (special direct)	18,400.00	Deferred income Other income	18,400.00
Skills master studio construction subsidy	700,000.00	Deferred income Other income	26,459.34
Received the 2019 Dalian Municipal Bureau of Commerce in small funds 401-847	186,240.00	Other income	186,240.00
The Social Security Bureau subsidizes the one-time training for workers	500.00	Other income	500.00
Receive Dalian Science and Technology Bureau 2021 mid-term assessment and acceptance subsidy funds	521,500.00	Other income	521,500.00
Collect Social security and withdraw unemployment benefits	1,696.46	Other income	1,696.46
Refund of commission fees for withholding and paying corporate income tax in 2020	13,571.19	Other income	13,571.19
Dalian Jinpu New Area employment and social insurance Department award	1,100.00	Other income	1,100.00

A combined	66,563,430.10	Presentation project	4,443,166.83
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(2) Return of government subsidies

Applicable  Not applicable

## 85. The other

## VIII. Changes in the scope of incorporation

Rights and interests in other subjects

## X. Risks associated with financial instruments

Disclosure of fair value

## XII. Related Parties and related Transactions

### 1. The parent company of the company

Name of parent company	registered	Nature of the business	The registered capital	The parent company's shareholding ratio in the company	The proportion of voting rights of the parent company
Wafangdian Bearing Group Co., Ltd. ( Wafangdian Bearing Group )	No. 1 Beigongji Street, Wafangdian City, Liaoning Province, China.	Bearings and all kinds of equipment manufacturing. sales	519,869,400.00	60.61%	60.61%

A description of the parent company of the enterprise

The final control party of the enterprise is the State-owned Assets Supervision and Administration Commission of Dalian Municipal People's Government.

### 2. Information about subsidiaries of the company

The e situation of the company's subsidiaries is detailed in the attached note "VIII.1.

(1) Composition of Enterprise Groups".

### 3. The joint venture and joint venture of the enterprise

### 4. Other related parties

### 5. Related transactions

(1) Purchase and sale of commodities. Related transactions for providing and receiving services

Table of goods purchased/services accepted

The affiliated party	Content of Related Transactions	Current amount	Approved trading quotas	Whether it exceeds the trading limit	Amount of previous period
Wafangdian Bearing Group	Purchase of goods and equipment	116,944,687.61	476,000,000.00	no	200,218,819.71

Wafangdian Bearing Precision Forging Co., Ltd	Purchase of goods and equipment	179,504,286.09	300,000,000.00	no	110,950,488.47
Wafangdian bearing group precision roller co., LTD	The purchase of goods	21,011,624.59	50,000,000.00	no	16,802,062.64
Wafangdian bearing Group High-end Auto Bearing Co., Ltd.	The purchase of goods	27,072,625.64	100,000,000.00	no	63,713,344.65
Wafangdian Bearing Group Precision Retainer Co., Ltd.	The purchase of goods	98,473,875.79	250,000,000.00	no	66,106,128.36
Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.	The purchase of goods	6,615,765.27	28,000,000.00	no	8,660,940.09
Wafangdian Tongda Bearing Manufacturing Co., Ltd.	The purchase of goods	0.00			1,988.00
Wafangdian Bearing Power Co., Ltd.	Buy energy	18,784,809.42	55,000,000.00	no	18,358,528.43
Dalian Wazhou Jinzhou Machinery Co., Ltd.	The purchase of goods	7,608,142.47	10,000,000.00	no	5,445,226.09
Dalian Wazhou Fengyuan Machinery Co., Ltd.	The purchase of goods	1,902,967.60	12,000,000.00	no	4,231,302.26
Wafangdian Bearing Group Wind Power BearingCo., Ltd.	The purchase of goods	0.00			2,318,842.65
Wafangdian Bearing Group Engineering Technology Research Center	Accepting labor services,	9,336,716.83	30,000,000.00	no	8,201,980.00
Wafangdian Bearing Education and Training Center	Accepting labor services,	5,000.00	500,000.00	no	62,847.24
Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.	Accepting labor services,	335,687.50	10,000,000.00	no	
Wafangdian Tongda Bearing Manufacturing Co., Ltd.	Accepting labor services,	1,492,157.00	6,000,000.00	no	
Wafangdian Bearing Power Co., Ltd.	Accepting labor services,	3,476,832.42	36,000,000.00	no	
Wafangdian Bearing Group Co., Ltd.	Accepting labor services,	9,492,928.25	37,000,000.00	no	
Total	-	502,058,106.48	1,400,500,000.00	no	505,072,498.59

Table of goods/services offered for sale

Related party	Content of Related Transactions	Current amount	Amount of previous period
Wafangdian Bearing Precision Forging Co., Ltd	Sales of goods	42,348,727.60	43,265,124.64
Wafangdian Bearing Group (U.S.A.) Co., Ltd.	Sales of goods	31,395,819.74	33,296,028.83
Wafangdian bearing group precision roller co., LTD	Sales of goods	7,845.00	7,466,886.26
Wafangdian Bearing Group Wind Power BearingCo., Ltd.	Sales of goods	36,139,871.29	11,228,246.56
Wafangdian Bearing Group	Sales of goods	20,053,147.02	33,537,357.81
Wafangdian bearing Group High-end Auto Bearing Co., Ltd.	Sales of goods	6,340,894.14	2,186,163.12
Germany Leipzig Roller and Ball Bearing Co., Ltd.	Sales of goods	4,186,674.04	4,032,732.79
Wazhou Group Precision Drive Bearing Co., Ltd.	Sales of goods	759,469.56	131,524.04
Wafangdian Bearing Special Precision Bearing Co., Ltd.	Sales of goods	206,472.06	76,033.09
Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.	Sales of goods	227,337.28	72,236.78
Wafangdian Bearing Group Precision Retainer Co., Ltd.	Sales of goods	105,072.79	18,588.59
Wafangdian Bearing Group Engineering Technology Research Center	Sales of goods	247,333.28	
Wafangdian bearing group precision roller co., LTD	Provide labor services	0.00	1,424,404.62
Wazhou Group Precision Drive Bearing Co., Ltd.	Provide labor services	7,368,340.78	20,252,715.83

Wafangdian Bearing Special Precision Bearing Co., Ltd.	Provide labor services	172,956.81	490,622.69
Dalian Wazhou Jinzhou Machinery Co., Ltd.	Provide labor services	437,635.45	149,419.98
Wafangdian Bearing Precision Forging Co., Ltd	Provide labor services	879,977.17	484,596.79
Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.	Provide labor services	90,313.52	147,589.92
Wafangdian Tongda Bearing Manufacturing Co., Ltd.	Provide labor services	2,471,701.11	3,057,843.11
Wafangdian Bearing Group Precision Retainer Co., Ltd.	Provide labor services	82,801.25	73,816.39
Wafangdian Bearing Group	Provide labor services	8,469,756.25	9,302,159.07
Wafangdian Bearing Group Wind Power BearingCo., Ltd.	Provide labor services	1,554,911.62	
Wafangdian Bearing Group	Sales of equipment		53,678,899.11
Wafangdian bearing group precision roller co., LTD	Sales of equipment		25,663.72
Wafangdian Bearing Group Precision Retainer Co., Ltd.	Sales of equipment		181,415.92
Total	-	163,547,057.80	224,580,069.70

(2) Associated with entrusted management/contracting and entrusted management/outsourcing

(3) Associated lease

As the lessor, the Company:

Name of the lessee	Types of leased assets	Lease income recognized in the current period	Lease income recognized in the previous period
Wafangdian Bearing Precision Forging Co., Ltd	land	664,365.00	275,414.51
Wafangdian Bearing Group Precision Retainer Co., Ltd.	land	132,727.50	131,574.00
Wafangdian Bearing Group Co., Ltd.	land	240,330.00	151,127.63
Wafangdian bearing Group High-end Auto Bearing Co., Ltd.	housing	509,922.60	1,668,492.60
Wafangdian Bearing Precision Forging Co., Ltd	housing	586,525.00	677,018.72
Dalian Wazhou Jinzhou Machinery Co., Ltd.	housing	0.00	401,580.00
Wafangdian Bearing Group Precision Retainer Co., Ltd.	housing	459,978.30	382,011.48
Wafangdian Bearing Group Co., Ltd.	housing	584,028.00	548,064.60
Dalian Wazhou Fengyuan Machinery Co., Ltd.	housing	53,730.00	53,730.00
Wafangdian bearing Group High-end Auto Bearing Co., Ltd.	equipment	4,995,470.46	3,942,532.14
Wafangdian bearing group precision roller co., LTD	equipment	187,846.60	219,857.98
Wafangdian Bearing Group Precision Retainer Co., Ltd.	equipment	280,659.12	419,215.42
Wafangdian Bearing Group Co., Ltd.	equipment	4,217,156.68	3,662,482.91
Wafangdian Bearing Precision Forging Co., Ltd	equipment	555,670.74	

The Company as the lessee:

Name of lessor	Types of leased asset	Simplified treatment of rental costs for short term leases and low value asset leases (if	Variable lease payments not included in the measurement of lease liabilities (if	The rent paid	Interest expenses incurred on lease liabilities	Increased use of assets

	s	applicable)		applicable)							
		Amount incurred in current period	The amount of the previous period	Amount incurred in current period	The amount of the previous period	Amount incurred in current period	The amount of the previous period	Amount incurred in current period	The amount of the previous period	Amount incurred in current period	The amount of the previous period
Wafangdian Bearing Group	housing					7,154,196.33	5,863,091.63				
Wafangdian Bearing Group	land					9,946,595.78	8,982,348.34				
Wafangdian Bearing Group	equipment					9,946,595.78	8,982,348.34				

(4) Related guarantee

(5) Related party lending

(6) Assets transfer and debt restructuring of related parties

(7) Compensation of key management personnel

item	Current amount	Last period amount
Pay in total	486,382.80	466,564.80

(8) Other related party transactions

**6. Accounts receivable and payable by related Parties**

(1) Receivable items

The project name	Related party	Ending balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accounts receivable	Wafangdian Bearing Group Wind Power Bearing Co., Ltd.	12,619,350.45		6,879,860.08	
Accounts receivable	Wafangdian bearing group precision roller co., LTD	84,763,235.04		88,974,982.32	
Accounts receivable	Wafangdian Bearing Group (U.S.A.) Co., Ltd.	17,784,910.71		34,065,432.06	
Accounts receivable	Wafangdian Bearing Group			13,682,293.02	
Accounts receivable	Wazhou Group Precision Drive Bearing Co., Ltd.	36,402,055.46		28,599,541.22	
Accounts receivable	Wafangdian Bearing Special Precision Bearing Co., Ltd.			1,660,069.24	
Accounts receivable	Germany Leipzig Roller and Ball Bearing Co., Ltd.	2,268,970.73		603,628.47	
Accounts receivable	Wafangdian Tongda Bearing Manufacturing Co., Ltd.	3,352,913.98			
Advance payment	Liaoning northern metal supply chain co., LTD	5,000,000.00		5,000,000.00	
Advance payment	Wafangdian Bearing Power Co., Ltd.	1,100,741.00		215,284.74	
Advance payment	Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.	2,153,988.00		450,422.00	
Other Accounts	Wafangdian Bearing Group	49,779.39		49,779.39	

Receivable					
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## (2) Items payable

The project name	Related party	Closing book balance	Starting book balance
Accounts payable	Wafangdian Bearing Precision Forging Co., Ltd	2,768,840.93	3,252,037.66
Accounts payable	Wafangdian Bearing Group	175,160,692.12	141,326,357.49
Accounts payable	Dalian Wafangdian Bearing Group Equipment Manufacturing Co., Ltd.	6,086,420.56	3,522,241.14
Accounts payable	Wafangdian Tongda Bearing Manufacturing Co., Ltd.		1,958,543.96
Accounts payable	Wafangdian bearing group equipment technology engineering co., LTD	29,700.00	29,700.00
Accounts payable	Dalian Wazhou Jinzhou Machinery Co., Ltd.	5,877,798.45	8,441,546.14
Accounts payable	Dalian Wazhou Fengyuan Machinery Co., Ltd.	7,341,026.15	4,198,518.84
Accounts payable	Wafangdian Bearing Group Engineering Technology Research Center	11,183,153.71	9,289,575.00
Accounts payable	Wafangdian Bearing Group Precision Retainer Co., Ltd.	34,181,261.72	15,679,326.25
Accounts payable	Wafangdian Bearing Power Co., Ltd.	3,029,086.23	2,447,640.94
Accounts payable	Wafangdian bearing Group High-end Auto Bearing Co., Ltd.	16,771,589.41	14,776,614.83
Accounts payable	Wafangdian Bearing Education and Training Center	61,400.00	56,400.00
Accounts payable	Wafangdian Bearing Hospital	103,724.00	103,724.00
Accounts payable	Wafangdian Bearing Special Precision Bearing Co., Ltd.	581,447.65	
Other payable	Wafangdian Bearing Group	38,306,424.14	38,265,278.19
Other payable	Wafangdian bearing group equipment technology engineering co., LTD	952,000.00	952,000.00
Other payable	Wafangdian Bearing Power Co., Ltd.	635,506.56	1,714,697.56

**XIII. Share payment**

1. The general situation of share payment

 Applicable  Inapplicable

2. Share payments settled with equity

 Applicable  Not applicable

3. Share payments settled in cash

 Applicable  Inapplicable

4. Modification and termination of share payment

5. other

**XIV. Commitments and contingencies**

1. Important commitments

Significant commitments existing at balance sheet date

2. Contingencies

**XV. Events after the balance sheet date**

## XVI.Other important matters

## XVII.Annotation of major items in the parent company's financial statements

### 1. Accounts receivable

#### (1) Classified disclosure of accounts receivable

category	ending balance					Beginning balance				
	Book balance		Provision for bad debt		The book value	Book balance		Provision for bad debt		The book value
	account	ratio	account	Provisi on ratio		account	ratio	account	Provisio n ratio	
Accounts receivable with bad debt provision drawn on a single item	76,434,782.28	6.76%	76,434,782.28	100.00%	0.00	77,309,692.95	6.84%	77,309,692.95	100.00%	0.00
Among them:										
Accounts receivable with a combination of bad debt provisions	1,054,322,899.38	93.24%	63,991,063.34		990,331,836.04	1,053,553,006.73	93.16%	64,421,657.30		989,131,349.43
Among them:										
Wherein: aging combination	941,587,226.64	83.27%	63,991,063.34	6.79%	877,596,163.30	888,678,707.98	78.58%	64,421,657.30	7.25%	824,257,050.68
Where: combination of related parties	112,735,672.74	9.97%		0.00%	112,735,672.74	164,874,298.75	14.58%			164,874,298.75
Total	1,130,757,681.66	100.00%	140,425,845.62		990,331,836.04	1,130,862,699.68	100.00%	141,731,350.25		989,131,349.43

If the allowance for doubtful accounts receivable is made in accordance with the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of the allowance for doubtful accounts:

Applicable  Not applicable

Disclosure by age

aging	Closing balance
Within 1 year (including 1 year)	719,784,883.11
1 to 2 years	345,265,014.68
2 to 3 years	15,182,658.94

More than 3 years	50,525,124.93
3 to 4 years	17,484,323.12
4 to 5 years	17,185,352.26
More than 5 years	15,855,449.55
Total	1,130,757,681.66

(2) Current period. Bad debt provision recovered or rolled back

Provision for bad debts in current period:

category	Beginning balance	Current change amount				The ending balance
		provision	To withdraw or turn back	Cancel after verification	other	
Provision for bad debt	141,731,350.25			1,305,504.63		140,425,845.60
Total	141,731,350.25			1,305,504.63		140,425,845.60

(3) Accounts receivable actually written off in the current period

Project	write-off amount
Provision for bad debt	1,305,504.63

One of the important accounts receivable verification situation:

Name of the entity	Nature of accounts receivable	Amount of cancel after verification	Close the reason	Verification and cancellation procedures performed	Whether the payment was generated by a related party transaction
Beijing Jingcheng Star Technology Development Co. LTD	Payment for goods	55,100.00	Expected to be unrecoverable	The internal examination and approval	no
Tangshan Huahang Mechanical and Electrical Pioneer Equipment Co. LTD	Payment for goods	247,147.40	Expected to be unrecoverable	The internal examination and approval	no
Jinzhai Pengfei Steel Structure Steel Frame Engineering Co. LTD	Payment for goods	246,400.00	Expected to be unrecoverable	The internal examination and approval	no
Wuxi Yutong Bearing Co. LTD	Payment for goods	149,427.42	Expected to be unrecoverable	The internal examination and approval	no
Shandong Fengyuan Tongda Electric Power Co., LTD. Zhongke Ecological Branch	Payment for goods	96,030.20	Expected to be unrecoverable	The internal examination and approval	no
Jiangsu Yali explosion-proof Motor Co. LTD	Payment for goods	77,349.65	Expected to be unrecoverable	The internal examination and approval	no
Shanxi Jiaohua Co., LTD	Payment for goods	3,456.00	Expected to be unrecoverable	The internal examination and approval	no
Total		874,910.67			

(4) The top five accounts receivable according to the ending balance collected by the debtor

Name	Ending balance of accounts receivable	The proportion of total ending balance of accounts receivable	Ending balance of allowance for bad debts
one	151,464,748.42	13.39%	
two	43,713,140.91	3.87%	
three	21,243,764.61	1.88%	2,185,657.05
four	16,489,786.28	1.46%	

five	16,144,591.26	1.43%	
total			
total	249,056,031.48	22.03%	

## 2. Other receivables

item	Closing balance	Opening balance
Dividends receivable	11,843,105.36	11,843,105.36
Other accounts receivable	300,706,235.10	204,962,743.49
total	312,549,340.46	216,805,848.85

(1) Interest receivable

(2) Dividends receivable

1) Dividend receivable classification

Project (or investee) Ending Balance Beginning balance of the period	Project (or investee) Ending Balance Beginning balance of the period	Project (or investee) Ending Balance Beginning balance of the period
Wazhou precision spherical roller bearings (wafangdian) co., LTD	11,843,105.36	11,843,105.36
total	11,843,105.36	11,843,105.36

2) Important dividends receivable with an aging of more than 1 year

3 ) Bad debt provision and withdrawal

 Applicable  Inapplicable

(3) Other accounts receivable

1) Classification of other receivables by nature

Nature of money	Closing book balance	Starting book balance
Related party loan	287,364,618.22	196,461,461.33
margin	3,014,381.47	4,367,792.68
The deposit	47,000.00	143,560.00
Personal allowance	1,019,855.50	89,371.16
electricity	5,127,768.17	3,860,968.78
Other payments	12,063,124.03	7,999,889.23
total	308,636,747.39	212,923,043.18

2 ) Provision for bad debts

Provision for bad debt	The first stage	The second stage	The third stage	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (no credit impairment occurs)	Expected credit loss for the entire duration (credit impairment incurred)	
Balance as of January 1, 2022			7,960,299.69	7,960,299.69
January 1, 2022 balance in current period				
Balance on June 30, 2022			29,787.40	29,787.40
Balance as of January 1, 2022			7,930,512.29	7,930,512.29

Loss provision Changes in current period significant changes in book balance

 Applicable  Inapplicable

Disclosure by age

aging	Closing balance
Within 1 year (including 1 year)	300,547,991.78
1 to 2 years	3,268,637.50
2 to 3 years	985,319.19
More than 3 years	3,834,798.92
3 to 4 years	25,958.36
4 to 5 years	252,676.49
More than 5 years	3,556,164.07
Total	308,636,747.39

## 3) Bad debt provisions drawn, collected or transferred back in the current period

Provision for bad debts in the current period:

category	Opening balance	Current change amount				Closing balance
		provision	withdraw or reverse	Cancel after verification	other	
bad debt provision	7,960,299.69		29,787.40			7,930,512.29
Total	7,960,299.69		29,787.40			7,930,512.29

## 4 ) Other receivables actually written off in the current period

## 5 ) The top significant other receivable categorized by debtors

Name	Category	Closing Balance	Aging	% of the total OR	Closing Balance of Provision
Dalian Wazhou Precision Motor Automobile Bearing Co., Ltd.	Loans from related parties	131,621,274.13	1 年以内	41.07%	
Wazhou Liaoyang Bearing Construction Co.,Ltd	Loans from related parties	107,443,993.73	1 年以内	33.53%	
Wazhou Precision of Spherical Roller Bearings(Wafangdian)Co., Ltd	Loans from related parties	48,299,350.36	1 年以内	15.07%	
State Grid Liaoning Electric Power Co., LTD. Dalian Power Supply Company	Prepaid electricity	5,127,768.17	1 年以内	1.60%	
Bengang Steel Plates Co.,Ltd	Prepaid material payment	1,280,000.00	5 年以上	0.40%	1,280,000.00
合计		293,772,386.39		91.67%	1,280,000.00

## 3. Category of long-term equity investments

Item	Closing Balance			Opening Balance		
	Closing Balance	Provision	Book Value	Opening Balance	Provision	Book Value
Investment in subsidiaries	224,923,897.67		224,923,897.67	221,583,897.67		221,583,897.67
合计	224,923,897.67		224,923,897.67	221,583,897.67		221,583,897.67

## ( 1 ) Investments into subsidiaries

Subsidiaries names	Opening Balance	Change				Closing Balance	Closing Balance of
		Increase	Decrease	Provision in	Others		

				current period		provision	
Wazhou Bearing Co.,Ltd	Liaoyang Construction	27,337,259.95	3,340,000.00			30,677,259.95	
Dalian Precision Bearing Limited	Wazhou Motor Car Company	45,478,956.37				45,478,956.37	
Wazhou Spherical Bearings(Wafangdian)Co., Ltd	Precision of Roller	148,767,681.35				148,767,681.35	
<b>Total</b>		<b>221,583,897.67</b>	<b>3,340,000.00</b>			<b>224,923,897.67</b>	

#### 4. Operating revenue and cost

project	current year		prior year	
	Revenue	Cost	Revenue	Cost
Item	980,699,092.66	855,080,947.83	1,109,372,674.86	932,186,793.40
Revenue from main operation	126,336,105.32	75,617,985.01	99,349,644.92	86,519,816.50
Revenue from other operation	1,107,035,197.98	930,698,932.84	1,208,722,319.78	1,018,706,609.90

#### 5. Investment income

Items	current year	prior year
Dividend income obtained during the holding period of long-term equity investment	18,821.12	18,821.12
Gain on debt restructuring	2,294,441.90	376,934.17
<b>Total</b>	<b>2,313,263.02</b>	<b>395,755.29</b>

## XVIII. Supplementary Information to the Financial Statements

### 1. Non-operating profit or loss

Applicable  Inapplicable

Items	Current year	Notes
Gain or loss from disposal of non-current assets	1,922,817.50	
Government grants recorded into profit or loss during current period(except the government subsidies which are fixed or quantitatively enjoyed according to the national unified standard and it is closely related to the business)	4,020,036.02	
Profit or loss from debts restructuring	3,823,030.26	
In addition to the effective hedging business related to the normal operation of the company, it holds transactional financial assets. The profit and loss of fair value variation arising from transaction financial liabilities, and the investment income of transaction financial liabilities and available-for-sale financial assets from the disposal of transaction financial assets	-27,735.33	

Non-operating revenue and expense apart from the above items	3,478,203.63	
Less: effect on income tax	1,993,629.07	
Total	11,222,723.01	--

## 2.Return on equity and earnings per share

Profit of report period	Weighted average return on net assets (%)	Earnings per share (EPS)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of parent company	-6.35%	-0.0930	-0.0930
Net profit after deducting non-recurring gains and losses attributable to shareholders of parent company	-8.25%	-0.1209	-0.1209

## 3.Differences in accounting information under IAS and domestic accounting standard

### 1) Differences in net profit and net asset under domestic and international accounting standards

Applicable  Inapplicable

### 2 ) Differences in net profit and net asset under domestic and overseas accounting standards

Applicable  Inapplicable

### 4.Others