



Wafangdian Bearing Company Limited

2022 Annual Report

2023-04

2023.04

Chapter I. Important Prompts, Table of Contents, and Definitions

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

Company responsible person Liu Jun, responsible person in charge of accounting work Sun Najuan and responsible person in charge of accounting organization Sun Xinyan statement: ensure that the financial report in this annual report is true, accurate and complete.

All directors have attended the Board meeting at which this report was considered.

The company describes in detail the possible risks and countermeasures in the operation of the company in section III "Management Discussion and Analysis" and "XI, The Company's Future Development Outlook". Please pay attention to the relevant contents.

The company plans not to distribute cash dividend, not to send bonus shares, not to increase capital by provident fund

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File directory for reference

1. Financial statements (bearing the stamp of the person in charge of the company, the person in charge of accounting work and the person in charge of accounting institution)
2. Original audit report (containing seal of accounting firm and signature and seal of certified public accountant)

Glossary

Terms	Defined as	Description
Company,the Company	Defined as	Wafangdian Bearing Company Limited
Wazhou Group	Defined as	Wafangdian Bearing Group Company
the report period, the current period, the current year	Defined as	January 1,2022–December 31,2022
Liaozhou Co.,Ltd	Defined as	Wazhou Liaoyang Bearing Manufacture Co.,Ltd
Dalian motor	Defined as	Dalian motor Bearing Co.,Ltd
Spherical company	Defined as	Wazhou Precision spherical Roller Bearing (Wafangdian) Co., LTD
The Board of Directors	Defined as	Wafangdian Bearing Company Limited The Board of Directors
The Supervisory Committee	Defined as	Wafangdian Bearing Company Limited The Supervisory Committee
General meeting of shareholders	Defined as	Wafangdian Bearing Co., LTD. General meeting
Shen Jiao Suo	Defined as	Shen Zhen Stock Exchange
SRC	Defined as	China Securities Regulatory Commission

Chapter II. Company Profile and Financial Highlights

I. Company Information

II. Contacts

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		
Registered address	No. 1 Beigongji Street, Wafangdian City, Liaoning Province, China.		
P.C	116300		
Historical change of registered address of the company	Did not change		
office address	No. 1 Beigongji Street, Wafangdian City, Liaoning Province, China.		
office P.C	116300		
Website	http://www.zwz-200706.com		
E-mail	zwz2308@126.com		

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. Place for information disclosure

Information disclosure newspapers	Securities Times and Hong Kong Commercial Newspaper
Web address for the annual report as assigned by CSRC.	http://www.cninfo.com.cn
Place for inquiry of the annual report	Investment and Securities Department of the Company

IV. Change of Business Registration

No. of Taxation Registration	912102002423997128
Change of main business since listed	None
Change of controlling shareholder all previous(if any)	None

V. Other relevant information

The accounting firm employed by the company

Name of accounting firm	Shu Lun Pan CPA Firm (Special General Partnership)
Address of the CPA	4th Floor, 61 Nanjing East Road, Huangpu District, Shanghai
The name of accountants	Qi Tao, Huang Jin

Sponsoring institution hired by the Company, which is responsible to overseeing the Company's operation on a continuous basis:

Applicable Inapplicable

Financial consultancy institution hired by the Company, which is responsible to overseeing the Company's operation on a continuous basis:

Applicable Inapplicable

VI. Main accounting data and financial indicators

Whether the company needs to retroactively adjust or restate the accounting data of previous years

Yes No

	2022	2021	Compare with last year(+/-)	2020
Operating income (Yuan)	2,348,330,561.57	2,318,704,350.35	1.28%	1,859,176,415.58
Net profit attributable to shareholders of listed company (Yuan)	-139,897,498.87	-205,737,685.42	32.00%	-380,228,430.56
Net profit attributable to shareholders of listed companies after deducting non-recurring gains and losses (Yuan)	-156,090,928.13	-218,739,881.32	28.64%	-390,440,462.25
Net cash flow from Operating activities (Yuan)	84,265,549.90	77,678,162.48	8.48%	61,224,927.73
Basic earnings per share (RMB/share)	-0.3475	-0.5110	32.00%	-0.9444
Diluted earnings per share (RMB/share)	-0.3475	-0.5110	32.00%	-0.9444
Weighted average return on equity	-25.99%	-28.93%	2.94%	-36.69%
	At the end of 2022	At the end of 2021	More or less at the end of this year than at the end of the previous year	At the end of 2020
Total assets (yuan)	3,324,777,599.86	3,220,126,105.01	3.25%	3,133,942,842.94
Net assets attributable to shareholders of the listed company (Yuan)	470,302,993.46	608,267,282.47	-22.68%	814,004,967.89

The company's net profit before and after deducting non-recurring gains and losses in the last three fiscal years is negative, and the audit report of the last year shows that the company's ability to continue operating is uncertain

Yes No

After the net profit before deducting the non-recurrent gains and losses and the net profit after deducting the non-recurrent gains and losses are compared, who is low who is negative

Yes No

project	2022	2021	remarks
Operating income (Yuan)	2,348,330,561.57	2,318,704,350.35	234,701,888.96
Amount deducted from operating income	234,701,888.96	252,619,851.66	234,701,888.96

(Yuan)			
Amount after deduction of operating income (Yuan)	2,113,628,672.61	2,066,084,498.69	234,701,888.96

VII. 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

VIII. Financial Data Summary based on Quarters

In RMB Yuan

	In the first quarter	In the second quarter	In the third quarter	In the forth quarter
Operating revenue	516,856,921.09	568,960,183.83	559,879,991.79	702,633,464.86
Net profit attributable to the Company's shareholders	-31,201,728.45	-6,254,050.55	-24,070,073.10	-78,371,646.77
Net profit attributable to the Company's shareholders less the non-recurring profit and loss	-36,234,334.17	-12,444,167.84	-28,439,011.58	-79,074,300.80
Net cash flows arising from operating activities	-112,415,257.84	98,830,083.44	2,358,002.63	95,492,721.67

Does there exist significant difference in the foregoing financial data or their total sum from the relevant financial data as disclosed in the quarterly reports and/or semi-annual report.

Yes No

IX. Non-recurring gain/loss items and amounts

Applicable Inapplicable

In RMB Yuan

item	Amount of 2022	Amount of 2021	Amount of 2020	instructions
Gain or loss on disposal of non-current assets (including the write-off part of the asset impairment reserve accrued)	2,110,473.61	2,349,507.64	-1,221,382.96	
Government subsidies booked into current profit and loss (closely related to the company's normal business, except government subsidies in line with national policies and provisions, in accordance with a certain standard quota or quantitative)	7,068,347.57	8,117,365.44	9,520,190.48	
Gains and losses on debt restructuring	6,892,627.00	1,808,922.83	1,226,811.33	
In addition to the effective hedging business related to the normal operation of the company, the fair value change gains and losses arising from the holding of trading financial assets and trading financial liabilities, and the investment income obtained from the disposal of trading financial	-78,583.43	612,813.05	-57,011.50	

assets, trading financial liabilities and financial assets available for sale				
Other non-operating income and expenses other than those mentioned above	3,271,652.69	2,694,297.36	3,056,476.10	
Less: Income tax impact	3,071,088.18	2,580,710.42	2,313,051.76	
total	16,193,429.26	13,002,195.90	10,212,031.69	--

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

Applicable Inapplicable

The Company does not have any other profit and loss items that meet the definition of non-recurring profit and loss.

Define the non-recurring profit and loss items listed in the Explanatory Notice of Information Disclosure of Companies publicly issuing Securities No. 1 -- Non-recurring Profit and loss items as the statement of the current profit and loss items

Applicable Inapplicable

The Company does not define the non-recurring profit and loss items listed in the Explanatory Notice of Information Disclosure for Publicly Issued Securities No. 1 -- Non-recurring Profit and loss items as recurring profit and loss items.

Chapter III. Management discussion and analysis

I. Industry situation of the Company during the reporting period

The company is the leading enterprise of bearing manufacturing in China and has participated in the formulation of many standards in the industry.

In 2022, the international economic situation is complicated, with geopolitical tensions and economic changes superimposed, transnational corporations' domestic investment further grabs domestic market share, international economy and trade face severe challenges, international capital market fluctuations, high commodity prices, international trade and logistics difficulties, global supply chain situation is still tight, and the total demand of the domestic market shrinks. Market expectations have weakened, which brings new challenges for the company's development. But there are challenges as well as opportunities. The Central Economic Work Conference has made it clear that stability is the top priority, and the general tone of seeking progress while maintaining stability. The State Council has come out with many measures to stabilize the economy, expand consumption, promote consumption, and moderately advance infrastructure investment policies. Major projects, major strategies and major projects have been started successively, providing a larger space for the company's product development, coupled with continuous breakthroughs in bearing core technology and continuous improvement in industry concentration. Domestic alternative opportunities to accelerate the emergence of the company's development opportunities to further improve.

II. Main business of the Company during the reporting period

The business scope of the company is licensed items: inspection and testing services, import and export of goods, import and export of technology (items subject to approval according to law, business activities can be carried out only after approval by relevant departments, specific business items subject to approval results) general items: 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, Mechanical parts and spare parts processing, land use right leasing, housing leasing, non-residential real estate leasing, mechanical equipment leasing, computer and communication equipment leasing, transportation equipment leasing service, office equipment leasing service, storage equipment leasing service, special equipment leasing, labor service (excluding labor dispatch), Technical services, technology development, technology consultation, technology exchange, technology transfer and technology popularization (except for projects subject to approval according to law, independently carry out business activities according to law with business license)

The company has strong manufacturing capacity and quality assurance ability, widely serve railway, metallurgy, mining and other industries and fields.

III. Analysis of core competitiveness

As the largest bearing technology and product R&D and manufacturing base in China, the company has accumulated many years of practical experience in bearings and related fields, established a sound bearing technology innovation system, and maintains close cooperation with domestic research institutes and universities. As the main draftsman of several standards in the bearing industry, it has mastered the latest technical trends of the development of the industry. It has established significant advantages in technology research and development, product manufacturing, marketing and user service.

The company's personalized design and manufacturing process for customers can take into account cost, delivery time and customer needs, improving the responsiveness 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 by the majority of customers praise. The company has a strong 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 domestic equipment application. Through the involvement of customer value engineering to carry 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 obtained the qualification of the important target market, and the international visibility has been preliminarily established.

IV. Analysis of main business

1. overview

In 2022, the company's business environment is still not optimistic, product prices are affected by the environment, the sales price of general products failed to achieve the planned increase, and the competition in the bearing industry is more intense. Various difficulties and adverse factors, such as rising raw material prices and dual control of energy consumption, still seriously restrict the development of the company. In the face of operational difficulties, the board of directors of the company guides the managers to implement specific countermeasures and measures in accordance with various tasks of the production and operation plan, and thoroughly implements the fundamental requirements of high-quality development of the company. Under the influence of various adverse factors, the board of directors persists in comprehensively improving the quality of operations and products, and leads the managers to go all out to explore the market, reduce costs and increase efficiency. Try our best to adjust the market, customer and product structure, accelerate the company to achieve high-end, international, service-oriented and information-based leadership, and enhance the competitiveness of the company. In 2022, the company's main production and operation indicators are as follows:

During the reporting period, the company achieved annual operating revenue of 2.348 billion yuan, with a year-on-year growth of 1.28%; Net profit - 139.9 million yuan. Total assets of 3.324 billion yuan, an increase of 3.25%; Net assets of 470 million yuan, down 22.68 percent year-on-year.

2. Revenue and cost

(1) Composition of operating revenue

Unit: yuan

	2022		2021		Year-on-year increase/decreas
	Amount	Proportion in the operating	Amount	Proportion in the operating	

		revenue		revenue	e
Total operating revenue	2,348,330,561.57	100%	2,318,704,350.35	100%	1.28%
Classified based on sectors					
exit	183,070,741.80	0.08%	93,491,561.62	0.04%	0.96%
Traffic bearing	464,294,040.26	0.20%	170,285,070.15	0.07%	1.73%
Special bearing	747,799,858.70	0.32%	998,964,768.13	0.43%	-0.25%
Universal bearing	660,468,972.71	0.28%	751,560,167.01	0.32%	-0.12%
Industrial operation	57,995,059.14	0.02%	51,782,931.78	0.02%	0.12%
Other business	234,701,888.96	0.10%	252,619,851.66	0.11%	-0.07%
Classified based on product					
bearing	2,055,633,613.47	0.88%	2,014,301,566.91	0.87%	0.02%
Industrial operation	57,995,059.14	0.02%	51,782,931.78	0.02%	0.12%
Other business	234,701,888.96	0.10%	252,619,851.66	0.11%	-0.07%
Classified based on regions					
domestic	2,165,259,819.77	0.92%	2,225,212,788.73	0.96%	-0.03%
abroad	183,070,741.80	0.08%	93,491,561.62	0.04%	0.96%
Classified by sales model					

(2) The industry, product, region and sales mode accounting for more than 10% of the company's operating revenue or operating profit

Applicable Inapplicable

Unit:yuan

	Operating income	Operating cost	Gross profit margin	Operating income was up or down from a year earlier	Operating costs increased or decreased from a year earlier	Gross margin was up or down from a year ago
Classification by industry						
exit	183,070,741.80	149,139,201.78	18.53%	95.82%	81.52%	18.41%
Traffic bearing	464,294,040.26	351,251,441.07	24.35%	172.66%	181.06%	24.08%
Special bearing	747,799,858.70	512,967,147.61	31.40%	-25.14%	-37.57%	31.23%
Universal bearing	660,468,972.71	642,512,057.11	2.72%	-12.12%	13.28%	2.47%
Industrial operation	57,995,059.14	59,662,769.65	-2.88%	12.00%	13.50%	-2.86%
Other business	234,701,888.96	182,374,798.19	22.30%	-7.09%	-11.46%	22.11%
Classification by product						
bearing	2,055,633,613.47	1,655,869,847.57	19.45%	2.05%	3.75%	19.24%
Industrial operation	57,995,059.14	59,662,769.65	-2.88%	12.00%	13.50%	-2.86%
Other business	234,701,888.96	182,374,798.19	22.30%	-7.09%	-11.46%	22.11%
Classification by regions						
domestic	2,165,259,819.77	1,748,768,213.63	19.24%	-2.69%	-1.33%	19.03%

abroad	183,070,741.80	149,139,201.78	18.53%	95.82%	81.52%	18.41%
Classified by sales model						

If the statistical caliber of the company's main business data is adjusted during the reporting period, the company's main business data in the recent year shall be adjusted according to the caliber at the end of the report

Applicable Inapplicable

(3) Whether the company's income from physical sales is greater than the income from labor service

yes no

Industry classification	item	unit	2022	2021	Compared with last year(+/-)
bearing	sales	Set of	24,262,634	37,926,445.00	-36.03%
	production	Set of	16,105,384	28,150,179.00	-42.79%
	inventory	Set of	11,171,685	19,208,935.00	-41.84%

Causes of the change in the year-on-year data by over 30%

Applicable Inapplicable

The current production of medium and large products than major, on the other hand, to reduce inventory

(4) Implementation of Important Sale Contracts Concluded at the End of the Reporting Period

Applicable Inapplicable

(5) Composition of Operating Costs

Classified based on sectors and products

Unit :yuan

Classified based on sectors	item	2022		2021		Year-on-year (+/-)
		Amount	Proportion in operating costs	Amount	Proportion in operating costs	
bearing		1,655,869,847.57	87.25%	1,595,963,175.85	86.06%	3.75%
Among them: raw materials		1,185,963,973.00	62.49%	1,137,994,367.05	61.36%	4.22%
Labor cost		175,005,159.32	9.22%	169,264,570.92	9.13%	3.39%
depreciation		50,331,285.07	2.65%	53,741,418.23	2.90%	-6.35%
Energy consumption		60,813,468.10	3.20%	52,798,181.32	2.85%	15.18%
other		183,755,962.08	9.68%	182,164,638.33	9.82%	0.87%
Industrial operation		59,662,769.65	3.14%	52,567,274.97	2.83%	13.50%
Other business		182,374,798.19	9.61%	205,983,916.30	11.11%	-11.46%
total		1,897,907,415.41	100.00%	1,854,514,367.12	100.00%	2.34%

Instructions

none

(6) Is there any change in the consolidation scope in the reporting period

Yes No

(7) Is there any significant change or adjustment related situation take place in the Company's business, products or services in the reporting period

Applicable Inapplicable

(8) Major trade debtors and major suppliers

The company mainly sells customer information

Total sales amount of top five customers (Yuan)	556,080,051.35
The total sales amount of the top five customers accounts for the total annual sales	23.68%

Proportion of related party sales of top five customers in total annual sales	16.77%
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Company's top 5 major customer information

No.	The customer name	Sales (Yuan)	Percentage of total annual sales
1	Customer controlled by the same actual controller 1	393,888,608.95	16.77%
2	Customer 2	56,492,552.85	2.41%
3	Customer 3	37,672,455.47	1.60%
4	Customer 4	34,095,801.60	1.45%
5	Customer 5	33,930,632.48	1.44%
Total	--	556,080,051.35	23.68%

Other information of major customers

Applicable Inapplicable

Company's major suppliers

Total Purchase Amount of Top 5 Suppliers (RMB)	1,102,831,686.09
The total purchase amount of the top five suppliers accounts for the proportion of the total annual purchase	56.67%
The proportion of the purchase amount of related parties in the total annual purchase amount of the top five suppliers	51.25%

Profiles of top 5 suppliers

No.	Name of suppliers	Amount of purchase(RMB)	Percentage in total purchase of year(%)
1	Supplier controlled by the same actual controller 1	997,302,798.05	51.25%
2	Supplier 2	35,141,808.41	1.81%
3	Supplier 3	24,826,662.30	1.28%
4	Supplier 4	24,301,819.82	1.25%
5	Supplier 5	21,258,597.51	1.09%
Total	--	1,102,831,686.09	56.67%

Other information of major suppliers

Applicable Inapplicable

3. Expenses

In RMB Yuan

	2022	2021	Year-on-year increase/decrease	Note to significant changes
Sales expenses	162,537,964.38	172,118,808.99	-5.57%	
Administrative expenses	115,099,647.00	109,978,729.45	4.66%	
Financial expenses	31,407,471.87	39,397,717.95	-20.28%	Mainly due to the significant year-on-year increase in net exchange income
R&D expenses	231,245,330.98	215,803,912.39	7.16%	

4. Investment in R & D

Applicable Inapplicable

Name of main R&D project	Project purpose	Project progress	The goal to be achieved	Estimated impact on the company's future development
Four row cylindrical	Optimized and	Implement and	Optimize and	Greatly promoted the

roller bearings for reinforced composite cage	improved product structure for bearing working conditions, reduced bearing temperature rise, and reduced cage product loss.	complete according to the project plan	improve the external guard edge, increase the Angle of the guard edge, ensure adequate lubrication, and reduce the temperature rise of the bearing.	enterprise research and development level, process design, test technology, simulation computing and other independent innovation ability to improve, and the product operation is reliable, good effect, economic and social benefits.
Bearing for wind turbine reducer	The processing technology of ring grinding was modified, the raceway was processed by NC equipment, and the special quota of NC production line was established to improve the production rate.	Implement and complete according to the project plan	Reformulates the product design and process standard of wind turbine reducer bearing, optimizes the ring grinding process.	Greatly promoted the enterprise research and development level, process design, test technology, simulation computing and other independent innovation ability to improve, and the product operation is reliable, good effect, economic and social benefits.
Construction machinery bearing	Unified clearance testing standards, to solve the quality problems of construction machinery bearing heating, noise, early fatigue damage.	Implement and complete according to the project plan	The cage structure is optimized to improve the bearing capacity. Develop special technical requirements for grinders and set up internal CNC production line to reduce bearing loss.	Greatly promoted the enterprise research and development level, process design, test technology, simulation computing and other independent innovation ability to improve, and the product operation is reliable, good effect, economic and social benefits.
Optimization and development of oversized high pressure roller bearing	Solve the problem of unstable quality of 232/1250X3F3K30/W3 3X bearing in the early stage, improve the service life and reliability of bearings, and optimize bearing design and processing in an all-round way.	Implement and complete according to the project plan	Optimize the product mix.	Greatly promoted the enterprise research and development level, process design, test technology, simulation computing and other independent innovation ability to improve, and the product operation is reliable, good effect, economic and social

				benefits.
High reliability, long life cold roll bearing	Improve bearing capacity, product precision and impact resistance of cold roll system, gradually replace imports.	Implement and complete according to the project plan	Improve service life and product accuracy, improve product quality and reliability	Greatly promoted the enterprise research and development level, process design, test technology, simulation computing and other independent innovation ability to improve, and the product operation is reliable, good effect, economic and social benefits.
Bearings for high precision and long life four-row tapered rolling mill	Through technical improvement, the serious pollution of bearings in four-row tapered rolling mill is solved, as well as the long life and reliability problems of domestic bearings.	Implement and complete according to the project plan	Improve service life and product accuracy, improve product quality and reliability	Greatly promoted the enterprise research and development level, process design, test technology, simulation computing and other independent innovation ability to improve, and the product operation is reliable, good effect, economic and social benefits.
Large tapered roller bearing for wind power	This project aims to develop the conical bearing of the main shaft of large power fan as the goal, and strives to master the structure and performance design methods of the main shaft bearing of large power fan, breakthrough bearing machining, organization control, performance detection and other key technologies, forms the design criteria and manufacturing technical specifications of the main shaft bearing of large power fan, and improves the design and manufacturing level of the main shaft bearing of fan in our country.	Implement and complete according to the project plan	Promote the main shaft bearing of high-power fan to be domestically produced, and provide guarantee for the bearing of high-power fan and the independent development of wind power industry in our country.	Greatly promoted the enterprise research and development level, process design, test technology, simulation computing and other independent innovation ability to improve, and the product operation is reliable, good effect, economic and social benefits.

Company r & D personnel

	2022	2021	Changes in the proportion
Number of R&D personnel (people)	295	325	-9.23%
The proportion of R&D personnel	12.18%	13.61%	-1.43%
Educational structure of R&D personnel			
undergraduate	34	33	3.03%
Master's degree	4	4	0.00%
Age composition of R&D personnel			
Under 30 years old	30	33	-9.09%
30 to 40 years old	93	95	-2.11%

R&d investment of the company

	2022	2021	Changes in the proportion
R&d investment amount (Yuan)	231,245,330.98	215,803,912.39	7.16%
R&d investment as a percentage of revenue	9.85%	9.31%	0.54%
Capitalized amount of R&D investment (Yuan)	0.00	0.00	0.00%
Capitalized R&D investment as a percentage of R&D investment	0.00%	0.00%	0.00%

Causes and impacts of major changes in the composition of r&d personnel

Applicable Inapplicable

The reason for the significant change in the proportion of total R&D investment to revenue over the previous year

Applicable Inapplicable

The reason of the large change of capitalization rate of R&D investment and its rationality explanation

Applicable Inapplicable

5.Cash flow

Unit:yuan

project	2022	2021	Year-on-year (+/_)
Subtotal of cash inflow from operating activities	1,277,527,933.41	1,280,954,319.22	-0.27%
Subtotal of cash outflow from operating activities	1,193,262,383.51	1,203,276,156.74	-0.83%
Net cash flow from operating activities	84,265,549.90	77,678,162.48	8.48%
Subtotal of cash inflows from investing activities	1,796,661.89	2,097,844.44	-14.36%
Subtotal cash outflow from investment activities	12,861,168.20	4,753,911.10	170.54%

Net cash flow from investing activities	-11,064,506.31	-2,656,066.66	316.57%
Subtotal cash inflow from financing activities	1,166,898,875.78	931,600,000.00	25.26%
Subtotal cash outflow from financing activities	1,225,043,749.57	957,694,735.35	27.92%
Net cash flows from financing activities	-58,144,873.79	-26,094,735.35	122.82%
Net increase in cash and cash equivalents	17,509,394.95	46,119,096.45	-62.03%

The main influencing factors of the major changes in relevant data compared with the same period

Applicable Inapplicable

The reason for the significant difference between the net cash flow generated by the company's operating activities during the reporting period and the current year's net profit

Applicable Inapplicable

V. Analysis of non-main business

Applicable Inapplicable

Unit: yuan

	Amount	Proportion of total profits	Causes of formation	Whether it is sustainable
Return on investment	6,892,627.00	-4.92%	Debt restructuring	No
Change in fair value gain or loss	-78,583.43	0.06%	Chongqing Iron and Steel holdings	No
Asset impairment	-56,613,540.97	40.45%	Impairment of receivables, inventory, fixed assets, construction in progress, etc	No
Non-operating income	3,927,967.83	-2.81%	Penalty income and unpayable payment write-off, etc	No
Non-operating expense	656,315.14	-0.47%	Foreign donations and non-current assets damage and scrap losses and other debt restructuring	No

VI. Situation of assets and liabilities

1. Major change in asset items

Unit: yuan

	At the end of the year 2022		At the beginning of the year 2021		The proportion (+/_)	Notes on Major Changes
	Amount	Percentage of total assets	Amount	Percentage of total assets		
Monetary funds	330,746,706.88	9.95%	286,476,701.69	8.90%	1.05%	
Accounts receivable	1,136,295,329.59	34.18%	999,454,308.40	31.04%	3.14%	

Other changes

Whether the measurement attribute of the company's main assets has changed significantly during the reporting period

Yes No

3.Limitation of asset rights by the end of the report

By the end of the reporting period there is no limitation on the rights of major assets of the company.

V. Investment

1. General situation

Applicable Inapplicable

2.Significant equity investments obtained during the reporting period3. Major ongoing non-equity investments during the reporting period

Applicable Inapplicable

3.Significant non-equity investment in process in the reporting period

Applicable Inapplicable

4. Financial asset investment

(1) securities investment

Applicable Inapplicable

Unit :yuan

Varieties of securities	Varieties of code	The abbreviation of securities	Initial cost of investment	Accounting measurement model	Initial book value	Current fair value change profit and loss	Accumulated changes in fair value of equity	Current Purchase Amount	Current Sale Amount	Profit and loss during the reporting period	Ending book value	Accounting subject	Sources of funding
Domestic and foreign stocks	601005	Chongqing iron and steel	567,033.30	Fair value measurement	322,037.93	-78,583.43	-323,578.80	0.00	0.00	-78,583.43	243,454.50	Trading financial assets	debt-for-equity
total			567,033.30	--	322,037.93	-78,583.43	-323,578.80	0.00	0.00	-78,583.43	243,454.50	--	--

(2)derivatives investment

Applicable Inapplicable

There is no derivative investment during the reporting period.

5.Use of the raised funds

Applicable Inapplicable

No use of the raised funds during the company's reporting period.

VIII. Sales of Significant Assets and Equity

1. Sales of Significant Assets

Applicable Inapplicable

2. Sales of Significant Equity

Applicable Inapplicable

IX. Analysis on Principal Subsidiaries and Mutual Shareholding Companies

Applicable Inapplicable

Particulars about the principal subsidiaries and mutual shareholding companies which may affect the Company's net profit by over 10%.

In RMB Yuan

Company name	Company type	Principal business	registered capital	total assets	net asset	Operating income	operating profit	net profit
Liaoyang Bearing company	Subsidiary	Product and Sale Bearing and machine-electrical equipment	19,350,000	261,337,542.06	- 66,090,588.60	163,717,050.03	- 2,589,397.31	- 1,844,595.09
Dalian Electrical Equipment	Subsidiary	Product and Sale Bearing and machine-electrical equipment	10,000,000.00	229,403,992.80	- 47,907,324.53	183,292,222.45	- 25,601,291.44	- 25,627,425.96
Wzhou precision spherical roller bearing(Wafangdian) Co.,Ltd.	Subsidiary	Product and Sale Bearing and machine-electrical equipment	194,000,000.00	351,924,778.81	154,249,107.23	273,389,598.12	- 33,182,542.18	- 33,182,008.59

Acquisition and disposal of subsidiaries during the reporting period

Applicable Inapplicable

Description of the main holding and shareholding companies

X.A structured entity controlled by a company

Applicable Inapplicable

XI.The prospect of the company's future development

With the dream of serving the country with industry, the tile Axis will usher in an unprecedented period of strategic opportunities under the macro environment, and the company and its products have huge development space and advantages. The company's future development strategy is to pull the marketing end, start with product application, realize design, application and price differentiation, realize product differentiation, build a series of high-end brands, and finally realize high-quality development of the enterprise.

XII. Statement of Such Activities as Reception of Survey, Communications, Interview, etc.

Applicable Inapplicable

Reception time	Reception site	way	Reception object type	Reception object	The main contents of the discussion and the information provided	Index of the basic facts of the survey
2022/1/2	Shenzhen Stock Exchange interactive platform	other	individual	Individual investor	Production and operation of the company	Shenzhen Stock Exchange interactive platform

2022/3/19	Shenzhen Stock Exchange interactive platform	other	individual	Individual investor	Production and operation of the company	Shenzhen Stock Exchange interactive platform
2022/4/26	Shenzhen Stock Exchange interactive platform	other	individual	Individual investor	Production and operation of the company	Shenzhen Stock Exchange interactive platform
2022/5/15	Shenzhen Stock Exchange interactive platform	other	individual	Individual investor	Production and operation of the company	Shenzhen Stock Exchange interactive platform
2022/5/15	Shenzhen Stock Exchange interactive platform	other	individual	Individual investor	Production and operation of the company	Shenzhen Stock Exchange interactive platform
2022/5/19	Shenzhen Stock Exchange interactive platform	other	individual	Individual investor	Production and operation of the company	Shenzhen Stock Exchange interactive platform
2022/7/13	Shenzhen Stock Exchange interactive platform	other	individual	Individual investor	Production and operation of the company	Shenzhen Stock Exchange interactive platform
2022/7/21	Shenzhen Stock Exchange interactive platform	other	individual	Individual investor	Production and operation of the company	Shenzhen Stock Exchange interactive platform
2022/3/7	office	Telephone communication	individual	Individual investor	Production and operation of the company	no
2022/5/10	office	Telephone communication	individual	Individual investor	Production and operation of the company	no
2022/5/13	office	Telephone communication	individual	Individual investor	Production and operation of the company	no
2022/6/15	office	Telephone communication	individual	Individual investor	Production and operation of the company	no

Chapter IV Corporate Governance

I. Basic situation of corporate governance

Company in accordance with the "company law", "securities law" and other related regulations established by the general meeting of shareholders, board of directors, board of supervisors, and senior management personnel of the company governance structure, formed the authority and decision-making body, watchdog and senior management responsibilities clear, standardized operation mechanism of mutual coordination and mutual checks and balances. It has established internal systems related to the operation of the "three associations", independent directors, information disclosure, investor protection, related party transactions, and internal control. Through the formulation of the Articles of Association and the implementation of various internal systems, the company has clarified the responsibilities, powers, procedures and obligations of institutions at all levels in decision-making, implementation and supervision.

Whether the actual situation of corporate governance is materially different from laws, administrative regulations and regulations on listed company governance issued by CSRC

yes no

The actual situation of corporate governance is not significantly different from laws, administrative regulations and regulations on listed company governance issued by the CSRC.

II. The company's independence from the controlling shareholders and actual controllers in ensuring the company's assets, personnel, finance, institutions and business

In terms of business, personnel, assets, institutions and finance, the Company and the controlling shareholder are independently accounting, undertaking responsibilities and risks independently. There is no situation in which the company and the controlling shareholder cannot guarantee their independence and independent operation ability in terms of business, personnel, assets, institutions and finance.

III. The situation of industry competition

Applicable Inapplicable

IV. Information about the annual and extraordinary general meetings of shareholders held during the reporting period

1. General meeting of shareholders during the reporting period

The meeting time	The meeting type	Investor participation ratio	At the date	Date of disclosure	The meeting resolution
2021 Annual General meeting	Annual general meeting	80.35%	2022.05.19	2022.05.20	2021 Annual General Meeting resolution

2. The reinstated preferred shareholders request an extraordinary general meeting of shareholders

Applicable Inapplicable

V. The situation of directors, supervisors and senior managers

1. Basic information

Name	position	Status of employment	Gender	Age	Starting Date of Tenure	Expiry Date of Tenure	Initial number of shares (shares)	Number of shares increased in current period (shares)	Number of shares to be sold at current period (shares)	Other changes (share)	Ending shares (shares)	Name
Liu Jun	Chairman of the board of directors	Incumbent	male	53	2019/9/6		0	0	0		0	
Sun Nanjuan	director, General accountant, secretary of board	Incumbent	female	55	2013/6/26		0	0	0		0	
Wang Jiyuan	director, G. M.	Incumbent	male	57	2021/5/19		0	0	0		0	
Zhang Xinghai	director	Incumbent	male	55	2015/9/16		0	0	0		0	
Chen Jiajun	director	Incumbent	male	56	2013/6/26		0	0	0		0	
Tan Jianguang	director	Incumbent	male	59	2019/9/6		0	0	0		0	
Zhao Qingtao	director	incumbent	male	45	2022/5/19		0	0	0		0	
Fang Bo	director	incumbent	female	51	2013/6/26		1,500	0	0		1,500	
Sun Kun	Independent director	incumbent	female	65	2018/5/18		0	0	0		0	
Wang Yan	Independent director	incumbent	female	60	2021/5/19		0	0	0		0	
Liang Shuang	Independent director	incumbent	female	58	2017/5/18		0	0	0		0	
Wen Bo	Independent	incumbent	male	60	2022/5/19		0	0	0		0	

	director											
Sun Shicheng	Chairman of the Board of Supervisors	incumbent	male	59	2015/9/16		0	0	0		0	
Wang Fuxing	supervisor	incumbent	male	51	2016/5/18		0	0	0		0	
Wang Lin	supervisor	incumbent	female	41	2022/5/19		0	0	0		0	
Zhang Yihui	supervisor	incumbent	male	51	2021/1/8		0	0	0		0	
Lu Ning	supervisor	incumbent	male	47	2022/9/28		0	0	0		0	
Li Huawei	Deputy general manager	incumbent	male	49	2019/12/18		0	0	0		0	
Tang Yurong	director	Leave office	male	61	2015/9/16	2022/5/19	0	0	0		0	
Liu Yuping	Independent director	Leave office	male	67	2016/5/18	2022/5/19	0	0	0		0	
Li Xiumin	supervisor	Leave office	female	61	2013/6/26	2022/5/19	0	0	0		0	
Zhang Fuxiang	supervisor	Leave office	male	58	2020/2/28	2022/9/28	0	0	0		0	
total	--	--	--	--	--	--	1,500	0	0		1,500	--

During the reporting period, whether any directors or supervisors leave office or senior managers are dismissed

yes no

Due to job changes, Zhang Fuxiang resigned as the employee representative supervisor of the company.

Changes of directors, supervisors and senior managers of the company

Applicable Inapplicable

Name	post	type	Date	Cause
Tang Yurong	director	Leave office	2022/5/19	Leave office at the end of one's term
Liu Yuping	Independent director	Leave office	2022/5/19	Leave office at the end of one's term
Li Xiumin	supervisor	Leave office	2022/5/19	Leave office at the end of one's term
Zhang Fuxiang	supervisor	Leave office	2022/9/27	Job change
Wang Lin	supervisor	Leave office	2023/4/10	Job change

2. Position

The professional background, main work experience and main responsibilities of the current directors, supervisors and senior managers of the company

1. Resumes of non-independent directors

Mr. Liu Jun, born in January 1970, university degree and owns a master's degree, he joined the workforce in August 1992 and join the CPC in December 2000. Mr. Liu worked as the deputy GM of DHI·DCW Group Co., Ltd. , the deputy president of Dalian Huarui Heavy Industry Group Co., Ltd, the president and Party Secretary of Dalian Rubber & Plastics Machinery Co., Ltd. Currently he is the Party Secretary and President of Wafangdian Bearing Group Corp., Ltd.

Mr. Zhang Xinghai, born in October 1968, university degree and a senior accountant at researcher level, he joined the workforce in July 1991. Mr. Zhang worked as the deputy chief accountant and secretary of the Board of Wafangdian Bearing Company Limited, the director, chief accountant and secretary of the Board of Wafangdian Bearing Company Limited. Now he is the deputy secretary of the Party Committee and GM of Wafangdian Bearing Group Corp., Ltd.

Mr. Chen Jiajun, born in December 1967, university degree and an economist and statistician, he joined the workforce in August 1990. Mr. Chen worked as the section chief, assistant director, deputy director, director of economic operation department of Wafangdian Bearing Group Corp., Ltd., the assistant GM and head of economic operation department of Wafangdian Bearing Group Corp., Ltd.; now he is the deputy GM of Wafangdian Bearing Group Corp., Ltd.

Mr. Wang Jiyuan, born in December 1966. he graduated from Liaoning University with a university degree major in industrial economics. Mr. Wang worked as the vice president of management department, director of planning & finance department and vice GM of the Company, the assistant GM of ZWZ Corporation. Now he is the Director and GM of the Company.

Ms. Sun Najuan, born in October 1968, University degree, Master degree, senior accountant at research level,she joined the workforce in August 1990. she worked as the account of finance department and head of inspection section of Wafangdian Bearing Group Corp., Ltd., assistant GM of material supply company under the Wafangdian Bearing Company Limited, the assistant GM of sales head office of Wafangdian Bearing Company Limited and the deputy chief accountant of Wafangdian Bearing Group Corp., Ltd.; now she is the chief accountant, director and secretary of the Board of Wafangdian Bearing Company Limited.

Mr. Tan Jianguang, born in December 1964, an assistant engineer, he joined the workforce in August 1986. he worked as the workshop director in cage branch factory, the sales man, director, vice president, vice GM and GM of the marketing department of Wafangdian Bearing Company Limited.; the assistant GM and GM of the railway division and railway bearing sales company under the Wafangdian Bearing Company Limited.; now he is the Director and Deputy GM of Wafangdian Bearing Company Limited.

Mr. Zhao Qingtao, born in July 1977, master degree. In 1999, he joined Shanghai Hongzheng Law Firm as a lawyer; in 2005, he joined Shanghai Xieli Management Consulting Co. , Ltd. as a legal consultant; in 2006, he joined eastby Industrial Minerals Co. , Ltd. as a legal officer in China since 2008; In 2010 joined Bekaert Business Management (Shanghai) Co. , Ltd. , 2013 as North Asia legal director; 2015 joined Valeo Business Management (Shanghai) Co. , Ltd. as deputy director of Legal Affairs in China; Joined skf (China) Ltd. as director of legal affairs and compliance in 2019 and has been director of legal, compliance, environment, health and safety for Skf China and northeast subregion since March 2022.

Ms. Fang Bo, born June 1972, undergraduate. Joined pricewaterhousecoopers as an auditor in 1994. He joined skf (China) Co. , Ltd. in 1997. He was the finance manager of the subsidiary company of the Investment Company. He is the finance manager of skf (China) Co. , Ltd. . Since January 2020, he has been in charge of skf's Northeast Asia Financial Operation Center.

2. Resumes of independent directors

Ms. Liang Shuang, born in 1965, Chinese nationality, Ph.D. in Accounting and a professor. She is working in the Northeast University of Fiance and Economics from 1990 to present, and previously served as the assistant professor of

material & economic management department in Northeast University of Finance and Economics, the lecturer, associated professor, professor of School of Accounting in Northeast University of Finance and Economics and part-time head of finance department, training center of accounting college of the Northeast University of Finance and Economics. She was the member of 10th CPPCC of Dalian from 2003 to 2007, member of the 11th CPPCC of Dalian from 2008 to 2012, and member of the 12th CPPCC/proposal committee of Dalian from 2013 to 2017. independent director of 6th BOD of Dalian Sun Asia (Retired).

Ms. Sun Kun, born in 1958, Chinese nationality, doctoral degree and professor of accounting. Since 1982, she worked in the Northeast University of Finance and Economics, she previously worked as the assistant professor, lecturer, associate professor, professor of the School of Accounting in Northeast University of Finance and Economics; she served as a member of the 9th People's Congress of Liaoning Province, the deputy secretary general of Liaoning Internal Audit Association, Director of Liaoning Provincial Audit Society, the Liaoning Department of Finance CPA profession administrative penalty hearing committee moderator and Director and Academic Committee Member of China Internal Audit Association. From May 2002 to March 2008, she served as an independent director of Dalian Dayang Trands Company.

Ms. Wang Yan, born in 1963, currently she is the professor at Northeast University of Finance and Economics, laws school and a master's degree advisor. In 1981, she graduated from China University of Political Science & Law with a bachelor's degree in law; in 1988, Ms. Wang graduated from China University of Political Science & Law with an LL.M degree in economic law; and teaching at the law school of Northeast University of Finance and Economics since 1988. Ms. Wang Yan served as the independent director (retirement) of China Dalian International Cooperation (Group) Holdings Ltd., independent director (retirement) of CGN Nuclear Technology Development Co., Ltd., independent director (in office) of LINTON Technologies Group and independent director (in office) of Bingshan Refrigeration & Heat Transfer Technologies Co., Ltd. Part-time job: Director of China Economic Law Research Association, President of the Economic Law Research Society of Liaoning Law Society and academic member of Liaoning Law Society; the executive director of the First Council of Dalian People's Mediation Association, member of the Expert Advisory Committee of Dalian Intermediate People's Court, the legal counsel of Dalian Consumers Association, Pulandian Municipal Government and Dalian Municipal Government Office of Legal Governance; the arbitrator, part-time lawyer of Dalian, Anshan, Benxi Arbitration Commission; She was the Director of Economic Law Teaching Department of Northeast University of Finance and Economics law school and vice dean of the Law School.

Mr. Wen Bo, born in 1963, he graduated from China University of Political Science and Law, majoring in law. He worked at the Dalian Municipal Bureau of Justice and now he is the founding partner of Liaoning Huicheng Laws Firm and the expert advisor on local legislation to the Standing Committee of Dalian People's Congress.

3. Resume of supervisors

Mr. Sun Shicheng, born in December 1964, bachelor's degree, participated in work in August 1987 and a senior political engineer. He previously worked as head of the organization department section, Party Organizer of Wafangdian Bearing Group, Party Branch Secretary of Northwest Sales Company, secretary and vice GM of North China Sales Company, director of organization department, and part-time secretary of the Party Committee and chairman of Labor Union of Wafangdian Bearing Co., Ltd.; currently he is the deputy secretary of the Party Committee and Chairman of labor union of Wafangdian Bearing Group.

Mr. Wang Fuxing, born in June 1972, university degree and s senior accountant, he jointed the workforce in August 1993. he previously worked as the head of accounting & finance department and director of the general management department of Wafangdian Bearing Equipment Manufacturing Co., Ltd., the deputy secretary, chairman of labor union and the finance manager and human resources director of Wafangdian Bearing Precision Turntable Bearing Co., Ltd, the office director and secretary of Wafangdian Bearing Group, head of financial management department and secretary of Wafangdian Bearing Group, and head of strategic sourcing and secretary of Wafangdian Bearing Group. Now he is the

head of the Party Committee's Publicity Department, head and secretary of the Corporate Culture Department of Wafangdian Bearing Group.

Ms. Wang Lin, born in September 1981, she graduated from Northwest Agriculture and Forestry University of Science and Technology in July 2004, a university degree, an economist with credit manager title. She joined the workforce in July 2004, and previously worked as head of credit management department of the Company. Currently she is the head of audit department, head of discipline inspection and supervision department, head of legal affairs department of Wafangdian Bearing Group.

Mr. Zhang Yihui, born in August 1972, and joined the workforce in August 1991, college degree and graduated from Liaoning University in June 2000, majoring in business management. He previously worked as vice GM of bearing parts branch of the Company, GM of Wafangdian Branch of High-end Automotive Bearing Company under Wafangdian Bearing Group. Now he is the GM of medium & large bearing branch of the Company.

Mr. Lu Ning, male, born in June 1985, Han nationality, started to work in July 2009, university degree, assistant engineer, graduated from Liaoning Technical University engineering mechanics major, the current position is the general manager of a logistics company.

4.Resume of senior management

Mr. Li Huawei, born in June 1974. University degree, master degree, senior engineer. He started to work in August 1996 and successively served as deputy director, executive deputy director, director, and deputy chief engineer of the Group's Engineering Research Center. He is currently the vice president of the company.

Holding positions in shareholder units

Applicable Inapplicable

Name of officer	Name of shareholder unit	A position held by a shareholder	Term start Date	Term end Date	Whether to receive remuneration allowance in the shareholder unit
Liu Jun	Wafangdian Bearing Group Co. LTD	Secretary of Party Committee of the Group Company, Chairman of the Board			Yes
Zhang Xinghai	Wafangdian Bearing Group Co. LTD	Deputy Secretary of Party Committee, General Manager and director of the Group Company			Yes
Chen Jiajun	Wafangdian Bearing Group Co. LTD	Vice President of the Group company			Yes
Sun Najuan	Wafangdian Bearing Group Co. LTD	director			No
Sun Shicheng	Wafangdian Bearing Group Co. LTD	Group company Deputy Secretary of the Party Committee, chairman of the trade union, director			Yes
Wang Fuxing	Wafangdian Bearing Group Co. LTD	Minister and Secretary of Enterprise Culture Department (Party Committee Propaganda Department)			Yes

Position in other units

Applicable Inapplicable

Name of officer	Name of other units	A position held in another	Term start Date	Term end Date	Whether you receive remuneration allowance in other units
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		organization			
Liu Jun	Dalian Diyejikai Wazhou Industry Co., LTD	Chairman and director			no
Liu Jun	Dalian Guangyang wazhou automobile Bearing Co., LTD	Chairman and director			no
Liu Jun	China Bearing Industry Association	Vice president			no
Zhang Xinghai	Wafangdian Bearing Hospital	director			no
Chen Jiajun	Dalian Diyejikai Wazhou Industry Co., LTD	director			no
Chen Jiajun	Dalian Guangyang wazhou automobile Bearing Co., LTD	director			no
Chen Jiajun	Dalian Zhongcheng Asset Management Co. LTD	director			no
Wang Jiyuan	China Bearing Industry Association	Chairman of the board			no
Wang Jiyuan	Dalian Wazhou Fengyuan Machinery Co. LTD	Chairman and director			no
Sun Najuan	Shanghai Aaimuyi Electromechanical Equipment chain Co., LTD	director			no
Zhao Qingtao	SKF (China) LTD	China and Northeast Asia Legal Affairs, Compliance , EH S Director			Yes
Zhao Qingtao	SKF (China) Sales Co. LTD	director			no
Zhao Qingtao	SKF Distribution (Shanghai) Co., LTD	director			no
Zhao Qingtao	SKF Green Intelligent Technology (Shanghai) Co., LTD	director			no
Zhao Qingtao	Beijing Nankou Skifu Railway Bearing Co. LTD	director			no
Zhao Qingtao	SKF (Dalian) Bearing and Precision Technology Products Co., LTD	director			no
Zhao Qingtao	SKF (Jinan) Bearing and Precision Technology Products Co., LTD	director			no
Zhao Qingtao	SKF (Xinchang) Bearing and Precision Technology Co., LTD	director			no
Zhao Qingtao	Changshan peal Bearing Co., LTD	director			no

Zhao Qingtao	Ningbo General Bearing Co., LTD	director			no
Zhao Qingtao	Ningbo Haiyat Roller Co., LTD	director			no
Zhao Qingtao	SKF Sealing System (Wuhu) Co., LTD	Vice chairman			no
Zhao Qingtao	SKF (Shanghai) Automotive Technology Co., LTD	director			no
Zhao Qingtao	SKF Sealing Technology (Qingdao) Co., LTD	director			no
Zhao Qingtao	Lincoln Lubrication Equipment (Changshu) Co., LTD	director			no
Fang Bo	SKF (China) Co., LTD	Financial manager, Finance Operations Manager, SKF Northeast Asia, supervisor			Yes
Fang Bo	LG Hongkong Holding Ltd	director			no
Fang Bo	SKF China Ltd.	director			no
Fang Bo	SKF (China) Sales Co. LTD	supervisor			no
Fang Bo	SKF Distribution (Shanghai) Co., LTD	supervisor			no
Fang Bo	SKF Green Intelligent Technology (Shanghai) Co., LTD	supervisor			no
Fang Bo	SKF (Dalian) Bearing and Precision Technology Products Co., LTD	supervisor			no
Fang Bo	SKF (Jinan) Bearing and Precision Technology Products Co., LTD	supervisor			no
Fang Bo	SKF (Xinchang) Bearing and Precision Technology Co., LTD	supervisor			no
Fang Bo	Changshan Peal Bearing Co., LTD	supervisor			no
Fang Bo	Ningbo General Bearing Co., LTD	supervisor			no
Fang Bo	SKF Sealing System (Wuhu) Co., LTD	supervisor			no
Fang Bo	SKF (Shanghai) Automotive Technology Co., LTD	supervisor			no
Fang Bo	SKF Marine (Shanghai) Co., LTD	supervisor			no
Fang Bo	SKF Sealing Technology (Qingdao) Co., LTD	supervisor			no
Fang Bo	Lincoln Lubrication Equipment (Changshu) Co., LTD	supervisor			no
Liang Shuang	Dongbei University of Finance and Economics	Financial manager			Yes

Sun Kun	Dongbei University of Finance and Economics	professor			Yes
Wang Yan	Dongbei University of Finance and Economics	professor			Yes
Wang Yan	Dalian Liancheng CNC Machine Co., LTD	professor			Yes
Wang Yan	Iceberg Cold & Hot Technology Co., LTD	Independent director			Yes
Liu Yuping	Dongbei University of Finance and Economics	Independent director			Yes
Liu Yuping	Liaoning Zhonglin Law Firm	professor			Yes
Liu Yuping	Dalian Thermoelectric Co. LTD	lawyer			Yes
Liu Yuping	Dalian Arbitration Commission	Independent director			Yes
Liu Yuping	Dongbei University of Finance and Economics Economic and Technological Development Corporation	arbitrator			Yes
Warm wave	Liaoning Huaicheng Law Firm	Legal adviser			Yes
Sun Shicheng	Wafangdian bearing Hospital	Founding partner			No
Sun Shicheng	Dalian Zhongcheng Asset Management Co., LTD	Chairman and director			No

Punishment of current and outgoing directors, supervisors and senior managers by securities regulatory authorities in the past three years during the reporting period

Applicable Inapplicable

3. Remuneration of directors, supervisors and senior managers

Decision-making procedures, basis for determination and actual payment of remuneration for directors, supervisors and senior managers

The remuneration of independent directors of the company shall be calculated and paid according to the standards determined by the board of directors and the general meeting of shareholders. Other directors and supervisors shall not pay remuneration for their positions as directors and supervisors. The salary of senior executives shall be determined according to the salary level of the heads of Dalian state-owned enterprises and the completion of the business objectives determined by the board of directors at the beginning of the year, strictly following the company's salary assessment system.

Remuneration of directors, supervisors and senior managers during the reporting period

Unit: 10000yuan

name	position	gender	age	Employment status	Total pre-tax compensation received from the company	Whether to receive compensation from related parties of the company

Liu Jun	Chairman of the board	male	53	incumbent		Yes
Wang Jiyuan	Director and general manager	male	57	incumbent	58.14	no
Sun Najuan	Director, chief accountant	female	55	incumbent	52.6	no
Zhang Xinghai	director	male	55	incumbent		Yes
Chen Jiajun	director	male	56	incumbent		Yes
Tan Jianguang	Deputy general manager	male	59	incumbent	72.95	no
Sun Shicheng	Chairman of the Board of Supervisors	male	59	incumbent		Yes
Wang Lin	supervisor	female	42	Leave office		Yes
Wang Fuxing	supervisor	male	51	incumbent		Yes
Zhang Fuxiang	supervisor	male	58	Leave office	23.93	no
Zhang Yihui	supervisor	male	51	incumbent	37.95	no
Li Huawei	Deputy general manager	male	49	incumbent	43.7	no
Luning	supervisor	male	38	incumbent	31.1	no
Li Xiumin	supervisor	female	61	Leave office		Yes
Zhao Qingtao	director	male	46	incumbent		Yes
Fang Bo	director	female	51	incumbent		Yes
Sun Kun	Independent director	female	65	incumbent	4	no
Wang Yan	Independent director	female	60	incumbent	4	no
Liang Shuang	Independent director	female	58	incumbent	4	no
Liu Yuping	Independent director	male	67	Leave office	4	no
total	--	--	--	--	336.37	--

VI. Performance of directors' duties during the reporting period

1. The situation of the Board of Directors during this reporting period

session	At the date	Date of disclosure	The meeting resolution
The twelfth Meeting of the eighth Board of Directors	2022/4/1	2022/4/7	Resolution of the 12th Meeting of the eighth Board of Directors
The thirteenth Meeting of the eighth Board of Directors	2022/4/22	2022/4/26	Resolution of the thirteenth Meeting of the eighth Board of Directors
First meeting of the ninth Board of Directors	2022/5/19	2022/5/21	Resolution of the first meeting of the ninth Board of Directors
The second meeting of the Ninth Board of Directors	2022/8/19	2022/8/23	Resolution of the second meeting of the ninth Board of Directors
The third meeting of the Ninth Board of Directors	2022/10/21	2022/10/25	Resolution of the third Meeting of the Ninth Board of Directors

2. The attendance of directors at the board of Directors and shareholders' meetings

Attendance of directors at the board of directors and general meetings of shareholders							
Name of director	The number of board meetings to be attended during the reporting period	Number of board meetings attended on site	Number of board meetings attended by communication	Number of times entrusted to attend board meetings	Board of Directors absence	Whether two consecutive board meetings were not attended in person	Attendance of shareholders' meetings
Liu Jun	5	5	0	0	0	No	1
Sun Najuan	5	5	0	0	0	No	1
Wang Jiyuan	5	5	0	0	0	No	1
Zhang Xinghai	5	5	0	0	0	No	1
Chen Jiajun	5	5	0	0	0	No	1
Tan Jianguang	5	4	1	0	0	No	1
Zhao Qingtao	3	0	3	0	0	No	0
Fang Bo	5	0	5	0	0	No	0
Sun Kun	5	1	4	0	0	No	1
Wang Yan	5	1	4	0	0	No	1
Liang Shuang	5	1	4	0	0	No	1
Warm wave	3	1	2	0	0	No	0
Tang Yurong	2	0	2	0	0	No	0
Liu Yuping	2	0	2	0	0	No	1

Two consecutive statements of failure to attend board meetings in person

3. Objections raised by directors to matters related to the company

Whether directors raise objections to matters related to the company

yes no

Name of director	Matters to which the directors object	Content of objection
Tang Yurong, Fang Bo	1. A bill to increase bank lending 2. 2022 Financial budget 3. Production and operation plan for 2022	1. Based on the current financial situation of the company, the focus of work should be on the improvement of business performance to meet the demand for funds, so as to avoid the occurrence of new debt to make up for poor operation quality and the resulting financial and operational risks.
The director's statement of objection to the company's matters	The 12th Board of Directors of the eighth session of the Company reviewed the "Bill on increasing bank loans", and the 13th Board of Directors of the eighth session of the Company reviewed the 2022 Financial budget and 2022 Production and Operation Plan. The contents of the three bills all include loans. Because the company's own funds can no longer meet the needs of production and operation, the company needs to carry out project investment and transformation. In order to ensure the normal operation of the enterprise, improve production capacity and product accuracy, and promote the development of bearing business, according to the balance of funds analysis, the joint-stock company intends to apply for increasing the loan line. The two directors believe that based on the current financial situation of the company,	

	the focus of work should be on the improvement of business performance to meet the capital needs, so as to avoid the occurrence of new debt to cover the poor operation quality and the resulting financial and operational risks. So both voted against bills involving loans;
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4. Other explanations of directors' performance of duties

Whether the directors' suggestions about the company have been adopted

yes no

A director's statement to the Company that a proposal has been or has not been adopted

Company director according to the company law, the company's articles of association and the provisions of the relevant laws and regulations and requirements, earnestly implement the laws, regulations, the duties given by the company's articles of association and the independent director system, actively attended a meeting of the board and general meeting of shareholders, company check and guide the company production and operation, independent advice about important matters, I put forward a lot of valuable professional suggestions on the improvement of the company's internal control system and daily operation decisions. I was diligent, loyal and responsible in performing my duties. I gave full play to the role of independent directors and effectively safeguarded the interests of listed companies and shareholders.

The company attaches great importance to the opinions of the directors, and the management actively studies and implements them. The opinions of the directors play a positive role in improving the company's management and preventing risks.

VII. The situation of the special committees under the Board of Directors during the reporting period

Name of committee	Members of the situation	Number of Meetings	At the date	The meeting content	Important comments and suggestions	Other performance of duties	Details of objection (if any)
Nominating committee	Liu Yuping (8th Session), Wen Bo (9th Session), Wang Yan, Liu Jun	2	2022/4/11	1. Nominated director candidates: Mr. Liu Jun, Mr. Zhang Xinghai, Mr. Chen Jiajun, Mr. Wang Jiyuan, Ms. Sun Najuan, Mr. Tan Jianguang, Mr. Zhao Qingtao, Ms. Fang Bo Nominated Director candidates: Mr. Liu Jun, Mr. Zhang Xinghai, Mr. Chen Jiajun, Mr. Wang Jiyuan, Ms. Sun Najuan, Mr. Tan Jianguang, Mr. Zhao Qingtao, Ms. Fang Bo Nominated Director candidates: Liang Shuang, Sun Kun, Wen Bo, Wang Yan			
			2022/5/8	The nomination committee recommends Mr. Wang Jiyuan as the general manager of the company. Recommend Mr. Tan Jianguang and Mr. Li Huawei as deputy general managers and Ms. Sun Najuan as chief accountant of the company; Recommend Ms. Sun Najuan to the company's board of directors letter.			
Audit committee	Sun Kun, Liang Shuang, Sun Najuan (8th Session), Zhang Xinghai (9th Session)	5	2022/3/22	I. Key matters of concern in audit work II. Analysis of Current Year's losses (such as losses) III. Major problems found in the audit			
			2022/4/20	I. Report on 2021 Internal Control and Financial Audit Work (Accountant's Report) II. Projected Proposals for related Party Transactions in 2022III. III.Final Financial Statement of 2021 (audited) and Final financial Statement of 2022 (Unaudited) IV. Proposal on the IVappointment of an accounting firm of 2022V. V.Summary report of the Audit Committee on the audit work of the accounting firms in the previous year VI. Audit Committee Performance Report for 2021			
			2022/8/15	I. Semi-annual Financial Statement for 2022 (unaudited)			
			2022/10/17	ii. Semi-annual Internal Audit Work Report for 2022			
			2022/11/29	lii. Daily Related Transactions Report for the first half of 2022			

VIII. Work of the Board of Supervisors

The board of Supervisors shall find out whether the company has risks in its supervision activities during the reporting period

yes no

The board of Supervisors has no objection to the matters supervised during the reporting period.

IX. Employee status**1. Number of employees, professional composition and education level**

Number of working employees of parent company at the end of reporting period (persons)	2,138
Number of employees in major subsidiaries at the end of reporting period (persons)	580
Total number of in-service employees at the end of reporting Period (persons)	2,718
Total number of salaried employees (persons)	2,718
Number of retired employees (persons) to be borne by the parent company and its major subsidiaries	2,808
Professional composition	
Specialty composition category	Number of Majors (Persons)
Production personnel	1,882
Sales staff	210
Technical personnel	172
Financial personnel	51
Administrative personnel	403
total	2,718
The degree of education	
Educational level category	Quantity (person)
Postgraduate or above	43
undergraduate	542
Junior college	578
Technical secondary school/high school and below	1,555
total	2,718

2. Salary policy

In accordance with the relevant national laws and regulations and a series of relevant policies of the government labor department, the company has formulated the company's salary assessment system based on the actual situation of the company. Adhering to the principle of "fairness, efficiency, work quality, performance first", we constantly improve the compensation system, enhance the incentive mechanism of employees, and fully mobilize the enthusiasm of employees.

3. Training plan

In 2022, 97 training items were completed throughout the year, with a planned completion rate of 100%, including 24 company-level training items, 16 system-level training items and 57 company-independent training items; A total of 2,464 class hours, the planned completion rate of 100.4%; More than 13,443 people participated in ginseng culture, and the planned completion rate was 100%; The training cost was 175,600 yuan, and the planned completion rate was 13.55%.

4. Labor outsourcing

Applicable Inapplicable

X. The company's profit distribution and the conversion of capital reserve fund into

capital stock

Formulation, implementation or adjustment of profit distribution policies, especially cash dividend policies during the reporting period

Applicable Inapplicable

1. When formulating the profit distribution plan, the company pays full attention to the reasonable return of investors and takes into account the long-term interests of the company, the overall interests of all shareholders and the sustainable development of the company.

2. Adhere to the continuity and stability of profit distribution. On the premise that the company is profitable and the cash can meet the company's sustainable operation and long-term development, the accumulated profit distributed by cash in the recent three years shall not be less than 30% of the average annual distributable profit realized in the recent three years.

Special explanation of cash dividend policy	
Whether it conforms to the provisions of the articles of association or the requirements of the resolution of the general meeting of shareholders:	YES
Are dividend standards and ratios clear and clear:	YES
The adequacy of relevant decision-making procedures and mechanisms:	YES
Whether the independent directors have performed their duties and played their due roles:	YES
Whether minority shareholders have sufficient opportunities to express their opinions and appeals, and whether their legitimate rights and interests are fully protected:	YES
If the cash dividend policy is adjusted or changed, the conditions and procedures are compliant and transparent:	YES

The company's profit during the reporting period and the parent company's profit available for distribution to shareholders are positive, but no cash dividend distribution plan has been put forward

Applicable Inapplicable

Profit distribution and conversion of capital reserve fund into capital stock during the reporting period

Applicable Inapplicable

The company plans not to distribute cash dividend, bonus shares or increase capital stock by provident fund.

XI. The 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.

XII. Internal control system construction and implementation during the reporting period

1. Internal control construction and implementation

In 2022, according to the requirements of the Articles of Association and other systems as well as the needs of actual business adjustment, the company formulated 5 new internal control systems and revised 12 internal control systems, further clarifying the responsibilities, authority and business process of each organization, avoiding the cross of functions, absence or excessive concentration of powers and responsibilities, and forming a working mechanism of each performing his own duties, responsibilities, mutual restriction and coordination. The company has updated the system compilation, issued and carried out the new Internal Control System Compilation, which provides guidance and basis for the establishment, operation, supervision, evaluation and maintenance of the internal control system and ensures the unity of the company's internal control system in consciousness and behavior.

2. Details of major internal control defects found during the reporting period

Applicable Inapplicable

XIII. Management and control of subsidiaries during the reporting period

The name of the company	Consolidation plan	Integration of the progress	Problems encountered in integration	Solution measures taken	To solve the progress	Follow-up Solution Plan
None	None	None	None	None	None	None

XIV. Internal control self-evaluation report or internal control audit report

1. Internal control self-evaluation report

Disclosure date of full internal control evaluation report	2023.04.28	
Index of full-text disclosure of internal control evaluation reports	Index to full text disclosure of internal control evaluation reports http://www.cninfo.com.cn	
The proportion of total assets of units included in the evaluation scope to total assets of the company in consolidated financial statements	100.00%	
The proportion of the operating income of units included in the evaluation scope to the operating income of the company's consolidated financial statements	100.00%	
Defect identification standard		
category	Financial report	Non-financial report
The qualitative standard	Any of the following circumstances shall be identified as major defects in the internal control of financial reporting, while other circumstances shall be identified as major defects or general defects according to the degree of influence. (1) senior management fraud, including financial reporting fraud; Improper use of assets; False income, expenses and liabilities; Wrongful acquisition of assets; Tax evasion and high-level fraud; (2) To restate the material misstatement of the issued financial report to reflect the correction of the wrong statement, and to be punished by the regulatory authority for such matter; (3) the certified public accountant finds that there is a material misstatement in the financial report of the current period, and the internal control fails to find the misstatement in the operation process; (4) The internal control and supervision of the company's financial report by the audit committee is ineffective, including the audit committee can not perform effective supervision of the internal control of the company's financial report or does not have the qualification and ability to monitor the accuracy of the financial report; (5)	If any of the following circumstances occurs, it shall be identified as a major defect of non-financial reporting internal control, and other circumstances shall be identified as an important defect or a general defect according to the degree of impact. (1) Lack of democratic decision-making procedures; (2) unscientific decision-making procedure; (3) Violating national laws and regulations, such as environmental pollution; (4) Frequent occurrence of negative news in the media; (5) The results of internal control evaluation, especially the major or important defects, have not been rectified; (6) Lack of system control or systematic failure of system for important business.

	Failure to implement internal decision-making procedures in accordance with relevant regulations, which affects the total amount of affiliated transactions exceeding the amount approved by the shareholders' meeting.	
Quantitative standard	Major defect: direct property loss of more than 10 million yuan; Major defects: direct property loss of 5 million yuan (including)-10 million yuan; General defect: less than 5 million yuan.	Major defect: direct property loss of more than 500,000 yuan; Important defect: direct property loss less than or equal to 500,000 yuan; Any defect other than major defect or important defect shall be identified as general defect.
Number of material defects in financial reports (pieces)		0
Number of non-financial report material defects (PCS)		0
Number of significant defects in financial reports (pieces)		0
Number of non-financial report significant defects (PCS)		0

2. Internal control audit report

Applicable Inapplicable

Review section of internal control audit report	
In our opinion, as of December 31, 2022, the Company maintained effective internal control over financial reporting in all material respects in accordance with the Basic Norms for Enterprise Internal Control and relevant regulations.	
Disclosure of internal control audit report	disclosure
Disclosure date of full internal control audit report	April 28, 2023
Index of full-text disclosure of internal control audit reports	http://www.cninfo.com.cn
Opinion type of internal control audit report	Standard unqualified opinion
Whether there are material deficiencies in the non-financial reports	no

Whether the accounting firm issues the internal control audit report of non-standard opinion

yes no

Whether the internal control audit report issued by accounting firm is consistent with the self-evaluation report of the board of directors

yes no

XV. Self-inspection and rectification of problems in the special action of governance of listed companies

In view of the problems identified by the company, the company has been implemented and rectified one by one.

Chapter V Environmental and social responsibility

I. Major environmental issues

Whether the listed company and its subsidiaries belong to the key pollutant discharging units announced by the environmental protection authorities

yes no

Environmental protection related policies and industry standards

Technical Specification for Manual Monitoring of Ambient Air Quality (HJ/T194-2017)

Technical Specification for Monitoring Fixed Source Waste Gas (HJ/T397-2007)

Technical Specification for Quality Assurance and Quality Control of Stationary Pollution Source Monitoring (HJ/T373-2007)

Technical Specification for Sewage Monitoring (HJ/T91.1-2019)

Administrative permit for environmental protection

The emission permit is issued on June 16, 2020 and valid from June 16, 2020 to June 15, 2023

Industrial emission standards and specific information on the discharge of pollutants involved in production and business activities

Name of company or subsidiary	Types of main pollutants and characteristic pollutants	Name of major pollutants and characteristic pollutants	Discharge mode	Number of discharge outlets	Discharge outlet distribution	Emission concentration/intensity	Implementation of pollutant discharge standards	Total emission	The total amount of approved emissions	Excess discharge
Dalian Wazhou Precision Motor Automotive Bearing Co., LTD	NOx, other characteristic pollutants (non-methane total hydrocarbons)	Clean the waste gas and soot	Organized, disorganized,	5	The assembly workshop has 4 atmospheric discharge outlets and the canteen has 1 discharge outlet	Total non-methane hydrocarbons 19.7 mg/m ³ Oil smoke 0.6 mg/m ³	Total non-methane hydrocarbons 120 mg/Nm ³ 、Oil smoke 2.0 mg/Nm ³ 、Nitrogen oxide 240 mg/Nm ³ 、Hydrogen chloride 100 mg/Nm ³ 、Total non-methane hydrocarbons 4 mg/Nm ³	74.46ton	none	none

Treatment of pollutants

After centralized collection, the collection system is processed by four sets of oil mist essence devices. The oil pollution purification device adopts centrifugal and filtration separation technology.

Environmental self-monitoring programme

The subsidiary has developed a self-monitoring plan for the environment. The self-monitoring plan and monitoring data are uploaded to the "self-monitoring information release platform of key pollutant discharge units in Liaoning Province, which is monitored in real time by the local environmental protection department.

Emergency plan for environmental emergencies

The emergency plan for environmental emergencies shall be put on record in Jinpu New District (Jinzhou) Ecological Environment Sub-Bureau of Dalian.

The record number is 210213S2020003— L

Investment in environmental governance and protection and payment of environmental protection tax

There is no sewage charge for quarterly declaration

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

Applicable Inapplicable

In 2022, the company focuses on high-quality development goals, adheres to the management philosophy of energy conservation, carbon reduction and green first, and improves the proportion of clean energy replacing fossil energy, laying a solid foundation for carbon peak and carbon neutrality.

I. Energy consumption and carbon emissions

Annual energy consumption of the company was 9081.99 tons of standard coal, equivalent to 22,300 tons of carbon emissions, an increase of 5.02%. Meanwhile, energy consumption of 10,000 yuan of output value was 40.64 kilograms of standard coal, a decrease of 37.29% compared with the same period last year. Energy consumption of 10,000 yuan of output value decreased significantly compared with the same period last year, making excellent achievements in energy conservation.

II. Basic energy management

We will improve the energy management system. With Germany Rhein certification company on the construction of energy management system for in-depth communication, energy management system to achieve external audit certification has entered the formal plan.

"Targeted" services for energy management will be launched. In view of the large flow and change of energy management posts in each unit, blindly carrying out centralized training can no longer weigh the difference in the management level of energy management personnel in each unit. To this end, our department carries out "targeted" training services, develops training programs of different levels and depths for units and managers with different management levels, improves the energy conservation analysis level for units and personnel with high level, and provides basic energy conservation management training for personnel with low management level or new positions.

III. Energy conservation and carbon reduction technical reform project

To the national "carbon peak, carbon neutral" as the goal, combined with new technology, new materials, new technology, new equipment of the "four new" energy-saving means, innovative ideas, the development of energy conservation project plans.

During the year, 28 energy-saving and carbon reduction project measures were formulated, and the implementation of each project was tracked and implemented every quarter. By the end of the year, all 28 energy-saving measures were implemented, and carbon emissions were reduced by 425.75 tons.

IV. Continuous optimization and deployment of power transmission and distribution facilities

Continue to carry out scientific deployment of transformers in the south, North Park and the old factory. The transformer at the power consumption part with low load rate is replaced with a small capacity transformer, and the load rate is always maintained within the scientific range of about 70%, so as to improve the efficiency of the transformer and reduce carbon emissions at the same time. Carbon emissions were reduced by 200 tons throughout the year.

V. We will improve the energy mix and increase the utilization rate of clean energy

In 2022, taking advantage of the power reform, wind power accounted for 5 percent of the annual total electricity consumption and nuclear power accounted for 19 percent. The utilization rate of clean energy reached 24 percent, a year-on-year increase of 140 percent, setting a new record for clean energy utilization.

Administrative punishment for environmental problems during the reporting period

Name of company or subsidiary	Cause of punishment	Violation situation	Punishment result	The impact on the production and operation of listed companies	Corrective action of the company
NONE	NONE	NONE	NONE	NONE	NONE

Other environmental information that should be disclosed

NONE

Other environmental protection related information

NONE

II. Social Responsibility

In 2022, the company will earnestly fulfill its due social responsibilities. While pursuing corporate economic benefits, it will actively undertake the responsibilities for the overall development of the country and society, the natural environment and resources, as well as stakeholders such as shareholders, employees, customers, consumers, suppliers and communities, and realize the social value of the company. It achieves win-win cooperation among the state, society and stakeholders, strengthens environmental protection, improves resource efficiency, influences and drives the development of local economy through project construction and other ways, and effectively promotes the coordinated development of the company with society, nature and other stakeholders.

In strict accordance with the relevant national and local laws and regulations and document requirements, the company has handled pension insurance, unemployment insurance, medical insurance, industrial injury insurance, maternity insurance, housing provident fund and large-sum medical mutual insurance for employees. Provide timely assistance to employees in need. We have established and improved the employment system, including the salary system and incentive mechanism, to ensure that employees enjoy labor rights and fulfill labor obligations according to law. The state has established and improved the labor safety and health system, strictly follows the state regulations and standards on labor safety and health, provides labor safety and health education, occupational protection and physical examination to employees, and provides them with a healthy and safe working and living environment, so as to prevent accidents during work to the greatest extent and reduce occupational disease hazards.

The company adheres to the principle of voluntariness, fairness, equivalent compensation, honesty and credit in its business activities, and strictly controls the quality target to ensure the provision of qualified products. The technical department of the company actively carries out the development of new products and new materials. The company guarantees that all kinds of products or services provided by the company meet the relevant national quality standards or have been certified by the relevant national quality inspection department, and actively applies for all kinds of third-party certification at home and abroad. The company pays attention to customer after-sales service, and properly handles complaints and suggestions from customers and consumers. Strictly conduct third-party qualification examination and site inspection on suppliers, select qualified suppliers, carefully understand the needs of suppliers, and actively build a good cooperation atmosphere.

III. we will consolidate and expand our achievements in poverty alleviation and rural revitalization

Dispatched village cadres to the surrounding areas of Dalian City to support rural construction, assume social responsibilities, carry out improvement of village appearance, do a good job of publicity and supervision, and organize timely cleaning of garbage sites in various areas according to the inventory of garbage sites. In view of frequent heavy rainfall, in order to protect the life and property safety of villagers, according to the superior warning, check the hidden dangers of the power supply line in advance, organize the members of the two committees to be on duty, pay close

attention to the rain, patrol key areas, close dangerous roads, transfer the people in time, and do a good job of investigation, record and report of the disaster situation. And coordinate the insurance company to the big grain farmers disaster field survey, minimize losses.

Chapter VI Important items

I. Performance of commitments

1. Commitments made by the company's actual controller, shareholders, related parties, acquirer and related parties committed by the Company have been fulfilled during the reporting period or have not been fulfilled by the end of the reporting period

Applicable Inapplicable

During the reporting period, the company does not have commitments that have been fulfilled by the actual controller, shareholders, related parties, acquirers, the company and other committed parties within the reporting period or have not been fulfilled by the end of the reporting period.

2. If there is a profit forecast for the assets or projects of the company and the reporting period is still in the profit forecast period, the company shall explain why the assets or projects meet the original profit forecast

Applicable Inapplicable

II. Non-operational appropriation of funds by controlling shareholders and other related parties to 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. Violation of external guarantee

Applicable Inapplicable

The company has no violation of external guarantee during the reporting period.

IV. Explanation of the Board of Directors on the latest "Non-standard audit Report"

Applicable Inapplicable

V. Comments of the board of directors, board of supervisors and independent directors (if any) on the "non-standard audit report" of the accounting firm during this reporting period

Ming

Applicable Inapplicable

VI. Explanation of changes in accounting policies and estimates or corrections of major accounting errors as compared with the financial report of the previous year

Applicable Inapplicable

(1) Implementation of Accounting Standards for Business Enterprises Interpretation No. 15 The Ministry of Finance issued Interpretation of Accounting Standards for Business Enterprises No. 15 (2021) 35, hereinafter referred to as Interpretation No. 15) on December 30, 2021.

① Accounting treatment of trial sales

Explanation No. 15 stipulates the accounting treatment and presentation of the products or by-products produced

before the fixed assets reach the predetermined usable state or during the research and development process. It stipulates that the net income of the trial operation sales should not be deducted from the cost of fixed assets or the research and development expenditure. The regulation will come into force on January 1, 2022, and retroactive adjustments should be made for trial sales that occur between the beginning of the earliest period of financial statement presentation and January 1, 2022. The implementation of this provision has not had a material impact on the financial position and operating results of the Company.

② Judgment on loss contract

Interpretation No. 15 clarifies that the "cost of performance of the contract" considered by the enterprise in determining whether the contract constitutes a loss contract shall include both the incremental cost of performance of the contract and the apportionment amount of other costs directly related to the performance of the contract. This regulation shall come into effect on January 1, 2022. Enterprises shall implement this regulation for the contracts that have not fulfilled all the obligations on January 1, 2022. The cumulative impact number shall be adjusted for the retained earnings and other related financial statement items at the beginning of the year when the implementation date is implemented, without adjusting the comparative financial statement data of the previous period. The implementation of this provision has not had a material impact on the financial position and operating results of the Company.

(2) Implementation of the Notice Concerning the Application of Finance and Accounting No. 13 [2022]

On 19 May 2022, the Ministry of Finance issued Finance and Accounting 13 (2022), which again adjusted the application scope of relevant rent concessions that allow the simplified method to be used, removing the original restriction that the simplified method can be applied only for the concession of lease payments payable before 30 June 2022. The Lessee and Lessor may continue to choose to use the simplified method of Code 13 (2022) for accounting for concessions on lease payments payable after 30 June 2022, other applicable conditions remaining the same.

The Company has adopted simplified accounting methods for all lease contracts that meet the conditions before the scope of application is adjusted, adopted simplified accounting methods for all similar lease contracts that meet the conditions after the scope of application is adjusted, and retroactively adjusted relevant lease contracts that have adopted lease change accounting treatment before the notice is issued. But do not adjust the previous comparative financial statement data; Relevant rent concessions that have not been accounted for in accordance with the provisions of the Notice that occurred between January 1, 2022 and the effective date of the Notice shall be adjusted in accordance with the Notice.

(3) Implementation of Accounting Standards for Business Enterprises Interpretation No. 16 The Ministry of Finance promulgated the Accounting Standards for Business Enterprises Interpretation No. 16 (Finance and Accounting [2022] 31, hereinafter referred to as Interpretation No. 16) on November 30, 2022.

① Accounting treatment of the income tax impact of dividends related to financial instruments classified by the issuer as equity instruments

For financial instruments classified by enterprises as equity instruments, where relevant dividend expenditures are deducted before enterprise income tax in accordance with relevant provisions of tax policies, the income tax impact related to dividends shall be recognized when recognizing dividends payable and shall be treated in a manner consistent with the accounting treatment used in the past to generate transactions or events available for distribution. Include the income tax impact of dividends into current profit and loss or owners' equity items (including other comprehensive income items).

This regulation shall come into force as of the date of promulgation, and the relevant dividends payable shall occur in? Those between January 1, 2022 and the date of implementation shall be adjusted in accordance with the Provisions; Take place in? By 1 January 2022 and the relevant financial instruments in 2022? If the confirmation has not been terminated on January 1, 2005, it shall be adjusted retroactively. The implementation of this provision has not had a material impact on the financial position and operating results of the Company.

(2) On the accounting treatment of the enterprise to change the share payment settled in cash into the share payment settled in equity Explanation No. 16 clarifies that if the enterprise amends the terms and conditions of the cash settlement share payment agreement to make it equity settlement share payment, on the amendment date (whether occurring within the waiting period or after the end), it shall measure the equity settlement share payment in accordance with the fair value on the date of the grant of equity instrument amendment, and include the acquired services into the capital reserve. At the same time, it shall terminate the recognition of the shares settled in cash to pay the recognized liabilities on the modification date, and the difference between the two shall be booked into the current profit and loss.

The regulations shall take effect as of the date of promulgation, and relevant transactions added between January 1, 2022 and the date of implementation shall be adjusted in accordance with the Regulations; ? If relevant transactions occurring before January 1, 2022 are not processed in accordance with the provisions, they shall be adjusted retroactively, and the cumulative impact will be adjusted to retained earnings and other related items as of January 1, 2022, without adjusting the comparative financial statement data of the previous period. The implementation of this provision has not had a material impact on the financial position and operating results of the Company.

Vii. Explanation of changes in the scope of consolidated statements as compared with the financial statements of the previous year

Applicable Inapplicable

There is no change in the scope of consolidated statements during the reporting period.

Viii. Employment and dismissal of accounting firms

Now employed accounting firm

Name of domestic accounting firm	Shu Lun Pan CPA Firm (Special General Partnership)
Remuneration of domestic accounting firm (ten thousand yuan)	70
The number of consecutive years of audit services provided by domestic accounting firms	1
Name of certified public accountant of domestic accounting firm	Qi Tao, Huang Jin
The number of consecutive years of audit services provided by certified public accountants of domestic accounting firms	1

Whether to hire an accounting firm for the current period

yes no

Internal control of audit and accounting firms, financial consultants or sponsors

Applicable Inapplicable

Ix. Delisting after the disclosure of the annual report

Applicable Inapplicable

X. Matters related to bankruptcy reorganization

Applicable Inapplicable

No bankruptcy reorganization related matters occurred during the reporting period.

Xi. Major litigation and arbitration matters

Applicable Inapplicable

Litigation (arbitration) basic information	Amount involved (Ten thousand yuan)	Whether an estimated liability is formed	Progress of litigation (arbitration)	Litigation (arbitration) adjudication result and influence	Execution of litigation (arbitration) judgments	Date of disclosure	Disclosure index
Wafangdian bearing Co., LTD. Changsha sales branch v. Yuanjiang Golden Sun Paper Co., LTD. Arrears dispute	1.9	0	completed	1. The defendant Yuanjiang Jinyang Paper Co., Ltd. shall pay 18,975 Yuan and interest to Changsha Sales Branch of Wafangdian Bearing Co., LTD. (The interest is based on the principal of 18,972 yuan, according to the annual interest rate of 3.65%, calculated from August 12, 2022 until the actual payment of the principal and interest) within ten days after the effective date of this judgment; 2. Other claims of plaintiff Wafangdian Bearing Co., LTD. Changsha Sales Branch shall be rejected.	The case was won in the first instance	September 01, 2022	

Xii. Punishment and rectification

Applicable Inapplicable

There is no punishment or rectification during the reporting period.

Xiii. The good faith of the company and its controlling shareholders and actual controllers

Applicable Inapplicable

Xiv. Major related Party Transactions Applicable Inapplicable

1. Related party transactions related to daily operations

Applicable Inapplicable

No related transactions related to daily operations occurred during the reporting period.

2. Related transactions arising from asset or equity acquisition or sale

Applicable Inapplicable

No related transaction of asset or equity acquisition or sale occurred during the reporting period.

3. Related party transactions of joint overseas investment

Applicable Inapplicable

During the reporting period, there was no related transaction of joint overseas investment.

4. Transactions of related claims and debts

Applicable Inapplicable

There is no related creditor's rights and debts in the reporting period.

5. Contacts with related financial companies

Applicable Inapplicable

There is no deposit, loan, credit granting or other financial business between the company and the related financial company and the related party.

6. Contacts between the financial company controlled by the company and its related parties

Applicable Inapplicable

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

7. Other major related party transactions

Applicable Inapplicable

For routine related transactions, please refer to "Announcement of Wafangdian Bearing Co., LTD. 's Expected daily Related Transactions in 2023" disclosed by the company on Juchao.com on April 28, 2023 and Section 10, Section 12, "Related Parties and Related Transactions" 5, "Related Transactions".

Query relevant website of interim report disclosure of material related transactions

Name of provisional notice	Date of disclosure of provisional notice	Temporary announcement to disclose the name of the website
Announcement on the sale of automobile bearing plant and related transactions	April 06, 2022	http://www.cninfo.com.cn

XV. Major contracts and their performance

1. Trusteeship, contracting and leasing

(1) Custody

Applicable Inapplicable

There is no custody during the reporting period.

(2) Contracting situation

Applicable Inapplicable

There is no contracting during the reporting period.

(3) Lease situation

Applicable Inapplicable

Lease Information

All leases of the company are associated leases. For details, please refer to the notes.

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

Applicable Inapplicable

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

2. Major Guarantee

Applicable Inapplicable

There is no material guarantee during the reporting period.

3. Cash asset management by entrusting others

(1) Entrusted financial management

Applicable Inapplicable

There is no entrusted financial management during the reporting period.

(2) Entrusted loans

Applicable Inapplicable

There is no entrusted loan during the reporting period.

4. Other major contracts

Applicable Inapplicable

There are no other major contracts during the reporting period.

XVI.Explanation of other important matters

Applicable Inapplicable

There is no other major event that needs to be explained during the reporting period.

Xvii. Major events of the company's subsidiaries

Applicable Inapplicable

Chapter VII Share changes and shareholders

I. Changes in shares

1. Changes in shares

Unit: stocks

	Prior to this change		This change is more or less (+, -)					After this change	
	number	ratio	Issuing new shares	Send shares	Conversion of provident fund	other	total	number	ratio
I.Unlisted and tradable shares	244,000,000	60.61%						244,000,000	60.61%
1. Shares of sponsors	244,000,000	60.61%						244,000,000	60.61%
Among them: the state holds shares	244,000,000	60.61%						244,000,000	60.61%
Domestic legal persons hold shares									
Overseas legal persons hold shares									
other									
2. Raise corporate shares									
3. Internal work unit									
4. Preferred stock or otherwise									
II.Shares already listed and circulating	158,600,000	39.39%						158,600,000	39.39%
1. Renminbi common stock									
2. Domestically listed foreign capital stocks	158,600,000	39.39%						158,600,000	39.39%
3. Foreign capital stocks listed abroad									
4, other									
III.Total number of shares	402,600,000	100.00 %						402,600,000	100.00 %

Reasons for changes in shares

 Applicable Inapplicable

Approval of changes in shares

 Applicable Inapplicable

Transfer of shares

Applicable Inapplicable

The impact of share changes on basic and diluted earnings per share, net asset per share attributable to common shareholders of the company and other financial indicators in the latest year and the latest period

Applicable Inapplicable

Other contents that the company deems necessary or required by the securities regulatory authority

Applicable Inapplicable

2. Changes in the shares limited for sale

Applicable Inapplicable

II. Securities issuance and listing**1. Securities issuance (excluding preferred stock) during the reporting period**

Applicable Inapplicable

2. Description of the changes in the total number of shares and the structure of shareholders, and the structure of assets and liabilities of the company

Applicable Inapplicable

3. Existing internal job shares

Applicable Inapplicable

III. Shareholders and Actual Controlling Shareholder

1. Number of Shareholders and Shares

Unit: Share

Total common shareholders in the reporting period	5,442	Total common shareholders at the end of the month before the date of disclosing the annual report	5,351	Total preference shareholders with the voting power recovered at the end of the reporting period (if any)(See Note 8)	0	Total preference shareholders with the voting power not recovered at the end of the month before the day of disclosing the annual report(if any)(See Note 8)	0
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Shares held by the shareholders holding over 5% shares or the top ten shareholders

Shareholder names	Nature of the shareholders	The number of shares in proportion	Number of holdings at the end of reporting period	Changes in the reporting period	The number of unlisted outstanding shares held	The number of outstanding shares held on the market	Pledge or freeze	
							Shares in state	The number of
Wafangdian Bearing Group Corporation	State-owned shareholder	60.61%	244,000,000		244,000,000			
AKTIEBOLAG ET SKF	Foreign shareholder	19.70%	79,300,000			79,300,000		
China	State-	2.00%	8,047,491			8,047,491		

merchants securities Hong Kong limited	owned shareh older							
Huang Junyue	Domestic shareh older	1.78%	7,165,668			7,165,668		
Hu Xiaofeng	Domestic shareh older	0.47%	1,879,277			1,879,277		
BOCI SECURITIES LIMITED	Foreign shareh older	0.33%	1,310,000			1,310,000		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign shareh older	0.26%	1,037,311			1,037,311		
Meng Qingliang	Domestic shareh older	0.24%	966,048			966,048		
Jin Yunhua	Domestic shareh older	0.18%	727,900			727,900		
MAN,KWAI WING 文贵荣	Domestic shareh older	0.18%	713,101			713,101		
Where a strategic investor or general legal person becomes a top 10 shareholder as a result of the placement of new shares (if any) (see Note 3)	none							
A description of such shareholder association or concerted action	Among the top ten shareholders of the company, there is no correlation relationship or concerted action between the largest shareholder and other shareholders, or between the top ten shareholders of tradable shares, while the correlation relationship and concerted action between other shareholders, between the top ten shareholders of tradable shares, or between the top ten shareholders of tradable shares and other shareholders are unknown.							
Explanation of the aforesaid shareholders' involvement in entrustment /fiduciary voting rights and abandonment of voting rights	none							
Special notes for the repo account among the top 10 shareholders (see Note 10)	none							
Shareholding of top 10 shareholders of unrestricted shares								

Shareholder's Name	Quantity of unrestricted shares held at the end of there porting period	Share type	
		Share type	Quantity
AKTIEBOLAGET SKF	79,300,000	B-shares	79,300,000
China merchants securities Hong Kong limited	8,047,491	B-shares	8,047,491
Huang Junyue	7,165,668	B-shares	7,165,668
Hu Xiaofeng	1,879,277	B-shares	1,879,277
BOCI SECURITIES LIMITED	1,310,000	B-shares	1,310,000
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	1,037,311	B-shares	1,037,311
Meng Qingliang	966,048	B-shares	966,048
Jin Yunhua	727,900	B-shares	727,900
MAN,KWAI WING 文贵荣	713,101	B-shares	713,101
Jiang Guangsen	687,900	B-shares	687,900
Explanation to the associated relationship or consistent action among the top 10 shareholders of non-restricted negotiable shares and that between the top 10 shareholders of non-restricted negotiable shares and top 10 shareholders.	There was no relationship and consistent activities between the first big shareholder and other shareholders or the top ten common stock holders; The relationship among other shareholders, top ten circulation shareholders, top ten circulation shareholders and other shareholders was not clear.		
Description of Top 10 Common Shareholders' Participation in Margin and Short Selling Business (if any) (see Note 4)	none		

Whether the top 10 common shareholders of the company and the top 10 common shareholders of the company with unlimited conditions of sale shall carry out the agreed repurchase transaction during the reporting period

Yes No

2. Controlling Shareholder

Nature of the controlling shareholder: State-owned holding directly under the Dalian government

Type of the controlling shareholder: corporate Legal Person

Name of the Controlling Shareholder	Legal Representative/Leader	Date of incorporation	Organization code	Main Business

Wafangdian Bearing Group Corporation	Liu Jun	1995.10.22	91210200242386663D	Bearing, bearing spare parts, bearing special tools, tooling, equipment, mechanical equipment, abrasives, abrasives, casting, auto parts, locomotive parts and related industrial products manufacturing and sales; Bearing design, repair, maintenance and technical services; Procurement and sales of bearing raw materials and auxiliary materials; House leasing and equipment leasing.
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Change of Controlling Shareholder in the Report Period

Applicable Inapplicable

3. Actual Controller

Nature of the actual controller: State-owned assets regulatory agency directly under the Dalian government

Type of the actual controller: corporate

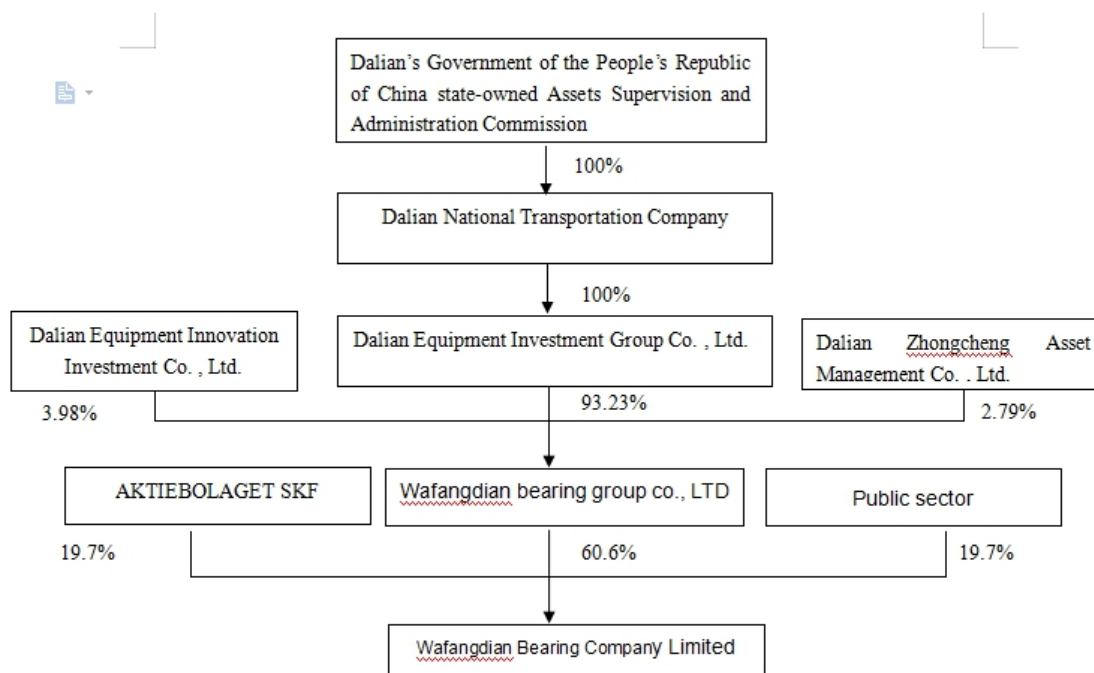
Name of the actual controller	Legal Representative	Establishing Date	Organization Code	Register Capital
Dalian Municipal Government State-owned Assets Supervising and Managing committee	Cao Dejun	2004.09.30	No	On behalf of the people's government of Dalian, the people's government shall perform the functions and responsibilities of the state-owned assets, and supervise and administer the state-owned assets.
Equity in other domestic and foreign listed companies held by the actual controller by means of control and mutual shareholding in the reporting period	Other domestic and foreign listed companies controlled by the actual controller during the reporting period include: Dalian Heavy Industry (002204), Dalian Thermoelectric (600719)			

Actual controller changes during the reporting period

Applicable Inapplicable

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

A block diagram of the property rights and control relationship between the company and the actual controller



Actual Controller controlled the Company by trust or other asset management method.

Applicable Inapplicable

4. The total amount of shares pledged by the controlling shareholder or the largest shareholder and the person acting in concert accounts for 80% of the company's shares held by them

Applicable Inapplicable

5. Other shareholders with more than 10% shares

Applicable Inapplicable

Name	Legal Representative	Date of establishment	Capital	Main Business
AKTIEBOLAGET SKF	Rickard Gustafson	1907.01.01	1,138,000, 000(SKR)	Bearings, seals and relative products, and relative services

6. Shareholding Reduction Restriction on the Controlling Shareholder, the Actual Controller, the Reorganizing Party and other Committing Party

Applicable Inapplicable

iv. Specific implementation of share repurchase during the reporting period

The implementation progress of share repurchase

Applicable Inapplicable

The implementation progress of reducing repurchased shares by means of centralized bidding

Applicable Inapplicable

Chapter VIII. About the Preferred Shares

Applicable Inapplicable

Chapter IX. Related information of convertible bonds

Applicable Inapplicable

Chapter X Financial report

Name	Legal Representative	Date of establishment	Capital	Main Business
AKTIEBOLAGET SKF	Alrik Danielson	1907.01.01	1,138,000, 000(SKR)	Bearings, seals and relative products, and relative services

6. Shareholding Reduction Restriction on the Controlling Shareholder, the Actual Controller, the Reorganizing Party and other Committing Party

Applicable Inapplicable

iv. Specific implementation of share repurchase during the reporting period

The implementation progress of share repurchase

Applicable Inapplicable

The implementation progress of reducing repurchased shares by means of centralized bidding

Applicable Inapplicable

Chapter VIII. About the Preferred Shares

Applicable Inapplicable

Chapter IX. Related information of convertible bonds

Applicable Inapplicable

Chapter X Financial report

I. Financial report

Types of Audit opinions	Standard unreserved opinion
Date of audit report signing	April 26, 2023
Name of audit institution	Lipan Certified Public Accountants (Special General Partnership)
Audit report number	Huang Jin, Cui Song

Auditor's Report

II. Financial statements

The unit of the statements in the financial notes is: yuan

1. Consolidate balance sheets

Compiled by: Wafangdian Bearing Co., LTD

26 April 2023

Unit: yuan

project	2022.12.31	2022.1.1
Current assets:		
Monetary funds	330,746,706.88	286,476,701.69
Settlement of provisions		
Loan funds		
Trading financial assets	243,454.50	322,037.93
Derivative financial assets		
Notes receivable	469,784,593.61	507,971,133.69
Accounts receivable	1,136,295,329.59	999,454,308.40
Financing of receivables	30,996,930.63	28,115,340.20
prepayment	52,901,066.01	46,305,700.50
Premium receivable		
Reinsurance accounts receivable		
Reserves receivable for reinsurance contracts		
Other receivables	10,555,282.33	9,531,860.12
Among them: interest receivable		
Dividends receivable		
Buy and resell financial assets		
inventory	646,619,143.91	710,611,964.20
Contractual assets	601,375.84	3,763,781.55
Holding assets for sale		
Non-current assets due within one year		
Other current assets	15,681,599.83	5,627,951.08
Total current assets	2,694,425,483.13	2,598,180,779.36

Non-current assets:		
Make loans and advances		
Debt investment		
Other debt investments		
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	67,211,806.69	68,862,311.38
Fixed assets	391,769,315.64	438,220,714.18
Construction in progress	81,891,139.54	25,929,699.29
Productive biological assets		
Oil and gas assets		
Use right assets		
Intangible assets	77,438,618.71	76,812,955.92
Development expenditure		
goodwill		
Long-term deferred expenses	114,379.51	192,788.24
Deferred tax assets		
Other non-current assets		
Total non-current assets	630,352,116.73	621,945,325.65
Total assets	3,324,777,599.86	3,220,126,105.01
Current liabilities:		
Short-term loan	699,000,000.00	677,000,000.00
Borrow from the central bank		
Borrowed funds		
Trading financial liabilities		
Derivative financial liability		
Notes payable	462,446,562.00	306,258,189.60
Accounts payable	1,300,975,034.72	1,248,850,328.84
Advances received		
Contractual liability	30,449,983.07	38,426,632.29
Selling repurchase funds of financial assets		
Deposit-taking and interbank deposits		
Agent to buy and sell securities		
Agent underwrites securities		
Employee compensation payable	46,797,303.83	54,396,857.78
Taxes payable	26,467,193.95	11,585,889.46
Other payables	180,459,153.26	173,782,184.85
Among them: interest payable		

Dividends payable		
Commissions and commissions payable		
Reinsurance accounts payable		
Holding liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	4,294,078.63	4,995,462.19
Total current liabilities	2,750,889,309.46	2,515,295,545.01
Non-current liabilities:		
Insurance contract reserve		
Long-term loan		
Bonds payable		
Among them: preferred stock		
Perpetual debt		
Lease liability		
Long-term payables	344,974.84	344,974.84
Long-term employee compensation payable		
Projected liability	54,288,933.94	41,401,450.14
Deferred income	48,324,479.14	54,133,616.10
Deferred income tax liabilities	626,909.02	683,236.45
Other non-current liabilities		
Total non-current liabilities	103,585,296.94	96,563,277.53
Total liabilities	2,854,474,606.40	2,611,858,822.54
Owner's equity:		
Capital stock	402,600,000.00	402,600,000.00
Other equity instruments		
Among them: preferred stock		
Perpetual debt		
Capital reserve	485,691,050.47	485,691,050.47
Minus: Treasury stocks		
Other comprehensive income		
Special reserve	1,933,209.86	0.00
Surplus reserve	136,770,391.01	136,770,391.01
General risk reserve		
Undistributed profit	-556,691,657.88	-416,794,159.01
Total owner's equity attributable to parent company	470,302,993.46	608,267,282.47
Minority shareholders' interests		
Total owners' equity	470,302,993.46	608,267,282.47
Total liabilities and equity	3,324,777,599.86	3,220,126,105.01

Chairman: Liu Jun

General Accountant : Sun Najuan

Accounting charger:Sun Xinyan

2. Balance Sheet Of Parent Company

Unit:yuan

project	2022.12.31	2022.1.1
Current assets:		

Monetary funds	318,183,659.51	266,391,019.57
Trading financial assets	243,454.50	322,037.93
Derivative financial assets		
Notes receivable	364,368,224.60	384,127,628.21
Accounts receivable	1,091,791,757.46	989,131,349.43
Financing of receivables	29,782,015.63	25,846,597.90
prepayment	50,382,150.52	45,293,827.24
Other receivables	326,487,410.20	216,805,848.85
Among them: interest receivable		
Dividends receivable	11,843,105.36	11,843,105.36
inventory	600,756,686.94	432,948,513.08
Contractual assets	601,375.84	3,763,781.55
Holding assets for sale		
Non-current assets due within one year		
Other current assets	15,681,599.83	5,578,651.12
Total current assets	2,798,278,335.03	2,370,209,254.88
Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	225,693,897.67	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	61,104,869.06	62,467,475.43
Fixed assets	246,219,058.48	281,860,555.75
Construction in progress	50,350,325.78	16,015,536.23
Productive biological assets		
Oil and gas assets		
Use right assets		
Intangible assets	62,341,050.02	60,997,429.59
Development expenditure		
goodwill		
Long-term deferred expenses	114,379.51	169,515.71
Deferred tax assets		
Other non-current assets		
Total non-current assets	657,750,437.16	655,021,267.02
Total assets	3,456,028,772.19	3,025,230,521.90
Current liabilities:		
Short-term loan	699,000,000.00	677,000,000.00
Trading financial liabilities		
Derivative financial liability		

Notes payable	462,446,562.00	306,258,189.60
Accounts payable	1,315,103,597.18	998,237,900.39
Advances received		
Contractual liability	30,055,311.74	38,079,613.90
Employee compensation payable	39,688,497.98	44,664,395.47
Taxes payable	17,639,022.52	6,197,641.73
Other payables	162,798,263.19	154,405,674.18
Among them: interest payable		
Dividends payable		
Holding liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	4,244,919.76	4,950,349.81
Total current liabilities	2,730,976,174.37	2,229,793,765.08
Non-current liabilities:		
Long-term loan		
Bonds payable		
Among them: preferred stock		
Perpetual debt		
Lease liability		
Long-term payables	244,974.84	244,974.84
Long-term employee compensation payable		
Projected liability	54,260,539.91	41,385,028.44
Deferred income	19,864,106.94	24,622,470.31
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	74,369,621.69	66,252,473.59
Total liabilities	2,805,345,796.06	2,296,046,238.67
Owner's equity:		
Capital stock	402,600,000.00	402,600,000.00
Other equity instruments		
Among them: preferred stock		
Perpetual debt		
Capital reserve	485,678,443.26	485,678,443.26
Minus: Treasury stocks		
Other comprehensive income		
Special reserve	441,390.04	0.00
Surplus reserve	136,770,391.01	136,770,391.01
Undistributed profit	-374,807,248.18	-295,864,551.04
Total owners' equity	650,682,976.13	729,184,283.23
Total liabilities and equity	3,456,028,772.19	3,025,230,521.90

3. Consolidated income statement

Unit:yuan

project	The year in 2022	The year in 2021
I. Gross operating income	2,348,330,561.57	2,318,704,350.35

Among them: operating income	2,348,330,561.57	2,318,704,350.35
Interest income		
Earned premium		
Fee and commission income		
li. Total operating costs	2,450,935,364.34	2,406,579,255.41
Among them: operating cost	1,897,907,415.41	1,854,514,367.12
Interest expense		
Commission and commission expenses		
Surrender premium		
Net claims disbursement		
Net reserve for insurance liability contracts		
Policy dividend payout		
Reinsurance expense		
Taxes and surcharges	12,737,534.70	14,765,719.51
Selling expense	162,537,964.38	172,118,808.99
Administrative expenses	115,099,647.00	109,978,729.45
Research and development expenses	231,245,330.98	215,803,912.39
Financial expense	31,407,471.87	39,397,717.95
Among them: interest expense		
Interest income		
Plus: Other earnings	7,068,347.57	8,117,365.44
Investment income (loss marked with "-")	6,892,627.00	2,327,743.95
Among them: income from investment in joint venture and joint venture		
Financial assets measured at amortized cost cease to recognize income		
Exchange gain (loss marked with "-")		
Net exposure hedge gain (loss marked with "-")		
Gain on changes in fair value (loss marked with "-")	-78,583.43	93,991.93
Credit impairment loss (loss marked with "-")	14,149,185.05	-59,114,404.38
Asset impairment loss (marked with "-")	-70,762,726.02	-74,369,791.08
Gain on disposal of assets (loss marked with "-")	2,110,473.61	3,565,883.04
lii. Operating profit (loss marked with	-143,225,478.99	-207,254,116.16

"-")		
Plus: non-operating income	3,927,967.83	3,335,370.92
Less: non-operating expenses	656,315.14	1,857,448.96
Iv. Total Profit (total loss marked with "-")	-139,953,826.30	-205,776,194.20
Less: Income tax expense	-56,327.43	-38,508.78
V. Net profit (marked with "-" for net loss)	-139,897,498.87	-205,737,685.42
(1) Classification by business continuity		
1. Net profit from continuing operations (marked with "-" for net loss)	-139,897,498.87	-205,737,685.42
2. Net profit of discontinued operations (marked with "-" for net loss)	0.00	0.00
(2) Classification according to ownership		
1. Net profit attributable to shareholders of parent company	-139,897,498.87	-205,737,685.42
2. Profit and loss of minority shareholders		
Vi. Net of other comprehensive income after tax		
Net of other comprehensive income attributable to the owner of the parent company after tax		
(1) Other comprehensive income that cannot be reclassified into profit or loss		
1. Remeasure and set the variation of benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of investments in other equity instruments		
4. Changes in the fair value of the enterprise's own credit risk		
5. Others		
(2) Other comprehensive income reclassified into profit or loss		
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Changes in the fair value of other creditor's rights investments		
3. The amount of financial assets reclassified into other comprehensive income		
4. Reserve for credit impairment of other creditor's rights investments		
5. Cash flow hedge reserve		
6. Difference in translation of		

foreign currency financial statements		
7. Others		
Net of other comprehensive income attributable to minority shareholders after tax		
Vii. Total comprehensive income	-139,897,498.87	-205,737,685.42
Total comprehensive income attributable to the owner of the parent company	-139,897,498.87	-205,737,685.42
Total comprehensive income attributable to minority shareholders		
Viii. Earnings per share		
(1) Basic earnings per share	-0.3475	-0.5110
(2) Diluted earnings per share	-0.3475	-0.5110

Chairman: Liu Jun

General Accountant : Sun Najuan

Accounting charger:Sun Xinyan

4. Income Sheet of Parent Company.**Unit: RMB Yuan**

item	2022	2021
I. Operating income	2,391,189,210.72	2,518,951,971.92
Less: operating costs	1,987,865,121.01	2,086,765,801.29
Taxes and surcharges	10,972,553.48	13,007,475.92
Selling expense	117,470,768.64	166,604,019.22
Administrative expenses	84,308,538.03	87,397,804.29
Research and development expenses	218,937,613.24	205,960,569.78
Financial expense	31,180,257.00	39,448,674.77
Among them: interest expense		
Interest income		
Plus: Other earnings	5,641,327.34	6,433,236.93
Investment income (loss marked with "-")	4,115,928.61	13,352,133.36
Among them: income from investment in joint venture and joint venture		
Financial assets measured at amortized cost cease to recognize income (loss marked with "-")		
Net exposure hedge gain (loss marked with "-")		
Gain on changes in fair value (loss marked with "-")	-78,583.43	93,991.93
Credit impairment loss (loss marked with "-")	14,020,645.51	-58,882,687.88
Asset impairment loss (marked with "-")	-47,759,299.50	-51,706,236.80
Gain on disposal of assets (loss marked with "-")	2,110,473.61	3,275,529.35
II. Operating profit (loss marked with "-")	-81,495,148.54	-167,666,406.46

Plus: non-operating income	3,172,630.58	2,289,494.02
Less: non-operating expenses	620,179.18	1,797,734.79
III. Total Profit (total loss marked with "-")	-78,942,697.14	-167,174,647.23
Less: Income tax expense	0.00	12,703.12
IV. Net Profit (marked with "-" for net loss)	-78,942,697.14	-167,187,350.35
(1) Net profit from continuing operations (marked with "-" for net loss)	-78,942,697.14	-167,187,350.35
(2) Net profit from discontinued operations (marked with "-" for net loss)		
V. Net of other comprehensive income after tax		
(1) Other comprehensive income that cannot be reclassified into profit or loss		
1. Remeasure and set the variation of benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of investments in other equity instruments		
4. Changes in the fair value of the enterprise's own credit risk		
5. Others		
(2) Other comprehensive income reclassified into profit or loss		
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Changes in the fair value of other creditor's rights investments		
3. The amount of financial assets reclassified into other comprehensive income		
4. Reserve for credit impairment of other creditor's rights investments		
5. Cash flow hedge reserve		
6. Difference in translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	-78,942,697.14	-167,187,350.35
VII. Earnings per share		
(1) Basic earnings per share	-0.20	-0.42
(2) Diluted earnings per share	-0.20	-0.42

5. Consolidated Cash Flow Statement.

Unit: yuan

Item	The year in 2022	The year in 2021
I. Cash flows generated from operating activities:		

Cash received from sales of goods and services provided	1,209,679,135.22	1,205,019,220.28
Net increase in customer deposits and interbank deposits		
Net increase in borrowing from the Central bank		
Net increase of funds borrowed from other financial institutions		
Cash from receipt of premiums from the original insurance contract		
Net cash received from reinsurance operations		
Net increase of depository and investment funds		
Cash for interest, charges and commissions		
Net increase in borrowed funds		
Net increase in repurchase funds		
Net cash received from agents buying and selling securities		
Tax refunds received	23,491,073.28	18,263,068.33
Other cash received in connection with operating activities	44,357,724.91	57,672,030.61
Subtotal of cash inflow from operating activities	1,277,527,933.41	1,280,954,319.22
Cash paid for goods purchased or services received	622,977,120.31	669,749,953.46
Net increase in customer loans and advances		
Net increase in central bank and interbank deposits		
Cash payable on the original insurance contract		
Net increase of funds sold out		
Cash to pay interest, fees and commissions		
Cash to pay dividends on policies		
Cash paid to and for employees	380,144,468.90	361,349,061.46
All taxes paid	47,043,087.07	55,629,392.66
Disburse other cash in connection with operating activities	143,097,707.23	116,547,749.16
Subtotal of cash outflow from operating activities	1,193,262,383.51	1,203,276,156.74
Net cash flow from operating activities	84,265,549.90	77,678,162.48
li. Cash Flows generated from investment activities:		
Recovery of cash received from investment		
Cash received from investment income	23,851.89	0.00
Net cash recovered from disposal of fixed assets, intangible assets and	1,772,810.00	2,097,844.44

other long-term assets		
Net cash received on disposal of subsidiaries and other operating units		
Other cash received in connection with investment activities		
Subtotal of cash inflows from investing activities	1,796,661.89	2,097,844.44
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	12,861,168.20	4,753,911.10
Cash paid by investment		
Net increase in pledged loans		
Obtain net cash paid by subsidiaries and other business units		
Disburse cash in connection with other investment activities		
Subtotal cash outflow from investment activities	12,861,168.20	4,753,911.10
Net cash flow from investing activities	-11,064,506.31	-2,656,066.66
iii. Cash Flows generated by financing Activities:		
Absorb cash received from investments		
Among them: subsidiaries absorb minority shareholders investment received cash		
Obtain cash received on loan	1,018,000,000.00	776,000,000.00
Other cash received in connection with fund-raising activities	148,898,875.78	155,600,000.00
Subtotal cash inflow from financing activities	1,166,898,875.78	931,600,000.00
Cash to pay off debts	996,000,000.00	769,000,000.00
Cash disbursed to distribute dividends, profits, or interest payments	29,831,754.10	38,694,735.35
Among them: dividends and profits paid by subsidiaries to minority shareholders		
Disburse cash in connection with other fundraising activities	199,211,995.47	150,000,000.00
Subtotal cash outflow from financing activities	1,225,043,749.57	957,694,735.35
Net cash flows from financing activities	-58,144,873.79	-26,094,735.35
IV. The impact of exchange rate changes on cash and cash equivalents	2,453,225.15	-2,808,264.02
V. Net increase in cash and cash equivalents	17,509,394.95	46,119,096.45
Plus: Starting cash and cash equivalents balance	209,847,896.42	163,728,799.97
Vi. Balance of cash and cash equivalents at the end of the period	227,357,291.37	209,847,896.42

6. Cash Flow Statement Of Parent Company.

Unit: RMB yuan

ITEM	The year in 2022	The year in 2021
I. Cash flows generated from operating activities:		
Cash received from sales of goods and services provided	1,174,553,672.55	297,896,399.64
Tax refunds received	19,041,056.13	0.00
Other cash received in connection with operating activities	52,254,951.21	8,326,746.61
Subtotal of cash inflow from operating activities	1,245,849,679.89	306,223,146.25
Cash paid for goods purchased or services received	625,427,237.31	271,136,379.28
Cash paid to and for employees	300,379,827.56	33,444,210.48
All taxes paid	36,122,880.68	10,663,193.28
Disburse other cash in connection with operating activities	114,758,167.09	53,638,935.97
Subtotal of cash outflow from operating activities	1,076,688,112.64	368,882,719.01
Net cash flow from operating activities	169,161,567.25	-62,659,572.76
li. Cash Flows generated from investment activities:		
Recovery of cash received from investment	0.00	-18,821.12
Cash received from investment income	23,851.89	-831,587.72
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets	1,772,810.00	821,400.00
Net cash received on disposal of subsidiaries and other operating units		
Other cash received in connection with investment activities		
Subtotal of cash inflows from investing activities	1,796,661.89	-29,008.84
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	7,104,306.36	536,849.28
Cash paid by investment	4,110,000.00	0.00
Obtain net cash paid by subsidiaries and other business units		
Disburse cash in connection with other investment activities		
Subtotal cash outflow from investment activities	11,214,306.36	536,849.28
Net cash flow from investing activities	-9,417,644.47	-565,858.12
lii. Cash Flows generated by financing Activities:		
Absorb cash received from investments		
Obtain cash received on loan	1,018,000,000.00	99,000,000.00
Other cash received in connection with fund-raising activities	69,878,631.34	68,764,347.22
Subtotal cash inflow from financing activities	1,087,878,631.34	167,764,347.22
Cash to pay off debts	996,000,000.00	99,000,000.00

Cash disbursed to distribute dividends, profits, or interest payments	29,831,754.10	371,212.09
Disburse cash in connection with other fundraising activities	199,211,995.47	60,500,000.00
Subtotal cash outflow from financing activities	1,225,043,749.57	159,871,212.09
Net cash flows from financing activities	-137,165,118.23	7,893,135.13
IV. The impact of exchange rate changes on cash and cash equivalents	2,453,225.15	-50,031.67
V. Net increase in cash and cash equivalents	25,032,029.70	-55,382,327.42
Plus: Starting cash and cash equivalents balance	189,762,214.30	3,411,328.80
Vi. Balance of cash and cash equivalents at the end of the period	214,794,244.00	-51,970,998.62

7. Consolidated Sheet Of Changes In Shareholder's Equity

This amount

Unit: RMB yuan

Item	The year in 2022													Minority equity	Total owners' equity
	Owner's equity attributable to parent company											subtotal			
	Capital stock	Other equity instruments			Capital reserves	Less: inventory stocks	Other comprehensive income	The special reserve	Surplus reserves	General risk provision	Undistributed profit		other		
	Preferred stock	Sustainable debt	other												
I. Ending balance of last year	402,600,000.00				485,691,050.47			0.00	136,770,391.01		-416,794,159.01		608,267,282.47		608,267,282.47
Plus: changes in accounting policies															
Advance error correction															
Merger of enterprises under the same control															
other															
II. Balance at the beginning of the current 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 current period (marked with "-" for decrease)								1,933,209.86			-139,897,498.87		-137,964,289.01		-137,964,289.01
(1) Total comprehensive income											-139,897,498.87		-139,897,498.87		-139,897,498.87
(2) capital input or reduction by															

the owner															
1. Common stock invested by the owner															
2. Capital invested by holders of other equity instruments															
3. Amount of share payments credited to owners' equity															
4. Other															
(3) Profit distribution															
1. Withdraw surplus reserve															
2. Extract general risk provisions															
3. Distribution to owners (or shareholders)															
4. Other															
(4) Internal carryover of owners' equity															
1. Conversion of capital reserves to increased capital (or capital stock)															
2. Conversion of surplus reserves to															

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increased capital (or equity)															
3. The surplus reserves make up the losses															
4. Set changes in benefit plan to carry forward retained earnings															
5. Carry-over of other comprehensive income to retained earnings															
6. Other															
(5) Special reserve								1,933,209.86					1,933,209.86		1,933,209.86
1. Current extraction								11,704,037.42					11,704,037.42		11,704,037.42
2. Current use								9,770,827.56					9,770,827.56		9,770,827.56
(6) Others															
4. Ending balance of current period	402,600,000.00					485,691,050.47		1,933,209.86	136,770,391.01		-556,691,657.88		470,302,993.46		470,302,993.46

The amount of the previous

Unit: RMB yuan

Item	The year in 2021														
	Owner's equity attributable to parent company													Minority equity	Total owners' equity
	Capital stock	Other equity instruments			Capital reserves	Less: inventory stocks	Other comprehensive income	The special reserve	Surplus reserves	General risk provision	Undistributed profit	other	subtotal		
	Preferred stock	Sustainable debt	other												

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I. Ending balance of last year	402,600,000.00	0.00	0.00	0.00	485,691,050.47	0.00	0.00	0.00	136,770,391.01	0.00	211,056,473.59	-	814,004,967.89		814,004,967.89
Plus: changes in accounting policies															
Advance error correction															
Merger of enterprises under the same control															
other															
II. Balance at the beginning of the current year	402,600,000.00	0.00	0.00	0.00	485,691,050.47	0.00	0.00	0.00	136,770,391.01	0.00	211,056,473.59	0.00	814,004,967.89		814,004,967.89
III. Amount of increase or decrease in current period (marked with "-" for decrease)															
(1) Total comprehensive income											205,737,685.42	0.00	205,737,685.42		-205,737,685.42
(2) capital input or reduction by the owner															
1. Common stock invested by the owner															
2. Capital invested by holders of other equity instruments															

3. Amount of share payments credited to owners' equity															
4. Other															
(3) Profit distribution															
1. Withdraw surplus reserve															
2. Extract general risk provisions															
3. Distribution to owners (or shareholders)															
4. Other															
(4) Internal carryover of owners' equity															
1. Conversion of capital reserves to increased capital (or capital stock)															
2. Conversion of surplus reserves to increased capital (or equity)															
3. The surplus reserves make up the losses															
4. Set changes in															

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benefit plan to carry forward retained earnings															
5. Carry-over of other comprehensive income to retained earnings															
6. Other															
(5) Special reserve															
1. Current extraction															
2. Current use															
(6) Others															
4. Ending balance of current period	402,600,000.00	0.00	0.00	0.00	485,691,050.47	0.00	0.00	0.00	136,770,391.01	0.00	416,794,159.01	0.00	608,267,282.47		608,267,282.47

8. Sheet Of Changes In Shareholder's Equity Of Parent Company.
This amount

Unit: RMB yuan

Item	2021											Total owners' equity
	Capital stock	Other equity instruments			Capital reserves	Less: inventory stocks	Other comprehensive income	The special reserve	Surplus reserves	Undistributed profit	other	
		Preferred stock	Sustainable debt	other								
I. Ending balance of last year	402,600,000.00				485,678,443.26			0.00	136,770,391.01	295,864,551.04		729,184,283.23
Plus: changes in accounting policies												
Advance error correction												
other												
II. Balance at the beginning of the current year	402,600,000.00				485,678,443.26			0.00	136,770,391.01	295,864,551.04		729,184,283.23
III. Amount of increase or								441.3		-		-

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decrease in current period (marked with "-" for decrease)								90.04		78,942,697.14		78,501,307.10
(1) Total comprehensive income										78,942,697.14	-	78,942,697.14
(2) capital input or reduction by the owner												
1. Common stock invested by the owner												
2. Capital invested by holders of other equity instruments												
3. Amount of share payments credited to owners' equity												
4. Other												
(3) Profit distribution												
1. Withdraw surplus reserve												
2. Distribution to owners (or shareholders)												
3. The other												
(4)Internal carryover of owners' equity												
1. Conversion of capital reserves to increased capital (or capital stock)												
2. Conversion of surplus reserves to increased capital (or equity)												
3. Surplus reserves to cover losses												
4. Set changes in benefit plan to carry forward retained earnings												
5. Carry-over of other comprehensive income to retained earnings												
6. Other												

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(5) Special reserve								441,390.04				441,390.04
1. Current extraction								7,186,265.21				7,186,265.21
2. Current use								6,744,875.17				6,744,875.17
(6) Others												
IV. Ending balance of current period	402,600,000.00				485,678,443.26			441,390.04	136,770,391.01	-374,807,248.18		650,682,976.13

The amount of the previous

Unit: yuan

Item	2021											
	Capital stock	Other equity instruments			Capital reserves	Less: inventory stocks	Other comprehensive income	The special reserve	Surplus reserves	Undistributed profit	other	Total owners' equity
		Preferred stock	Sustainable debt	other								
I. Ending balance of last year	402,600,000.00				485,678,443.26				136,770,391.01	-128,677,200.69		896,371,633.58
Plus: changes in accounting policies												
Advance error correction												
other												
II. Balance at the beginning 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 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) capital input or reduction by the owner												
1. Common stock invested												

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by the owner												
2. Capital invested by holders of other equity instruments												
3. Amount of share payments credited to owners' equity												
4. Other												
(3) Profit distribution												
1. Withdraw surplus reserve												
2. Distribution to owners (or shareholders)												
3. The other												
(4) Internal carryover of owners' equity												
1. Conversion of capital reserves to increased capital (or capital stock)												
2. Conversion of surplus reserves to increased capital (or equity)												
3. Surplus reserves to cover losses												
4. Set changes in benefit plan to carry forward retained earnings												
5. Carry-over of other comprehensive income to retained earnings												
6. Other												
(5) Special reserve												
1. Current extraction												
2. Current use												
(6) Others												
IV. Ending balance of current period	402,600,00 0.00				485,678,443. 26				136,770,391. 01	- 295,864,551.0 4		729,184,283.2 3

III The basic information of company

i. Basic information

Wafangdian Bearing Company Limited (the “Company”, the “Group” is referred to “Company” together with its subsidiaries) is a joint stock limited company established in the People’s Republic of China (the “PRC”) on 16 July, 1996. In the opinion of the directors, its parent and ultimate holding company is Wafangdian Bearing Group Company Limited (“Wazhou Group”).

The Company’s B shares have been listed on the Shenzhen Stock Exchange since 19 February, 1997.

The Company’s founding meeting and the first meeting of the first board of directors decided that the effective date of the shareholding system reorganization in the accounting of the Company (that is, the date of the establishment of the Company’s accounts) was determined as April 1, 1997 on March 19, 1997.

The Company has obtained the business license of the enterprise legal person on March 20, 1997, and the registration number is DaGongShangQiFaZi24239971-2. The business scope includes the manufacture and sale of bearings, mechanical equipment, auto parts and related products.

The Company’s B shares were officially listed on the Shenzhen Stock Exchange on March 25, 1997, raising funds of CNY406.58 million. After the issuance, the Company’s registered capital was CNY330 million.

In accordance with the Supplementary Notice on Issues Concerning the Equity Distribution of Listed Companies under the Rules Governing the Listing of Stocks of the Shenzhen Stock Exchange (hereinafter referred to as the “Supplementary Notice”) issued by the Shenzhen Stock Exchange on August 30, 2006, based on the audited financial report on September 30, 2006, the Company implemented the conversion of capital reserve into share capital, giving 2.2 shares for every 10 shares, and the total share capital increased from 330 million shares to 402.6 million shares, of which Wazhou Group owned the legal person shares increased from 200 million shares to 244 million shares, accounting for 60.6% of the total share capital; the Swedish SKF Company increased from 65 million shares to 79.3 million shares, accounting for 19.7% of the total share capital; public shares increased from 65 million shares to 79.3 million shares, accounting for 19.7% of the total share capital. After the implementation of this plan, the Company’s shareholding structure meets the requirements of the “Supplementary Notice” of the Shenzhen Stock Exchange.

The parent company is Wazhou Group. General shareholders meeting is the

company's authority and have the resolution power over company's business policy, financing, investment and profit appropriation etc. significant events in accordance with relevant law. Board of directors is responsible for general meeting and has the power over the company's decision making. Management is in charge of implementation of resolution made by general meeting and board meeting and is responsible for operation management. Wholly owned subsidiaries of the Company include Wazhou Liaoyang Bearing Manufacturing Co., Ltd, Dalian Wazhou Precision Electric Motor Car Bearing, and Wazhou Precision of Spherical Roller Bearings (Wafangdian) Co., Ltd.

The company belongs to the bearing manufacturing industry, mainly engaged in the production and sales of various types of bearings. The addresses of the registered office and principal place of business of the Company are No. 1, Phrase 1, North Gongji Street, Wafangdian, Liaoning Province, and the PRC Legal representative is Liu Jun. Registered according to law, the business scope of the company is as follows: Licensed 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 result) 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 and spare parts processing, land use right leasing, housing leasing, non-residential real estate leasing, mechanical equipment leasing, computer and communication equipment leasing, transportation equipment leasing service, office equipment leasing service, storage equipment leasing service, special equipment leasing, labor services (excluding labor dispatch), Technology service, technology development, technology consultation, technology exchange, technology transfer, technology popularization (with the exception of the projects subject to approval according to law, independently carry out business activities according to law with the business license).

ii. Approval of financial statements

(1) These financial statements were approved by the Company's Board of Directors on April 26, 2023.

(2) Financial Statement Consolidation Scope

For details of the Company's subsidiaries, please refer to "VII. Interests in other entities" in this note.

For details of changes in the scope of consolidation during the reporting period, please refer to "VI. Changes in the scope of consolidation" in this note.

I. The basis for the preparation of financial statements

(1) Basis of preparation

The financial statements have been prepared in accordance with the "Accounting Standards for Business Enterprises - Basic Standards" and various specific accounting standards, guidelines for the application of accounting standards for business enterprises, interpretations of accounting standards for business enterprises and other related regulations (hereinafter collectively referred to as "Accounting Standards for Business Enterprises") issued by the Ministry of Finance, as well as the relevant provisions of the "General Provisions on Financial Reporting, No. 15 of the Rules Governing the Preparation of Information Disclosures by Companies Issuing Public Securities" of the China Securities Regulatory Commission.

(2) Going concern

The group has evaluated the going-concern capability for the 12 months from the end of the reporting period, and has found no significant doubts about the going-concern capability. Therefore, the financial statements are prepared on the assumption of going concern.

III. Significant Accounting Policies and Accounting Estimates

The group established the accounting policy and estimate, such as operation cycle, bad debt recognition and measurement, dispatched inventory measurement and classification of fixed assets and FA's depreciation, intangible asset's amortization, capitalization condition of research and development expenses, revenue recognition and measurement based on the actual characters of business operation.

(1) Declaration for compliance with Accounting Standards for Business Enterprises

The financial statements are prepared by the Group according to the requirements of Accounting Standards for Business Enterprises, and reflect the relative information for the financial position, operating performance, cash flow of the Group truly and fully.

(2) Accounting period

The Group adopts the Gregorian calendar year as accounting period, i.e. from Jan 1 to Dec 31.

(3) Operating cycle

Normal operating cycle refers to the duration starting from purchasing the assets for manufacturing up to cash or realization of cash equivalents. The group sets twelve months for one operating cycle and as the liquidity criterion for assets and liability.

(4) Functional currency

The Group adopts CNY as functional currency.

(5) Accounting for business combination under same control and not under same control

Business combinations under common control: Assets and liabilities acquired by the consolidating party in a business combination (including goodwill resulting from the acquisition of the consolidated party by the ultimate controlling party) are measured at the carrying value of the consolidated party's assets and liabilities in the consolidated financial statements of the ultimate controlling party at the date of the combination. The difference between the book value of the net assets acquired in the merger and the book value of the merger consideration paid (or the total nominal value of shares issued) is adjusted against the equity premium in capital surplus, and if the equity premium in capital surplus is not sufficient for elimination, retained earnings are adjusted.

Business combinations not under common control: The cost of the combination is the fair value of the assets paid, liabilities incurred or assumed and equity securities issued by the purchaser to obtain control of the acquiree at the date of acquisition. The difference between the cost of the combination and the share of the fair value of the acquiree's identifiable net assets acquired in the combination is recognized as goodwill; the difference between the cost of the combination and the share of the fair value of the acquiree's identifiable net assets acquired in the combination is recognized in profit or loss for the period. Each identifiable asset, liability and contingent liability of the acquiree acquired in a merger that meets the recognition criteria is measured at fair value at the date of acquisition.

Directly related costs incurred for a business combination are recognized in profit or loss as incurred; transaction costs for issuing equity securities or debt securities for a business combination are included in the initial recognition amount of the equity securities or debt securities.

(6) Method of preparation of consolidated financial statements

1. Scope of consolidation

The scope of consolidation in the consolidated financial statements is determined on the basis of control, and the scope of consolidation includes the Company and all of its subsidiaries. Control means that the Company has power over the investee, enjoys variable returns through its participation in the investee's related activities, and has the ability to use its power over the investee to influence the amount of its returns.

2. Consolidation procedures

The Company considers the entire enterprise group as one accounting entity and prepares consolidated financial statements in accordance with uniform accounting policies to reflect the financial position, results of operations and cash flows of the enterprise group as a whole. The effects of internal transactions that occur between the Company and its subsidiaries and between subsidiaries are eliminated. If an internal transaction indicates an impairment loss on the related asset, the full amount of such loss is recognized. If the accounting policies and accounting periods adopted by a subsidiary are not consistent with those of the Company, the necessary adjustments are made in accordance with the Company's accounting policies and accounting periods when preparing the consolidated financial statements.

The share of ownership equity, net profit or loss for the period and comprehensive income for the period attributable to minority shareholders of the subsidiaries are presented separately in the consolidated balance sheet under the item of ownership equity, in the consolidated income statement under the item of net profit and in the consolidated statement of total comprehensive income, respectively. The balance resulting from the subsidiary's minority share of current loss exceeding the minority's share of the subsidiary's opening ownership interest is eliminated to reduce shareholders' equity.

(1) Increase number of subsidiaries or operations

During the reporting period, if a subsidiary or business is added as a result of a business combination under the same control, the operating results and cash flows of the subsidiary or business from the beginning of the period in which the subsidiary or business is combined to the end of the reporting period are included in the consolidated financial statements, while the opening balance of the consolidated financial statements and the relevant items in the comparative statements are

adjusted as if the consolidated reporting entity had existed since the point when the ultimate controlling party began to control it.

If control over an investee under the same control can be exercised due to additional investment, equity investments held prior to the acquisition of control over the investee are eliminated from the opening retained earnings or current profit or loss for the comparative statement period, respectively, for the relevant gains or losses, other comprehensive income and other changes in net assets recognized between the later of the date of acquisition of the original equity interest and the date when the consolidated party and the investee are under the same control and the date of consolidation.

During the reporting period, the addition of subsidiaries or operations as a result of a business combination not under common control is included in the consolidated financial statements from the date of acquisition based on the fair value of each identifiable asset, liability and contingent liability determined at the date of acquisition.

If, for example, additional investments enable the exercise of control over an investee not under common control, the equity interest in the investee held prior to the date of acquisition is remeasured at the fair value of that equity interest at the date of acquisition, and the difference between the fair value and its carrying amount is recognized as investment income for the current period. The difference between the fair value and its carrying amount is recognized as investment income for the period. The equity interest in the investee held prior to the date of acquisition is transferred to investment income for the period to which the equity interest is transferred under the equity method.

(2) Disposal of subsidiaries

① General treatment

When control over an investee is lost due to disposal of part of the equity investment or other reasons, the remaining equity investment after disposal is remeasured at its fair value at the date of loss of control. The difference between the sum of the consideration received for the disposal of the equity interest and the fair value of the remaining equity interest, less the sum of the share of the net assets of the original subsidiary calculated on a continuing basis from the date of acquisition or the date of consolidation in proportion to the original shareholding and goodwill, is recognized as investment income in the period in which control is lost. Other comprehensive income and other changes in owners' equity under the equity method of accounting related to the equity investment in the original subsidiary that can be reclassified to profit or loss in the future are transferred to investment income in the current period when control is lost.

② Step-by-step disposal of subsidiaries

Disposal of equity investments in subsidiaries through multiple transactions in steps until the loss of control, the terms and conditions of the disposal of equity investments in subsidiaries and the economic impact of each transaction is consistent with one or more of the following, usually indicating that the multiple transactions are a package deal:

- i. The transactions are entered into simultaneously or after taking into account their mutual effects;
- ii. These transactions as a whole to achieve a complete business result;
- iii. The occurrence of one transaction depends on the occurrence of at least one other transaction;
- iv. A transaction is not economical when viewed alone, but is economical when considered together with other transactions.

If each transaction is a package transaction, each transaction is accounted for as a disposal of a subsidiary and loss of control; the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment before the loss of control is recognized in the consolidated financial statements as other comprehensive income and is transferred to profit or loss in the period is lost when control is lost.

If each transaction is not a package transaction, the accounting treatment is based on partial disposal of the equity investment in the subsidiary without loss of control before the loss of control; upon the loss of control, the accounting treatment is based on the general treatment of disposal of subsidiaries.

(3) Purchase of minority interests in subsidiaries

The difference between the newly acquired long-term equity investment due to the purchase of minority interest and the share of net assets of the subsidiary calculated in proportion to the newly acquired shareholding on an ongoing basis from the date of acquisition or the date of consolidation is adjusted to the equity premium in capital surplus in the consolidated balance sheet; if the equity premium in capital surplus is not sufficient for elimination, it is adjusted to retained earnings.

(4) Partial disposal of equity investments in subsidiaries without loss of control

The difference between the disposal price and the share of net assets of the subsidiary calculated on a continuing basis from the date of acquisition or the date of consolidation corresponding to the disposal of the long-term equity investment is adjusted to the equity premium in capital surplus in the consolidated balance sheet,

and if the equity premium in capital surplus is not sufficient to offset it, retained earnings are adjusted.

(7) Cash and cash equivalent

The cash listed on the cash flow statements of the Group refers to cash on hand and bank deposit. The cash equivalents refer to short-term (normally with original maturities of three months or less) and liquid investments which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

(8) Translation of foreign currency

1. Foreign currency transaction

Foreign currency transactions are translated at the spot exchange rate issued by People's Bank of China ("PBOC") when the transaction incurs. Monetary assets and liabilities in foreign currencies are translated into RMB at the exchange rate prevailing at the balance sheet day. Exchange differences arising from the settlement of monetary items are charged as in profit or loss for the period. Exchange differences of specific borrowings related to the acquisition or construction of a fixed asset should be capitalized as occurred, before the relevant fixed asset being acquired or constructed is ready for its intended uses.

2. Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated using the spot rate of exchange at the balance sheet date; items in owners' equity, except for "undistributed earnings", are translated using the spot rate of exchange at the time of occurrence. Income and expense items in the income statement are translated using the spot exchange rate at the date of the transaction.

Upon disposal of a foreign operation, the difference in translation of the foreign currency financial statements relating to the foreign operation is transferred from owners' equity to profit or loss in the period of disposal.

(9) Financial instrument

The Company recognizes a financial asset, a financial liability or an equity instrument when it becomes a party to a financial instrument contract.

1. Classification of financial instruments

Based on the Company's business model for managing financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified at initial recognition as financial assets carried at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss.

The Company classifies financial assets at amortized cost that are not designated as financial assets at fair value through profit or loss if they both meet the following criteria:

- (a) The business model is to collect the contractual cash flows;
- The contractual cash flows are only payments of principal and interest based on the outstanding principal amount.

The Company classifies financial assets as financial assets at fair value through other comprehensive income (debt instruments) that are not designated as at fair value through profit or loss if they also meet the following criteria:

- Operating model with the objective of both collecting the contractual cash flows and selling the financial asset;
- The contractual cash flows are only payments on the principal and interest based on the outstanding principal amount.

For investments in non-trading equity instruments, the Company may irrevocably designate them at initial recognition as financial assets at fair value through other comprehensive income (equity instruments). This designation is made on an individual investment basis and the related investment meets the definition of an equity instrument from the perspective of the issuer.

Except for the above-mentioned financial assets measured at amortized cost and financial assets at fair value through other comprehensive income, the Company classifies all remaining financial assets as financial assets at fair value through profit or loss. On initial recognition, the Company may irrevocably designate financial assets that would otherwise be classified as financial assets at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss if it can eliminate or significantly reduce the accounting mismatch.

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

A financial liability may be designated as a financial liability at fair value through profit or loss at initial measurement if one of the following conditions is met:

- (1) The designation eliminates or significantly reduces an accounting mismatch.
- (2) The management and performance evaluation of a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities is performed on a fair value basis in accordance with the enterprise's risk management or investment strategy as set out in formal written documentation and reported to key management personnel

on this basis within the enterprise.

(3) The financial liability contains embedded derivatives that are subject to separate splitting.

2. Recognition basis and measurement method of financial instruments

(1) Financial assets measured at amortized cost

Financial assets measured at amortized cost, including notes receivable, accounts receivable, other receivables, long-term receivables and debt investments, are initially measured at fair value, with related transaction costs included in the initial recognition amount; accounts receivable that do not contain significant financing components and those that the Company has decided not to consider financing components that do not exceed one year are initially measured at contractual transaction prices.

Interest calculated using the effective interest rate method during the holding period is recognized in profit or loss.

On recovery or disposal, the difference between the acquisition price and the carrying amount of the financial asset is recognized in profit or loss for the current period.

(2) Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets (debt instruments) at fair value through other comprehensive income include receivables financing and other debt investments, which are initially measured at fair value, with related transaction costs recognized in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are recognized in other comprehensive income, except for interest, impairment loss or gain and exchange gain or loss calculated using the effective interest rate method.

Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income and recognized in profit or loss for the current period.

(3) Financial assets at fair value through other comprehensive income (equity instruments)

Financial assets (equity instruments) at fair value through other comprehensive income, including investments in other equity instruments, are initially measured at fair value, with related transaction costs recognized in the initial recognition amount. The financial assets are subsequently measured at fair value, with changes in fair value recognized in other comprehensive income. Dividends received are recognized in current profit or loss.

Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income and recognized in retained earnings.

(4) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, derivative financial assets and other non-current financial assets, which are initially measured at fair value, with related transaction costs recognized in profit or loss. The financial assets are subsequently measured at fair value, with changes in fair value recognized in profit or loss for the period.

(5) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and derivative financial liabilities, which are initially measured at fair value, with related transaction costs recognized in profit or loss. The financial liabilities are subsequently measured at fair value, with changes in fair value recognized in profit or loss for the period.

Upon derecognition, the difference between the carrying amount and the consideration paid is recognized in profit or loss for the current period.

(6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, which are initially measured at fair value, with related transaction costs included in the initial recognition amount.

Interest calculated using the effective interest rate method during the holding period is recognized in profit or loss.

Upon derecognition, the difference between the consideration paid and the carrying amount of the financial liability is recognized in profit or loss for the current period.

3. Derecognition of financial assets and transfer of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

- The contractual rights to receive cash flows from the financial asset are terminated;
- The financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferring party;
- A financial asset has been transferred and control over the financial asset is not retained, although the Company neither transfers nor retains substantially all the risks

and rewards of ownership of the financial asset.

A financial asset is not derecognized if substantially all the risks and rewards of ownership of the financial asset are retained when a transfer of the financial asset occurs.

In determining whether a transfer of financial assets meets the above conditions for derecognition of financial assets, the principle of substance over form is applied.

The Company distinguishes between transfers of financial assets as a whole and partial transfers of financial assets. If the transfer of a financial asset as a whole meets the derecognition condition, the difference between the following two amounts is recognized in profit or loss for the current period:

- (1) The carrying amount of the financial asset transferred;
- (2) The sum of the consideration received for the transfer and the cumulative amount of changes in fair value previously recognized directly in owners' equity (in the case where the transferred financial asset is a financial asset (debt instrument) measured at fair value through other comprehensive income).

If a partial transfer of a financial asset satisfies the derecognition condition, the carrying amount of the financial asset transferred as a whole is apportioned between the derecognized portion and the unrecognized portion according to their respective relative fair values, and the difference between the following two amounts is recognized in profit or loss:

- (1) The carrying amount of the derecognized portion;
- (2) The sum of the consideration for the derecognized portion and the amount corresponding to the derecognized portion of the cumulative amount of changes in fair value previously recognized directly in owners' equity (in the case where the financial asset involved in the transfer is a financial asset (debt instrument) measured at fair value through other comprehensive income).

If the transfer of a financial asset does not meet the derecognition condition, the financial asset continues to be recognized and the consideration received is recognized as a financial liability.

4. Derecognition of financial liabilities

A financial liability or a portion thereof is derecognized when the present obligation of the financial liability is discharged in whole or in part. If the Company enters into an agreement with a creditor to replace an existing financial liability by assuming a new financial liability, and the contractual terms of the new financial liability are materially different from those of the existing financial liability, the existing financial liability is

derecognized and a new financial liability is recognized at the same time.

If all or part of the contractual terms of an existing financial liability are substantially modified, the existing financial liability or part of it is derecognized, and the modified financial liability is recognized as a new financial liability at the same time.

When a financial liability is derecognized in whole or in part, the difference between the carrying amount of the derecognized financial liability and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss for the period.

If the Company repurchases a portion of a financial liability, the carrying amount of the financial liability as a whole is allocated on the repurchase date based on the relative fair values of the portion that continues to be recognized and the portion that is derecognized. The difference between the carrying amount allocated to the derecognized portion and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss for the period.

5. Methods to determine the fair value of financial assets and financial liabilities

The fair value of financial instruments for which there is an active market is determined by quoted prices in an active market. The fair value of financial instruments for which no active market exists is determined using valuation techniques. In valuation, the Company uses valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information, selects inputs that are consistent with the characteristics of the asset or liability considered by market participants in transactions for the relevant asset or liability, and gives preference to the use of relevant observable inputs. Unobservable inputs are used only if the relevant observable inputs are not available or not practicable to obtain.

6. Methods of testing and accounting for impairment of financial assets

The Company estimates the expected credit losses on financial assets measured at amortized cost, financial assets at fair value through other comprehensive income (debt instruments) and financial guarantee contracts, etc., either individually or in combination.

The Company recognizes expected credit losses by calculating the probability-weighted amount of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, taking into account reasonable and substantiated information about past events, current conditions and forecasts of future economic conditions, weighted by the risk of default.

If the credit risk of the financial instrument has increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to the expected credit loss over the entire life of the financial instrument; if the credit risk of the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to the expected credit loss over the next 12 months of the financial instrument. The resulting increase or reversal of the allowance for losses is recognized as an impairment loss or gain in profit or loss.

The Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of default of the financial instrument at the balance sheet date with the risk of default at the date of initial recognition to determine the relative change in the risk of default over the expected life of the financial instrument. The Company generally considers that the credit risk of a financial instrument has increased significantly if it is more than 30 days past due, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since initial recognition.

If the credit risk of a financial instrument is low at the balance sheet date, the Company considers that the credit risk of the financial instrument has not increased significantly since initial recognition.

If there is objective evidence that a financial asset is credit impaired, the Company provides for impairment of that financial asset on a stand-alone basis.

For receivables and contract assets resulting from transactions governed by ASBE No. 14 - Revenue (2017), the Company consistently measures its allowance for losses at an amount equal to the expected credit loss over the entire life of the asset, regardless of whether it contains a significant financing component.

For lease receivables, the Company has elected to always measure the allowance for losses at an amount equal to the expected credit loss over the entire life of the receivables.

In addition to certain financial assets that are assessed for past due credit losses on an individual basis, the Group also assesses expected credit losses on financial assets measured at amortized cost on the basis of an aging portfolio.

The Group classifies notes receivable and accounts receivable into certain portfolios based on credit risk characteristics, and calculates expected credit losses on the basis of the portfolios, which are determined on the following basis:

Note receivable 1	Bank acceptance note
Note receivable 2	Trade acceptance note form related party
Note receivable 3	Trade acceptance note form non-related party

Note receivable 1	Bank acceptance note
Receivable 1	Related party portfolio
Receivable 2	Aging portfolio

For receivable as a portfolio, the Group prepares the comparison table between receivables aging and expected credit loss rate within lifetime and work out the expected credit loss by reference to historical credit loss experience in combination with current situation and future forecast of economy condition.

Based on the credit risk characteristics, other notes receivable is divided into different portfolio and determined for expected credit loss according to the portfolio s as follows:

Other receivable 1	Related party portfolio
Other receivable 2	Aging portfolio
Other receivable 3	Risk free portfolio (according to couterparty's credit, nature of the payment and transactions secure facility)

For other receivable as a portfolio, the Group work out the expected credit loss through default risk exposure and expected credit loss rate within lifetime by reference to historical credit loss experience in combination with current situation and future forecast of economy condition.

If the Company no longer has a reasonable expectation that the contractual cash flows from a financial asset will be fully or partially recovered, the carrying amount of the financial asset is written down directly.

(10) Inventory

1. Category and cost of inventory

Inventories are classified as: raw materials, packaging, low-value consumables, work in process, and finished goods.

Inventory is initially measured at cost, and the cost of inventory includes the cost of purchase, processing costs and other expenses incurred in bringing the inventory to its current location and condition.

2. Valuation method of issued inventory

Inventories are valued on a real-time moving weighted-average basis when they are issued.

3. The basis for determining the net realizable value of different categories of inventories

At the balance sheet date, inventories should be measured at the lower of cost or net realizable value. When the cost of inventories is higher than their net realizable value,

a provision for the impairment of inventory should be made. Net realizable value is the estimated selling price of inventories in the ordinary course of activities, less the estimated costs to be incurred to completion, estimated selling expenses and related taxes.

The net realizable value of finished goods, inventory and materials for sale, which are directly used for sale, is determined in the normal course of production and operation as the estimated selling price of the inventory, less estimated selling expenses and related taxes; the net realizable value of materials subject to processing is determined in the normal course of production and operation as the estimated selling price of the finished goods produced, less estimated costs to be incurred to completion, estimated selling expenses and related taxes, The net realizable value of inventories held for the execution of sales contracts or labor contracts is calculated on the basis of the contract price, and if the quantity of inventories held exceeds the quantity ordered in the sales contract, the net realizable value of the excess inventories is calculated on the basis of the general sales price.

After the provision for the impairment of inventory, if the factors affecting the previous write-down of inventory value have disappeared, resulting in the net realizable value of inventory higher than its book value, the amount of the provision for the impairment of inventory is reversed within the original provision, and the reversed amount is included in the current profit and loss.

4. Inspection for inventory

The perpetual inventory system is adopted.

5. Amortization method of low-value consumables and packaging

- (1) Low-value consumables are amortized using the one-time reversal method;
- (2) The one-time reversal method is used for packaging.

(11) Contract assets

1. Methods and criteria for recognition of contract assets

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligations and payments from customers. The right to receive consideration for goods transferred or services provided by the Company to the customer (and which is dependent on factors other than the passage of time) is presented as a contract asset. Contract assets and contract liabilities under the same contract are shown on a net basis. The Company's unconditional (depending only on the passage of time) right to receive consideration from customers is shown separately as receivables.

2. Method of determining expected credit losses on contract assets and accounting treatment

The methods of determining expected credit losses on contract assets and the accounting treatment are described in detail in Note "(ix) 6. Methods of testing and accounting treatment for impairment of Financial instrument" in this Note.

(12) Long-term equity investments

1. Criteria for determining joint control and significant influence

Joint control refers to the control shared by an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement can only be decided with the unanimous consent of the participants sharing the control. If the Company exercises joint control over an investee together with other joint venture parties and has rights to the investee's net assets, the investee is a joint venture of the Company.

Significant influence means having the power to participate in the financial and operating decisions of the investee, but not being able to control or exercise joint control with other parties over the formulation of those policies. Where the Company is able to exercise significant influence over an investee, the investee is an associate of the Company.

2. Determination of initial investment

(1) Long-term equity investments resulting from business combinations

For long-term equity investments in subsidiaries formed by business combinations under common control, the initial investment of long-term equity investments is determined at the date of consolidation based on the acquisition of the share of the ownership interest of the consolidated party in the book value of the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of the long-term equity investment and the carrying value of the consideration paid is adjusted against the equity premium in capital surplus; if the equity premium in capital surplus is not sufficient for elimination, retained earnings are adjusted. If the Company is able to exercise control over an investee under the same control due to additional investment, the difference between the initial investment cost of the long-term equity investment recognized in accordance with the above principle and the sum of the book value of the long-term equity investment before reaching the consolidation plus the book value of the consideration paid for further acquisition of shares at the date of consolidation is adjusted against equity premium, and if the equity premium is not sufficient for elimination, it is reduced against retained earnings.

For long-term equity investments in subsidiaries formed through business

combinations not under common control, the initial investment cost of the long-term equity investment is based on the cost of the combination determined at the date of acquisition. If it is possible to exercise control over the investee under non-same control due to additional investment, the sum of the book value of the equity investment originally held plus the cost of the additional investment is used as the initial investment cost.

(2) Long-term equity investments acquired through other means instead of business combination

Long-term equity investments acquired by cash payment are recorded at initial investment cost based on the actual purchase price paid.

Long-term equity investments acquired by issuing equity securities are recorded at the initial investment cost based on the fair value of the equity securities issued.

3. Subsequent measurement and profit or loss recognition methods

(1) Long-term equity investments accounted for under the cost method

The Company accounts for its long-term equity investments in subsidiaries using the cost method unless the investments meet the conditions of being held for sale. Except for the declared but unpaid cash dividends or profits included in the actual price or consideration paid for the investment, the Company recognizes investment income for the current period based on the Company's entitlement to the declared cash dividends or profits of the investee.

(2) Long-term equity investments accounted for under the equity method

Long-term equity investments in associates and joint ventures are accounted for using the equity method. The difference between the initial investment cost and the share of the fair value of the identifiable net assets of the investee at the time of investment is not adjusted to the initial investment cost of the long-term equity investment; the difference between the initial investment cost and the share of the fair value of the identifiable net assets of the investee at the time of investment is recognized in profit or loss for the current period and the cost of the long-term equity investment is also adjusted.

The Company recognizes investment income and other comprehensive income according to the share of net profit or loss and other comprehensive income realized by the investee, respectively, and adjusts the carrying value of the long-term equity investment at the same time; the portion to which the Company is entitled according to the profit or cash dividends declared by the investee is calculated, and the carrying value of the long-term equity investment is reduced accordingly; for the investee's ownership interest other than net profit or loss, other comprehensive income and

profit distribution For changes in the equity of the investee other than net profit or loss, other comprehensive income and profit distribution ("changes in other owners' equity"), the carrying amount of the long-term equity investment is adjusted and recognized in owners' equity.

In recognizing the share of the investee's net profit or loss, other comprehensive income and other changes in owners' equity, the fair value of the investee's identifiable net assets at the time of acquisition is used as the basis for recognition, and the net profit and other comprehensive income of the investee are adjusted in accordance with the Company's accounting policies and accounting periods.

Unrealized gains or losses on internal transactions between the company and associate and joint ventures that are attributable to the Company on the basis of their proportionate share are offset and investment income is recognized on this basis, except when the assets invested or sold constitute a business. Unrealized losses on internal transactions with investees are recognized in full if there are impairment losses on assets.

The net loss incurred by the company in a joint venture or an associate, except for the obligation to assume additional losses, is limited to a write-down to zero of the carrying amount of the long-term equity investment and other long-term interests that substantially constitute the net investment in the joint venture or associate. If the joint venture or associate subsequently realizes net profit, the Company resumes recognition of revenue sharing after the revenue sharing amount makes up for the unrecognized loss sharing amount.

(3) Disposal of long-term equity investments

The difference between the carrying amount and the actual acquisition price of a long-term equity investment is recognized in profit or loss for the current period.

If a long-term equity investment accounted for under the equity method is partially disposed of and the remaining equity interest is still accounted for under the equity method, the other comprehensive income recognized under the former equity method is carried forward in proportion to the corresponding percentage using the same basis as the direct disposal of the related assets or liabilities by the investee, and other changes in owners' equity are carried forward in proportion to the current profit or loss.

If the common control or significant influence over the investee is lost due to the disposal of equity investments, etc., other comprehensive income recognized as a result of the adoption of the equity method of accounting for the original equity investment is accounted for on the same basis as the direct disposal of the related assets or liabilities of the investee upon the termination of the adoption of the equity

method of accounting, and all changes in other owners' equity are transferred to current profit or loss upon the termination of the adoption of the equity method of accounting.

If control over the investee is lost due to disposal of part of the equity investment, the remaining equity interest that can exercise joint control or significant influence over the investee is accounted for under the equity method in the preparation of individual financial statements, and the remaining equity interest is adjusted as if it had been accounted for under the equity method from the time of acquisition, and other comprehensive income recognized prior to the acquisition of control over the investee is accounted for on the same basis as if the investee had directly disposed of the related assets or liabilities. If the remaining equity interest cannot exercise joint control or significant influence over the investee, it is recognized as a financial asset, and the difference between its fair value and its carrying amount at the date of loss of control is recognized in profit or loss for the current period, and for other comprehensive income and other owner's equity recognized prior to the acquisition of control of the investee, the remaining equity interest is recognized in profit or loss for the current period. All other comprehensive income and other changes in owners' equity recognized prior to the acquisition of control of the investee are carried forward.

If the disposal of an equity investment in a subsidiary through multiple transactions until the loss of control is a package transaction, each transaction is accounted for as a disposal of an equity investment in a subsidiary and the loss of control; the difference between the disposal price and the carrying value of the long-term equity investment corresponding to the equity interest disposed of before the loss of control is recognized as other comprehensive income in the individual financial statements, and then recognized as other comprehensive income when control is lost. The difference between the disposal price and the carrying amount of the long-term equity investment before the loss of control is recognized as other comprehensive income in the individual financial statements, and then transferred to profit or loss in the period in which control is lost. If it is not a package transaction, each transaction is accounted for separately.

(13) Investment properties

Investment properties are real estate held to earn rentals or for capital appreciation, or both, and include land use rights that have been leased out, land use rights that are held and intended to be transferred after appreciation, and buildings that have been leased out (including buildings that are used for leasing after completion of self-construction or development activities and buildings that are under construction or development that will be used for leasing in the future).

Subsequent expenditures related to investment properties are included in the cost of investment properties when the inflow of related economic benefits is probable and their costs can be measured reliably; otherwise, they are recognized in current profit or loss when incurred.

The Company uses the cost model to measure existing investment properties. The same depreciation policy as that for the Company's fixed assets is applied to investment properties - buildings for lease that are measured under the cost model, and land use rights for lease are subject to the same amortization policy as that for intangible assets.

(14) Fixed assets

1. Recognition and initial measurement of fixed assets

Fixed assets are tangible assets held for the production of goods, provision of services, rental or management, and with a useful life of more than one fiscal year and a unit value of more than CNY2,000. A fixed asset is recognized when both of the following conditions are met:

- (1) It is probable that the economic benefits associated with the fixed asset will flow to the enterprise;
- (2) The cost of the fixed asset can be measured reliably.

Fixed assets are initially measured at cost (taking into account the effect of expected disposal costs).

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when it is probable that the economic benefits associated with them will flow to the enterprise and their cost can be measured reliably; for the replaced part, the carrying amount is derecognized; all other subsequent expenditures are charged to current profit or loss when incurred.

2. Depreciation Method

Depreciation of fixed assets is provided using the average annual method, and the depreciation rate is determined based on the category of fixed assets, estimated useful life and estimated net residual value rate. For fixed assets with provision for impairment, the depreciation amount is determined in future periods based on the carrying amount after deducting the provision for impairment and based on the remaining useful life. If each component of fixed assets has different useful lives or provides economic benefits to the enterprise in different ways, different depreciation rates or depreciation methods are selected and depreciated separately.

The depreciation methods, useful lives, residual value rate and annual depreciation

rates of various types of fixed assets are as follows:

No	Category	Useful life (years)	Estimated net residual value rate (%)	Annual depreciation rate
1	Housing and Buildings			
	Including: Buildings	15	3	6.47%
	Housing for production	30	3	3.23%
	Housing for non-production	35	3	2.77%
	Road Facilities	30	3	3.23%
2	Machinery equipment	10-15	3	6.47%~9.70%
3	Transportation equipment	6	3	16.17%
4	Electronic equipment	30	3	3.23%
	Including: Computer	4	3	24.25%
	General testing instruments	7	3	13.86%
	Specialized electronic equipment	8	3	12.13%
	Automated controlling equipment	8	3	12.13%
	Automated controlling meters	8	3	12.13%
5	Others equipment			
	Including: Industrial kiln	7	3	13.86%
	Tools & other production tools	9	3	10.78%
	Transmission equipment	15	3	6.47%
	Non-operational equipment and tools	18	3	5.39%

3. Disposal of fixed assets

Fixed assets are derecognized when they are disposed of, or when no economic benefits are expected to arise from their use or disposal. The disposal proceeds from the sale, transfer, scrapping or destruction of fixed assets, net of their book value and related taxes and fees, are recognized in profit or loss for the current period.

(15) Construction in progress

Construction in progress is measured at the actual cost incurred. Actual costs include construction costs, installation costs, borrowing costs eligible for capitalization and other necessary expenditures incurred to bring the construction in progress to its intended useable condition. Construction in progress is transferred to fixed assets

and depreciated from the following month when it reaches its intended useable state.

(16) Intangible assets

1、Valuation method of intangible assets

(1) The company initially measures intangible assets at cost when they are acquired;

The intangible assets of the Group refer to land use right, ERP system software etc. The cost of intangible assets shall include the purchase price, relevant taxes and other necessary expenditures directly attributable to intangible assets. The cost invested into intangible assets by investors shall be determined according to the stated value in the investment contract or agreement, except for those of unfair value in the contract or agreement. The cost of an externally acquired intangible asset includes the purchase price, related taxes and other expenses directly attributable to bringing the asset to its intended use.

(2) Subsequent measurement

The useful life of an intangible asset is analyzed and determined at the time of acquisition.

For intangible assets with finite useful lives, they are amortized over the period in which they bring economic benefits to the enterprise; if the period in which the intangible assets bring economic benefits to the enterprise cannot be foreseen, they are considered to be intangible assets with indefinite useful lives and are not amortized.

Land use right shall be amortized evenly within the amortization period since the remised date. ERP system software and other intangible assets are amortized over the shortest of their estimated useful life, contractual beneficial period and useful life specified in the law. Amortization charge is included in the cost of assets or expenses, as appropriate, for the period according to the usage of the assets. At the end of the year, for definite life of intangible assets, their estimated useful life and amortization method shall be assessed. Any change shall be treated as change on accounting estimate.

(17) Impairment of long term assets

Long-term equity investments, investment properties measured using the cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, oil and gas assets and other long-term assets are tested for impairment if there is an indication of impairment at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment is made for the difference and an

impairment loss is recorded. The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of estimated future cash flows of the asset. The provision for asset impairment is calculated and recognized on an individual asset basis. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined using the asset group to which the asset belongs. An asset group is the smallest combination of assets that can generate cash inflows independently.

For goodwill resulting from business combinations, intangible assets with indefinite useful lives, and intangible assets that have not yet reached a serviceable status, impairment tests are performed once a year at the end of each year, regardless of whether there is an indication of impairment.

The Company conducts goodwill impairment tests and apportions the carrying value of goodwill formed as a result of a business combination to the relevant asset group from the date of purchase in accordance with a reasonable method; if it is difficult to apportion to the relevant asset group, it is apportioned to the relevant asset group combination. A relevant asset group or a combination of asset groups is an asset group or a combination of asset groups that can benefit from the synergistic effect of a business combination.

When impairment test of the relevant asset group or combination of asset groups that contain goodwill, if there is an indication of impairment of the asset group or combination of asset groups related to goodwill, the asset group or combination of asset groups that do not contain goodwill is first tested for impairment, the recoverable amount is calculated and compared with the relevant carrying amount, and a corresponding impairment loss is recognized. If the recoverable amount is less than the carrying amount, the impairment loss is first reduced by the carrying amount of goodwill apportioned to the asset group or group of assets, and then reduced by the carrying amount of each asset group or group of assets other than goodwill in proportion to its proportionate share of the carrying amount of the other assets. The carrying value of each asset is then reduced by the carrying value of each asset other than goodwill.

Once the above impairment loss is recognized, it will not be reversed in subsequent accounting periods.

(18) Long-term amortization

Long-term amortization is an expense that has been incurred but should be borne by the current and future periods and is apportioned over a period of more than one year. These costs are amortized evenly over the period of benefit. If an item of long-term amortization does not benefit subsequent accounting periods, the unamortized

amortized value of the item is transferred to current profit or loss.

(19) Contract liability

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Contract asset and contract liability originate from same contact shall be listed at net amount.

(20) Employee compensation

1. Accounting for short-term compensation

The Company recognizes actual short-term compensation incurred by employees as a liability in the accounting period in which the employees provide services to the Company, and recognizes it in the current profit or loss or the cost of related assets.

The social insurance premiums and housing fund paid by the Company for its employees, as well as the labor union funds and employee education funds withdrawn in accordance with regulations, are used to determine the corresponding amount of employee compensation in accordance with the prescribed accrual basis and accrual ratio during the accounting period in which the employees provide services to the Company.

Employee benefit expenses incurred by the Company are charged to current profit or loss or the cost of related assets based on the actual amount incurred when incurred, of which non-monetary benefits are measured at fair value.

2. Accounting for post-employment benefits

(1) Defined contribution plan

The Company contributes to basic pension and unemployment insurance for employees in accordance with the relevant local government regulations. During the accounting period in which the employees provide services to the Company, the amount payable is calculated based on the contribution base and ratio set by the local regulations, recognized as a liability, and charged to current profit or loss or cost of related assets. In addition, the Company participates in an enterprise annuity plan/supplemental pension fund approved by the relevant state authorities. The Company contributes a certain percentage of the employees' total salaries to the annuity plans/local social insurance agencies, and the corresponding expenses are recognized in the current profit or loss or cost of related assets.

(2) Defined benefit plans

The Company attributes the benefit obligations arising from the defined benefit plans to the period in which the employees render services in accordance with the formula determined by the expected accumulated benefit unit method, and recognizes them in

current profit or loss or cost of related assets.

The deficit or surplus resulting from the present value of the defined benefit plan obligation less the fair value of the defined benefit plan assets is recognized as a net defined benefit plan liability or net asset. If a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus or asset limit of the defined benefit plan.

All defined benefit plan obligations, including those expected to be paid within twelve months after the end of the annual reporting period in which employees render services, are discounted based on market yields on treasury bonds or high-quality corporate bonds in active markets that match the maturity and currency of the defined benefit plan obligations as of the balance sheet date.

The service cost incurred by the defined benefit plan and the net interest on the net liabilities or net assets of the defined benefit plan are recognized in profit or loss or the cost of the related assets; changes resulting from the remeasurement of the net liabilities or net assets of the defined benefit plan are recognized in other comprehensive income and are not reversed to profit or loss in subsequent accounting periods, and the entire portion previously recognized in other comprehensive income is carried forward to unrecognized earnings to the extent of equity upon termination of the original defined benefit plan. The portion of other comprehensive income within equity is transferred to unappropriated earnings upon termination of the defined benefit plan.

Upon settlement of a defined benefit plan, a gain or loss on settlement is recognized as the difference between the present value of the defined benefit plan obligation and the settlement price determined at the settlement date.

3. Accounting for termination benefits

If the Company provides termination benefits to employees, it recognizes employee compensation liabilities arising from termination benefits and recognizes them in profit or loss at the earlier of: when the Company cannot unilaterally withdraw termination benefits provided as a result of a termination plan or a proposed reduction in force; and when the Company recognizes costs or expenses related to a restructuring involving the payment of termination benefits.

(21) Provision

The Group recognizes a liability when operations related to external guarantees, discounting of commercial acceptances, pending litigation or arbitration, product quality guarantees and other contingencies simultaneously meet the following conditions:

- (1) The obligation is a present obligation assumed by the Company;
- (2) It is probable that the performance of the obligation will result in an outflow of economic benefits to the Company;
- (3) The amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation.

In determining the best estimate, the risks associated with the contingency, uncertainty and the time value of money are considered. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows.

Where a continuous range of expenditures required exists and it is equally probable that various outcomes will occur within that range, the best estimate is determined at the mid-point of the range; in other cases, the best estimate is treated separately as follows:

- Where the contingency relates to a single item, the best estimate is determined in accordance with the most probable occurrence amount.
- If the contingency involves multiple items, it is determined on the basis of various possible outcomes and related probabilities.

If all or part of the expenditure required to settle the estimated liability is expected to be reimbursed by a third party, the amount of reimbursement is recognized separately as an asset when it is substantially certain that it will be received, and the amount of reimbursement recognized does not exceed the carrying amount of the estimated liability.

The Company reviews the carrying amount of the estimated liability at the balance sheet date, and if there is conclusive evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted in accordance with the current best estimate.

(22) Revenue

1. Accounting policies used for revenue recognition and measurement

The Company recognizes revenue when it has fulfilled its performance obligations under a contract, i.e., when the customer obtains control of the relevant goods or services. The acquisition of control of the relevant goods or services is defined as the ability to dominate the use of the goods or services and derive substantially all of the economic benefits therefrom.

If a contract contains two or more performance obligations, the Company apportions the transaction price to each individual performance obligation on the contract commencement date in proportion to the relative share of the individual selling price of the goods or services promised by each individual performance obligation. The Company measures revenue based on the transaction price apportioned to each individual performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled as a result of the transfer of goods or services to the customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to the customer. The Company determines the transaction price in accordance with the terms of the contract, taking into account its past customary practices, and considers the impact of variable consideration, the existence of significant financing components in the contract, non-cash consideration, and consideration payable to the customer in determining the transaction price. The Company determines the transaction price that includes variable consideration by an amount that does not exceed the amount for which it is highly probable that there will be no material reversal of the cumulative recognized revenue at the time the relevant uncertainty is removed. If there is a significant financing component in the contract, the Company determines the transaction price based on the amount payable in cash assuming that the customer will pay for the goods or services as soon as control is obtained, and amortizes the difference between this transaction price and the contract consideration using the effective interest rate method over the term of the contract. Performance obligations are fulfilled within a certain period of time if one of the following conditions is met, otherwise, performance obligations are fulfilled at a certain point in time:

- The customer obtains and consumes the economic benefits resulting from the Company's performance at the same time as the Company's performance.
- The customer is able to control the goods under construction in the course of the Company's performance.
- The goods produced in the course of the Company's performance have irreplaceable use and the Company is entitled to receive payment for the portion of the performance that has been completed to date in the aggregate throughout the term of the contract.

For performance obligations performed within a certain period of time, the Company recognizes revenue in accordance with the progress of performance during that period, except when the progress of performance cannot be reasonably determined. The Company uses the output method or input method to determine the progress of performance, taking into account the nature of the goods or services. When the

progress of performance cannot be reasonably determined, the Company recognizes revenue in the amount of costs already incurred until the progress of performance can be reasonably determined, if the costs already incurred are expected to be reimbursed.

For performance obligations performed at a point in time, the Company recognizes revenue at the point in time when the customer obtains control of the related goods or services. In determining whether the customer has acquired control of the goods or services, the Company considers the following indications:

- The Company has a present right to receive payment for the goods or services, i.e., the customer has a present obligation to pay for the goods or services.
- The Company has transferred legal title to the goods to the customer, i.e., the customer has legal title to the goods.
- The Company has transferred physical possession of the goods to the customer, i.e. the customer has taken physical possession of the goods.
- The Company has transferred the principal risks and rewards of ownership of the goods to the customer, i.e., the customer has acquired the principal risks and rewards of ownership of the goods.
- The customer has accepted the goods or services, etc.

The right to receive consideration for the goods or services that the Group has transferred to the customer is presented as a contract asset, and the contract asset

The contract assets are impaired on the basis of expected credit losses. The Group's unconditional rights to receive consideration from customers are presented as receivables. The Group's obligation to transfer goods or services to customers for consideration received or receivable is presented as a contract liability.

(23) Contract Costs

Contract costs include contract performance costs and contract acquisition costs.

Costs incurred by the Company to perform a contract that are not regulated by the relevant standards, such as inventories, fixed assets or intangible assets, are recognized as contract performance costs as an asset when the following conditions are met:

- The cost is directly related to a contract that is currently or expected to be acquired.
- The cost increases the Company's resources available to meet future performance obligations.
- The cost is expected to be recovered.

Incremental costs incurred by the Company to acquire a contract that are expected to be recovered are recognized as a contract acquisition cost as an asset.

Assets related to contract costs are amortized using the same basis as revenue recognition for the goods or services to which the asset relates; however, for contract acquisition costs that are amortized over a period of less than one year, the Company recognizes them in profit or loss as incurred. If the carrying value of an asset related to the contract cost is higher than the difference between the following two items, the Company provides for impairment of the excess and recognizes an impairment loss on the asset:

1. the remaining consideration expected to be received for the transfer of the goods or services related to the asset
2. the estimated costs to be incurred for the transfer of such related goods or services.

If there is a subsequent change in the factors impaired in prior periods that causes the aforementioned difference to be higher than the carrying amount of the asset, the Company reverses the original provision for impairment and recognizes it in profit or loss, provided that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset at the date of reversal assuming no provision for impairment was made.

(24) Government grants

1. Types

Government grants, which are monetary or non-monetary assets acquired by the Company from the government without compensation, are classified as asset-related government grants and revenue-related government grants.

Government grants related to assets are obtained by the Company for the acquisition and construction or otherwise forming long-term assets. Revenue-related government grants refer to government grants other than asset-related government grants.

The specific criteria for the Company to classify government grants as asset-related are: government grants obtained by the Group and used for the acquisition and construction or otherwise forming long-term assets

The Company's specific criteria for classifying government grants as revenue-related are: government grants other than those related to assets

For those government grants for which the government documents do not specify the objects of the grants, the Company classifies the government grants as asset-related or revenue-related based on the following judgment: the Group makes judgment in accordance with the above-mentioned principles of differentiation, and if it is difficult

to differentiate, the whole is classified as revenue-related government grants.

2. Recognition point

Government grants are recognized when the Company is able to meet the conditions attached to them and when they can be received.

3. Accounting treatment

Government grants related to assets are reduced to the carrying amount of the relevant assets or recognized as deferred income. If recognized as deferred income, it is recognized in profit or loss in accordance with a reasonable and systematic method in installments over the useful life of the relevant assets (if it is related to the Company's daily activities, it is recognized in other income; if it is not related to the Company's daily activities, it is recognized in non-operating income);

Government grants related to revenue, which are used to compensate the Company for relevant costs and expenses or losses in subsequent periods, are recognized as deferred revenue and charged to current profit or loss (to other income if they are related to the Company's ordinary activities; to non-operating income if they are not related to the Company's ordinary activities) or offset against relevant costs and expenses or losses in the period in which the relevant costs and expenses or losses are recognized; to compensate the Company for If it is used to compensate the Company for the related costs or losses incurred, it is directly recognized in profit or loss (other income if it is related to the Company's daily activities; non-operating income if it is not related to the Company's daily activities) or reduced by the related costs or losses.

(25) Deferred income tax assets and deferred income tax liabilities

Income taxes consist of current income taxes and deferred income taxes. The Company recognizes current income tax and deferred income tax in profit or loss, except for income tax arising from business combinations and transactions or events directly recognized in owners' equity (including other comprehensive income).

Deferred income tax assets and deferred income tax liabilities are recognized based on the difference between the tax basis of assets and liabilities and their carrying amounts (temporary differences).

Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences can be utilized. For deductible losses and tax credits that can be carried forward to future years, deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible losses and tax credits can be utilized.

Deferred income tax liabilities are recognized for taxable temporary differences, except under special circumstances.

The special circumstances under which deferred tax assets or deferred tax liabilities are not recognized include

- Initial recognition of goodwill;
- Transactions or events that are neither business combinations nor, when they occur, affect accounting profit and taxable income (or deductible losses).

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, unless the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with investments in subsidiaries, associates and joint ventures when it is probable that the temporary differences will reverse in the foreseeable future and it is probable that future taxable income will be available against which the deductible temporary differences can be utilized.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates applicable to the periods when the related assets are expected to be recovered or the related liabilities settled, in accordance with the tax laws.

At the balance sheet date, the Company reviews the carrying amount of deferred tax assets. The carrying amount of deferred tax assets is written down if it is more likely than not that sufficient taxable income will not be available in future periods to offset the benefit of the deferred tax assets. To the extent that it is probable that sufficient taxable income will be available, the written down amount is reversed.

When there is a legal right to settle on a net basis and the intention is to settle on a net basis or to acquire assets and settle liabilities simultaneously, current income tax assets and current income tax liabilities are stated at the net amount after offsetting.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented on a net basis after offsetting when both of the following conditions are met:

- The taxable entity has the legal right to settle current income tax assets and current income tax liabilities on a net basis;
- Deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity or to different taxable

entities, but in each future period in which it is significant that the deferred income tax assets and liabilities reverse, the taxable entities involved intend to settle the current income tax assets and liabilities on a net basis or to acquire the assets and The reversal of deferred income tax assets and liabilities is a significant transaction.

(26) Lease

A lease is a contract in which the lessor cedes the right to use an asset to the lessee for a certain period of time for consideration. At the inception date of the contract, the Company assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one party to the contract cedes the right to control the use of one or more identified assets for a certain period of time in exchange for consideration.

If a contract contains several separate leases, the Company splits the contract and accounts for each separate lease separately. If a contract contains both lease and non-lease components, the lessee and the lessor split the lease and non-lease components.

1. The Company as lessee

(1) Right-of-use assets

At the commencement date of the lease term, the Company recognizes right-of-use assets for leases other than short-term leases and leases of low-value assets. Right-of-use assets are initially measured at cost. This cost includes:

- the initial measurement amount of the lease liability;
- the amount of lease payments made on or before the commencement date of the lease term, net of amounts related to lease incentives taken if lease incentives exist;
- the initial direct costs incurred by the Company;
- costs that the Company expects to incur to disassemble and remove the leased asset, restore the site where the leased asset is located, or restore the leased asset to the condition agreed upon under the terms of the lease, excluding costs that are part of the costs incurred to produce the inventory.

The Company subsequently depreciates right-of-use assets using the straight-line method. If it is reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, the Company depreciates the leased asset over its remaining useful life; otherwise, the leased asset is depreciated over the shorter of the lease term or the remaining useful life of the leased asset.

The Company determines whether a right-of-use asset is impaired and accounts for the identified impairment loss in accordance with the principles described in Note

3(17), "Impairment of Long-lived Assets".

(2) Lease liabilities

The Company recognizes a lease liability for leases other than short-term leases and leases of low-value assets at the commencement date of the lease term. Lease liabilities are initially measured at the present value of the outstanding lease payments. Lease payments consist of

- fixed payments (including material fixed payments), net of amounts related to lease incentives, if lease incentives exist;
- variable lease payments that are dependent on an index or rate;
- payments expected to be payable based on the residual value of the guarantee provided by the company;
- the exercise price of the purchase option, provided that the company reasonably determines that it will exercise the option;
- the amount to be paid upon exercise of the option to terminate the lease, provided that the lease term reflects that the Company will exercise the option to terminate the lease.

The Company uses the interest rate embedded in the lease as the discount rate, but if the interest rate embedded in the lease cannot be reasonably determined, the Company's incremental borrowing rate is used as the discount rate.

The Company calculates the interest expense on the lease liability for each period of the lease term based on a fixed periodic interest rate, which is included in the current profit or loss or the cost of the related asset.

Variable lease payments that are not included in the measurement of the lease liability are charged to current profit or loss or the cost of the related assets when they are actually incurred.

After the commencement date of the lease term, the Company remeasures the lease liability and adjusts the corresponding right-of-use asset if the carrying value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the difference is recognized in profit or loss for the current period:

- When there is a change in the valuation of the purchase option, lease renewal option or termination option, or when the actual exercise of the aforementioned options is not consistent with the original valuation, the Company remeasures the lease liability at the present value calculated by the changed lease payments and the revised discount rate;

- When there is a change in the substantive fixed payment amount, a change in the amount expected to be payable for the guaranteed residual value, or a change in the index or rate used to determine the lease payment amount, the Company remeasures the lease liability at the present value calculated from the changed lease payment amount and the original discount rate. However, if the change in the lease payment amount results from a change in the floating interest rate, the present value is calculated using the revised discount rate.

(3) Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and to recognize the related lease payments in current profit or loss or the cost of the related assets on a straight-line basis over each period of the lease term. Short-term leases, which are leases with a lease term of not more than 12 months at the commencement date of the lease term and do not include a purchase option. Low-value asset leases, which are leases with a lower value when the single leased asset is a brand-new asset. If the company subleases or expects to sublease the leased assets, the original lease is not a low-value asset lease.

(4) Change of lease

If a lease is changed and the following conditions are met at the same time, the company will account for the lease change as a separate lease:

- the lease modification expands the scope of the lease by adding the right to use one or more leased assets;
- The increased consideration is equivalent to the separate price of the expanded portion of the lease adjusted for the circumstances of that contract.

If a lease modification is not accounted for as a separate lease, at the effective date of the lease modification, the company reapportioned the consideration of the modified contract, redetermined the lease term, and remeasured the lease liability based on the present value of the modified lease payments and the revised discount rate.

If a lease change results in a reduction in the scope of the lease or a shortening of the lease term, the Company reduces the carrying value of the right-of-use asset accordingly and recognizes the gain or loss related to partial termination or complete termination of the lease in profit or loss for the current period. If other lease changes result in the remeasurement of the lease liability, the Company adjusts the carrying value of the right-of-use asset accordingly.

2. The Company as lessor

At the commencement date of the lease, the Company classifies leases into finance leases and operating leases. A finance lease is a lease that transfers substantially all the risks and rewards associated with ownership of the leased asset, regardless of whether ownership is ultimately transferred. Operating leases refer to leases other than finance leases. When the Company acts as a sublease lessor, it classifies the sublease based on the right-to-use assets arising from the original lease.

(1) Accounting for operating leases

Lease receipts under operating leases are recognized as rental income on a straight-line basis over each period of the lease term. The Company capitalizes the initial direct costs incurred in connection with operating leases and apportions them to current profit or loss over the lease term on the same basis as rental income is recognized. Variable lease payments that are not included in the lease receipts are recognized in current profit or loss when they are actually incurred. If a change in an operating lease occurs, the Company accounts for it as a new lease from the effective date of the change, and the amount of lease payments received in advance or receivable in connection with the lease before the change is regarded as the amount of payments received under the new lease.

(2) Accounting for finance leases

On the commencement date of the lease, the Company recognizes finance lease receivables for finance leases and derecognizes finance lease assets. When the Company makes initial measurement of the finance lease receivable, the net lease investment is used as the recorded value of the finance lease receivable. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement date of the lease term discounted at the interest rate embedded in the lease.

The Company calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate. Derecognition and impairment of finance lease receivables are accounted for in accordance with Note 3 (ix) "Financial Instruments" of this note.

Variable lease payments that are not included in the net lease investment measurement are recognized in profit or loss when they are actually incurred.

If a change in a finance lease occurs and the following conditions are met, the Company accounts for the change as a separate lease:

- the change expands the scope of the lease by adding the right to use one or more leased assets;
- the increased consideration is equivalent to the separate price of the expanded

portion of the lease adjusted for the circumstances of that contract.

If a change in a finance lease is not accounted for as a separate lease, the Company treats the changed lease separately in the following circumstances:

- If the change becomes effective on the lease commencement date and the lease would be classified as an operating lease, the Company accounts for it as a new lease from the effective date of the lease change and uses the net investment in the lease prior to the effective date of the lease change as the carrying amount of the leased asset;

- If the change becomes effective on the lease commencement date and the lease is classified as a finance lease, the Company accounts for the lease in accordance with the policy on modification or renegotiation of contracts as described in Note 3 (ix) Financial Instruments.

3. Sale and leaseback transactions

The Company assesses whether the transfer of assets in sale-and-leaseback transactions is a sale in accordance with the principles described in Note 3(22) "Revenue".

(1) As a lessee

If the transfer of assets in a sale-and-leaseback transaction is a sale, the Company, as the lessee, measures the right-of-use asset resulting from the sale-and-leaseback at the portion of the carrying value of the original asset that relates to the right-of-use acquired by the leaseback and recognizes a gain or loss only for the right transferred to the lessor; if the transfer of assets in a sale-and-leaseback transaction is not a sale, the Company, as the lessee, continues to recognize the transferred asset and at the same time recognizes a financial liability equal to the transfer proceeds. The company continues to recognize the transferred asset as a lessee and at the same time recognizes a financial liability equal to the transferred revenue. For details of the accounting treatment of financial liabilities, please refer to Note 3 (9) "Financial Instruments".

(2) As lessor

If the transfer of assets in a sale-and-leaseback transaction is a sale, the Company accounts for the purchase of the assets as a lessor and accounts for the lease of the assets in accordance with the aforementioned policy "2. If the transfer of assets in a leaseback transaction is not a sale, the Company, as the lessor, does not recognize the transferred asset, but recognizes a financial asset equal to the transferred revenue. For details of the accounting treatment of financial assets, please refer to Note 3 (9) "Financial Instruments".

(27) Changes in significant accounting policies and accounting estimates

1. Changes in significant accounting policies

(1) Implementation of Interpretation No. 15 of Accounting Standards for Business Enterprises

On December 30, 2021, the Ministry of Finance issued Interpretation No. 15 of Accounting Standards for Business Enterprises ([2021] No. 35, hereinafter referred to as "Interpretation No. 15").

① Accounting treatment for trial sales

Interpretation No. 15 provides for the accounting treatment and presentation of the sale of products or by-products produced before a fixed asset reaches its intended useable state or in the course of research and development, and stipulates that the net amount of revenues related to trial sales after offsetting costs should not be offset against the cost of fixed assets or research and development expenditures. This provision is effective as of January 1, 2022, and should be retroactively adjusted for trial sales that occurred between the beginning of the earliest period presented in the financial statements and January 1, 2022. The implementation of this regulation did not have a significant impact on the Company's financial position and results of operations.

② Judgment on loss-making contracts

Interpretation No. 15 clarifies that the enterprise in determining whether a contract constitutes a loss contract when considering the "cost of performing the contract" should include both the incremental cost of performing the contract and the amount of the apportionment of other costs directly related to the performance of the contract. This provision is effective as of January 1, 2022, and companies should implement this provision for contracts with all obligations outstanding as of January 1, 2022, with the cumulative effect of adjusting retained earnings and other related financial statement items at the beginning of the year in which the provision is implemented, but not prior period comparative financial statement data. The implementation of this provision did not have a material impact on the Company's financial position and results of operations.

(2) Implementation of Interpretation No. 16 of Accounting Standards for Business Enterprises

On November 30, 2022, the Ministry of Finance issued Interpretation No. 16 of Accounting Standards for Business Enterprises ([2022] No. 31, hereinafter referred to as "Interpretation No. 16").

① Accounting for the income tax effects of dividends related to financial instruments classified as equity instruments by the issuer

Interpretation No. 16 stipulates that for financial instruments classified as equity instruments, if the related dividend expense is deducted before corporate income tax in accordance with the relevant provisions of the tax policy, the income tax effect of the dividend shall be recognized when the dividend payable is recognized, and the income tax effect of the dividend shall be recognized in the current profit or loss or in the current period in a manner consistent with the accounting treatment used for past transactions or events that resulted in distributable profit. (including other comprehensive income).

The regulation is effective from the date of publication. If the relevant dividend payable occurs between January 1, 2022 and the effective date, it shall be adjusted in accordance with the regulation; if it occurs before January 1, 2022 and the relevant financial instruments have not been derecognized as of January 1, 2022, it shall be adjusted retroactively. The implementation of this provision has not had a significant impact on the Company's financial position and results of operations.

② On the accounting treatment of enterprises modifying cash-settled share-based payments to equity-settled share-based payments

Interpretation No. 16 clarifies that if an enterprise modifies the terms and conditions of a cash-settled share-based payment agreement to become an equity-settled share-based payment, the equity-settled share-based payment shall be measured at the fair value of the equity instrument granted on the date of modification, whether it occurs during or after the end of the waiting period, and the acquired services shall be recorded in capital surplus, while derecognizing the cash-settled. The difference between the liability recognized at the date of modification for share-based payments and the liability recognized at the date of modification shall be recognized in profit or loss for the current period.

The regulation is effective from the date of publication, and relevant transactions added from January 1, 2022 to the effective date shall be adjusted in accordance with the regulation; relevant transactions occurring before January 1, 2022 that are not treated in accordance with the regulation shall be retroactively adjusted by adjusting the cumulative effect to retained earnings and other related items as of January 1, 2022, without adjusting the comparative financial statement data of prior periods. The implementation of this provision did not have a material impact on the Company's financial position and results of operations.

IV. Taxation

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

Tax	Tax base	Tax rate
Value-added tax (VAT)	The output tax is calculated on the basis of the income from the sale of goods and taxable services calculated in accordance with the provisions of the tax law, and after deducting the input tax allowed to be deducted in the current period, the difference is the value-added tax payable	13%,9%,6%,5%
City construction tax	Value-added tax payables	7%
Education surcharge	Value-added tax payables	3%
Local education surcharge	Value-added tax payables	2%
Enterprise income tax (EIT)	Current period taxable profit	15% or 25%
Real estate tax	70% of cost of own property or revenue from leasing property	1.2% or 12%
Land use tax	Land using right area	CNY 6 per square meter

Notes: EIT rate for different tax payer

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 preference

The company obtained the qualification of high and new technology enterprises at 3 December, 2020. The Certificate No is GR202021200656, and the validity duration is three years. The subsidiary of the Company, Wazhou Liaoyang Bearing construction Co., Ltd obtained the qualification of high and new technology enterprises at 15 September, 2020. The Certificate No is GR202021000550 and the validity duration is three years. According to the tax law, the company can be granted for the preferential tax policy of enterprise income tax rate of 15% in three years.

V. Notes to Consolidated Financial Statements

i. Monetary Funds

Items	Closing balance	Opening balance
Cash on hand	292.91	8,510.17
Cash in bank	227,356,998.46	209,839,386.25
Other cash and cash equivalents	103,389,415.51	76,628,805.27
Total	330,746,706.88	286,476,701.69

Note: The following is a breakdown of monetary funds that are subject to restrictions on use due to mortgages, pledges or freezes, restrictions on withdrawals due to centralized management of funds, and restrictions on repatriation of funds placed abroad:

Items	Items	Opening balance
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Items	Items	Opening balance
Bank Acceptance Deposit	75,389,415.51	76,628,805.27
Letter of Credit Margin	28,000,000.00	
Total	103,389,415.51	76,628,805.27

ii. Transactional financial assets

Items	Closing balance	Opening balance
1. Financial asset measured at fair value through P&L	243,454.50	322,037.93
Among them: Debt instrument investment	-	-
Equity instrument investment	243,454.50	322,037.93
Others	-	-
Total	243,454.50	322,037.93

iii. Note receivable

1. Types of notes

Items	Closing balance	Opening balance
Bank acceptance notes	415,924,381.54	445,227,090.19
Trade acceptance notes	58,140,598.48	65,722,577.37
Total	474,064,980.02	510,949,667.56
Less: Provision for impairment	4,280,386.41	2,978,533.87
Total	469,784,593.61	507,971,133.69

2. Pledged notes receivable up to the end of year.

Items	Closing pledged amount
Bank acceptance notes	20,228,644.00
Total	20,228,644.00

3. Notes receivable endorsed or discounted but not mature at the end of year

Items	Closing amount no more recognized	Closing amount still recognized
Bank acceptance notes		349,325,619.89
Trade acceptance notes		27,768,711.36
Total		377,094,331.25

iv. **Account receivable**1. **Category of accounts receivable listed by age**

Aging	Closing Balance	Opening balance
Within 1 year	1,007,255,429.21	862,920,154.04
1-2 years	169,054,402.12	213,779,196.18
2-3 years	36,587,357.00	21,417,496.30
3-4 years	8,448,563.73	14,967,320.03
4-5 years	14,065,231.25	12,583,629.66
Over 5 years	36,192,353.92	25,781,206.68
Total	1,271,603,337.23	1,151,449,002.89
Less: Provision for bad debt	135,308,007.64	151,994,694.49
Total	1,136,295,329.59	999,454,308.40

2. **Category of accounts receivable**

Items	Closing Balance				
	Booking balance		Provision		Booking value
	Amount	%	Amount	%	
Accounts receivable with individual bad debt provision	77,765,538.08	6.12	77,765,538.08	100.00	
Accounts receivable with bad debt provision based on the characters of credit risk portfolio	1,193,837,799.15	93.88	57,542,469.56	4.82	1,136,295,329.59
-Aging portfolio	937,128,769.48	73.70	57,542,469.56	6.14	879,586,299.92
-Related party portfolio	256,709,029.67	20.19			
Total	1,271,603,337.23	100.00	135,308,007.64		1,136,295,329.59

(Continued)

Items	Opening Balance				
	Booking balance		Provision		Booking value
	Amount	%	Amount	%	

Accounts receivable with individual bad debt provision	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	1,064,444,421.51	92.44	64,990,113.11	6.11	999,454,308.40
-Aging portfolio	889,978,615.10	77.29	64,990,113.11	7.30	824,988,501.99
-Related party portfolio	174,465,806.41				
Total	1,151,449,002.89	100.00	151,994,694.49		999,454,308.40

Bad debt provision for accounts receivable at the end of year based on individual:

Debtors name	Closing Balance			
	Accounts receivable	Provision for bad debts	Proportion (%)	Reasons for provision
Wazhou Group Special Steel Co., Ltd	5,092,669.00	5,092,669.00	100.00	uncollectable
Liaoning Yinheng Galvanized Colored Coated Steel Sheet Co. Ltd	3,213,308.67	3,213,308.67	100.00	uncollectable
Shandong Hengji New Materials Co., Ltd	2,284,666.96	2,284,666.96	100.00	uncollectable
Heilongjiang Longmei Logistics Co., Ltd	2,134,140.98	2,134,140.98	100.00	uncollectable
Shandong Yuanda Board Technology Co., Ltd	1,804,722.77	1,804,722.77	100.00	uncollectable
Yingkou Iron & Steel Co. Ltd	1,696,318.44	1,696,318.44	100.00	uncollectable
HBIS Company Limited Handan Branch	1,608,611.42	1,608,611.42	100.00	uncollectable
An Gang steel Co.,Ltd	1,595,050.69	1,595,050.69	100.00	uncollectable
Bazhou Tianli Tube Co., Ltd	1,325,600.76	1,325,600.76	100.00	uncollectable
Zhejiang Yesheng New Material Co. Ltd	1,301,760.00	1,301,760.00	100.00	uncollectable
CITIC Heavy Industries Co.,Ltd	1,128,791.54	1,128,791.54	100.00	uncollectable
HenanTaihang Vibration Machinery Co., Ltd	989,207.41	989,207.41	100.00	uncollectable
Donghai New Material Co. Ltd	942,558.20	942,558.20	100.00	uncollectable
Shanghai Jieru Heavy Industry Mechanical Equipment Co., Ltd	923,603.80	923,603.80	100.00	uncollectable
Tangshan Guofeng Iron and Steel Co. LTD	883,297.41	883,297.41	100.00	uncollectable
Jilin Chengzhong Auto Parts Co., Ltd	872,874.22	872,874.22	100.00	uncollectable

Shandong Changhua Machinery Technology Co., Ltd	846,943.06	846,943.06	100.00	uncollectable
Wanxin(Deyang) Engineering & Equipment Co., Ltd. of China National Erzhong Group	795,887.92	795,887.92	100.00	uncollectable
Benxi Beiyang Steel (Group) Co. Ltd	775,804.98	775,804.98	100.00	uncollectable
Shantui Construction Machinery Co., Ltd	772,850.38	772,850.38	100.00	uncollectable
Zhongguang Keji(Fujian)Co.,Ltd.	761,374.62	761,374.62	100.00	uncollectable
Shandong Yuntong New Material Technology Co. Ltd	711,438.94	711,438.94	100.00	uncollectable
Dongfeng Transmission Co.,Ltd	704,098.23	704,098.23	100.00	uncollectable
Shanghai Weiqiang Heavy Industry Mechanic Co.,Ltd	673,595.42	673,595.42	100.00	uncollectable
Dalian Tianyuan Motor Co.,Ltd	666,383.31	666,383.31	100.00	uncollectable
Shanxi Hongda Iron&Steel Co.,Ltd	657,373.00	657,373.00	100.00	uncollectable
Shaanxi Hande Axle Co., Ltd. Xi'an Branch	644,075.33	644,075.33	100.00	uncollectable
Dandong Shuguang Heavy Axle Co., Ltd	642,833.42	642,833.42	100.00	uncollectable
Hangzhou Advance Gearbox Group Co., Ltd	634,135.80	634,135.80	100.00	uncollectable
Wolong Electric Huai 'an Qingjiang Motor Co. Ltd	601,859.03	601,859.03	100.00	uncollectable
Xingtai Iron and Steel Co., Ltd	590,148.98	590,148.98	100.00	uncollectable
Qinghai Lufeng New Material Co., Ltd	525,743.44	525,743.44	100.00	uncollectable
Xi 'an Zhuoshibo Hydraulic Engineering Co., Ltd	514,938.87	514,938.87	100.00	uncollectable
Jiangsu Leche Heavy Industry Machinery Co. LTD	506,477.77	506,477.77	100.00	uncollectable
Bengang Steel Plates Co., Ltd	487,064.68	487,064.68	100.00	uncollectable
Dongfeng Commercial Vehicle Co., Ltd	486,019.87	486,019.87	100.00	uncollectable
Gaotang Lvyin Environmental Protection Technology Co. Ltd	477,691.81	477,691.81	100.00	uncollectable
Mudanjiang Reduction Gears Factory	467,905.65	467,905.65	100.00	uncollectable
Shandong Zhangqiu Blower Co.,Ltd.	461,708.13	461,708.13	100.00	uncollectable
07-256 Factory	460,854.77	460,854.77	100.00	uncollectable
Beijing Jingcheng Star Technology Development Co., Ltd	450,000.00	450,000.00	100.00	uncollectable

Hunan Chaoyang Mechanic & Electric Co.,Ltd	446,627.60	446,627.60	100.00	uncollectable
Liaoyang Sudong Trade Co.,Ltd	444,946.96	444,946.96	100.00	uncollectable
Shandong Guanzhou Co., Ltd	434,439.09	434,439.09	100.00	uncollectable
XEMC	416,549.65	416,549.65	100.00	uncollectable
Shanxi Taigang Stainless Steel Co.,Ltd.	402,332.21	402,332.21	100.00	uncollectable
Chengdu Gaoyuan Electromechanical Equipment Co.,Ltd.	383,615.52	383,615.52	100.00	uncollectable
Boshan Motor Group Co.,Ltd	373,700.65	373,700.65	100.00	uncollectable
Xuzhou Xugong Material Supply Co., Ltd	373,237.55	373,237.55	100.00	uncollectable
Qingdao Shuangxing Tire Industry Co. Ltd	371,251.58	371,251.58	100.00	uncollectable
Shandong Quanlin Group Co. Ltd	370,734.92	370,734.92	100.00	uncollectable
Liaohu Mechanic Co.,Ltd	362,280.30	362,280.30	100.00	uncollectable
Nanjing Institute of Astronomical Optics&Technology,CAS	352,660.01	352,660.01	100.00	uncollectable
Min Metals Yingkou Medium Plate Co.,Ltd.	351,890.29	351,890.29	100.00	uncollectable
Tai'an Tianhua Economic and Trade Co., Ltd	346,554.01	346,554.01	100.00	uncollectable
Guanxian Hongshun Composite Materials Co., Ltd	343,820.00	343,820.00	100.00	uncollectable
Hengfengtai Precision Machinery Co., Ltd	318,948.38	318,948.38	100.00	uncollectable
Shandong Tancheng Xinya Light Industry Machinery Co. Ltd	318,488.87	318,488.87	100.00	uncollectable
Northeast Special Steel Group Beiman Special Steel Co. Ltd	315,004.72	315,004.72	100.00	uncollectable
Shenji Group Kunming Machine Tool Company Limited	312,093.91	312,093.91	100.00	uncollectable
Shengli Oilfield Yinghai Building Materials Co.	310,948.58	310,948.58	100.00	uncollectable
Taicang Hu Tai Chang'e Paper Equipment Co. Ltd	310,361.32	310,361.32	100.00	uncollectable
Shaanxi Hande Axle Co., Ltd	309,157.59	309,157.59	100.00	uncollectable
Pingdingshan Tianan Coal Industry Co., Ltd	305,579.25	305,579.25	100.00	uncollectable

Pangang Group Chengdu Iron&Steel Co.,Ltd.	303,305.45	303,305.45	100.00	uncollectable
Hebei Jinxi Iron & Steel Group Co. Ltd	301,978.67	301,978.67	100.00	uncollectable
Harbin Hakuo Electric Power Technology Co. Ltd	297,905.32	297,905.32	100.00	uncollectable
Shaft Sales Branch of Wax Axis Group Liaoyang Bearing Manufacturing Co.	294,203.05	294,203.05	100.00	uncollectable
Sichuan Ningjiang Shanchuan Machinery Co., Ltd	288,157.60	288,157.60	100.00	uncollectable
Jiangsu Xinrui Gear System Co. Ltd	286,949.88	286,949.88	100.00	uncollectable
China erzhong group (deyang)jingheng driving equipment co.ltd	286,935.03	286,935.03	100.00	uncollectable
Siemens Electric Motor (China) Co., Ltd	284,110.82	284,110.82	100.00	uncollectable
Langfang Shenhua Industry and Trade Co., Ltd	282,645.16	282,645.16	100.00	uncollectable
Taiyuan Heavy Industry Co., Ltd	275,596.93	275,596.93	100.00	uncollectable
Shandong Guanpeng Latten Co.,Ltd	273,748.84	273,748.84	100.00	uncollectable
Baotou Tianlihanfa Mechanic & Electric Co.,Ltd	273,597.67	273,597.67	100.00	uncollectable
ZHUZHOU GEAR CO.,LTD.	270,087.40	270,087.40	100.00	uncollectable
Sinosteel Xi'an Heavy Machinery Co., Ltd	265,321.47	265,321.47	100.00	uncollectable
Anhui Jianghuai Automobile Group Co., Ltd. Light Commercial Vehicle Branch	264,521.67	264,521.67	100.00	uncollectable
Baoji Zhongyi Industry and Trade Co. Ltd	256,372.12	256,372.12	100.00	uncollectable
Shandong Huali Motor Group Suzhou Manufacturing Co., Ltd	244,801.28	244,801.28	100.00	uncollectable
Zibo Boshanqianjin Reduction Gears Co.,Ltd o. Ltd	244,579.32	244,579.32	100.00	uncollectable
Yanggu Dangyu Sheet Co., Ltd	243,280.00	243,280.00	100.00	uncollectable
Tonghua Iron & Steel Co. Ltd	240,568.39	240,568.39	100.00	uncollectable
Shijiazhuang Qiangda Slurry Pump Co.,Ltd	238,749.98	238,749.98	100.00	uncollectable
Inner Mongolia Hongji Technology New Energy Co., Ltd	231,610.81	231,610.81	100.00	uncollectable
Taizhong Coal Machine Co.,Ltd	215,142.12	215,142.12	100.00	uncollectable

Qinhuangdao Shouqin Metal Material Co. Ltd	213,911.48	213,911.48	100.00	uncollectable
Chongqing Iron Horse Industry Group Co., Ltd	211,196.98	211,196.98	100.00	uncollectable
SAIC IVECO Hongyan Commercial Vehicle Co., Ltd	210,860.60	210,860.60	100.00	uncollectable
Shandong Quanlin Straw Utilization Co. Ltd	207,409.46	207,409.46	100.00	uncollectable
Panzhuhua Steel Group Panzhuhua Steel Vanadium Co.,Ltd.	203,004.70	203,004.70	100.00	uncollectable
Fujian Wuhang Stainless Steel Products Co., Ltd	202,936.71	202,936.71	100.00	uncollectable
Taizhou Luqiaomei Motor Car Co.,Ltd	200,562.00	200,562.00	100.00	uncollectable
Xinxiang Xinlan Beike Libration Electric Machinery Co.,Ltd.	200,000.00	200,000.00	100.00	uncollectable
Tianjin Rongtai Advanced Composite Material Co.,Ltd	200,000.00	200,000.00	100.00	uncollectable
Baoji Huawei Mine Machinery Co.,Ltd.	200,000.00	200,000.00	100.00	uncollectable
Hebei Wenfeng Iron & Steel Co. Ltd	197,979.65	197,979.65	100.00	uncollectable
Suzhou Zhanwang Mechanic & Electric Co.,Ltd	192,173.26	192,173.26	100.00	uncollectable
Zhucheng Shuguang Axle Co., Ltd	191,824.38	191,824.38	100.00	uncollectable
Guangzhou Motor Co.,Ltd	189,128.68	189,128.68	100.00	uncollectable
Jiangsu Xuzhou Forging Machine Tool Factory Group Co., Ltd	188,906.34	188,906.34	100.00	uncollectable
Hubei Wazhou Xinsheng Technology Co., Ltd	188,136.00	188,136.00	100.00	uncollectable
Hanbang(Jiangyin)Petrochemical Co.,Ltd.	187,499.99	187,499.99	100.00	uncollectable
Handan Sida Electric Co., Ltd	186,191.80	186,191.80	100.00	uncollectable
Nanjing Light Industry Machinery Factory	185,079.54	185,079.54	100.00	uncollectable
Shanghai Sule Textile Machinery Co., Ltd	176,984.10	176,984.10	100.00	uncollectable
Shijiazhuang Electric Machinery Co., Ltd	172,543.31	172,543.31	100.00	uncollectable
Xuzhou Zhongcai Equipment Heavy Machinery Co. Ltd	170,930.05	170,930.05	100.00	uncollectable
Taiyuan Tongze Heavy Industry Co., Ltd	170,178.79	170,178.79	100.00	uncollectable

Shanghai Zhongli Machinery Manufacturing Co., Ltd	164,864.37	164,864.37	100.00	uncollectable
Xuzhou Meichi Vehicle and Bridge Co., Ltd	163,037.45	163,037.45	100.00	uncollectable
Siping Blower Co., Ltd	160,053.21	160,053.21	100.00	uncollectable
Anyang Coal Mine Electrical Machinery Factory	159,537.60	159,537.60	100.00	uncollectable
Xiangdian Heavy Equipment Co., Ltd	158,854.17	158,854.17	100.00	uncollectable
Zhongshan Weite Motor Co., Ltd	158,593.79	158,593.79	100.00	uncollectable
Shanxi Electric Machinery Factory	158,021.97	158,021.97	100.00	uncollectable
Shandong Kerui Steel Plate Co.,Ltd.	156,702.16	156,702.16	100.00	uncollectable
Hubei Quanli Machinery Group Co. Ltd	152,489.82	152,489.82	100.00	uncollectable
Anshan Iron and Steel Co., Ltd.	150,734.55	150,734.55	100.00	uncollectable
Wafangdian Hongda Constant Velocity Joint Manufacturing Co., Ltd	148,466.32	148,466.32	100.00	uncollectable
Xinxiang Risheng CNC Bearing Equipment Co., Ltd	141,314.86	141,314.86	100.00	uncollectable
Shandong Maiteli Heavy Machinery Co., Ltd	137,806.10	137,806.10	100.00	uncollectable
Shenzhen Geesun Intelligent Technology Co., Ltd.	133,560.00	133,560.00	100.00	uncollectable
Anhui Anfeng Fan Co., Ltd	131,355.36	131,355.36	100.00	uncollectable
Shanghai Sule Textile Machinery Co., Ltd	126,752.70	126,752.70	100.00	uncollectable
Zhejiang Zhonghong Motor Co.	126,348.05	126,348.05	100.00	uncollectable
Shenyang Qunding Machinery Equipment Co., Ltd	126,286.35	126,286.35	100.00	uncollectable
Tangshan Dunshi Machinery Manufacturing Co. Ltd	124,474.60	124,474.60	100.00	uncollectable
Nantong Hengrong Machine Pump Factory Co. Ltd	123,407.18	123,407.18	100.00	uncollectable
Guangxi Tianyang Huamei Paper Co. Ltd	122,629.00	122,629.00	100.00	uncollectable
NFC Shenyang Metallurgical Machinery Co.,Ltd.	121,909.54	121,909.54	100.00	uncollectable
Hubei Tongfang High-tech Pump Co., Ltd	121,727.00	121,727.00	100.00	uncollectable
Harbin First Machinery Manufacturing Group Co., Ltd	121,033.33	121,033.33	100.00	uncollectable

Nantong Electric Machinery Factory	113,634.74	113,634.74	100.00	uncollectable
Shanghai Yaotai Engineering Technology Co., Ltd	113,054.61	113,054.61	100.00	uncollectable
Qinhuangdao Huaye Motor Co., Ltd	111,564.44	111,564.44	100.00	uncollectable
Beijing Institute of Machinery Industry Automation	111,484.00	111,484.00	100.00	uncollectable
Shandong Baoding Coal Coking Co. Ltd	110,528.29	110,528.29	100.00	uncollectable
Lingyuan Iron&Steel Co.,Ltd.	110,000.00	110,000.00	100.00	uncollectable
Shenyang Shangqi Automotive Gearbox Co.,Ltd.	109,908.15	109,908.15	100.00	uncollectable
Dalian Dalma Motor Co., Ltd	109,553.86	109,553.86	100.00	uncollectable
TISCO Group Dongfang Steel Co.	108,997.44	108,997.44	100.00	uncollectable
YINGKOU JIACHEN COKING & CHEMICAL INCORPORATION	108,451.55	108,451.55	100.00	uncollectable
Tianma Automobile Group Co.,Ltd.	107,121.10	107,121.10	100.00	uncollectable
Shenyang Sanming Heavy Industry Machinery Co., Ltd	105,807.39	105,807.39	100.00	uncollectable
Tongchuan Explosion-Proof Electric Machine Factory	105,476.07	105,476.07	100.00	uncollectable
Weichai Medium-Sized Diesel Engine (Weifang) Co., Ltd	104,548.21	104,548.21	100.00	uncollectable
China Pingmei Shenma Energy & Chemical Group Co.	104,296.17	104,296.17	100.00	uncollectable
DBI USA, Inc.	102,568.64	102,568.64	100.00	uncollectable
Jiamusi Jichi Tractor Manufacturing Co.,Ltd.	101,605.17	101,605.17	100.00	uncollectable
Changchun Generating Equipment Co.,Ltd.	100,536.11	100,536.11	100.00	uncollectable
Yangmei Xinzhou General Machinery Co., Ltd	100,447.88	100,447.88	100.00	uncollectable
Others	10,334,775.34	10,334,775.34	100.00	uncollectable
Total	77,765,538.08	77,765,538.08		

Provision for bad debts is made on a portfolio basis:

Combined accrual items:

Aging	Closing Balance		
	Accounts receivable	Provision for bad debts	Proportion (%)
Within 1 year	825,146,577.43	41,257,328.85	5.00
1-2 years	81,957,492.43	8,195,749.24	10.00
2-3 years	26,783,170.73	5,356,634.15	20.00
3-4years	892,038.53	446,019.27	50.00
4-5years	313,761.53	251,009.22	80.00
Over 5 years	2,035,728.83	2,035,728.83	100.00
Related Party Portfolio	256,709,029.67		
Total	1,193,837,799.15	57,542,469.56	

Provision for bad debts charged off, reversed or recovered during the period:

Category	Opening balance	Change during the year
		Accrued
Provision for bad debt	151,994,694.49	-3,743,964.33
Total	151,994,694.49	-3,743,964.33

(Continued)

Category	Opening balance	Change during the year		Closing Balance
		Collect/carry over	Written-off	
Provision for bad debt	151,994,694.49	-9,541,570.95	3,401,151.57	135,308,007.64
Total	151,994,694.49	-9,541,570.95	-	135,308,007.64

3.Accounts receivable written off in current period:

Item	Written-off Amount
Accounts receivable written off	3,401,151.57

4.Significant amount written off:

Company name	Nature of receivable	Amount	Reason	Procedure to be performed	Caused by related party
Jinzhai Pengfei Steel Structure and Steel Frame Engineering Co.	Trade payment	246,400.00	Unable to recover	Internal approval	N
Yixing Machinery Co.	Trade payment	138,484.00	Unable to recover	Internal approval	N
Dalian Transmission Technology Development Co.	Trade payment	135,433.03	Unable to recover	Internal approval	N
Jiangsu Suye Heavy Industry Machinery Manufacturing Co.	Trade payment	184,530.46	Unable to recover	Internal approval	N
Yichang Jiandao Trading Co.	Trade payment	226,995.16	Unable to recover	Internal approval	N
Yichang Guocheng Coated Sheet Co.	Trade payment	295,452.00	Unable to recover	Internal approval	N
Fujian Nandian Electric Co.	Trade payment	101,940.70	Unable to recover	Internal approval	N
Wuxi Yutong Bearing Co.	Trade payment	149,427.42	Unable to recover	Internal approval	N
Wuxi Shangji CNC Co.	Trade payment	114,412.20	Unable to recover	Internal approval	N
North Heavy Industries Group Limited Branch	Trade payment	739,585.00	Unable to recover	Internal approval	N
Total		2,332,659.97			

5. The top five significant accounts receivable categorized by debtors:

Debtors name	Closing Balance	Proportion of Receivable(%)	Provision closing balance
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China National Railway Group Corporation and its subsidiaries	92,797,636.70	7.30	4,727,751.02
Wazhou Group Precision Roller Co., Ltd	84,978,681.79	6.68	-
Wafangdian Bearing Group Wind Power Bearing Co.	51,601,405.24	4.06	-
Wafangdian Bearing Group Precision Bearing Transmission Co., Ltd	38,999,730.40	3.07	-
Wafangdian Bearing Group Precision Transmission Bearings Co.	30,335,154.70	2.39	-
Total	298,712,608.83	23.50	4,727,751.02

v. Financing receivable:

1. Receivables financing

Items	Closing Balance	Opening Balance
Bank acceptance notes	30,996,930.63	28,115,340.20
Total	30,996,930.63	28,115,340.20

Changes in receivables financing during the period and changes in fair value

Items	Opening Balance	New in this period	Derecognition during the period	Other changes	Closing Balance	Accumulated provision for losses recognized in other comprehensive income
Bank acceptance notes	28,115,340.20	30,996,930.63	28,115,340.20		30,996,930.63	
Total	28,115,340.20	30,996,930.63	28,115,340.20		30,996,930.63	

vi. Prepayment

1. Aging of advances to suppliers

Items	Closing Balance	Opening Balance
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	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	52,055,924.36	98.40	45,584,745.37	98.44
1 to 2 years	543,392.56	1.03	661,075.82	1.43
2 to 3 years	301,749.09	0.57	59,879.31	0.13
More than 3 years				
Total	52,901,066.01	100.00	46,305,700.50	100.00

2. The top five significant advances to suppliers categorized by debtors

Items	Closing Balance	Proportion of Receivable (%)
Jianlong Beiman Special Steel Co., Ltd.	16,255,135.37	30.73
Daye Special Steel co.,Ltd	14,378,868.22	27.18
Fushun Special Steel Co., Ltd	13,526,255.06	25.57
Ben Steel Plate Co.	1,311,749.09	2.48
Vermas Precision Forgings (Dalian) Co.	1,172,940.00	2.22
Total	46,644,947.74	88.18

vii. Other receivables

Items	Closing Balance	Opening Balance
Interest receivable	-	-
Dividend receivable	-	-
Other receivable	10,555,282.33	9,531,860.12
Total	10,555,282.33	9,531,860.12

1、Other receivables

(1) Disclosure by age:

Aging	Closing Balance	Opening Balance
Within 1 year (including 1year)	8,149,792.09	8,533,992.78
1-2 years	3,131,360.53	1,384,966.15
2-3 years	520,211.96	282,226.99

3-4years	254,121.72	1,926,289.81
4-5years	119,264.25	165,000.00
Over 5 years	5,508,712.55	6,347,099.40
Total	17,683,463.10	18,639,575.13
Less: Provision for bad debt	7,128,180.77	9,107,715.01
Total	10,555,282.33	9,531,860.12

(2) Categories of other receivable

Items	Closing Balance				Booking balance
	Booking balance		Provision		
	Amount	%	Amount	%	
Provision for bad debts is made on an individual basis	4,667,065.27	26.39	4,667,065.27	100.00	
Provision for bad debts by portfolio	13,016,397.83	73.61	2,461,115.50	18.91	10,555,282.33
Among them:					
Account receivable aging portfolio	11,512,069.85	65.10	2,461,115.50		65.10
Risk-free portfolio	1,450,322.45	8.20	-	-	
Related party portfolio	54,005.53	0.31	-	-	
Total	17,683,463.10	100.00	7,128,180.77		10,555,282.33

(Continued)

Items	Opening Balance				Booking balance
	Booking balance		Provision		
	Amount	%	Amount	%	
Provision for bad debts is made on an individual basis	6,212,666.84	33.33	6,212,666.84	100.00	
Provision for bad debts by portfolio	12,426,908.29	66.67	2,895,048.17	23.30	9,531,860.12
Among them:					
Account receivable aging portfolio	7,721,348.32	41.42	2,895,048.17	37.49	4,826,300.15

Risk-free portfolio	4,655,780.58	24.98		
Related party portfolio	49,779.39	0.27		49,779.39
Provision for bad debts is made on an individual basis	6,212,666.84	33.33	6,212,666.84	100.00
Total	18,639,575.13	100.00	9,107,715.01	9,531,860.12

Provision for bad debts is made on an individual basis:

Items	Closing Balance			
	Booking balance	Provision	Accrual rate(%)	Reason for accrual
Other receivables with individual bad debt provision	4,667,065.27	4,667,065.27	100.00	uncollectable
Total	4,667,065.27	4,667,065.27		

Provision for bad debts by portfolio:

Combined accrual items:

Items	Closing Balance		
	Other receivables	Provision	Accrual rate(%)
Account receivable aging portfolio	11,512,069.85	2,461,115.50	21.38
Risk-free portfolio	1,450,322.45		
Provision for bad debts is made on an individual basis	54,005.53		
Total	13,016,397.83	2,461,115.50	

(3) Categories of other receivable:

Provision for bad debt	1 st stage	2 nd stage	3 rd stage	Total
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	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	-	-	-	-
--transfer to 2 nd stage	-	-	-	-
-- transfer to 3 rd stage	-	-	-	-
--reverse to 2 nd stage	-	-	-	-
--reverse to 1 st stage	-	-	-	-
Accrued	-1,967,408.54	-	-	-1,967,408.54
Reversed	-	-	-	-
Recollected	-	-	-	-
Written off	12,125.70	-	-	12,125.70
Others	-	-	-	-
Balance on December 31, 2022	7,128,180.77	-	-	7,128,180.77

(4) Provision for bad debts charged off, reversed or recovered during the period

Category	Opening balance	Change during the year			Closing Balance
		Accrued	Collected/reversed	Written-off	
Closing Balance	9,107,715.01	-		12,125.70	7,128,180.77
Total	9,107,715.01	1,967,408.54		12,125.70	7,128,180.77

(5) Other receivable written off in current period

Items	written off
Other receivable written off in current period	12,125.70

(6) The categories of other receivable by nature

Nature	Closing Balance	Opening Balance
Security deposit	7,570,216.18	4,761,096.29
Personal petty cash	1,464,007.16	95,518.64
Others	8,649,239.76	13,782,960.20
Total	17,683,463.10	18,639,575.13

(7) Other receivables from the top 5 debtors

Name	Category	Closing Balance	Aging	% of the total	Closing Balance of Provision
Anhui Conch Cement Co	Guarantee	1,300,000.00	Within 1 year	7.35	65,000.00
Dalian Power Supply Company of State Grid Liaoning Province Electric Power Co.	Prepay bill	955,184.11	Within 1 year	5.40	
Sinotrans Logistics Co.	Guarantee	800,000.00	Within 1 year	4.52	40,000.00
Shanghai Zhenhua Port Machinery Heavy Industry Co.	Guarantee	400,000.00	Within 1 year	2.26	20,000.00
Shenyang Rail Vehicle Co.	Guarantee	337,500.00	Within 1 year	1.91	20,000.00
Total	—	3,792,684.11	—	21.44	145,000.00

viii. Inventories

1、Categories of inventories

Items	Closing Balance	Opening Balance
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	Book value	Provision for decline in value of inventories / provision for impairment of contract performance costs	Net book value	Book value	Provision for decline in value of inventories / provision for impairment of contract performance costs	Net book value
Raw materials	65,513,831.20	14,443,357.39	51,070,473.81	57,373,892.68	6,066,317.93	51,307,574.75
Low-value consumable	507,593.55		507,593.55	1,849,446.76		1,849,446.76
Finished goods	554,976,127.46	121,372,831.96	433,603,295.50	635,794,071.69	139,762,806.18	496,031,265.51
Goods on transit	476,795.20		476,795.20	13,657,527.28		13,657,527.28
Semi-finished goods	189,136,443.02	28,175,457.17	160,960,985.85	161,638,949.72	13,872,799.82	147,766,149.90
Total	810,610,790.43	163,991,646.52	646,619,143.91	870,313,888.13	159,701,923.93	710,611,964.20

Note: The amount of self-made semi-finished products includes the balance of in-process products.

2、Provision for decline in value of inventories and provision for impairment of contract performance costs

Items	Opening Balance	Increase		Decrease		Closing Balance
		Accrual	Other	Reverse/ Written-off	Others transferred	
Raw materials	6,066,317.93	8,738,145.40		361,105.94		14,443,357.39

Finished goods	139,762,806.18	28,520,161.93		46,910,136.15		121,372,831.96
Semi-finished goods	13,872,799.82	17,140,583.66		2,837,926.31		28,175,457.17
Total	159,701,923.93	54,398,890.99		50,109,168.40		163,991,646.52

Note: According to the regulations of the Company's inventory provision for decline in value, at the balance sheet date, for inventory whose cost is higher than its net realizable value, each unit shall provide for inventory decline in value and include it in the current profit and loss, and the amount of provision for inventory decline in value was ¥54,398,890.99 for the current year based on the test results.

ix. Contract assets

1、Contract assets detail

Items	Closing Balance			Opening balance		
	Book value	Provision for decline	Net book value	Book value	Provision for decline	Net book value
contract to be performed	633,027.20	31,651.36	601,375.84	3,961,875.32	198,093.77	3,763,781.55
Total	633,027.20	31,651.36	601,375.84	3,961,875.32	198,093.77	3,763,781.55

2、Provision for decline of contract assets of current period

Items	Opening balance	Accrual	Reverse	Written-off	Closing Balance	Reason
contract to be performed	198,093.77	31,651.36	198,093.77		31,651.36	-
Total	198,093.77	31,651.36	198,093.77		31,651.36	

x. Other current assets

Items	Closing Balance	Opening Balance
VAT to be verified	12,418,324.43	
VAT to be deducted	3,257,445.02	5,578,651.12
Advance income tax	5,830.38	49,299.96

Total	15,681,599.83	5,627,951.08
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xi. Other equity instrument investment

Investments 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

xii. Investment property

Investment property measured as cost method

Item	Property	Land use right	Total
1. Initial Cost			
(1) Opening Balance	72,986,049.34	52,861,118.81	125,847,168.15
(2) Increase	13,346,057.74		13,346,057.74
—Purchase			
—Transferred from FA	13,346,057.74		13,346,057.74
—Increase in business combinations			
(3) Decrease	1,878,088.06		1,878,088.06
—Disposal			
—Transfer to others	1,878,088.06		1,878,088.06
(4) Closing Balance	84,454,019.02	52,861,118.81	137,315,137.83
2. Accumulated Depreciation			
(1) Opening Balance	37,063,564.08	19,921,292.69	56,984,856.77
(2) Opening Balance	12,715,133.39	1,321,511.87	14,036,645.26
—Accrued	2,625,828.55	1,321,511.87	3,947,340.42
—Transfer from others	10,089,304.84		10,089,304.84
(3) Decrease	918,170.89		918,170.89
—Disposal			
—Transfer to others	918,170.89		918,170.89
(4) Closing Balance	48,860,526.58	21,242,804.56	70,103,331.14

3. Impairment Reserve			
(1) Opening Balance			
(2) Increase			
—Accrued			
(3) Decrease			
—Decrease			
(4) Closing Balance			
4. Book Value			
(1) Closing book value	35,593,492.44	31,618,314.25	67,211,806.69
(2) Opening book value	35,922,485.26	32,939,826.12	68,862,311.38

xiii. Fixed assets

1.Fixed assets and fixed assets liquidation

Item	Closing Balance	Opening Balance
Fixed assets	391,769,315.64	438,220,714.18
Total	391,769,315.64	438,220,714.18

2.Fixed assets detail

Item	Property	Machinery Equipment	Transportation Equipment	Electronic Device	Other Equipment	Total
1 . Initial Cost						
(1) Opening Balance	289,389,343.79	1,031,893,125.65	15,135,610.69	67,357,583.2 0	194,350,550.5 6	1,598,126,213.8 9
(2) Increase	5,043,288.43	14,898,565.92	7,811,524.66	2,351,579.68	29,905,830.06	60,010,788.75
— Purchase	5,043,288.43	8,842,424.18	7,811,524.66	1,974,821.26	14,902,467.21	38,574,525.74
—Transferred from construction- in-progress		6,056,141.74		376,758.42	15,003,362.85	21,436,263.01
(3) Decrease	16,433,421.47	40,834,588.23	1,543,522.98	21,646,533.1 7	3,580,933.86	84,038,999.71

—Disposal	3,087,363.73	40,834,588.23	1,543,522.98	21,646,533.1 7	3,580,933.86	70,692,941.97
—Others	13,346,057.74					13,346,057.74
(4) Closing Balance	277,999,210.75	1,005,957,103.34	21,403,612.37	48,062,629.7 1	220,675,446.7 6	1,574,098,002.9 3
2.						
Accumulated Depreciation						
(1) Opening Balance	202,080,315.13	714,681,598.07	11,986,579.65	52,446,931.4 2	155,477,620.0 5	1,136,673,044.3 2
(2) Increase	13,246,428.60	48,772,436.18	6,049,002.80	3,723,455.90	10,388,912.37	82,180,235.85
—Accrued	13,246,428.60	48,772,436.18	6,049,002.80	3,723,455.90	10,388,912.37	82,180,235.85
(3) Decrease	16,479,390.34	30,871,096.60	1,342,528.00	18,865,607.2 2	2,125,759.38	69,684,381.54
—Disposal	6,390,085.50	30,871,096.60	1,342,528.00	18,865,607.2 2	2,125,759.38	59,595,076.70
—Other transfer	10,089,304.84					10,089,304.84
(4) Closing Balance	198,847,353.39	732,582,937.65	16,693,054.45	37,304,780.1 0	163,740,773.0 4	1,149,168,898.6 3
3						
Impairment Reserve						
(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		13,932,302.74	17,101.18	58,364.19	11,494.42	14,019,262.53
—Accrued		13,932,302.74	17,101.18	58,364.19	11,494.42	14,019,262.53
(3) Decrease		3,726,251.89	103,094.75	191,086.10	71,496.52	4,091,929.26
—Disposal		3,726,251.89	103,094.75	191,086.10	71,496.52	4,091,929.26
(4) Closing Balance	1,063,718.18	31,389,664.20	17,101.18	575,038.53	114,266.57	33,159,788.66
4 . Book Value						

(1) Closing book value	78,088,139.18	241,984,501.49	4,693,456.74	10,182,811.08	56,820,407.15	391,769,315.64
(2) Opening 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

Note: During the year, as the recoverable amounts of some fixed assets were lower than their carrying amounts and there were indications of impairment, the Company determined their recoverable amounts on the basis of their fair values less disposal costs, the fair values of which were determined on the basis of appraised values, and provided for impairment in the amount of ¥ 14,019,262.53 based on the results of impairment tests.

3. Temporary idle fixed assets

Items	Initial Cost	Accumulated Depreciation	Provision	Book Value	Memo
Property	44,392,007.34	36,932,509.59		7,459,497.75	
Machinery equipment	79,569,439.66	54,920,818.61	19,551,193.40	5,097,427.65	
Transportation equipment	367,434.54	338,640.23	17,101.18	11,693.13	
Electronic device	1,036,879.02	927,128.65	82,538.92	27,211.45	
Others equipment	7,057,283.11	6,747,631.12	112,640.64	197,011.35	
Total	132,423,043.67	99,866,728.20	19,763,474.14	12,792,841.33	

4. Fixed assets lease out under operating lease

Item	Property	Machinery Equipment	Transportation Equipment	Electronic Device	Other Equipment	Total
Initial Cost	105,564,237.77	227,002,531.20	1,499,980.60	5,942,876.86	2,033,551.36	342,043,177.79
Accumulated Depreciation	63,989,258.85	147,359,119.50	1,298,139.37	4,598,660.07	1,135,688.48	218,380,866.27
Provision	818,737.82	24,687,643.98	17,101.18	202,623.20	5,072.99	25,731,179.17

Book Value	40,756,241.10	54,955,767.72	184,740.05	1,141,593.59	892,789.89	97,931,132.35
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5.Fixed assets as pending certificate of ownership

Items	Book value	Reason for Pending
Dalian Wazhou Precision Electric Motor Car Bearing factory	26,949,000.50	Land certificate is in the process

xiv. Construction-in-progress

1.Construction in progress and construction materials

Item	Closing Balance	Opening Balance
Construction in progress	81,891,139.54	25,929,699.29
Total	81,891,139.54	25,929,699.29

2.Construction in progress details

Item	Closing Balance			Opening Balance		
	Book Balance	Provision	Book Value	Book Balance	Provision	Book Value
Improvement of 7 th finished products	4,190,539.28	3,735,902.11	454,637.17	3,931,152.37	3,537,505.62	393,646.75
Improvement of 2nd finished products	1,847,681.42		1,847,681.42	3,681,416.00		3,681,416.00
New plant project	6,717,773.55		6,717,773.55	3,074,304.55		3,074,304.55
Angular Contact Ball Bearing Production Line	8,849,557.51		8,849,557.51	2,654,867.25		2,654,867.25
Improvement of plant	1,470,077.93		1,470,077.93	2,389,925.00		2,389,925.00
Spherical Roller Bearing Assembly Line	1,321,112.55	1,110,842.55	210,270.00	1,321,112.55		1,321,112.55
Improvement of grinding machine				1,257,328.31		1,257,328.31

Cylindrical bearing production line				1,030,088.50		1,030,088.50
1250 Salt bath martensitic heat treatment production line	9,601,769.92		9,601,769.92	831,858.41		831,858.41
press investment renovation						
1250 Salt Bath Horse /Bainite Heat Treatment Production Line				805,309.73		805,309.73
Maintenance and renovation of grinding production line	741,000.00	741,000.00		741,000.00		741,000.00
Improvement of precision bearing plant	9,962,216.12		9,962,216.12	564,194.68		564,194.68
Thielenhaus Super finisher	2,123,893.74		2,123,893.74	637,168.14		637,168.14
Improvement of railway	625,647.85	24,854.40	600,793.45	625,647.85		625,647.85
Installation of Super finishing Machine	456,878.68	456,878.68		456,878.68	456,878.68	
Controlled Atmosphere Multifunctional Carburizing Furnace Production Line				416,725.66		416,725.66
Channel II construction project	259,161.89	225,762.32	33,399.57	259,161.89		259,161.89
Crane Project	255,382.52		255,382.52	255,382.52		255,382.52

Overhaul factory reconstruction	348,672.56		348,672.56	205,784.79		205,784.79
Cylindrical bearing inner ring raceway grinder				196,460.18		196,460.18
Improvement of precision roller	166,937.61		166,937.61	312,937.61		312,937.61
branch	38,957.26		38,957.26	38,957.26		38,957.26
Grinding product line	25,623.93		25,623.93	25,623.93		25,623.93
Computer Project	5,590.45		5,590.45	5,590.46		5,590.46
Others	17,822,878.43	798,994.81	17,023,883.62	4,992,136.70	786,929.43	4,205,207.27
Dalian precision automatic assembly line	12,179,730.00		12,179,730.00			
Bearing parts manufacturing branch plant renovation	7,835,712.44		7,835,712.44			
Liaoyang Renovation Project	1,426,189.39		1,426,189.39			
Double pushing disc type railroad bearing carburizing line	712,389.38		712,389.38			
Total	88,985,374.41	7,094,234.87	81,891,139.54	30,711,013.02	4,781,313.73	25,929,699.29

3. Significant construction in progress

Name	Budget	Opening Balance	Increase	Transfer to fixed assets	Other decrease	Closing Balance
New plant project	7,358,120.12	3,074,304.55	3,643,469.00			6,717,773.55
Dalian precision automatic assembly line	14,539,900.00		12,179,730.00			12,179,730.00

Cylindrical bearing production line	3,880,000.00	1,030,088.50	2,403,539.83	3,433,628.33	
Angular Contact Ball Bearing Production Line	10,000,000.00	2,654,867.25	6,194,690.26		8,849,557.51
1250 heat treatment salt bath artensite production line investment renovation	15,500,000.00		9,601,769.92		9,601,769.92
1250 Salt bath martensitic heat treatment production line Press investment renovation	5,823,008.87	831,858.41	4,991,150.46	5,823,008.87	
1250 Salt Bath Horse /Bainite Heat Treatment Production Line	5,637,168.13	805,309.73	4,831,858.40	5,637,168.13	
Controlled Atmosphere Multifunctional Carburizing Furnace Production Line	2,917,079.65	416,725.66	2,500,353.99	2,917,079.65	
Total		8,813,154.10	46,346,561.86	17,810,884.98	37,348,830.98

(Continued)

Name	Percent of investment against budget (%)	progress	Accumulated capitalized interest	Including: Accumulated capitalized interest	Interest capitalization rate(%)	Source of funds
New plant project	91.30%	91.30%				Self- financing
Dalian precision automatic assembly line	83.77%	83.77%				Self- financing

Cylindrical bearing production line	100.00%	100.00%				Self-financing
Angular Contact Ball Bearing Production Line	88.50%	88.50%				Self-financing
1250 heat treatment salt bath martensite production line investment renovation	61.95%	61.95%				Self-financing
1250 Salt bath Martensitic heat treatment production line Press investment renovation	100.00%	100.00%				Self-financing
1250 Salt Bath Horse / Bainite Heat Treatment Production Line	100.00%	100.00%				Self-financing
Controlled Atmosphere Multifunctional Carburizing Furnace Production Line	100.00%	100.00%				Self-financing
Total						

4.Provision for impairment of construction in progress: CNY 2,312,921.14.

xv. Intangible assets

1.Intangible assets

Items	Land use right	ERP software	Total
1. Initial cost			
(1) Opening balance	123,328,608.93	7,779,798.98	131,108,407.91
(2) Increase		4,489,149.32	4,489,149.32
— Purchase		4,489,149.32	4,489,149.32
(3) Purchase		426,692.60	426,692.60
—Disposal		426,692.60	426,692.60
(4) Closing balance	123,328,608.93	11,842,255.70	135,170,864.63

2. Amortization			
(1) Opening balance	47,740,770.41	6,554,681.58	54,295,451.99
(2) Increase	3,115,961.21	747,525.32	3,863,486.53
—Accrual	3,115,961.21	747,525.32	3,863,486.53
(3) Decrease		426,692.60	426,692.60
—Disposal		426,692.60	426,692.60
(4) Closing balance	50,856,731.62	6,875,514.30	57,732,245.92
3. Provision for impairment			
(1) Opening balance			
(2) Increase			
—Accrual			
(3) Decrease			
—Disposal			
(4) Closing balance			
4. Book value			
(1) Closing Book value	72,471,877.31	4,966,741.40	77,438,618.71
(2) Opening Book value	75,587,838.52	1,225,117.40	76,812,955.92

xvi. Long-term unamortized expense

Items	Opening	Increase	Amortization	Other	Closing
	Balance			Decrease	Balance
Decoration fees for estate used as office	169,515.71		55,136.20		114,379.51
Heating overhaul cost	23,272.53		23,272.53		
Total	511,188.11	-	318,399.87	-	192,788.24

xvii. Deferred tax assets and deferred tax liabilities

1. Deferred tax assets before offsetting

Items	Closing Balance		Opening Balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities

Asset evaluation increment in business combination without the same control	4,179,393.43	626,909.02	4,554,909.67	683,236.45
Total	4,179,393.43	626,909.02	4,554,909.67	683,236.45

2. Unrecognized deferred tax assets details

Items	Closing Balance	Opening Balance
Deductible temporary difference	406,214,774.41	349,601,233.44
Deductible loss	838,843,796.79	787,687,057.10
Total	1,245,058,571.20	1,137,288,290.54

3. Unrecognized deductible loss of deferred tax assets expired next period

Year	Closing Balance	Opening Balance	Memo
2022		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	257,012,570.92	—
2027	128,422,535.54		—
Total	838,843,796.79	787,687,057.10	—

xviii. Short-term loan

1. Short-term borrowing situation:

Classification	Closing balance	Opening balance
Credit loan	699,000,000.00	677,000,000.00
Total	699,000,000.00	677,000,000.00

xix. Note payable

Classification	Closing balance	Opening balance
Bank acceptance notes	322,446,562.00	168,000,000.00
Trade acceptance notes	140,000,000.00	138,258,189.60
Total	462,446,562.00	306,258,189.60

xx. Accounts payable

1.Accounts payable

Items	Closing balance	Opening balance
Goods payments	1,266,080,898.13	1,216,016,330.62
Project payments	30,528,086.00	24,923,842.20
Others	4,366,050.59	7,910,156.02
Total	1,300,975,034.72	1,248,850,328.84

Note: Included in accounts payable are notes that have not been derecognized

xxi. Contract liability

1.Details

Items	Closing balance	Opening balance
Contract obligation to be fulfilled	30,449,983.07	38,426,632.29
Total	30,449,983.07	38,426,632.29

Note: The difference between the opening balance and the closing balance of the previous year (December 31, 2021) is detailed in the note 3 (31) of this financial statement.

xxii. Employee's payable

1.Category of employee's payables

Items	Opening balance	Increase	Decrease	Closing balance
1. Short-term employee's payable	47,169,767.62	331,220,023.35	337,500,514.64	40,889,276.33
2. Post-employment benefit – defined contribution plan	5,624,911.16	37,845,067.77	38,038,278.43	5,431,700.50
3. Redundancy pay	1,602,179.00	1,265,853.07	2,391,705.07	476,327.00
Total	54,396,857.78	370,330,944.19	377,930,498.14	46,797,303.83

2.Short-term employee's payables

Items	Opening balance	Increase	Decrease	Closing balance
1. Salaries, bonus, allowance, and subsidy	43,496,684.24	246,410,550.16	254,556,703.11	35,350,531.29
2. Welfare	54,735.00	22,426,166.83	20,782,640.95	1,698,260.88

3. Social insurance	17,293.36	23,433,397.13	23,450,180.49	510.00
Include: Medical insurance	17,024.20	17,935,083.03	17,951,597.23	510.00
On-duty injury insurance	21.26	3,077,264.19	3,077,285.45	
Maternity insurance	247.90	2,421,049.91	2,421,297.81	
4. Housing funds	2,274,689.15	36,893,333.24	36,444,634.72	2,723,387.67
5. Labour union and training expense	1,326,365.87	2,056,575.99	2,266,355.37	1,116,586.49
Total	47,169,767.62	331,220,023.35	337,500,514.64	40,889,276.33

3. Defined contribution plan

Items	Opening balance	Increase	Decrease	Closing balance
1. Pension	5,554,572.82	36,699,664.75	36,892,395.89	5,361,841.68
2. Unemployment insurance	70,338.34	1,145,403.02	1,145,882.54	69,858.82
Total	5,624,911.16	37,845,067.77	38,038,278.43	5,431,700.50

xxiii. Tax payables

Item	Closing balance	Opening balance
Value-added tax	22,583,213.56	8,918,814.09
Vehicle and vessel tax	277.11	8,034.12
Individual income tax	151,164.11	174,317.22
City maintenance and construction tax	905,007.18	395,031.01
Real estate tax	761,554.52	791,779.38
Education surcharge	611,185.48	268,246.58
Land use tax	608,428.81	519,023.69
local education surcharge	23,861.56	10,472.73
Stamp duty	822,501.62	500,170.64
Total	26,467,193.95	11,585,889.46

xxiv. Other payables

Items	Closing balance	Opening balance
Other payables	180,459,153.26	173,782,184.85

Total	180,459,153.26	173,782,184.85
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1. Other accounts payable

(1) Other payables categorized by payments nature

Payments nature	Closing balance	Opening balance
Bid security deposits	744,408.75	1,548,890.00
Trademark fees and lease premium to Group	29,201,965.04	38,467,233.37
Authorization deposit of seller	85,246,975.76	66,230,215.73
Others	65,265,803.71	67,535,845.75
Total	180,459,153.26	173,782,184.85

xxv. Other current liabilities

Items	Closing balance	Opening balance
Output VAT to be transferred	4,294,078.63	4,995,462.19
Total	4,294,078.63	4,995,462.19

xxvi. Long-term payables

Type	Closing balance	Opening balance
Long-term payables	100,000.00	100,000.00
Special payables	244,974.84	244,974.84
Total	344,974.84	344,974.84

1. Long-term payables

Payments nature	Closing balance	Opening balance
Equipment payments	100,000.00	100,000.00
Total	100,000.00	100,000.00

2. Special payables

Items	Opening Balance	Increase	Decrease	Closing Balance	Formation Basis
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Special pollution treatment	169,974.84	-		169,974.84	Granted by Wafangdian Bureau of Finance and Wafangdian Bureau of Environment Protection with approval with "WaCaiZhiQi No.[2004]217"
Informatization construction	75,000.00	-		75,000.00	Dalian Financial Bureau and Municipal Office of Economic and Information Technology Committee with approval with "Da CaiZhiQi No. [2012]917" and "DaJing XinFa No. [2012]199"
Total	244,974.84	-		244,974.84	

xxvii. Provision

Items	Opening balance	Increase	Decrease	Closing balance	Reason
Accrued warranty	1,019,498.65	4,065,888.79	4,256,153.50	829,233.94	Accrual for wind power product quality claim
Wind power product quality claim	40,381,951.49	13,077,748.51		53,459,700.00	Customer claimed compensation for quality problem
Total	41,401,450.14	17,143,637.30	4,256,153.50	54,288,933.94	

xxviii. Deferred income

1. Category of deferred income

Items	Opening balance	Increase	Decrease	Closing balance	Formation Basis
Government subsidy	28,524,390.31		4,855,911.36	23,668,478.95	Grant from government

Compensation for land removal	25,609,225.79		953,225.60	24,656,000.19	Old factory removal and new factory and land compensation for Liaoyang Bearing Construction Co.,Ltd
Total	54,133,616.10		5,809,136.96	48,324,479.14	

2. Government subsidy project

Government subsidy item	Opening balance	Increase	Recorded into non – operation income	Other Change	Closing Balance	Related with asset/equity
Compensation for plants moving	18,929,650.54		2,704,235.83		16,225,414.71	asset
Development of intelligent manufacturing equipment subsidies	3,866,666.69		1,288,888.90		2,577,777.79	asset
Improvement of high- end bearing production subsidies	472,320.00		472,320.00			asset
Overhaul bearing project discounting interest subsidy	940,000.00		240,000.00		700,000.00	asset
Technical master studio development subsidy	370,431.01		52,918.63		317,512.38	asset
Liuchangfu Master subsidy	43,402.07				43,402.07	asset
Liaoyang Bearing Industry subsidy	3,901,920.00		97,548.00		3,804,372.00	asset

Total	28,524,390.3	4,855,911.36	23,668,478.9
	1		5

1: Deferred income: the compensation for plants moving is RMB 59,820,000.00 granted from Dalian government-owned assets investment and operating Co., Ltd in 2011. And the amount of making up for the removal loss of the current period is RMB 11,143,755.05 ; The rest of CNY48,676,244.95 are recognized as the removal compensation related with assets, which is amortized 18 years, according to the new fixed assets formed after the Dalian branch removal.

2: Deferred income: the CNY 4,000,000.00 of development of intelligent manufacturing equipment subsidy is distributed by Dalian City Finance Bureau in 2012. The subsidies are used in the project “Grinding vehicle integration and processing digitalization” . Currently, the equipment has been used for production manufacturing and grant is amortized over 10 years. This year the second stage subsidy of CNY 4,000,000.00 has been received and amortized within the remaining life.

3: Deferred income: the RMB 4,723,200.00 interest subsidy of “Improvement of bearing base in high-end equipment sector” is distributed by Wafangdian Finance Bureau in 2013 for the year of 2011. The subsidy is specially used to improve the project of improvement of bearing base in high-end equipment sector. The item is amortized within 10 years.

4: Deferred income: the RMB 2,400,000.00 interest subsidy of “Axle box and bearing technology improvement of grand axle load railway carriages” is granted by Wafangdian Finance Bureau in 2014. The subsidy is now in processing the project “Axle box and bearing technology improvement of grand axle load railway carriages” . Now the equipment has been put into production, the government subsidy is amortized according to the depreciation years of 10 years.

5: Deferred income: the 700,000.00 RMB of the construction of workshop for technology masters subsidy is granted by Dalian Finance Bureau in 2014 according to “Da Cai She (Zhuan) No. [2013]26”, “Da Cai She (Zhuan) No. [2013]37”, “Da Cai She (Zhuan) No. [2013]45”, “Da Cai She (Zhuan) No. [2014]27”, and “Da Cai She (Zhuan) No. [2014]32” . The workshop equipment has been transferred into fixed asset in December 2016 and being amortised for 12 years, expense related parts are being put into non-operating income directly.

6: Master Liu Changfu’s subsidy is based on the Dalian Finance Bureau’s subsidy of 100,000 yuan to Liu Changfu, which was transferred by ZWZ Group in July 2017 according to Darenshe Fa [2012] No. 207. As of December 2021, the relevant studios

have not been fixed, and each Deferred income is written off according to the cost of the laboratory construction in the year.

7: Deferred income: the RMB 4,877,400.00 of “Industry development subsidies” is distributed by the Liaoyang Economic and Development district Bureau of Finance in 2013. The grant is related to land and amortized over 50 years in accordance with land amortization criteria.

xxix. Share capital

Shareholders' name/category	Opening Balance	Change for current period					Closing Balance
		Issuing new shares	Distributing shares	Transferring capital reserve to share capital	Others	Subtotal	
Shares under restriction for sale							
Domestically legal person shares	244,000,000.00						244,000,000.00
Total shares under restriction for sale	244,000,000.00						244,000,000.00
Shares without restriction for sale							
Domestically listed foreign shares	158,600,000.00						158,600,000.00
Total shares without restriction for sale	158,600,000.00						158,600,000.00
Total shares	402,600,000.00					-	402,600,000.00

xxx. Capital Reserve

Items	Opening balance	Increase	Decrease	Closing balance
Share premium	201,956,446.52			201,956,446.52

Other capital reserves	283,734,603.95		283,734,603.95
Total	485,691,050.47		485,691,050.47

xxxii. Special reserve

Items	Opening balance	Increase	Decrease	Closing balance
Safety production fee		11,704,037.42	9,770,827.56	1,933,209.86
Total		11,704,037.42	9,770,827.56	1,933,209.86

xxxiii. Surplus reserves

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	116,179,772.10			116,179,772.10
Discretionary surplus reserve	20,590,618.91			20,590,618.91
Total	136,770,391.01			136,770,391.01

xxxiii. Undistributed profits

Item	Current year	Prior year
Closing balance of prior year	-416,794,159.01	-211,056,473.59
Add: Adjustments to the opening balance of undistributed profits		
Including: additional retrospective adjustments according to the new accounting standards		
Change on accounting policy		
Correction of prior period significant errors		
Change on combination scope under same control		
Other factors		
Opening balance of current year	-416,794,159.01	-211,056,473.59
Add: net profit attributable to shareholders of parent company in the year	-139,897,498.87	-205,737,685.42
Less: Provision for statutory surplus reserves		
Provision for any surplus reservesC		

Provision of general risk		
Dividends payable for common shares		
Share dividends		
Closing balance of current year	-556,691,657.88	-416,794,159.01

xxxiv. Operating revenue and cost

1. Operating revenue and cost

Items	Current year		Prior year	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Revenue from principle operation	2,105,718,679.43	1,715,532,617.22	2,066,084,498.69	1,648,530,450.82
Revenue from other operation	242,611,882.14	182,374,798.19	252,619,851.66	205,983,916.30
Total	2,348,330,561.57	1,897,907,415.41	2,318,704,350.35	1,854,514,367.12

2. Revenue from principle operation details

Items	Current year		Prior year	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Export	216,679,504.65	204,095,685.61	93,491,561.62	82,160,717.17
Domestic	1,829,007,604.84	1,450,154,222.68	1,920,810,005.29	1,513,802,458.68
Including:				
Transportation vehicle bearings	408,899,268.24	308,496,639.53	170,285,070.15	124,973,171.93
Special use bearings	766,000,221.77	587,952,935.71	998,964,768.13	821,633,854.27
General use bearings	654,108,114.83	553,704,647.44	751,560,167.01	567,195,432.48
Industrial Operations	60,031,569.94	61,282,708.93	51,782,931.78	52,567,274.97
Total	2,105,718,679.43	1,715,532,617.22	2,066,084,498.69	1,648,530,450.82

xxxv. Taxes and surcharges

Items	Current year	Prior year
City construction tax	2,295,223.89	3,932,344.28
Education surcharge	975,487.12	1,684,579.57
Local Education surcharge	650,324.75	1,123,053.05

Stamp duty	2,986,079.48	2,270,541.36
Property tax	3,234,052.32	3,334,736.62
Tax on land use	2,592,538.39	2,406,496.68
Others	3,828.75	13,967.95
Total	12,737,534.70	14,765,719.51

xxxvi. Selling expenses

Items	Current period	Previous period
Employee benefit	80,232,961.93	81,384,283.15
Compensation for quality default	15,147,919.63	19,869,179.23
Transportation expense	3,861,365.52	8,872,599.31
Travel expense	19,576,148.62	21,892,290.73
Trademark use fee	19,059,025.84	12,206,965.16
Business activity	10,559,616.69	7,909,225.69
Leasing	2,534,638.96	5,279,884.82
Conference expense	434,107.43	1,221,999.03
Others	11,132,179.76	13,482,381.87
Total	162,537,964.38	172,118,808.99

xxxvii. Administrative expenses

Items	Current year	Prior year
Employee benefit	92,568,569.30	92,231,071.61
Intangible assets amortization	5,184,998.40	4,644,641.18
Guide and fire fighting expense	2,064,799.94	1,929,699.78
Depreciation expense	5,647,387.71	3,582,791.57
Travel expense	1,694,654.96	3,011,739.51
Business entertaining expense	86,907.86	303,079.04
Other expense	7,852,328.83	4,275,706.76
Total	115,099,647.00	109,978,729.45

xxxviii. R&D expenses

Items	Current year	Prior year
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Materials input	182,464,582.97	155,309,101.93
Design, new process development fee	17,068,312.85	22,600,743.49
Labor cost	7,860,803.17	13,360,931.37
Depreciation and amortization of long term expense	13,837,137.30	7,059,260.79
Fuel power	2,795,182.25	5,373,695.61
R&D equipment repair and leasing fee	1,728,751.60	987,690.02
Processing fee	4,156,235.94	721,372.22
Testing fee	150,000.00	211,029.53
Others fee	1,184,324.90	10,180,087.43
Total	231,245,330.98	215,803,912.39

Note: R&D expenses include the operating costs corresponding to the sales revenue of products resulting from R&D.

xxxix. Financial expenses

Items	Current year	Prior year
Interest expenses	36,216,652.32	36,648,536.99
Less: Interest income	1,197,047.65	425,918.49
Exchange losses	-4,577,289.79	2,476,241.52
Add: Others expenditure	965,156.99	698,857.93
Total	31,407,471.87	39,397,717.95

xl. Other income

Items	Current year	Prior year	Related to assets/related to income
Dalian sub-factory relocation subsidy	2,704,235.88	2,704,235.88	Related to assets
Development of intelligent manufacturing equipment subsidies	1,288,888.87	1,288,888.87	Related to assets

Liaoyang Bearing old factory relocation compensation	953,225.59	953,225.59	Related to assets
Work-for-training subsidy	47,690.00	928,868.48	Related to income
Job stabilization subsidy	1,072,417.61	491,618.77	Related to income
Improvement of high-end bearing production subsidies	472,320.00	472,320.00	Related to assets
Subsidy from Dalian Bureau of Commerce		464,059.00	Related to income
Overhaul bearing project discounting interest subsidy	240,000.00	240,000.00	Related to assets
2020 National Major Science and Technology Special Project and Key R&D Plan Supporting Funds-High- performance Motor Insulated Bearing Technology		150,600.00	Related to income
High-tech enterprise subsidies		100,000.00	Related to income
Industry Development Fund	97,548.00	97,548.00	Related to assets
Technical master studio development subsidy	52,918.68	52,918.64	Related to assets
Six to one stable skill allowance		50,000.00	Related to income
First sets subsidy cultivation technology		46,000.00	Related to income
High-skilled personnel training subsidies		36,720.00	Related to income
Tax handling charge refund	88,932.23	32,811.97	Related to income
Funding for young scientific and technological workers		5,000.00	Related to income
State treasury withdrawal income		2,316.58	Related to income
Beijing social security fund collection and return		233.66	Related to income
Other	50,170.71		Related to income
Total	7,068,347.57	8,117,365.44	

xli. Investment income

Items	Current year	Prior year
Dividend income from other equity instrument investments during the holding period		518,821.12

Debt restructuring	6,892,627.00	1,808,922.83
Total	6,892,627.00	2,327,743.95

xlii. Gain on FV movement

Source of Gain on FV change	Current year	Prior year
Tradable financial asset	-78,583.43	93,991.93
Total	-78,583.43	93,991.93

xliii. Loss on credit impairment (loss listed as "-")

Items	Current year	Prior year
Bad debt loss of notes receivable	1,301,852.54	-3,386,757.51
Bad debt loss of receivable	-13,483,629.05	60,427,002.68
Bad debt loss of other receivable	-1,967,408.54	2,074,159.21
Total	-14,149,185.05	59,114,404.38

xliv. Loss on asset impairment (loss listed as "-")

Items	Current year	Prior year
Inventory impairment loss	54,398,890.99	63,650,431.22
Contract asset impairment loss	31,651.36	198,093.77
Fixed asset impairment loss	14,019,262.53	9,208,665.15
Construction in progress loss	2,312,921.14	1,312,600.94
Total	70,762,726.02	74,369,791.08

xlv. Gain on assets disposal

Item	Current year	Prior year	Amounts recognized into current non-recurring profit or loss
Gain on non-current assets disposal	2,110,473.61	3,565,883.04	2,110,473.61
Total	2,110,473.61	3,565,883.04	2,110,473.61

xlvi. Non-operating income

1. Non-operating income list

Item	Current year	Prior year	Amounts recognized into current non-recurring profit or loss
Penalty income	2,877,785.15	2,203,593.01	2,877,785.15
Written off unsettled payable	1,023,075.78	1,031,828.90	1,023,075.78
Others	27,106.90	99,949.01	27,106.90
Total	3,927,967.83	3,335,370.92	3,927,967.83

xlvii. Non-operating expenses

Item	Current year	Prior year	Amounts recognized into current non-recurring profit or loss
Public beneficial donation	244,960.00-		244,960.00
Loss on disposal of non-current asset scrapped	279,322.28	1,216,375.40	279,322.28
Penalty loss	123,972.75	89,751.59	123,972.75
Others	8,060.11	551,321.97	8,060.11
Total	656,315.14	1,857,448.96	656,315.14

xlviii. Income tax expense

1. Income tax expense breakdown

Items	Current year	Prior year
Current income tax expenses		12,703.12
Deferred income tax expenses	-56,327.43	-51,211.90
Total	-56,327.43	-38,508.78

2. Accounting profit and income tax expense adjustment process

Items	Current year
Total profit	-139,897,498.87
Income tax expense at the statutory [or applicable] tax rate	-20,984,624.83
Effect of different tax rates applied to subsidiaries	-6,020,287.16
Effect of adjustments to income taxes of prior periods	

Impact of non-taxable income	
Effect of non-deductible costs, expenses and losses	939,475.33
Effect of deductible losses on the use of deferred income tax assets not recognized in prior periods	
Effect of deductible temporary differences or deductible losses on deferred income tax assets not recognized in the period	33,642,686.21
Other (additive deductions)	-7,633,576.99
Income tax expense	-56,327.43

xlix. Earnings per share

1. Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net income attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares of the Company in issue:

Items	Current period	Previous period
Consolidated net income attributable to ordinary shareholders of the parent	-139,897,498.87	-205,737,685.42
Weighted average number of common shares of the Company issued and outstanding	402,600,000.00	402,600,000.00
Basic earnings per share	-0.35	-0.51
Include: Basic earnings per share from continuing operations	-0.35	-0.51
Basic earnings per share from discontinued operations		

2. Diluted earnings per share

Diluted earnings per share is calculated by dividing the consolidated net income attributable to ordinary shareholders of the parent (diluted) by the weighted average number of ordinary shares of the Company in issue (diluted)

Items	Current period	Previous period
Consolidated net income attributable to ordinary shareholders of the parent (diluted)	-139,897,498.87	-205,737,685.42
Weighted average number of common shares of the	402,600,000.00	402,600,000.00

Company issued and outstanding (diluted)		
Diluted earnings per share	-0.35	-0.51
Include: Diluted earnings per share from continuing operations	-0.35	-0.51
Diluted earnings per share from discontinued operations		

I. Notes on Cash Flow

1. Other cash received in connection with operating activities

Items	Current period	Previous period
Interest income	160,520.69	477,650.40
Government Grants	1,135,700.85	9,950,286.94
Current payments	25,104,985.62	27,797,419.41
Refund of deposits and reserve funds	1,526,175.87	242,125.00
Others	16,430,341.88	19,204,548.86
Total	44,357,724.91	57,672,030.61

2. Other cash paid in connection with operating activities

Items	Current period	Previous period
Selling expenses	43,467,830.64	48,955,122.07
Administrative costs	38,974,117.03	39,502,236.56
Financial expenses	2,239,823.14	8,270,417.49
Others	58,415,936.42	19,819,973.04
Total	143,097,707.23	116,547,749.16

3. Other cash received in connection with financing activities

Items	Current period	Previous period
Note Discounting	148,898,875.78	155,600,000.00
Total	148,898,875.78	155,600,000.00

4. Other cash paid in connection with financing activities

Items	Current period	Previous period
Notes due for payment		150,000,000.00

Deposit	199,211,995.47	
Total	199,211,995.47	150,000,000.00

ii. Notes on Cash Flow Statement Items

1. Supplementary Information on Cash Flow Statement

additional materials	Current period	Previous period
1. Adjust net profit to cash flow from operating activities:		
Net profit	-139,897,498.87	-205,737,685.42
Add: Provision for asset impairment	70,762,726.02	74,369,791.08
Credit asset impairment loss	-14,149,185.05	59,114,404.38
Depreciation of fixed assets	82,180,235.85	84,143,844.70
Amortization of intangible assets	3,863,486.53	2,232,502.18
Amortization of long-term deferred expenses		318,399.87
Losses on disposal of fixed assets, intangible assets and other long-term assets	-2,110,473.61	-3,275,529.35
Loss from scrapped fixed assets	279,322.28	1,216,375.40
Loss from changes in fair value	78,583.43	
Financial expenses	31,407,471.87	38,694,735.35
Investment loss	59,703,097.70	54,657,663.68
Decrease in deferred income tax assets		
Increase in deferred income tax liabilities	-56,327.43	-51,211.90
Inventory reduction	59,703,097.70	54,657,663.68
Decrease in operating receivables	-88,903,900.28	-53,435,552.04
Increase in operating payables	88,000,638.46	27,758,168.50
Other		
Net cash flow from operating activities	84,265,549.90	77,678,162.48
2. Major investment and financing activities that do not involve cash receipts and expenditures:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Financing lease of fixed assets		
3. Net changes in cash and cash equivalents:		
Year-end balance of cash	227,357,291.37	209,847,896.42
Less: cash balance at the beginning of the year	209,847,896.42	163,728,799.97
Plus: the year-end balance of cash equivalents		

Less: the beginning balance of cash equivalents		
Net increase in cash and cash equivalents	17,509,394.95	46,119,096.45

2. Cash and cash equivalents

Items	Closing balance	Opening balance
1. Cash	227,357,291.37	209,847,896.42
Including: cash on hand	292.91	8,510.17
Bank deposits that can be used for payment at any time	227,356,998.46	209,839,386.25
Other currency funds that can be used for payment at any time		
2. Cash equivalents		
Of which: bond investments due within three months		
3. Balance of cash and cash equivalents at the end of the year	227,357,291.37	209,847,896.42
Among them: the restricted use of cash and cash equivalents by the parent company or subsidiary within the group		

iii. Assets with restricted ownership or use rights

Items	Closing balance	Reasons for restricted ownership or use rights
Money funds	75,389,415.51	Bank Acceptance Deposit
Money funds	28,000,000.00	Letter of Credit Deposit
Notes receivable	20,228,644.00	Commercial Promissory Notes Pledges
Total	123,618,059.51	

liii. Foreign currency monetary items

Items	Closing balance	Converted exchange rate	Closing balance converted CNY
Money funds			57,331,149.31
Include: USD	5,795,105.99	6.9646	40,360,595.18
Euro	2,286,243.13	7.4229	16,970,554.13
Accounts Receivable			7,466,420.90
Include: USD	878,683.67	6.9646	6,119,680.29
Euro	181,430.52	7.4229	1,346,740.61

liv. Government Grants

1. Asset-related government grants

Items	Amount	Balance Sheet Presentation Items	Amounts charged to current profit or loss or written off against related costs and expenses losses		Items charged to current profit or loss or written off against related costs and expenses
			Current period	Previous period	
Dalian branch factory demolition compensation	48,676,244.95	Deferred income/other income	2,704,235.83	2,704,235.83	2,704,235.83
Intelligent manufacturing equipment development special subsidy funds	8,000,000.00	Deferred income/other income	1,288,888.90	1,288,888.90	1,288,888.90
High-end equipment manufacturing bearing base transformation project	4,723,200.00	Deferred income/other income	472,320.00	472,320.00	472,320.00
Large axle weight project interest subsidies	2,400,000.00	Deferred income/other income	240,000.00	240,000.00	240,000.00
Skill master studio construction subsidy	700,000.00	Deferred income/other income	52,918.63	52,918.63	52,918.63
Liaozhou company Industrial Development Fund	4,877,400.00	Deferred income/other income	97,548.00	97,548.00	97,548.00
Compensation for relocation of old factory	39,969,172.10	Deferred income/other income	953,225.60	953,225.60	953,225.60

2. Revenue-related government grants

Items	Amount	Amounts charged to current profit or loss or written off against related costs and expenses losses		Items charged to current profit or loss or written off against related costs and expenses
		Current period	Previous period	
Work-based training subsidy		47,690.00	928,868.48	47,690.00
Job Stabilization Subsidy		1,072,417.61	491,618.77	1,072,417.61
Dalian Business Bureau 2020 province open special funds throughout the year			464,059.00	
2020 National Major Science and Technology Special Project and Key R&D Program Matching Funds - High Performance Motor Insulated Bearing Technology			150,600.00	
The second batch of high-tech enterprise re-identification subsidy in 2020			100,000.00	
Six to one stable skills allowance			50,000.00	
2020 Liaoning Province first (set) government subsidies			46,000.00	
Subsidies for further training of highly skilled personnel			36,720.00	
Tax Handling Fee Refund		88,932.23	32,811.97	88,932.23
Funding for Young Scientists			5,000.00	
National treasury refund income			2,316.58	
Beijing social security fund levy returned			233.66	
Others		50,170.71		50,170.71

VI. Change of Consolidation Scope

No change.

VII. Interest in other entity

1. Equity of subsidiaries

(1) Organization structure of group company

Name of subsidiary	Location	Registered Location	Nature of operation	Share (%)		Method
				Direct	Indirect	
Wazhou Liaoyang Bearing construction Co.,Ltd	Liaoyang	Wangshuitai Street, Taizihe District, Liaoyang City	Manufacturing and selling bearing and machines	100.00	-	acquisition
Dalian Wazhou Precision Motor Car Bearing Company Limited	Dalian	Dalian Free Trade Zone Santali Yongsheng Rd No. 12	Manufacturing and selling bearing and machines	100.00	-	investment
Wazhou Precision of Spherical Roller Bearings (Wafangdian)Co., Ltd	Wafangdian	Wafangdian Beigongji St No. 1	Manufacturing and selling bearing and machines	100.00	-	acquisition

2.No subsidiary with shareholding percentage change still within control this year.

VIII. Risk Related to Financial Instruments

The main financial instruments held by the group company include borrowing, accounts receivable, and accounts payable, tradable financial assets, tradable financial liability etc. The related risks of these financial instruments and the risk management policy conducted to reduce these risks by the group company are introduced as below.

The Group management conducts to manage and monitor these risks exposure and control these risks under certain risk level. The objectives of risk management conducted by the group company are to reach the balance between risk and profit return by reducing the negative influence to operating performance to the minimum level as well as maximising the shareholders' and other investors' profits. Based on these objectives, the basic risk management policy is to recognize and analyze all sorts of risk that the group company faced with, to set up the proper risk tolerance

bottom line conducting risk management, as well as to monitor these risks in a timely and effective manner, and to ensure these risks under the limit level.

(i) Credit risk

Credit risk is the risk of financial loss to the Company arising from the failure of a counterparty to meet its contractual obligations.

The carrying amount of financial assets recognized in the consolidated balance sheet; for financial instruments measured at fair value, the carrying amount reflects the risk exposure but is not the maximum exposure, which will change with future changes in fair value.

To reduce credit risk, the Group establishes a special department to determine credit limits, conduct credit approvals, and implement other

monitoring procedures to ensure that necessary measures are taken to collect overdue claims. In addition, the Group reviews the collection status of each individual receivable at each balance sheet date to ensure that adequate bad debt provision is made for uncollectible amounts. As a result, the management of the Group considers that the Group's exposure to credit risk has been significantly reduced.

The Group's liquidity is placed with banks with high credit ratings and therefore the credit risk on liquidity is low.

The Group has adopted the necessary policies to ensure that all sales customers have a good credit history. Except for the top five accounts receivable

The Group has no other significant credit concentration risk except for the top five accounts receivable.

The total amount of the top five accounts receivable: CNY 298 million.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations at maturity. The Group manages liquidity risk

approach is to ensure that sufficient financial liquidity is available to meet its obligations as they fall due without causing unacceptable losses or damage to corporate reputation. The Group regularly analyzes the structure and maturity of its liabilities to ensure that sufficient funds are available. The Group's management monitors the use of bank borrowings and ensures compliance with borrowing agreements. It also negotiates financing with financial institutions in order to maintain a certain credit limit and reduce liquidity risk.

(iii) Market risk

Market risk of financial instruments is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, including exchange rate risk, interest rate risk and other price risks.

1. Interest rate risk

The Group's risk of changes in cash flows from financial instruments due to changes in interest rates relates mainly to floating rate bank borrowings. The Group's policy is to maintain a floating interest rate on these borrowings.

2. Exchange rate risk

Foreign exchange risk represents the risk of loss arising from changes in exchange rates. The Group's exposure to foreign exchange risk relates primarily to the U.S. dollar, with the Group's principal export business being denominated and settled in U.S. dollars. As at 31 December 2022, the Group's assets and liabilities were all in CNY balances, except for the balances of foreign currency monetary items in Note V. (53) of this note. The foreign exchange risk arising from the assets and liabilities of these foreign currency balances may have an impact on the Group's operating results.

3. Other price risk

As of December 31, 2022, the Group's outsourced bearing components may be affected by price fluctuations.

IX. Fair value disclosures

The inputs used in fair value measurements are divided into three levels:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date.

Level 2 inputs are inputs other than Level 1 inputs that are directly or indirectly observable for the related asset or liability.

Level 3 inputs are unobservable inputs for the relevant asset or liability.

The level to which the fair value measurement results belong is determined by the lowest level to which the inputs that are significant to the fair value measurement as a whole belong.

There is no asset or liability measured by fair value at the end of report period.

Items	F V at the year end			Total
	1st Level FV Measurement	2nd Level FV Measurement	3rd Level FV Measurement	
I、Continuously measured at FV	-	-	-	-

(I).Tradable financial asset	243,454.50			243,454.50
1.Financial assets at fair value through profit or loss	243,454.50			243,454.50
Debt instrument investment				
Equity instrument investment	243,454.50			243,454.50
Derivative financial asset				
Others				
2.Designated as financial asset measured at FVTP				
3.Financing receivable		30,996,930.63		30,996,930.63
Total assets measured at fair value on an ongoing basis	243,454.50	30,996,930.63		31,240,385.13

2. Market value determination for 1st Level FV Measurement item

The group measured the part of equity instrument investment included in the tradable financial asset at unadjusted closing price in the open market on December 31st, 2022.

X. Related Parties Relationship and Transactions

1. Status of the Wafangdian Bearing Company Limited's parent company

Parent company	Registered address	Business nature	Registered capital	Shareholding percentage (%)	Voting power percentage (%)
Wazhou Group	No. 1 North Gongji Street, Wafangdian City, Dalian	Manufacture and sales of bearing and other equipment	519,869,400.00	60.61	60.61

2. Status of the Company's subsidiaries

For details of the Company's subsidiaries, please refer to "VII. Interests in other entities" in this note.

3. Other related parties

Name of related party	Related party relationship
Dalian Wazhou Bearing Manufacturing Equipment Co., Ltd	Other entity controlled by the same parent company and ultimate controlling party
Wazhou Exact Forge Co., Ltd	Other entity controlled by the same parent company and ultimate controlling party
Wazhou Group Precision Turnplate Bearing Co., Ltd	Other entity controlled by the same parent company and ultimate controlling party
Wazhou Group Exact Transmission Bearing Co., Ltd	Other entity controlled by the same parent company and ultimate controlling party
Wazhou Group Special Precision Bearing Co., Ltd.	Other entity controlled by the same parent company and ultimate controlling party
Liaoning North Metal Materials Supply Chain Co. Ltd	Other entity controlled by the same parent company and ultimate controlling party
Wazhou Group (USA) Bearing Co., Ltd.	Other entity controlled by the same parent

	company and ultimate controlling party
Wazhou Group High-End Auto Bearing Co.,Ltd	Other entity controlled by the same parent company and ultimate controlling party
Wazhou Group Precision Roller Co.,Ltd	Other entity controlled by the same parent company and ultimate controlling party
Wazhou Group Precision Retainer Co.,Ltd	Other entity controlled by the same parent company and ultimate controlling party
Kugel- und Rollenlagerwerk Leipzig GmbH	Other entity controlled by the same parent company and ultimate controlling party
Wafangdian Bearing Power Co.,Ltd	Other entity controlled by the same parent
Wazhou Group National Bearing Engineering Technology Research Centre Co.,Ltd	Other entity controlled by the same parent
Wafangdian Bearing Group Dalian Wind Power Spindle Bearing Co.	Other entity controlled by the same parent
Wafangdian Bearing Group Shanghai R&D Center Co.	Other entity controlled by the same parent
Waxaxhaft Group (Europe) Bearing Co.	Other entity controlled by the same parent
Dalian Wazhou Jinzhou Machinery Co., Ltd	Other related party
Wafangdian Tongda Bearing Manufacturing Co., Ltd	Other related party
Dalian WazhouFengyuan Machinery Co., Ltd	Other related party
ZWZ Bearing Europe GmbH	Other related party
Dalian koyo Wazhou shaft auto bearing co., Ltd	Other related party
Wafangdian Bearing Education and Training Center	Other related party
Dalian Tiye Gikai Wax Shaft Industry Co., Ltd	Other related party
Wafangdian Bearing Hospital	Other related party
Dalian Heavy Industries Crane Group Co.	Other related party

4.Related party transactions

(1) Purchase of goods, provide, and receive labour services

1) Purchase of goods/receive labour services

Related party	Content	current year	Authorized limit(Shenzhen Security	Whether over the authorized	prior year
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			Exchange)	limited	
Wazhou Group	Purchase of goods and equipment	393,790,502.66	476,000,000.00	N	384,964,630.93
Wazhou Exact Forge Co.,Ltd.	Purchase of goods and equipment	267,204,511.61	300,000,000.00	N	279,540,479.17
Wazhou Precision Group Roller Co.,Ltd	Purchase of goods	41,439,350.46	50,000,000.00	N	36,414,273.51
Wazhou Group High-end Auto Bearing Co.,Ltd	Purchase of goods	70,167,080.09	100,000,000.00	N	95,847,261.64
Wazhou Precision Group Retainer Co.,Ltd	Purchase of goods	167,849,331.81	250,000,000.00	N	158,981,783.80
Dalian Wazhou Bearing Manufacturing Equipment Co., Ltd	Purchase of goods	17,863,540.42	28,000,000.00	N	10,411,879.53
Wafangdian Bearing Power Co.,Ltd	Purchase of equipment	1,410,483.03			
Dalian Wazhou Jinzhou Machinery Co., Ltd	Purchase of goods	19,408,857.28	10,000,000.00	Y	16,734,579.22
Wazhou Precision Group Exact Transmission Bearing Co., Ltd	Purchase of goods	210,946.05			
Dalian Wazhou Fengyuan Machinery Co., Ltd	Purchase of goods	5,575,226.43	12,000,000.00	N	5,832,583.86
Wazhou Precision Group Turnplate Bearing Co., Ltd	Purchase of goods				356,894.15

Wafangdian Bearing Power Co.,Ltd	Purchase of goods	37,654,180.13	55,000,000.00	N	20,628,381.43
Wafangdian Bearing Group Bearing Engineering Technology Research Center Co.,Ltd	Purchase of equipment				52,345.13
Wafangdian Bearing Group Bearing Engineering Technology Research Center Co.,Ltd	Service accepted	19,005,108.68	30,000,000.00	N	18,789,106.13
Wafangdian Bearing Hospital	Service accepted	295,063.19	500,000.00	N	228,624.00
Wafangdian Bearing Education and Training Center	Service accepted	5,000.00	500,000.00	N	123,540.00
Dalian Wazhou Bearing Manufacturing Equipment Co., Ltd	Service accepted	5,952,915.64	10,000,000.00	N	4,019,157.74
Wafangdian Tongda Bearing Manufacturing Co.,Ltd.	Service accepted	4,477,173.00	6,000,000.00	N	4,290,342.19
Wafangdian Bearing Power Co.,Ltd	Service accepted	12,371,038.55	36,000,000.00	N	3,849,143.16
Wazhou Group	Service accepted	5,416,319.71			2,168,767.50
Wazhou Exact Forge Co.,Ltd.	Purchase of factory building				11,222,201.84
Wafangdian Bearing	Purchase of	145,299.15			

Group	Equipment	equipment				
Technology						
Engineering Co. ,						
Ltd						

2) Sales of goods/provide labour services

Related party	Content	current year	prior year
Wazhou Exact Forge Co.,Ltd.	Sales of goods	101,061,836.66	99,574,164.81
Wazhou Group (USA) Bearing Co., Ltd.	Sales of goods	56,813,588.09	85,998,248.43
Wazhou Group Precision Roller Co.,Ltd	Sales of goods	81,168.58	9,900,719.63
Wazhou Group Precision Turnplate Bearing Co., Ltd	Sales of goods	91,883,093.95	45,677,165.01
Wazhou Group	Sales of goods	143,574,285.73	62,699,726.97
Wazhou Group High-end Auto Bearing Co.,Ltd	Sales of goods	8,980,219.56	2,792,976.77
Kugel- und Rollenlagerwerk Leipzig GmbH	Sales of goods		8,038,678.06
Wazhou Group Exact Transmission Bearing Co., Ltd	Sales of goods	2,288,278.55	1,307,958.30
ZWZBearingEuropeGmbH	Sales of goods		
Wafangdian Bearing Group Special Precision Bearing Co.	Sales of goods	2,173,637.95	1,329,682.51
Wafangdian Tongda Bearing Manufacturing Co.,Ltd.	Sales of goods	160,129.79	1,149,236.61
Dalian Wazhou Bearing Manufacturing Equipment Co., Ltd	Sales of goods	147,844.82	105,729.38
Wazhou Group Precision Retainer Co.,Ltd	Sales of goods	329,011.91	44,277.15
Wafangdian Bearing Group National Bearing Engineering Technology Research Center Co.,Ltd	Sales of goods		161,368.58
Dalian Wazhou Jinzhou Machinery Co., Ltd	Sales of goods	2,677.95	
Wazhou Group Precision Roller Co.,Ltd	provide labour services	2,996,939.24	2,940,693.43
Wazhou Group High-end Auto Bearing Co.,Ltd	provide labour services	6,077,422.19	4,842,293.36

Wazhou Group Exact Transmission Bearing Co., Ltd	provide labour services	42,787,233.68	41,906,641.29
Wafangdian Bearing Group Special Precision Bearing Co.	provide labour services	565,061.65	492,193.45
Dalian Wazhou Jinzhou Machinery Co., Ltd	provide labour services	45,757.32	161,303.24
Wazhou Exact Forge Co.,Ltd.	provide labour services	298,456.28	1,141,806.30
Dalian Wazhou Bearing Manufacturing Equipment Co., Ltd	provide labour services	471,453.81	438,118.96
Wafangdian Tongda Bearing Manufacturing Co.,Ltd.	provide labour services	4,776,402.46	7,342,059.63
Wazhou Group Precision Retainer Co.,Ltd	provide labour services		88,268.71
Wazhou Group	provide labour services	23,569,290.84	21,178,229.12
Wazhou Group Precision Turnplate Bearing Co., Ltd	provide labour services	2,686,114.36	1,505,490.36
Wazhou Group	Sales of equipment		25,663.72
Wazhou Group Precision Roller Co.,Ltd	Sales of equipment		
Wazhou Group Precision Retainer Co.,Ltd	Sales of equipment	2,609,505.52	181,415.92
Dalian Wazhou Bearing Manufacturing Equipment Co., Ltd	Sales of equipment		132,743.36
Wazhou Group High-end Auto Bearing Co.,Ltd	Sales of equipment	35,482.35	
Dalian Wazhou Jinzhou Machinery Co., Ltd	Sales of equipment		68,141.59
Wazhou Group	Sales of equipment		53,686,153.41

(2) Assets rent

1) Assets rent out

Lessee	Category of assets rent out	Current year profits	prior year profits
Wazhou Exact Forge Co.,Ltd.	Buildings	1,173,050.00	1,290,614.91

Lessee	Category of assets rent out	Current year profits	prior year profits
Wazhou Group High-end Auto Bearing Co.,Ltd	Buildings	1,019,845.20	2,178,415.20
Wazhou Group Precision Retainer Co.,Ltd	Buildings	885,456.60	764,023.00
Dalian Wazhou Jinzhou Machinery Co., Ltd	Buildings		401,580.00
Dalian Wazhou Fengyuan Machinery Co., Ltd	Buildings	128,520.00	121,192.27
Wazhou Group	Buildings	1,168,056.00	700,999.20
Wazhou Group High-end Auto Bearing Co.,Ltd	Equipment	9,374,624.30	8,703,744.28
Wazhou Group Precision Retainer Co.,Ltd	Equipment	561,318.25	696,332.22
Wazhou Exact Forge Co.,Ltd.	Equipment	1,111,341.52	568,672.27
Wazhou Group Precision Roller Co.,Ltd	Equipment	359,088.14	402,799.86
Wazhou Group	Equipment	7,880,951.13	8,122,924.13
Wazhou Exact Forge Co.,Ltd.	Land (located in No. 1, Phrase1, North Gongji Street, with area of 88,582 m ²).	1,328,730.00	768,312.54
Wazhou Group	Land (located in No. 1, Phrase1, North Gongji Street, with area of of 18,873 m ²).	283,095.00	302,255.25
Wazhou Group Precision Retainer Co.,Ltd	Land (located in No. 1, Phrase1, North Gongji Street, with area of of 88,582 m ²).	265,455.00	263,148.00
Wazhou Group	Land (located in No. 1, Phrase1, North Gongji Street, with area of of 17,697 m ²).	197,565.00	197,565.00
Wafangdian Bearing Group National Bearing Engineering Technology Research Center	Buildings	18,000.00	

Lessee	Category of assets rent out	Current year profits	prior year profits
Co.,Ltd			

2) Assets under lease

Lessor	Category of assets rent in	current year			prior year		
		Rental costs for short-term leases and low-value asset leases with simplified processing	Variable lease payments not included in the measurement of lease liabilities	Rent paid	Rental costs for short-term leases and low-value asset leases with simplified processing	Variable lease payments not included in the measurement of lease liabilities	Rent paid
Wazhou Group	Land (located in Wazhou Group industrial park, with area of 19,401.24 m ²).	287,930.24		287,930.24	291,018.60		291,018.60
Wazhou Group	Building (located in Wazhou Group industrial park, with area of 13,781.57 m ²).	1,645,770.40		1,645,770.40	1,653,788.40		1,653,788.40
Wazhou Group	Land (located in Wazhou Group industrial park, with area of 12,522.33 m ²).	159,618.06		159,618.06	187,834.95		187,834.95
Wazhou Group	Building (located in Wazhou Group industrial park, with area of 8,551.08 m ²).	913,426.07		913,426.07	1,026,129.60		1,026,129.60
Wazhou Group	35 Equipment	250,370.00		250,370.00	300,443.98		300,443.98
Wazhou Group	Land (No.5 Plant West Industry Park with area of 11,290 m ²)	169,350.00		169,350.00	169,350.00		169,350.00
Wazhou	Building (No.5 Plant West Industry Park	783,720.00		783,720.00	783,720.00		783,720.00

Lessor	Category of assets rent in	current year			prior year		
		Rental costs for short-term leases and low-value asset leases with simplified processing	Variable lease payments not included in the measurement of lease liabilities	Rent paid	Rental costs for short-term leases and low-value asset leases with simplified processing	Variable lease payments not included in the measurement of lease liabilities	Rent paid
Group	with area of 6,531 m ²)						
Wazhou Group	29 Equipment	107,095.50		107,095.50	131,422.00		131,422.00
Wazhou Group	Land (located in Wazhou Group industrial park, with area of 12,522.33 m ²).	31,305.95		31,305.95			
Wazhou Group	Building (located in Wazhou Group industrial park, with area of 8,551.08 m ²).	181,081.60		181,081.60			
Wazhou Group	Building (located in Wazhou Group industrial park, with area of 3,954.39 m ²).				474,527.00		474,527.00
Wazhou Group	Building (located in Wazhou Group industrial park, with area of 3,965.50 m ²).	475,860.00		475,860.00			
Wazhou Group	Land (located in Wazhou Group industrial park, with area of 11,637 m ²).	174,555.00		174,555.00	174,555.00		174,555.00
Wazhou	Building (Junkyard ,located in Wazhou	54,000.00		54,000.00			

Lessor	Category of assets rent in	current year			prior year		
		Rental costs for short-term leases and low-value asset leases with simplified processing	Variable lease payments not included in the measurement of lease liabilities	Rent paid	Rental costs for short-term leases and low-value asset leases with simplified processing	Variable lease payments not included in the measurement of lease liabilities	Rent paid
Group	Group industrial park, with area of 400 m ² , West Industry Park with area of 500 m ² , 900m ² in total).						
Wazhou Group	Land (Junkyard ,located in Wazhou Group industrial park, with area of 400 m ² , West Industry Park with area of 500 m ² , 900m ² in total).	13,500.00		13,500.00			
Wazhou Group	Building (Junkyard ,located in Wazhou Group industrial park, with area of 400 m ²).				36,000.00		36,000.00
Wazhou Group	Land (Junkyard ,located in Wazhou Group industrial park, with area of 400 m ²).				6,000.00		6,000.00
Wazhou Group	Building (located in north place of Wazhou Group industrial park 1st union factory, with area of 3,393.8 m ²).				203,628.00		203,628.00
Wazhou Group	Land (located in north place of Wazhou Group industrial park 1st union factory,				38,502.00		38,502.00

Lessor	Category of assets rent in	current year			prior year		
		Rental costs for short-term leases and low-value asset leases with simplified processing	Variable lease payments not included in the measurement of lease liabilities	Rent paid	Rental costs for short-term leases and low-value asset leases with simplified processing	Variable lease payments not included in the measurement of lease liabilities	Rent paid
	with area of 5,133.59 m ²).						
Wazhou Group	Building (No.3 Plant West Industry Park with area of 18,185 m ²)				2,182,200.00		2,182,200.00
Wazhou Group	Land (No.3 Plant West Industry Park with area of 29,460 m ²)	441,900.00		441,900.00	441,900.00		441,900.00
Wazhou Group	Building (No.5 Plant West Industry Park with area of 3,245.59 m ²)	389,470.80		389,470.80	389,471.00		389,471.00
Wazhou Group	Land (No.3 Plant West Industry Park with area of 5,610 m ²)	84,150.00		84,150.00	84,150.00		84,150.00
Wazhou Group	Building (No.5 Plant West Industry Park with area of 19550.82 m ²)	2,346,098.40		2,346,098.40			
Wazhou Group	29 Equipment	917,241.91		917,241.91			
Wazhou Group	29 Equipment				968,722.12		968,722.12
Wazhou Group	Building (Wafangdian City, North Gongji Street, section 1, the former testing center of the new measurement room,				18,000.00		18,000.00

Lessor	Category of assets rent in	current year			prior year		
		Rental costs for short-term leases and low-value asset leases with simplified processing	Variable lease payments not included in the measurement of lease liabilities	Rent paid	Rental costs for short-term leases and low-value asset leases with simplified processing	Variable lease payments not included in the measurement of lease liabilities	Rent paid
	an area of 125.17 m ²)						
Wazhou Group	Land (Wafangdian City, North Gongji Street, section 1, the former testing center of the new measurement room, an area of 133.33 m ²)				2,000.00		2,000.00
Wazhou Group	Building (located in north place of Wazhou Group industrial park 1st union factory, with area of 9,316.85 m ²).				1,118,022.00		1,118,022.00
Wazhou Group	Land (located in north place of Wazhou Group industrial park 1st union factory, with area of 14,112.57 m ²).				211,689.00		211,689.00
Wazhou Group	34 Equipment				208,183.05		208,183.05
Wazhou Group	Building (located in north place of Wazhou Group industrial park 1st union factory, with area of 1,011.66 m ²).				91,049.00		91,049.00
Wazhou Group	Land (located in north place of Wazhou Group industrial park 1st union factory,				17,216.00		17,216.00

Lessor	Category of assets rent in	current year			prior year		
		Rental costs for short-term leases and low-value asset leases with simplified processing	Variable lease payments not included in the measurement of lease liabilities	Rent paid	Rental costs for short-term leases and low-value asset leases with simplified processing	Variable lease payments not included in the measurement of lease liabilities	Rent paid
	with area of 1,530.27 m ²).						
Wazhou Group	Building (located in north place of Wazhou Group industrial park 1st union factory, with area of 13,722.31 m ²).	1,646,677.20		1,646,677.20			
Wazhou Group	Land (located in north place of Wazhou Group industrial park 1st union factory, with area of 20,776.43m ²).	311,646.43		311,646.43			
Wazhou Group	47 Equipment	148,641.28		148,641.28			
Wazhou Group	Building (located in Wazhou Group industrial park 3rd union factory, with area of 19,494.2 m ²).				2,339,304.00		2,339,304.00
Wazhou Group	Land (located in Wazhou Group industrial park 3rd union factory, with area of 30,380 m ²)	455,700.00		455,700.00	455,700.00		455,700.00
Wazhou Group	Building (located in Wazhou Group industrial park 3rd union factory, with area of 20224.94 m ²).	2,426,992.80		2,426,992.80			

Lessor	Category of assets rent in	current year			prior year		
		Rental costs for short-term leases and low-value asset leases with simplified processing	Variable lease payments not included in the measurement of lease liabilities	Rent paid	Rental costs for short-term leases and low-value asset leases with simplified processing	Variable lease payments not included in the measurement of lease liabilities	Rent paid
Wazhou Group	1 Equipment				23,213.68		23,213.68
Wazhou Group	Land (No.2 Plant West Industry Park with area of 29,930 m ²), Building	2,802,400.80		2,802,400.80	2,708,310.00		2,708,310.00
Wazhou Group	Land (XIII Li, Jinzhou District, Dalian City with area of 29,930 m ²),	380,835.00		380,835.00	380,835.00		380,835.00
Wazhou Group	Equipment	932,221.10		932,221.10	947,552.00		947,552.00
Wazhou Group	Building (located in Wazhou Group industrial park 1st union factory, with area of 39.5 m ²).				4,741.00		4,741.00
Wazhou Group	Land (located in Wazhou Group industrial park 1st union factory, with area of 29.55 m ²).				443.00		443.00
Wazhou Group	Building (located in Wazhou Group industrial park 2nd union factory, with area of 327.05 m ²).	40,565.00		40,565.00	39,246.00		39,246.00
Wazhou	Land (located in Wazhou Group	1,592.89		1,592.89	2,389.00		2,389.00

Lessor	Category of assets rent in	current year			prior year		
		Rental costs for short-term leases and low-value asset leases with simplified processing	Variable lease payments not included in the measurement of lease liabilities	Rent paid	Rental costs for short-term leases and low-value asset leases with simplified processing	Variable lease payments not included in the measurement of lease liabilities	Rent paid
Group	industrial park 2nd union factory, with area of 159.29 m ²).						
Wazhou Group	Building (located in Wazhou Group industrial park 4th union factory, with area of 82.33 m ²).				9,880.00		9,880.00
Wazhou Group	Land (located in Wazhou Group industrial park 4th union factory, with area of 60.36 m ²).				905.00		905.00
Wazhou Group	Building (located in Wazhou Group industrial park 4th union factory, with area of 503 m ²).				60,360.00		60,360.00

3) Related party assets transfer and debt structure reconstruction

Related party			Type of transaction	current year	prior year
Dalian	Wazhou	Bearing	Gain on debt		
Manufacturing Equipment Co., Ltd			restructuring		5,500.00
National	Bearing	Engineering	Gain on debt		
Technology Research Centre of			restructuring		23,555.17
Wazhou Group					

4) Acceptance of comprehensive service

Item	current year	prior year
Firelight and security	2,679,200.00	2,451,100.00
Technology service	1,221,545.89	
Publicity and vehicle usage fees	929,358.82	

5) Use of trademark

According to the 'Trade Mark License contract' signed between the Company and the Group on January 1, 2022, within the valid period up to December 31, 2022, the Company shall pay license fees to the Group at 1% of net sales by using the trade mark of Wazhou Group for self-manufactured stock. In 2022, the Company shall pay license fees of CNY 19,059,025.84 (except VAT).

6) Management remuneration

Item	current year	prior year
Total	2,116,355.84	2,456,150.92

5. Balances with related parties

1) Accounts receivable due from related parties

Item	Related party	Closing Balance		Opening Balance	
		Book Balance	Provision	Book Balance	Provision
Accounts receivable	Wazhou Group Precision Turnplate Bearing Co., Ltd	51,601,405.24	-	6,879,860.08	-

Accounts receivable	Wazhou Group Precision Roller Co.,Ltd	84,978,681.79	-	88,974,982.32	-
Accounts receivable	Wazhou Group (USA) Bearing CO., Ltd.	16,834,162.48	-	34,065,432.06	-
Accounts receivable	Wazhou Group	418,776.87	-	13,682,293.02	-
Accounts receivable	Wazhou Group Exact Transmission Bearing Co., Ltd	30,335,154.70	-	28,599,541.22	-
Accounts receivable	Wafangdian Bearing Group Special Precision Bearing Co.		-	1,660,069.24	-
Accounts receivable	Kugel- und Rollenlagerwerk Leipzig GmbH	274,528.41	-	603,628.47	-
Accounts receivable	Wazhou Exact Forge Co.,Ltd.	38,999,730.40	-		-
Prepayment	Liaoning North Metal Materials Supply Chain Co.,Ltd			5,000,000.00	-
Prepayment	Wazhou Bearing Power Co.,Ltd	149,056.71		215,284.74	-
Prepayment	Dalian Wazhou Bearing Manufacturing Equipment Co., Ltd	99,477.71		450,422.00	-
Other receivable	Wazhou Group	54,005.53	-	49779.39	-

2) Accounts payable due from related parties

Item	Related party	Closing Balance	Opening Balance
Accounts payable	Wazhou Exact Forge Co.,Ltd.		3,252,037.66
Accounts payable	Wazhou Group	132,706,895.33	141,326,357.49
Accounts payable	Dalian Wazhou Bearing Manufacturing Equipment Co., Ltd	10,821,238.70	3,522,241.14

Accounts payable	Wafangdian Tongda Bearing Manufacturing Co.,Ltd.	80,793.56	1,958,543.96
Accounts payable	Wazhou Group Equipment Technology Project Co., Ltd.		29,700.00
Accounts payable	Dalian Wazhou Jinzhou Machinery Co., Ltd	8,868,481.13	8,441,546.14
Accounts payable	Dalian Wazhou Fengyuan Machinery Co., Ltd	8,834,110.73	4,198,518.84
Accounts payable	National Bearing Engineering Technology Research Centre of Wazhou Group	12,560,399.01	9,289,575.00
Accounts payable	Wazhou Group Precision Retainer Co.,Ltd	27,868,567.48	15,679,326.25
Accounts payable	Wazhou Bearing Power Co.,Ltd	3,061,174.63	2,447,640.94
Accounts payable	Wazhou Group High-end Auto Bearing Co.,Ltd	32,490,015.05	14,776,614.83
Accounts payable	Wafangdian Bearing Education and Training Center		56,400.00
Accounts payable	Wafangdian Bearing Hospital		103,724.00
Accounts payable	Wafangdian Bearing Group Special Precision Bearing Co.	2,972,132.13	
Other payables	Wazhou Group	29,201,965.04	38,265,278.19
Other payables	Wazhou Group Equipment Technology Project Co., Ltd.		952,000.00
Other payables	Wazhou Bearing Power Co.,Ltd	1,027,263.84	1,714,697.56

XI. Contingency & Commitment

None.

XII. Events after the Balance Sheet Date

Until the financial report date, there is no significant post balance sheet event for disclosure.

XIII. Other Significant Events

Until December 31, 2022, there is no significant post other significant events.

XIV. Notes to the Main Items of the Financial Statements of Parent Company**i. Notes receivable****(1) Category of notes receivable**

Items	Closing Balance	Opening Balance
Bank acceptance notes	311,590,612.65	322,785,712.13
Trade acceptance notes	52,777,611.95	61,341,916.08
Total	364,368,224.60	384,127,628.21

(2) Pledged notes receivable up to the end of year

Items	Closing pledged amount
Bank acceptance notes	20,228,644.00
Trade acceptance notes	-
Total	20,228,644.00

(3) 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		249,665,465.00
Trade acceptance notes		26,629,132.29
Total		276,294,597.29

ii. Accounts receivable

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

Aging	Closing Balance		
	Accounts receivable	Provision for bad debts	Proportion (%)
Within 1 year	976,123,178.58	853,140,251.42	5.00
1-2 years	155,623,006.95	213,740,388.27	10.00
2-3 years	36,568,253.07	21,417,496.30	20.00
3-4years	8,448,563.73	14,537,788.31	50.00
4-5years	14,050,235.17	12,171,325.83	80.00
Over 5 years	26,190,802.12	15,855,449.55	100.00
Total	1,217,004,039.62	1,130,862,699.68	1,217,004,039.62

2. Category of accounts receivable

Items	Closing Balance				
	Booking balance		Provision		Booking value
	Amount	%	Amount	%	
Accounts receivable with individual bad debt provision	68,147,261.25	5.60	68,147,261.25	100.00	-
Accounts receivable with bad debt provision based on the characters of credit risk portfolio	1,148,856,778.37	94.40	57,065,020.91	-	1,091,791,757.46
-Aging portfolio	935,284,105.16	76.85	57,065,020.91	6.10	878,219,084.25
-Related party portfolio	213,572,673.21	17.55	-	-	213,572,673.21
Total	1,217,004,039.62	100.00	125,212,282.16	—	1,091,791,757.46

(continued)

Items	Opening Balance				Booking value
	Booking balance		Provision		
	Amount	%	Amount	%	
Accounts receivable with individual bad debt revision	77,309,692.95	6.84	77,309,692.95	100.00	
Accounts receivable with bad debt provision based on the characters of credit risk portfolio	1,053,553,006.73	93.16	64,421,657.30	6.11	989,131,349.43
-Aging portfolio	888,678,707.98	78.58	64,421,657.30	7.25	824,257,050.68
-Related party portfolio	164,874,298.75	14.58			164,874,298.75
Total	1,130,862,699.68	100.00	141,731,350.25		989,131,349.43

Bad debt provision for accounts receivable at the end of year based on individual

Debtors name	Closing Balance			
	Accounts receivable	Provision for bad debts	Proportion (%)	Reasons for provision
Liaoning Yinheng Galvanized Colored Coated Steel Sheet Co. Ltd	3,213,308.67	3,213,308.67	100	uncollectable
Shandong Hengji New Materials Co., Ltd	2,284,666.96	2,284,666.96	100	uncollectable
Heilongjiang Longmei Logistics Co., Ltd	2,134,140.98	2,134,140.98	100	uncollectable
Shandong Yuanda Board Technology Co., Ltd	1,804,722.77	1,804,722.77	100	uncollectable
Yingkou Iron & Steel Co. Ltd	1,696,318.44	1,696,318.44	100	uncollectable
HBIS Company Limited Handan Branch	1,608,611.42	1,608,611.42	100	uncollectable
An Gang steel Co.,Ltd	1,595,050.69	1,595,050.69	100	uncollectable
Bazhou Tianli Tube Co., Ltd	1,325,600.76	1,325,600.76	100	uncollectable
Zhejiang Yesheng New Material Co. Ltd	1,301,760.00	1,301,760.00	100	uncollectable
CITIC Heavy Industries Co.,Ltd	1,128,791.54	1,128,791.54	100	uncollectable
HenanTaihang Vibration Machinery Co., Ltd	989,207.41	989,207.41	100	uncollectable
Donghai New Material Co. Ltd	942,558.20	942,558.20	100	uncollectable
Shanghai Jieru Heavy Industry Mechanical Equipment Co., Ltd	923,603.80	923,603.80	100	uncollectable
Tangshan Guofeng Iron and Steel Co. LTD	883,297.41	883,297.41	100	uncollectable

Jilin Chengzhong Auto Parts Co., Ltd	872,874.22	872,874.22	100	uncollectable
Shandong Changhua Machinery Technology Co., Ltd	846,943.06	846,943.06	100	uncollectable
Wanxin(Deyang) Engineering & Equipment Co., Ltd. of China				
National Erzong Group	795,887.92	795,887.92	100	uncollectable
Benxi Beiyong Steel (Group) Co. Ltd	775,804.98	775,804.98	100	uncollectable
Shantui Construction Machinery Co., Ltd	772,850.38	772,850.38	100	uncollectable
Zhongguang Keji(Fujian)Co.,Ltd.	761,374.62	761,374.62	100	uncollectable
Shandong Yuntong New Material Technology Co. Ltd	711,438.94	711,438.94	100	uncollectable
Dongfeng Transmission Co.,Ltd	704,098.23	704,098.23	100	uncollectable
Shanghai Weiqiang Heavy Industry Mechanic Co.,Ltd	673,595.42	673,595.42	100	uncollectable
Dalian Tianyuan Motor Co.,Ltd	666,383.31	666,383.31	100	uncollectable
Shanxi Hongda Iron&Steel Co.,Ltd	657,373.00	657,373.00	100	uncollectable
Shaanxi Hande Axle Co., Ltd. Xi'an Branch	644,075.33	644,075.33	100	uncollectable
Dandong Shuguang Heavy Axle Co., Ltd	642,833.42	642,833.42	100	uncollectable
Hangzhou Advance Gearbox Group Co., Ltd	634,135.80	634,135.80	100	uncollectable
Wolong Electric Huai 'an Qingjiang Motor Co. Ltd	601,859.03	601,859.03	100	uncollectable
Xingtai Iron and Steel Co., Ltd	590,148.98	590,148.98	100	uncollectable
Qinghai Lufeng New Material Co., Ltd	525,743.44	525,743.44	100	uncollectable
Xi 'an Zhuoshibo Hydraulic Engineering Co., Ltd	514,938.87	514,938.87	100	uncollectable
Jiangsu Leche Heavy Industry Machinery Co. LTD	506,477.77	506,477.77	100	uncollectable
Bengang Steel Plates Co., Ltd	487,064.68	487,064.68	100	uncollectable
Dongfeng Commercial Vehicle Co., Ltd	486,019.87	486,019.87	100	uncollectable
Gaotang Lvyin Environmental Protection Technology Co. Ltd	477,691.81	477,691.81	100	uncollectable
Mudanjiang Reduction Gears Factory	467,905.65	467,905.65	100	uncollectable
Shandong Zhangqiu Blower Co.,Ltd.	461,708.13	461,708.13	100	uncollectable
Factory 07-256	460,854.77	460,854.77	100	uncollectable
Beijing Jingcheng Star Technology Development Co., Ltd	450,000.00	450,000.00	100	uncollectable
Hunan Chaoyang Mechanic & Electric Co.,Ltd	446,627.60	446,627.60	100	uncollectable
Shandong Guanzhou Co., Ltd	434,439.09	434,439.09	100	uncollectable
XEMC	416,549.65	416,549.65	100	uncollectable
Shanxi Taigang Stainless Steel Co.,Ltd.	402,332.21	402,332.21	100	uncollectable
Chengdu Gaoyuan Electromechanical Equipment Co.,Ltd.	383,615.52	383,615.52	100	uncollectable
Xuzhou Xugong Material Supply Co., Ltd	373,237.55	373,237.55	100	uncollectable

Qingdao Shuangxing Tire Industry Co. Ltd	371,251.58	371,251.58	100	uncollectable
Shandong Quanlin Group Co. Ltd	370,734.92	370,734.92	100	uncollectable
Nanjing Institute of Astronomical Optics & Technology, CAS	352,660.01	352,660.01	100	uncollectable
Min Metals Yingkou Medium Plate Co.,Ltd.	351,890.29	351,890.29	100	uncollectable
Tai'an Tianhua Economic and Trade Co., Ltd	346,554.01	346,554.01	100	uncollectable
Guanxian Hongshun Composite Materials Co., Ltd	343,820.00	343,820.00	100	uncollectable
Hengfengtai Precision Machinery Co., Ltd	318,948.38	318,948.38	100	uncollectable
Shandong Tancheng Xinya Light Industry Machinery Co. Ltd	318,488.87	318,488.87	100	uncollectable
Northeast Special Steel Group Beiman Special Steel Co. Ltd	315,004.72	315,004.72	100	uncollectable
Shenji Group Kunming Machine Tool Company Limited	312,093.91	312,093.91	100	uncollectable
Shengli Oilfield Yinghai Building Materials Co.	310,948.58	310,948.58	100	uncollectable
Taicang Hu Tai Chang'e Paper Equipment Co. Ltd	310,361.32	310,361.32	100	uncollectable
Shaanxi Hande Axle Co., Ltd	309,157.59	309,157.59	100	uncollectable
Pingdingshan Tianan Coal Industry Co., Ltd	305,579.25	305,579.25	100	uncollectable
Pangang Group Chengdu Iron&Steel Co.,Ltd.	303,305.45	303,305.45	100	uncollectable
Hebei Jinxi Iron & Steel Group Co. Ltd	301,978.67	301,978.67	100	uncollectable
Harbin Hakuo Electric Power Technology Co. Ltd	297,905.32	297,905.32	100	uncollectable
Sichuan Ningjiang Shanchuan Machinery Co., Ltd	288,157.60	288,157.60	100	uncollectable
Jiangsu Xinrui Gear System Co. Ltd	286,949.88	286,949.88	100	uncollectable
China erzhong group (deyang) jingheng driving equipment co.ltd	286,935.03	286,935.03	100	uncollectable
Siemens Electric Motor (China) Co., Ltd	284,110.82	284,110.82	100	uncollectable
Langfang Shenhua Industry and Trade Co., Ltd	282,645.16	282,645.16	100	uncollectable
Taiyuan Heavy Industry Co., Ltd	275,596.93	275,596.93	100	uncollectable
Shandong Guanpeng Latten Co.,Ltd	273,748.84	273,748.84	100	uncollectable
Baotou Tianlihanfa Mechanic & Electric Co.,Ltd	273,597.67	273,597.67	100	uncollectable
ZHUZHOU GEAR CO.,LTD.	270,087.40	270,087.40	100	uncollectable
Sinosteel Xi'an Heavy Machinery Co., Ltd	265,321.47	265,321.47	100	uncollectable
Anhui Jianghuai Automobile Group Co., Ltd. Light Commercial Vehicle Branch	264,521.67	264,521.67	100	uncollectable
Baoji Zhongyi Industry and Trade Co. Ltd	256,372.12	256,372.12	100	uncollectable
Shandong Huali Motor Group Suzhou Manufacturing Co., Ltd	244,801.28	244,801.28	100	uncollectable
Zhibo Boshanqianjin Reduction Gears Co.,Ltd o. Ltd	244,579.32	244,579.32	100	uncollectable

Yanggu Dangu Sheet Co., Ltd	243,280.00	243,280.00	100	uncollectable
Tonghua Iron & Steel Co. Ltd	240,568.39	240,568.39	100	uncollectable
Shijiazhuang Qiangda Slurry Pump Co.,Ltd	238,749.98	238,749.98	100	uncollectable
Inner Mongolia Hongji Technology New Energy Co., Ltd	231,610.81	231,610.81	100	uncollectable
Taizhong Coal Machine Co.,Ltd	215,142.12	215,142.12	100	uncollectable
Qinhuangdao Shouqin Metal Material Co. Ltd	213,911.48	213,911.48	100	uncollectable
Chongqing Iron Horse Industry Group Co., Ltd	211,196.98	211,196.98	100	uncollectable
SAIC IVECO Hongyan Commercial Vehicle Co., Ltd	210,860.60	210,860.60	100	uncollectable
Shandong Quanlin Straw Utilization Co. Ltd	207,409.46	207,409.46	100	uncollectable
Panzhuhua Steel Group Panzhuhua Steel Vanadium Co.,Ltd.	203,004.70	203,004.70	100	uncollectable
Fujian Wuhang Stainless Steel Products Co., Ltd	202,936.71	202,936.71	100	uncollectable
Xinxiang Xinlan Beike Libration Electric Machinery Co.,Ltd.	200,000.00	200,000.00	100	uncollectable
Tianjin Rongtai Advanced Composite Material Co.,Ltd	200,000.00	200,000.00	100	uncollectable
Baoji Huawei Mine Machinery Co.,Ltd.	200,000.00	200,000.00	100	uncollectable
Hebei Wenfeng Iron & Steel Co. Ltd	197,979.65	197,979.65	100	uncollectable
Zhucheng Shuguang Axle Co., Ltd	191,824.38	191,824.38	100	uncollectable
Jiangsu Xuzhou Forging Machine Tool Factory Group Co., Ltd	188,906.34	188,906.34	100	uncollectable
Hubei Wazhou Xinsheng Technology Co., Ltd	188,136.00	188,136.00	100	uncollectable
Hanbang(Jiangyin)Petrochemical Co.,Ltd.	187,499.99	187,499.99	100	uncollectable
Nanjing Light Industry Machinery Factory	185,079.54	185,079.54	100	uncollectable
Xuzhou Zhongcai Equipment Heavy Machinery Co. Ltd	170,930.05	170,930.05	100	uncollectable
Taiyuan Tongze Heavy Industry Co., Ltd	170,178.79	170,178.79	100	uncollectable
Shanghai Zhongli Machinery Manufacturing Co., Ltd	164,864.37	164,864.37	100	uncollectable
Xuzhou Meichi Vehicle and Bridge Co., Ltd	163,037.45	163,037.45	100	uncollectable
Siping Blower Co., Ltd	160,053.21	160,053.21	100	uncollectable
Xiangdian Heavy Equipment Co., Ltd	158,854.17	158,854.17	100	uncollectable
Zhongshan Weite Motor Co., Ltd	158,593.79	158,593.79	100	uncollectable
Shandong Kerui Steel Plate Co.,Ltd.	156,702.16	156,702.16	100	uncollectable
Hubei Quanli Machinery Group Co. Ltd	152,489.82	152,489.82	100	uncollectable
Anshan Iron and Steel Co., Ltd.	150,734.55	150,734.55	100	uncollectable
Wafangdian Hongda Constant Velocity Joint Manufacturing Co., Ltd	148,466.32	148,466.32	100	uncollectable

Xinxiang Risheng CNC Bearing Equipment Co., Ltd	141,314.86	141,314.86	100	uncollectable
Shandong Maiteli Heavy Machinery Co., Ltd	137,806.10	137,806.10	100	uncollectable
Shenzhen Geesun Intelligent Technology Co., Ltd.	133,560.00	133,560.00	100	uncollectable
Anhui Anfeng Fan Co., Ltd	131,355.36	131,355.36	100	uncollectable
Zhejiang Zhonghong Motor Co.	126,348.05	126,348.05	100	uncollectable
Shenyang Qunding Machinery Equipment Co., Ltd	126,286.35	126,286.35	100	uncollectable
Tangshan Dunshi Machinery Manufacturing Co. Ltd	124,474.60	124,474.60	100	uncollectable
Nantong Hengrong Machine Pump Factory Co. Ltd	123,407.18	123,407.18	100	uncollectable
Guangxi Tianyang Huamei Paper Co. Ltd	122,629.00	122,629.00	100	uncollectable
NFC Shenyang Metallurgical Machinery Co.,Ltd.	121,909.54	121,909.54	100	uncollectable
Hubei Tongfang High-tech Pump Co., Ltd	121,727.00	121,727.00	100	uncollectable
Harbin First Machinery Manufacturing Group Co., Ltd	121,033.33	121,033.33	100	uncollectable
Shanghai Yaotai Engineering Technology Co., Ltd	113,054.61	113,054.61	100	uncollectable
Beijing Institute of Machinery Industry Automation	111,484.00	111,484.00	100	uncollectable
Shandong Baoding Coal Coking Co. td	110,528.29	110,528.29	100	uncollectable
Lingyuan Iron&Steel Co.,Ltd.	110,000.00	110,000.00	100	uncollectable
TISCO Group Dongfang Steel Co.	108,997.44	108,997.44	100	uncollectable
YINGKOU JIACHEN COKING & CHEMICAL INCORPORATION	108,451.55	108,451.55	100	uncollectable
Tianma Automobile Group Co.,Ltd.	107,121.10	107,121.10	100	uncollectable
Shenyang Sanming Heavy Industry Machinery Co., Ltd	105,807.39	105,807.39	100	uncollectable
Weichai Medium-Sized Diesel Engine (Weifang) Co., Ltd	104,548.21	104,548.21	100	uncollectable
China Pingmei Shenma Energy & Chemical Group Co.	104,296.17	104,296.17	100	uncollectable
DBI USA, Inc.	102,568.64	102,568.64	100	uncollectable
Jiamusi Jichi Tractor Manufacturing Co.,Ltd.	101,605.17	101,605.17	100	uncollectable
Changchun Generating Equipment Co.,Ltd.	100,536.11	100,536.11	100	uncollectable
Yangmei Xinzhou General Machinery Co., Ltd	100,447.88	100,447.88	100	uncollectable
Others	9,396,331.15	9,396,331.15	100	uncollectable
Total	68,147,261.25	68,147,261.25		

Provision for bad debts by portfolio
Portfolio accruals items

Name	Closing Balance
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	Accounts Receivable	Provision for bad debts	Proportion (%)
Within 1 year	823,808,287.90	41,190,414.40	5.00
1-2 years	81,870,747.68	8,187,074.77	10.00
2-3 years	26,764,706.82	5,352,941.36	20.00
3-4years	892,038.53	446,019.27	50.00
4-5years	298,765.55	239,012.44	80.00
Over 5 years	1,649,558.68	1,649,558.68	100.00
Related Party Portfolio	213,572,673.21		
Total	1,148,856,778.37	57,065,020.91	

3. Provision for bad debts charged off, reversed or recovered during the period Related party portfolio

Category	Opening Balance	Amount during the period			Closing balance
		Accrued	Received	Charge off	
Provision for bad debts	141,731,350.25	-3,577,703.20	-9,541,570.95	3,399,793.94	125,212,282.16
Total	141,731,350.25	-3,577,703.20	-9,541,570.95	3,399,793.94	125,212,282.16

4. Accounts receivable written off in current period

Item	Written-off Amount
Accounts receivable written off	3,399,793.94

Significant amount written off

Company name	Nature of receivable	Amount	Reason	Procedure to be performed	Caused by related party
Jinzhai Pengfei Steel Structure Grid Engineering Co., Ltd.	Trade payment	246,400.00	Unable to recover	Internal approval	N
Yixing Chaoqun Machinery Equipment Co.,Ltd.	Trade payment	138,484.00	Unable to recover	Internal approval	N
Dalian Hongyun Transmission Technology Development Co.,Ltd.	Trade payment	135,433.03	Unable to recover	Internal approval	N
JIANGSU SUYE HEAVY & INDUSTRY MACHINERY MANUFACTURING CO.,LTD.	Trade payment	184,530.46	Unable to recover	Internal approval	N

Yichang Jiandao Commerce and Trade Co.,Ltd.	Trade payment	226,995.16	Unable to recover	Internal approval	N
Yichang Guocheng Coated Sheet Co.,Ltd.	Trade payment	295,452.00	Unable to recover	Internal approval	N
Fujian Nandian Electric Co.,Ltd.	Trade payment	101,940.70	Unable to recover	Internal approval	N
Wuxi Yutong Bearing Co.,Ltd.	Trade payment	149,427.42	Unable to recover	Internal approval	N
Wuxi Shangji CNC Co.,Ltd.	Trade payment	114,412.20	Unable to recover	Internal approval	N
Northern Heavy Industries Group Co.,Ltd.	Trade payment	739,585.00	Unable to recover	Internal approval	N
Total		2,332,659.97			

5. The top five significant accounts receivable categorized by debtors

Debtors name	Closing Balance	Proportion of receivable (%)	Provision closing balance
China National Railway Group Corporation and its subsidiaries	92,797,636.70	7.63	4,727,751.02
Wazhou Group Precision Roller Co.,Ltd	84,978,681.79	6.98	
Wazhou Group Precision Turnplate Bearing Co., Ltd	51,601,405.24	4.24	
Wazhou Exact Forge Co.,Ltd.	38,999,730.40	3.20	
Wazhou Group Exact Transmission Bearing Co., Ltd	30,335,154.70	2.49	
Total	298,712,608.83	24.54	4,727,751.02

iii. Receivables financing

(1) Situation of Receivables financing

Items	Closing amount	Opening amount
Bank acceptance notes	20,228,644.00	25,846,597.90
Total	20,228,644.00	25,846,597.90

(2) Situation of Receivables financing changes in additions to and deletions from the period and changes in fair value

Items	Opening amount	Increase in the current period	Derecognition during the period	Other changes	Closing amount	Accumulated provision for losses recognized in other comprehensive income
Bank acceptance notes	25,846,597.90	29,782,015.63	25,846,597.90		29,782,015.63	
Total	25,846,597.90	29,782,015.63	25,846,597.90		29,782,015.63	

iv. Other receivables

Items	Closing Balance	Opening Balance
Dividend receivable	11,843,105.36	11,843,105.36
Other receivable	314,644,304.84	204,962,743.49
Total	326,487,410.20	216,805,848.85

(1) Dividend receivable

Investee	Closing Balance	Opening Balance
Wazhou Precision of Spherical Roller Bearings (Wafangdian)Co., Ltd	11,843,105.36	11,843,105.36
Total	11,843,105.36	11,843,105.36

(2) Other receivable

1) Bad debt provision based on aging

Item	Closing Balance	Opening Balance
Within 1 year	312,488,558.21	203,975,193.72
1-2 years	2,909,616.92	1,367,366.15
2-3 years	504,211.96	282,226.99
3-4years	254,121.72	1,921,689.81
4-5years	119,264.25	165,000.00
Over 5 years	4,363,179.66	5,211,566.51

Total	320,638,952.72	212,923,043.18
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2) The categories of other receivable

Items	Closing Balance				Booking balance
	Booking balance		Provision		
	Amount	%	Amount	%	
Other receivables with individual bad debt provision	4,047,178.65	1.26	4,047,178.65	100.00	
Other receivables identified bad debt provision based on the characters of credit risk portfolio	316,591,774.07	98.74	1,947,469.23	0.62	314,644,304.84
-Aging combination	10,998,423.58	3.43	1,947,469.23	17.71	9,050,954.35
-Risk-free portfolio	1,160,078.82	0.36			
-Related party portfolio	304,433,271.67	94.95			304,433,271.67
Total	320,638,952.72	100.00	5,994,647.88		314,644,304.84

(Continued)

Items	Opening Balance				Booking balance
	Booking balance		Provision		
	Amount	%	Amount	%	
Other receivables with individual bad debt provision	5,592,780.22	2.63	5,592,780.22	100.00	
Other receivables identified bad debt provision based on the characters of credit risk portfolio	207,330,262.96	97.37	2,367,519.47	1.14	204,962,743.49
-Aging combination	6,973,053.46	3.27	2,367,519.47	33.95	4,605,533.99
-Risk-free portfolio	3,860,968.78	1.81			
-Related party portfolio	196,496,240.72	92.29			196,496,240.72
Total	212,923,043.18	100.00	7,960,299.69		204,962,743.49

Other receivables with individual bad debt provision

Items	Closing Balance			
	Other receivables	Provision for bad debts	Proportion (%)	Reasons for provision
Other receivables with individual bad debt provision	4,047,178.65	4,047,178.65	100	uncollectable
Total	4,047,178.65	4,047,178.65		

Provision for bad debts by portfolio

Items	Closing Balance		
	Other receivables	Provision for bad debts	Proportion (%)
-Aging combination	10,998,423.58	1,947,469.23	17.71
-Risk-free portfolio	1,160,078.82		
-Related party portfolio	304,433,271.67		
Total	316,591,774.07	1,947,469.23	

3) Bad debt
provision of other receivable

Provision for bad debt	1 st stage	2 nd stage	3 rd 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	7,960,299.69	-	-	7,960,299.69
On January 1, 2022 Other receivable carrying amount on the book	-	-	-	-
--get into 2 nd stage	-	-	-	-
--get into 3 rd stage	-	-	-	-
--reverse into 2 nd stage	-	-	-	-
--reverse into 1 st stage	-	-	-	-
Provision for bad debt	1st stage	2nd stage	3rd stage	Total

	Expected credit loss Within following 12 months	Expected credit loss within life time(unimpaired)	Expected credit loss within life time(impaired)	
Accrued	-1,953,526.31	-	-	-1,953,526.31
Reversed	-	-	-	-
Recollected	-	-	-	-
Written off	12,125.50	-	-	12,125.50
Others	-	-	-	-
Balance on December 31, 2022	5,994,647.88	-	-	5,994,647.88

4) Provision
for bad debts charged off, reversed or recovered during the period

Category	Opening Balance	Amount during the period			Closing Balance
		Accrued	Received	Charge off	
Provision for bad debt	7,960,299.69	-1,953,526.31		12,125.50	5,994,647.88
Total	7,960,299.69	-1,953,526.31		12,125.50	5,994,647.88

5) Other
receivable actually written off during the year

Item	Written off
Other receivable actually written off	12,125.50

6) The
categories of other receivable by nature

Nature	Closing Balance	Opening Balance
Loans from related parties	304,433,271.67	196,461,461.33
Secured fund & Deposit	7,260,746.37	4,511,352.68
Petty cash	1,464,007.16	89,371.16
Electricity bill	1,155,078.82	3,860,968.78
Others	331,200.82	7,999,889.23
Total	314,644,304.84	212,923,043.18

7) The top

significant other receivable categorized by debtors

Name	Category	Closing Balance	Aging	% of the total	Closing Balance of Provision
Dalian Wazhou Precision Motor Automobile Bearing Co., Ltd.	Loans from related parties	126,593,120.52	Within 1 year	39.48	-
Wazhou Liaoyang Bearing Construction Co.,Ltd	Loans from related parties	114,211,156.58	Within 2 year	35.62	-
Wazhou Precision of Spherical Roller Bearings (Wafangdian) Co., Ltd	Loans from related parties	63,599,215.24	Within 3 year	19.84	-
Anhui Conch Cement Co.,Ltd	Secured fund	1,300,000.00	Within 1 year	0.41	-
Liaoning Province State Grid	Electricity bill	955,184.11	Within 1 year	0.30	65,000.00
Total		306,658,676.45		95.65	65,000.00

v. Long-term equity investments

Item	Closing Balance			Opening Balance		
	Closing Balance	Provision	Book Value	Opening Balance	Provision	Book Value
Investment in subsidiaries	225,693,897.67		225,693,897.67	221,583,897.67		221,583,897.67
Investment in JV, associates						
Total	225,693,897.67		225,693,897.67	221,583,897.67		221,583,897.67

1. Investment in subsidiaries

Subsidiaries names	Opening Balance	Increase	Decrease	Closing Balance	Provision in current period	Closing Balance of provision
Wazhou Liaoyang Bearing Construction Co.,Ltd	27,337,259.95	4,100,000.00		31,437,259.95	-	
Dalian Wazhou Precision Motor Car Bearing Company Limited	45,478,956.37			45,478,956.37	-	
Wazhou Precision of Spherical Roller	148,767,681.35			148,767,681.35	-	

Bearings (Wafangdian) Co., Ltd				
Total	221,583,897.67	4,100,000.00	225,683,897.67	-

vi. Operating revenue and cost

(1) Situation of operating revenue and cost

Item	current year		prior year	
	Revenue	Cost	Revenue	Cost
Revenue from main operation	2,103,804,100.56	1,759,630,657.07	2,217,787,891.73	1,885,362,197.83
Revenue from other operation	287,385,110.16	178,728,084.25	301,164,080.19	201,403,603.46
Total	2,391,189,210.72	1,938,358,741.32	2,518,951,971.92	2,086,765,801.29

(2) Principle operation - classified according to Industries

Industries	current year		prior year	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Export	216,679,504.65	204,095,685.61	93,491,561.62	82,160,717.17
Domestic	1,809,614,890.05	1,478,420,717.56	2,045,973,116.05	1,729,595,941.89
Including: Transportation vehicle bearings	389,506,553.45	336,763,134.41	176,222,402.65	130,485,291.99
Special use bearings	766,000,221.77	587,952,935.71	1,166,036,982.00	1,004,830,241.47
General use bearings	654,108,114.83	553,704,647.44	703,713,731.40	594,280,408.43
Industrial Operations	77,509,705.86	77,114,253.90	78,323,214.06	73,605,538.77
Other operating income	287,385,110.16	178,728,084.25	301,164,080.19	201,403,603.46
Total	2,391,189,210.72	1,938,358,741.32	2,518,951,971.92	2,086,765,801.29

vii. Investment income

Items	Current year	Prior year
Gain on long-term equity investments accounted for under the cost method		11,843,105.36
Dividend income earned during the holding period of investments in other equity instruments		518,821.12
Investment income from debt restructuring	4,115,928.61	990,206.88
Total	4,115,928.61	13,352,133.36

XV. Supplementary Information

1. Non-operating profit or loss in current year

Items	Amount	Instruction
Gain or loss from disposal of non-current assets	2,110,473.61	
Tax rebates and exemptions that are approved beyond authority or without official approval documents		
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)	7,068,347.57	
Fees charged to non-financial enterprises for fund occupancy included in current profit or loss		
The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than the gain from the fair value of the identifiable net assets of the investee at the time the investment is acquired		
Gain or loss on exchange of non-monetary assets		
Gains or losses from entrusting others to invest or manage assets		
Provision for impairment of various assets due to force majeure factors, such as natural disasters		
Profit or loss from debts restructuring	6,892,627.00	
Business restructuring costs, such as expenses for relocating employees, integration costs, etc.		
Gains or losses in excess of fair value arising from transactions where the transaction price is not clearly fair		
Net profit or loss for the period from the beginning of the period to the date of consolidation of a subsidiary resulting from a business combination under common control		
Gains or losses arising from contingencies not related to the Company's normal operating business		
Reversal of impairment provision of accounts receivable separately tested for impairment	-78,583.43	

Items	Amount	Instruction
Reversal of provision for impairment of receivables and contract assets individually tested for impairment	9,541,570.95	
Gains or losses on external entrusted loans		
Gains or losses arising from changes in fair value of investment properties subsequently measured using the fair value model		
Effect of one-time adjustments to current profit or loss in accordance with tax, accounting and other laws and regulations on current profit or loss		
Custodian fee income earned from entrusted operations		
Non-operating revenue and expense apart from the above items	3,271,652.69	
Other profit and loss items that meet the definition of non-recurring profit or loss		
Subtotal	28,806,088.39	
Income tax effect amount attributable to minority shareholders' equity (after tax)	-4,502,323.82	
Total	24,303,764.57	

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	-25.99	-0.35	-0.35
Net profit after deducting non-recurring gains and losses attributable to shareholders of parent company	-30.50	-0.41	-0.41

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